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STATISTICS TO QUARTER END

COMMENTS

MOTOR INSURANCE	1
HOME INSURANCE	1
ECONOMY	2
MARKETS	3

INSURANCE

THE AA'S BRITISH INSURANCE PREMIUM INDEX	4
INSURANCE PREMIUM INDEX-SHOPAROUND AVERAGE PREMIUM	5
AVERAGE PREMIUMS	6

ECONOMICS

BANK BASE RATES	7
STERLING EXCHANGE RATES	8
RETAIL PRICES INDEX	9
AVERAGE EARNINGS INDEX FOR ALL EMPLOYEES	10

MARKETS

MARKETS AT A GLANCE	11
UK MARKET RETURNS	13
INTERNATIONAL MARKET RETURNS	15
HISTORIC RETURNS FOR UK MARKETS	17
VOLATILITY OF MARKETS	19
QUARTERLY INVESTMENT YIELDS	21

SOURCES

SOURCES OF INVESTMENT STATISTICS	23
OTHER SOURCES	23

COMMENTS

MOTOR INSURANCE

According to the AA British Motor Insurance Premium Index, in the third quarter of 2015 the average Shoparound quote for a comprehensive car insurance policy rose from £542.64 to £568.55, an increase of 4.8%. Over the last 12 months average premiums have risen by 9.2%. Premiums are now on an upward trend following a period of downward movement after the Ministry of Justice reforms, which were introduced to reduce fraudulent claims. Experts believe that premiums will continue to rise in 2016.

In November 2015, the Insurance Premium Tax (IPT) was increased from 6.0% to 9.5%. According to the AA, the IPT increase will add a further £18.80 onto the average car insurance premium. Younger drivers, and motorists in London, will be hit hardest. Young drivers, aged between 17 and 22, will see their average premium increase from £1,277.18 to £1,319.35, whilst Londoners will see their average premium of £953.62 increase by £31. There are concerns that the increase in insurance premium tax will lead to an increase in motor fraud, as drivers may provide false information (their address for example), so that they can achieve a lower quote. Young motorists may also be tempted to drive without insurance. Consequently, there has been pressure on the Government to exempt young drivers from the tax in the first year of their car insurance policy. It is expected that the increase in IPT will raise the Government around £8.1 billion.

Fraud continues to be an issue for the motor insurance industry, as claims management companies (CMCs) continue to encourage individuals to make injury claims, which is raising the cost of insurance for honest drivers. A recent ABI (Association of British Insurers) study has shown that 83% of people have been contacted by a CMC encouraging them to make a claim, while 92% of people said that the contact had no relevance to them. Fifty-six CMCs are currently being investigated by the Insurance Fraud Bureau in connection with staged motor accident scams. Experts believe tougher regulation and more effective sanctions are needed. Fraudulent claims add around £50 to a driver's premium.

HOME INSURANCE

Although the second quarter of 2015 saw the cost of home insurance rise for the first time since 2012, average premiums have reverted to the previous trend and started to fall; despite industry concern that claim costs will soon exceed premium income. Based on AA Shoparound average premiums:

- The average premium for home buildings policy decreased by 1.4% from £108.96 to £107.39 (a decrease of 3.1% over the year).
- The average premiums for a contents policy decreased by 2.1% from £61.26 to £60.00 (a decrease of 5.6% annually).
- The average premium for a combined buildings and content policy decreased by 2.4% from £152.93 to £149.30 (down by 6.3% annually).

The decrease is partially due to the UK experiencing mild winters, with a lack of serious and damaging weather, resulting in very few serious weather claims. It has been suggested that the coming winter could be extremely harsh, and home owners are being advised to ensure that their home is properly prepared for winter, so that costs and inconveniences are avoided.

Flood Re, the not-for-profit reinsurance fund which will provide affordable flood cover for high risk properties, is expected to go live in April 2016. In November 2015, the UK Government approved the legislation administering Flood Re, following approval from Parliament. With Government approval now in place, the scheme just needs PRA (Prudential Regulation Authority) and FCA (Financial Conduct Authority) approval, before affordable flood cover can be obtained.

Another arrangement which needs to be finalised is the reinsurance program, which will protect against large losses. As noted last quarter, a tender process was launched to purchase reinsurance protection worth £2.1 billion a year. Currently, over 100 reinsurers have registered an interest.

There are still industry concerns about the impact on premiums and how effective Flood Re will be, especially if there is flooding similar to what was experienced in 2007, which cost insurers over £3 billion in claims (compared to the winter floods in 2013, which cost insurers £450 million in claims).

In addition to Flood Re, it is important that existing flood defences are well maintained with further investment for new defences, so that communities are properly protected. Measures, such as effective land planning, sustainable drainage and effective flood risk management need to be implemented, to help reduce the level of flood risk. It has been suggested that by 2025, the UK Government should increase its funding to £1 billion per year.

COMMENTS

ECONOMY

UK economic growth was slower than expected in the third quarter of 2015, as the economy grew by 0.5%, less than the 0.6% which analysts had predicted and lower than the 0.7% which had been recorded in the second quarter. Despite the slowdown, it is the eleventh consecutive quarter of positive growth and the UK economy as a whole is 6% greater than before the crisis. The slowdown in the economy can be attributed to a fall in the manufacturing and construction sectors, but also because of concerns in China and the Eurozone. The manufacturing sector fell by 0.3%, its third quarterly contraction, while the construction sector fell by 2.2% (this was the largest contraction for three years, partly due to an extremely wet August). Both sectors have not returned to their pre-crisis level. However, the dominant services sector expanded by 0.7% and is 12% greater than the first quarter of 2008. The International Monetary Fund has forecast growth of 2.5% for the year while other analysts have predicted growth of 2.4%. Furthermore, as a result of the slower growth, the Bank of England is likely to delay the timing of the interest rate rise. The increase was expected in the first quarter of 2016, although that is likely to be pushed back.

