

# Avon Pension Fund

Committee Investment Report  
Quarter to 30 September 2022

November 2022

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# Executive summary



# Executive summary

## Market background

- Inflation and central bank policy continued to drive markets in the third quarter of 2022. Inflation readings in most major regions remained high and rising. Central banks continued to tighten monetary policy and maintained a hawkish outlook, resulting in elevated market volatility.
- There was turmoil in UK gilt markets around the end of the quarter, as markets positioned for the Bank of England having to double down on tightening, in order to offset the expansionary mini budget. Soaring yields led to significant disinvestment of liquid assets in order to bolster collateral levels for funds using leveraged hedging strategies.
- Risk assets rose in July on the back of hopes of inflation peaking and the hiking cycle ending, but these hopes were squashed later in the quarter. Furthermore, markets priced in the increasing risk of a recession.
- Sterling weakened significantly.

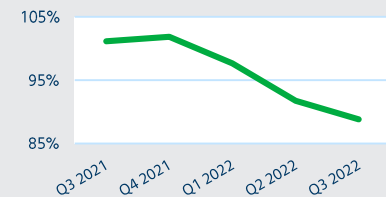
## Mercer market views

- Our medium term outlook (as at October 2022) is mixed given the big cross currents in markets.
- Several factors give rise to a negative backdrop to risk markets, however valuations are more attractive, sentiment is soft, and the Fed might start to curtail monetary tightening.
- Our outlook for returns over a 1-3 year time horizon for the major asset classes are summarised below:

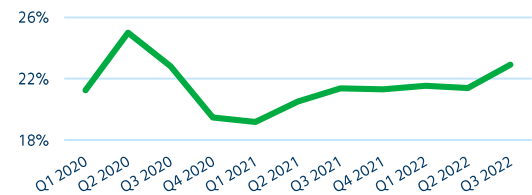


## Funding level and risk

- The funding level is estimated to have decreased over Q3 to c.89%, as the assets contracted whilst the estimated value of the liabilities rose.
- It is estimated to have decreased by c.12% over the year to 30 September 2022 (as illustrated to the right).



- The Value-at-Risk rose over the quarter to £1,384m due to increases in the expected underlying volatility of the assets.
- It rose as a percentage of liabilities at 22.9%.
- Risk as a proportion of liabilities has increased over the year due to rises in expected volatility. It is lower than the peak in 2020 due to the move from a static to dynamic equity protection strategy.



# Executive summary

- The Fund assets fell in value primarily due to the impact of the Currency Hedge as Sterling weakened, although this was partially offset by positive returns elsewhere where there was overseas exposure. Corporate Bonds saw a big sell-off due to rises in yields.
- UK Property and Secured Income also lost value in a challenging market.

## Performance

- Underperformance relative to the strategic benchmark over the one year period to 30 September 2022 is mainly due to the underperformance of the active equity and multi-asset mandates.
- The main detractors over the three year period were the Equity Protection and Overseas Property portfolios.

	3 Months (%)	1 Year (%)	3 Years (% p.a.)
Total Fund <b>(1)</b>	-1.2	-6.0	2.2
Strategic Benchmark <b>(2)</b> (ex currency hedge)	1.5	0.6	5.8
<b>Relative (1 - 2)</b>	<b>-2.7</b>	<b>-6.6</b>	<b>-3.6</b>

- The Currency Hedge overlay has detracted from returns over all time periods shown. An important factor here is that the benchmark does not make allowance for the currency hedge.
- Absolute returns for the global equity mandates compared to the strategic returns modelled at the strategy review in 2019 have been mixed. The most recently-incepted Paris-Aligned mandate has underperformed due to its point of inception, though the underperformance of the Sustainable Equity mandate is due to active management.
- The Diversified Returns and Multi-Asset Credit mandates have also fallen short of expectations due to this year's negative returns, however the alternative assets have generally outperformed.

## Asset allocation and strategy

- Around the end of the quarter, the BlackRock QIF was topped up by £350m after the strain on the collateral pool due to market movements. This was funded from the Paris-Aligned Equity mandate, though overall equity exposure was maintained by adding an equivalent amount of synthetic exposure to the MSCI World index accessed by the BlackRock mandate.
- At quarter-end, there were some deviations from the underlying asset allocation targets within the Equity portfolio, due to the changes outlined above.
- A net amount of c£55m was drawn down to the Brunel private market portfolios during the quarter.
- Core Infrastructure was above its control range, but offset by an underweight to Renewable Infrastructure.

## Liability hedging mandate

- BlackRock were in compliance with their investment guidelines over the quarter.
- The inflation and interest rate trigger framework was revised over the quarter. It was suspended after a number of interest rate triggers were breached in order to ensure the portfolio was sufficiently collateralised. The triggers being achieved resulted in the hedge ratio being increased to c40% as a percentage of assets compared to c10% previously.
- The inflation hedge remains at c40%.

## Equity option mandate

- Market value of options at end of the quarter was positive (£66m) as equity markets have fallen since the inception of the current (dynamic) strategy in May 2021.
- In this environment, the protection has worked as expected and helped to protect the portfolio, with estimated performance of 0.4% over Q3 due to falls in markets in local currency terms.

