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COMMENTS

MOTOR INSURANCE

For the first time in nearly three years, the average premium for private motor cover in the UK has increased.

According to the AA British Motor Insurance Premium Index, in the third quarter of 2014 the average Shoparound quote for a comprehensive car insurance policy increased from £524.92 to £531.33, a growth of 1.2% over the quarter. This has partially reversed the falls earlier in the year—the year-to-date reduction has been 14.4%.

This increase has not been spread evenly across the age groups. Over the quarter, motorists aged between 50 and 59 saw a marginal reduction in their premiums (to £341.40—over the year the reduction has totalled 12.6%). All other age groups have seen increases, with motorists aged between 23 and 29 witnessing the biggest rise in premiums over the quarter, as their Shoparound average increased from £664.24 to £677.34 (an increase of 2.0% over the quarter, although over the year they have seen a fall of 16.0%). Over the year, motorists aged between 17 and 22 saw the largest reductions in premiums, with their Shoparound average falling from £1,489.99 to £1,194.48 (although over the quarter their Shoparound average increased from £1,173.30 to £1,194.48, a rise of 1.8%).

Motor insurers are still battling fraudulent claims. Figures released in September 2014 by the ABI show that, in 2013, 180,675 false applications were detected (which equates to 3,500 fraudulent notifications a week and 495 a day). Examples of detected fraudulent activity include not disclosing full information about driving records, such as previous claims and unspent convictions. Fraudulent applications and claims result in increased claims and the additional cost of fraud prevention measures, leading to higher premiums which penalise honest drivers. According to recent figures, crash-for-cash fraud is at an all-time high, with some insurers reporting a rise of 21% in detected organised fraud, with more than 6,500 suspicious injury claims linked to known fraud rings. Crash-for-cash claims have been estimated to add £400m per annum to the cost of motor insurance policies, or around £14 per driver. Measures have been introduced which are intended to reduce the number of fraudulent claims. The Insurance Fraud Register, an industry-wide database of known insurance fraudsters developed by the insurance industry, went live at the end of 2013. My Licence (which, as mentioned in a previous summary, is soon to be introduced) will enable the insurance industry to obtain driver information (such as driver convictions) directly from the DVLA. Furthermore, the ABI is introducing a new medical assessment body to confirm legitimate whiplash claims and to identify those that are fraudulent. MedCo, which will be funded by the insurance industry, will run an IT system which will randomly allocate medical experts for soft tissue injury claims and has responsibility for ensuring accredited medical experts. It is expected to be running by the end of the year, with the system becoming operational near the end of the first quarter in 2015.

In addition to whiplash fraud, there is a growing concern about the rise of psychological injury claims, which is considered to be the fastest-growing type of fraudulent claim. According to the ABI, psychological claims are now present in 2% of whiplash, neck and back injury claims (double the 2011 level), although the Motor Accident Solicitors Society believes the figure is closer to 4%. The Solicitors' Regulation Authority has been criticised in the past for taking a lenient approach with claimant law firms on the issue of psychological injury claims.

It is widely expected that the small rise in car insurance premiums seen in the third quarter will lead to more significant increases in the future, as opportunities to cut down on fraudulent activities have been missed. Such opportunities include:

- Rejecting whiplash claims for low speed impacts (this has been successful in France and Germany); and
- Independent medical panels, which are due to be introduced to assess whether a whiplash claimant has been genuinely injured, should be allowed to take account of the circumstances of the collision and the extent of the vehicle damage.

COMMENTS

HOME INSURANCE

According to the AA British Home Insurance Premium Index, in the third quarter of 2014, the cost of home insurance experienced its seventh successive quarterly fall.

Based on AA Shoparound average premiums:

- The average premium for a home buildings policy dropped from £116.15 to £112.56 (down 3.1% over the quarter and 10.6% over the year).
- The average premium for a contents policy dropped from £63.80 to £61.64 (down 3.4% over the quarter and 7.3% over the year).
- The average premium for a combined buildings and contents policy dropped from £163.86 to £159.88 (a drop of 2.4% over the quarter and 11.0% over the year).

Despite the UK floods in February 2014, the weather has been fairly benign in the past few years. Claim costs have been lower than expected and consequently insurers have been able to reduce premiums. Home insurance premiums are not expected to rise in the near future unless there is significant storm damage or serious flooding over the coming winter.

There have also been concerns raised over the amount of investment in urban flood defences in the UK, particularly about the lack of investment in sustainable urban drainage systems. The Committee on Climate Change highlighted this issue, stating that the lack of progress on sustainable drainage is concerning given the impact of surface water flooding, a risk which is likely to increase with climate change. By improving sustainable drainage measures, the costs incurred from surface water flooding can be reduced. The National Audit Office has also voiced concerns and has commented that spending on flood protection in England is insufficient to maintain defences. As at August 2014, only half of England's flood defence systems were being maintained to a minimal standard. The Government has stated that it is spending more than ever on resources, while the Environment Agency has indicated that record levels of investment were being made, and that they are on course to reduce flood risk to 165,000 properties by 2015. The Government announced an extra £130m spending on flood defences in January 2014, but much of this has since been spent on repairing damage to infrastructure from the winter flooding rather than on new defences. Although an extra £140m spending on flood defences was announced in the 2014 Budget, experts have indicated that spending levels are not sufficient to keep pace with climate change. Despite the extra £270m which has been made available, there has been a 6% drop in spending in real terms since 2010/11. Insurers have warned the Government that an extra £500m is needed to improve the protection of homes from the significant risk of flooding which is expected over the next two decades.

ECONOMY

UK economic growth slowed in the third quarter of 2014 as the economy grew by 0.7%, lower than the 0.9% which had been recorded in the second quarter but in line with expectations after recent rapid growth. On an annualised basis, the economy grew by 3.0% in the third quarter, lower than the 3.2% in the previous quarter. Despite the slowdown, the UK economy is 3.4% higher than its pre-recession peak in the first quarter of 2008 and looks set to be the fastest-growing advanced economy this year. The International Monetary Fund forecasts growth of 3.2% over the full year. In comparison, the US is forecast to grow by 2.2% and the Eurozone by just 0.8%. Output in construction grew by 0.8%, with growth of 0.5% in production and growth of 0.3% in agriculture. The services sector, which accounts for almost 80% of annual output, grew by 0.7% (it recorded growth of 1.1% in the second quarter), but this was less than the 0.9% which had been predicted.

The Eurozone experienced sluggish growth in the third quarter, with the economy expanding by a meagre 0.2%, although this was better than both the growth recorded in the second quarter and that expected in the third quarter (both 0.1%). France recorded stronger-than-forecast economic growth (0.3% against a forecast 0.2%, the highest since the second quarter of 2013) and Greece finally

COMMENTS

emerged from its six-year recession. Better-than-forecast performance in France was largely due to stronger consumer and public spending, which rose by 0.2% and 0.8%, respectively. France is hoping to achieve growth of 0.4% for the year, less than half its initial forecast. The Greek economy is finally recovering following a period marked by two bailouts and financial market turmoil. Growth of 0.7% was recorded in the third quarter, meaning that the Greek economy has expanded by 1.7% in the last 12 months. Elsewhere in the Eurozone, Germany narrowly avoided entering recession, with its economy expanding by 0.1% in the third quarter following a revised contraction of 0.1% in the second quarter. Higher levels of consumer spending and exports offset weakness in business investment. Analysts commented that concerns about the Ukraine crisis had caused low confidence among German business. Economists are predicting a similar paced growth for the final quarter of 2014, although they believe that weak investment will ease in 2015 and that German growth will then revert to a more robust pace. Italy fell back into recession again during the third quarter, contracting by 0.1%, the 13th quarter without any growth. Over the past 12 months, the economy has contracted by 0.4%, and it is now 9% below its pre-crisis level.