The Eurozone economy slowed up in the third quarter, as it grew by 0.3%, lower than the revised 0.4% growth in the second quarter. Economists had predicted growth of 0.4%. The third quarter results show that despite stimulus measures introduced by the European Central Bank, the European recovery continues to be tame. Results from the big three European countries were mixed.

- The German economy expanded by 0.3%, which was down from the second quarter, when they recorded growth of 0.4%. Economists had predicted 0.4% growth. Germany was affected by weak manufacturing and construction sectors. Imports also grew faster than exports, which had a downward effect on growth.
- The French economy grew by 0.3% in the third quarter (economists had predicted this) up from the second quarter when they recorded zero growth. France was boosted by an increase in final domestic demand, with investment, consumer spending and government expenditure all increasing.
- The Italian economy grew by 0.2% in the third quarter, but this was less than the 0.3% which economists had predicted. The third quarter result though is lower than the first and second quarter (when the economy expanded by 0.4% and 0.3% respectively), suggesting that Italy is struggling to return to sustainable growth.

Additionally, the Greek economy contracted by 0.5% after a turbulent quarter. Following the bailout discussions (and Greece's near exit from the Euro bloc), the banking crisis and capital controls, economists had predicted a contraction of 1.0%, so while the economy contracted it did not decline as much as expected.

The US economy expanded at an annualised rate of 1.5%, a sharp fall from the second quarter, when the economy expanded at an annualised rate of 3.9%. Economists had predicted growth of 1.6% in the third quarter. The slowdown was partly due to businesses reducing unwanted stock piles or deciding not to restock heavily. The slowdown is expected to be temporary, with growth expected to accelerate in the final quarter. Consumer spending, which accounts for two thirds of the US economy, grew by 3.2%, as a result of lower oil prices, although this was lower than the 3.6% recorded in the second quarter. The Federal Reserve is still expected to raise rates at the end of the year.

The Chinese economy expanded at an annualised rate of 6.9%, its weakest economic growth since the financial crisis. This is better than the 6.8% which had been forecast but worse than the 7% recorded in the second quarter. The slowdown comes after five interest rate cuts and other stimulus measures. Economists believe the government needs to act further, as the volatility in the stock markets could lead to social unrest and financial turmoil. The Chinese economy is currently being rebalanced, as China attempts to switch from an export led economy, to one which is driven by services. Services grew by 8.4% in the third quarter, while in September industrial output rose by 5.7% (down from August when it rose by 6.1%). Fixed-asset investment growth also came in below expectation. The Chinese economy is expected to grow by 6.8% in the final quarter of 2015.

COMMENTS

MARKETS

UK equities had a weak performance in the third quarter of 2015 following a mixed performance in the second quarter of 2015.

- The FTSE 250 contracted by 4.2% (after a growth of 3.6% in the second quarter of 2015)
- The FTSE Small Cap contracted by 3.4% (after a growth of 2.6% in the second quarter of 2015)
- The FTSE All Share contracted by 5.7% (after a contraction of 1.6% in the second quarter of 2015)
- The FTSE 100 contracted by 6.1% (after a contraction of 2.8% in the second quarter of 2015)

The third quarter of 2015 witnessed a similarly weak overseas performance compared to the second quarter.

- Japanese equities contracted by 8% (after a contraction of 2.3% in the second quarter of 2015)
- The Emerging Markets contracted by 15.6% (after a contraction of 3.7 % in the second quarter of 2015)
- North American equities contracted by 3.5% (after a contraction of 5.4% in the second quarter of 2015)

Fixed-interest assets performed strongly in the third quarter, following a weak second quarter performance.

