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INSURANCE

According to the AA British Insurance Premium Index, car insurance premiums fell in the third quarter of 2013 as the average Shoparound quote for an annual comprehensive car insurance policy dropped from £595.39 in July to £568.32 in September. Over the year ending 30 September, the average annual comprehensive car insurance policy fell by 12.4%, the biggest yearly fall since the index began in 1994. Furthermore, young and old drivers have seen the smallest reduction in the past year with average falls of 4.6% (to £1,198.96) and 4.8% (to £413.11) respectively, whilst drivers aged between 23 and 29 saw the largest reduction on average (15.5% to £704.00). After the introduction of the Legal Aid, Sentencing and Punishment of Offenders Act (LASPO), insurers have been prepared to reduce their rates based on anticipated savings and the car insurance market has become more competitive. The number of claims management firms has been reduced from 2,553 in December 2011 to 1,485 in September 2013. Furthermore, next year insurers will be able to obtain driver data direct from the DVLA and it is likely insurers will start asking drivers for their driver numbers. It is hoped that this will save around £15 on the cost of a typical car insurance policy as this will help to stamp out false declarations of driving experience and convictions.

The government has agreed to target the compensation culture and bring down motoring costs in the UK by introducing a range of measures including tightening the rules on whiplash claims, freezing the cost of MOTs and displaying petrol prices on motorway signs. Even though whiplash claims fell last year, there are still concerns that victims were inventing or exaggerating their injuries. The government wants to crack down on bogus whiplash claims, which are costing motorists £2 billion a year, adding an average of £90 to each premium. Each whiplash compensation payment costs an average of £2,400 with an additional £2,000 in legal fees. Statistics from the Department of Work and Pensions revealed that in 2011-2012, there were 824,489 motoring injuries and 542,922 were recorded as whiplash. The Association of British Insurers (ABI) has also revealed that in 2011, around 45,000 false motor insurance claims were detected. As a result, independent medical panels of accredited doctors will be set up to identify exaggerated or fraudulent whiplash claims. Ministers believe that this new measure will drive the cost of motor insurance down while still protecting those who have suffered genuine injuries. They want any cost reductions to be used to lower drivers premiums rather than boost company profits. The ABI has long called for more vigorous medical assessments of whiplash claimants to help shake off the UK's reputation as the whiplash capital of Europe. The move has also been welcomed by the Institute of Advanced Motorists, as well as the RAC and the AA.

Furthermore, in separate initiatives, the government has also looked in the cost of MOTs and driving tests. Until 2015, the time of the next election, the maximum price of the MOT test will be frozen at £54.85, which according to figures from the Ministry of Justice could save 3 million drivers as much as £50 million pounds every year. The government has also agreed to review the cost of a driving test, which is currently £31 for the theory test, £62 for the practical test and a further £50 to attain a provisional license, although any reduction will not come into force until early next year. Additionally, the government will trial the use of price comparison signs on the motorway to tell drivers how much fuel costs at different petrol stations. The government is committed to reducing the cost of owning and running a car.

According to the AA British Insurance Premium Index, home insurance premiums fell once again in the third quarter of 2013 after a summer of mild weather with no significant influx of major claims. The AA Shoparound average for a typical contents policy fell by 1.8% to £69.28, an annual reduction of 3.8%, while the AA Shoparound average for buildings cover dropped by 0.8% to £129.44, an annual reduction of 5.8%. For a combined buildings and contents policy the average quoted premium fell by 1.7% over the quarter and 6.6% over the year.

COMMENTS

As mentioned in a previous summary, on 27 June, *Flood Re* was agreed as a model to be developed as a replacement to the *agreement of principles* to provide affordable flood cover for high-risk residential properties. The scheme is planned to cover the medium term of 20 to 25 years and is not due for implementation until the summer of 2015. However, research has revealed that the government's new scheme, devised with the insurance industry, has underestimated the number of properties at risk. Whilst the government predicts that about 500,000 properties will be at risk, as many as 800,000 homes in England and Wales are likely to be at risk of flooding in a decade (compared with 370,000 in 2008). Furthermore, an official analysis conducted by government officials and independent experts has revealed that the 500,000 households in flood-prone areas will see annual insurance bills rise by one-third. The scheme is to be funded by a £10.50 levy from every household across the country, but the Department for the Environment believes that this contribution will increase, as the new pool was at serious risk of running out of money if major floods occurred. Their analysis found that the economic costs of the scheme are likely to outweigh the benefits.

At the end of October, North Western Europe was hit by a strong storm as record gusts of 191 km/h (119 mph) were measured over the North Sea. In the UK, the storm registered gusts as high as 99 mph, although this was not as fierce as the storms which hit the UK in 1987 or 1990 and cost the insurance industry £3.4 billion and £2 billion, respectively. According to the initial estimates from the ABI, insurers expect to deal with a total of 105,000 claims, and pay out £130 million to policyholders whose homes, businesses and vehicles were damaged. Estimated losses in Germany stand at £250 million to £400 million, Denmark has expected costs of £160 million to £325 million, while losses in the Netherlands are expected to rise above £105 million. Although homes were damaged in the UK, industry experts don't believe that this will stop the present trend of falling home insurance premiums, as severe weather is factored into calculations and the UK summer was fairly benign.

ECONOMY

The UK experienced its best quarterly performance since the second quarter of 2010 as the economy grew by 0.8% between July and September. It is the third successive period of growth and it now means that the British economy is expanding at above the historic rate of 2.5% a year. However, the economy remains 2.5% off its pre-recession peak at the start of 2008, but 1.5% ahead of the same period last year. During the third quarter, output grew in all sectors: construction by 0.5%; manufacturing by 0.9% and services, which represent three quarters of the economic output, by 0.4%. Construction was boosted by new work on private housing and private commercial buildings as well as domestic home repair and maintenance. House builders have been buoyed by the government's *Help to Buy Scheme*, which recently launched a new phase offering mortgage guarantees. Industry experts remain cautious, though, because the economy faces *strong headwinds* such as continued slow growth in the Eurozone.