Over the third quarter, the US economy expanded at an annual rate of 3.5%, slower than the 4.6% growth in the second quarter but better than the 3.1% which had been forecast, due to positive contributions from consumer spending (which accounts for two-thirds of US economic output), exports, fixed investment and Government spending at all levels. The economy was mainly boosted by an increase in national defence expenditure and a shrinking trade deficit. There had been concerns that sluggish growth in China, Japan and Europe could lead to a drop in American exports. However, the Central Bank confirmed that the US economy was sufficiently strong to do without quantitative easing. Economists have predicted, though, that the fourth quarter will see a drop in GDP, with growth of 2.5% being predicted.

China's economy grew at its slowest pace since the first quarter of 2009, when it recorded annualised growth of just 6.6%, and there is a risk that the world's second-largest economy will miss its official annual growth target (7.5% for 2014) for the first time in 15 years. During the third quarter, the economy grew at an annualised rate of 7.3%, which was better than the forecasted 7.2%, but worse than the 7.5% which was recorded in the second quarter. The property sector, which accounts for about a quarter of GDP, has been a major drag on output, with revenue from property sales and new construction falling in the first nine months of the year. Fixed-asset investment and retail sales missed expectations; however, manufacturing output rose 8.0% in September against a year earlier. There has also been speculation that the Government may introduce additional stimulus measures to boost growth. Recently, as growth has slowed, the Government has introduced measures including relaxing rules for the housing sector and injecting billions of dollars into its biggest banks.

MARKETS

After a favourable performance in the second quarter, UK equities performed relatively poorly in the third quarter, with all of the equity indices contracting:

- The FTSE Small Cap contracted by 0.8% (after a growth 0.1% in the second quarter).
- The FTSE 100 contracted by 0.9% (after a growth of 3.0% in the second quarter).
- The FTSE All Share contracted by 1.0% (after a growth of 2.2% in the second quarter).
- The FTSE 250 contracted by 1.5%.

Overseas there was another strong performance in the third quarter, with North American equities growing by 6.1%, Japanese equities growing by 3.1% and the Emerging Markets growing by 3.2% (all three recorded growth in the second quarter, too). Fixed-interest assets repeated their performance from the second quarter, with all of the major bonds recording growth in the third quarter. The Corporate (AAA) bond increased by 5.4% (after a growth of 2.3% in the second quarter), the Corporate (AA) bond increased by 3.4% (after a growth of 1.6% in the second quarter), the Corporate (A) bond grew by 3.2% (after a growth of 2.2% in the second quarter) and the Corporate (BBB) bond grew by 2.1% (after a growth of 2.6% in the second quarter).

INSURANCE

THE AA'S BRITISH INSURANCE PREMIUM INDEX

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1995	Q1	152.8	101.1		316.4	379.5	2005	Q1	158.8	110.9		602.7	763.1
	Q2	151.3	102.0		321.4	381.9		Q2	155.8	109.2		607.9	769.8
	Q3	149.4	101.3		313.9	381.4		Q3	157.6	111.5		614.8	788.0
	Q4	141.7	98.8		298.9	375.7		Q4	158.8	111.0		612.2	790.8
	Annual	-10.8%	-5.8%		-8.0%	-4.2%		Annual	-0.9%	-0.4%		0.9%	3.4%
1996	Q1	138.9	95.7		298.9	375.4	2006	Q1	159.8	112.1		609.1	804.6
	Q2	135.5	95.3		304.9	376.9		Q2	159.0	112.3		612.6	802.3
	Q3	137.2	95.3		323.0	392.9		Q3	158.5	109.4		620.1	839.3
	Q4	140.5	97.3		327.7	398.5		Q4	160.5	108.8		647.1	840.4
	Annual	-0.8%	-1.4%		9.6%	6.1%		Annual	1.1%	-2.0%		5.7%	6.3%
1997	Q1	142.5	98.7		340.5	412.5	2007	Q1	161.8	110.1		644.5	835.2
	Q2	142.2	98.4		344.6	416.4		Q2	158.7	108.7		660.6	846.2
	Q3	142.6	98.1		351.5	415.7		Q3	163.5	111.2		669.5	876.5
	Q4	142.6	98.6		358.8	431.7		Q4	165.8	111.6		681.6	906.5
	Annual	1.5%	1.3%		9.5%	8.3%		Annual	3.3%	2.6%		5.3%	7.9%
1998	Q1	141.6	98.8		364.3	439.1	2008	Q1	165.5	112.8		678.3	898.2
	Q2	141.7	99.4		374.6	451.4		Q2	166.3	112.9	262.9	698.7	946.9
	Q3	141.2	99.3		384.2	462.1		Q3	169.3	108.1	257.9	720.4	941.6
	Q4	141.6	98.8		391.9	472.9		Q4	178.3	106.4	261.7	741.2	973.9
	Annual	-0.7%	0.2%		9.2%	9.6%		Annual	7.5%	-4.7%		8.7%	7.4%
1999	Q1	141.6	99.2		397.6	482.4	2009	Q1	178.7	109.3	263.4	751.1	967.9
	Q2	144.1	100.3		414.7	496.8		Q2	183.1	105.8	268.7	777.6	1012.5
	Q3	143.6	100.5		427.9	511.0		Q3	185.9	107.7	268.6	820.9	1107.1
	Q4	144.3	101.0		453.3	540.7		Q4	197.0	114.6	290.0	880.0	1205.3
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2000	Q1	145.7	101.4		480.2	560.2	2010	Q1	200.5	111.6	300.0	852.0	1151.4
	Q2	145.8	101.5		501.3	595.1		Q2	205.6	113.1	301.8	954.9	1332.9
	Q3	146.3	102.0		518.8	617.1		Q3	204.9	113.1	292.5	1066.2	1463.1
	Q4	147.4	102.1		538.2	646.1		Q4	215.6	114.7	299.7	1136.5	1704.7
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2001	Q1	149.8	103.6		561.8	686.2	2011	Q1	217.5	113.0	299.0	1208.3	1837.9
	Q2	151.1	105.1		566.8	703.4		Q2	212.3	115.0	299.1	1227.0	1773.5
	Q3	151.5	105.8		577.5	716.3		Q3	215.8	115.2	303.7	1237.0	1776.1
	Q4	153.2	107.0		588.1	727.3		Q4	221.3	119.8	311.7	1244.3	1818.6
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2002	Q1	154.8	108.0		593.4	737.2	2012	Q1	220.0	117.1	313.1	1244.9	1842.6
	Q2	155.9	108.5		598.5	738.9		Q2	214.3	115.3	305.9	1270.8	1866.3
	Q3	156.6	109.1		603.8	743.4		Q3	218.7	116.5	308.0	1235.1	1789.2
	Q4	157.0	109.5		609.3	752.0		Q4	222.5	118.1	312.2	1186.7	1744.7
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2003	Q1	158.3	110.3		613.7	758.2	2013	Q1	217.9	113.3	306.9	1149.4	1671.4
	Q2	158.7	110.8		616.0	757.8		Q2	210.6	107.3	295.2	1073.4	1484.3
	Q3	159.0	111.2		623.0	767.2		Q3	202.1	105.1	285.0	1012.8	1385.1
	Q4	160.1	111.7		624.5	765.7		Q4	201.2	104.1	282.7	985.3	1330.9
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%
2004	Q1	160.0	112.3		623.3	765.9	2014	Q1	197.6	104.9	276.6	907.5	1241.7
	Q2	160.0	112.8		609.6	758.6		Q2	192.8	104.0	271.5	893.6	1228.5
	Q3	159.9	111.6		604.0	760.2		Q3	189.7	102.2	266.3	916.7	1309.5
	Q4	160.2	111.5		607.0	764.7		Q4					
	Annual	0.1%	-0.1%		-2.8%	-0.1%		Annual					

