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COMMENTS

MOTOR INSURANCE

According to the AA British Motor Insurance Premium Index, in the second quarter of 2015 the average Shoparound quote for a comprehensive car insurance policy rose from £522.12 to £549.46, an increase of 5.2% over the quarter (the previous quarter had seen a fall of 1.0%). Over the last 12 months average premiums have risen by 5.5%.

The second quarter increase in average premiums has been spread across all driver age-groups. Drivers aged between 23 and 29 saw the largest increase in their premiums—for them the Shoparound average increased from £642.53 to £682.62 (up by 6.2% over the quarter with an increase of 4.7% over the year). Drivers aged between 17 and 22 saw a slightly smaller reduction in their average premiums, as their Shoparound average increased from £1,189.53 to £1,241.81 (a 4.4% increase over the quarter with a 5.7% increase over the year). Drivers aged 70 and above saw the smallest increase in their premiums, with their Shoparound average up from £377.88 to £392.13 (an increase of just 3.8% over the quarter and 11.7% over the year).

The increase in premiums has been expected by market commentators following a period when premiums fell as a result of competitive pressures. Those commentators expect that premiums will continue to rise gradually over the remainder of 2015, as insurers struggle to find margins within their prior-year claim reserves that can be released in order to retain a competitive edge.

Insurance premiums continue to be adversely affected by fraudulent behaviour among consumers. However, the insurance industry is getting better at detecting and prosecuting fraud, which has been helped by the government's Insurance Fraud Task Force and the growth of the Insurance Fraud Register. During 2014, 130,000 fraudulent claims were detected (9% more than in 2013) with 67,000 of them relating to motor insurance claims (12% more than in 2013). It is not clear whether this also reflects an increase in the underlying incidence of fraudulent activity. The value of the fraudulent motor insurance claims detected was £835m (an increase of 3% on 2013). In addition to this, during 2014, insurers detected 212,000 dishonest motor applications, which was up 18% on 2013. The introduction of My License has helped the insurance industry to identify unspent convictions and nondisclosure of previous claims.

Following the launch of driverless car trials in the UK in February 2015, the Department for Transport has published a code of practice for the testing of vehicles. This code of practice features procedures, recommendations, and requirements for all organisations and manufacturers who want to test fully automated vehicles. Additionally, the UK government has launched a £20m fund into the research and development of driverless cars, as they hope that the UK will become a leader in the driverless vehicle market. It is believed that, by 2025, the driverless vehicle market will be worth around £900bn. From an insurance perspective, one of the major risks to consider is cyber risk, as autonomous vehicles may be vulnerable to hacking and malicious attacks. Improved encryption will be needed to minimise this very significant risk.

Telematics policies are still struggling to appeal to the mass market because of cost and benefit issues. Currently, telematics appeals mainly to younger drivers, because their higher premiums make more attractive the potential savings that they can make. As at December 2014, 323,000 UK drivers have telematics policies, but the majority of these belong to the 18-24 age group. In order to appeal to the mass market, cheaper yet more sophisticated products need to be developed which address the needs of different age groups, as currently the benefits offered to drivers with lower premiums are small. The results of recent surveys suggest that a large proportion of drivers think that telematics will not take off and that it will remain a niche product.

HOME INSURANCE

According to the AA British Home Insurance Premium Index, in the second quarter of 2015 the cost of home insurance rose for the first time since 2012. Based on AA Shoparound average premiums:

- The average premium for home buildings policy increased from £106.81 to £108.15 (an increase of 1.3% over the quarter but down by 4.8% over the year).
- The average premium for a contents policy increased from £60.41 to £61.18 (an increase of 1.3% over the quarter but down by 6.8% over the year).
- The average premium for a combined buildings and contents policy dropped marginally, from £152.89 to £152.27 (a decrease of 0.4% over the quarter with a 6.4% fall over the year).

Although the increases in premiums have been modest over the quarter, later in the year, after the introduction of the insurance premium tax rise, there will be bigger premium increases. From November 2015, the basic rate of insurance premium tax will rise from 6% to 9.5%, which, according to the figures released from the AA, will increase the average Shoparound premium for a combined buildings policy by £5.33 (the average Shoparound premium for a comprehensive car insurance policy will increase by £19.23).

COMMENTS

The upward pressures on premiums will further increase with the introduction of Flood Re, which will be funded by a levy of around £10 per policy on household premiums. The government has confirmed that Flood Re, a not-for-profit flood reinsurance fund, will go live in April 2016. A tender process has been launched to purchase reinsurance protection worth £2.1 billion a year, while a detailed business plan has been presented to the Financial Conduct Authority and the Prudential Regulation Authority. Once the scheme has been implemented, it will aim to protect 500,000 households at risk. Homeowners in flood-prone areas in Council Tax 'Band A' will have flood-related premiums capped at £210 a year while, in 'Band G', the flood-related premiums will be capped at £540 a year. Homeowners in the top Council Tax band ('Band H') will have their flood-related premiums capped at £1,200. Until the scheme is implemented, there is no cap in place for high-risk homeowners.

Recently, Flood Re has invited insurers, brokers, and software firms to register with the scheme. Insurers are not obliged to register. Once insurers have been registered, they will test their processes, with a combination of technical and scenario-based tests, to determine if they are ready to use the scheme. The final stage for insurers will be authorisation. Flood Re will only go live once the above stages have been successfully completed.

ECONOMY

The UK economy grew by 0.7% in the second quarter of 2015, the 10th successive quarter of growth, following growth of 0.4% in the first quarter of 2015 (growth over the year totalled 2.6%). As a result of this growth, the economy is now 5.2% larger than its precrisis peak while gross domestic product (GDP) per head, now at £6,715, is just £2 below its level in the first quarter of 2008. The growth in the second quarter was largely due to the dominant services sector, which expanded by 0.7%, while industrial production grew by 1% following a surge in North Sea oil and gas production. However, agriculture contracted by 0.7% with factory output dropping by 0.3%, as export orders were affected by weak demand in Europe. With the economy recovering, and wage growth picking up, it has been expected that there will be an increase in interest rates, after rates have been kept at an historic low for six years. Since the half year, this expectation has been tempered by issues in the Chinese economy (see below) and the consequential impact on other markets.

Growth in the Eurozone slowed in the second quarter of 2015, as the economy expanded by 0.3%, down from the 0.4% recorded in the first quarter. This was largely due to German, French, Italian, and Dutch growth being weaker than expected.

