

MILLIMAN RESEARCH REPORT

Quarterly Statistics Data

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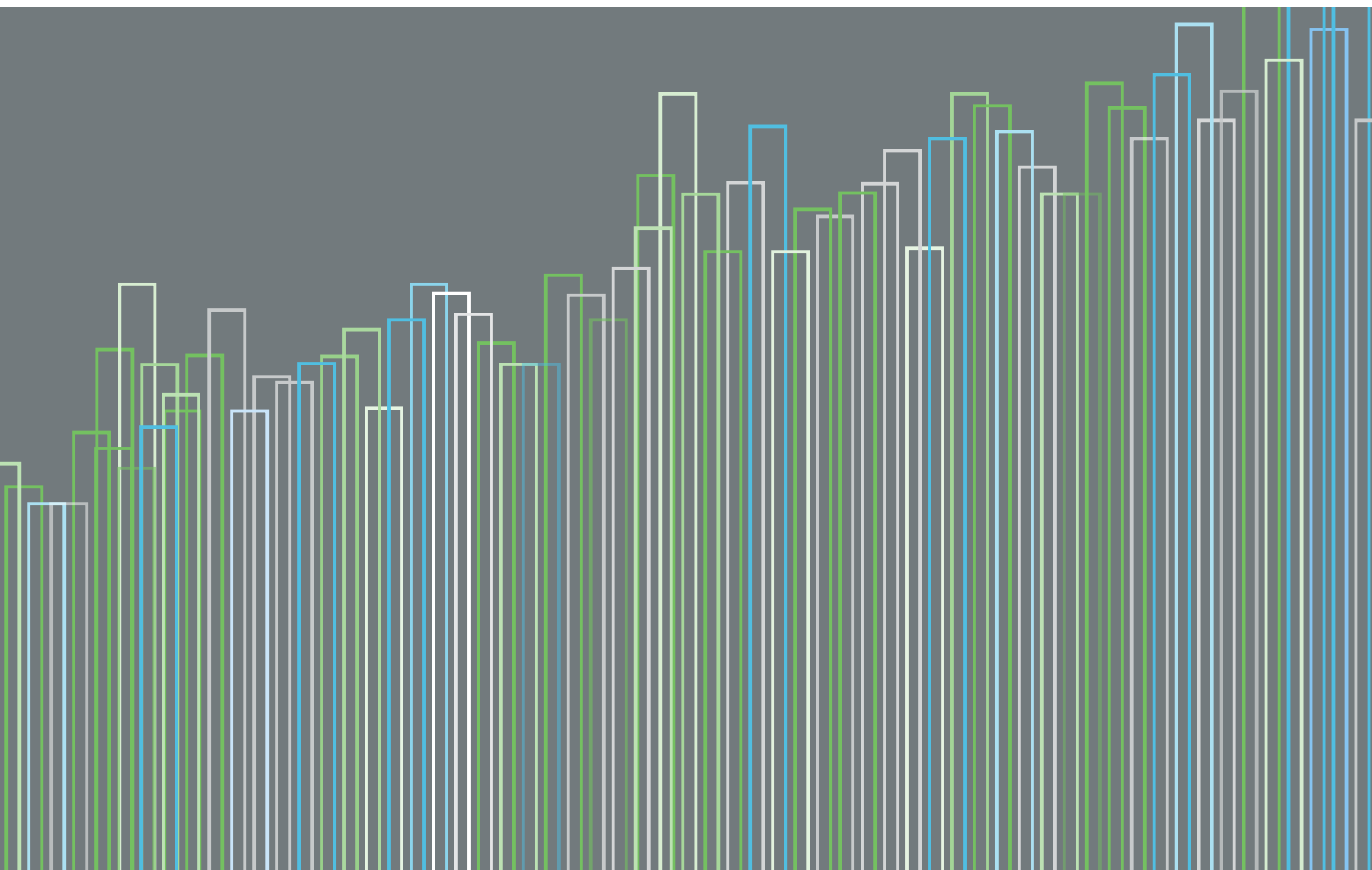


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Comments

MOTOR INSURANCE

Premiums

According to the AA British Motor Insurance Premium Index, the average Shoparound quote for a comprehensive car insurance policy rose in the second quarter of 2016 from £555.92 to £568.48, an increase of 2.3% (£12.56). This compares to the -0.4% fall last quarter and the 10.1% increase in the final quarter of 2015.

Northern Ireland saw the largest increase in average premiums, with the average quote being 7.8% higher than in the previous quarter. Young drivers (aged 17-22) pay the most and also, as per the previous quarter, experienced the greatest increase, of 3.5% (2.1% last quarter) from £1,198.12 to £1,240.50. Premiums for young drivers reflect the fact that the group accounts for the largest number of claims involving death and serious injury.

The AA suggests that one reason for the premium rise may be diminishing brand loyalty amongst motorists. The increasing willingness of drivers to search for the best offers is making introductory discounts (i.e., initial loss-making prices intended to attract new business) unaffordable, as policyholders are likely to move on at renewal to another firm offering its own introductory discount. The rising cost of crash repairs is also contributing to the increase in motor premiums, as are the low levels of profitability within the market.

Abuse of the Claims System and Fraud

The Ministry of Justice has reported that revenues of personal injury claim management companies (CMCs) have fallen by almost a third in the past year, from £310 million to £215 million, and the number of operating firms is also declining. This has been attributed to an increase in regulation and more effort in targeting those firms that appear to encourage fraudulent claims.

Driverless Cars and Telematics

May 2016 saw the first reported death involving a driverless car. While in autopilot mode on a Florida highway, the car's sensor system failed to detect a lorry turning in front of the vehicle. This stresses the importance in the relatively early stages of the development of such vehicles of their operators remaining alert and being able to take over control at an instance. Two other similar (but nonfatal) incidents have also been reported, with their operators claiming the car was in autopilot mode when the accident occurred. However, it is uncertain whether this was true in both incidents—drivers falsely claiming that an accident was not their fault because they were not driving the car at the time could become an issue as autopilot vehicles become more prevalent.

Cyber attacks on driverless vehicles is another area of concern. Last year, a group of American researchers were able to hack into a vehicle travelling at 70 miles an hour and halt it on a motorway. The FBI has since issued a warning to all motorists to guard against hacking as best they can, for example by keeping all automotive software up-to-date. Insurers will also need to adapt—their policies will have to reflect these new risks emerging from the technological advances in the motor industry.

However, it should be noted that autonomous vehicles are still expected to be safer and therefore premiums should fall as vehicles include increasing levels of autonomy (it is likely that the nature of the insurance cover will also change, with more focus on product liability and less on “driver” liability).

A study by KPMG has indicated that insurers believe driverless vehicles will take up to 20 years to become widespread, with only 10% of insurers currently having a strategy for the arrival of driverless vehicles. It is surprising that insurers have been slow to react, given the drastic changes this technology could have on the motor insurance market and as driverless vehicles are already on the road in some form.

The British Insurance Brokers' Association (BIBA) has argued that the insurance premium tax (IPT) should be removed from telematics insurance policies following the recent increase in motor premiums. BIBA member research found that new drivers who have a telematics policy have 40% lower accident frequency compared with other new drivers. BIBA believes that removing the IPT from these policies would encourage a greater take-up rate and could lead to a decrease in the number of accidents.

