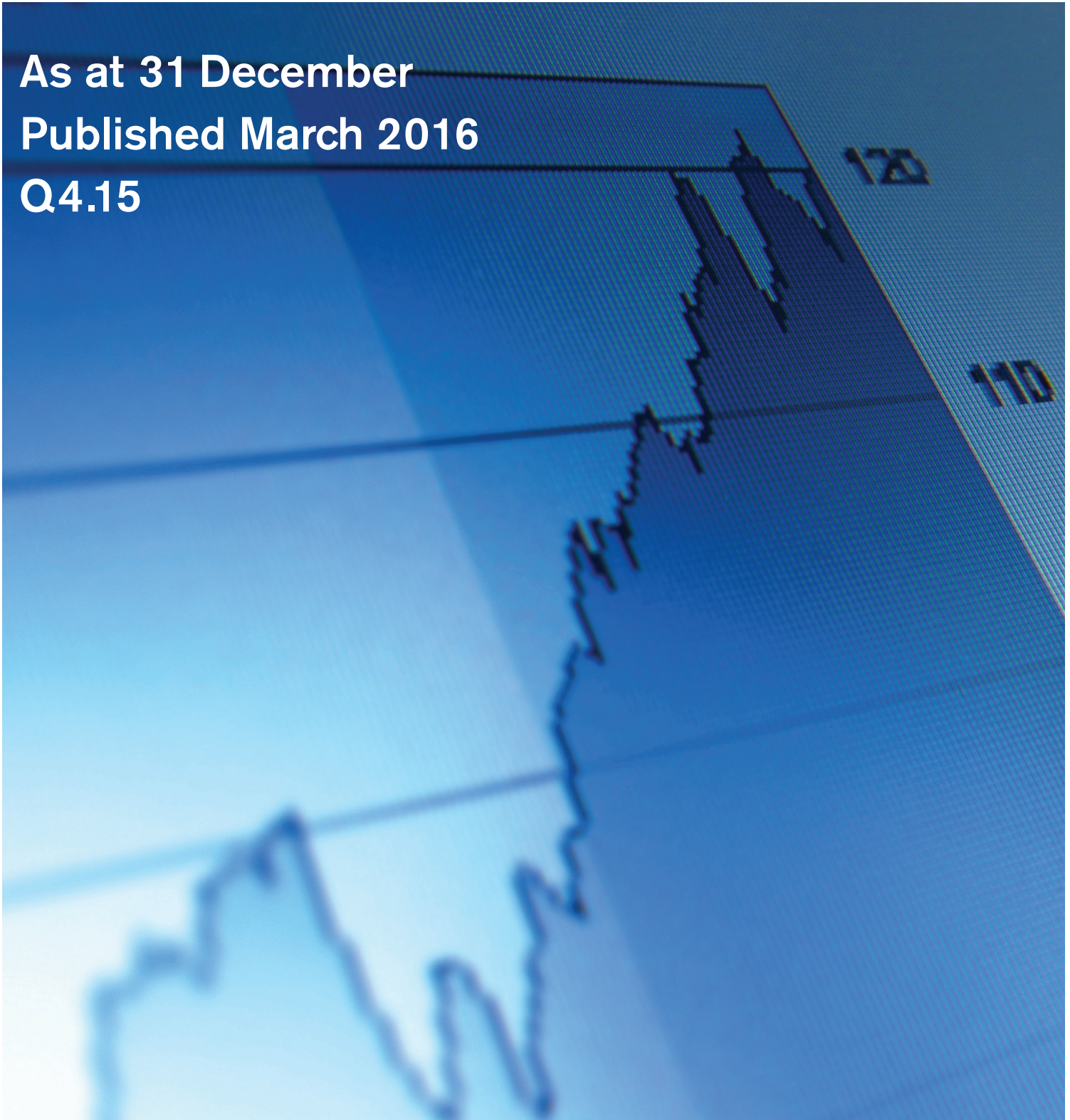


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COMMENTS

MOTOR INSURANCE

Premiums

According to the AA British Motor Insurance Premium Index, in the fourth quarter of 2015 the average Shoparound quote for a comprehensive car insurance policy rose from £566.65 to £625.70, an increase of 10.4%; the largest since 2010 and over double the previous quarter's growth of 4.8%. The average quote for comprehensive car insurance has increased by 20.3% over the year.

Scotland remains the cheapest place to insure a car, with the average quote being £437.92. Although young drivers pay the most, in the fourth quarter of 2015 the 17-22 age group saw the smallest increase in average premiums of 9%, from £1,244 to £1,357. Those over 70 years of age saw the greatest increase: from £437 to £490, a 12.2% rise.

The Insurance Premium Tax (IPT), which rose from 6.0% to 9.5% on the 1st November 2015, has not helped matters and is a major cause of such a large increase in premiums. However, although the AA claims that the average increase would have been less than 7% without the change in the IPT, the rise would have most likely still been higher compared to Q3 of 2015 (4.8%) if the tax had not increased. Premiums are expected to continue to grow through 2016, but not at the rate experienced in this final quarter.

Abuse of the claims system

Fraudulent claims are adding approximately £50 per policy to premiums, the Insurance Fraud Taskforce suggests in a report published in January. The UK retains the unwelcome sobriquet of "Whiplash Capital of the World" with 78% of injury claims attributed to whiplash.

George Osborne in his Autumn Statement (published on 25 November 2015) continues to introduce policies aimed at reducing motor fraud and whiplash claims. Compensation from whiplash claims can now only come in the form of medical care, rather than cash, in order to deter an abuse of the claim system. It is expected that insurers will pass on the consequential savings (estimated to be £1 billion, equivalent to around £40 to £50 per policy) directly to consumers. Some insurers have already publicly committed to pass all the savings onto their policyholders.

Claims Management Companies (CMCs) appear to be a continual part of the problem of fraudulent claims. A recent study showed that 12% of respondents (people who have had an accident in the last two years) had been contacted by a CMC even before they reported their accident to their insurer. Forty-four percent of respondents said they received calls or texts telling them that they should file for compensation within 24 hours of the accident. Of these people, 57% were unable to explain how their details had been sourced. Other pieces of research indicating that people's attitudes towards claiming compensation are belligerent, in the sense that people are willing to overstate and even fabricate (the AA found that 11% of motorists "saw nothing wrong in claiming for an injury following a collision caused by someone else, even if no injury was suffered"). Therefore a 'multi-pronged' attack is necessary to reduce abuse of the claim system. The increase in the small claims upper limit from £1,000 to £5,000 may also help deter fraudulent claims and tackle the compensation culture further.

Telematics

New research has shown that the majority of people have great misconceptions about telematics insurance—which is aimed to allow younger drivers in particular to gain access to cheaper car insurance (assuming that they are safe drivers). One-third of respondents claimed not to know anything about such insurance and a similar proportion also think they are tracked real time by their insurers. Further marketing and education is therefore clearly needed for the public to become fully aware and have a correct understanding of the potential benefits of such motor policies.

HOME INSURANCE

Save for the second quarter of 2015, average premiums have fallen quarter on quarter steadily since 2012. However, it appears the trend of falling premiums is coming to an end. Based on AA Shoparound average premiums:

- The average premium for home buildings policy increased by 1.7% from £108.59 to £110.46 (1.4% lower than the fourth quarter of 2014).
- The average premiums for a contents policy increased by 0.7% from £60.06 to £60.47 (2.4% lower than the fourth quarter of 2014).
- The average premium for a combined buildings and content policy increased by 2.3% from £149.85 to £153.24 (4.2% lower than the fourth quarter of 2014).

COMMENTS

Although the average premium has increased for each policy type over the quarter, it should be noted that all three are still lower than their 2014 Q4 values.

The recent UK flooding has caused an estimated £1.3 billion in claims for damaged buildings—half of which is attributable to domestic properties.

It has been suggested that the rise in the IPT rate is the reason for the increase over the fourth quarter in average premiums, and that premiums would have fallen were it not for the increase in the tax. The flood claims have, however, slowed the fall in premiums and it is possible that they will continue to rise in 2016. The AA argues that past experience suggests that would require a single event with claims in excess of £1 billion to cause premiums to rise. Domestic property claims are yet to reach that level this season. As the last few winters have been relatively mild, insurers have used the built up capital to reduce premiums and further add to the competitive pressure in the market, indicating that premiums may not rise by as much as expected. For comparison, after the 2007 floods, which resulted in £3.3 billion worth of claims, premiums rose over the next year by 20%.

Flood Re, the not-for-profit reinsurance fund which will provide affordable flood cover for high risk properties, is on schedule to go live in April 2016. In the first stage of the tender process, £1.3 billion was secured to buy up £2.1 billion of reinsurance in 2015. In early 2016, Flood Re secured the remainder of the capital required for the programme. This second phase was said to be heavily oversubscribed—45 entities were willing to meet the required amount to complete the deal.

As noted last quarter, it is imperative that the government recognises that it is important to maintain existing flood defences as well as go ahead with further investment. Following criticism after the recent floods, it is expected that the government will start to increase expenditure in flood defences in an attempt to prevent such serious floods in the future.