The Eurozone's economic recovery slowed in the third quarter as its economy grew by only 0.1%, down from the 0.3% growth in the second quarter. The Eurozone had initially been expected to maintain the growth from the second quarter after its 18 month recession; however, slowing exports meant the momentum of the first half of the year fizzled out. On an annualized basis, Europe's 0.4% growth compares poorly with that of the United States and China (2.8% and 7.8% respectively). However, growth of 1.1% is being predicted by the European Commission for 2014 and 1.7% in 2015.

There were disappointing results in the third quarter for France, Germany and Italy. The French economy contracted by 0.1% after a slump in exports and business investment, Germany's economy grew by 0.3% in the third quarter (down from the 0.7% growth in the second quarter) and Italy's economy shrank by 0.1% (following a 0.3% contraction in the second quarter).

China's economy grew at an annualized rate of 7.8% in the third quarter, marking only the second quarter in the last 10 in which growth has accelerated. However, some analysts have questioned whether the improvement is sustainable. Towards the end of the quarter, there were signs that the economy was slowing down, with exports falling in September and easing growth in factory output and retail sales.

The US economy grew at an annualized rate of 2.8% in the third quarter of 2013, which was stronger than economists had anticipated, helped by rising exports, a pick-up in home construction and a large buildup in business inventories (which added 0.8 percentage points to the GDP).

MARKETS

During the third quarter, UK equities performed well, with all of the equities recording positive results. The FTSE 100 recorded growth of 4.9%, the FTSE All Share grew by 5.6% while the FTSE 250 and FTSE Small Cap recorded very strong growth, 8.7% and 10.8% respectively. Internationally, similar to the second quarter, the results were varied. The Emerging Markets contracted by 2.2% after a contraction of 7.3% in the second quarter while North America contracted by 0.8%. On the other hand, Japanese equities recorded modest growth of 0.1% with European equities growing by 7.3%. In contrast to the second quarter, fixed-interest assets had a buoyant quarter with all of the major bonds growing. The Corporate (AAA) bond increased by 2.1%, the Corporate (BBB) bond increased by 3.0% while the Corporate (AA) bond and Corporate (A) bond grew by 2.2% and 2.7% respectively.

INSURANCE

INSURANCE PREMIUM INDEX-MARKET AVERAGE PREMIUMS

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1994	Q1						2004	Q1	159.0	110.2		617.6	716.3
	Q2	157.4	104.0		325.0	366.0		Q2	159.0	110.6		604.0	709.4
	Q3	158.0	104.3		326.1	367.6		Q3	158.9	109.4		598.5	710.9
	Q4	157.8	102.9		322.0	366.8		Q4	159.2	109.4		601.5	715.2
	Annual							Annual	0.1%	-0.1%		-2.8%	-0.1%
1995	Q1	151.8	99.1		313.5	355.0	2005	Q1	157.8	108.7		597.2	713.7
	Q2	150.4	100.0		318.5	357.2		Q2	154.8	107.0		602.3	720.0
	Q3	148.5	99.3		311.0	356.7		Q3	156.6	109.3		609.1	736.9
	Q4	140.8	96.8		296.2	351.4		Q4	157.8	108.9		606.6	739.6
	Annual	-10.8%	-5.8%		-8.0%	-4.2%		Annual	-0.9%	-0.4%		0.9%	3.4%
1996	Q1	138.0	93.8		296.2	351.1	2006	Q1	158.8	110.0		603.5	752.4
	Q2	134.7	93.5		302.1	352.5		Q2	158.0	110.1		606.9	750.3
	Q3	136.3	93.5		320.0	367.4		Q3	157.5	107.3		614.4	784.9
	Q4	139.6	95.4		324.7	372.7		Q4	159.5	106.7		641.2	785.9
	Annual	-0.8%	-1.4%		9.6%	6.1%		Annual	1.1%	-2.0%		5.7%	6.3%
1997	Q1	141.6	96.8		337.3	385.8	2007	Q1	160.7	108.0		638.6	781.1
	Q2	141.3	96.5		341.4	389.4		Q2	157.7	106.6		654.5	791.4
	Q3	141.7	96.2		348.3	388.7		Q3	162.4	109.0		663.3	819.7
	Q4	141.7	96.7		355.5	403.7		Q4	164.8	109.4		675.3	847.8
	Annual	1.5%	1.3%		9.5%	8.3%		Annual	3.3%	2.6%		5.3%	7.9%
1998	Q1	140.7	96.9		361.0	410.7	2008	Q1	164.4	110.6		672.0	840.0
	Q2	140.8	97.4		371.1	422.2		Q2	165.2	110.7	249.2	692.3	885.5
	Q3	140.3	97.4		380.7	432.2		Q3	168.2	106.0	244.4	713.8	880.6
	Q4	140.7	96.9		388.3	442.3		Q4	177.1	104.3	247.9	734.4	910.8
	Annual	-0.7%	0.2%		9.2%	9.6%		Annual	7.5%	-4.7%		8.7%	7.4%
1999	Q1	140.7	97.3		394.0	451.2	2009	Q1	177.5	107.1	249.6	744.2	905.2
	Q2	143.1	98.4		410.9	464.6		Q2	181.9	103.7	254.6	770.5	946.9
	Q3	142.7	98.6		424.0	477.9		Q3	184.7	105.6	254.5	813.3	1035.4
	Q4	143.3	99.0		449.1	505.7		Q4	195.7	112.4	274.8	871.9	1127.2
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2000	Q1	144.8	99.5		475.7	524.0	2010	Q1	199.3	109.4	284.2	844.1	1076.8
	Q2	144.9	99.5		496.7	556.6		Q2	204.3	110.9	286.0	946.1	1246.6
	Q3	145.3	100.0		514.0	577.1		Q3	203.6	110.9	277.1	1056.4	1368.4
	Q4	146.5	100.1		533.2	604.3		Q4	214.2	112.5	284.0	1126.1	1594.3
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2001	Q1	148.9	101.5		556.7	641.8	2011	Q1	216.1	110.8	283.4	1197.2	1718.8
	Q2	150.2	103.1		561.6	657.8		Q2	210.9	112.8	283.4	1215.7	1658.6
	Q3	150.6	103.8		572.2	669.9		Q3	214.4	113.0	287.7	1225.6	1661.1
	Q4	152.2	104.9		582.7	680.2		Q4	219.8	117.5	295.4	1232.9	1700.8
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2002	Q1	153.8	105.9		588.0	689.4	2012	Q1	218.6	114.9	296.7	1233.4	1723.2
	Q2	154.9	106.4		593.0	691.1		Q2	213.0	113.0	289.8	1259.1	1745.4
	Q3	155.6	107.0		598.3	695.2		Q3	217.3	114.2	291.9	1223.7	1673.3
	Q4	156.0	107.3		603.7	703.3		Q4	221.1	115.8	295.8	1175.8	1631.7
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2003	Q1	157.3	108.2		608.1	709.0	2013	Q1	216.5	111.1	290.8	1138.8	1563.1
	Q2	157.6	108.6		610.3	708.8		Q2	209.3	105.2	279.7	1063.5	1388.1
	Q3	158.0	109.1		617.3	717.5		Q3	200.8	103.1	270.0	1003.5	1295.4
	Q4	159.1	109.5		618.8	716.1		Q4					
	Annual	2.0%	2.0%		2.5%	1.8%		Annual					