HOME INSURANCE

The second quarter of 2016 produced further evidence that the trend of falling average premiums for home insurance has come to an end, after almost continual reductions since 2012. Based on AA Shoparound average premiums:

- The average premium for a home buildings policy increased over the quarter by 1.5%, from £111.83 to £113.46 (an increase of 12.5% year-on-year)
- The average premiums for a contents policy increased over the quarter by 3.0%, from £58.64 to £60.41 (an increase of 0.7% year-on-year)
- The average premium for a combined buildings and contents policy increased over the quarter by 1.4%, from £156.42 to £158.58 (an increase of 4.7% year-on-year)

This is the third consecutive quarter of premium growth. It should be noted that, for a combined policy, average premiums are still £30 lower than in 2010.

Flood Re, the not-for-profit reinsurance fund which has been set up to provide affordable flood cover for high-risk properties, has seen its take-up rate more than double since its launch on 4 April 2016. There are now 36 firms participating, compared with 16 at launch, and it is expected that this number will rise further over the rest of the year.

The Association of British Insurers (ABI) says that good progress is being made to settle the claims of the December 2015 storms. Of the 15,000 claims received, 90% of them had been either fully or partially settled by early June 2016, with the total cost for insurers amounting to £1.3 billion.

The ABI has also urged the government to remove the political motives behind flood defence funding. The condition of some critical flood defences is diminishing, which is due to spending cuts, even though £700 million raised by the increase in the IPT will be devoted to funding new flood defences. The upkeep of existing flood defences is as equally important as investing in new protection.

ECONOMY

The UK economy grew by 0.6% over the second quarter of 2016, higher than the 0.4% of both the forecast and the previous quarter's growth rate. Industrial production grew by 2.1%, its largest increase since 1999, while construction output shrank by 0.4%. The result of the United Kingdom's referendum on membership in the European Union, which was announced at the very end of the quarter, will (eventually) lead to Article 50 being triggered and the countdown to the UK leaving the EU will begin. While the first post-referendum meeting of the Bank of England's Monetary Policy Committee saw the interest rate unexpectedly remain at 0.5%, at its August meeting the committee decided to lower interest rates to 0.25%.

The euro area as a whole expanded by 0.3% in the second quarter of 2016, in line with market expectations but lower than the previous quarter's growth of 0.6%. The European Central Bank kept the benchmark refinancing rate at 0% in July, a record low. Monthly quantitative easing will be kept at €80 billion and it is intended that this programme will run at least until March 2017, with the potential to continue beyond then if necessary.

- Germany grew 0.4%, in line with market expectations, after growing 0.7% in the previous quarter. Consumption and government expenditure contributed positively to growth, while investment fell. Exports grew while imports slightly declined, leading to a positive contribution to gross domestic product (GDP) growth.
- The French economy stagnated, growing at 0.0%, compared with the 0.3% forecast and the 0.7% growth in the previous quarter. Households' final consumption stalled at 0.0% growth after growing by 1.2% in the previous quarter. Government expenditure expanded at 0.4% as per last quarter, while both investment and the value of exports declined.
- The Italian economy also showed no overall growth, compared with the 0.3% growth rate of the previous quarter and market expectations of 0.2%. Net exports contributed positively, but both domestic demand and industry declined. It is now unlikely that Italy will achieve the 1.2% annual GDP growth the government forecasted for 2016.
- Elsewhere in the euro area, Spain grew by 0.7%, after 0.8% growth in each of the past three quarters, while Greece grew by 0.3% following a revised -0.1% growth figure for the first quarter of 2016.

The U.S. economy's second quarter annualised growth rate of 1.2% was an improvement over the first quarter growth rate of 0.8%, but below the market expectations of 2.0%. Consumer expenditure was the main growth driver while investment and government expenditure both declined. Exports grew after declining for the previous three quarters while imports shrank, leading to net exports contributing positively to GDP. The Federal Reserve kept the federal fund rate at 0.5% at the July meeting; the target inflation rate of 2% has not been reached, but there is still a chance of a rate increase this year, with the U.S. economy exhibiting signs of strengthening.

China grew by 1.8% in the second quarter of 2016, higher than both the 1.6% forecast and the previous quarterly growth rate of 1.2%. The transition of the Chinese economy from a manufacturing-based to a consumption-based economy continues. However, government expenditure has been the focal growth driver rather than investment from the private sector.

MARKETS

UK equities exhibited a mixed performance in the second quarter of 2016.

- The FTSE 250 contracted by 2.9% (after a contraction of 2.4% in the first quarter of 2016)
- The FTSE Small Cap contracted by 0.6% (after a contraction of 1.4% in the first quarter of 2016)
- The FTSE All Share grew by 4.7% (after a contraction of 0.4% in the first quarter of 2016)
- The FTSE 100 grew by 6.5% (after 0.1% growth in the first quarter of 2016)

Relative to their previous quarter performances and UK equities, there was a strong performance by overseas markets too.

- Japanese equities grew by 8.8% (after a contraction of 4.3% in the first quarter of 2016)
- Emerging markets grew by 9.5% (after 8.8% growth in the first quarter of 2016)
- North American equities grew by 10.3% (after 4.2% growth in the first quarter of 2016)

Fixed-interest assets performed strongly, with all bonds improving on their previous quarter growth rates.

- Corporate (AAA) grew by 9.3% (after 7.0% growth in the first quarter of 2016)
- Corporate (AA) grew by 5.4% (after 3.7% growth in the first quarter of 2016)
- Corporate (A) grew by 4.6% (after 3.0% growth in the first quarter of 2016)
- Corporate (BBB) grew by 3.9% (after 2.6% growth in the first quarter of 2016)