Flood Re only covers 1% to 2% of homes, the 350,000 properties that are at the greatest risk of flooding. Flood Re covers only domestic properties and excludes commercial properties. After seeing the reaction of many businesses to the fact they wouldn't be able to benefit from the reduced premiums, UK insurance brokers are working on a flood insurance product for small businesses to fill the gap in the market.

ECONOMY

UK economic growth of 0.5% in the final quarter of 2015 was as forecast, slightly up on the revised Q3 growth figure of 0.4%. The UK's annual growth rate for 2015 was 2.2%, down from 2.9% in 2014. Services expanded by 0.7%, mainly due to the financial services sector. Industrial production declined, as mining and quarrying fell by 1.4% after growth of 2.6% in Q3. Construction continued to fall in Q4 (by 0.1%) after declining by 1.9% in the previous quarter. Mark Carney appears reluctant to increase interest rates from their historical low of 0.5%, due to the slowdown in growth over the second half of 2015 and inflation currently being well below the target level at 0.2%. He has said that not enough progress has been made in the UK economy, which, coupled with the exogenous volatility experienced in the global economy from an unstable China to the collapse in oil prices, means that a loosening of interest rates is unwarranted. The IMF projects a growth rate of 2.2% in the UK economy in 2016.

The Euro Area's GDP grew 0.3% in Q4, in line with market expectations, slowing from 0.4% in the third quarter of 2015. Growth for the whole of 2015 was 1.5%, while the IMF forecast growth of 1.7% in 2016.

Germany, the largest economy in the Euro Area, grew as forecast by 0.3% in the last quarter of 2015. Increased domestic demand, mainly from greater government and household final consumption, was the most significant cause. As the fourth largest exporter in the world, exports have been the main driver of growth in the past; however, foreign trade had a negative effect on growth in Q4 of 2015. Over 2015 as a whole, the German economy grew by 1.7%, slightly greater than the 1.6% of the previous year and a four-year high. Looking to the future, the IMF currently predicts the German economy to grow by 1.7% in both 2016 and 2017.

The French economy grew 0.2% in Q4 relative to forecast growth of 0.3%. This figure is also down from the 0.3% growth experienced in the third quarter. The economy was mainly boosted by household spending while government expenditure also grew slightly. Exports fell by 0.6%, after growing 2% in Q3. For the year as a whole, the French economy grew by 1.5% over the year, higher than both the 1.2% forecasted and the 2014 annual growth rate of 1.1%.

The Italian economy has experienced a slowdown in the pace of growth over 2015; the growth rate fell each consecutive quarter, with the Q4 rate being 0.1%—lower than the market expectations of 0.3%. Although the value of exports is rising, they are unable to offset the weakening of domestic demand causing the slowing of GDP growth. Consumer confidence is at an all-time high but the same cannot be said of business confidence, which has fallen to its lowest level in a year. It should be noted that this is Italy's first year of positive growth following a three-year recession—with growth over 2015 coming to 0.6%, lower than the forecast level of 0.9%. The IMF projects growth of 1.3% in 2016.

COMMENTS

For the Euro Area as a whole, exports were weaker due the strong euro. Greece contracted again, albeit at a slower pace relative to Q3 and formally enters a recession, using the current definition of two consecutive quarters of negative growth. Spain appears stable, growing 0.8% in both Q3 and Q4 of 2015 and 3.2% over the year. Interest rates have remained at the 0.05% record low, with the European Central Bank confirming that the current monetary policy is functioning.

The US saw weak growth in the first quarter of 2015 at an annualised rate of 0.6%; after a jump to 3.9% in the second quarter, the growth rate declined to 2% in Q3 and further to 0.7% in the final quarter of 2015, less than the forecast rate of 1%. The decline in the growth rate can be attributed to an easing in consumer spending: Expenditure on both durable and non-durable goods weakened. Non-residential investment shrank by 1.8%, the first quarter of negative growth for three years. The level of exports declined by 2.5%, due to a strong dollar and a weak global economy. The Federal Reserve increased the federal funds rate from 0.25% to 0.5% in December, holding the rate at this level after the Federal Open Market Committee (FOMC) meeting in January. The Federal Reserve will continue to monitor economic conditions to determine when, and by how much, future adjustments to the rate will occur. It is expected that a gradual increase will occur over the coming meetings of the FOMC. The growth rate forecast by the IMF for 2016 is 2.6%.

The Chinese economy grew 6.9% over the course of 2015, lower than the 2014 rate of 7.3% and the weakest annual growth since 1990. The tertiary industry, which accounts for 50.5% of GDP, expanded by 8.3% over 2015. The net value of exports decreased by 7%, with exports declining by 1.8% and imports shrinking by 13.2%—evidence of China continuing its transition from an export-led economy to a more developed, services driven economy. The People's Bank of China, the economies' central bank, has injected over CNY 400 billion (approximately \$60 billion) into the economy following the 7% slump in the stock markets, after data showed the manufacturing sector shrank for a 10th consecutive month, and to offset the liquidity problems which usually occur before Chinese New Year (8 February in 2016). While actions are being taken to stimulate the Chinese economy, the government has targeted an annual growth rate of 6.5% for the 2016 year—lower than the 2015 growth but higher than the IMF's projected figure of 6.3%.

MARKETS

UK equities exhibited good performance in the fourth quarter of 2015 following a weak third quarter.

- The FTSE 250 grew by 5.0% (after a contraction of 4.2% in the third quarter of 2015)
- The FTSE Small Cap grew by 4.1% (after a contraction of 3.4% in the third quarter of 2015)
- The FTSE All Share grew by 4.0% (after a contraction of 5.7% in the third quarter of 2015)
- The FTSE 100 grew by 3.7% (after a contraction of 6.1% in the third quarter of 2015)

The fourth quarter of 2015 witnessed a similarly strong overseas performance compared to the third quarter.

- Japanese equities grew by 12.5% (after a contraction of 8.0% in the third quarter of 2015)
- The Emerging Markets grew by 3.1% (after a contraction of 15.6% in the third quarter of 2015)
- North American equities grew by 9.0% (after a contraction of 3.5% in the third quarter of 2015)

Fixed-interest assets underperformed over the fourth quarter, but Corporate A and BBB improved on their third quarter growth rates.

- Corporate (AAA) contracted by 0.2% (after growth of 2.9% in the third quarter of 2015)
- Corporate (AA) grew by 0.3% (after growth of 1.2% in the third quarter of 2015)
- Corporate (A) grew by 1.1% (after growth of 0.6% in the third quarter of 2015)
- Corporate (BBB) grew by 1.1% (after growth of 0.2% in the third quarter of 2015)