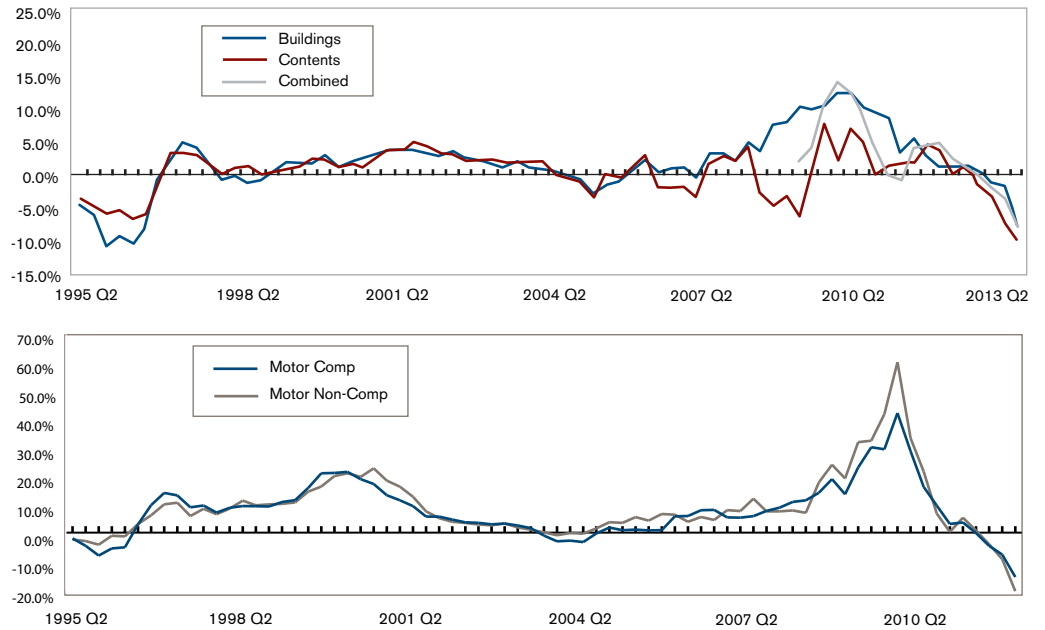
INSURANCE

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				394.8	340.7
	Q3							Q3	102.6	82.0		388.0	350.4
	Q4							Q4	102.3	80.4		380.3	343.8
	Annual							Annual					
1995	Q1						2005	Q1	101.9	79.0		380.1	342.9
	Q2							Q2	102.8	77.2		384.2	343.6
	Q3							Q3	106.6	78.8		383.6	349.4
	Q4							Q4	106.5	78.2		387.7	360.0
	Annual							Annual	4.1%	-2.7%		1.9%	4.7%
1996	Q1						2006	Q1	108.3	79.6		389.4	371.4
	Q2							Q2	107.0	78.2		388.5	372.4
	Q3							Q3	106.6	77.6		383.3	366.3
	Q4							Q4	109.9	77.1		390.8	375.5
	Annual							Annual	3.2%	-1.4%		0.8%	4.3%
1997	Q1						2007	Q1	108.5	77.8		388.2	384.2
	Q2							Q2	104.8	75.1		396.5	388.2
	Q3							Q3	110.8	75.7		394.4	397.8
	Q4							Q4	122.4	73.6		409.7	406.5
	Annual							Annual	11.4%	-4.5%		4.8%	8.2%
1998	Q1						2008	Q1	122.1	73.8	178.6	405.0	413.0
	Q2							Q2	127.7	76.1	187.4	420.2	438.8
	Q3							Q3	124.9	73.2	180.7	428.8	444.0
	Q4							Q4	124.0	70.3	178.7	439.3	457.5
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
1999	Q1						2009	Q1	129.1	73.7	183.9	442.7	470.2
	Q2							Q2	134.5	70.0	186.4	462.0	495.1
	Q3							Q3	131.7	69.8	186.4	484.3	536.1
	Q4							Q4	138.3	73.4	195.3	538.8	610.4
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2000	Q1						2010	Q1	137.8	74.9	197.9	542.1	637.8
	Q2							Q2	139.2	76.7	204.4	604.6	739.4
	Q3							Q3	141.5	80.1	198.9	674.4	828.5
	Q4							Q4	152.4	79.5	204.8	717.7	1049.1
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2001	Q1						2011	Q1	156.6	83.9	204.0	759.7	1161.3
	Q2							Q2	155.6	82.9	207.1	786.8	1105.9
	Q3							Q3	161.7	84.8	210.2	784.7	1102.6
	Q4							Q4	166.8	88.5	216.3	827.3	1128.9
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2002	Q1						2012	Q1	167.6	87.0	219.6	818.3	1137.9
	Q2							Q2	166.2	86.9	223.0	853.6	1166.7
	Q3							Q3	170.2	87.6	225.3	828.5	1145.9
	Q4							Q4	170.5	88.0	224.0	804.3	1159.2
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2003	Q1						2013	Q1	166.2	85.2	221.8	808.9	1200.7
	Q2							Q2	162.1	84.7	216.5	770.4	1126.9
	Q3							Q3	155.8	82.2	208.5	729.0	1075.9
	Q4							Q4					
	Annual							Annual					