- Corporate (AAA) grew by 2.9% (after a contraction of 6.0% in the second quarter of 2015)
- Corporate (AA) grew by 1.2% (after a contraction of 4.2% in the second quarter of 2015)
- Corporate (A) grew by 0.6% (after a contraction of 4.5% in the second quarter of 2015)
- Corporate (BBB) grew by 0.2% (after a contraction of 3.9% in the second 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	138.7	95.6		302.0	373.6	2006	Q1	159.6	112.0		615.3	800.7
	Q2	135.4	95.2		308.0	375.1		Q2	158.8	112.2		618.8	798.4
	Q3	137.0	95.2		326.2	391.0		Q3	158.3	109.2		626.4	835.3
	Q4	140.3	97.2		331.0	396.6		Q4	160.3	108.6		653.7	836.3
	Annual	-0.8%	-1.4%		9.6%	6.1%		Annual	1.1%	-2.0%		5.7%	6.3%
1997	Q1	142.4	98.6		343.9	410.5	2007	Q1	161.6	110.0		651.0	831.1
	Q2	142.1	98.3		348.1	414.4		Q2	158.5	108.6		667.3	842.1
	Q3	142.4	98.0		355.1	413.7		Q3	163.3	111.0		676.3	872.2
	Q4	142.4	98.4		362.4	429.6		Q4	165.6	111.5		688.5	902.1
	Annual	1.5%	1.3%		9.5%	8.3%		Annual	3.3%	2.6%		5.3%	7.9%
1998	Q1	141.4	98.7		368.0	437.0	2008	Q1	165.3	112.6		685.1	893.8
	Q2	141.5	99.2		378.4	449.2		Q2	166.1	112.7	260.3	705.8	942.3
	Q3	141.0	99.2		388.1	459.9		Q3	169.1	108.0	255.4	727.7	937.1
	Q4	141.5	98.7		395.9	470.6		Q4	178.1	106.2	259.1	748.7	969.2
	Annual	-0.7%	0.2%		9.2%	9.6%		Annual	7.5%	-4.7%		8.7%	7.4%
1999	Q1	141.5	99.1		401.7	480.1	2009	Q1	178.5	109.1	260.8	758.7	963.2
	Q2	143.9	100.2		418.9	494.4		Q2	182.9	105.7	266.0	785.5	1007.6
	Q3	143.5	100.4		432.2	508.5		Q3	185.7	107.6	265.9	829.2	1101.7
	Q4	144.1	100.9		457.9	538.1		Q4	196.7	114.4	287.2	888.9	1199.5
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2000	Q1	145.5	101.3		485.0	557.5	2010	Q1	200.3	111.4	297.0	860.6	1145.8
	Q2	145.6	101.4		506.4	592.2		Q2	205.3	113.0	298.8	964.6	1326.5
	Q3	146.1	101.9		524.1	614.1		Q3	204.6	112.9	289.6	1077.0	1456.1
	Q4	147.2	101.9		543.6	643.0		Q4	215.3	114.5	296.7	1148.1	1696.5
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2001	Q1	149.6	103.4		567.5	682.9	2011	Q1	217.2	112.9	296.1	1220.6	1829.0
	Q2	151.0	105.0		572.6	700.0		Q2	212.0	114.9	296.1	1239.4	1764.9
	Q3	151.3	105.7		583.4	712.8		Q3	215.5	115.1	300.7	1249.5	1767.5
	Q4	153.0	106.8		594.1	723.8		Q4	221.0	119.7	308.6	1256.9	1809.8
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2002	Q1	154.6	107.9		599.5	733.6	2012	Q1	219.8	117.0	310.0	1257.5	1833.7
	Q2	155.7	108.3		604.6	735.4		Q2	214.1	115.1	302.8	1283.7	1857.3
	Q3	156.5	109.0		610.0	739.8		Q3	218.5	116.3	305.0	1247.6	1780.5
	Q4	156.8	109.3		615.5	748.4		Q4	222.2	117.9	309.1	1198.7	1736.3
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2003	Q1	158.1	110.2		620.0	754.5	2013	Q1	217.7	113.2	303.9	1161.1	1663.3
	Q2	158.5	110.6		622.2	754.2		Q2	210.4	107.2	292.3	1084.3	1477.1
	Q3	158.8	111.1		629.3	763.4		Q3	201.8	105.0	282.1	1023.1	1378.4
	Q4	159.9	111.5		630.9	762.0		Q4	200.9	104.0	279.9	995.3	1324.4
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%
2004	Q1	159.8	112.2		629.6	762.2	2014	Q1	197.3	104.8	273.8	916.7	1235.7
	Q2	159.8	112.7		615.8	754.9		Q2	192.6	103.9	268.8	902.7	1222.6
	Q3	159.7	111.4		610.2	756.5		Q3	189.4	102.1	263.7	926.0	1303.1
	Q4	160.0	111.4		613.2	761.0		Q4	193.0	101.0	268.7	924.5	1348.8
	Annual	0.1%	-0.1%		-2.8%	-0.1%		Annual	-3.9%	-2.9%	-4.0%	-7.1%	1.8%
2005	Q1	158.6	110.7		608.8	759.4	2015	Q1	183.7	97.5	256.7	901.2	1274.3
	Q2	155.6	109.0		614.0	766.1		Q2	185.3	98.2	258.8	932.6	1293.3
	Q3	157.4	111.4		621.0	784.1		Q3	181.6	93.9	251.3	943.7	1323.3
	Q4	158.6	110.9		618.4	787.0		Q4					
	Annual	-0.9%	-0.4%		0.9%	3.4%		Annual					