INSURANCE

THE AA's BRITISH INSURANCE PREMIUM INDEX

					Motor	Motor				Motor	Motor		
		Buildings	Contents	Combined	Comp	Non-Comp	Buildings	Contents	Combined	Comp	Non-Comp		
1998	Q1	140.2	98.7		369.9	444.1	2007	Q1	160.2	110.0		654.3	844.7
	Q2	140.3	99.2		380.3	456.6		Q2	157.2	108.6		670.7	855.9
	Q3	139.8	99.2		390.1	467.4		Q3	161.9	111.0		679.7	886.5
	Q4	140.2	98.7		397.9	478.3		Q4	164.2	111.5		692.0	916.9
	Annual	-0.7%	0.2%		9.2%	9.6%		Annual	3.3%	2.6%		5.3%	7.9%
1999	Q1	140.3	99.1		403.7	488.0	2008	Q1	163.9	112.6		688.6	908.4
	Q2	142.7	100.2		421.0	502.5		Q2	164.7	112.7	259.4	709.4	957.7
	Q3	142.2	100.4		434.4	516.8		Q3	167.6	108.0	254.5	731.4	952.4
	Q4	142.8	100.9		460.2	546.9		Q4	176.5	106.2	258.2	752.5	985.0
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	7.5%	-4.7%		8.7%	7.4%
2000	Q1	144.3	101.3		487.5	566.6	2009	Q1	176.9	109.1	259.9	762.6	978.9
	Q2	144.4	101.4		508.9	601.9		Q2	181.3	105.7	265.1	789.5	1024.1
	Q3	144.8	101.9		526.7	624.2		Q3	184.1	107.6	264.9	833.4	1119.7
	Q4	146.0	101.9		546.4	653.5		Q4	195.1	114.4	286.1	893.4	1219.1
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2001	Q1	148.3	103.4		570.4	694.1	2010	Q1	198.6	111.4	295.9	865.0	1164.6
	Q2	149.7	105.0		575.5	711.4		Q2	203.6	113.0	297.8	969.5	1348.1
	Q3	150.0	105.7		586.3	724.5		Q3	202.9	113.0	288.5	1082.5	1479.9
	Q4	151.7	106.8		597.1	735.6		Q4	213.5	114.5	295.7	1153.9	1724.2
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2002	Q1	153.3	107.9		602.5	745.6	2011	Q1	215.4	112.9	295.0	1226.7	1858.9
	Q2	154.4	108.3		607.7	747.4		Q2	210.2	114.9	295.1	1245.7	1793.8
	Q3	155.1	109.0		613.0	751.9		Q3	213.7	115.1	299.6	1255.8	1796.4
	Q4	155.5	109.3		618.6	760.6		Q4	219.1	119.7	307.5	1263.3	1839.4
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2003	Q1	156.8	110.2		623.1	766.8	2012	Q1	217.9	117.0	308.9	1263.9	1863.7
	Q2	157.1	110.6		625.4	766.5		Q2	212.2	115.1	301.8	1290.2	1887.6
	Q3	157.5	111.1		632.5	775.9		Q3	216.6	116.3	303.9	1253.9	1809.6
	Q4	158.6	111.5		634.1	774.5		Q4	220.3	118.0	308.0	1204.8	1764.6
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2004	Q1	158.4	112.2		632.8	774.6	2013	Q1	215.8	113.2	302.8	1167.0	1690.5
	Q2	158.4	112.7		618.9	767.3		Q2	208.6	107.2	291.3	1089.8	1501.2
	Q3	158.3	111.4		613.3	768.9		Q3	200.1	105.0	281.2	1028.3	1401.0
	Q4	158.7	111.4		616.3	773.5		Q4	199.2	104.0	278.9	1000.4	1346.1
	Annual	0.1%	-0.1%		-2.8%	-0.1%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%
2005	Q1	157.2	110.7		611.9	771.8	2014	Q1	195.6	104.8	272.9	921.3	1255.9
	Q2	154.2	109.0		617.2	778.6		Q2	190.9	103.9	267.8	907.3	1242.6
	Q3	156.0	111.4		624.2	797.0		Q3	187.8	102.1	262.8	930.7	1324.4
	Q4	157.2	110.9		621.6	799.8		Q4	191.3	101.0	267.8	929.2	1370.9
	Annual	-0.9%	-0.4%		0.9%	3.4%		Annual	-3.9%	-2.9%	-4.0%	-7.1%	1.8%
2006	Q1	158.3	112.0		618.4	813.8	2015	Q1	182.1	97.5	255.8	905.8	1295.1
	Q2	157.5	112.2		621.9	811.4		Q2	183.7	98.2	257.9	937.3	1314.5
	Q3	157.0	109.2		629.6	848.9		Q3	180.0	93.9	250.5	948.5	1345.0
	Q4	158.9	108.6		657.0	850.0		Q4	184.1	94.9	256.7	1024.3	1396.0
	Annual	1.1%	-2.0%		5.7%	6.3%		Annual	-3.8%	-6.0%	-4.1%	10.2%	1.8%

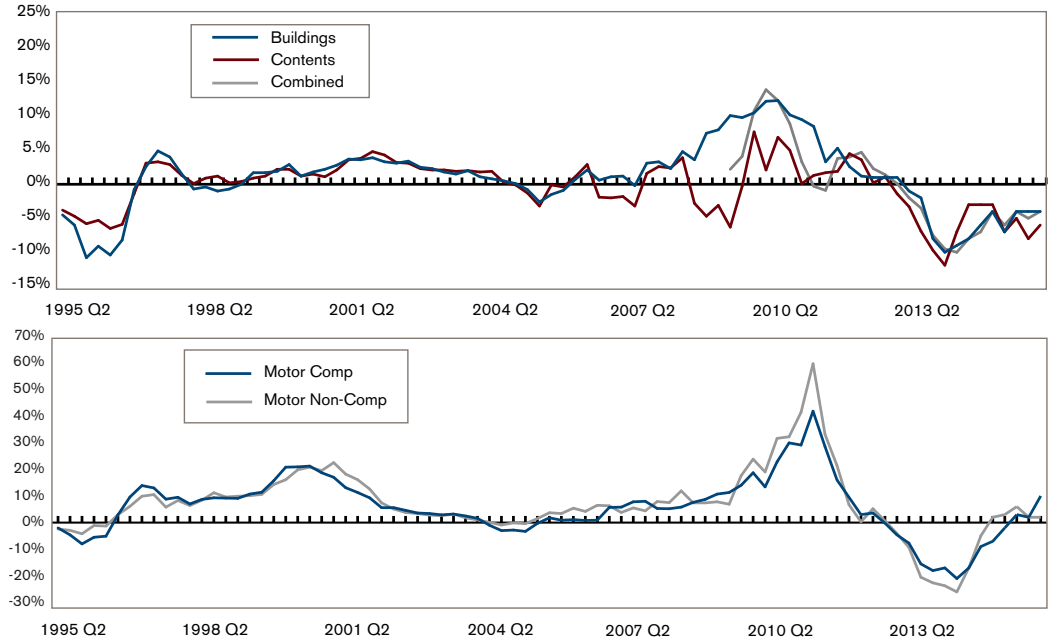
INSURANCE

INSURANCE PREMIUM INDEX-SHOPAROUND AVERAGE PREMIUM

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1998	Q1						2007	Q1	102.4	78.5		371.1	396.4
	Q2							Q2	98.9	75.9		379.1	400.5
	Q3							Q3	104.6	76.5		377.1	410.4
	Q4							Q4	115.5	74.4		391.7	419.3
	Annual							Annual	11.4%	-4.5%		4.8%	8.2%
1999	Q1						2008	Q1	115.2	74.6	189.6	387.2	426.1
	Q2							Q2	120.5	76.8	199.0	401.7	452.7
	Q3							Q3	117.9	73.9	191.8	409.9	458.1
	Q4							Q4	117.1	71.0	189.8	420.0	472.0
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
2000	Q1						2009	Q1	121.9	74.5	195.3	423.3	485.1
	Q2							Q2	126.9	70.7	197.9	441.8	510.7
	Q3							Q3	124.3	70.5	197.9	463.0	553.0
	Q4							Q4	130.5	74.1	207.3	515.1	629.7
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2001	Q1						2010	Q1	130.1	75.7	210.2	518.3	658.0
	Q2							Q2	131.4	77.4	217.0	578.0	762.8
	Q3							Q3	133.6	80.9	211.2	644.7	854.7
	Q4							Q4	143.8	80.3	217.5	686.2	1082.3
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2002	Q1						2011	Q1	147.8	84.7	216.7	726.4	1198.0
	Q2							Q2	146.8	83.8	220.0	752.3	1140.9
	Q3							Q3	152.7	85.6	223.2	750.2	1137.5
	Q4							Q4	157.5	89.4	229.7	791.0	1164.6
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2003	Q1						2012	Q1	158.2	87.9	233.2	782.4	1173.9
	Q2							Q2	156.9	87.8	236.8	816.1	1203.6
	Q3							Q3	160.6	88.5	239.2	792.2	1182.2
	Q4							Q4	161.0	88.9	237.9	769.0	1195.8
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2004	Q1						2013	Q1	156.9	86.1	235.5	773.3	1238.7
	Q2				377.5	351.5		Q2	153.0	85.6	229.9	736.6	1162.5
	Q3	96.8	82.8		370.9	361.5		Q3	147.1	83.0	221.4	697.0	1110.0
	Q4	96.6	81.2		363.6	354.7		Q4	147.6	82.1	219.0	675.8	1026.9
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%
2005	Q1	96.2	79.8		363.4	353.8	2014	Q1	145.0	82.1	214.2	626.7	976.5
	Q2	97.0	78.0		367.3	354.4		Q2	138.8	82.2	206.9	599.0	894.6
	Q3	100.7	79.6		366.8	360.5		Q3	136.5	80.9	202.9	611.6	950.0
	Q4	100.5	79.0		370.7	371.4		Q4	143.0	79.3	207.7	626.3	984.5
	Annual	4.1%	-2.7%		1.9%	4.7%		Annual	-3.1%	-3.5%	-5.2%	-7.3%	-4.1%
2006	Q1	102.2	80.4		372.3	383.2	2015	Q1	136.5	75.5	198.0	634.4	992.6
	Q2	101.0	79.0		371.5	384.2		Q2	138.2	76.8	197.6	666.8	1010.1
	Q3	100.6	78.4		366.4	377.9		Q3	136.4	74.1	193.3	708.3	1059.8
	Q4	103.7	77.9		373.6	387.4		Q4	139.8	75.4	199.8	800.5	1111.9
	Annual	3.2%	-1.4%		0.8%	4.3%		Annual	-2.2%	-4.9%	-3.8%	27.8%	12.9%