## Collateral position

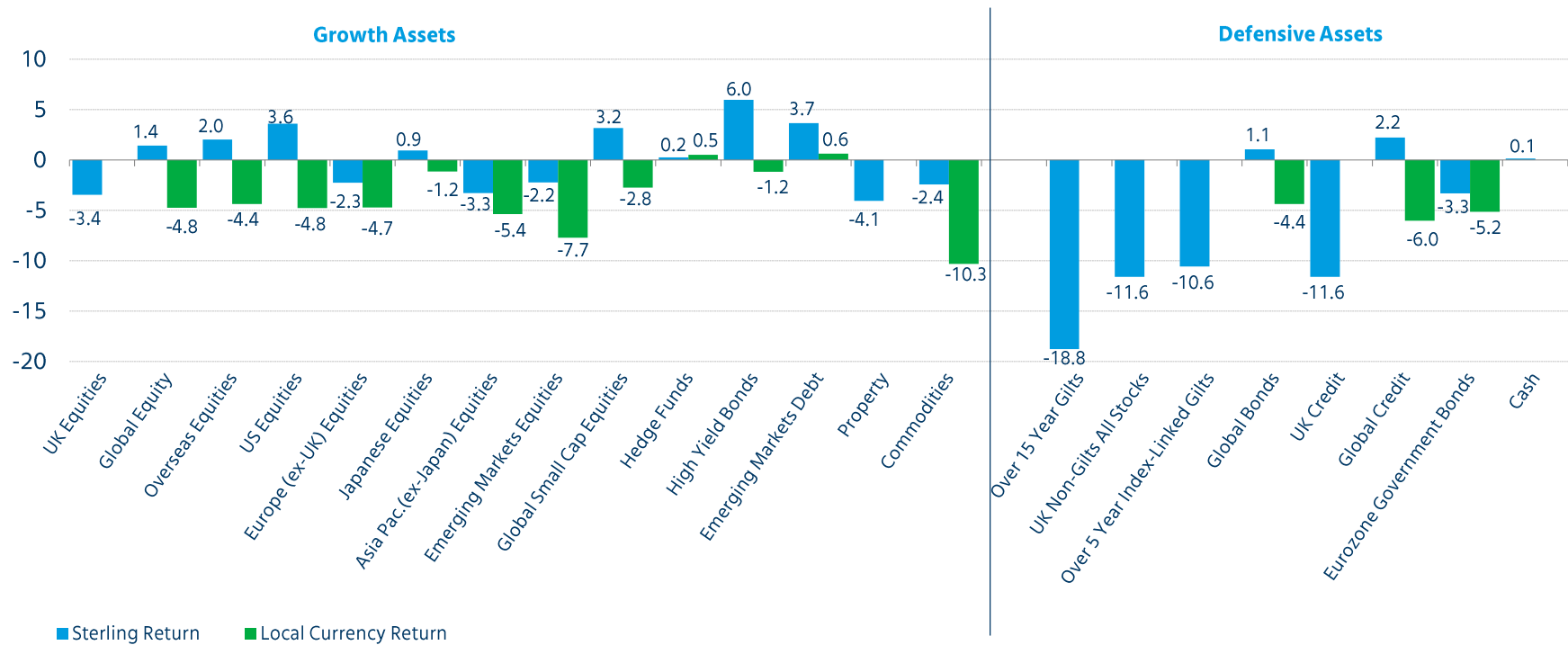
- Collateral within agreed constraints.
- The BlackRock QIF could sustain a 2.7% p.a. rise in interest rates, a 3.6% p.a. fall in inflation or a 35% fall in the value of the equity protection strategy before the early warning trigger is breached.

# Market background



# Market background

## Return over 3 months to 30 September 2022 (%)

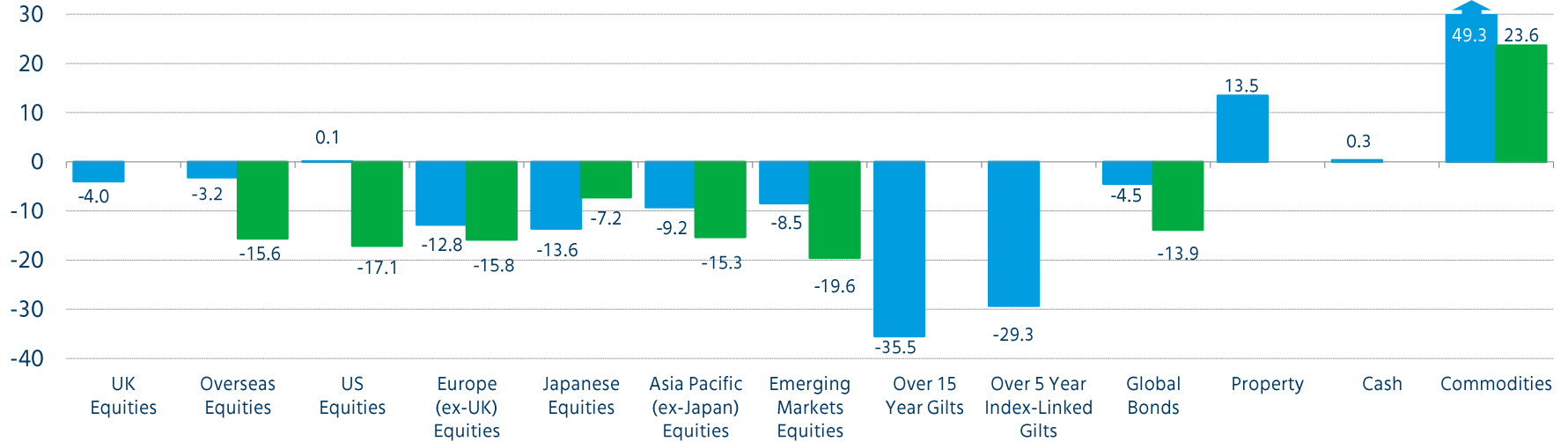


Inflation and central bank policy continued to drive markets in the third quarter of 2022. Inflation readings in most major regions remained high and rising. Central banks therefore continued to tighten monetary policy and maintained a hawkish outlook, resulting in elevated market volatility. Risk assets rose in July on the back of hopes of inflation peaking and the hiking cycle ending, but these hopes were squashed later in the quarter. Furthermore, markets priced in the increasing risk of a recession resulting from the monetary tightening. Therefore most major asset classes ended the quarter with negative returns. Significant continued weakening in sterling mitigated the drawdown for unhedged UK investors.

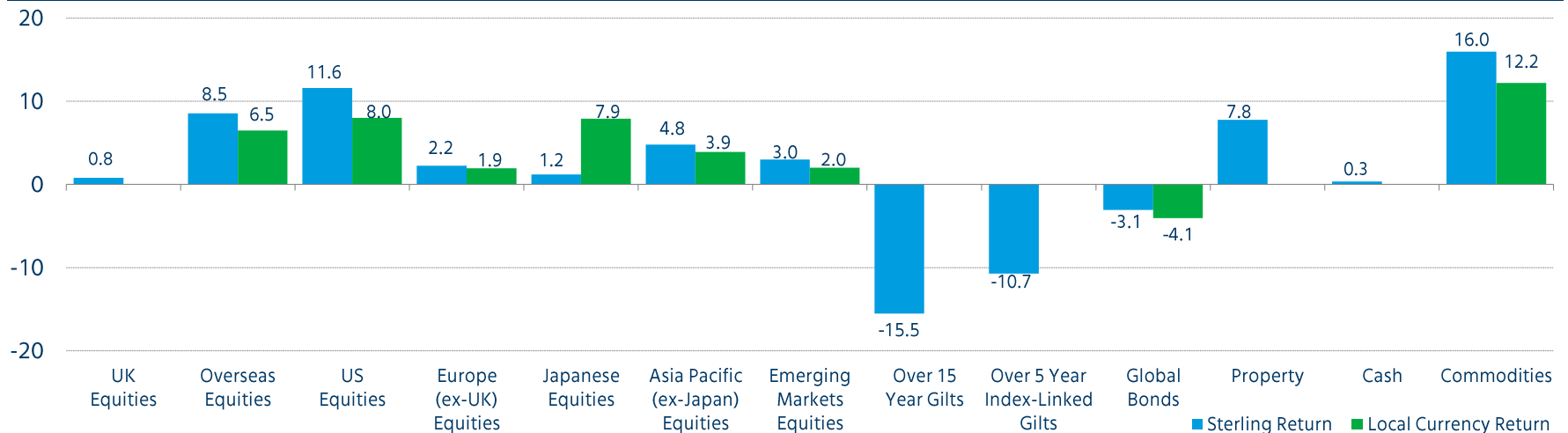
The conflict in Ukraine added to negative sentiment as Russia stepped up its anti-west rhetoric and further restricted natural gas supplies to Europe which exacerbated the energy crisis. On the other hand, supply chains continued to improve.