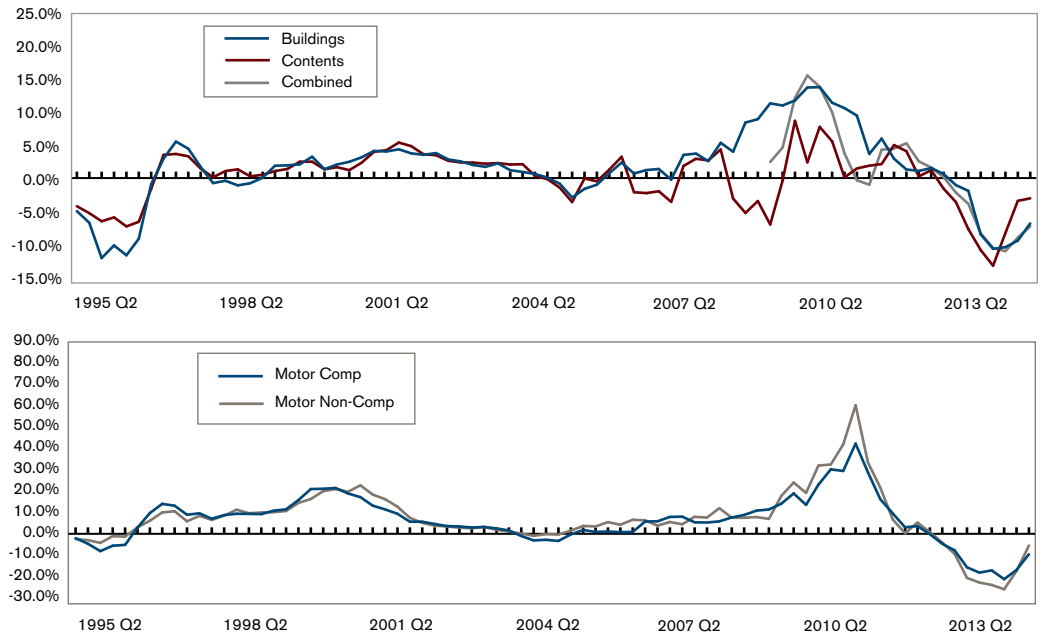
INSURANCE

INSURANCE PREMIUM INDEX-SHOPAROUND AVERAGE PREMIUM

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1995	Q1						2005	Q1	100.2	77.7		416.1	367.2
	Q2							Q2	101.1	76.0		420.6	367.9
	Q3							Q3	104.9	77.5		420.0	374.2
	Q4							Q4	104.7	77.0		424.4	385.5
	Annual							Annual	4.1%	-2.7%		1.9%	4.7%
1996	Q1						2006	Q1	106.4	78.3		426.3	397.7
	Q2							Q2	105.2	77.0		425.4	398.8
	Q3							Q3	104.8	76.4		419.6	392.3
	Q4							Q4	108.0	75.9		427.8	402.1
	Annual							Annual	3.2%	-1.4%		0.8%	4.3%
1997	Q1						2007	Q1	106.7	76.5		425.0	411.4
	Q2							Q2	103.0	73.9		434.1	415.7
	Q3							Q3	109.0	74.5		431.8	426.0
	Q4							Q4	120.3	72.4		448.6	435.3
	Annual							Annual	11.4%	-4.5%		4.8%	8.2%
1998	Q1						2008	Q1	120.0	72.6	195.1	443.3	442.2
	Q2							Q2	125.6	74.8	204.8	460.0	469.9
	Q3							Q3	122.8	72.0	197.4	469.4	475.4
	Q4							Q4	121.9	69.2	195.3	481.0	489.9
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
1999	Q1						2009	Q1	127.0	72.5	200.9	484.7	503.5
	Q2							Q2	132.2	68.9	203.7	505.9	530.1
	Q3							Q3	129.4	68.6	203.6	530.2	574.0
	Q4							Q4	136.0	72.2	213.4	589.9	653.7
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2000	Q1						2010	Q1	135.5	73.7	216.3	593.5	683.0
	Q2							Q2	136.8	75.4	223.4	661.9	791.8
	Q3							Q3	139.2	78.8	217.3	738.3	887.2
	Q4							Q4	149.8	78.2	223.8	785.7	1123.4
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2001	Q1						2011	Q1	153.9	82.5	223.0	831.8	1243.5
	Q2							Q2	152.9	81.6	226.4	861.5	1184.2
	Q3							Q3	159.0	83.4	229.7	859.1	1180.7
	Q4							Q4	164.0	87.0	236.4	905.7	1208.9
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2002	Q1						2012	Q1	164.8	85.6	240.0	895.9	1218.5
	Q2							Q2	163.4	85.5	243.6	934.5	1249.3
	Q3							Q3	167.3	86.2	246.2	907.1	1227.1
	Q4							Q4	167.7	86.6	244.8	880.6	1241.3
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2003	Q1						2013	Q1	163.4	83.9	242.4	885.5	1285.7
	Q2							Q2	159.4	83.4	236.6	843.4	1206.6
	Q3							Q3	153.2	80.9	227.8	798.1	1152.1
	Q4							Q4	153.8	80.0	225.4	773.8	1065.9
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%
2004	Q1						2014	Q1	151.1	80.0	220.5	717.6	1013.6
	Q2				432.2	364.8		Q2	144.6	80.1	212.9	685.9	928.6
	Q3	100.9	80.7		424.8	375.2		Q3	142.1	78.8	208.8	700.3	986.1
	Q4	100.6	79.2		416.3	368.2		Q4					
	Annual							Annual					