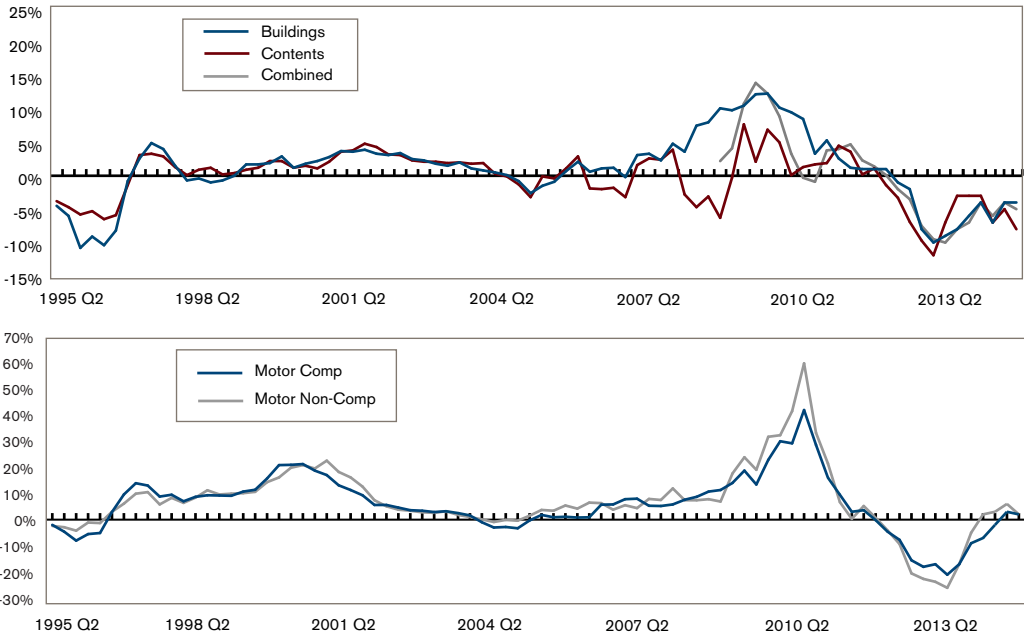
INSURANCE

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	101.4	80.5		387.1	382.9
	Q2							Q2	100.2	79.1		386.3	383.9
	Q3							Q3	99.9	78.5		381.0	377.7
	Q4							Q4	102.9	78.0		388.5	387.1
	Annual							Annual	3.2%	-1.4%		0.8%	4.3%
1997	Q1						2007	Q1	101.7	78.7		385.9	396.1
	Q2							Q2	98.2	76.0		394.2	400.2
	Q3							Q3	103.9	76.6		392.1	410.1
	Q4							Q4	114.7	74.5		407.4	419.0
	Annual							Annual	11.4%	-4.5%		4.8%	8.2%
1998	Q1						2008	Q1	114.4	74.7	191.1	402.6	425.8
	Q2							Q2	119.7	76.9	200.5	417.7	452.4
	Q3							Q3	117.0	74.0	193.3	426.3	457.7
	Q4							Q4	116.2	71.1	191.3	436.8	471.7
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
1999	Q1						2009	Q1	121.0	74.6	196.8	440.1	484.7
	Q2							Q2	126.0	70.8	199.4	459.4	510.4
	Q3							Q3	123.4	70.6	199.4	481.5	552.6
	Q4							Q4	129.6	74.2	208.9	535.7	629.3
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2000	Q1						2010	Q1	129.1	75.8	211.8	539.0	657.5
	Q2							Q2	130.4	77.5	218.7	601.1	762.2
	Q3							Q3	132.6	81.0	212.8	670.5	854.1
	Q4							Q4	142.8	80.4	219.1	713.5	1081.5
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2001	Q1						2011	Q1	146.7	84.8	218.3	755.3	1197.1
	Q2							Q2	145.8	83.9	221.7	782.3	1140.0
	Q3							Q3	151.6	85.7	224.9	780.2	1136.6
	Q4							Q4	156.3	89.5	231.4	822.5	1163.8
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2002	Q1						2012	Q1	157.1	88.0	235.0	813.6	1173.0
	Q2							Q2	155.8	87.9	238.6	848.6	1202.8
	Q3							Q3	159.5	88.6	241.1	823.7	1181.3
	Q4							Q4	159.8	89.0	239.7	799.7	1195.0
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2003	Q1						2013	Q1	155.8	86.2	237.3	804.2	1237.8
	Q2							Q2	151.9	85.7	231.7	765.9	1161.7
	Q3							Q3	146.0	83.1	223.1	724.8	1109.2
	Q4							Q4	146.5	82.3	220.7	702.7	1026.1
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%
2004	Q1						2014	Q1	144.0	82.2	215.9	651.7	975.8
	Q2				392.5	351.2		Q2	137.8	82.3	208.5	622.9	894.0
	Q3	96.1	82.9		385.7	361.2		Q3	135.5	81.0	204.4	635.9	949.4
	Q4	95.9	81.4		378.1	354.5		Q4	141.9	79.4	209.3	651.3	983.8
	Annual							Annual	-3.1%	-3.5%	-5.2%	-7.3%	-4.1%
2005	Q1	95.5	79.9		377.9	353.5	2015	Q1	135.5	75.6	199.5	659.7	991.9
	Q2	96.3	78.1		381.9	354.2		Q2	137.2	77.0	199.1	693.4	1009.4
	Q3	99.9	79.7		381.4	360.2		Q3	135.4	74.2	194.8	736.5	1059.0
	Q4	99.8	79.1		385.4	371.1		Q4					
	Annual	4.1%	-2.7%		1.9%	4.7%		Annual					

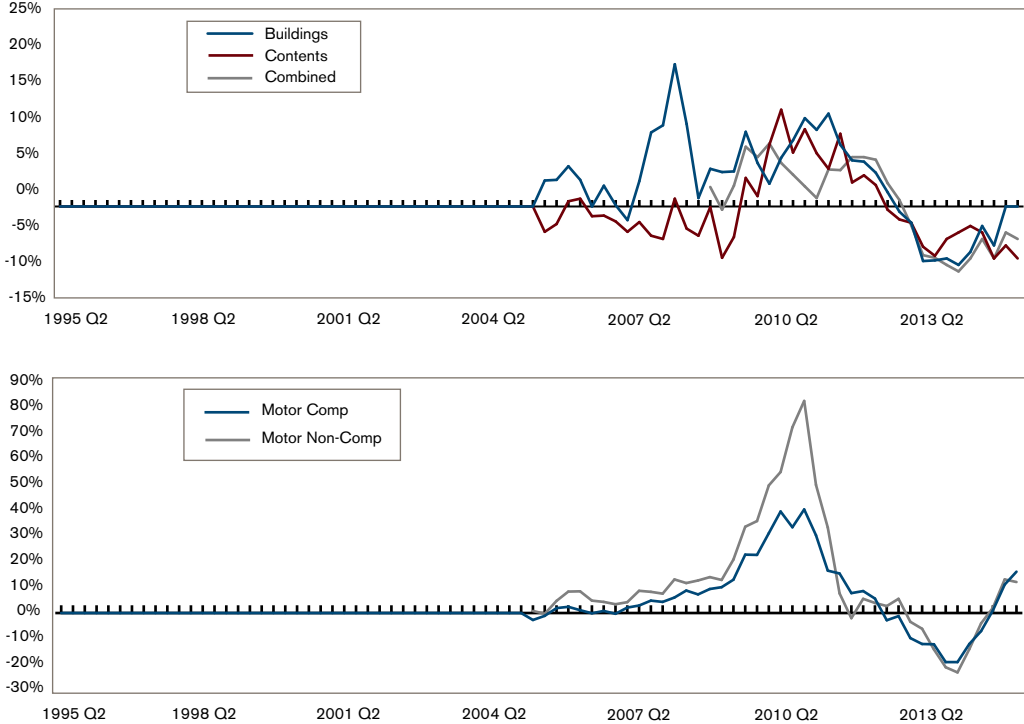
INSURANCE

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	1.51	1.35	181
	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					