# Market background – 1 & 3 years

## Return over 12 months to 30 September 2022 (%)



## Return over 3 years to 30 September 2022 (% p.a.)





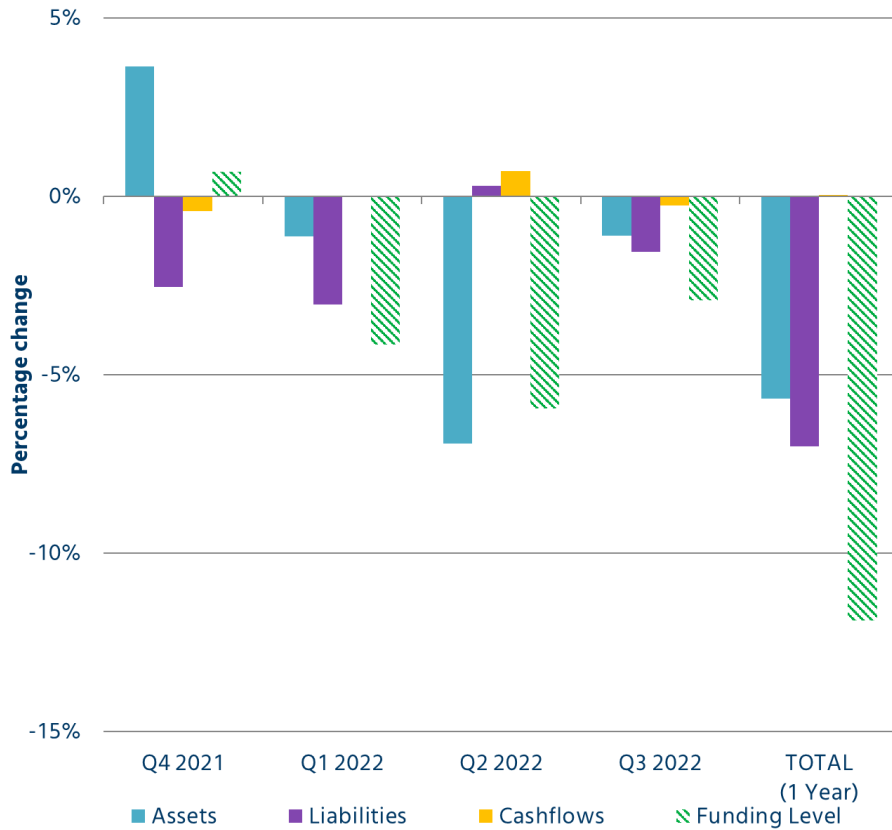
# Funding level and risk

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# Funding level and deficit

The Fund's assets contracted by 1.2% over the quarter, whilst the liabilities are expected to have risen by c. 1.6% due to the rise in inflation. The combined effect of this, also allowing for expected cashflow over the period, saw the estimated funding level decrease to c.89%.

The funding level is estimated to have decreased by c. 12% over the year to 30 September 2022.



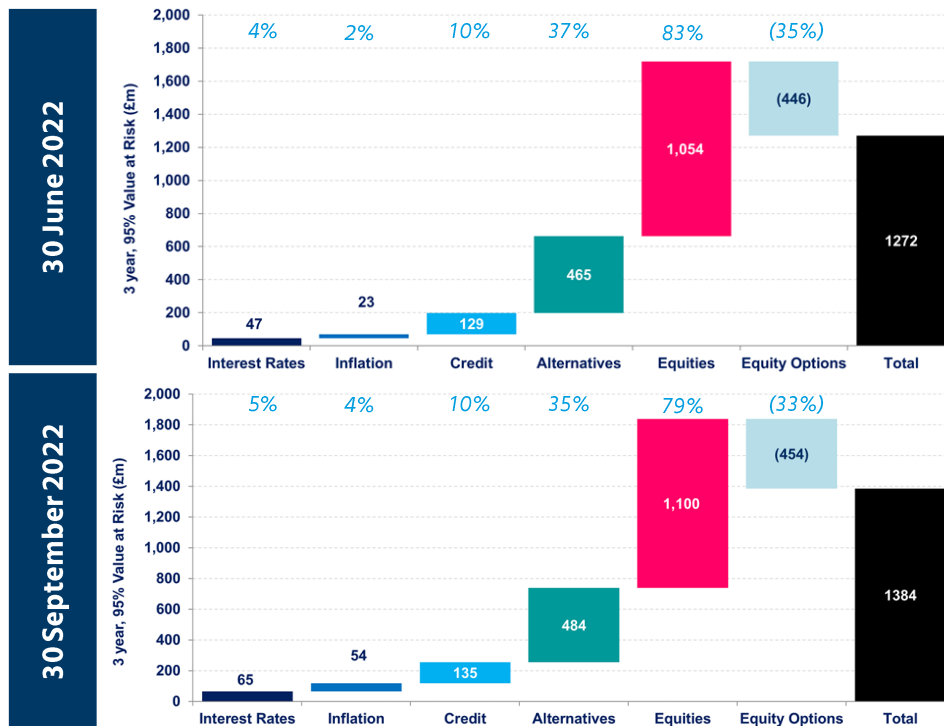
The deficit was estimated to have widened over Q3 to c.£675m:



Liability values are estimated by Mercer. They are based on the actuarial valuation assumptions as at 31 March 2019 and the 'CPI plus' discount basis. Impact figures are estimated by Mercer.

# Risk decomposition – 3 year Value at Risk

- The two charts below illustrate the main risks that the Fund is exposed to on the 2019 funding basis, and the size of these risks in the context of the change in the deficit position.
- The purpose of showing these is to ensure there is an awareness of the risks faced and how they change over time, and to initiate debate on an ongoing basis around how to best manage these risks, so as not to lose sight of the ‘big picture’.
- The final columns show the estimated 95<sup>th</sup> percentile Value-at-Risk (VaR) over a one-year period. In other words, if we consider a downside scenario which has a 1-in-20 chance of occurring, what would be the impact on the deficit relative to our ‘best estimate’ of what the deficit would be in three years’ time.