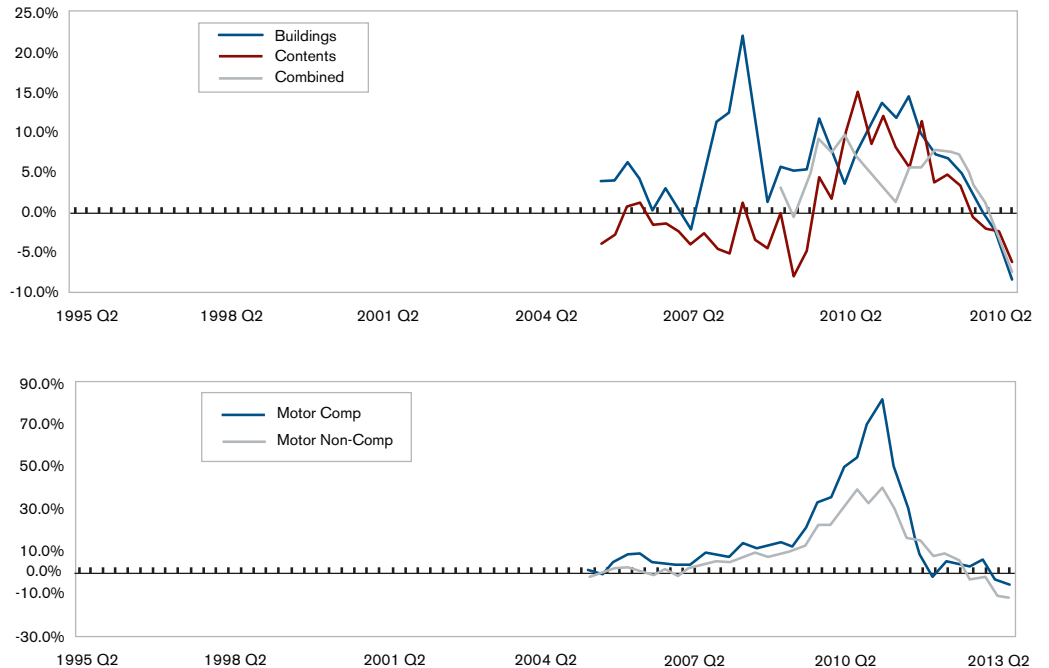
INSURANCE

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

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

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	178
	Q4	1.48	2.57	165		Q4	1.79	1.42	192					
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					