Insurance

THE AA'S BRITISH INSURANCE PREMIUM INDEX

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp	
1999	Q1	142.0	99.5		338.7	363.0	2008	Q1	165.9	113.0	577.8	675.9	
	Q2	144.4	100.5		353.2	373.8		Q2	166.7	113.1	263.8	595.2	712.5
	Q3	144.0	100.7		364.5	384.5		Q3	169.7	108.3	258.8	613.6	708.5
	Q4	144.6	101.2		386.1	406.9		Q4	178.7	106.6	262.6	631.4	732.9
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	7.5%	-4.7%		8.7%	7.4%
2000	Q1	146.1	101.7		409.0	421.6	2009	Q1	179.1	109.5	264.3	639.8	728.3
	Q2	146.2	101.7		427.0	447.8		Q2	183.5	106.0	269.6	662.4	761.9
	Q3	146.6	102.2		441.9	464.4		Q3	186.4	108.0	269.5	699.3	833.1
	Q4	147.8	102.3		458.4	486.2		Q4	197.5	114.8	291.0	749.6	907.0
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2001	Q1	150.2	103.8		478.6	516.4	2010	Q1	201.1	111.8	301.0	725.7	866.4
	Q2	151.5	105.3		482.8	529.3		Q2	206.1	113.4	302.8	813.4	1003.0
	Q3	151.9	106.1		491.9	539.0		Q3	205.4	113.3	293.5	908.2	1101.0
	Q4	153.5	107.2		501.0	547.3		Q4	216.2	114.9	300.7	968.1	1282.8
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2002	Q1	155.2	108.3		505.5	554.7	2011	Q1	218.1	113.3	300.1	1029.3	1382.9
	Q2	156.3	108.7		509.9	556.0		Q2	212.8	115.3	300.1	1045.2	1334.5
	Q3	157.0	109.4		514.4	559.4		Q3	216.4	115.5	304.7	1053.7	1336.5
	Q4	157.4	109.7		519.0	565.9		Q4	221.8	120.1	312.8	1059.9	1368.4
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2003	Q1	158.7	110.6		522.8	570.5	2012	Q1	220.6	117.4	314.2	1060.4	1386.5
	Q2	159.1	111.0		524.7	570.3		Q2	214.9	115.5	306.9	1082.5	1404.3
	Q3	159.4	111.5		530.7	577.3		Q3	219.3	116.7	309.1	1052.1	1346.3
	Q4	160.5	111.9		532.0	576.2		Q4	223.1	118.4	313.2	1010.8	1312.9
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2004	Q1	160.4	112.6		530.9	576.3	2013	Q1	218.5	113.6	308.0	979.1	1257.7
	Q2	160.4	113.1		519.3	570.8		Q2	211.2	107.6	296.2	914.3	1116.9
	Q3	160.3	111.8		514.5	572.0		Q3	202.6	105.4	285.9	862.8	1042.3
	Q4	160.6	111.8		517.1	575.4		Q4	201.7	104.3	283.6	839.3	1001.5
	Annual	0.1%	-0.1%		-2.8%	-0.1%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%
2005	Q1	159.2	111.1		513.4	574.2	2014	Q1	198.1	105.2	277.5	773.0	934.4
	Q2	156.2	109.4		517.8	579.3		Q2	193.3	104.3	272.4	761.2	924.5
	Q3	158.0	111.8		523.7	592.9		Q3	190.2	102.5	267.2	780.9	985.4
	Q4	159.2	111.3		521.5	595.1		Q4	193.7	101.3	272.3	779.6	1019.9
	Annual	-0.9%	-0.4%		0.9%	3.4%		Annual	-3.9%	-2.9%	-4.0%	-7.1%	1.8%
2006	Q1	160.2	112.4		518.8	605.4	2015	Q1	184.4	97.8	260.2	759.9	963.6
	Q2	159.4	112.6		521.8	603.7		Q2	186.0	98.6	262.3	786.4	977.9
	Q3	158.9	109.6		528.3	631.6		Q3	182.2	94.2	254.7	795.8	1000.6
	Q4	160.9	109.0		551.2	632.3		Q4	186.4	95.3	261.0	859.4	1038.6
	Annual	1.1%	-2.0%		5.7%	6.3%		Annual	-3.8%	-6.0%	-4.1%	10.2%	1.8%
2007	Q1	162.2	110.4		549.0	628.4	2016	Q1	194.4	96.7	271.0	927.7	1052.8
	Q2	159.1	108.9		562.7	636.8		Q2	205.2	100.0	281.4	966.3	1061.6
	Q3	163.9	111.4		570.3	659.5		Q3					
	Q4	166.2	111.9		580.6	682.1		Q4					
	Annual	3.3%	2.6%		5.3%	7.9%		Annual					

