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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 fell marginally in the first quarter of 2016 from £563.67 to £561.24, a decrease of 0.4%. This compares to the 10.1% increase in the final quarter of 2015 and 20% over the whole year. It should be noted that it is usual for premium growth to be low in the first quarter because of competitive pressures – the start of the year is when most motor cover is purchased. Even after the 20% rise in average premiums over 2015, average premiums are still significantly lower than they were five years ago (£622).

North West England remains the most expensive place to insure a car, with the average quote being £727.88. Young drivers (aged 17-22) pay the most and also experienced, over the quarter, the greatest increase in average premiums of 2.1%, from £1,244.93 to £1,270.89. Those in the 30-39 age group saw the largest fall in average premiums from £495.01 to £487.10, a 1.6% decrease.

The Chancellor of the Exchequer announced that the Insurance Premium Tax (IPT) will increase further from 9.5% to 10% on 1 October 2016. Given that the IPT was 6% in November 2015, the tax will have risen by 67% in total in under a year, adding 3.8% to premiums.

Abuse of the Claims System and Fraud

The AA expects personal injury claims and fraud to be ongoing problems for motor insurers and for these issues to continue to drive up motor premiums.

Detection software is being increasingly used by insurance companies: Screening cases at the point of application to indicate those policies which should be avoided is stopping some fraudulent motorists from even taking out policies. Using such methods, which identify suspicious applications and checks against past cases, one motor insurance firm identified over 11,000 cases of personal motor application fraud and avoided over £3 million worth of fraudulent claims in 2015.

In an investigation by Aviva into why the UK has such a prevalent compensation culture it was found that the majority of motorists deem fraudulent claims activity to be as intolerable as drink-driving. Eighty-seven percent of respondents believe it is unacceptable to make a false whiplash claim, with a comparable 88% responding the same way to drink-driving.

Telematics and Driverless Cars

George Osborne, in his March budget, announced that driverless cars could be allowed on motorways as early as 2017. Trials are taking place this year on less busy roads to ensure safety before the technology is introduced on a widespread basis. Some insurers claim that automated cars will prevent more deaths than the seatbelt – as over 90% of road accidents are due to human error. Fewer accidents and therefore fewer deaths should then lead to cheaper motor insurance premiums (although the nature of the cover will change to reflect the change in the underlying risks).

Driverless cars and the increasing connectivity of vehicles means that motoring is increasingly vulnerable to hacking. One research group has estimated that 250 million vehicles will be directly connected to the internet by 2020 while a leading technology security expert has said that although connected cars will be safer than they have been in the past, they will be less secure. Governments and car manufacturers will struggle to keep pace with hackers as their methods develop; it could therefore be up to a decade before cars are not so vulnerable to hacking.

The rate at which telematics insurance is being taken up appears to be increasing: Sales of telematics insurance have increased by 66% over the past year. A poll found that nearly 60% of drivers would consider using telematics if their insurance premiums were lower as a result. However, there is still a large proportion of drivers who are wary of how their personal data is being used and would therefore not consider telematics insurance. Further education in how personal data is used is needed if telematics insurance is to appeal to more motorists.

Telematics also benefit businesses and these advantages extend further than just monitoring drivers. A survey of 500 UK businesses who purchased telematics insurance found that over half saw a reduction in speeding incidents, 68% of respondents reported lower fuel costs and over half experienced less vehicle wear and tear. The ability to monitor vehicles promotes efficiency (in terms of maintenance needs and the overall efficiency of the vehicle) as well as safe driving.

COMMENTS

HOME INSURANCE

The first quarter of 2016 produced further evidence that the trend of falling average premiums for home insurance is coming to an end after almost continually falling since 2012. Based on AA Shoparound average premiums:

- The average premium for home buildings policy increased over the quarter by 5.4% from £108.62 to £114.52 (an increase of 12.3% annually).
- The average premiums for a contents policy increased over the quarter by 0.7% from £60.06 to £60.47 (a decrease of 1.2% annually).
- The average premium for a combined buildings and content policy increased over the quarter by 3.8% from £151.81 to £157.51 (an increase of 2.8% annually).

The downwards trend due to competitive pressure and better than expected weather conditions has been reversed, partially because of the rise in the Insurance Premium Tax. Although the AA believe that premiums have now been pushed down by competition as far as they can be, it does not expect premiums to rise substantially over the coming months unless there is a significant volume of claims due to weather damage (in excess of £1 billion).