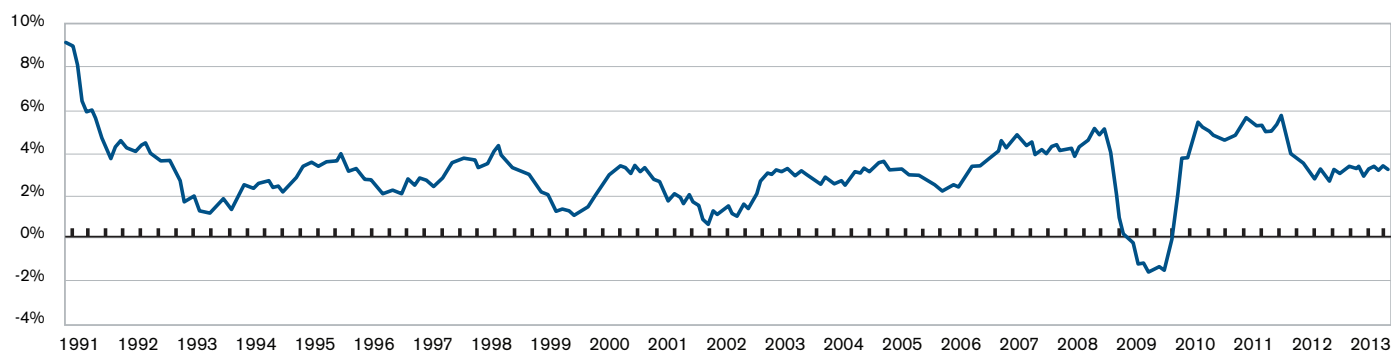
* End of quarter rates provided

** 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				

Rolling Annual Increase on a Monthly Basis



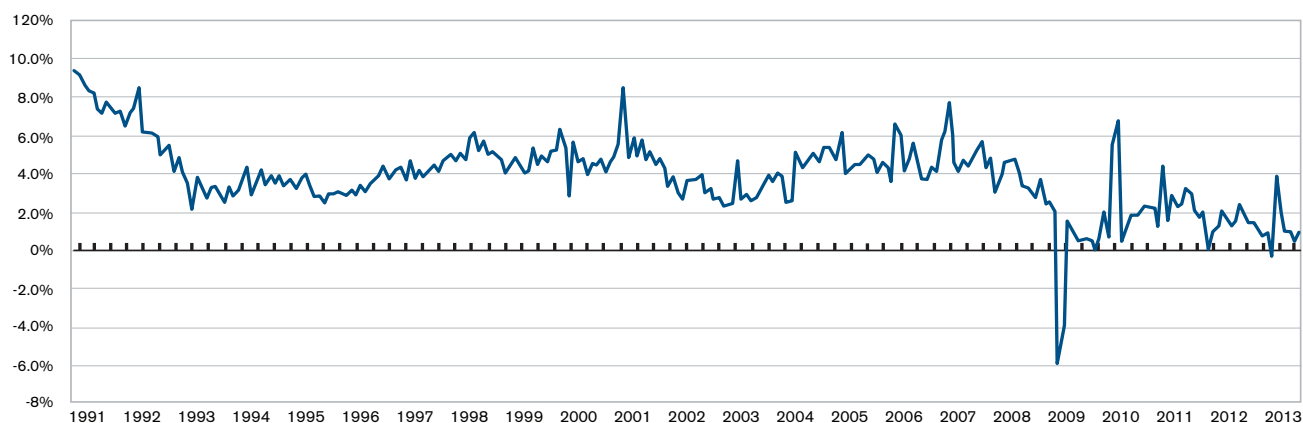
ECONOMICS

AVERAGE EARNINGS INDEX FOR ALL EMPLOYEES

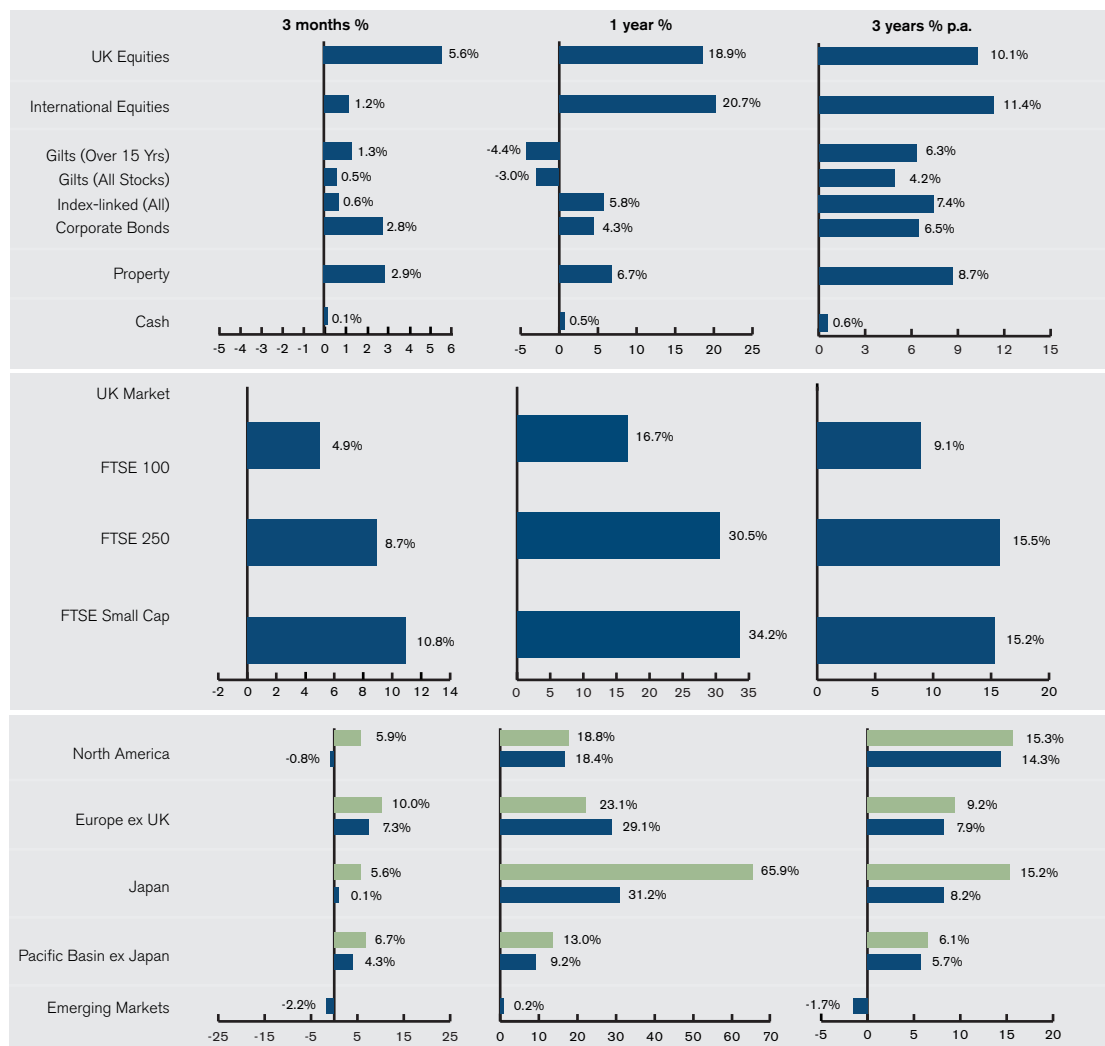
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
1989													
1990	61.0	61.4	61.4	62.6	63.2	64.0	64.4	64.7	65.2	65.6	66.3	66.6	
1991	66.7	67.0	66.7	67.8	68.4	68.7	69.0	69.7	70.0	70.3	71.1	70.9	6.5%
1992	71.5	71.9	72.3	72.0	72.6	72.9	73.1	73.2	73.7	74.1	74.0	74.3	4.8%
1993	74.3	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	96.4	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	132.0	132.9	133.9	134.3	134.8	135.5	135.0	136.1	135.8	3.0%
2008	136.4	143.7	138.4	138.2	138.5	138.4	138.7	138.9	139.2	139.8	139.3	139.2	2.5%
2009	139.3	135.3	132.5	140.2	139.8	139.1	139.3	139.7	139.8	140.0	140.3	141.9	1.9%
2010	140.3	142.9	141.4	140.8	141.5	141.7	141.8	142.5	143.0	143.1	143.4	143.7	1.3%
2011	146.3	145.1	145.3	144.0	144.9	146.2	146.0	145.4	145.6	146.1	146.3	146.5	1.9%
2012	146.5	146.5	147.1	147.0	147.4	148.1	148.2	148.8	148.3	148.2	148.4	148.0	1.0%
2013	147.6	147.8	146.8	152.7	150.1	149.5	149.4	149.5	149.6				