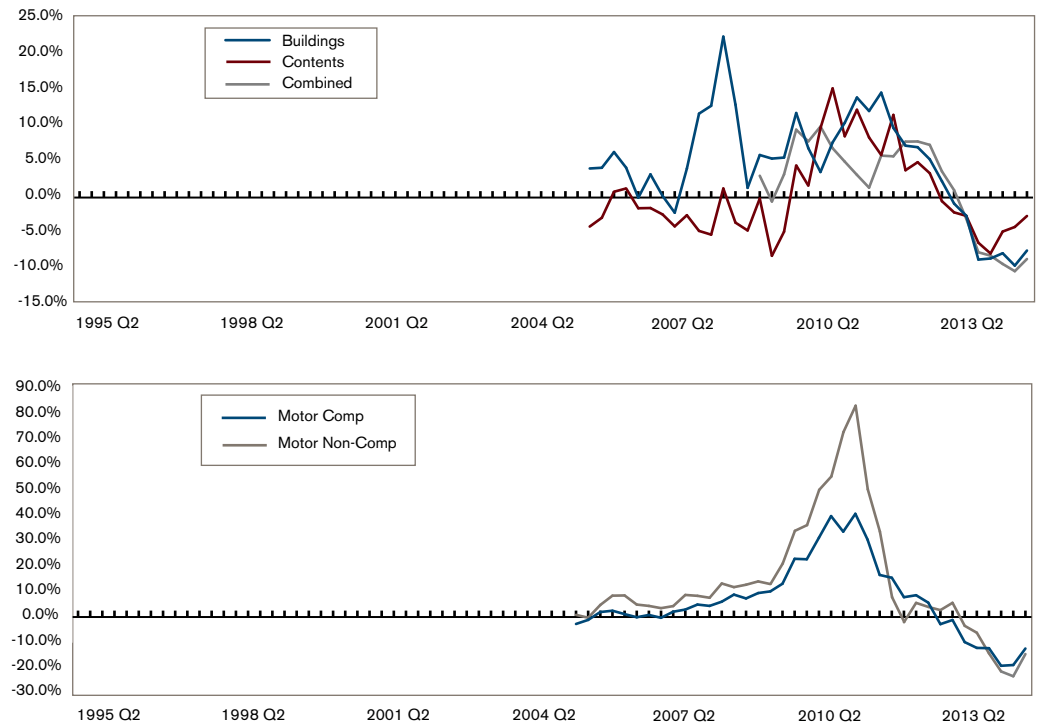
INSURANCE

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

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

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			
1995	Q1	1.63	2.23	141	2005	Q1	1.89	1.45	202					
	Q2	1.59	2.02	135		Q2	1.79	1.48	199					
	Q3	1.58	2.25	156		Q3	1.77	1.47	201					
	Q4	1.53	2.22	160		Q4	1.72	1.46	203					
1996	Q1	1.53	2.25	163	2006	Q1	1.73	1.44	205					
	Q2	1.55	2.37	170		Q2	1.84	1.44	211					
	Q3	1.56	2.39	174		Q3	1.87	1.48	221					
	Q4	1.71	2.64	199		Q4	1.96	1.49	233					
1997	Q1	1.64	2.74	203	2007	Q1	1.96	1.47	232					
	Q2	1.66	2.90	190		Q2	2.01	1.48	248					
	Q3	1.62	2.85	195		Q3	2.04	1.44	234					
	Q4	1.65	2.96	214		Q4	1.99	1.36	222					
1998	Q1	1.67	3.10	223	2008	Q1	1.99	1.25	198					
	Q2	1.67	3.01	232		Q2	1.99	1.26	211					
	Q3	1.70	2.84	231		Q3	1.78	1.27	189					
	Q4	1.66	2.77	188		Q4	1.44	1.03	130					

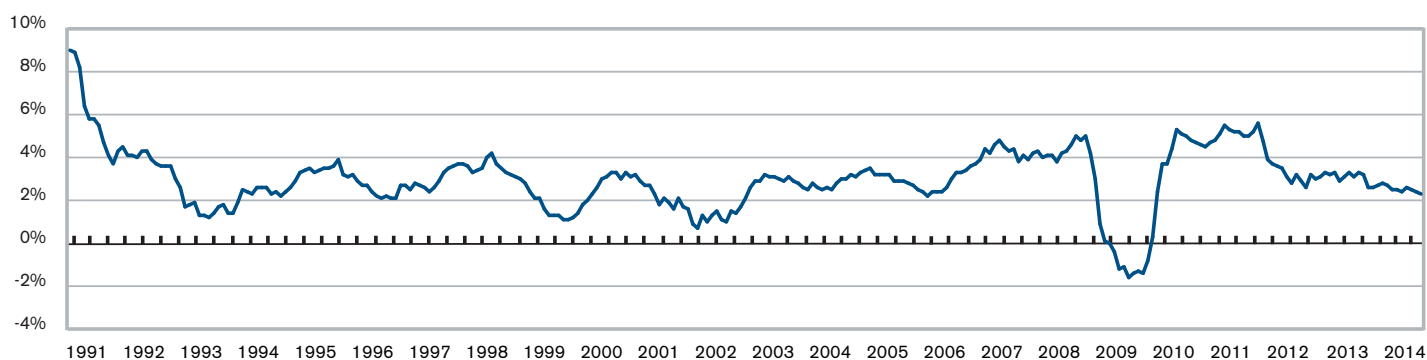
* Euro from Q1 1999

ECONOMICS

RETAIL PRICES INDEX

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3	
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3	6.8%
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8	7.7%
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9	9.3%
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7	4.5%
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2	2.6%
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9	1.9%
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0	2.9%
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7	3.2%
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4	2.5%
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0	3.6%
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4	2.8%
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3	1.8%
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2	2.9%
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4	0.7%
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5	2.9%
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5	2.8%
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9	3.5%
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1	2.2%
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7	4.4%
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9	4.0%
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9	0.9%
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0	2.4%
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4	4.8%
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4	4.8%
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8	3.1%
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4	2.7%
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6				

Rolling Annual Increase on a Monthly Basis



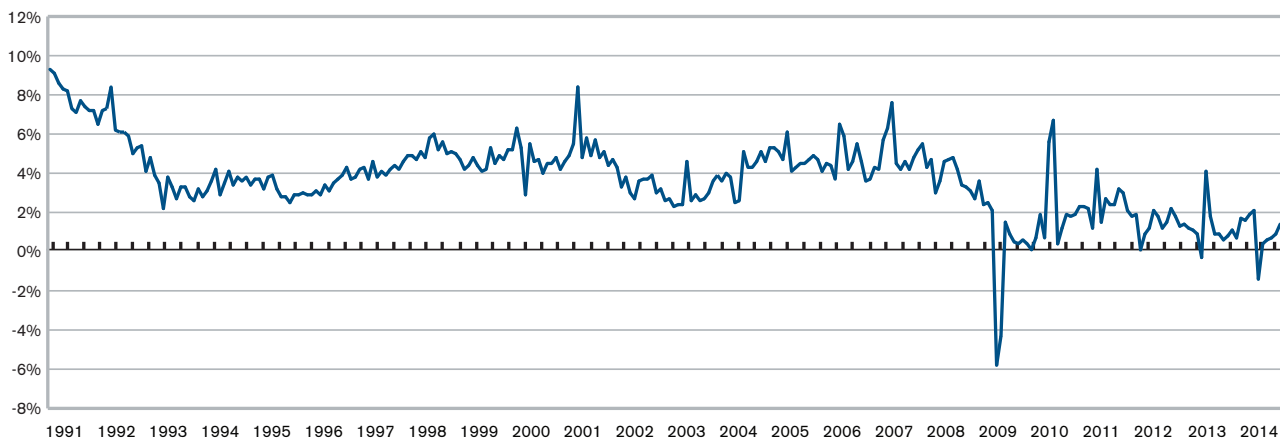
ECONOMICS

AVERAGE EARNINGS INDEX FOR ALL EMPLOYEES

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
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	132.1	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	149.5	149.4	149.6	149.5	150.5	1.7%
2014	150.3	150.4	149.5	151.6	150.8	150.3	150.5	150.8	151.5				