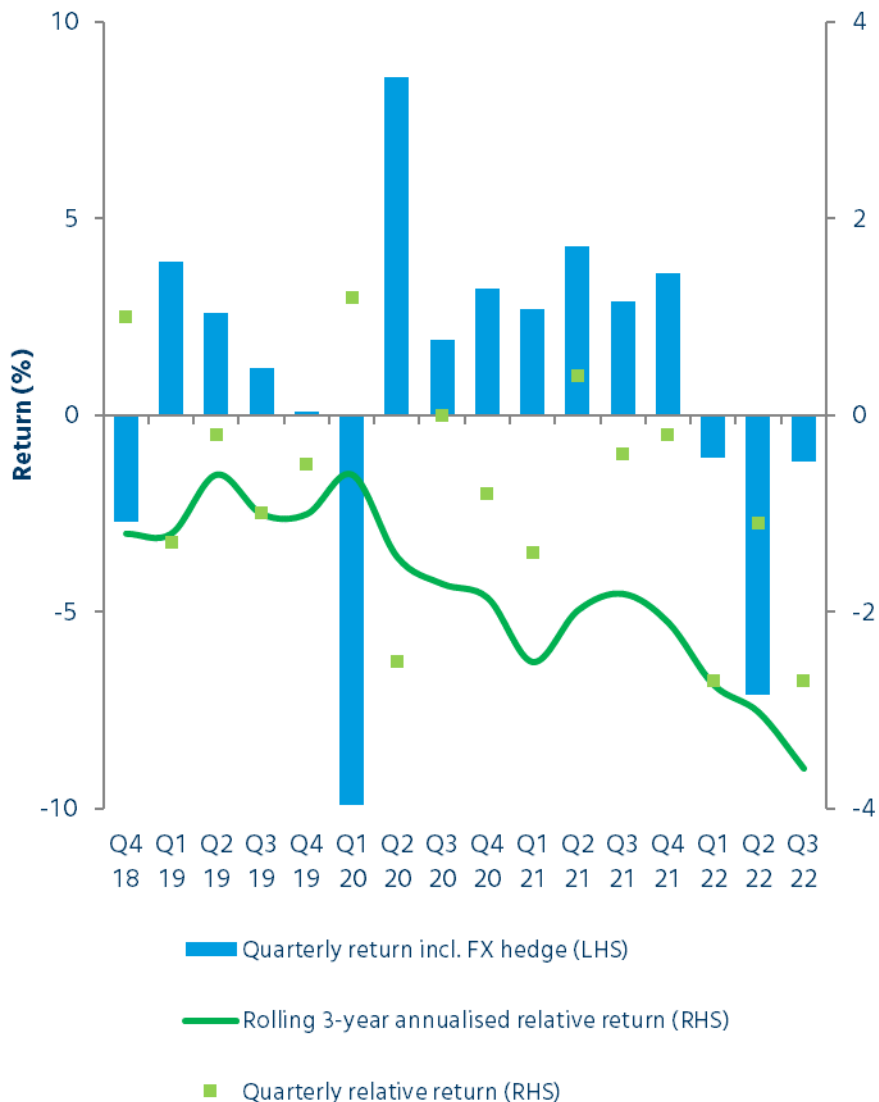
- As at 30 September 2022, if a 1-in-20 ‘downside event’ occurred over the next three years, the funding position could deteriorate by at least an additional **£1.4n**.
- Each bar to the left of the total represents the contribution to this total risk from the primary underlying risk exposures (interest rates and inflation, changes in credit spreads, volatility of alternative assets and equity markets, and the benefit from equity options).
- Overall **the VaR increased over the quarter**, due to increases in the expected underlying volatility of the assets.

VaR figures shown are based on approximate liability data rather than actual Fund cashflows, and are based on the strategic asset allocation at the time. They are therefore illustrative only and should not be used as a basis for taking any strategic decisions.

# Performance summary



# Total Fund performance



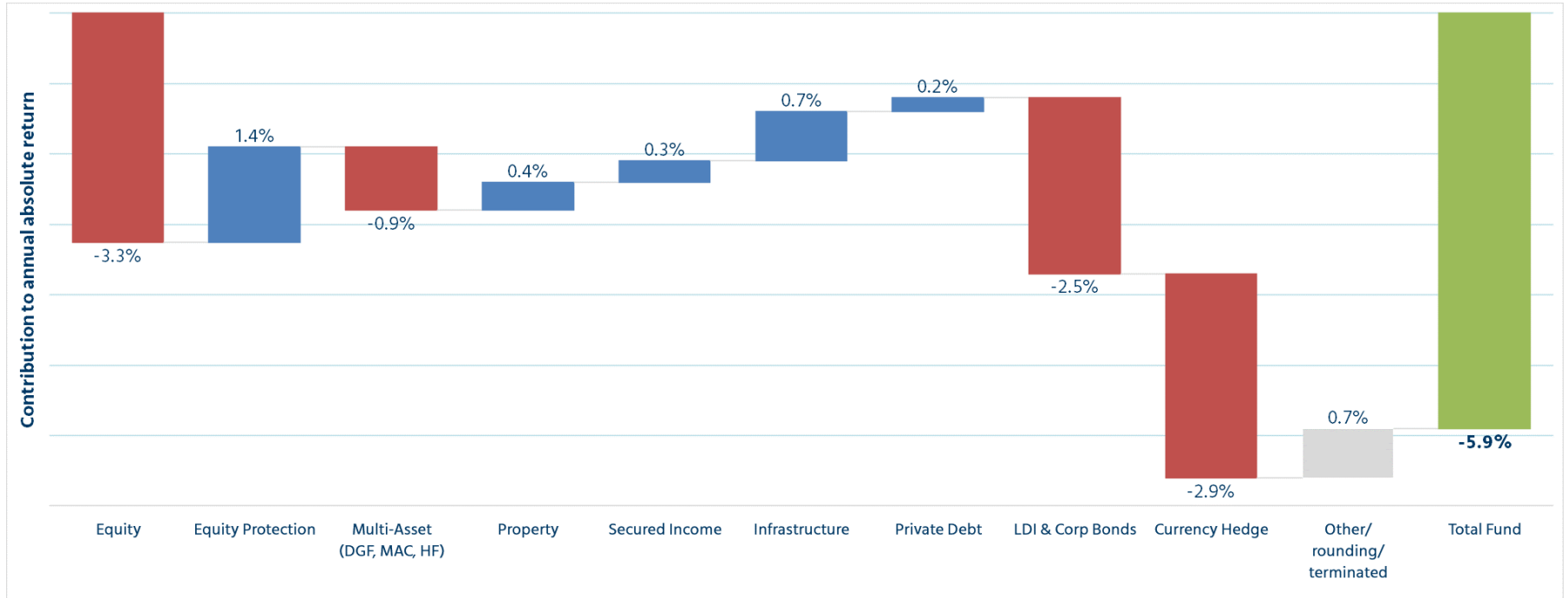
	3 Months (%)	1 Year (%)	3 Years (% p.a.)
Total Fund (1)	-1.2	-6.0	2.2
Total Fund (ex currency hedge)	0.4	-3.1	2.7
Strategic Benchmark (2) (ex currency hedge)	1.5	0.6	5.8
<b>Relative (1 - 2)</b>	<b>-2.7</b>	<b>-6.6</b>	<b>-4.6</b>

Source: Custodian, Mercer estimates. Returns are net of fees.