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

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	5.6%	18.9%	18.1%	10.1%	10.7%	10.7%	9.2%
FTSE 100	4.9%	16.7%	16.5%	9.1%	9.8%	9.7%	8.5%
FTSE 250	8.7%	30.5%	26.7%	15.5%	16.1%	16.9%	13.7%
FTSE Small Cap	10.8%	34.2%	25.7%	15.2%	12.8%	14.8%	8.7%
INTERNATIONAL							
North America	-0.8%	18.4%	21.3%	14.3%	13.7%	11.8%	8.3%
Europe ex UK	7.3%	29.1%	20.5%	7.9%	6.2%	8.3%	9.9%
Japan	0.1%	31.2%	11.5%	8.2%	6.4%	7.3%	5.0%
Pacific Basin ex Japan	4.3%	9.2%	14.3%	5.7%	8.6%	14.0%	13.9%
Emerging Markets	-2.2%	0.2%	5.8%	-1.7%	4.0%	9.4%	13.6%
World (FTSE All World)	1.2%	18.2%	17.7%	9.7%	9.9%	10.5%	8.9%
World ex UK (Developed)	1.2%	20.7%	19.5%	11.4%	10.7%	10.6%	8.5%
PROPERTY	2.9%	6.7%	3.3%	8.7%	22.6%	-19.2%	17.1%
BONDS & CASH							
UK Gilts (Over 15 Years)	1.3%	-4.4%	3.9%	6.3%	6.7%	8.0%	6.2%
UK Gilts (All Stocks)	0.5%	-3.0%	2.5%	4.2%	5.0%	6.2%	5.4%
UK Index-linked (All)	0.6%	5.8%	5.2%	7.4%	7.9%	7.1%	7.0%
Cash	0.1%	0.5%	0.5%	0.6%	0.5%	0.6%	2.8%
Corporate (All Inv Grade)	2.8%	4.3%	10.1%	6.5%	8.0%	9.0%	5.2%
Corporate (AAA)	2.1%	-1.1%	3.8%	4.1%	5.1%	5.9%	3.8%
Corporate (AA)	2.2%	1.3%	14.1%	1.1%	10.6%	13.0%	3.2%
Corporate (A)	2.7%	2.5%	15.6%	-1.0%	12.1%	6.5%	3.7%
Corporate (BBB)	3.0%	7.4%	17.8%	-0.6%	15.8%	21.1%	5.1%
OTHER							
Retail Price Index	0.9%	3.2%	2.9%	3.8%	4.0%	2.9%	3.3%
National Average Earnings	0.1%	0.9%	1.4%	1.5%	1.7%	1.5%	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%

■ Highest Market Return in Year
Across Overseas Markets

INTERNATIONAL MARKET RETURNS

		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 RETURNS

		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%

■ Highest Market Return in Year
Across Overseas Markets

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

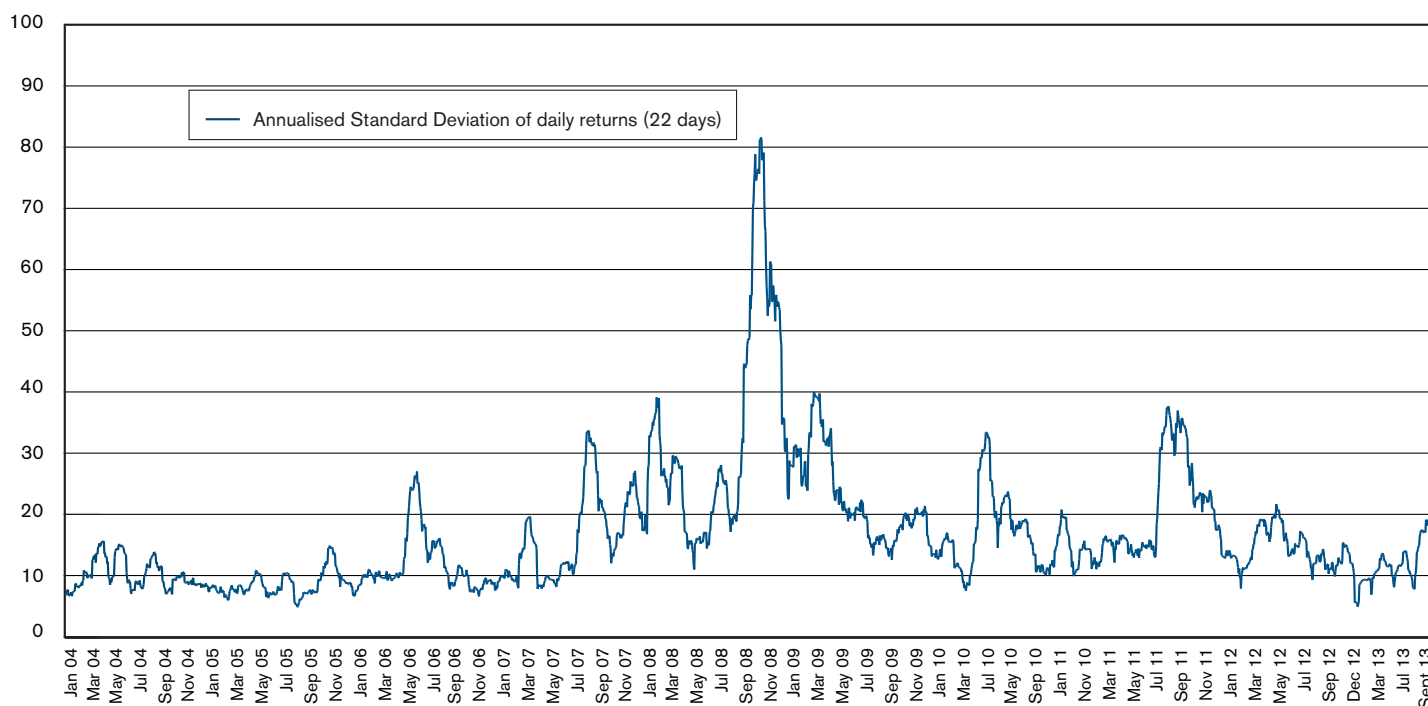
	Year on Year Inflation	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.
1975	24.9%	149.6%	99.8%	-4.7%	-0.1%	5.0%
1976	15.1%	-1.0%	-14.0%	-12.7%	-0.7%	4.5%
1977	12.1%	57.2%	40.2%	-8.9%	-0.3%	6.1%
1978	8.4%	8.4%	0.0%	0.5%	-3.1%	5.3%
1979	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%