- The German economy expanded by 0.4% in the second quarter (up from the 0.3% recorded in the first quarter, but less than the 0.5% which had been forecasted). Germany was boosted by a stronger manufacturing sector and stronger exports.
- The French economy stagnated in the second quarter after growth of 0.2% had been predicted. This was largely due to weak consumer spending (down from 0.9% in the first quarter to 0.1% in the second quarter), even though exports grew by 1.7% (an improvement on the 1.3% in the first quarter). On an annual basis, the economy grew by 1.0%, but this was less than the 1.1% forecasted.
- The Italian economy expanded by 0.2% in the second quarter, less than the 0.3% which had been predicted. The Italian economy is expected to grow by 0.7% in 2015.
- The most surprising result came from Greece, as their economy grew by 0.8% in the second quarter (a 0.5% contraction had been predicted) ending their short-lived recession (Greece's first quarter results had been revised upwards from 0.2% contraction to zero growth). Capital controls were imposed towards the end of June which are expected to affect economic growth in the third quarter, as business activity was restricted.

The US economy expanded at an annualised rate of 2.3% (a quarterly rate of 0.6%) in the second quarter of 2015, which was less than the 2.5% which analysts had predicted. Moreover, between 2011 and 2014, estimates for US growth have been downgraded from an annual average rate of 2.3% to an annual average rate of 2.0%. The second quarter results were helped by consumer spending increasing by 2.9% (up from the 1.8% growth in the first quarter), increased government spending, and a pick-up in exports and the housing market. The Federal Reserve is discussing whether or not to increase interest rates for the first time in seven years.

The Chinese economy expanded at an annualised rate of 7% in the second quarter of 2015, identical to the first quarter, and an improvement on the 6.8% which had been predicted. Despite the better-than-expected results, the figure is China's lowest level of growth since the 2009 financial crisis, and growth for the year is predicted to be around 7%, which would be the weakest rate in 25 years. It has been a difficult year for the Chinese economy, with growth in trade slowing, a cooling property sector, and stock market turmoil. The difficulties have continued into the third quarter, with significant falls on the Chinese stock market, the Chinese central bank imposing an interest rate reduction, and repercussions in markets worldwide. We will discuss this more in next quarter's bulletin.

COMMENTS

MARKETS

UK equities had a mixed performance in the second quarter of 2015 after a favourable performance in the first quarter of 2015.

- The FTSE 250 grew by 3.6% (after a growth of 6.7% in the first quarter of 2015)
- The FTSE Small Cap grew by 2.6% (after a growth of 5.9% in the first quarter of 2015)
- The FTSE All Share contracted by 1.6% (after a growth of 4.7% in the first quarter of 2015)
- The FTSE 100 contracted by 2.8% (after a growth of 4.2% in the first quarter of 2015)

The second quarter of 2015 witnessed a weak overseas performance after a favourable performance in the first quarter of 2015.

- Japanese equities contracted by 2.3% (after a growth of 16.4% in the first quarter of 2015)
- The Emerging Markets contracted by 3.7% (after a growth of 7.0% in the first quarter of 2015)
- North American equities contracted by 5.4% (after a growth of 5.9% in the first quarter of 2015)

Fixed-interest assets performed weakly, with all of the major bonds recording contractions in the second quarter of 2015.

- Corporate (AAA) contracted by 6.0% (after a growth of 5.0% in the first quarter of 2015)
- Corporate (AA) contracted by 4.2% (after a growth of 3.4% in the first quarter of 2015)
- Corporate (A) contracted by 4.5% (after a growth of 3.6% in the first quarter of 2015)
- Corporate (B) contracted by 3.9% (after a growth of 3.3% in the first quarter of 2015)

INSURANCE

THE AA's BRITISH INSURANCE PREMIUM INDEX

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1996	Q1	137.1	95.5		305.8	370.0	2006	Q1	157.8	112.0		623.1	793.0
	Q2	133.8	95.2		311.9	371.5		Q2	157.0	112.1		626.7	790.8
	Q3	135.4	95.2		330.4	387.3		Q3	156.5	109.2		634.4	827.3
	Q4	138.7	97.2		335.2	392.8		Q4	158.5	108.6		662.0	828.3
	Annual	-0.8%	-1.4%		9.6%	6.1%		Annual	1.1%	-2.0%		5.7%	6.3%
1997	Q1	140.7	98.5		348.3	406.6	2007	Q1	159.7	110.0		659.3	823.2
	Q2	140.4	98.3		352.5	410.4		Q2	156.7	108.5		675.8	834.1
	Q3	140.8	98.0		359.6	409.7		Q3	161.4	111.0		684.9	863.9
	Q4	140.8	98.4		367.0	425.5		Q4	163.7	111.4		697.3	893.5
	Annual	1.5%	1.3%		9.5%	8.3%		Annual	3.3%	2.6%		5.3%	7.9%
1998	Q1	139.8	98.6		372.7	432.8	2008	Q1	163.4	112.6		693.9	885.3
	Q2	139.9	99.2		383.2	444.9		Q2	164.2	112.7	259.8	714.8	933.3
	Q3	139.4	99.1		393.1	455.5		Q3	167.2	107.9	254.8	737.0	928.1
	Q4	139.8	98.6		401.0	466.1		Q4	176.0	106.2	258.5	758.3	959.9
	Annual	-0.7%	0.2%		9.2%	9.6%		Annual	7.5%	-4.7%		8.7%	7.4%
1999	Q1	139.9	99.1		406.8	475.5	2009	Q1	176.4	109.1	260.2	768.4	954.0
	Q2	142.2	100.1		424.2	489.7		Q2	180.8	105.6	265.5	795.5	998.0
	Q3	141.8	100.3		437.7	503.6		Q3	183.6	107.6	265.3	839.8	1091.2
	Q4	142.4	100.8		463.7	532.9		Q4	194.5	114.4	286.6	900.3	1188.0
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2000	Q1	143.9	101.3		491.2	552.2	2010	Q1	198.0	111.4	296.4	871.6	1134.9
	Q2	143.9	101.3		512.8	586.6		Q2	203.0	112.9	298.2	976.9	1313.8
	Q3	144.4	101.8		530.7	608.2		Q3	202.3	112.9	289.0	1090.7	1442.1
	Q4	145.6	101.9		550.5	636.8		Q4	212.9	114.5	296.1	1162.7	1680.2
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2001	Q1	147.9	103.4		574.8	676.4	2011	Q1	214.8	112.8	295.5	1236.1	1811.5
	Q2	149.2	104.9		579.9	693.3		Q2	209.6	114.8	295.5	1255.2	1748.0
	Q3	149.6	105.7		590.8	706.0		Q3	213.1	115.0	300.0	1265.4	1750.6
	Q4	151.2	106.8		601.7	716.8		Q4	218.5	119.6	308.0	1273.0	1792.5
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2002	Q1	152.9	107.8		607.1	726.6	2012	Q1	217.3	116.9	309.4	1273.5	1816.1
	Q2	153.9	108.3		612.3	728.3		Q2	211.6	115.1	302.2	1300.1	1839.5
	Q3	154.7	108.9		617.7	732.7		Q3	216.0	116.3	304.3	1263.5	1763.5
	Q4	155.0	109.3		623.3	741.2		Q4	219.7	117.9	308.4	1214.0	1719.7
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2003	Q1	156.3	110.1		627.9	747.3	2013	Q1	215.2	113.1	303.3	1175.9	1647.4
	Q2	156.7	110.6		630.1	747.0		Q2	208.0	107.2	291.7	1098.1	1463.0
	Q3	157.0	111.0		637.3	756.1		Q3	199.5	104.9	281.6	1036.2	1365.2
	Q4	158.1	111.5		638.9	754.7		Q4	198.6	103.9	279.3	1008.0	1311.8
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%
2004	Q1	158.0	112.1		637.7	754.9	2014	Q1	195.1	104.8	273.3	928.3	1223.9
	Q2	158.0	112.6		623.7	747.7		Q2	190.4	103.8	268.2	914.2	1210.9
	Q3	157.9	111.4		617.9	749.3		Q3	187.3	102.1	263.2	937.8	1290.7
	Q4	158.2	111.3		621.0	753.7		Q4	190.8	100.9	268.1	936.3	1335.9
	Annual	0.1%	-0.1%		-2.8%	-0.1%		Annual	-3.9%	-2.9%	-4.0%	-7.1%	1.8%
2005	Q1	156.8	110.7		616.6	752.1	2015	Q1	181.6	97.4	256.2	912.7	1262.1
	Q2	153.8	109.0		621.9	758.8		Q2	183.2	98.2	258.3	944.4	1281.0
	Q3	155.6	111.3		628.9	776.6		Q3					
	Q4	156.8	110.8		626.3	779.4		Q4					
	Annual	-0.9%	-0.4%		0.9%	3.4%		Annual					