Flood Re, the not-for-profit reinsurance fund which will provide affordable flood cover for high-risk properties, went live on 4 April 2016 and is now accepting policies from insurers. The scheme will cover approximately 350,000 households in the UK – with 85% of these in England. Flood Re will stop operating in 2039, and this quarter a first plan was published explaining out how Flood Re will work with partners so that they are able to offer similar low prices once the scheme is finished in 2039.

It should be noted that the £700 million raised by the increase in the Insurance Premium Tax will be entirely devoted to funding new flood defences, acting upon criticism of current flood defences after the flooding towards the end of 2015.

ECONOMY

The UK economy grew by 0.4% over the first quarter of 2016, lower than the 0.5% forecast and the previous quarter growth of 0.6%. Services increased by 0.6%, compared to 0.8% last quarter; this fall was mainly due to the slowdown in growth of the business services and finance sector, where growth fell from 0.7% to 0.3%. Mining and quarrying decreased by 2.2%, the same as the previous quarter, and following 0.3% growth in the fourth quarter of 2015, construction fell by 0.9%. Interest rates have now been kept at a historic low of 0.5% for seven years. The Bank of England revised its inflation expectations downwards for 2016 because of the increasing fragility of the global economy and uncertainty relating to the British EU Referendum.

The Euro Area as a whole expanded by 0.5% in the first quarter of 2016, higher than the previous quarter's growth of 0.3% but lower than the 0.6% forecast. The European Central Bank cut the benchmark refinancing rate to 0% in March, a record low, while quantitative easing will be kept at €80 billion per annum. It is expected that rates will remain at 0% for some time, or perhaps become negative with the potential for deflation in 2016.

- Germany grew 0.7% after growing 0.3% in both of the previous two quarters. This was the highest figure since the first quarter of 2004 and above market expectations of 0.5%. Household and government expenditure increased while foreign trade contributed negatively to GDP growth – with net exports declining.
- The French economy grew 0.5%, higher than the 0.3% of both the forecast and previous quarter. Households' final consumption expenditure grew by 1.2% after contracting by 0.1% in the previous quarter. The trade balance contributed negatively to GDP growth with exports declining 0.2% and imports growing 0.5%.
- Italy grew by 0.3% as forecast, higher than the 0.1% growth rate of the previous quarter. This fifth consecutive quarter of GDP growth was driven by domestic demand while net exports fell. While it appears the Italian economy is starting to grow sustainably, government growth projections for the full year have been downgraded from 1.6% to 1.2%.
- Elsewhere in the Euro Area, Spain has grown consistently at 0.8% for the past three quarters while Greece contracted 0.4% following the revised 0.1% growth figure for Q4 of 2015.

COMMENTS

The US experienced a relatively weak annualised quarterly growth rate of 0.5%, compared to the 1.4% of the previous quarter and the 0.6% forecast. Personal consumption growth slowed, growing 1.9% compared to the 2.4% of the previous period. After spending on durable goods increased by 3.8% in Q4 of 2015, spending actually decreased over the period by 1.6%. Non-residential investment also contributed to the slowdown in growth, shrinking by 5.9% after falling 2.1% previously. The trade balance also had a negative impact on GDP, with imports growing and exports shrinking. Interest rates were left unchanged in April, after the Federal Reserve increased rates from near zero for the first time in almost a decade in December. Rates will stay at 0.5% until inflation reaches 2%, the Fed has said, as it waits for the US's economic position to strengthen. Economists expect interest rates to increase in 2016 – with the next opportunity being in June.

Weak global demand has been a problem for China, which grew by 1.1%, the lowest quarterly rate since data collection began in 2010. This was lower than the forecast and previous quarterly growth rate – which were both 1.5%. The sharp decline in the stock markets at the beginning of 2016 has affected private consumption: Retail sales growth fell from 11.1% to 10.3% over the quarter and merchandise exports fell 9.6% year on year. Looser monetary policy has caused investment, particularly infrastructure and factory construction, to pick up. China continues to undergo fundamental structural economic change, with the tertiary sector increasing a further two percentage points to 56.9% of GDP.

MARKETS

UK equities exhibited weaker performance in the first quarter of 2016 compared to the fourth quarter of 2015.

- The FTSE 250 contracted by 2.4% (after 5.0% growth in the fourth quarter of 2015)
- The FTSE Small Cap contracted by 1.4% (after 4.1% growth in the fourth quarter of 2015)
- The FTSE All Share contracted by 0.4% (after 4.0% growth in the fourth quarter of 2015)
- The FTSE 100 grew by 0.1% (after 3.7% growth in the fourth quarter of 2015)

With the exception of the Emerging Markets, there was a relatively weak performance by overseas markets, too.