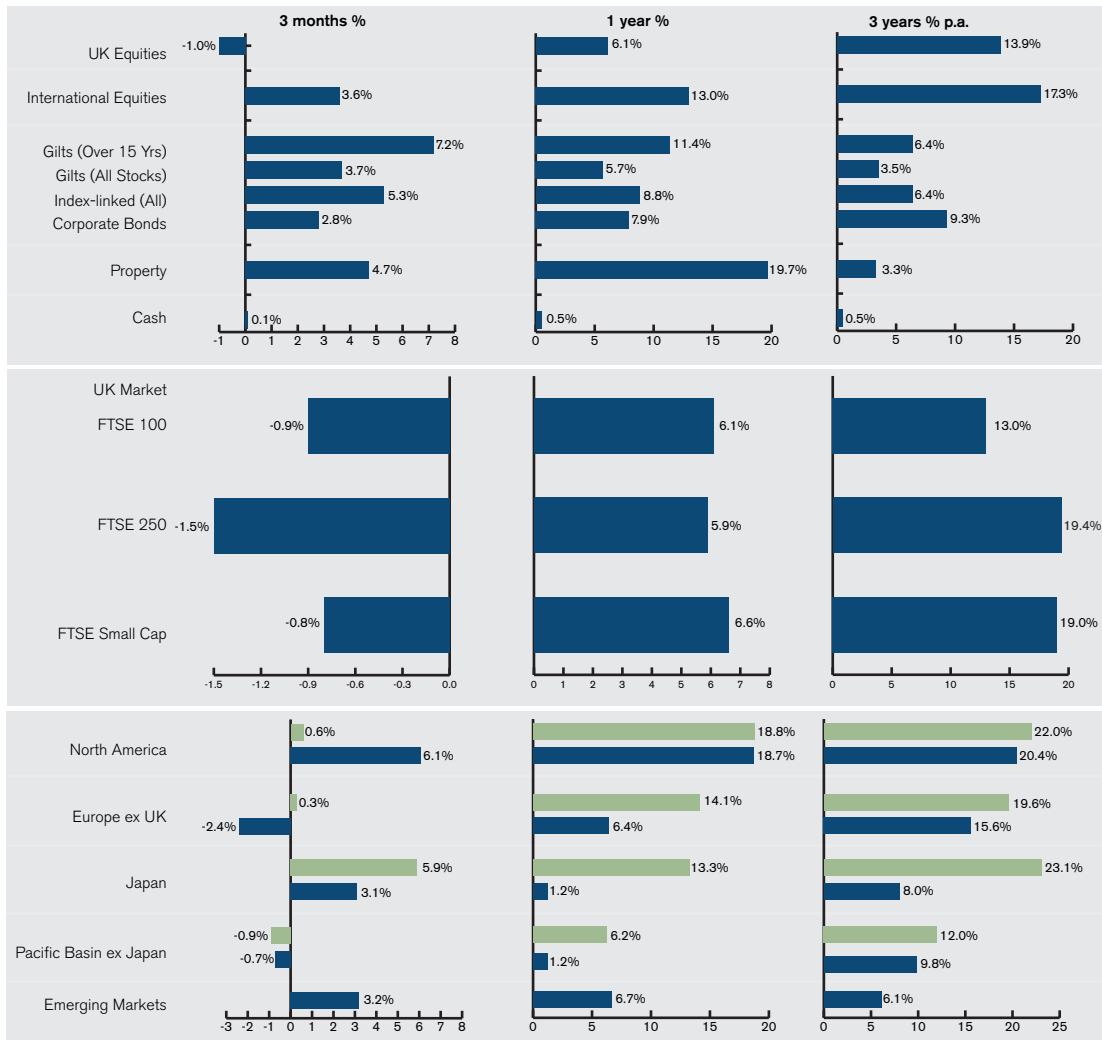
The National Average Earnings Index was discontinued as of September 2010, with the last data being supplied for July 2010. From August 2010, data from the National Weekly Earnings Index replaces the National Average Earning index. Subsequently, measures of past performance incorporating data from both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

Rolling Annual Increase on a Monthly Basis



MARKETS

MARKETS AT A GLANCE



■ = local currency

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	-1.0%	6.1%	12.3%	13.9%	9.1%	9.7%	8.2%
FTSE 100	-0.9%	6.1%	11.3%	13.0%	8.3%	9.0%	7.6%
FTSE 250	-1.5%	5.9%	17.5%	19.4%	13.0%	14.0%	12.4%
FTSE Small Cap	-0.8%	6.6%	19.6%	19.0%	13.0%	11.5%	8.3%
INTERNATIONAL							
North America	6.1%	18.7%	18.6%	20.4%	15.4%	14.7%	9.6%
Europe ex UK	-2.4%	6.4%	17.2%	15.6%	7.5%	6.3%	9.0%
Japan	3.1%	1.2%	15.2%	8.0%	6.4%	5.4%	5.0%
Pacific Basin ex Japan	-0.7%	1.2%	5.1%	9.8%	4.6%	7.1%	12.4%
Emerging Markets	3.2%	6.7%	3.4%	6.1%	0.3%	4.5%	12.7%
World (FTSE All World)	3.2%	11.8%	15.0%	15.7%	10.2%	10.3%	9.2%
World ex UK (Developed)	3.6%	13.0%	16.8%	17.3%	11.8%	11.2%	9.1%
PROPERTY							
	4.7%	19.7%	6.7%	3.3%	8.7%	22.6%	17.6%
BONDS & CASH							
UK Gilts (Over 15 Years)	7.2%	11.4%	3.2%	6.4%	7.6%	7.6%	6.8%
UK Gilts (All Stocks)	3.7%	5.7%	1.2%	3.5%	4.6%	5.1%	5.6%
UK Index Linked (All)	5.3%	8.8%	7.3%	6.4%	7.7%	8.1%	7.2%
Cash	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%	2.4%
Corporate (All Inv Grade)	2.8%	7.9%	6.1%	9.3%	6.8%	8.0%	5.5%
Corporate (AAA)	5.4%	9.0%	3.8%	5.5%	5.3%	5.9%	4.4%
Corporate (AA)	3.4%	7.2%	1.3%	14.1%	1.1%	10.6%	9.3%
Corporate (A)	3.2%	7.2%	2.5%	15.6%	-1.0%	12.1%	10.1%
Corporate (BBB)	2.1%	8.7%	7.4%	17.8%	-0.6%	15.8%	9.4%
OTHER							
Retail Price Index	0.5%	2.3%	2.7%	2.7%	3.4%	3.7%	3.2%
National Average Earnings	-0.7%	2.1%	0.9%	1.0%	1.4%	2.5%	2.7%