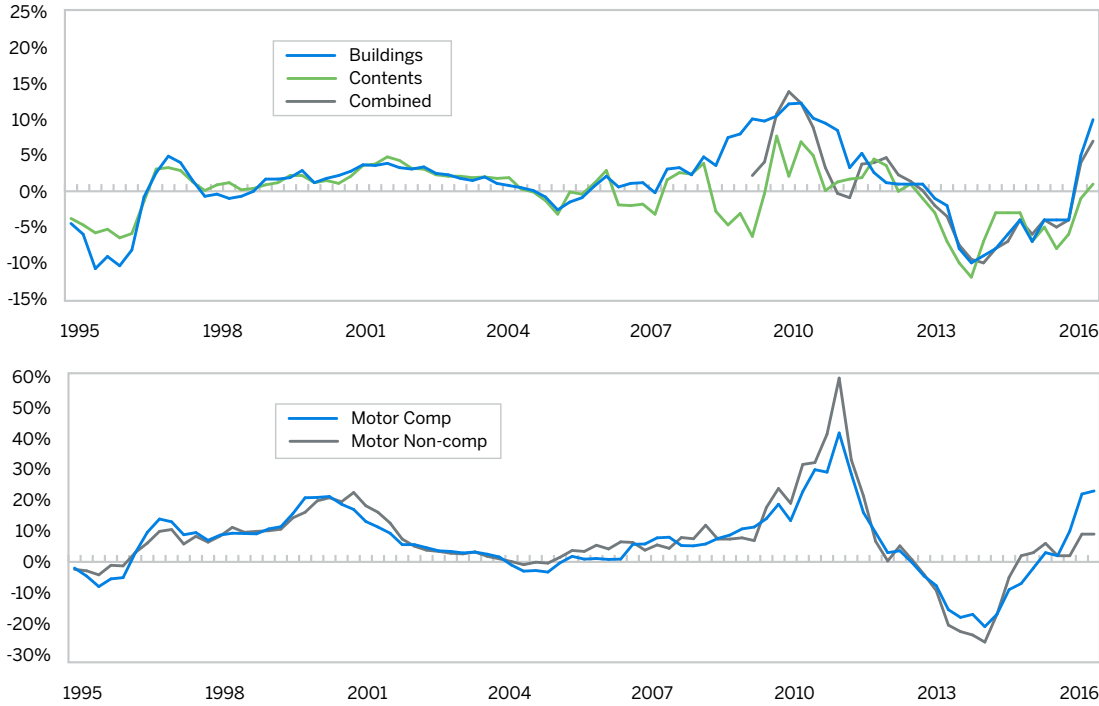
Insurance

INSURANCE PREMIUM INDEX—SHOPAROUND AVERAGE PREMIUM

				Motor	Motor				Motor	Motor
	Buildings	Contents	Combined	Comp	Non-Comp	Buildings	Contents	Combined	Comp	Non-Comp
1999	Q1									
	Q2									
	Q3									
	Q4									
	Annual									
2000	Q1									
	Q2									
	Q3									
	Q4									
	Annual									
2001	Q1									
	Q2									
	Q3									
	Q4									
	Annual									
2002	Q1									
	Q2									
	Q3									
	Q4									
	Annual									
2003	Q1									
	Q2									
	Q3									
	Q4									
	Annual									
2004	Q1									
	Q2			294.3	290.1					
	Q3	87.6	76.6	289.2	298.3					
	Q4	87.4	75.1	283.5	292.8					
	Annual									
2005	Q1	87.1	73.7	283.3	292.0					
	Q2	87.8	72.1	286.3	292.5					
	Q3	91.1	73.6	285.9	297.5					
	Q4	90.9	73.1	289.0	306.5					
	Annual	4.1%	-2.7%	1.9%	4.7%					
2006	Q1	92.5	74.3	290.2	316.2					
	Q2	91.4	73.0	289.6	317.1					
	Q3	91.1	72.5	285.7	311.9					
	Q4	93.8	72.0	291.3	319.8					
	Annual	3.2%	-1.4%	0.8%	4.3%					
2007	Q1	92.7	72.6	289.3	327.2					
	Q2	89.5	70.2	295.6	330.5					
	Q3	94.7	70.7	294.0	338.7					
	Q4	104.5	68.7	305.4	346.1					
	Annual	11.4%	-4.5%	4.8%	8.2%					
2008	Q1	104.2	69.0	180.3	301.8					
	Q2	109.1	71.0	189.2	313.2					
	Q3	106.6	68.3	182.4	319.6					
	Q4	105.9	65.7	180.5	327.5					
	Annual	1.3%	-4.5%	7.2%	12.6%					
2009	Q1	110.3	68.9	185.7	330.0					
	Q2	114.8	65.4	188.2	344.4					
	Q3	112.4	65.2	188.2	361.0					
	Q4	118.1	68.5	197.2	401.6					
	Annual	11.5%	4.4%	9.2%	22.6%	33.4%				
2010	Q1	117.7	70.0	199.9	404.1					
	Q2	118.8	71.6	206.4	450.7					
	Q3	120.9	74.8	200.8	502.7					
	Q4	130.1	74.3	206.8	535.0					
	Annual	10.2%	8.3%	4.9%	33.2%	71.9%				
2011	Q1	133.7	78.3	206.0	566.3					
	Q2	132.8	77.4	209.2	586.5					
	Q3	138.1	79.2	212.3	584.9					
	Q4	142.5	82.6	218.4	616.7					
	Annual	9.5%	11.2%	5.6%	15.3%	7.6%				
2012	Q1	143.1	81.2	221.7	610.0					
	Q2	141.9	81.2	225.1	636.2					
	Q3	145.3	81.8	227.5	617.6					
	Q4	145.6	82.2	226.2	599.5					
	Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%				
2013	Q1	142.0	79.6	223.9	602.9					
	Q2	138.4	79.2	218.7	574.2					
	Q3	133.0	76.8	210.5	543.4					
	Q4	133.5	76.0	208.3	526.8					
	Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%				
2014	Q1	131.2	75.9	203.7	488.6					
	Q2	125.6	76.0	196.7	467.0					
	Q3	123.5	74.8	192.9	476.8					
	Q4	129.4	73.3	197.5	488.3					
	Annual	-3.1%	-3.5%	-5.2%	-7.3%	-4.1%				
2015	Q1	123.5	69.8	188.2	494.6					
	Q2	125.0	71.1	187.9	519.9					
	Q3	123.4	68.5	183.8	552.2					
	Q4	126.5	69.7	190.0	624.1					
	Annual	-2.2%	-4.9%	-3.8%	27.8%	12.9%				
2016	Q1	134.9	70.8	199.7	661.5					
	Q2	142.0	72.6	207.5	692.3					
	Q3									
	Q4									
	Annual									

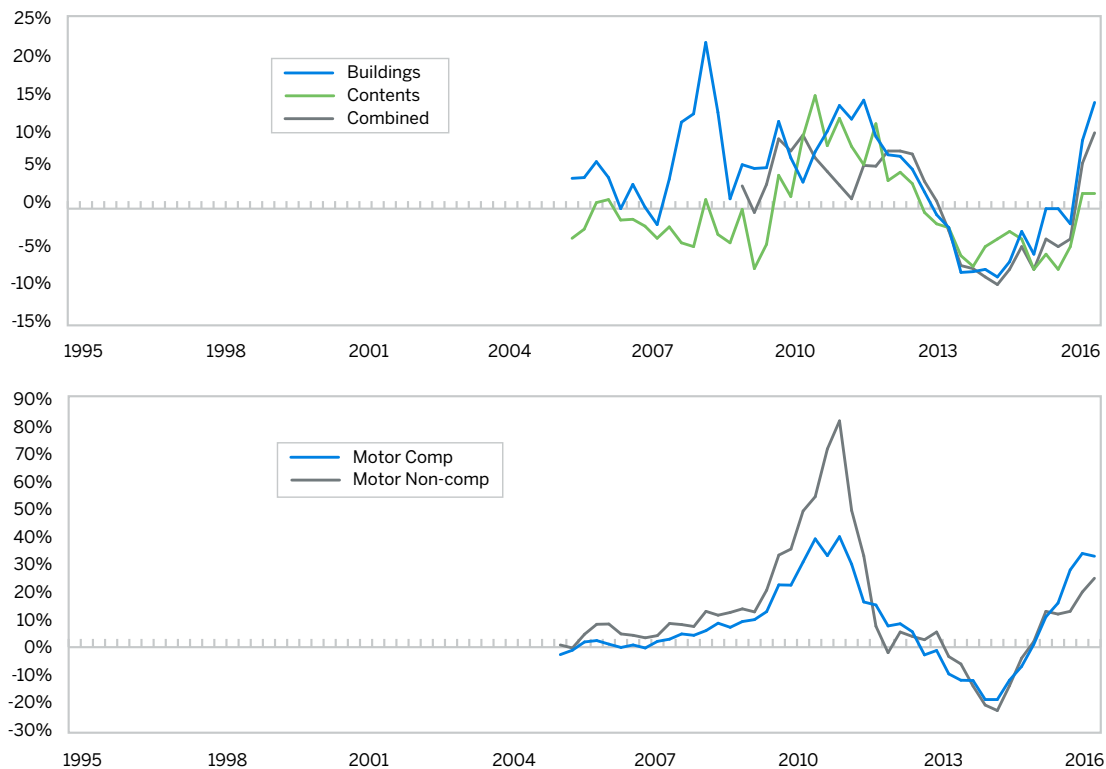
Insurance

MARKET AVERAGE PREMIUMS: ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS (Q2)



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

SHOPAROUND AVERAGE PREMIUMS: ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS (Q2)



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	1999	7th January	6.0
	22nd September	9.0		4th February	5.5
	16th October	8.0		10th June	5.0
	13th November	7.0		8th September	5.25
	Annual Average	9.6		4th November	5.5
1993	26th January	6.0		Annual Average	5.3
	23rd November	5.5	2000	13th January	5.75
	Annual Average	6.0		10th February	6.0
1994	8th February	5.25		Annual Average	6.0
	12th September	5.75	2001	8th February	5.75
	7th December	6.25		5th April	5.5
	Annual Average	5.5		10th May	5.25
1995	3rd February	6.75		2nd August	5.0
	13th December	6.5		18th September	4.75
	Annual Average	6.7		4th October	4.5
1996	18th January	6.25		8th November	4.0
	8th March	6.0		Annual Average	5.1
	6th June	5.75	2002	Annual Average	4.0
	30th October	6.0	2003	6th February	3.75
	Annual Average	6.0		10th July	3.5
1997	6th May	6.25		6th November	3.75
	9th June	6.5		Annual Average	3.7
	10th July	6.75	2004	5th February	4.0
	7th August	7.0		6th May	4.25
	6th November	7.25		10th June	4.5
	Annual Average	6.6		5th August	4.75
1998	4th June	7.5		Annual Average	4.4
	8th October	7.25	2005	4th August	4.5
	5th November	6.75		Annual Average	4.6
	10th December	6.25	2006	3rd August	4.75
	Annual Average	7.2		9th November	5.0
				Annual Average	4.6
			2007	11th January	5.25
				10th May	5.5
				5th July	5.75
				6th December	5.5
				Annual Average	5.5
			2008	7th February	5.25
				10th April	5.0
				8th October	4.5
				6th November	3.0
				4th December	2.0
				Annual Average	4.7
			2009	8th January	1.5
				5th February	1.0
				5th March	0.5
				Annual Average	0.7
			2010	Annual Average	0.5
			2011	Annual Average	0.5
			2012	Annual Average	0.5
			2013	Annual Average	0.5
			2014	Annual Average	0.5
			2015	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	1.48	1.36	178
1996	Q1	1.53	2.25	163	2006	Q1	1.73	1.44	205	2016	Q1	1.44	1.26	162
	Q2	1.55	2.37	170		Q2	1.84	1.44	211		Q2	1.33	1.20	136
	Q3	1.56	2.39	174		Q3	1.87	1.48	221		Q3			
	Q4	1.71	2.64	199		Q4	1.96	1.49	233		Q4			
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					