## Commentary

- As illustrated on the next slide, the fall in the value of Fund assets over the quarter was driven mainly by the Currency Hedge as Sterling weakened, although this was partially offset by positive returns elsewhere where there was overseas exposure. Corporate Bonds also saw a big sell-off due to the rise in gilt yields.
- In terms of relative performance, the Equity portfolio was overall broadly in line with the benchmark, although it has detracted over the one year period. Diversified Returns and Multi-Asset Credit detracted over the quarter and year.
- Within the Alternatives portfolio, Renewable Infrastructure has been a highlight over the quarter and one year. The UK Property portfolio contracted over the quarter but outperformed the broader property market and remains strongly up over the longer-term.
- Drivers of underperformance over three years include the Equity Protection strategy (as we would expect given the positive performance from the physical equity holdings, but this has provided valuable protection recently), Overseas Property and the more recent underperformance of the active equity and multi-asset mandates.

# Total Fund performance attribution –1 year



Source: Custodian and Mercer estimates

'Other' contributions to the total can include the relatively small holdings in the ETF, cash, the impact of cashflows and terminated mandates, as well as rounding.

The negative returns from equities, LDI and currency hedging drove negative performance over the 1 year period.

The alternative investments and Equity Protection cushioned losses.

# Mandate performance to 30 September 2022

Manager / Asset Class	3 Months			1 Year			3 Year			3 Year Performance Target (% p.a.)	3 Year Performance vs Target
	Fund (%)	B'mark (%)	Relative (%)	Fund (%)	B'mark (%)	Relative (%)	Fund (% p.a.)	B'mark (% p.a.)	Relative (% p.a.)		
BlackRock Passive Global Equity	2.1	2.1	0.0	-3.0	-2.9	-0.1	8.1	8.1	0.0	-	N/A (p)
Brunel Global High Alpha Equity	1.8	2.2	-0.4	-10.6	-2.5	-8.3	N/A	N/A	N/A	+2-3	N/A
Brunel Global Sustainable Equity	1.9	1.5	+0.4	-11.9	-3.7	-8.5	N/A	N/A	N/A	+2	N/A
Brunel Passive Global Equity Paris-Aligned	1.8	1.7	+0.1	N/A	N/A	N/A	N/A	N/A	N/A	-	N/A (p)
Brunel Diversified Returns Fund	-1.0	1.2	-2.2	-3.1	3.8	-6.6	N/A	N/A	N/A	+3-5	N/A
JP Morgan FoHF	-0.2	1.2	-1.4	-2.2	3.8	-5.8	7.3	3.3	+3.9	-	Target met
Brunel Multi-Asset Credit	-0.9	1.4	-2.3	-11.5	4.8	-15.6	N/A	N/A	N/A	-	N/A
Brunel UK Property	-3.5	-4.3	+0.8	15.9	10.9	+4.5	N/A	N/A	N/A	-	N/A
Partners Overseas Property*	0.5	2.5	-2.0	8.2	10.0	-1.6	1.7	10.0	-7.6	-	Target not met
Brunel Secured Income - Cycle 1	-3.9	1.6	-5.4	3.9	10.1	-5.6	3.8	4.5	-0.7	+2	Target not met
Brunel Secured Income - Cycle 2	-2.6	1.6	-4.1	11.3	10.1	+1.1	N/A	N/A	N/A	+2	N/A
IFM Core Infrastructure	-1.8	1.7	-3.4	7.4	5.8	+1.5	6.6	5.6	+0.9	-	Target met
Brunel Renewable Infrastructure - Cycle 1	8.0	1.6	+6.3	19.8	10.1	+8.8	9.1	4.5	+4.4	+4	Target met
Brunel Renewable Infrastructure - Cycle 2	6.7	1.6	+5.0	14.6	10.1	+4.1	N/A	N/A	N/A	+4	N/A
Brunel Private Debt - Cycle 2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	N/A
BlackRock Corporate Bonds	-20.8	-20.2	-0.8	-34.8	-34.3	-0.8	-11.9	-11.7	-0.2	-	N/A (p)
BlackRock LDI	-1.1	-1.1	0.0	-15.7	-15.7	0.0	-0.4	-0.4	0.0	-	N/A (p)
Equity Protection Strategy	0.4			3.0			-3.0			-	N/A

\*Since inception performance for Partners, which was the largest underperformer over the three year period, has been at 5.6% p.a.

Source: Investment Managers, Custodian, Mercer estimates. Returns are net of fees.

Returns are in GBP terms, except for JP Morgan whose performance is shown in local terms.

Relative returns have been calculated geometrically (i.e. the portfolio return is divided by the benchmark return) rather than arithmetically.

A summary of the benchmarks for each of the mandates is given in the Appendix.

Green = mandate exceeded benchmark. Red = mandate underperformed benchmark. Black = mandate performed in line with benchmark (mainly reflecting passive mandates).

Performance for JP Morgan and Partners in IRR terms. Performance for IFM is in TWR terms.

Performance of the Equity Protection Strategy is estimated by Mercer based on the change in market value of the options over time, accounting for realised profit/loss upon rolling of the strategy.

\*Partners performance is to 30 June 2022, as this is the latest data available. The mandate's inception was in 2009.

# Asset allocation

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# Valuations by asset class

Asset Class	Start of Quarter (£'000)	End of Quarter (£'000)	Start of Quarter (%)	End of Quarter (%)	Benchmark (%)	Ranges (%)	Relative (%)
Global Equity	960,653	1,328,632***	17.6	24.8	16.5	11.5 - 21.5	+8.3
Global Sustainable Equity	719,751	733,562	13.2	13.7	15.0	10 - 20	-1.3
Paris-Aligned Equity	522,026	256,262	9.6	4.8	10.0	5 - 15	-5.2
Diversified Returns Fund	522,169	481,942	9.6	9.0	6.0	4 - 10	+3.0
Fund of Hedge Funds*	119,113	58,096	2.2	1.1	-	No set range	+1.1
Multi-Asset Credit	288,351	285,847	5.3	5.3	6.0	3 - 9	-0.7
Property	399,363	393,148	7.3	7.3	7.5	5 - 10	-0.2
Secured Income	503,068	498,032	9.2	9.3	10.0	0 - 15	-0.7
Core Infrastructure	441,256	434,221	8.1	8.1	5.0	2.5 - 7.5	+3.1
Renewable Infrastructure	101,434	127,711	1.9	2.4	5.0	0 - 7.5	-2.6
Private Debt	64,267	95,518	1.2	1.8	5.0	0 - 7.5	-3.2
Corporate Bonds	108,803	126,403	2.0	2.4	2.0	No set range	+0.4
LDI & Equity Protection	593,303	603,696	10.9	11.3	12.0	No set range	-0.7
Other**	112,446	-58,164	2.1	-1.1	-	0 - 5	-1.1
<b>Total</b>	<b>5,456,148</b>	<b>5,365,047</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Source: Custodian, Investment Managers, Mercer. Red numbers indicate the allocation is outside of tolerance ranges.