MARKETS

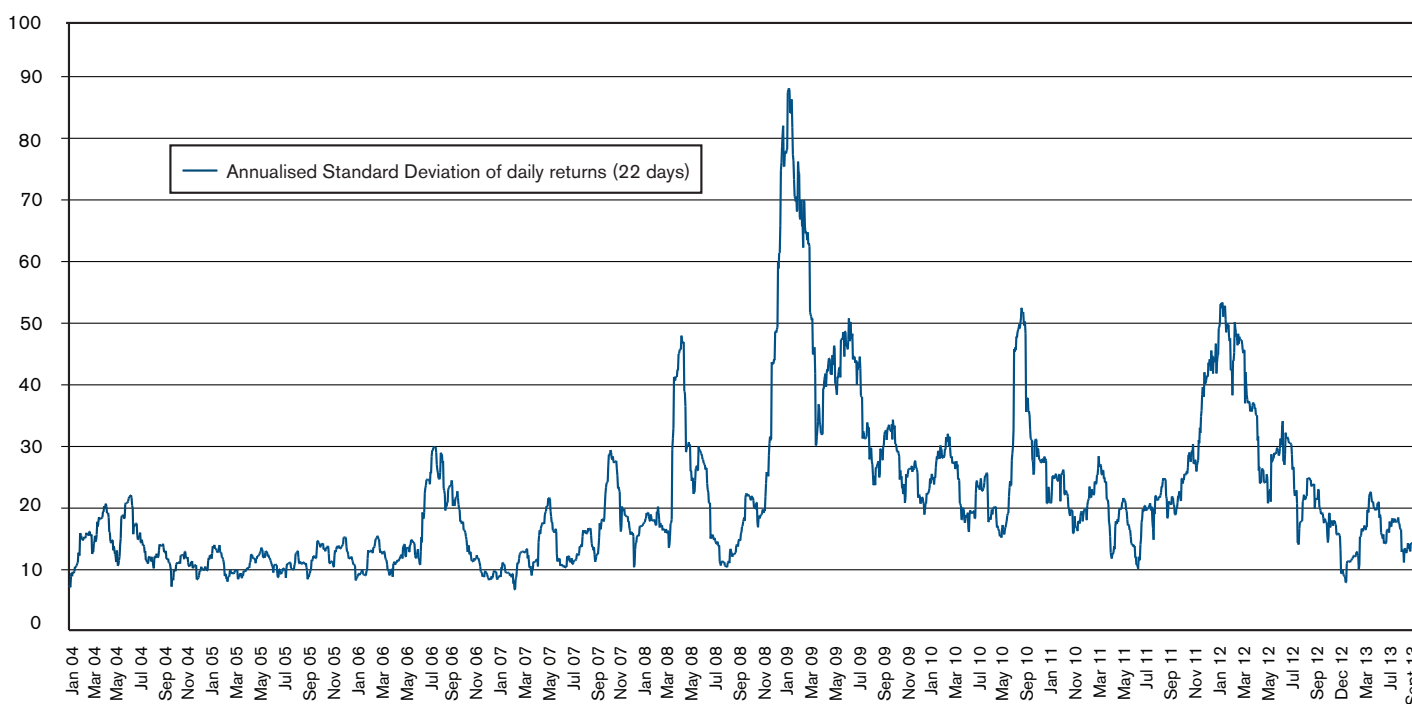
	GILTS (15 Years)					CASH (One-week deposit)				
	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.
1975	36.8%	9.5%	-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%