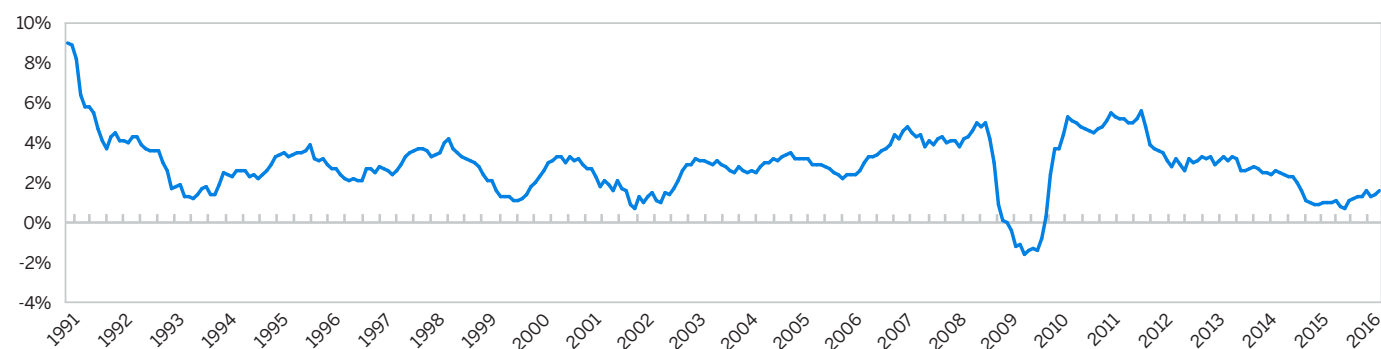
*Euro from Q1 1999

Economics

RETAIL PRICES INDEX

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
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	259.5	259.8	260.6	1.2%
2016	258.8	260.0	261.1	261.4	262.1	263.1							

ROLLING ANNUAL INCREASE ON A MONTHLY BASIS



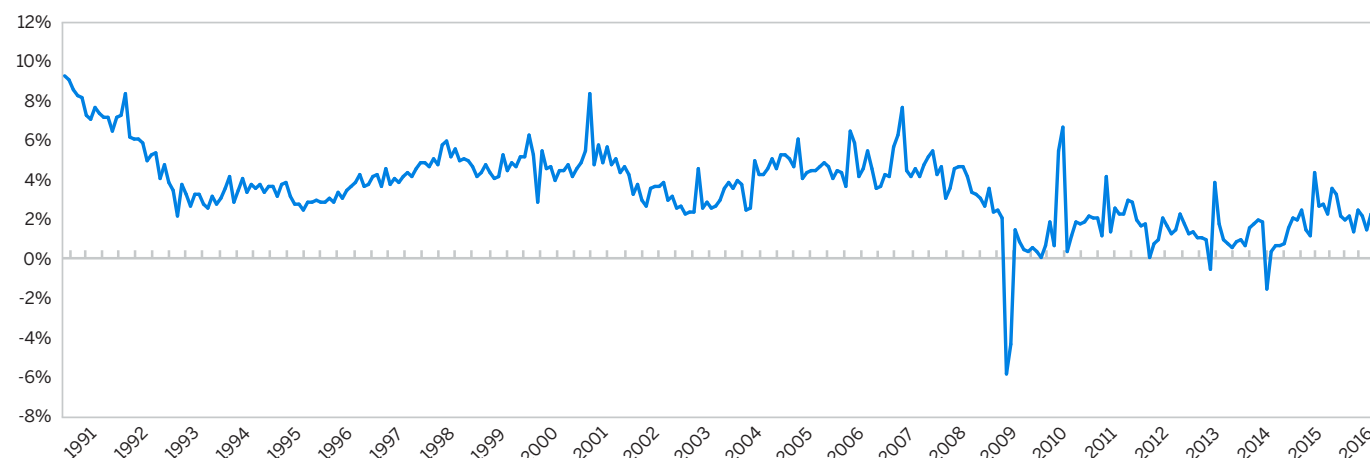
Economics

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	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	116.6	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	150.6	151.7	152.4	152.4	153.8	2.5%
2015	152.7	152.2	155.2	154.8	154.8	153.8	155.7	155.5	155.0	155.4	155.8	156.0	1.4%
2016	156.5	155.6	157.5	158.3	158.0	157.8							