Totals may not sum due to rounding and other residual holdings.

\*Mandate due to be terminated.

\*\*Valuation includes the internal cash, the ETF and currency instruments.

\*\*\*Includes £275m for illustrative purposes, which was in flight as at 30 September; arriving 5 October. £375m of exposure to this asset class on the valuation date is synthetic, however in practice the physical assets would be located within the LDI allocation.

The deviations from target for Global Equity and Paris-Aligned Equity are because assets were transferred from the latter to the former to support the BlackRock QIF. In aggregate the Equity portfolio was only overweight by 1.7%.

The overweight to Core Infrastructure reflects its stronger relative recent performance. It is offset by the underweight to Renewable Infrastructure.

The underweight to 'Other' reflects the negative mark-to-market value of the Currency Hedge portfolio.

# Valuations by manager

Manager	Asset Class	Start of Quarter (£'000)	Cashflows (£'000)	End of Quarter (£'000)	Start of Quarter (%)	End of Quarter (%)
BlackRock	Global Equity**	321,713	350,000	678,367	5.9	12.6
Brunel	Global High Alpha Equity	624,338		635,774	11.4	11.9
Brunel	Global Sustainable Equity	719,751		733,562	13.2	13.7
Brunel	Passive Global Equity Paris Aligned	522,026	-275,000	256,262	9.6	4.8
Brunel	Diversified Returns Fund	522,169	-35,000	481,942	9.6	9.0
JP Morgan	Fund of Hedge Funds	119,113	-65,873	58,096	2.2	1.1
Brunel	Multi-Asset Credit	288,351		285,847	5.3	5.3
Brunel	UK Property	221,124	-114	213,281	4.1	4.0
Partners	Overseas Property	166,227	-2,165	167,737	3.0	3.1
Brunel	Secured Income – Cycle 1	389,926	-2,047	372,574	7.1	6.9
Brunel	Secured Income – Cycle 2	113,142	15,337	125,458	2.1	2.3
IFM	Core Infrastructure	441,256		434,221	8.1	8.1
Brunel	Renewable Infrastructure – Cycle 1	76,871	7,408	90,944	1.4	1.7
Brunel	Renewable Infrastructure – Cycle 2	24,562	9,721	36,767	0.5	0.7
Brunel	Private Debt – Cycle 2	64,267	24,405	95,518	1.2	1.8
BlackRock	Corporate Bonds	108,803	33,780	126,403	2.0	2.4
BlackRock	LDI & Equity Protection	593,303		603,696	10.9	11.3
Record	Currency Hedging*	-73,019	35,000	-125,946	-1.3	-2.3
BlackRock	ETF	95,672	-96,740	1,980	1.8	0.0
Internal Cash	Cash	102,417	248,407	78,853	1.9	1.5
<b>Total</b>		<b>5,456,148</b>		<b>5,365,047</b>	<b>100.0</b>	<b>100.0</b>

Source: Investment Managers, Mercer. Totals may not sum due to rounding and other residual holdings.

The cashflow column shows only the cash movements within the asset portfolio. It does not include non-investment cash movements such as employer contributions or pension payments made, however these amounts are included in the 'Internal Cash' start and end balance to reflect the asset value position of the total Fund.

\*Valuation includes the collateral holdings for the currency overlay.

\*\*Includes £275m for illustrative purposes, which was in flight as at 30 September; arriving 5 October. £375m of exposure to this asset class on the valuation date is synthetic, however in practice the physical assets would be located within the LDI allocation.

# Appendix

# Q3 2022 equity market review

Equity markets weakened across the globe as financial conditions tightened, input prices rose and recessionary risks increased. Equities staged a recovery rally early in the quarter on the back of hopes of the tightening cycle coming to an end, but optimism dissipated in August.

**Global Equities** returned -4.8% in local currency terms (but +1.4% in sterling terms as the currency depreciated sharply versus the dollar).

**US equities** returned -4.8% in local terms, whilst European (ex-UK) equities returned -4.7%. Japanese equities returned -1.2%.

**Emerging markets ('EM') equities** -7.7% in local terms.

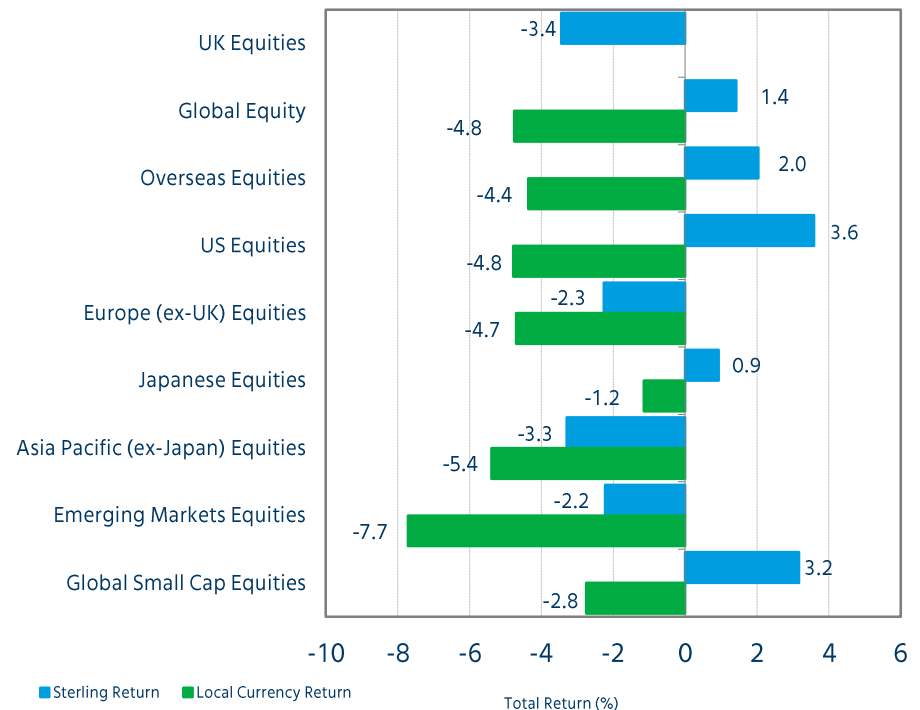
**Global small cap stocks** returned -2.8% in local terms. Small caps slightly outperformed global equities due to their lower implied duration but remain vulnerable in a recessionary environment due to their cyclical nature.

**The FTSE All Share** index returned -3.4% over the quarter with the large cap **FTSE 100** index returning -2.7%. Overall sentiment towards the UK was weakened over the quarter as a result of general market volatility but the high share of companies with significant foreign earnings mitigated the shock somewhat, leading to an overall outperformance of UK over global equities. Exposure to oil & gas also helped.