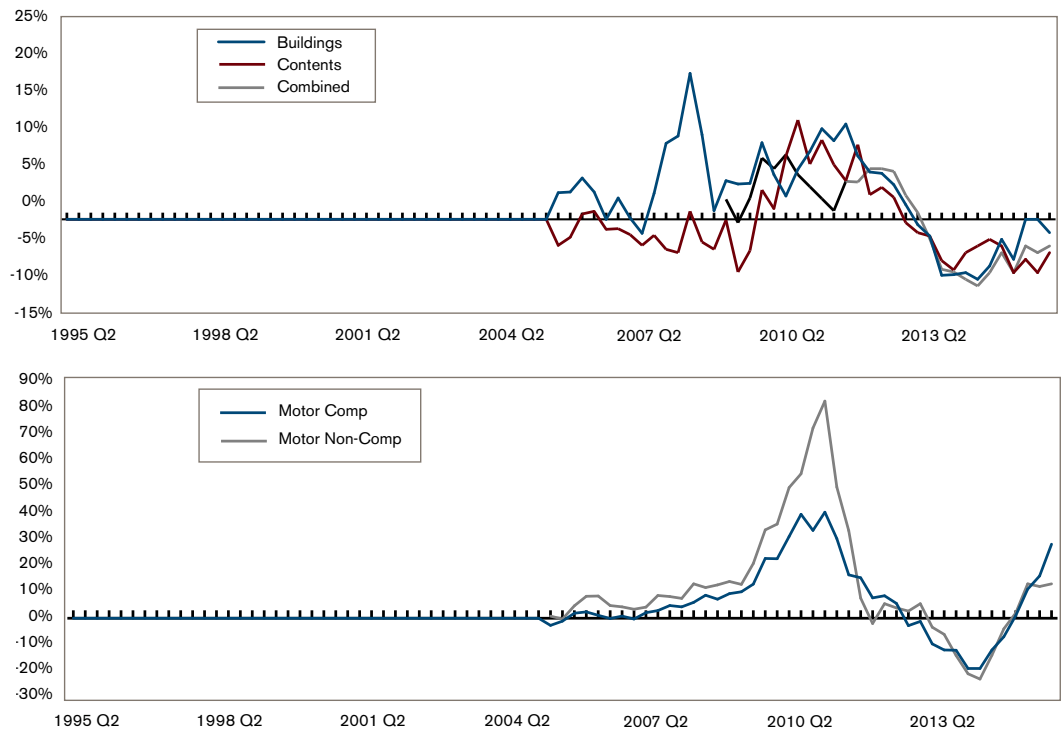
INSURANCE

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	%	Effective Date	%
1992 5th May	10.0	1998 4th June	7.5	2004 5th February	4.0	2012 Annual Average	0.5
22nd September	9.0	8th October	7.25	6th May	4.25	2013 Annual Average	0.5
16th October	8.0	5th November	6.75	10th June	4.5	2014 Annual Average	0.5
13th November	7.0	10th December	6.25	5th August	4.75	2015 Annual Average	0.5
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		

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					
	Q2	1.55	2.37	170		Q2	1.84	1.44	211					
	Q3	1.56	2.39	174		Q3	1.87	1.48	221					
	Q4	1.71	2.64	199		Q4	1.96	1.49	233					
1997	Q1	1.64	2.74	203	2007	Q1	1.96	1.47	232					
	Q2	1.66	2.90	190		Q2	2.01	1.48	248					
	Q3	1.62	2.85	195		Q3	2.04	1.44	234					
	Q4	1.65	2.96	214		Q4	1.99	1.36	222					
1998	Q1	1.67	3.10	223	2008	Q1	1.99	1.25	198					
	Q2	1.67	3.01	232		Q2	1.99	1.26	211					
	Q3	1.70	2.84	231		Q3	1.78	1.27	189					
	Q4	1.66	2.77	188		Q4	1.44	1.03	130					

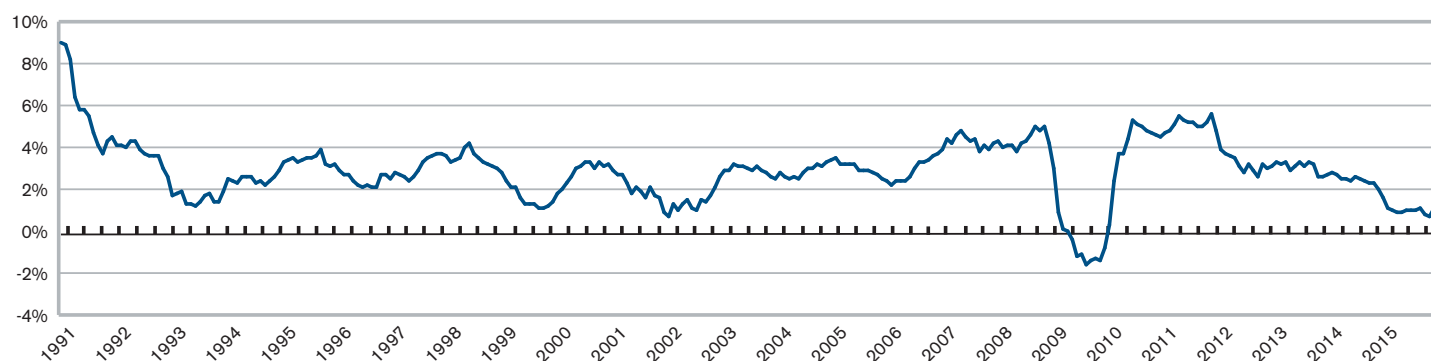
* Euro from Q1 1999

ECONOMICS

RETAIL PRICES INDEX

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3	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	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%

Rolling Annual Increase on a Monthly Basis



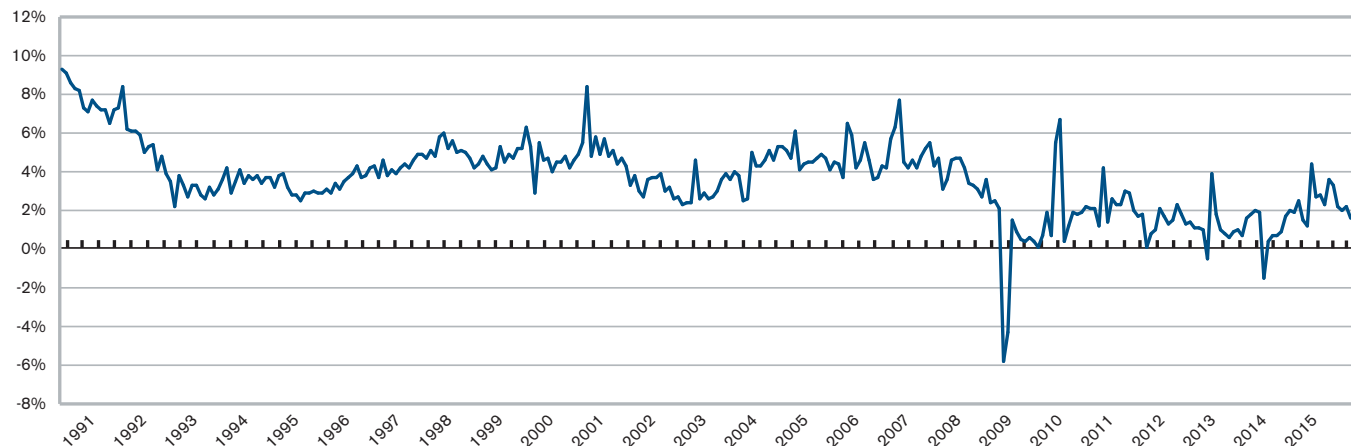
ECONOMICS

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	155.7	156.2	1.6%

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 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	4.0%	1.0%	1.1%	7.3%	8.5%	6.0%	5.6%
FTSE 100	3.7%	-1.3%	-0.3%	5.7%	6.7%	4.9%	4.8%
FTSE 250	5.0%	11.2%	7.3%	15.1%	17.7%	11.6%	10.1%
FTSE Small Cap	4.1%	9.2%	4.9%	13.5%	16.9%	10.3%	6.2%
INTERNATIONAL							
North America	9.0%	5.3%	12.2%	17.4%	15.7%	12.6%	8.7%
Europe ex UK	6.3%	6.0%	3.0%	10.3%	12.0%	6.1%	6.1%
Japan	12.5%	17.6%	9.9%	14.7%	11.8%	6.3%	2.7%
Pacific Basin ex Japan	10.4%	-2.7%	0.0%	0.8%	5.1%	1.3%	8.3%
Emerging Markets	3.1%	-10.3%	-1.6%	-2.9%	0.8%	-3.3%	5.9%
World (FTSE All World)	8.1%	4.0%	7.6%	11.9%	11.9%	8.0%	7.1%
World ex UK (Developed)	9.0%	6.1%	9.3%	14.3%	13.7%	9.7%	7.4%
PROPERTY	3.1%	13.8%	21.8%	8.7%	2.4%	8.1%	18.1%
BONDS & CASH							
UK Gilts (Over 15 Years)	-2.4%	0.1%	12.4%	5.9%	5.1%	9.1%	6.4%
UK Gilts (All Stocks)	-1.2%	0.6%	7.0%	3.2%	3.1%	5.5%	5.2%
UK Index Linked (All)	-2.9%	-1.0%	8.5%	5.8%	4.5%	7.4%	6.7%
Cash	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%	1.9%
Corporate (All Inv Grade)	1.0%	0.6%	6.2%	4.8%	7.4%	7.0%	4.8%
Corporate (AAA)	-0.2%	1.4%	10.1%	5.9%	6.1%	6.6%	4.2%
Corporate (AA)	0.3%	0.5%	12.5%	0.3%	9.8%	9.1%	1.1%
Corporate (A)	1.1%	0.6%	12.8%	0.6%	14.2%	4.7%	0.4%
Corporate (BBB)	1.1%	0.6%	11.5%	4.0%	19.5%	4.3%	2.1%
OTHER							
Retail Price Index	0.4%	1.2%	1.4%	1.8%	2.1%	2.7%	3.0%
National Average Earnings	0.8%	1.6%	2.0%	1.9%	1.7%	1.7%	2.3%