- Japanese equities contracted by 4.3% (after 12.5% growth in the fourth quarter of 2015)
- The Emerging Markets grew by 8.8% (after 3.1% growth in the fourth quarter of 2015)
- North American equities grew by 4.2% (after 9% growth in the fourth quarter of 2015)

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

- Corporate (AAA) grew by 7% (after a contraction of 0.2% in the fourth quarter of 2015)
- Corporate (AA) grew by 3.7% (after growth of 0.3% in the fourth quarter of 2015)
- Corporate (A) grew by 3% (after growth of 1.1% in the fourth quarter of 2015)
- Corporate (BBB) grew by 2.6% (after growth of 1.1% in the fourth 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
1999	Q1	138.0	97.4		358.9	406.7					
	Q2	140.4	98.5		374.3	418.8					
	Q3	140.0	98.7		386.2	430.7					
	Q4	140.6	99.2		409.2	455.8					
	Annual	1.9%	2.2%		15.7%	14.3%					
2000	Q1	142.0	99.6		433.4	472.3					
	Q2	142.1	99.6		452.5	501.7					
	Q3	142.5	100.1		468.3	520.2					
	Q4	143.7	100.2		485.8	544.6					
	Annual	2.2%	1.1%		18.7%	19.5%					
2001	Q1	146.0	101.7		507.2	578.5					
	Q2	147.3	103.2		511.7	592.9					
	Q3	147.7	103.9		521.3	603.8					
	Q4	149.3	105.0		530.9	613.1					
	Annual	3.9%	4.8%		9.3%	12.6%					
2002	Q1	150.9	106.1		535.7	621.4					
	Q2	151.9	106.5		540.3	622.9					
	Q3	152.7	107.1		545.1	626.7					
	Q4	153.0	107.5		550.0	633.9					
	Annual	2.5%	2.3%		3.6%	3.4%					
2003	Q1	154.3	108.3		554.0	639.1					
	Q2	154.6	108.7		556.0	638.8					
	Q3	155.0	109.2		562.3	646.7					
	Q4	156.1	109.7		563.7	645.5					
	Annual	2.0%	2.0%		2.5%	1.8%					
2004	Q1	155.9	110.3		562.6	645.6					
	Q2	155.9	110.8		550.3	639.5					
	Q3	155.8	109.6		545.2	640.8					
	Q4	156.2	109.5		548.0	644.6					
	Annual	0.1%	-0.1%		-2.8%	-0.1%					
2005	Q1	154.7	108.9		544.1	643.3					
	Q2	151.8	107.2		548.7	648.9					
	Q3	153.6	109.5		554.9	664.2					
	Q4	154.8	109.0		552.6	666.6					
	Annual	-0.9%	-0.4%		0.9%	3.4%					
2006	Q1	155.7	110.1		549.8	678.2					
	Q2	155.0	110.3		552.9	676.3					
	Q3	154.5	107.4		559.8	707.5					
	Q4	156.4	106.8		584.1	708.4					
	Annual	1.1%	-2.0%		5.7%	6.3%					