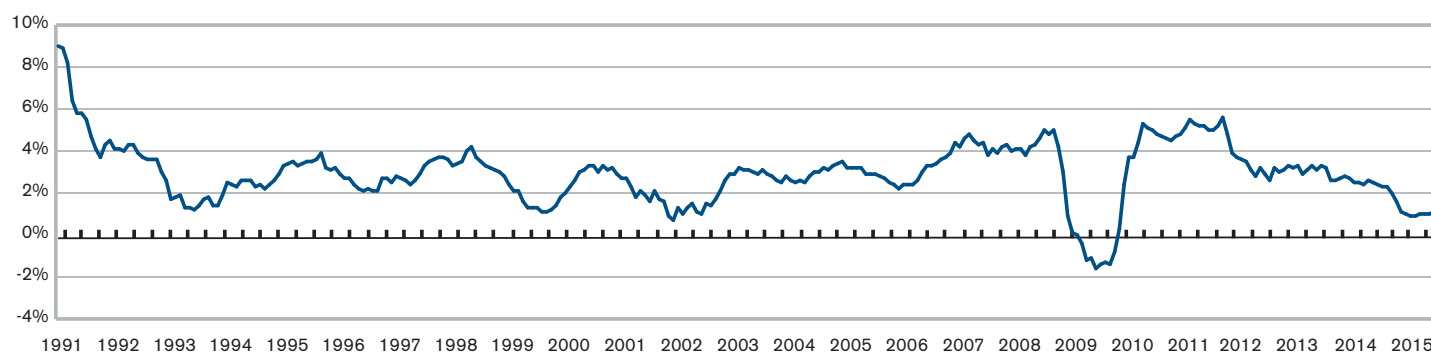
* Euro from Q1 1999

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	258.6	259.8	259.6				

Rolling Annual Increase on a Monthly Basis



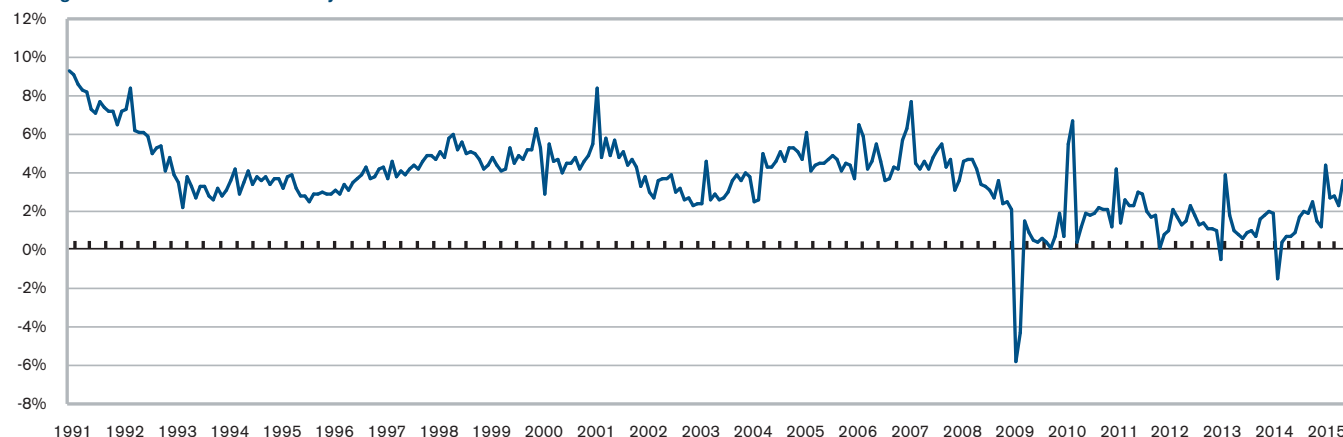
ECONOMICS

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	116.6	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	137.5	132.2	132.1	132.9	133.8	134.3	134.7	135.5	135.0	136.0	135.9	3.1%
2008	136.4	143.8	138.4	138.3	138.5	138.3	138.7	138.9	139.2	139.8	139.3	139.3	2.5%
2009	139.2	135.4	132.5	140.4	139.8	139.0	139.3	139.7	139.8	140.0	140.3	141.9	1.9%
2010	140.2	142.9	141.4	141.0	141.5	141.6	141.8	142.4	142.9	143.0	143.3	143.6	1.2%
2011	146.1	144.9	145.1	144.2	144.8	145.9	145.9	145.2	145.4	145.9	146.2	146.2	1.8%
2012	146.2	146.1	146.5	147.2	147.3	147.8	148.1	148.5	148.0	147.8	148.3	147.8	1.1%
2013	147.8	147.5	145.8	153.0	150.0	149.3	149.3	149.4	149.3	149.3	149.4	150.1	1.6%
2014	150.4	150.4	148.6	150.7	150.6	150.4	150.3	150.7	151.8	152.3	152.3	153.9	2.5%
2015	152.7	152.2	155.2	154.8	154.8	153.8	155.7	155.5	154.9				