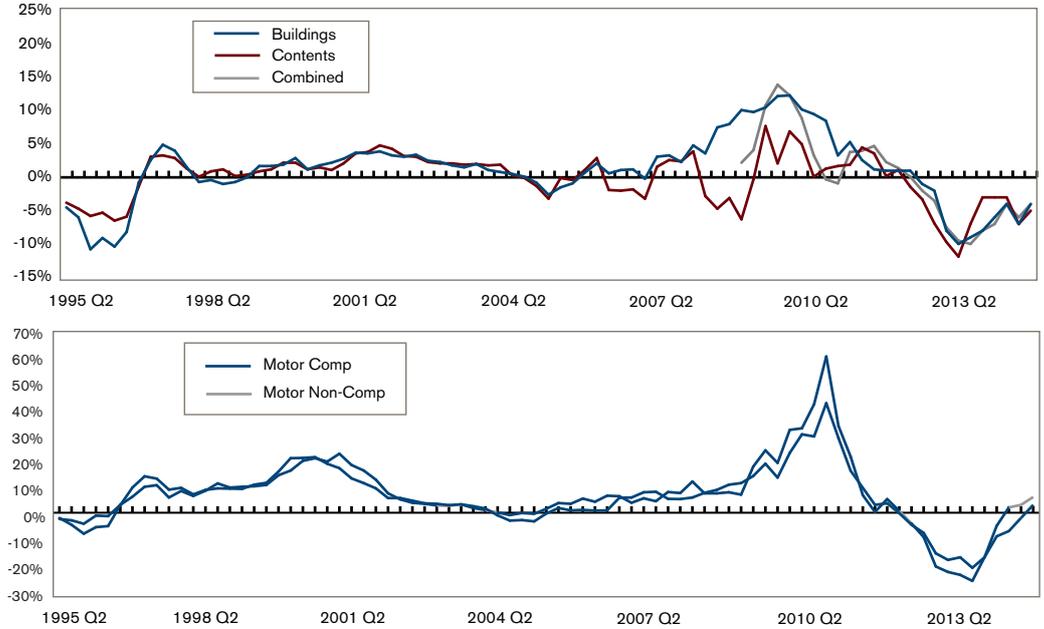
INSURANCE

INSURANCE PREMIUM INDEX-SHOPAROUND AVERAGE PREMIUM

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1996	Q1						2006	Q1	100.4	80.4		397.3	374.2
	Q2							Q2	99.2	79.0		396.5	375.2
	Q3							Q3	98.9	78.4		391.1	369.1
	Q4							Q4	101.9	77.9		398.8	378.4
	Annual							Annual	3.2%	-1.4%		0.8%	4.3%
1997	Q1						2007	Q1	100.7	78.5		396.1	387.1
	Q2							Q2	97.2	75.9		404.6	391.1
	Q3							Q3	102.8	76.5		402.5	400.8
	Q4							Q4	113.6	74.3		418.1	409.6
	Annual							Annual	11.4%	-4.5%		4.8%	8.2%
1998	Q1						2008	Q1	113.2	74.6	190.7	413.3	416.1
	Q2							Q2	118.5	76.8	200.1	428.8	442.1
	Q3							Q3	115.8	73.9	193.0	437.5	447.4
	Q4							Q4	115.1	71.0	190.9	448.3	461.0
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
1999	Q1						2009	Q1	119.8	74.5	196.4	451.8	473.8
	Q2							Q2	124.8	70.7	199.1	471.5	498.8
	Q3							Q3	122.2	70.5	199.0	494.2	540.1
	Q4							Q4	128.3	74.1	208.6	549.8	615.1
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2000	Q1						2010	Q1	127.8	75.7	211.4	553.2	642.6
	Q2							Q2	129.1	77.4	218.3	617.0	745.0
	Q3							Q3	131.3	80.9	212.4	688.2	834.8
	Q4							Q4	141.4	80.3	218.7	732.4	1057.0
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2001	Q1						2011	Q1	145.3	84.7	217.9	775.3	1170.1
	Q2							Q2	144.3	83.8	221.2	803.0	1114.2
	Q3							Q3	150.1	85.6	224.5	800.8	1110.9
	Q4							Q4	154.8	89.4	231.0	844.3	1137.5
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2002	Q1						2012	Q1	155.5	87.9	234.5	835.1	1146.5
	Q2							Q2	154.2	87.8	238.1	871.1	1175.5
	Q3							Q3	157.9	88.5	240.6	845.5	1154.6
	Q4							Q4	158.2	88.9	239.2	820.8	1167.9
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2003	Q1						2013	Q1	154.2	86.1	236.9	825.4	1209.8
	Q2							Q2	150.4	85.6	231.3	786.2	1135.4
	Q3							Q3	144.5	83.0	222.7	743.9	1084.1
	Q4							Q4	145.1	82.1	220.3	721.3	1002.9
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%
2004	Q1						2014	Q1	142.5	82.1	215.5	668.9	953.7
	Q2				402.9	343.3		Q2	136.5	82.2	208.1	639.4	873.7
	Q3	95.2	82.8		395.9	353.0		Q3	134.1	80.9	204.1	652.8	927.9
	Q4	94.9	81.2		388.1	346.4		Q4	140.5	79.3	208.9	668.5	961.6
	Annual							Annual	-3.1%	-3.5%	-5.2%	-7.3%	-4.1%
2005	Q1	94.6	79.8		387.9	345.5	2015	Q1	134.2	75.5	199.1	677.2	969.4
	Q2	95.4	78.0		392.0	346.2		Q2	135.8	76.8	198.7	711.8	986.6
	Q3	99.0	79.6		391.5	352.1		Q3					
	Q4	98.8	79.0		395.6	362.7		Q4					
	Annual	4.1%	-2.7%		1.9%	4.7%		Annual					