2007	Q1	157.7	108.1		581.8	704.0					
	Q2	154.7	106.7		596.3	713.3					
	Q3	159.3	109.2		604.3	738.8					
	Q4	161.6	109.6		615.3	764.2					
	Annual	3.3%	2.6%		5.3%	7.9%					
2008	Q1	161.3	110.7			612.2			612.2	757.1	
	Q2	162.1	110.8	254.7		630.7			630.7	798.2	
	Q3	165.0	106.1	249.8		650.3			650.3	793.7	
	Q4	173.7	104.4	253.4		669.1			669.1	821.0	
	Annual	7.5%	-4.7%			8.7%			8.7%	7.4%	
2009	Q1	174.1	107.3	255.1		678.0			678.0	815.9	
	Q2	178.4	103.9	260.2		702.0			702.0	853.5	
	Q3	181.2	105.8	260.1		741.0			741.0	933.2	
	Q4	192.0	112.5	280.9		794.3			794.3	1016.0	
	Annual	10.5%	7.7%	10.8%		18.7%			18.7%	23.8%	
2010	Q1	195.5	109.6	290.5		769.0			769.0	970.6	
	Q2	200.4	111.1	292.3		862.0			862.0	1123.6	
	Q3	199.7	111.0	283.2		962.4			962.4	1233.4	
	Q4	210.1	112.6	290.3		1025.9			1025.9	1437.0	
	Annual	9.5%	0.1%	3.3%		29.1%			29.1%	41.4%	
2011	Q1	212.0	111.0	289.6		1090.7			1090.7	1549.3	
	Q2	206.9	112.9	289.7		1107.6			1107.6	1495.0	
	Q3	210.3	113.1	294.1		1116.6			1116.6	1497.2	
	Q4	215.6	117.6	301.9		1123.2			1123.2	1533.0	
	Annual	2.6%	4.5%	4.0%		9.5%			9.5%	6.7%	
2012	Q1	214.4	115.0	303.2		1123.7			1123.7	1553.3	
	Q2	208.9	113.2	296.2		1147.1			1147.1	1573.2	
	Q3	213.2	114.3	298.3		1114.9			1114.9	1508.2	
	Q4	216.8	116.0	302.3		1071.2			1071.2	1470.7	
	Annual	0.6%	-1.4%	0.1%		-4.6%			-4.6%	-4.1%	
2013	Q1	212.4	111.3	297.3		1037.5			1037.5	1408.9	
	Q2	205.3	105.4	285.9		968.9			968.9	1251.2	
	Q3	196.9	103.2	276.0		914.3			914.3	1167.6	
	Q4	196.1	102.2	273.7		889.4			889.4	1121.9	
	Annual	-9.6%	-11.9%	-9.5%		-17.0%			-17.0%	-23.7%	
2014	Q1	192.6	103.0	267.9		819.1			819.1	1046.7	
	Q2	187.9	102.1	262.9		806.7			806.7	1035.6	
	Q3	184.8	100.4	257.9		827.5			827.5	1103.8	
	Q4	188.3	99.3	262.8		826.2			826.2	1142.6	
	Annual	-3.9%	-2.9%	-4.0%		-7.1%			-7.1%	1.8%	
2015	Q1	179.2	95.8	251.1		805.3			805.3	1079.4	
	Q2	180.8	96.6	253.2		833.3			833.3	1095.5	
	Q3	177.2	92.3	245.8		843.3			843.3	1120.9	
	Q4	181.2	93.3	252.0		910.7			910.7	1163.5	
	Annual	-3.8%	-6.0%	-4.1%		10.2%			10.2%	1.8%	
2016	Q1	189.0	94.8	261.6		983.1			983.1	1179.4	
	Q2										
	Q3										
	Q4										
	Annual										