MARKETS

UK MARKET RETURNS

		Equities	Property	Gilts	Corporate Bonds	Index Linked	Cash
2000	Q1	-3.4%	3.1%	2.0%	1.9%	0.3%	1.5%
	Q2	-2.1%	2.6%	1.4%	-0.1%	2.9%	1.5%
	Q3	0.6%	2.3%	-0.9%	3.5%	-1.5%	1.5%
	Q4	-1.1%	2.1%	5.3%	4.2%	2.5%	1.2%
	Annual	-5.9%	10.5%	8.0%	9.8%	4.3%	5.7%
2001	Q1	-8.4%	1.8%	-2.1%	1.7%	-2.7%	1.5%
	Q2	1.2%	1.7%	-4.3%	0.0%	0.1%	1.2%
	Q3	-13.5%	1.5%	4.4%	2.9%	1.0%	1.2%
	Q4	8.2%	1.9%	1.2%	2.6%	1.1%	1.1%
	Annual	-13.3%	7.1%	-0.9%	7.3%	-0.5%	5.0%
2002	Q1	2.3%	1.9%	-2.6%	1.1%	1.0%	0.8%
	Q2	-11.0%	2.9%	4.8%	2.4%	3.4%	0.9%
	Q3	-19.6%	2.9%	7.8%	4.2%	2.0%	0.9%
	Q4	5.6%	2.4%	-0.2%	1.1%	1.5%	1.0%
	Annual	-22.7%	10.5%	9.9%	9.0%	8.2%	3.8%
2003	Q1	-7.2%	2.0%	0.2%	1.5%	3.1%	1.0%
	Q2	14.5%	2.7%	1.2%	4.1%	2.5%	0.9%
	Q3	3.9%	2.8%	-0.6%	0.9%	-0.5%	0.9%
	Q4	9.4%	3.3%	0.4%	0.8%	1.3%	0.9%
	Annual	20.9%	11.2%	1.2%	7.5%	6.6%	3.6%
2004	Q1	0.6%	3.5%	1.8%	0.5%	2.8%	1.0%
	Q2	2.2%	4.9%	-1.7%	-1.1%	-0.4%	1.1%
	Q3	2.9%	4.3%	4.0%	3.7%	2.7%	1.2%
	Q4	6.7%	4.9%	4.2%	3.4%	3.2%	1.2%
	Annual	12.8%	18.9%	8.4%	6.6%	8.5%	4.5%
2005	Q1	3.0%	2.7%	-1.0%	0.5%	-0.1%	1.2%
	Q2	5.0%	4.5%	6.7%	4.5%	4.1%	1.2%
	Q3	8.2%	4.4%	0.3%	1.0%	1.4%	1.1%
	Q4	4.3%	6.1%	4.7%	2.6%	3.4%	1.2%
	Annual	22.0%	18.8%	11.0%	8.8%	9.0%	4.7%
2006	Q1	8.1%	4.4%	-1.2%	-0.7%	-0.7%	1.1%
	Q2	-1.8%	5.1%	-2.7%	-1.1%	-0.7%	1.2%
	Q3	3.6%	3.7%	4.9%	2.4%	4.0%	1.2%
	Q4	6.2%	3.8%	-0.8%	0.3%	0.2%	1.3%
	Annual	16.8%	18.1%	0.0%	0.8%	2.9%	4.8%
2007	Q1	2.9%	2.3%	-2.3%	-0.2%	-0.5%	1.3%
	Q2	4.5%	2.1%	-4.8%	-2.1%	-1.5%	1.4%
	Q3	-1.8%	-1.0%	4.6%	1.1%	5.1%	1.5%
	Q4	-0.3%	-8.5%	5.6%	1.7%	5.4%	1.4%
	Annual	5.3%	-5.5%	2.7%	0.4%	8.5%	5.7%

Highest Market Return in Year Across Overseas Markets

MARKETS

UK MARKET RETURNS (CONTINUED)

		Equities	Property	Gilts	Corporate Bonds	Index Linked	Cash
2008	Q1	-9.9%	-3.4%	-0.1%	-4.4%	3.7%	1.3%
	Q2	-1.4%	-2.7%	-4.0%	-0.1%	1.1%	1.3%
	Q3	-12.2%	-4.8%	4.0%	-4.8%	-0.3%	1.4%
	Q4	-10.2%	-13.5%	13.9%	-0.9%	-0.7%	0.5%
	Annual	-29.9%	-22.5%	13.6%	-9.9%	3.7%	4.5%
2009	Q1	-9.1%	-7.1%	-4.5%	-8.2%	-1.3%	0.2%
	Q2	10.9%	-2.7%	-1.6%	11.3%	2.9%	0.1%
	Q3	22.4%	3.3%	5.9%	11.5%	3.1%	0.1%
	Q4	5.5%	9.4%	-4.3%	1.0%	1.6%	0.1%
	Annual	30.1%	2.2%	-4.8%	15.1%	6.4%	0.5%
2010	Q1	6.4%	5.7%	0.2%	4.6%	2.2%	0.1%
	Q2	-11.8%	3.6%	6.4%	1.0%	1.7%	0.1%
	Q3	13.6%	2.2%	5.8%	5.5%	3.6%	0.1%
	Q4	7.4%	2.2%	-3.5%	-2.6%	1.1%	0.1%
	Annual	14.5%	14.5%	8.8%	8.7%	8.9%	0.4%
2011	Q1	1.0%	2.3%	-1.5%	1.5%	0.0%	0.1%
	Q2	1.9%	2.1%	2.3%	1.7%	4.0%	0.2%
	Q3	-13.5%	1.9%	14.4%	-1.0%	6.4%	0.2%
	Q4	8.4%	1.6%	9.6%	3.1%	8.4%	0.2%
	Annual	-3.5%	8.1%	26.3%	5.4%	19.9%	0.6%
2012	Q1	6.1%	0.9%	-4.4%	4.0%	-1.5%	0.2%
	Q2	-2.6%	0.3%	6.7%	1.7%	0.6%	0.2%
	Q3	4.7%	0.4%	1.1%	6.5%	-2.6%	0.1%
	Q4	3.8%	0.7%	-0.2%	2.6%	4.3%	0.1%
	Annual	12.3%	2.4%	2.9%	15.6%	0.6%	0.6%
2013	Q1	10.3%	0.7%	0.5%	1.8%	7.9%	0.1%
	Q2	-1.7%	2.2%	-5.9%	-2.8%	-6.5%	0.1%
	Q3	5.6%	2.9%	1.3%	2.8%	0.6%	0.1%
	Q4	5.5%	2.6%	-1.8%	0.2%	-0.9%	0.1%
	Annual	20.8%	8.7%	-5.9%	1.9%	0.5%	0.4%
2014	Q1	-0.6%	6.0%	3.4%	2.4%	3.2%	0.1%
	Q2	2.2%	5.1%	2.3%	2.3%	1.0%	0.1%
	Q3	-1.0%	4.7%	7.2%	2.8%	5.3%	0.1%
	Q4	0.6%	4.4%	11.2%	4.3%	8.4%	0.1%
	Annual	1.2%	21.8%	26.1%	12.2%	19.0%	0.5%
2015	Q1	4.7%	3.0%	4.1%	3.4%	2.9%	0.2%
	Q2	-1.6%	3.6%	-6.3%	-4.2%	-2.7%	0.1%
	Q3	-5.7%	3.4%	5.1%	0.5%	1.9%	0.1%
	Q4	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%