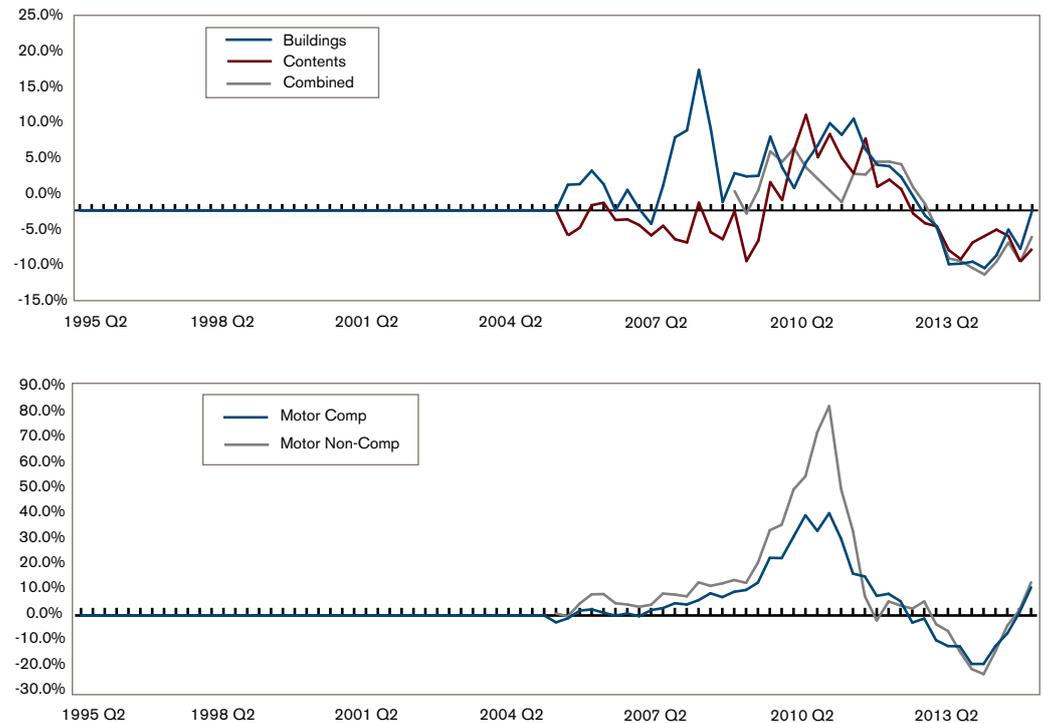
INSURANCE

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

ECONOMICS

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
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
				2014 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	2014	Q1	1.67	1.21	172
	Q2	1.54	2.46	152		Q2	1.81	1.49	198		Q2	1.71	1.25	173
	Q3	1.58	2.45	156		Q3	1.81	1.46	199		Q3	1.62	1.28	178
	Q4	1.57	2.43	156		Q4	1.92	1.42	197		Q4	1.56	1.29	187
1995	Q1	1.63	2.23	141	2005	Q1	1.89	1.45	202	2015	Q1	1.48	1.38	178
	Q2	1.59	2.02	135		Q2	1.79	1.48	199		Q2	1.57	1.41	192
	Q3	1.58	2.25	156		Q3	1.77	1.47	201		Q3			
	Q4	1.53	2.22	160		Q4	1.72	1.46	203		Q4			
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

ECONOMICS

RETAIL PRICES INDEX

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
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	
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%
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5	1.6%
2015	255.4	256.7	257.1	258.0	258.5	258.9							