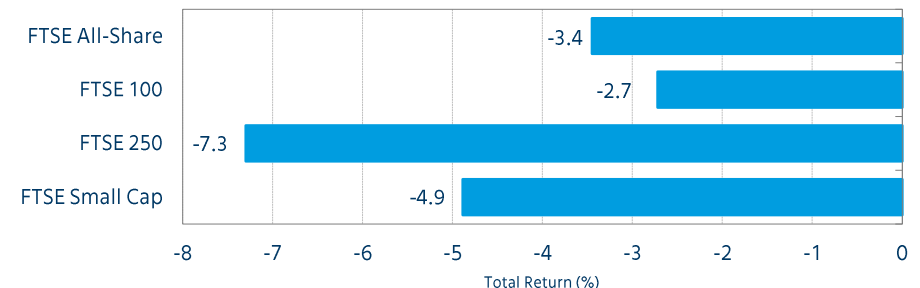
**UK small cap and mid-cap** stocks that are more reflective of the domestic UK economy produced negative returns, reflecting the economic challenges the UK is facing and expected impact on earnings for companies more exposed to the domestic market.



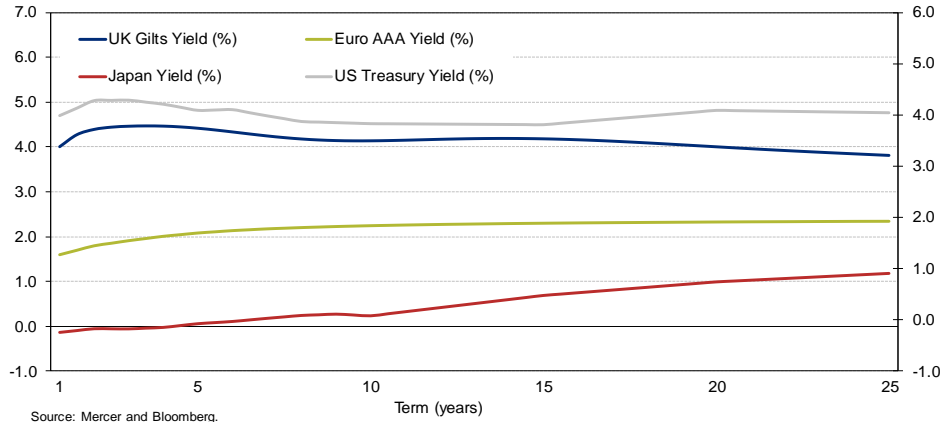
Equity Performance - Three Months to 30 September 2022



FTSE Performance by Market Cap - Three Months to 30 September 2022



# Q3 2022 bond market review

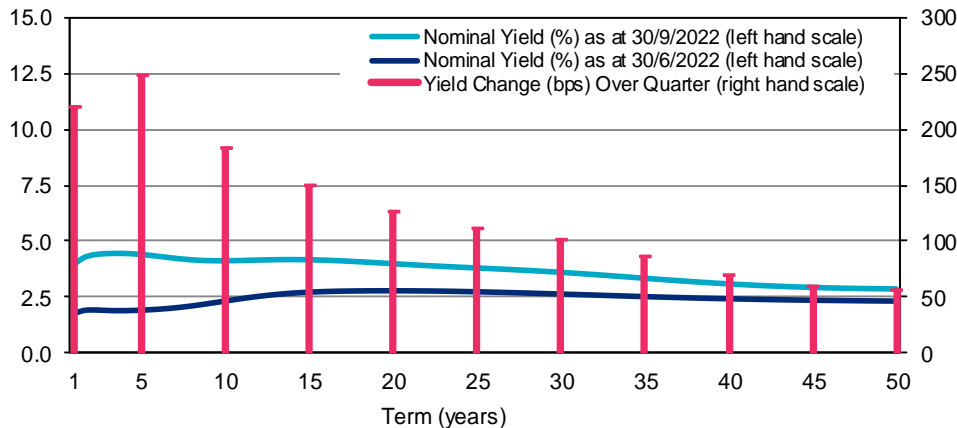


## Government Bond Yields

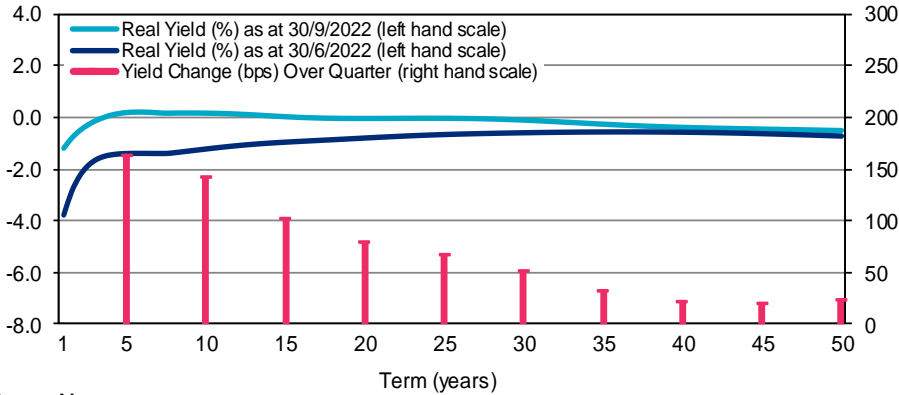
Global government bond yield curves rose significantly over the quarter. Central bank tightening led to higher yields at the short end of the curve. Longer dated yields rose as well but to a lesser degree which kept yield curves flat.

The UK went through a major government bond (gilt) sell-off after its government announced a mini budget that markets deemed fiscally unsound. The 10-year gilt yield soared by over 130 basis points and ended the quarter at over 4%. Markets positioned for the Bank of England having to double down on tightening in order to offset the expansionary mini budget. Soaring yields led to a scramble for collateral by UK pension plans who use leverage for liability hedging strategies. This ultimately led to the Bank of England providing liquidity support at the longer end of the yield curve.

Both the Fed and the Bank of England raised interest rates over the quarter several times and are expected to continue to tighten policy throughout the rest of 2022 and into 2023. Eurozone yields also rose significantly; the European Central Bank raised rates twice over the quarter, frontloading the normalization period, noting inflation remains "far too high" and that further hikes would likely be appropriate.



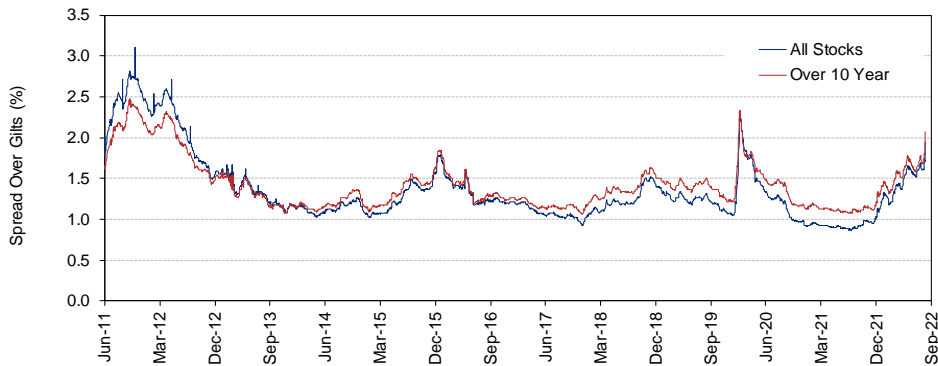
# Q3 2022 bond market review



Source: Mercer.