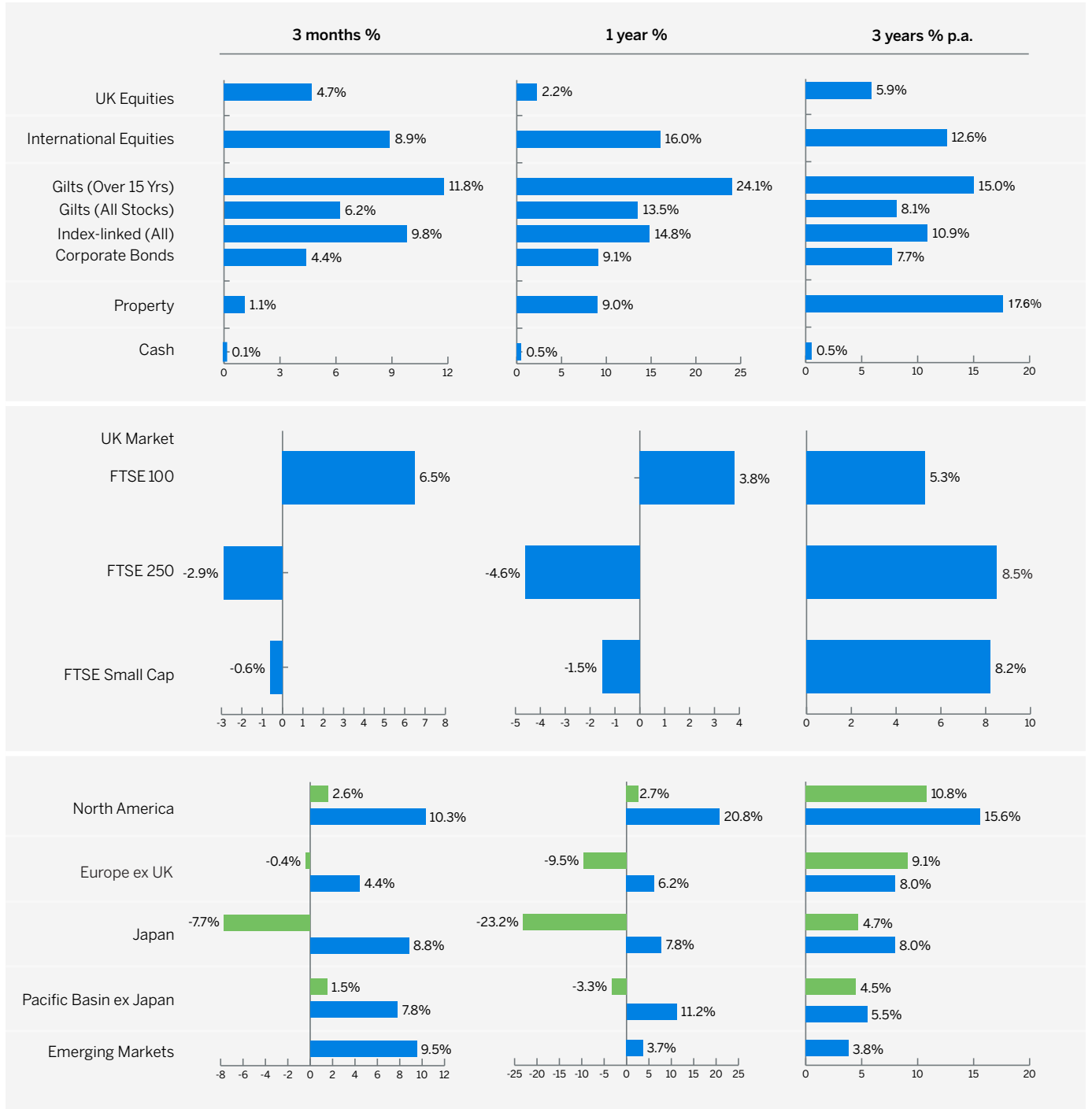
The National Average Earnings Index was discontinued as of September 2010 with the last data being supplied for July 2010. From August 2010, data from the National Weekly Earnings Index replaces the National Average Earnings Index. Subsequently, measures of past performance incorporating data from both 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



■ = Local currency

Markets

MARKETS AT A GLANCE (CONTINUED)

ASSET	3 Months %	1 Year % pa	2 Years % pa	3 Years % pa	4 Years % pa	5 Years % pa	10 Years % pa
EQUITIES							
FTSE All Share	4.7%	2.2%	2.4%	5.9%	8.8%	6.3%	5.4%
FTSE 100	6.5%	3.8%	2.0%	5.3%	7.9%	5.7%	4.9%
FTSE 250	-2.9%	-4.6%	4.5%	8.5%	13.5%	9.4%	8.6%
FTSE Small Cap	-0.6%	-1.5%	3.1%	8.2%	13.6%	9.3%	5.6%
INTERNATIONAL							
North America	10.3%	20.8%	17.9%	15.6%	17.5%	15.1%	10.7%
Europe ex UK	4.4%	6.2%	3.8%	8.0%	12.7%	5.3%	5.9%
Japan	8.8%	7.8%	13.2%	8.0%	12.3%	8.7%	3.7%
Pacific Basin ex Japan	7.8%	11.2%	5.1%	5.5%	7.2%	3.6%	9.4%
Emerging Markets	9.5%	3.7%	5.2%	3.8%	4.7%	0.7%	7.8%
World (FTSE All World)	8.8%	14.0%	12.1%	11.3%	13.7%	9.9%	8.4%
World ex UK (Developed)	8.9%	16.0%	13.8%	12.6%	15.3%	11.5%	8.8%
PROPERTY							
Property	1.1%	9.0%	16.7%	17.6%	4.1%	4.8%	12.4%
BONDS & CASH							
UK Gilts (Over 15 Years)	11.8%	24.1%	20.1%	15.0%	9.7%	13.1%	8.9%
UK Gilts (All Stocks)	6.2%	13.5%	11.2%	8.1%	5.4%	7.4%	6.5%
UK Index Linked (All)	9.8%	14.8%	14.5%	10.9%	8.7%	9.8%	8.5%
Cash	0.1%	0.5%	0.5%	0.5%	0.5%	0.0%	1.7%
Corporate (All Inv Grade)	4.4%	9.1%	7.6%	7.7%	7.8%	7.8%	5.8%
Corporate (AAA)	9.3%	20.1%	16.5%	12.7%	9.3%	9.6%	6.0%
Corporate (AA)	5.4%	10.9%	7.2%	6.0%	3.0%	11.0%	0.1%
Corporate (A)	4.6%	9.5%	7.1%	6.8%	5.7%	7.7%	0.1%
Corporate (BBB)	3.9%	8.1%	5.0%	9.6%	12.9%	6.5%	1.3%
OTHER							
Retail Price Index	0.8%	1.6%	1.3%	1.8%	2.1%	2.3%	2.9%
National Average Earnings	0.2%	2.6%	2.4%	1.9%	1.7%	1.6%	1.2%

Markets

UK MARKET RETURNS

		Equities	Property	Gilts	Corporate Bonds	Index Linked	Cash
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%
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%

Highest Market Return in Year Across Overseas Markets

Markets

UK MARKET RETURNS (CONTINUED)

		Equities	Property	Gilts	Corporate Bonds	Index Linked	Cash
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	4.0%	3.1%	-2.4%	1.0%	-2.9%	0.1%
	Annual	1.0%	13.8%	0.1%	0.6%	-1.0%	0.5%
2016	Q1	-0.4%	1.1%	8.2%	2.9%	5.7%	0.1%
	Q2	4.7%	1.1%	11.8%	4.4%	9.8%	0.1%
	Q3						
	Q4						
	Annual						

Highest Market Return in Year Across Overseas Markets

Markets

INTERNATIONAL MARKET RETURNS

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

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
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	9.0%	9.0%	6.3%	12.5%	10.4%	3.1%
	Annual	6.1%	5.3%	6.0%	17.6%	-2.7%	-9.2%
2016	Q1	2.6%	4.2%	0.2%	-4.3%	5.6%	8.8%
	Q2	8.9%	10.3%	4.4%	8.8%	7.8%	9.5%
	Q3						
	Q4						
	Annual						

Highest Market Return in Year Across Overseas Markets

Markets

HISTORIC RETURNS FOR UK MARKETS

EQUITIES
(FTSE ALL-SHARE)

	Year on Year Inflation	Annual	Inflation Adjusted	Rolling 5-Yr Real Return pa	Rolling 10-Yr Real Return pa	Rolling 25-Yr Real Return pa
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%
2015	1.2%	1.0%	-0.2%	3.2%	2.5%	5.7%