Rolling Annual Increase on a Monthly Basis



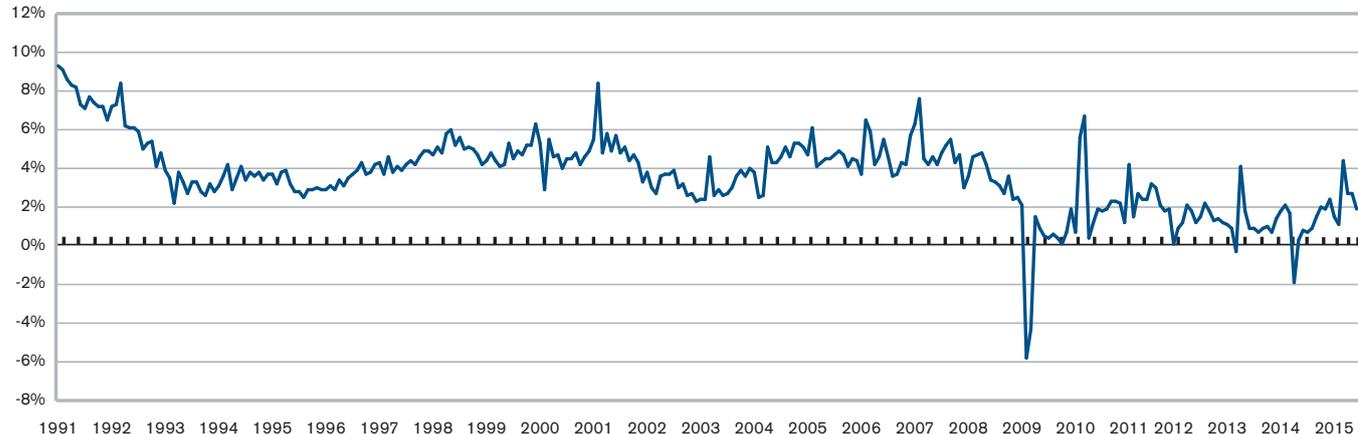
ECONOMICS

AVERAGE EARNINGS INDEX FOR ALL EMPLOYEES

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
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	
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	96.4	99.3	98.7	99.5	99.3	100.1	100.5	101.2	101.4	102.1	103.4	4.9%
2001	103.4	104.5	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	110.2	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	116.7	116.2	116.5	117.1	117.8	118.2	119.2	119.3	119.5	5.1%
2005	119.5	119.9	119.4	121.7	121.4	121.7	122.6	123.6	123.8	124.1	124.7	124.7	4.4%
2006	123.9	127.7	126.5	126.8	127.0	128.4	128.2	128.1	128.4	129.4	129.9	131.8	5.7%
2007	131.7	137.4	132.2	132.1	132.9	133.8	134.3	134.7	135.5	135.0	136.0	135.8	3.0%
2008	136.4	143.7	138.4	138.4	138.5	138.4	138.7	138.9	139.2	139.8	139.3	139.2	2.5%
2009	139.2	135.3	132.5	140.5	139.8	139.1	139.3	139.7	139.8	139.9	140.3	141.9	1.9%
2010	140.2	142.9	141.4	141.1	141.5	141.7	141.8	142.4	143.0	143.1	143.4	143.6	1.2%
2011	146.1	145.0	145.2	144.5	144.9	146.2	146.0	145.4	145.6	146.1	146.3	146.3	1.9%
2012	146.3	146.3	146.9	147.6	147.5	148.0	148.2	148.6	148.2	148.0	148.4	148.0	1.2%
2013	147.9	147.6	146.4	153.7	150.2	149.4	149.5	149.6	149.5	149.5	149.4	150.1	1.4%
2014	150.5	150.7	148.9	150.8	150.7	150.6	150.5	150.9	151.7	152.5	152.3	153.7	2.4%
2015	152.7	152.4	155.4	154.8	154.8	153.5							

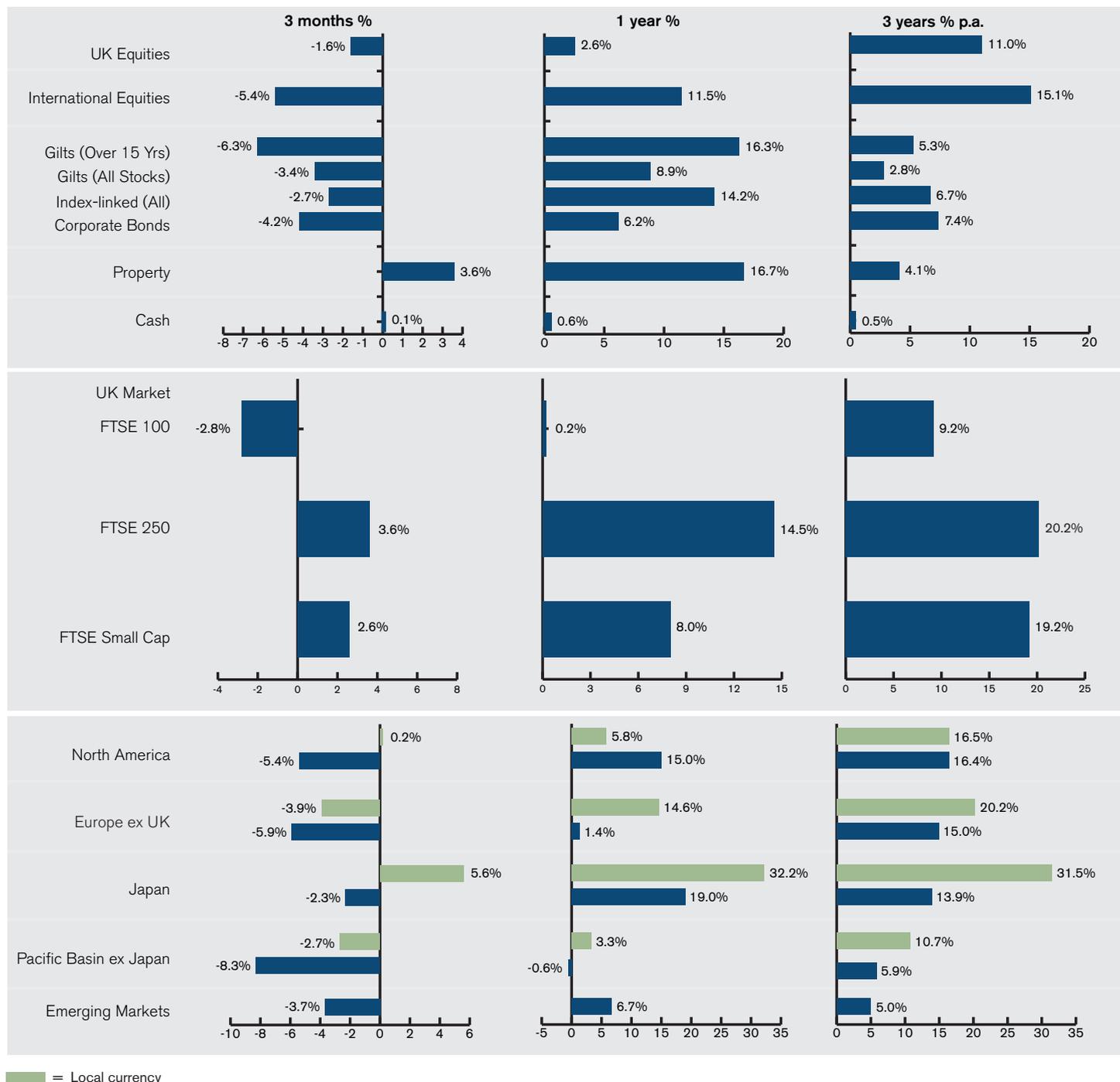
The National Average Earnings Index was discontinued as of September 2010 with the last data being supplied for July 2010. From August 2010, data from the National Weekly Earnings Index replaces the National Average Earning index. Subsequently measures of past performance incorporating data from both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

Rolling Annual Increase on a Monthly Basis



MARKETS

MARKETS AT A GLANCE



MARKETS

MARKETS AT A GLANCE (CONTINUED)