Highest Market Return in Year Across Overseas Markets

MARKETS

INTERNATIONAL MARKET RETURNS

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
2000	Q1	3.0%	4.6%	0.9%	1.0%	-5.4%	0.3%
	Q2	2.3%	2.4%	5.0%	-2.7%	4.3%	-6.0%
	Q3	-1.2%	1.9%	-5.8%	-6.9%	-2.4%	-10.5%
	Q4	-7.3%	-8.9%	2.1%	-16.2%	-1.3%	-13.7%
	Annual	-3.5%	-0.5%	1.8%	-23.4%	-5.0%	-27.2%
2001	Q1	-8.8%	-8.4%	-12.0%	-5.1%	-7.5%	2.2%
	Q2	4.6%	7.0%	-1.8%	2.9%	9.0%	7.0%
	Q3	-19.0%	-18.6%	-18.4%	-22.2%	-23.1%	-24.6%
	Q4	10.7%	11.8%	13.3%	-4.5%	20.1%	27.7%
	Annual	-14.4%	-10.8%	-20.0%	-27.4%	-6.7%	5.2%
2002	Q1	2.5%	2.3%	2.3%	3.7%	5.2%	14.9%
	Q2	-15.2%	-19.3%	-9.2%	-0.5%	-7.9%	-14.2%
	Q3	-20.8%	-19.5%	-28.7%	-14.3%	-15.0%	-19.2%
	Q4	5.3%	6.0%	10.2%	-7.3%	2.2%	6.7%
	Annual	-27.5%	-29.5%	-27.0%	-18.0%	-15.8%	-15.1%
2003	Q1	-2.8%	-1.1%	-7.7%	-5.8%	1.4%	-4.3%
	Q2	12.3%	10.7%	20.4%	7.3%	10.6%	17.9%
	Q3	4.3%	2.0%	3.4%	21.2%	10.9%	13.8%
	Q4	5.6%	4.2%	12.9%	0.4%	5.7%	7.8%
	Annual	20.2%	16.4%	29.7%	23.0%	31.4%	38.5%
2004	Q1	0.4%	-0.7%	-2.6%	12.3%	3.2%	8.0%
	Q2	2.3%	2.8%	4.4%	-2.4%	-3.5%	-8.3%
	Q3	-1.0%	-1.1%	0.7%	-7.6%	10.0%	8.1%
	Q4	5.5%	3.1%	11.2%	6.5%	9.8%	11.4%
	Annual	7.2%	4.1%	13.8%	7.9%	20.4%	19.3%
2005	Q1	0.4%	0.0%	1.5%	-0.4%	2.0%	2.8%
	Q2	6.5%	7.6%	4.8%	1.8%	10.8%	10.1%
	Q3	8.4%	5.9%	9.8%	19.9%	11.4%	19.5%
	Q4	6.5%	5.4%	6.2%	15.0%	2.6%	11.6%
	Annual	23.5%	20.2%	24.1%	39.7%	29.1%	51.1%
2006	Q1	5.6%	3.4%	11.3%	5.7%	6.1%	11.1%
	Q2	-6.9%	-7.5%	-4.5%	-10.4%	-3.4%	-10.2%
	Q3	3.8%	4.3%	5.6%	-1.8%	4.0%	4.2%
	Q4	3.3%	1.9%	7.0%	-0.4%	11.8%	12.4%
	Annual	5.4%	1.7%	20.1%	-7.4%	19.2%	16.8%
2007	Q1	2.2%	0.8%	4.2%	2.7%	7.1%	2.4%
	Q2	4.4%	4.3%	7.0%	-2.7%	8.5%	13.0%
	Q3	1.3%	1.1%	0.8%	-3.1%	13.6%	11.6%
	Q4	0.2%	-0.6%	3.0%	-3.4%	2.0%	6.5%
	Annual	8.3%	5.6%	15.7%	-6.4%	34.6%	37.4%

Highest Market Return in Year Across Overseas Markets

MARKETS

INTERNATIONAL MARKET RETURNS (CONTINUED)

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
2008	Q1	-8.8%	-9.1%	-7.4%	-7.2%	-13.3%	-10.0%
	Q2	-2.0%	-1.6%	-5.2%	2.3%	0.5%	-1.1%
	Q3	-4.1%	1.3%	-11.2%	-7.8%	-16.9%	-17.5%
	Q4	-2.1%	-4.4%	-2.2%	12.9%	-4.7%	-11.1%
	Annual	-16.0%	-13.3%	-23.8%	-1.1%	-31.0%	-34.8%
2009	Q1	-11.5%	-9.8%	-15.9%	-16.1%	-2.1%	1.6%
	Q2	5.2%	1.8%	9.7%	7.0%	16.2%	18.4%
	Q3	21.1%	19.3%	29.4%	9.3%	27.7%	25.2%
	Q4	2.8%	4.8%	0.5%	-4.0%	4.1%	7.8%
	Annual	15.9%	14.8%	19.9%	-5.8%	51.2%	62.5%
2010	Q1	10.4%	12.5%	3.9%	15.4%	9.8%	9.1%
	Q2	-11.1%	-10.3%	-14.3%	-8.7%	-10.4%	-6.5%
	Q3	7.7%	5.8%	13.4%	0.1%	15.0%	12.1%
	Q4	9.9%	11.6%	4.7%	12.8%	9.3%	8.1%
	Annual	16.2%	19.1%	5.7%	19.0%	23.7%	23.6%
2011	Q1	2.6%	3.5%	5.7%	-6.9%	1.5%	-1.2%
	Q2	0.5%	-0.4%	3.2%	0.2%	0.4%	-1.8%
	Q3	-14.5%	-11.8%	-24.2%	-3.1%	-18.8%	-19.2%
	Q4	7.6%	11.3%	3.6%	-3.6%	6.2%	4.2%
	Annual	-5.1%	1.2%	-14.4%	-12.9%	-12.3%	-18.1%
2012	Q1	9.2%	9.3%	9.7%	7.9%	9.7%	10.6%
	Q2	-3.2%	-1.4%	-7.1%	-5.5%	-4.4%	-7.3%
	Q3	3.8%	3.5%	6.6%	-3.6%	7.4%	4.6%
	Q4	2.0%	-0.8%	8.0%	5.1%	5.4%	5.1%
	Annual	12.0%	10.7%	17.3%	3.3%	18.9%	13.0%
2013	Q1	15.6%	17.7%	10.2%	19.3%	10.8%	5.4%
	Q2	1.1%	2.2%	1.2%	4.5%	-10.3%	-7.5%
	Q3	1.2%	-0.8%	7.3%	0.1%	4.3%	-2.2%
	Q4	5.6%	7.5%	5.8%	0.1%	-1.1%	-0.7%
	Annual	25.0%	28.3%	26.5%	25.0%	2.4%	-5.0%
2014	Q1	0.8%	1.2%	3.0%	-6.0%	1.0%	-0.7%
	Q2	2.4%	2.9%	0.0%	4.3%	2.0%	5.0%
	Q3	3.6%	6.1%	-2.4%	3.1%	-0.7%	3.2%
	Q4	5.4%	8.3%	-0.5%	1.6%	0.5%	0.4%
	Annual	12.7%	19.6%	0.0%	2.7%	2.8%	7.7%
2015	Q1	8.0%	5.9%	10.9%	16.4%	8.6%	7.0%
	Q2	-5.4%	-5.4%	-5.9%	-2.3%	-8.3%	-3.7%
	Q3	-4.7%	-3.5%	-4.5%	-8.0%	-11.4%	-15.6%
	Q4	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%

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

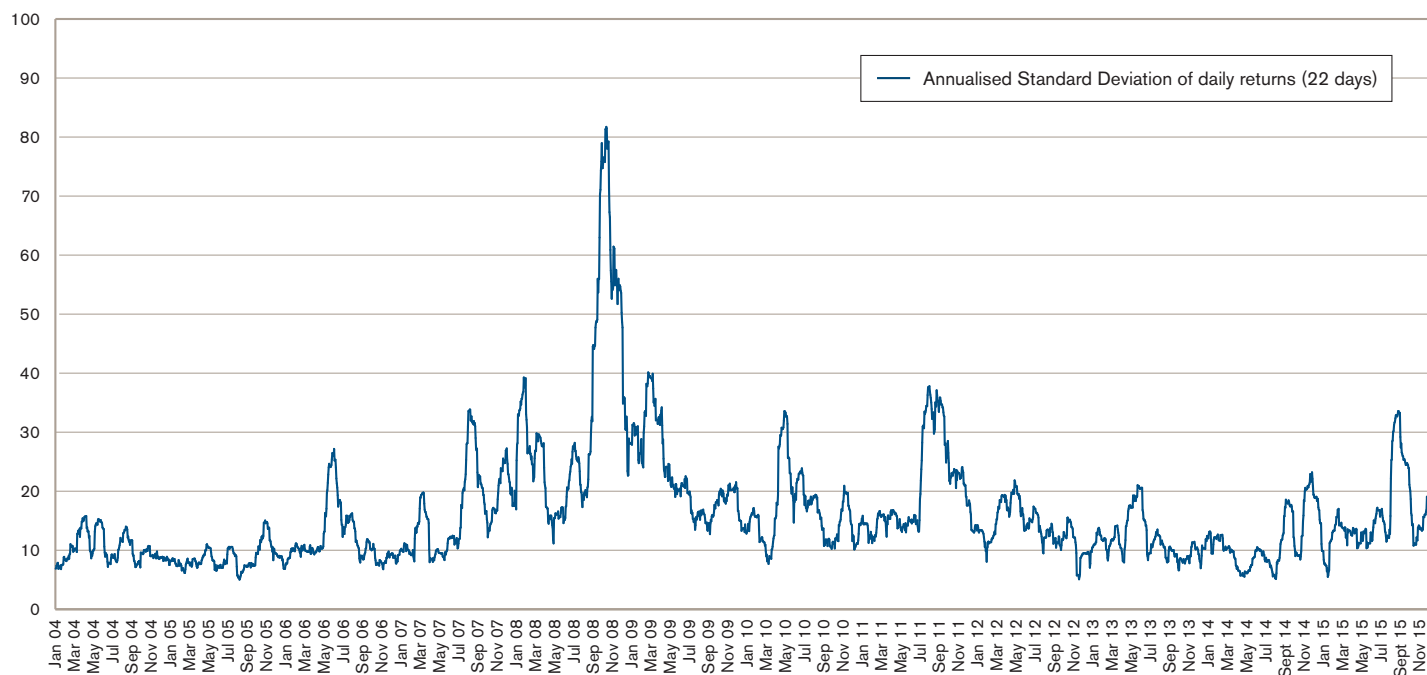
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