MARKETS

UK MARKET RETURNS

		Equities	Property	Gilts	Corporate Bonds	Index-linked	Cash
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%
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%

Highest Market Return in Year Across Overseas Markets

MARKETS

UK MARKET RETURNS (CONTINUED)

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

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
2007	Q1	2.2%	0.8%	4.2%	2.7%	7.1%	2.4%
	Q2	4.4%	4.3%	7.0%	-2.7%	8.5%	13.0%
	Q3	1.3%	1.1%	0.8%	-3.1%	13.6%	11.6%
	Q4	0.2%	-0.6%	3.0%	-3.4%	2.0%	6.5%
	Annual	8.3%	5.6%	15.7%	-6.4%	34.6%	37.4%
2008	Q1	-8.8%	-9.1%	-7.4%	-7.2%	-13.3%	-10.0%
	Q2	-2.0%	-1.6%	-5.2%	2.3%	0.5%	-1.1%
	Q3	-4.1%	1.3%	-11.2%	-7.8%	-16.9%	-17.5%
	Q4	-2.1%	-4.4%	-2.2%	12.9%	-4.7%	-11.1%
	Annual	-16.0%	-13.3%	-23.8%	-1.1%	-31.0%	-34.8%
2009	Q1	-11.5%	-9.8%	-15.9%	-16.1%	-2.1%	1.6%
	Q2	5.2%	1.8%	9.7%	7.0%	16.2%	18.4%
	Q3	21.1%	19.3%	29.4%	9.3%	27.7%	25.2%
	Q4	2.8%	4.8%	0.5%	-4.0%	4.1%	7.8%
	Annual	15.9%	14.8%	19.9%	-5.8%	51.2%	62.5%
2010	Q1	10.4%	12.5%	3.9%	15.4%	9.8%	9.1%
	Q2	-11.1%	-10.3%	-14.3%	-8.7%	-10.4%	-6.5%
	Q3	7.7%	5.8%	13.4%	0.1%	15.0%	12.1%
	Q4	9.9%	11.6%	4.7%	12.8%	9.3%	8.1%
	Annual	16.2%	19.1%	5.7%	19.0%	23.7%	23.6%
2011	Q1	2.6%	3.5%	5.7%	-6.9%	1.5%	-1.2%
	Q2	0.5%	-0.4%	3.2%	0.2%	0.4%	-1.8%
	Q3	-14.5%	-11.8%	-24.2%	-3.1%	-18.8%	-19.2%
	Q4	7.6%	11.3%	3.6%	-3.6%	6.2%	4.2%
	Annual	-5.1%	1.2%	-14.4%	-12.9%	-12.3%	-18.1%
2012	Q1	9.2%	9.3%	9.7%	7.9%	9.7%	10.6%
	Q2	-3.2%	-1.4%	-7.1%	-5.5%	-4.4%	-7.3%
	Q3	3.8%	3.5%	6.6%	-3.6%	7.4%	4.6%
	Q4	2.0%	-0.8%	8.0%	5.1%	5.4%	5.1%
	Annual	12.0%	10.7%	17.3%	3.3%	18.9%	13.0%
2013	Q1	15.6%	17.7%	10.2%	19.3%	10.8%	5.4%
	Q2	1.1%	2.2%	1.2%	4.5%	-10.3%	-7.5%
	Q3	1.2%	-0.8%	7.3%	0.1%	4.3%	-2.2%
	Q4	5.6%	7.5%	5.8%	0.1%	-1.1%	-0.7%
	Annual	25.0%	28.3%	26.5%	25.0%	2.4%	-5.0%
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						
	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.
1975	24.9%	149.6%	99.8%	-4.7%	-0.1%	5.0%
1976	15.1%	-1.0%	-14.0%	-12.7%	-0.7%	4.5%
1977	12.1%	57.2%	40.2%	-8.9%	-0.3%	6.1%
1978	8.4%	8.4%	0.0%	0.5%	-3.1%	5.3%
1979	17.2%	11.4%	-4.9%	18.0%	-2.0%	3.6%
1980	15.1%	35.2%	17.5%	6.1%	0.6%	4.0%
1981	12.0%	13.6%	1.4%	9.7%	-2.2%	4.6%
1982	5.4%	29.2%	22.6%	6.8%	-1.4%	5.7%
1983	5.3%	29.1%	22.6%	11.2%	5.7%	5.0%
1984	4.6%	31.8%	26.0%	17.7%	17.9%	4.1%
1985	5.7%	20.7%	14.2%	17.0%	11.4%	4.7%
1986	3.7%	27.2%	22.7%	21.5%	15.5%	5.7%
1987	3.7%	8.4%	4.6%	17.7%	12.1%	6.0%
1988	6.8%	11.5%	4.4%	14.0%	12.6%	5.5%
1989	7.7%	36.1%	26.4%	14.1%	15.9%	6.9%
1990	9.3%	-9.7%	-17.4%	6.9%	11.9%	5.8%
1991	4.5%	20.8%	15.6%	5.7%	13.3%	6.8%
1992	2.6%	20.5%	17.4%	8.2%	12.8%	6.2%
1993	1.9%	28.4%	26.0%	12.3%	13.2%	6.0%
1994	2.9%	-5.8%	-8.5%	5.3%	9.6%	6.3%
1995	3.2%	23.9%	20.0%	13.4%	10.1%	7.5%
1996	2.5%	16.7%	13.8%	13.1%	9.3%	6.8%
1997	3.6%	23.4%	19.1%	13.4%	10.8%	7.0%
1998	2.8%	13.9%	10.8%	10.5%	11.4%	9.6%
1999	1.8%	24.2%	22.0%	17.1%	11.0%	14.3%
2000	2.9%	-5.9%	-8.6%	10.9%	12.2%	10.8%
2001	0.7%	-13.3%	-13.9%	4.9%	8.9%	10.8%
2002	2.9%	-22.7%	-24.9%	-4.4%	4.1%	8.1%
2003	2.8%	20.9%	17.6%	-3.2%	3.4%	8.8%
2004	3.5%	12.8%	9.0%	-5.4%	5.3%	9.4%
2005	2.2%	22.0%	19.4%	-0.2%	5.2%	9.5%
2006	4.4%	16.8%	11.8%	5.2%	5.0%	9.9%
2007	4.0%	5.3%	1.2%	11.6%	3.3%	9.0%
2008	0.9%	-29.9%	-30.6%	0.4%	-1.4%	6.6%
2009	2.4%	30.1%	27.1%	3.6%	-1.0%	6.6%
2010	4.8%	14.5%	9.3%	1.8%	0.8%	6.4%
2011	4.8%	-3.5%	-7.9%	-2.1%	1.5%	5.2%
2012	3.1%	12.3%	8.9%	-0.7%	5.3%	5.4%
2013	2.7%	20.8%	17.7%	10.4%	5.3%	5.9%