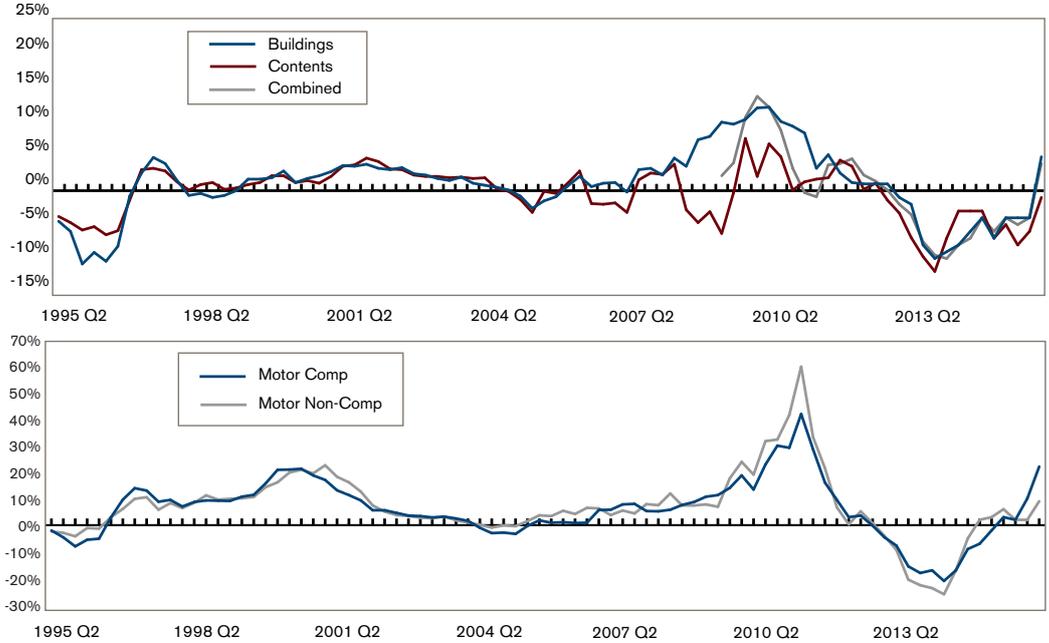
INSURANCE

INSURANCE PREMIUM INDEX—SHOPAROUND AVERAGE PREMIUM

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1999	Q1						2008	Q1	110.6	73.3	184.5	308.8	392.6
	Q2							Q2	115.8	75.5	193.6	320.4	417.1
	Q3							Q3	113.2	72.7	186.7	327.0	422.1
	Q4							Q4	112.4	69.8	184.7	335.0	434.9
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
2000	Q1						2009	Q1	117.1	73.2	190.0	337.6	447.0
	Q2							Q2	121.9	69.5	192.6	352.4	470.6
	Q3							Q3	119.3	69.3	192.6	369.3	509.6
	Q4							Q4	125.4	72.9	201.8	410.9	580.3
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2001	Q1						2010	Q1	124.9	74.4	204.5	413.4	606.3
	Q2							Q2	126.2	76.1	211.2	461.1	702.8
	Q3							Q3	128.3	79.6	205.5	514.3	787.5
	Q4							Q4	138.1	79.0	211.6	547.3	997.2
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2002	Q1						2011	Q1	141.9	83.3	210.8	579.4	1103.9
	Q2							Q2	141.0	82.4	214.0	600.1	1051.2
	Q3							Q3	146.6	84.2	217.2	598.4	1048.1
	Q4							Q4	151.2	87.9	223.5	630.9	1073.1
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2003	Q1						2012	Q1	151.9	86.4	226.9	624.1	1081.7
	Q2							Q2	150.7	86.3	230.4	650.9	1109.0
	Q3							Q3	154.3	87.0	232.8	631.9	1089.3
	Q4							Q4	154.6	87.4	231.5	613.4	1101.9
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2004	Q1						2013	Q1	150.7	84.6	229.2	616.8	1141.4
	Q2				301.1	323.9		Q2	146.9	84.2	223.8	587.5	1071.2
	Q3	93.0	81.4		295.9	333.1		Q3	141.2	81.6	215.4	555.9	1022.7
	Q4	92.8	79.9		290.0	326.8		Q4	141.8	80.8	213.1	539.0	946.2
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%
2005	Q1	92.4	78.4		289.8	326.0	2014	Q1	139.3	80.7	208.5	499.9	899.8
	Q2	93.2	76.7		293.0	326.6		Q2	133.3	80.8	201.3	477.8	824.3
	Q3	96.7	78.2		292.6	332.1		Q3	131.0	79.6	197.4	487.8	875.4
	Q4	96.5	77.7		295.7	342.2		Q4	137.3	77.9	202.1	499.6	907.2
	Annual	4.1%	-2.7%		1.9%	4.7%		Annual	-3.1%	-3.5%	-5.2%	-7.3%	-4.1%
2006	Q1	98.1	79.0		296.9	353.0	2015	Q1	131.1	74.2	192.6	506.1	914.6
	Q2	97.0	77.7		296.3	354.0		Q2	132.7	75.6	192.3	531.9	930.8
	Q3	96.7	77.1		292.3	348.2		Q3	131.0	72.9	188.1	565.0	976.5
	Q4	99.6	76.6		298.0	357.0		Q4	134.2	74.1	194.4	638.5	1024.6
	Annual	3.2%	-1.4%		0.8%	4.3%		Annual	-2.2%	-4.9%	-3.8%	27.8%	12.9%
2007	Q1	98.4	77.2		296.0	365.2	2016	Q1	143.2	75.3	204.3	676.8	1096.5
	Q2	95.0	74.6		302.4	369.0		Q2					
	Q3	100.5	75.2		300.8	378.1		Q3					
	Q4	111.0	73.1		312.5	386.4		Q4					
	Annual	11.4%	-4.5%		4.8%	8.2%		Annual					