	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%

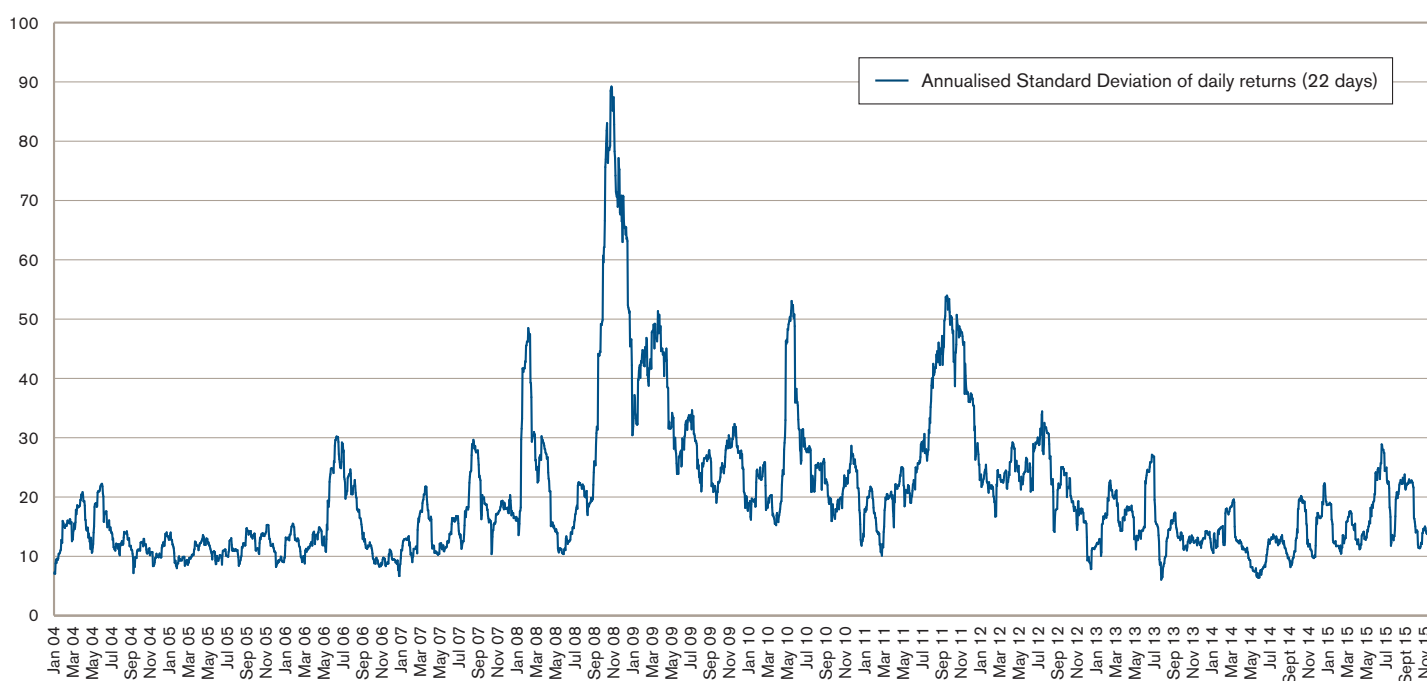
MARKETS

VOLATILITY OF MARKETS

FTSE 100



FTSE AW Europe ex UK

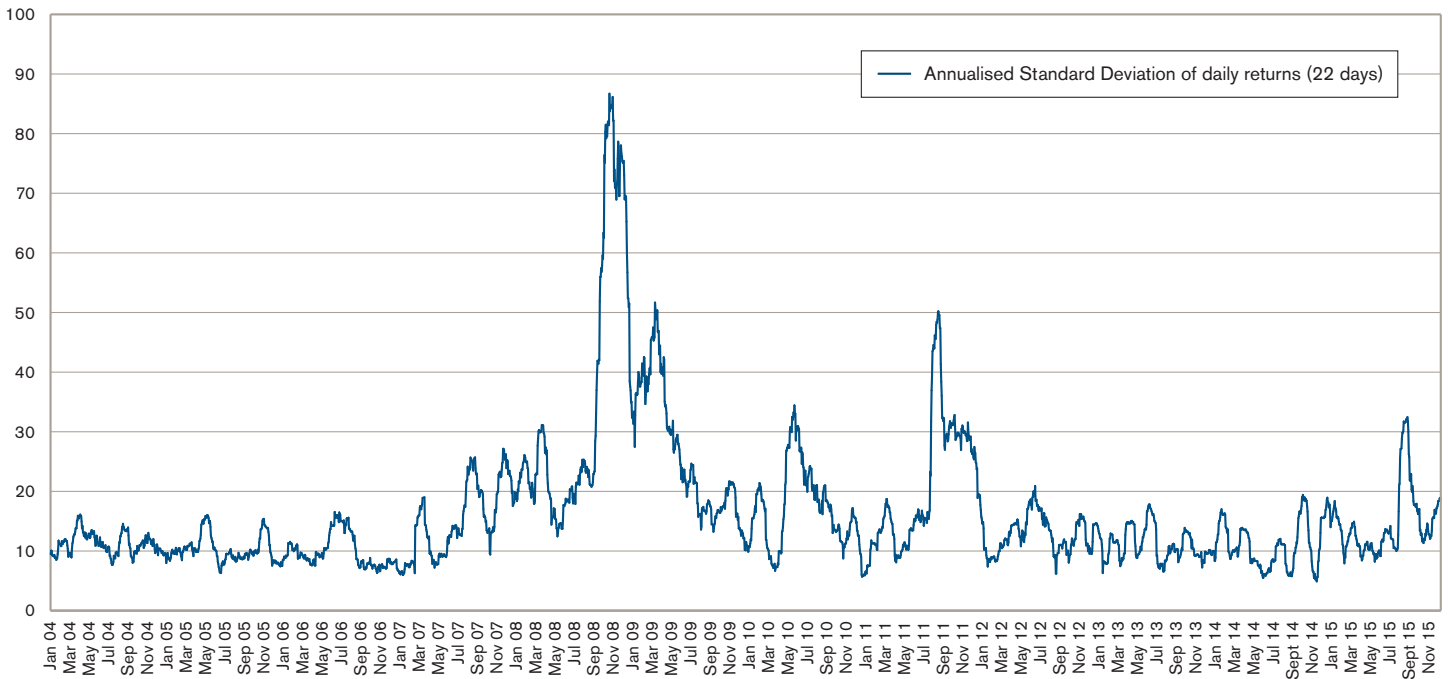


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

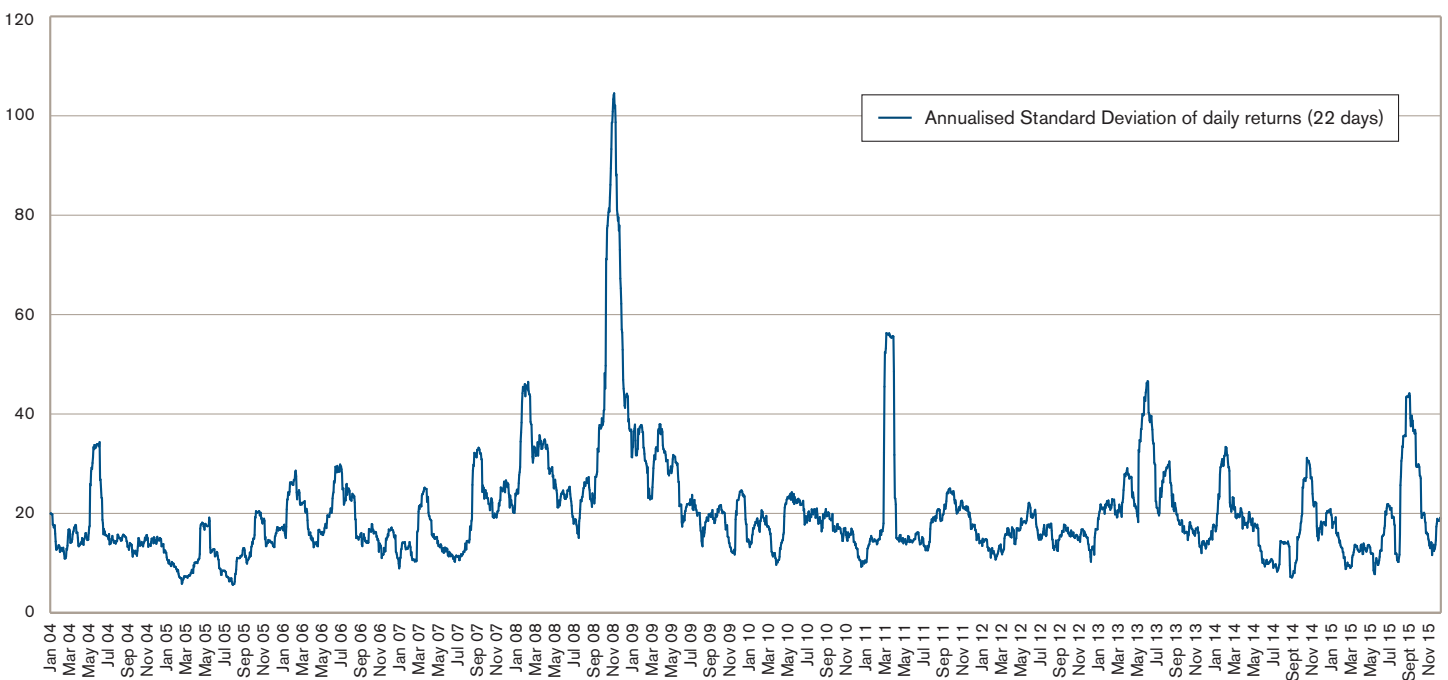
MARKETS

VOLATILITY OF MARKETS

S&P 500



TOPIX (Japan)