MARKETS

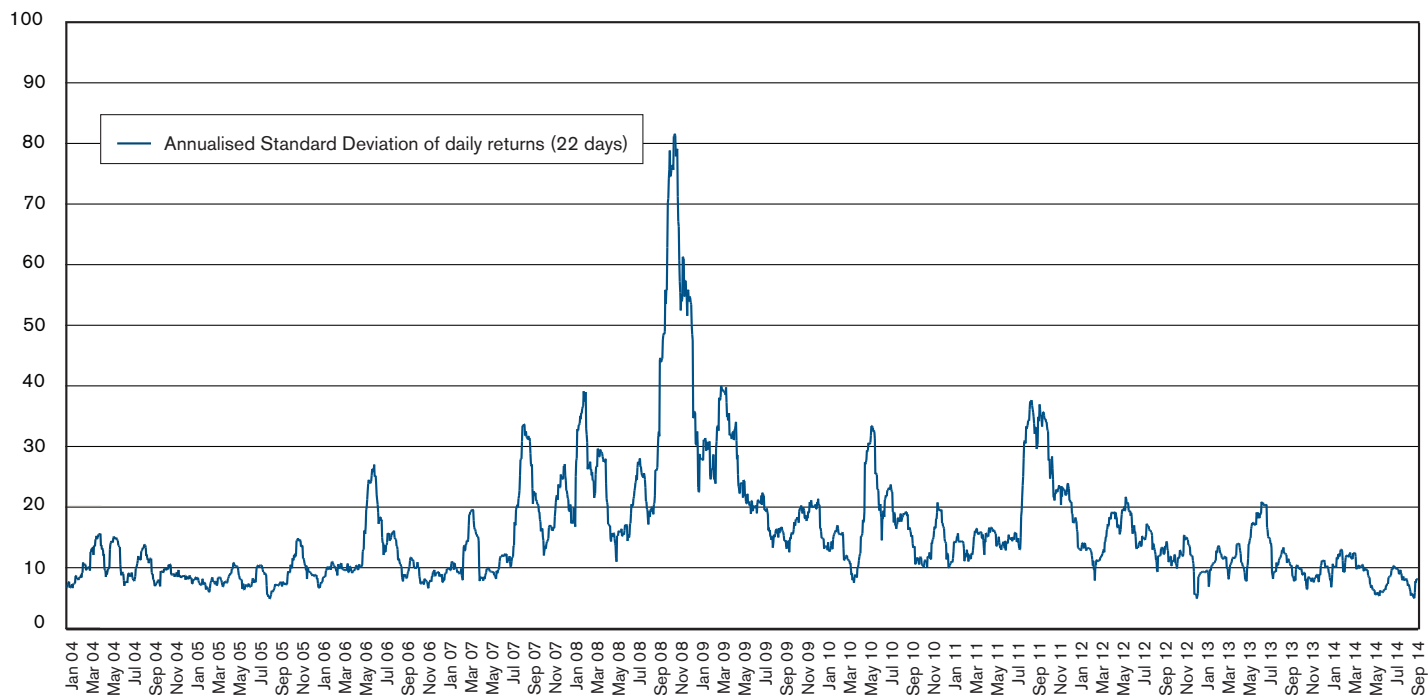
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