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	-5.7%	-2.3%	1.8%	7.2%	9.6%	6.7%	5.6%
FTSE 100	-6.1%	-5.1%	0.4%	5.6%	8.2%	5.5%	4.8%
FTSE 250	-4.2%	11.4%	8.6%	15.4%	17.3%	12.7%	10.7%
FTSE Small Cap	-3.4%	5.2%	5.9%	14.6%	15.4%	11.4%	6.3%
INTERNATIONAL							
North America	-3.5%	4.6%	11.4%	13.7%	16.3%	13.1%	8.4%
Europe ex UK	-4.5%	-0.8%	2.7%	10.9%	11.3%	5.8%	6.1%
Japan	-8.0%	6.2%	3.7%	12.1%	7.5%	6.4%	2.9%
Pacific Basin ex Japan	-11.4%	-11.4%	-5.3%	-0.7%	4.0%	1.1%	7.5%
Emerging Markets	-15.6%	-12.7%	-3.4%	-2.2%	1.1%	-2.4%	6.7%
World (FTSE All World)	-5.8%	0.6%	6.1%	9.9%	11.7%	8.2%	7.0%
World ex UK (Developed)	-4.7%	2.6%	7.6%	11.8%	13.4%	9.9%	7.2%
PROPERTY	3.4%	15.3%	19.7%	6.7%	3.3%	8.7%	20.7%
BONDS & CASH							
UK Gilts (Over 15 Years)	5.1%	14.0%	12.7%	6.7%	8.2%	8.8%	7.2%
UK Gilts (All Stocks)	3.1%	8.2%	6.9%	3.5%	4.7%	5.3%	5.6%
UK Index Linked (All)	1.9%	10.5%	9.6%	8.3%	7.4%	8.3%	7.4%
Cash	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%	2.0%
Corporate (All Inv Grade)	0.5%	3.9%	5.9%	5.3%	7.9%	6.2%	5.0%
Corporate (AAA)	2.9%	10.2%	9.6%	5.9%	6.6%	6.3%	4.5%
Corporate (AA)	1.2%	4.9%	7.2%	1.3%	14.1%	1.1%	3.2%
Corporate (A)	0.6%	4.3%	7.2%	2.5%	15.6%	-1.0%	2.7%
Corporate (BBB)	0.2%	3.0%	8.7%	7.4%	17.8%	-0.6%	4.0%
OTHER							
Retail Price Index	0.3%	0.8%	1.5%	2.1%	2.2%	2.9%	3.0%
National Average Earnings	0.7%	2.0%	1.9%	1.5%	1.6%	1.6%	2.3%

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	-5.7%	3.4%	5.1%	0.5%	1.9%	0.1%
	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	-4.7%	-3.5%	-4.5%	-8.0%	-11.4%	-15.6%
	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

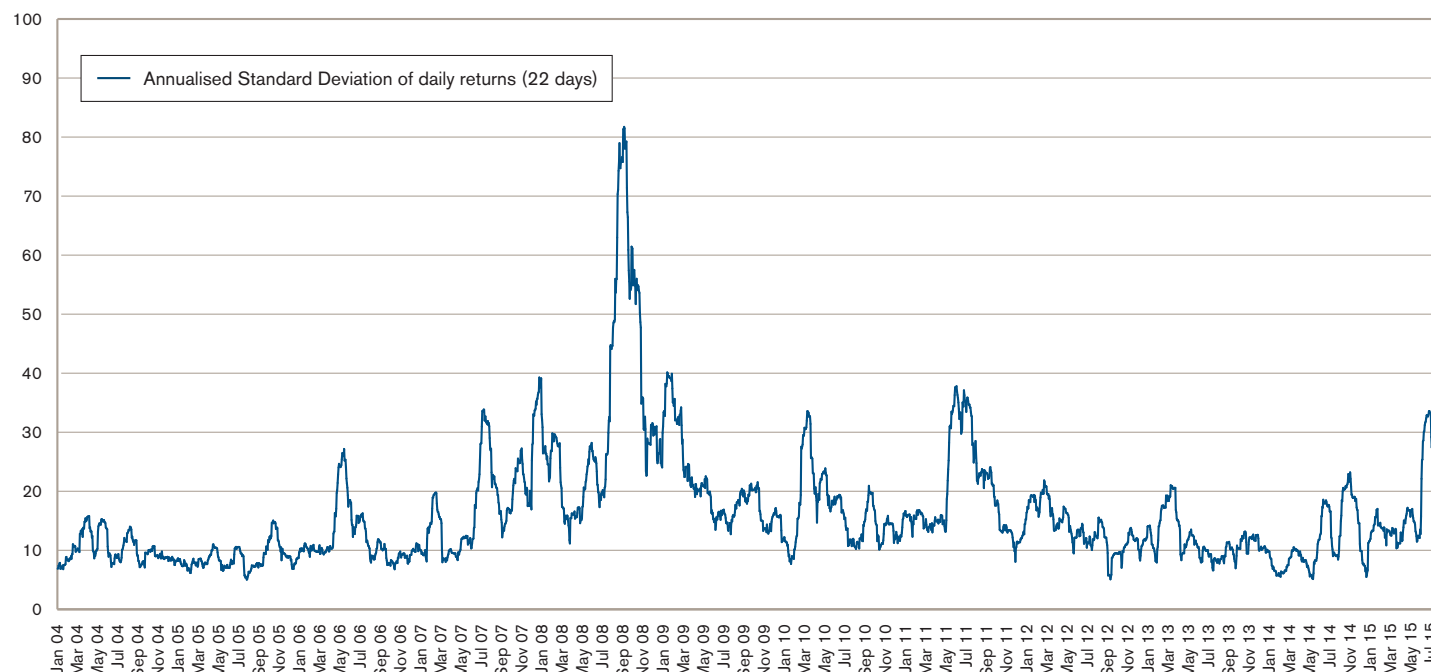
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