MARKETS

QUARTERLY INVESTMENT YIELDS

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
1999	Q1	2.34	1.39	4.60	1.76		5.25	6.50
	Q2	2.26	1.50	4.82	1.90		5.06	6.30
	Q3	2.41	1.38	5.06	2.13		5.38	6.30
	Q4	2.12	1.17	4.80	1.80		3.44	6.30
2000	Q1	2.11	1.15	4.71	1.87		5.81	6.30
	Q2	2.16	1.22	4.68	1.83		5.88	6.30
	Q3	2.17	1.22	4.85	2.02		6.06	6.40
	Q4	2.23	1.28	4.48	1.92		4.88	6.70
2001	Q1	2.53	1.49	4.82	2.24		6.00	6.80
	Q2	2.42	1.44	5.10	2.41		4.91	6.90
	Q3	2.87	1.76	4.85	2.37		4.97	6.90
	Q4	2.63	1.58	4.84	2.30		4.31	7.00
2002	Q1	2.66	1.58	5.15	2.28		3.38	7.00
	Q2	2.98	1.82	4.87	2.14		3.75	7.00
	Q3	3.73	2.22	4.36	2.01	5.11	3.75	6.80
	Q4	3.55	2.12	4.47	2.02	5.16	4.19	6.90
2003	Q1	3.87	2.27	4.53	1.85	5.06	3.81	6.80
	Q2	3.43	1.99	4.52	1.76	5.06	3.63	6.80
	Q3	3.36	1.92	4.65	1.84	5.17	3.44	6.80
	Q4	3.10	1.78	4.71	1.83	5.18	3.50	6.70
2004	Q1	3.13	1.83	4.66	1.67	5.22	3.98	6.50
	Q2	3.16	1.86	4.88	1.87	5.42	4.50	6.30
	Q3	3.16	1.95	4.67	1.71	5.23	4.75	6.10
	Q4	3.05	1.87	4.45	1.54	4.98	4.74	6.00
2005	Q1	3.09	1.98	4.60	1.61	5.08	4.76	5.70
	Q2	3.10	2.03	4.20	1.39	4.83	4.79	5.60
	Q3	2.99	1.94	4.25	1.33	4.82	4.53	5.40
	Q4	2.95	1.92	4.00	1.09	4.48	4.67	5.20
2006	Q1	2.91	1.87	4.15	1.19	4.62	4.56	5.00
	Q2	3.11	2.08	4.35	1.43	4.87	4.60	4.90
	Q3	3.06	2.03	4.11	1.16	4.59	4.84	4.80
	Q4	2.86	1.96	4.23	1.23	4.71	5.12	4.80
2007	Q1	2.84	2.00	4.46	1.38	4.92	5.36	4.80
	Q2	2.75	3.46	4.86	1.67	5.37	5.75	4.80
	Q3	2.89	2.41	4.63	1.33	5.44	5.90	5.10
	Q4	3.02	2.56	4.35	1.00	5.36	5.65	5.70
2008	Q1	3.76	2.98	4.42	0.81	5.60	5.38	5.90
	Q2	4.08	2.70	4.77	0.86	5.90	5.15	6.20
	Q3	4.61	3.10	4.57	0.96	5.95	5.75	6.50
	Q4	4.49	3.90	3.80	0.97	5.40	1.88	7.40

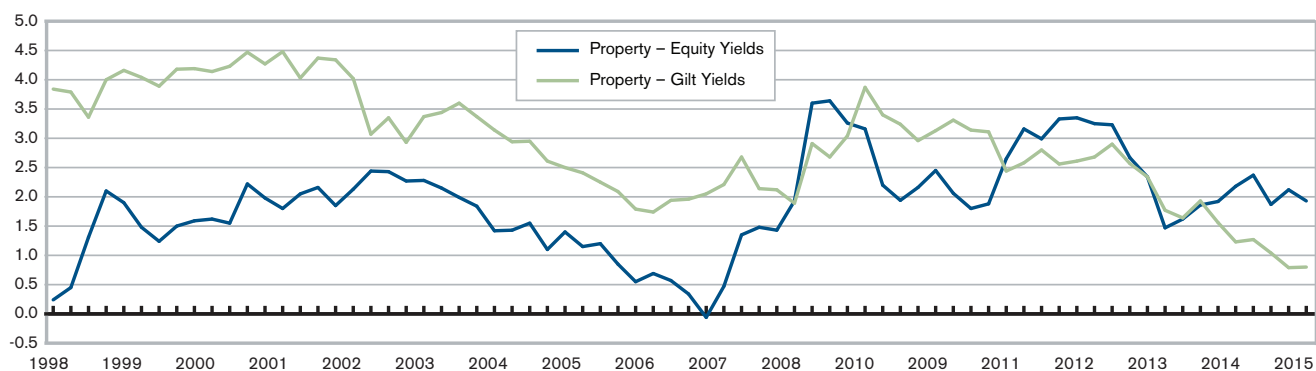
MARKETS

QUARTERLY INVESTMENT YIELDS (CONTINUED)

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
2009	Q1	5.12	4.20	4.16	1.01	4.68	0.70	7.80
	Q2	4.56	3.18	4.34	0.84	4.67	0.45	7.60
	Q3	3.33	2.59	4.04	0.69	4.46	0.48	7.20
	Q4	3.20	2.35	4.40	0.68	4.69	0.48	6.60
2010	Q1	3.16	2.21	4.46	0.64	4.70	0.40	6.40
	Q2	3.34	2.52	4.14	0.67	4.36	0.48	6.30
	Q3	3.17	2.41	3.85	0.48	4.11	0.41	6.30
	Q4	2.89	2.26	4.14	0.49	4.38	0.50	6.20
2011	Q1	2.96	2.28	4.30	0.63	4.52	0.55	6.10
	Q2	2.99	2.46	4.22	0.48	4.47	0.60	6.10
	Q3	3.66	2.95	3.45	0.16	3.66	0.65	6.10
	Q4	3.52	2.79	2.94	-0.25	3.55	0.70	6.10
2012	Q1	3.45	2.58	3.26	-0.11	3.61	0.65	6.25
	Q2	3.69	2.74	2.92	-0.10	3.29	0.60	6.25
	Q3	3.64	2.66	2.90	0.09	3.27	0.57	6.25
	Q4	3.57	2.73	3.00	-0.07	3.34	0.48	6.25
2013	Q1	3.35	2.54	3.02	-0.43	3.76	0.48	6.25
	Q2	3.53	2.60	3.43	-0.03	4.19	0.43	6.10
	Q3	3.41	2.49	3.41	-0.04	4.07	0.43	5.75
	Q4	3.28	2.31	3.58	0.03	4.17	0.41	5.05
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

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

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



SOURCES

SOURCES OF INVESTMENT STATISTICS

UK

Equities	Return & Yield	1990-	FTSE All-Share Index
Gilts	Return	1998-	FTSE Actuaries Govt. Securities Over 15 Years Gilt Index
	Yield	1998-	FTSE Actuaries Govt. Securities Over 15 Years Gilt Index
Index Linked	Return		FTSE Actuaries Index Linked All Stock Index
	Yield	1986-	FTSE Actuaries Index Linked Over 5 Years Index, 5% Inflation
Corporate Bonds	Return		Bloomberg (ibovx)
	Yield	Q3' 02-	Bloomberg (GBP EURO Finance AAA Bond Index)
Cash	Return & Yield		Bloomberg
Property	Return		Bloomberg (Investment Property Databank (IPD) Index)
	Yield		Bloomberg (CB Richard Ellis Quarterly Rent & Yield Monitor)

Overseas

Equities	Return & Yield	1998-	FTSE World and All World Series Indices Local and Sterling Based
Emerging	Return		FTSE All World Series Emerging

OTHER SOURCES

Insurance

Market Average Premium		1994-	The AA British Insurance Premium Index
Shoparound Average Premium		2004-	The AA British Insurance Premium Index

Economic

Retail Prices Index			Office for National Statistics
National Average Earnings			Crown copyright material is reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland



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