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

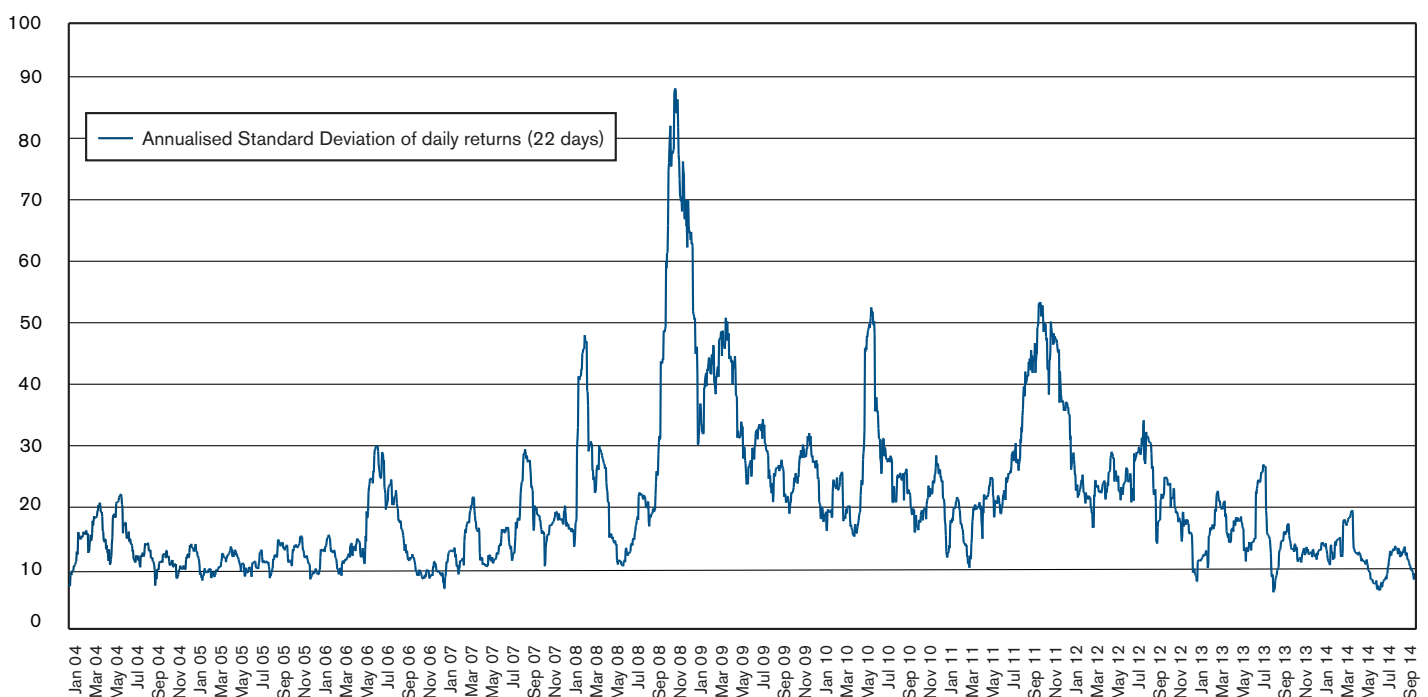
MARKETS

VOLATILITY OF MARKETS

FTSE 100



FTSE AW Europe ex UK

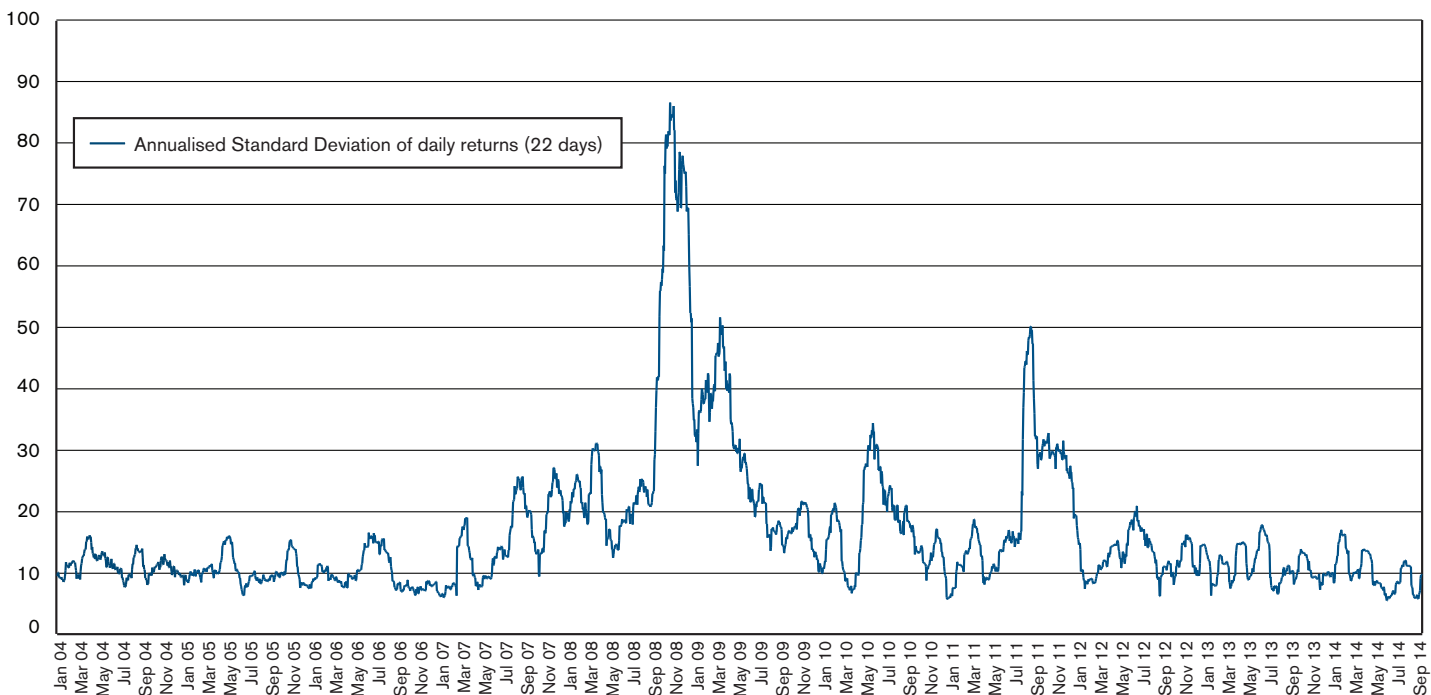


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

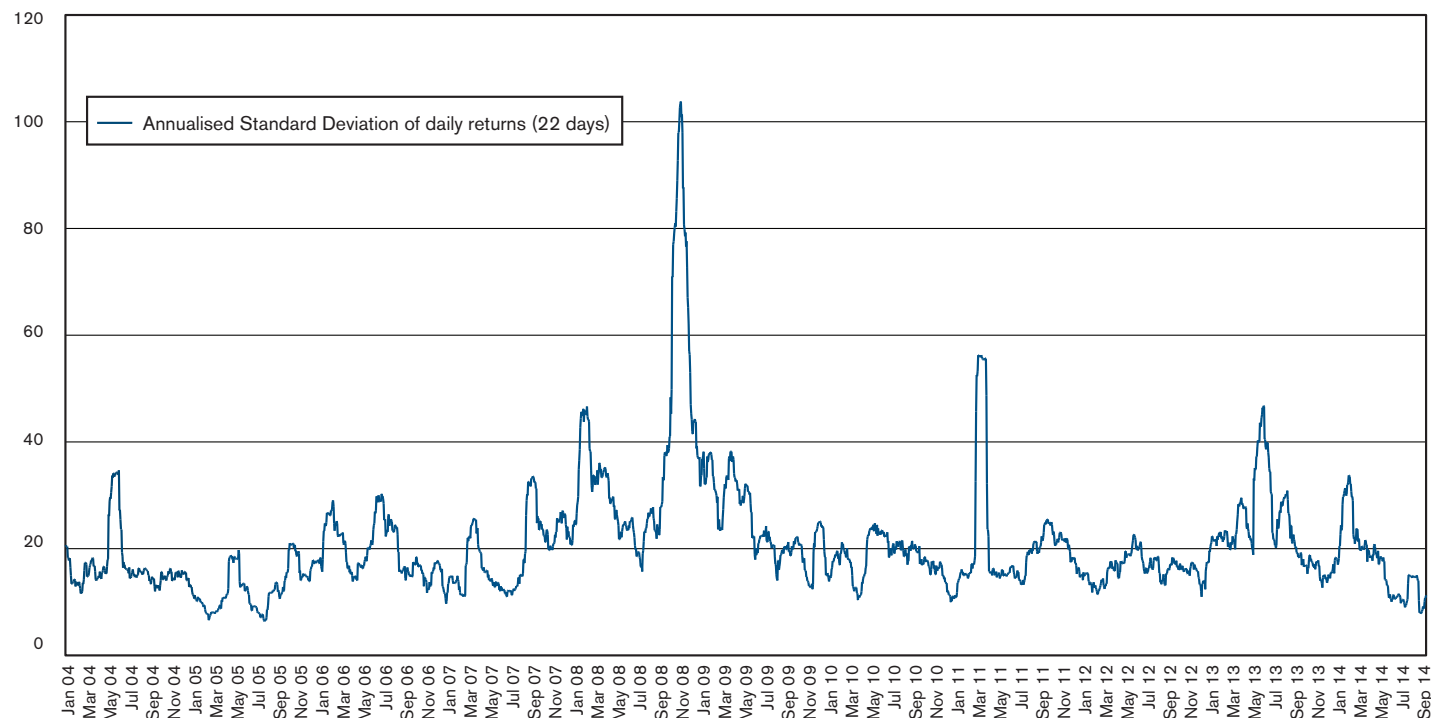
MARKETS

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

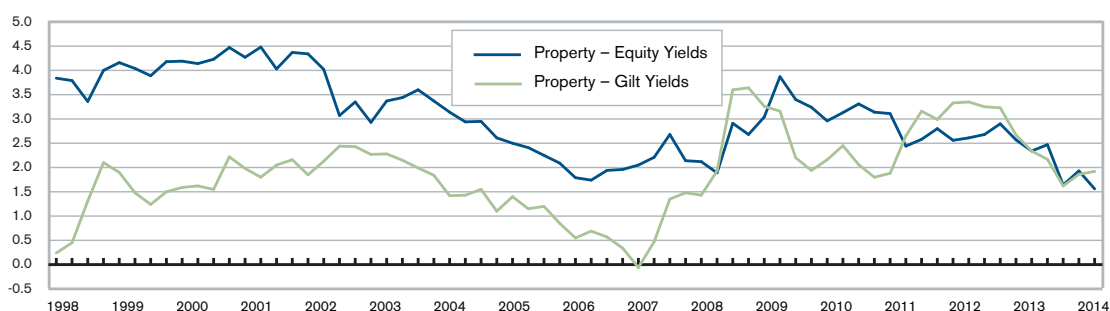
MARKETS

QUARTERLY INVESTMENT YIELDS (CONTINUED)

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

*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 PropertyDatabank (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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