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%

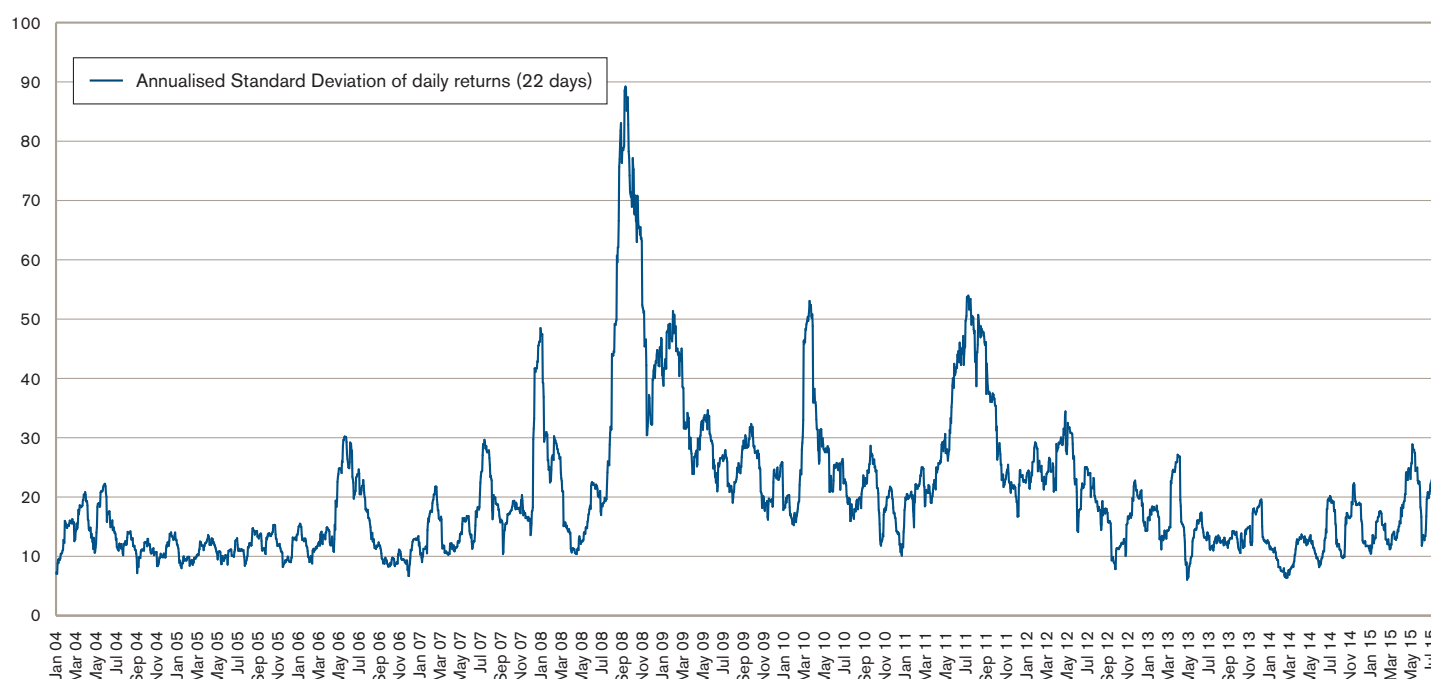
MARKETS

VOLATILITY OF MARKETS

FTSE 100



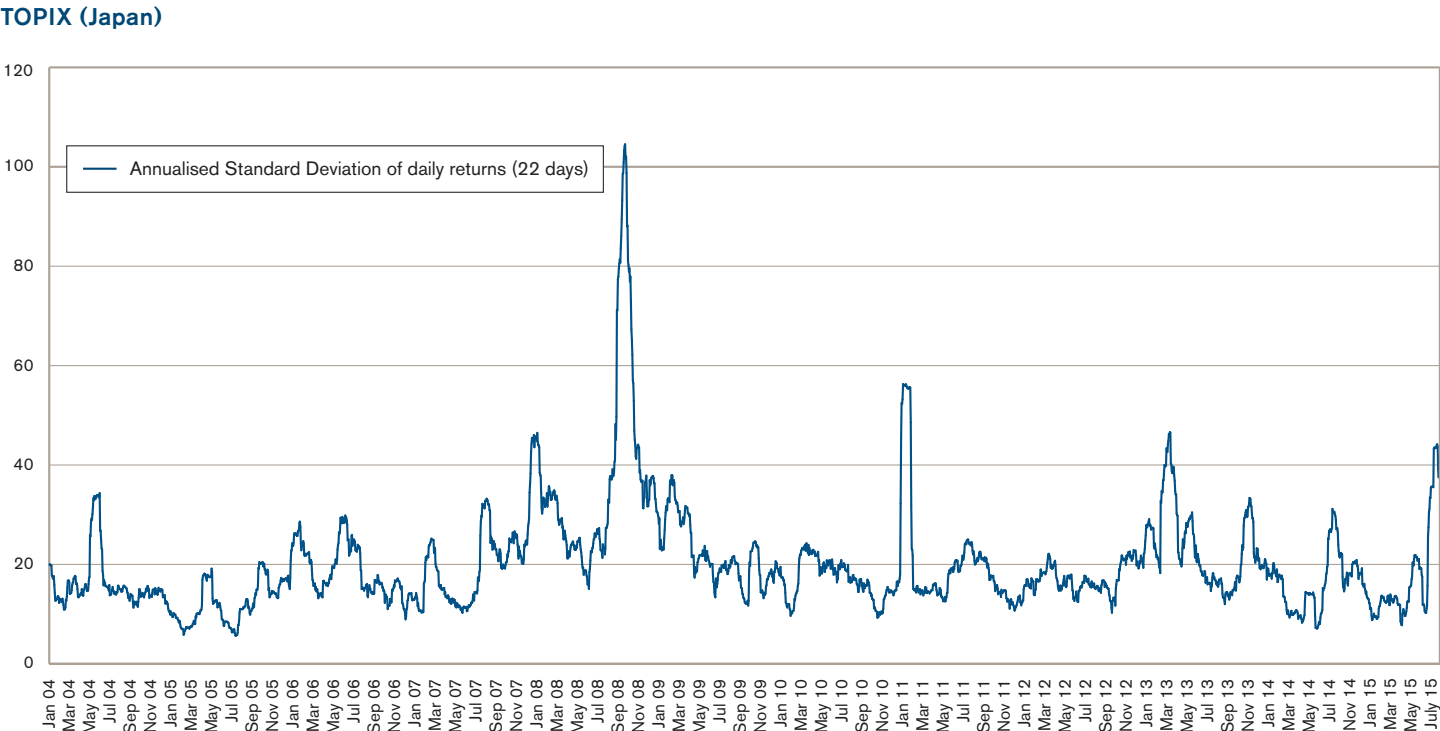
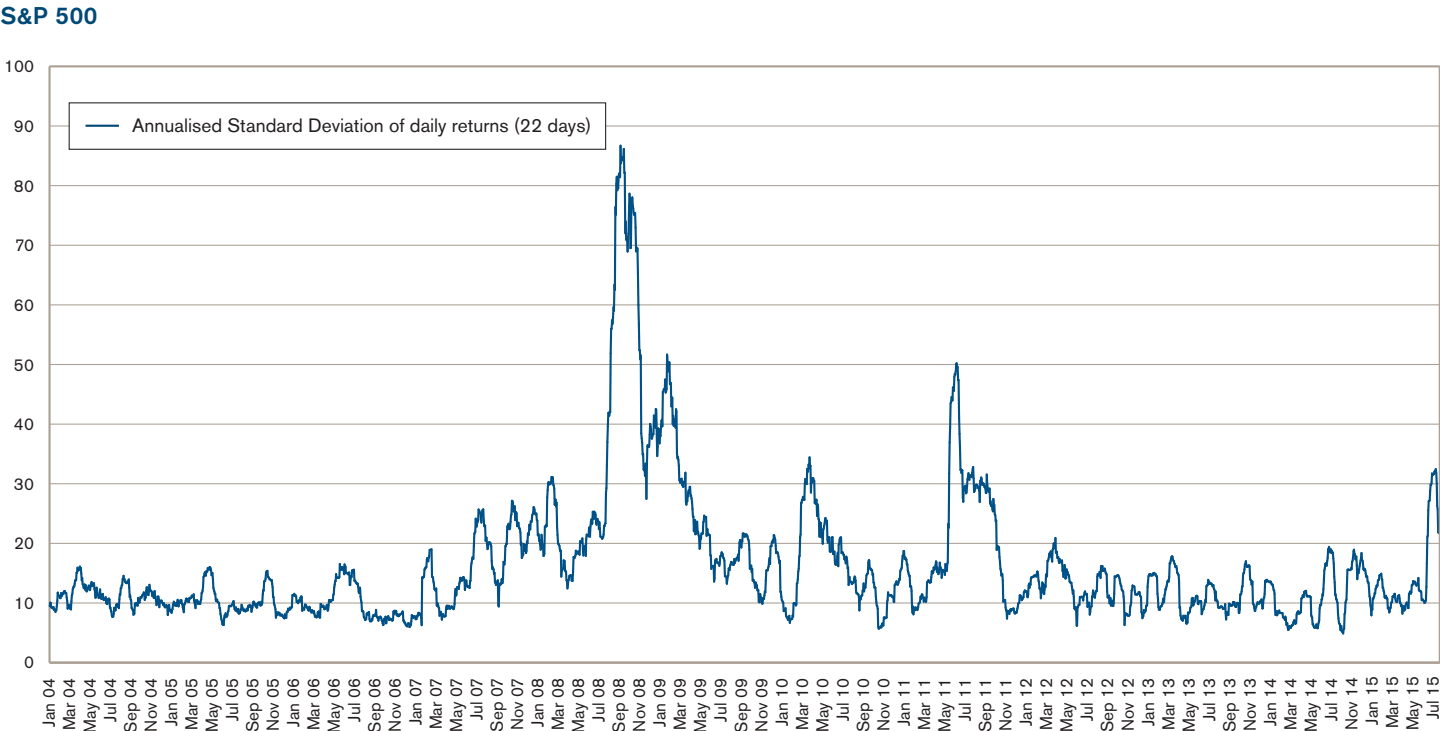
FTSE AW Europe ex UK



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