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	-1.6%	2.6%	7.7%	11.0%	7.3%	10.7%	7.1%
FTSE 100	-2.8%	0.2%	6.1%	9.2%	6.1%	9.7%	6.3%
FTSE 250	3.6%	14.5%	15.7%	20.2%	13.2%	16.5%	12.1%
FTSE Small Cap	2.6%	8.0%	13.4%	19.2%	12.2%	14.6%	7.6%
INTERNATIONAL							
North America	-5.4%	15.0%	13.0%	16.4%	13.7%	15.3%	9.4%
Europe ex UK	-5.9%	1.4%	8.9%	15.0%	5.0%	9.5%	7.6%
Japan	-2.3%	19.0%	8.2%	13.9%	8.9%	8.2%	5.7%
Pacific Basin ex Japan	-8.3%	-0.6%	2.7%	5.9%	1.8%	6.6%	10.0%
Emerging Markets	-3.7%	6.7%	3.9%	5.0%	0.0%	3.3%	10.5%
World (FTSE All World)	-5.0%	10.2%	9.9%	13.6%	8.9%	11.4%	8.6%
World ex UK (Developed)	-5.4%	11.5%	10.9%	15.1%	10.4%	12.6%	8.6%
PROPERTY							
	3.6%	16.7%	17.6%	4.1%	4.8%	9.1%	21.6%
BONDS & CASH							
UK Gilts (Over 15 Years)	-6.3%	16.3%	10.7%	5.3%	10.5%	9.0%	6.7%
UK Gilts (All Stocks)	-3.4%	8.9%	5.5%	2.8%	6.0%	5.4%	5.3%
UK Index Linked (All)	-2.7%	14.2%	8.9%	6.7%	8.5%	8.6%	7.3%
Cash	0.1%	0.6%	0.5%	0.5%	0.5%	0.5%	2.1%
Corporate (All Inv Grade)	-4.2%	6.2%	7.0%	7.4%	7.5%	7.3%	5.0%
Corporate (AAA)	-6.0%	12.9%	9.2%	6.0%	7.2%	6.4%	4.3%
Corporate (AA)	-4.2%	7.2%	6.0%	3.0%	11.0%	4.7%	0.0%
Corporate (A)	-4.5%	7.1%	6.8%	5.7%	7.7%	6.0%	1.3%
Corporate (BBB)	-3.9%	5.0%	9.6%	12.9%	6.5%	7.7%	2.6%
OTHER							
Retail Price Index	0.7%	1.0%	1.8%	2.3%	2.4%	2.9%	3.0%
National Average Earnings	-1.2%	1.9%	1.4%	1.2%	1.2%	1.6%	2.4%

MARKETS

UK MARKET RETURNS

		Equities	Property	Gilts	Corporate Bonds	Index-linked	Cash
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%
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%

Highest Market Return in Year Across Overseas Markets

MARKETS

UK MARKET RETURNS (CONTINUED)

		Equities	Property	Gilts	Corporate Bonds	Index-linked	Cash
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%
2014	Q1	-0.6%	6.0%	3.4%	2.4%	3.2%	0.1%
	Q2	2.2%	5.1%	2.3%	2.3%	1.0%	0.1%
	Q3	-1.0%	4.7%	7.2%	2.8%	5.3%	0.1%
	Q4	0.6%	4.4%	11.2%	4.3%	8.4%	0.1%
	Annual	1.2%	21.8%	26.1%	12.2%	19.0%	0.5%
2015	Q1	4.7%	3.0%	4.1%	3.4%	2.9%	0.2%
	Q2	-1.6%	3.6%	-6.3%	-4.2%	-2.7%	0.1%
	Q3						
	Q4						
	Annual						

Highest Market Return in Year Across Overseas Markets

MARKETS

INTERNATIONAL MARKET RETURNS

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
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%
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%

Highest Market Return in Year Across Overseas Markets

MARKETS

INTERNATIONAL MARKET RETURNS (CONTINUED)

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
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%
2014	Q1	0.8%	1.2%	3.0%	-6.0%	1.0%	-0.7%
	Q2	2.4%	2.9%	0.0%	4.3%	2.0%	5.0%
	Q3	3.6%	6.1%	-2.4%	3.1%	-0.7%	3.2%
	Q4	5.4%	8.3%	-0.5%	1.6%	0.5%	0.4%
	Annual	12.7%	19.6%	0.0%	2.7%	2.8%	7.7%
2015	Q1	8.0%	5.9%	10.9%	16.4%	8.6%	7.0%
	Q2	-5.4%	-5.4%	-5.9%	-2.3%	-8.3%	-3.7%
	Q3						
	Q4						
	Annual						

Highest Market Return in Year Across Overseas Markets

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.
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%
2014	1.6%	1.2%	-0.4%	5.1%	4.4%	4.9%

MARKETS

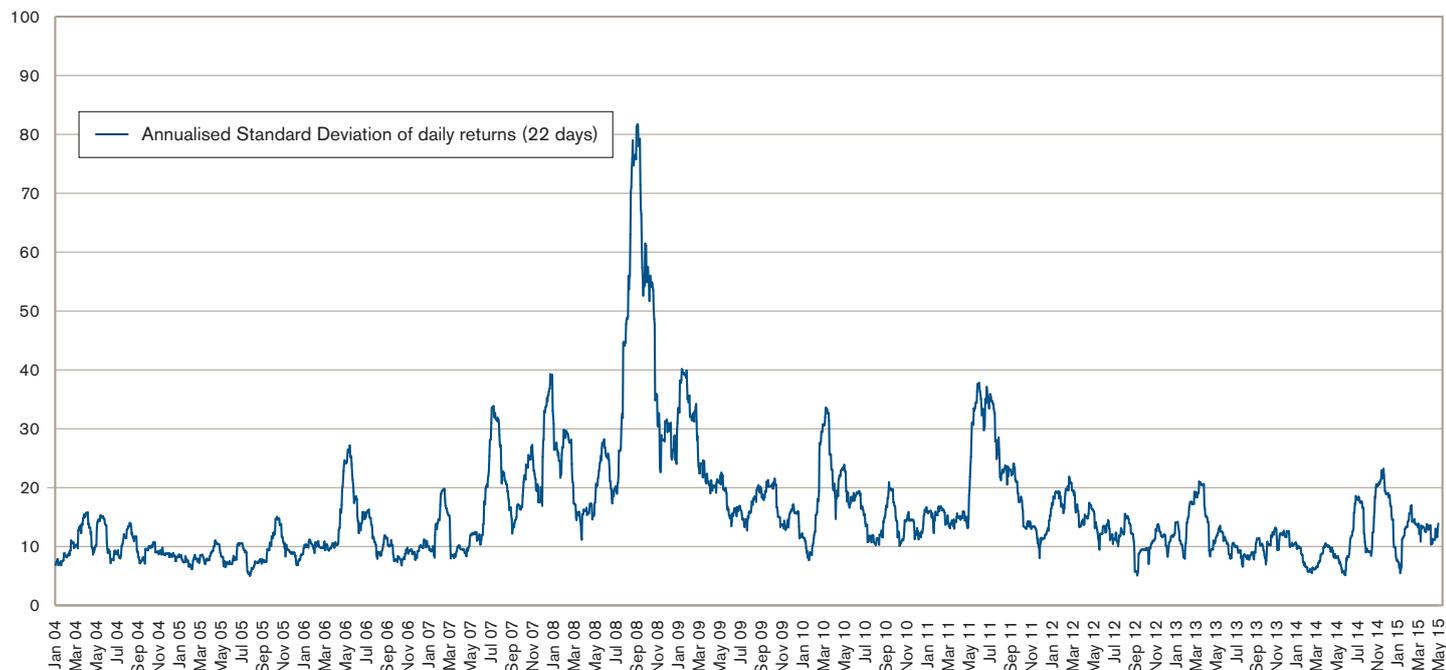
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