VOLATILITY OF MARKETS

FTSE 100



FTSE AW Europe ex UK

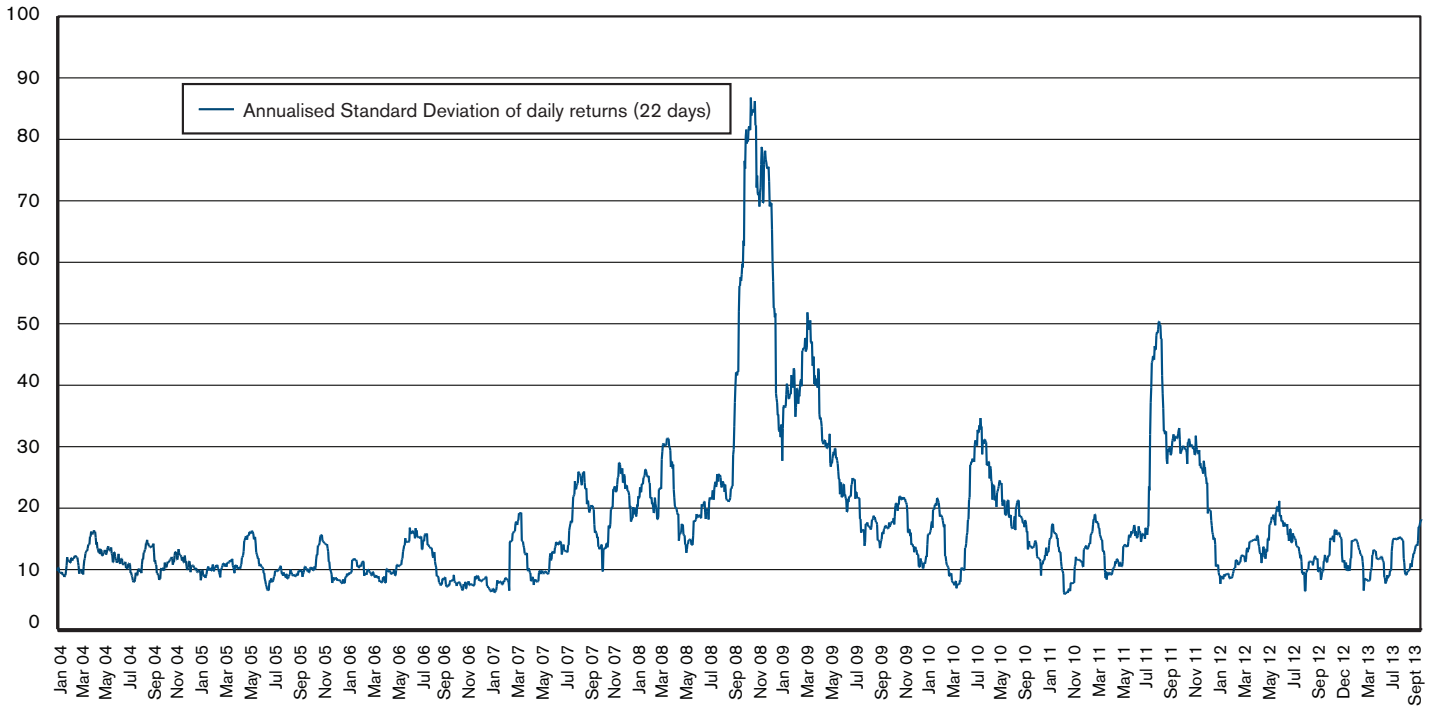


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

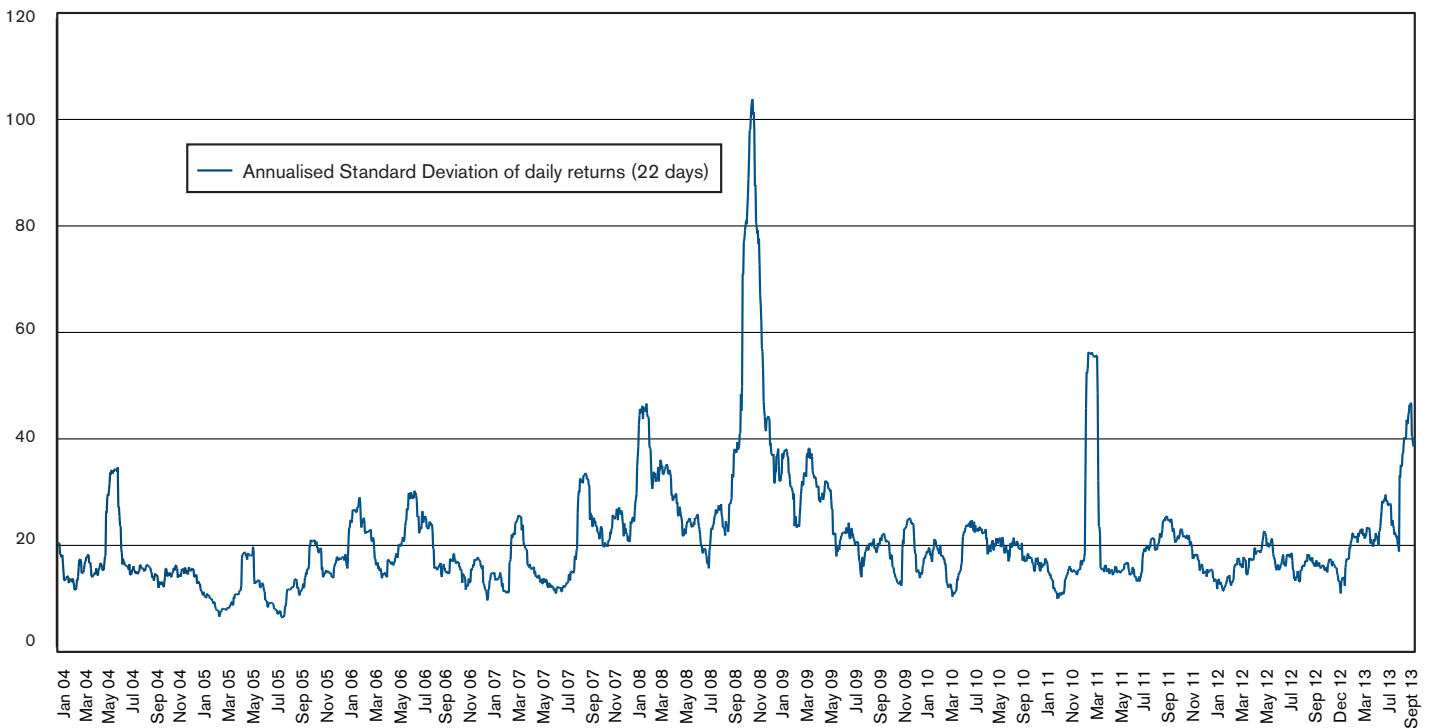
MARKETS

VOLATILITY OF MARKETS

S&P 500



TOPIX (Japan)



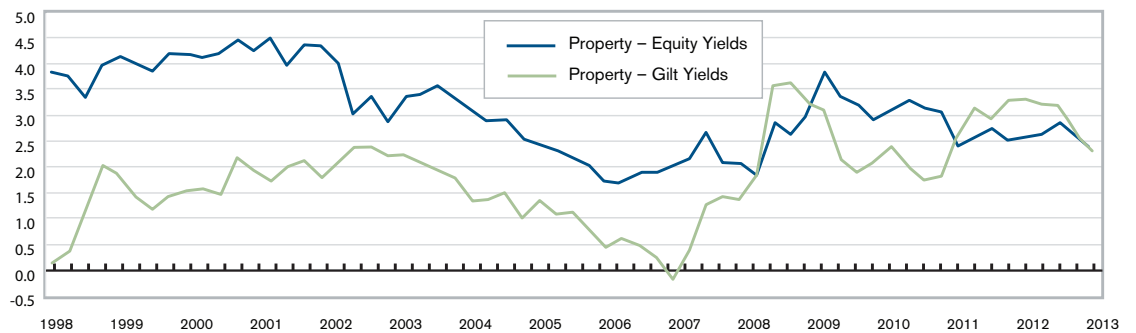
QUARTERLY INVESTMENT YIELDS

		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

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 (ibox)
	Yield	Q3 2002	Bloomberg (BFV GBP EURO AAA 30 Year 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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