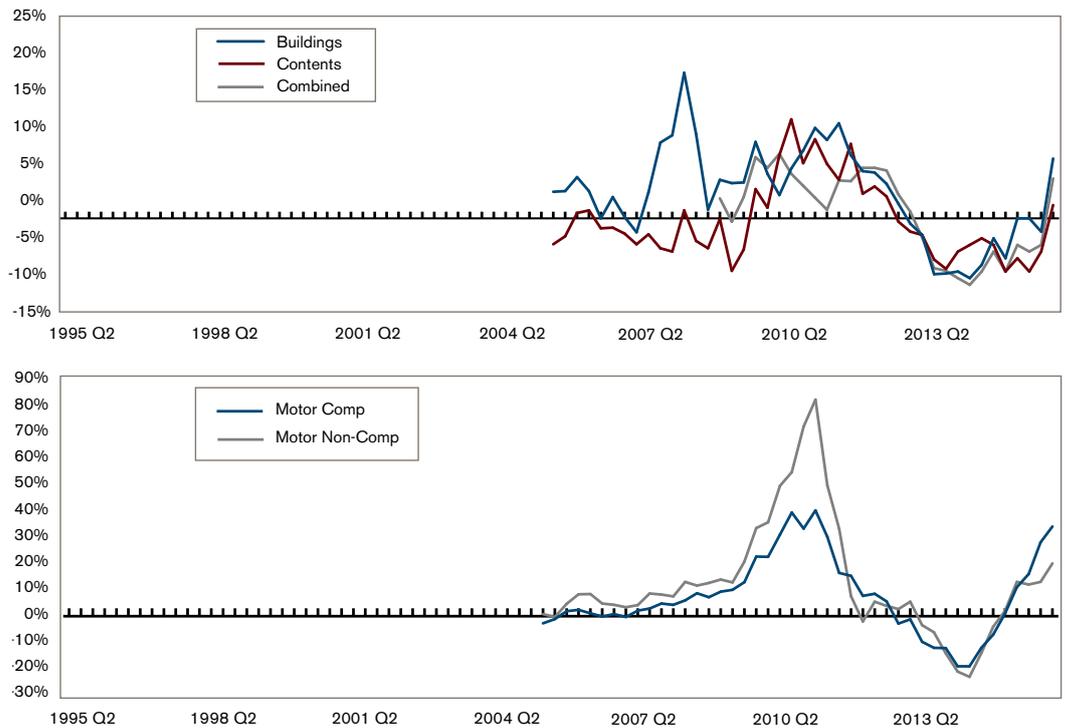
INSURANCE

MARKET AVERAGE PREMIUMS: ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS



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

SHOPAROUND AVERAGE PREMIUMS: ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS



Source for pages 4-6: AA British Insurance Premium Index

ECONOMICS

BANK BASE RATES

Effective Date	%	Effective Date	%	Effective Date	%	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	2016	Q1	1.44	1.26	162	
	Q2	1.55	2.37	170		Q2	1.84	1.44	211		Q2				
	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						