## UK Index-Linked Gilt Yields

UK real yields rose across the curve for the same reason as nominal yields. Market based measures of inflation expectations, in the form of breakeven inflation, rose over the quarter. The UK 10-year breakeven rate rose to 4.2%, 46bps higher than at the end of last quarter. The increase in breakevens and the increase in real yields led to a much larger increase in nominal yields.



Source: Refinitiv.

## Corporate bonds

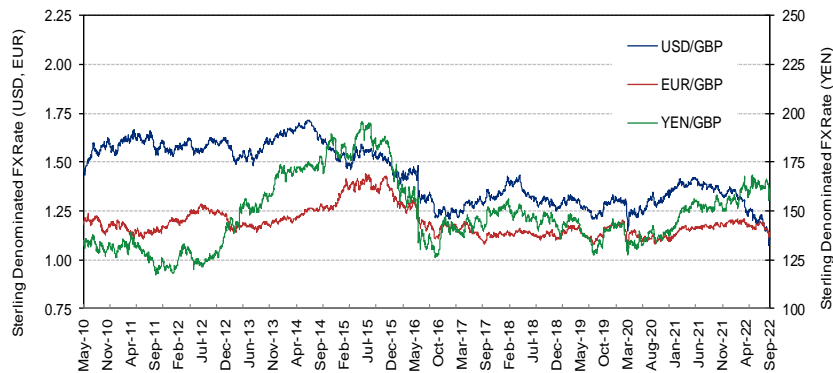
Spreads on UK investment grade credit widened for the quarter, as corporate bond yields increased in light of slowing growth concerns and fiscal headwinds.

# Q3 2022 currency market review

Sterling sharply depreciated versus major currencies over the quarter. Monetary policy divergence between the regions was one of the drivers as well, as the market sell-off in the UK late in the quarter.

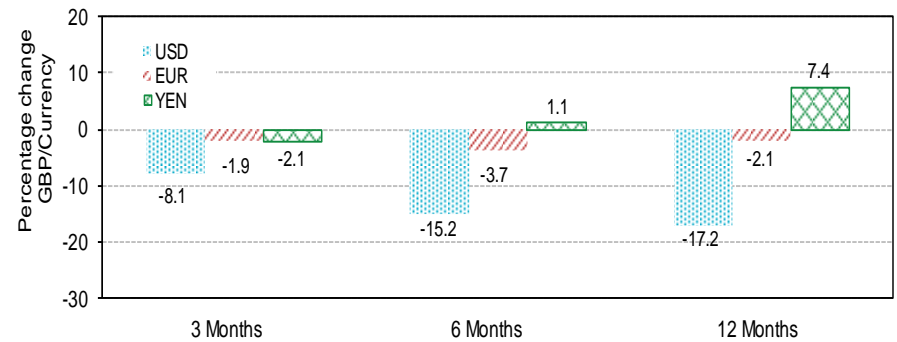
On a 12-months basis, sterling has appreciated versus yen as the prospect of tighter monetary policy and thus higher real rates made Sterling more attractive relative to the former. Sterling weakened against US dollar (-17.2%), as both growth prospects and the real yield outlook favoured the latter. Over 12-months Sterling has depreciated 2.1% versus the Euro.

**Sterling Denominated FX Rate**



Source: Refinitiv.

**Change in sterling against foreign currencies**



Source: Refinitiv.

# Q3 2022 property

UK property as measured by the MSCI Index decreased by 4.1% over the quarter to 30 September 2022.

# Summary of mandates

Manager	Mandate	Benchmark/Target	Outperformance Target (p.a.)	Inception Date
BlackRock	Passive Global Equity	MSCI World	-	December 2017
Brunel	Global High Alpha Equity	MSCI World	+2-3%	November 2019
Brunel	Global Sustainable Equity	MSCI AC World	+2%	September 2020
Brunel	Passive Global Low Carbon Equity	MSCI World Low Carbon	-	July 2018
Brunel	Passive Global Equity Paris Aligned	FTSE Developed World PAB Index	-	October 2021
Brunel	Diversified Returns Fund	SONIA +3-5% p.a.	-	July 2020
JP Morgan	Fund of Hedge Funds	SONIA +3% p.a.	-	July 2015
Brunel	Multi-Asset Credit	SONIA +4-5% p.a.	-	June 2021
Brunel	UK Property	MSCI/AREF UK Quarterly Property Fund Index	-	January 2021
Partners	Overseas Property	Net IRR of 10% p.a. (local currency)	-	September 2009
Brunel	Secured Income	CPI	+2%	January 2019
IFM	Core Infrastructure	SONIA +5% p.a.	-	April 2016
Brunel	Renewable Infrastructure	CPI	+4%	January 2019
Brunel	Private Debt	SONIA + 4% p.a.	-	September 2021
BlackRock	Buy-and-Maintain Corporate Bonds	Return on bonds held	-	February 2016
BlackRock	Matching (Liability Driven Investing)	Return on liabilities being hedged	-	February 2016
Record	Passive Currency Hedging	N/A	-	March 2016
BlackRock	Exchange-Traded Fund (ETF)	Bespoke benchmark to reflect total Fund allocation	-	March 2019
Cash	Internally Managed	-	-	-



# Market background indices

Asset Class	Index
UK Equity	FTSE All-Share
Global Equity	FTSE All-World
Overseas Equity	FTSE World ex UK
US Equity	FTSE USA
Europe (ex-UK) Equity	FTSE World Europe ex UK
Japanese Equity	FTSE Japan
Asia Pacific (ex-Japan) Equity	FTSE World Asia Pacific ex Japan
Emerging Markets Equity	FTSE AW Emerging
Global Small Cap Equity	MSCI World Small Cap
Hedge Funds	HFRX Global Hedge Fund
High Yield Bonds	BofA Merrill Lynch Global High Yield
Emerging Market Debt	JP Morgan GBI EM Diversified Composite
Property	IPD UK Monthly Total Return: All Property
Commodities	S&P GSCI
Over 15 Year Gilts	FTA UK Gilts 15+ year
Sterling Non Gilts	BofA Merrill Lynch Sterling Non Gilts
Over 5 Year Index-Linked Gilts	FTA UK Index Linked Gilts 5+ year
Global Bonds	BofA Merrill Lynch Global Broad Market
Global Credit	Barclays Capital Global Credit
Eurozone Government Bonds	BofA Merrill Lynch EMU Direct Government
Cash	BofA Merrill Lynch United Kingdom Sterling LIBOR 3 month constant maturity

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