

Strategic Changes to Equity and Bond Portfolios:

Asset Allocation	Old Strategy	New Strategy	
UK Equities	18%	15%	Reduction
Overseas Dev Equities	37%	25%	Reduction
Emerging Equities	5%	10%	Increase
Diversified Growth	0%	10%	Increase
UK Gilts	6%	3%	Reduction
UK Index Linked Gilts	6%	6%	
UK Corporate Bonds	5%	8%	Increase
Overseas / Other Bonds	3%	3%	

Equity Portfolio – Proposal for Regional Allocation

Asset Allocation	Proposed Regional Allocation	Current	Active	Passive	Change Required	Final Passive
North America	12.5%	18.5%	7.7%	10.8%	-6.0%	4.8%
Europe	6.3%	9.8%	3.4%	6.3%	-3.5%	2.8%
Japan	3.1%	4.6%	2.4%	2.2%	-1.4%	0.8%
Pacific	3.1%	4.2%	1.9%	2.3%	-1.1%	1.3%
	25.0%	37.0%	15.3%	21.7%	-12.0%	9.7%

PROPOSAL - That the Fund's overseas developed market equity regional allocation is a fixed split of 50% North America, 25% Europe, 12.5% Pacific Rim and 12.5% Japan, rebalanced annually following review by JLT and Panel.

Bond Portfolio – Proposed moves....

Asset Allocation	Old Strategy	New Strategy	Current	Change Required
UK Gilts	6%	3%	3.5%	-0.5%
UK Index Linked Gilts	6%	6%	6.7%	-0.7%
UK Corporate Bonds	5%	8%	6.2%	1.8%
Overseas / Other Bonds	3%	3%	2.6%	0.4%
	20%	20%	19.0%	

PROPOSAL - That the Fund switches assets from the BlackRock Gilt and Index Linked Gilt funds to RLAM UK Corporate Bond Fund to move towards the target allocations, as soon as is practically possible.