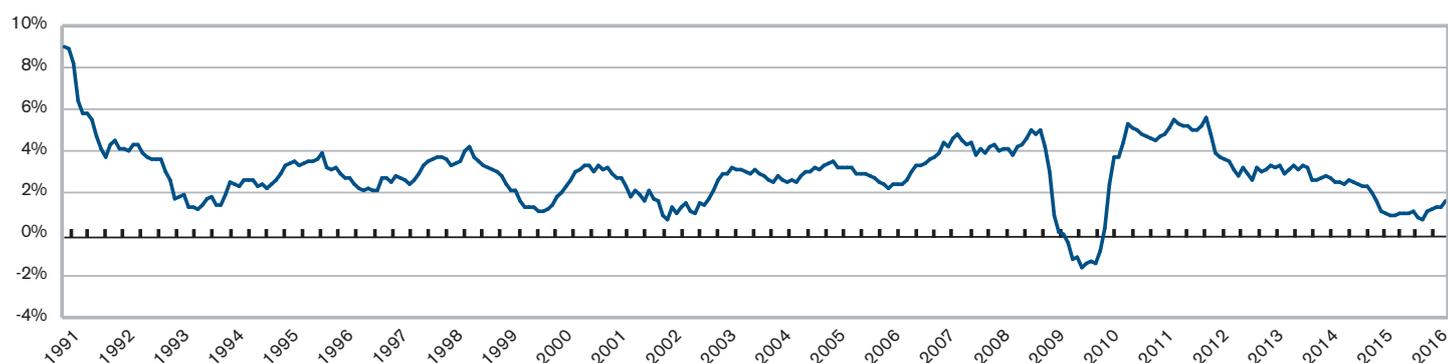
* Euro from Q1 1999

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										

Rolling Annual Increase on a Monthly Basis



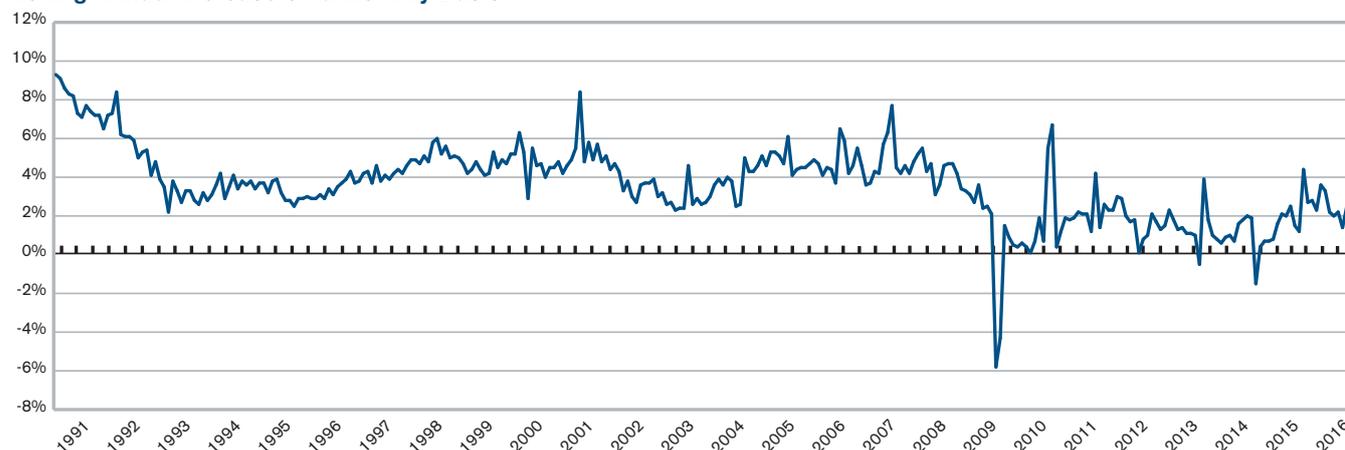
ECONOMICS

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	155.3	157.2										

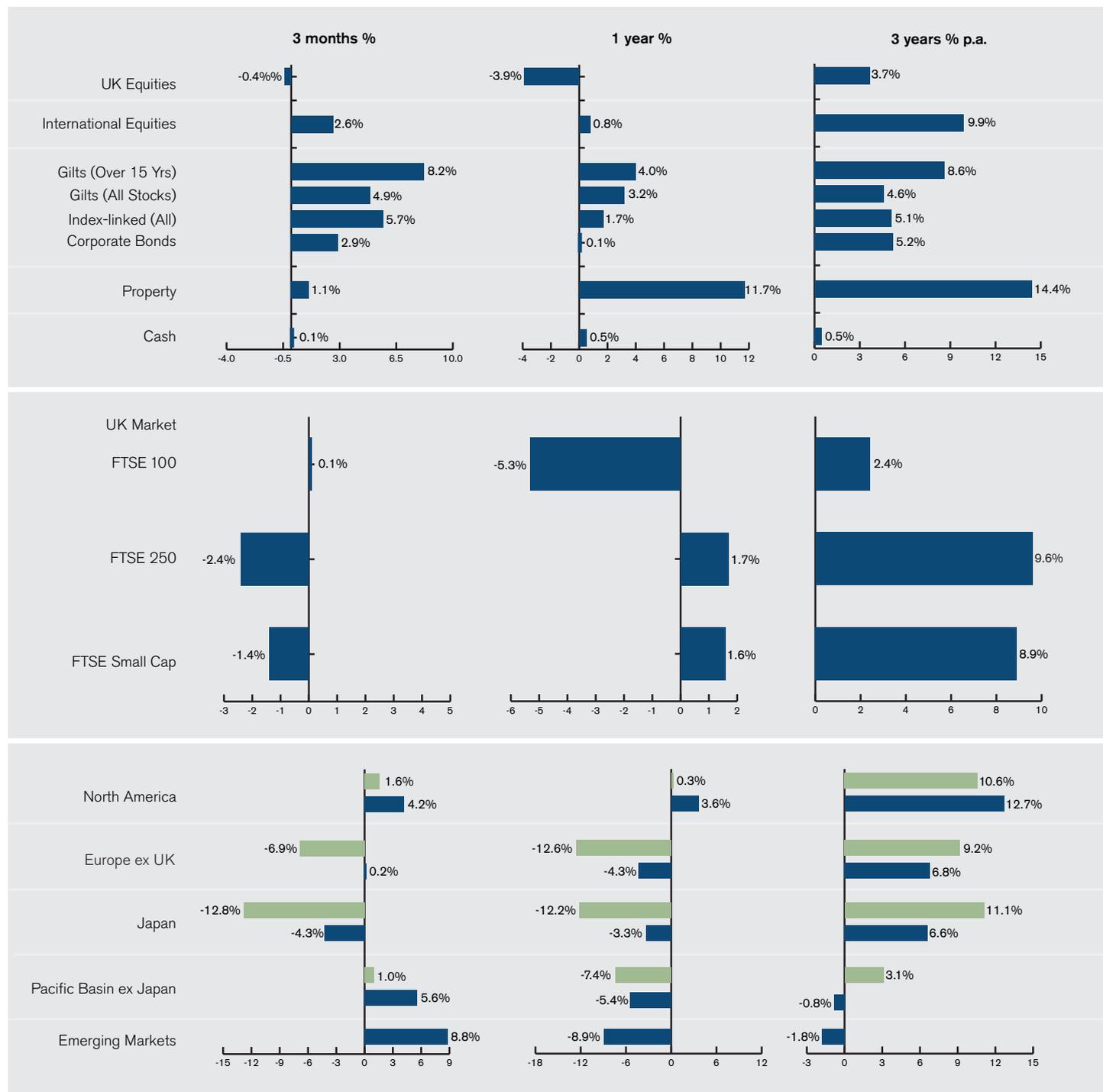
The National Average Earnings Index was discontinued as of September 2010, with the last data being supplied for July 2010. From August 2010, data from the National Weekly Earnings Index replaces the National Average Earning index. Subsequently, measures of past performance incorporating data from both 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	-0.4%	-3.9%	1.2%	3.7%	6.8%	5.7%	4.7%
FTSE 100	0.1%	-5.3%	0.4%	2.4%	5.5%	4.7%	4.1%
FTSE 250	-2.4%	1.7%	4.7%	9.6%	13.1%	10.9%	8.5%
FTSE Small Cap	-1.4%	1.6%	3.5%	8.9%	12.6%	10.0%	5.1%
INTERNATIONAL							
North America	4.2%	3.6%	13.9%	12.7%	14.3%	12.8%	8.8%
Europe ex UK	0.2%	-4.3%	1.5%	6.8%	9.5%	5.0%	5.0%
Japan	-4.3%	-3.3%	10.9%	6.6%	8.5%	6.9%	1.7%
Pacific Basin ex Japan	5.6%	-5.4%	2.3%	-0.8%	4.0%	2.2%	8.2%