Markets

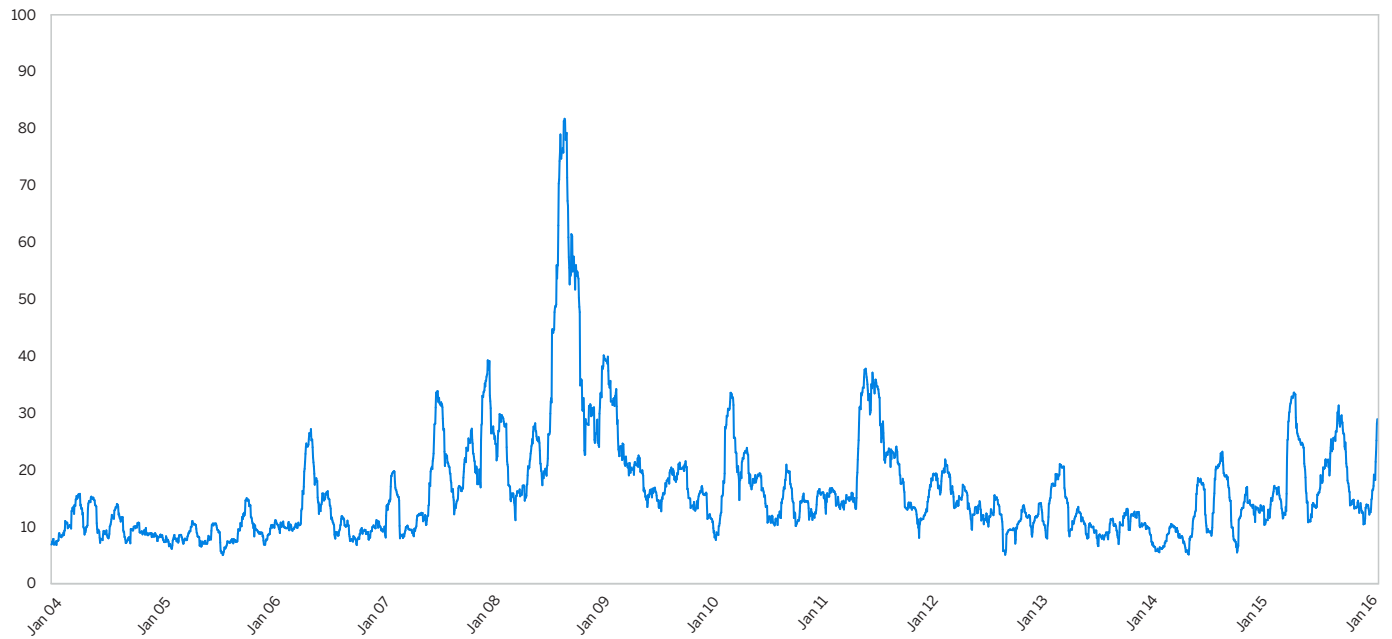
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

	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%
2015	0.1%	-1.1%	6.2%	3.3%	6.1%	0.5%	-0.7%	-2.1%	-1.1%	1.5%

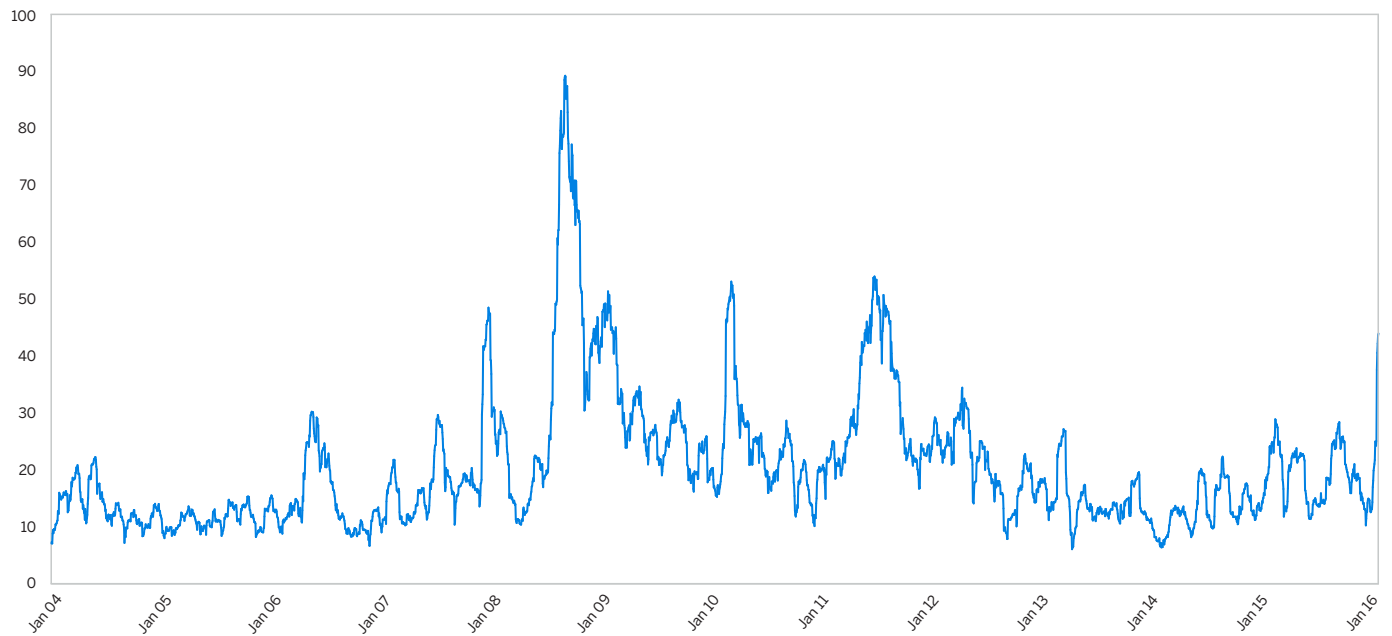
Markets

VOLATILITY OF MARKETS

FTSE 100 – ANNUALISED STANDARD DEVIATION OF DAILY RETURNS (22 DAYS)



FTSE AW EUROPE EX UK – ANNUALISED STANDARD DEVIATION OF DAILY RETURNS (22 DAYS)