	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.
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%
2014	26.1%	24.1%	7.3%	4.3%	6.0%	0.5%	-1.1%	-2.8%	-0.8%	1.8%

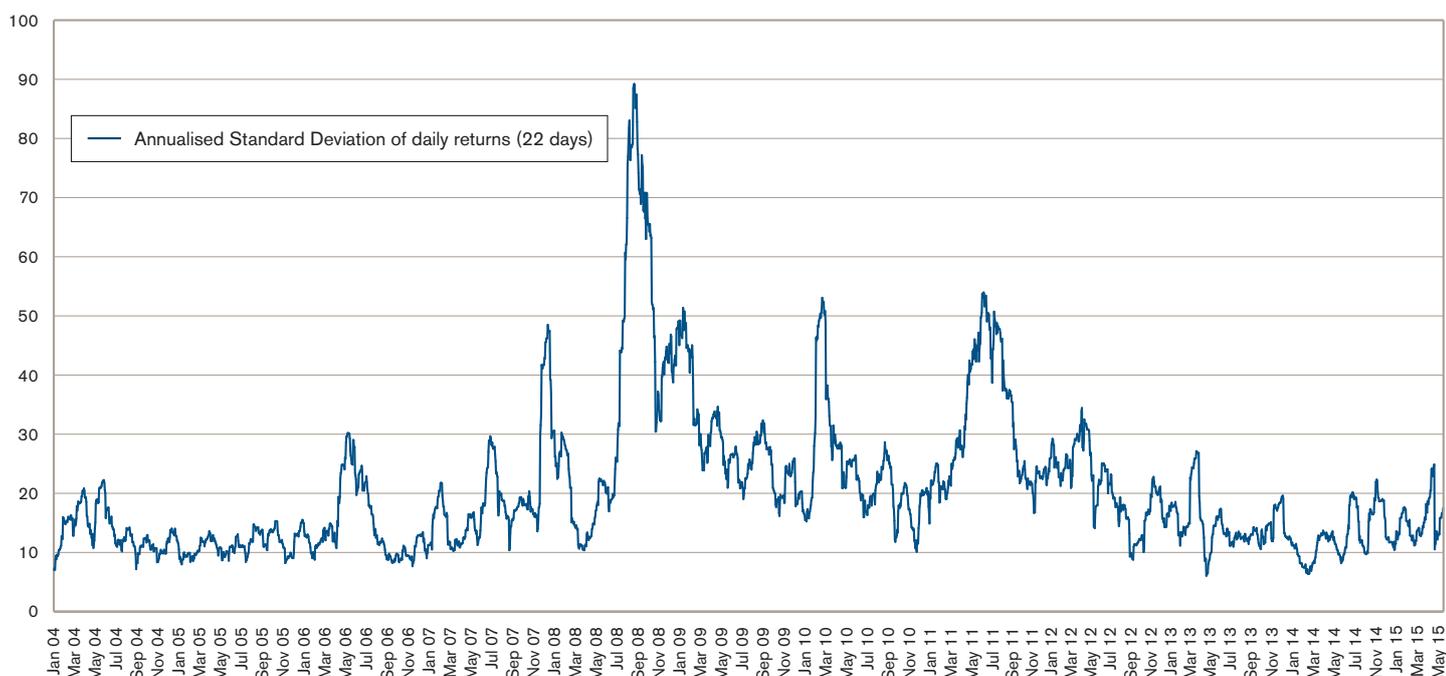
MARKETS

VOLATILITY OF MARKETS

FTSE 100



FTSE AW Europe ex UK

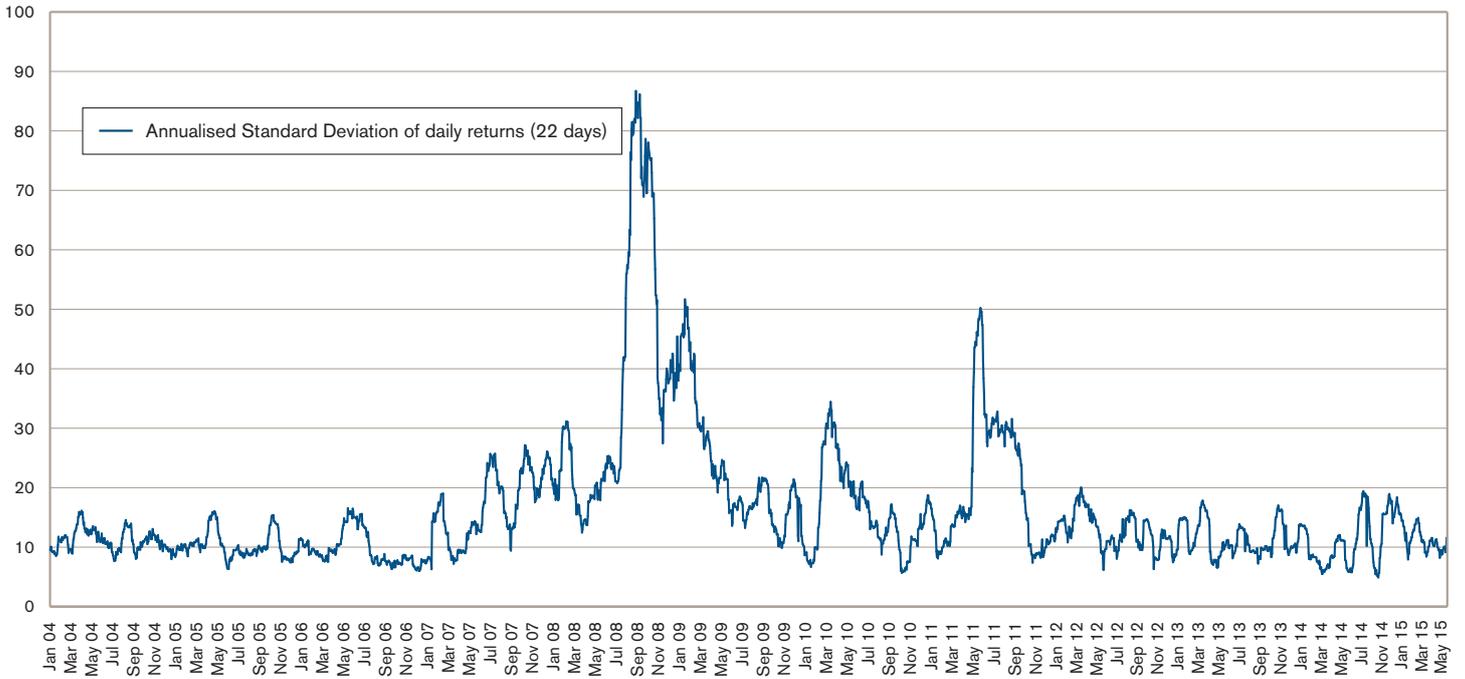


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

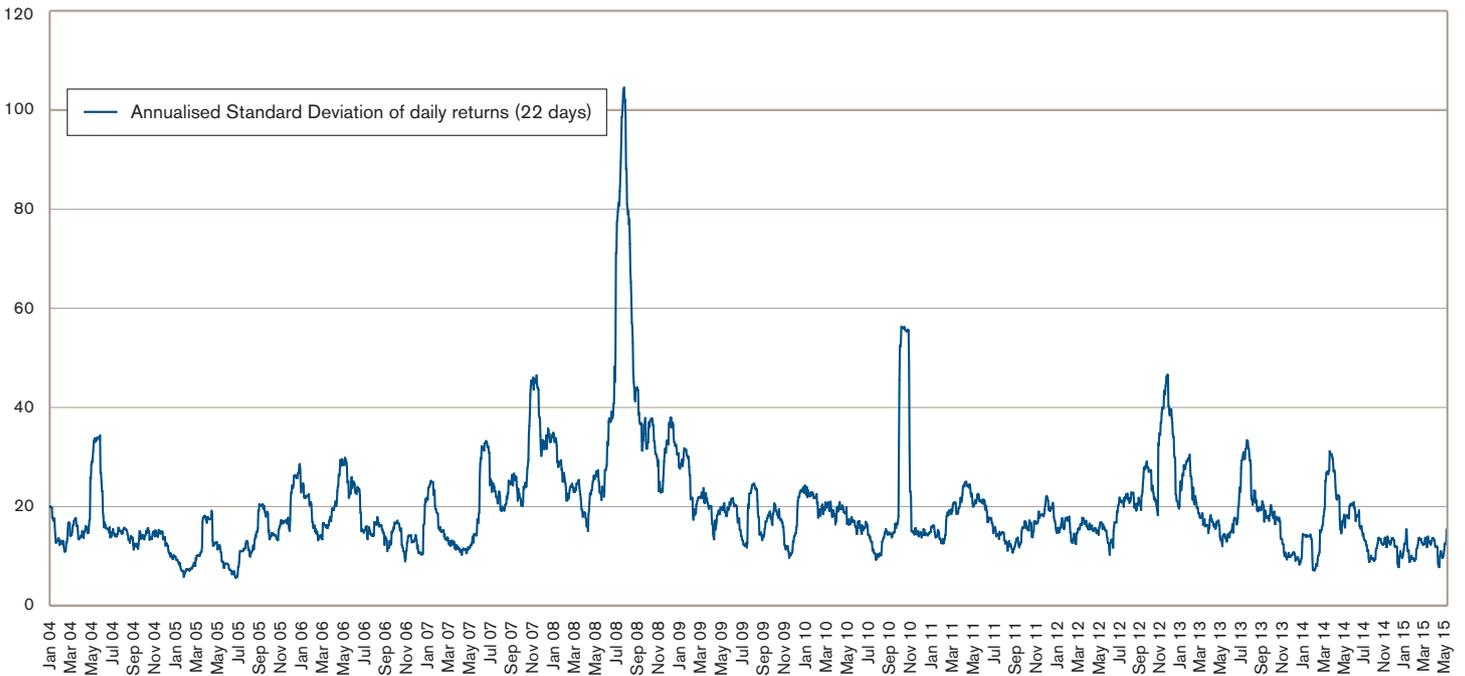
MARKETS

VOLATILITY OF MARKETS

S&P 500



TOPIX (Japan)



MARKETS

QUARTERLY INVESTMENT YIELDS

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
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
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

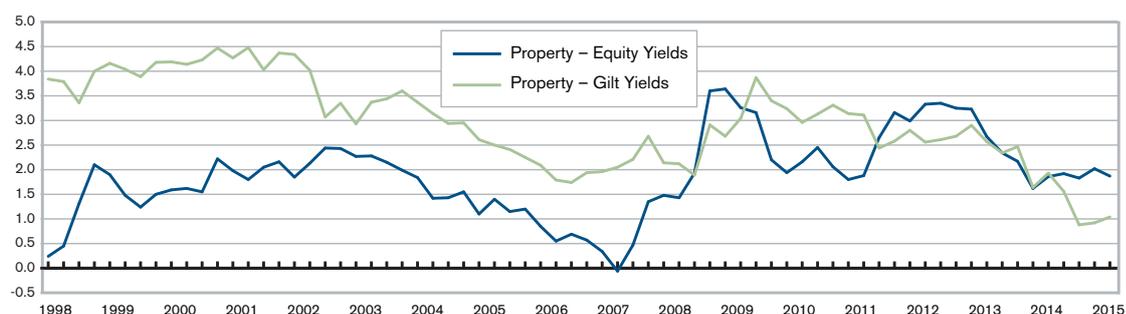
MARKETS

QUARTERLY INVESTMENT YIELDS (CONTINUED)

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
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
2014	Q1	3.41	2.38	3.43	-0.10	4.07	0.44	5.05
	Q2	3.27	2.37	3.34	-0.12	3.87	0.45	5.20
	Q3	3.34	2.39	2.98	-0.37		0.50	4.90
	Q4	3.37	2.39	2.42	-0.77		0.53	4.25
2015	Q1	3.33	2.32	2.23	-0.93		0.67	4.25
	Q2	3.46	2.40	2.63	-0.76		0.50	4.50
	Q3							
	Q4							

*Note: As the corporate bonds index has been discontinued, this table includes the last available figure, from 30 April 2014.

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



SOURCES

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 (ibovx)
	Yield	Q3 '02-	Bloomberg (GBP EURO Finance 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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