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

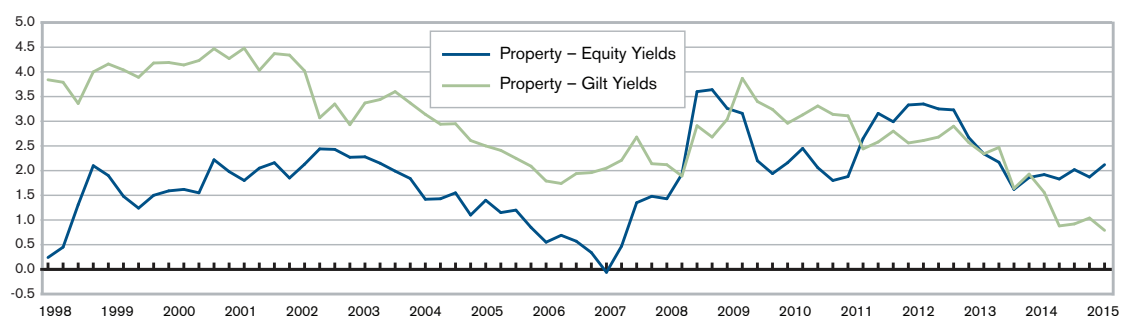
MARKETS

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	3.71	2.67	2.38	-0.84		0.46	4.50
	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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