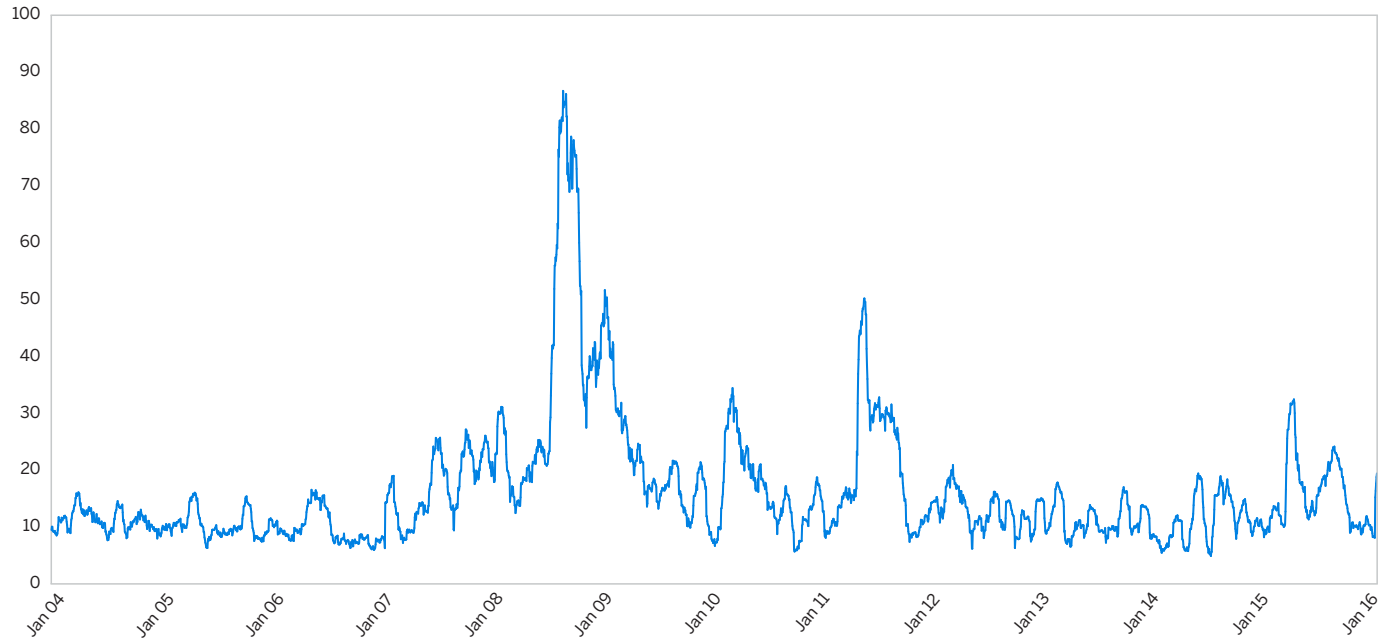


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day-to-day.

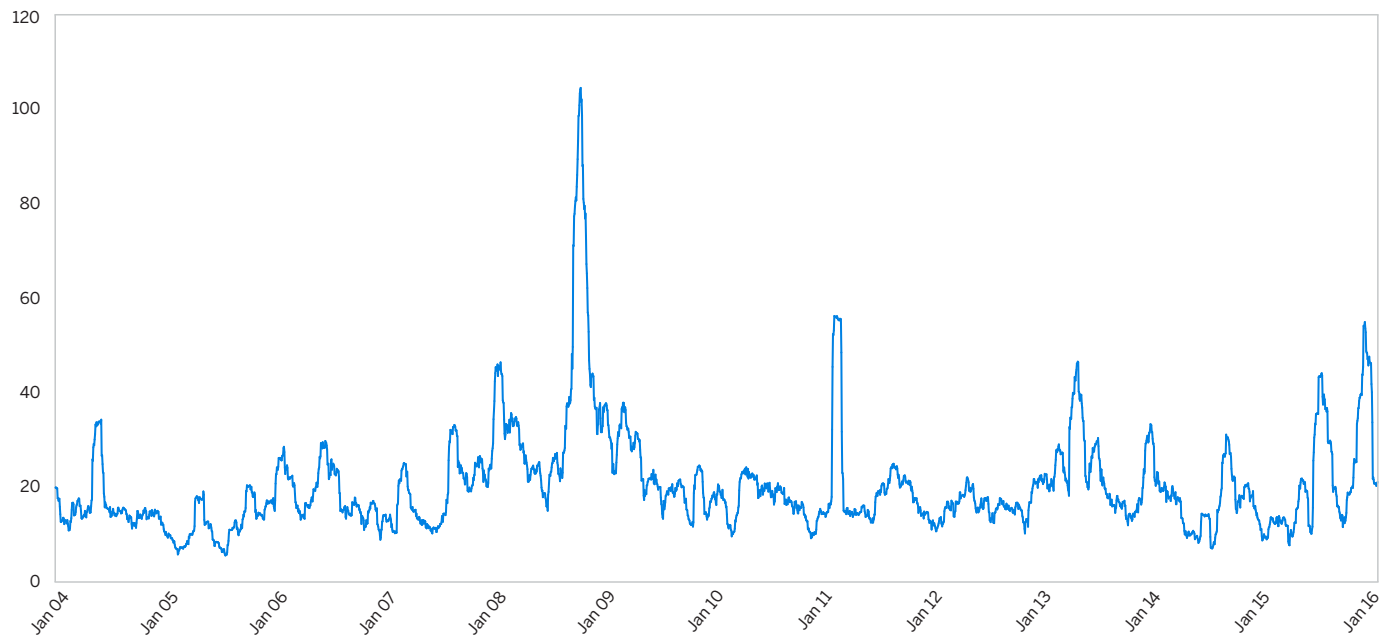
Markets

VOLATILITY OF MARKETS

S&P 500 – ANNUALISED STANDARD DEVIATION OF DAILY RETURNS (22 DAYS)



TOPIX (JAPAN) – ANNUALISED STANDARD DEVIATION OF DAILY RETURNS (22 DAYS)



Markets

QUARTERLY INVESTMENT YIELDS

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

Markets

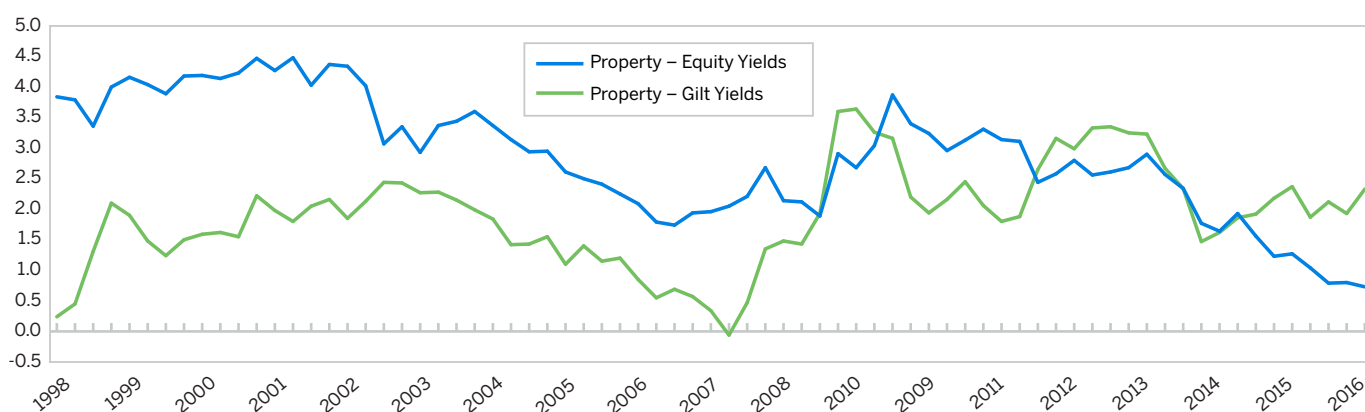
QUARTERLY INVESTMENT YIELDS (CONTINUED)

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
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	5.05
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	4.60
2015	Q1	3.33	2.32	2.23	-0.93		0.67	4.60
	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	3.70	2.54	2.57	-0.71		0.40	4.50
2016	Q1	3.77	2.62	2.17	-0.98		0.49	4.50**
	Q2	3.66	2.65	1.61	-1.39		0.50	
	Q3							
	Q4							

*As the corporate bonds index has been discontinued, this table includes the last available figure, from 2014 Q2.

**Further figures for UK property will not be shown, this table includes the last available figure, from 2016 Q1.

PROPERTY -X- EQUITIES & GILTS HISTORIC YIELD DIFFERENCES (QUARTERLY)



Investment Statistics Sources

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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