Emerging Markets	8.8%	-8.9%	3.0%	-1.8%	0.4%	-1.5%	5.7%
World (FTSE All World)	3.0%	-0.5%	8.9%	8.2%	10.3%	8.2%	6.8%
World ex UK (Developed)	2.6%	0.8%	10.3%	9.9%	12.0%	9.7%	7.1%
PROPERTY	1.1%	11.7%	18.3%	14.4%	2.2%	6.6%	15.6%
BONDS & CASH							
UK Gilts (Over 15 Years)	8.2%	4.0%	14.9%	8.6%	8.5%	11.1%	7.4%
UK Gilts (All Stocks)	4.9%	3.2%	8.4%	4.6%	4.8%	6.7%	5.7%
UK Index Linked (All)	5.7%	1.7%	9.8%	5.1%	6.3%	8.6%	7.4%
Cash	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%	1.8%
Corporate (All Inv Grade)	2.9%	0.1%	6.5%	5.2%	7.1%	7.3%	5.2%
Corporate (AAA)	7.0%	3.3%	12.6%	8.1%	8.3%	8.2%	4.9%
Corporate (AA)	3.7%	0.9%	13.7%	1.0%	10.1%	9.3%	1.1%
Corporate (A)	3.0%	0.0%	14.5%	1.2%	11.8%	6.7%	1.0%
Corporate (BBB)	2.6%	0.0%	12.1%	4.4%	15.8%	8.4%	2.5%
OTHER							
Retail Price Index	0.2%	1.6%	1.2%	1.6%	2.0%	2.4%	3.0%
National Average Earnings	0.8%	1.3%	2.9%	2.6%	1.8%	1.6%	2.2%

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						
	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						
	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

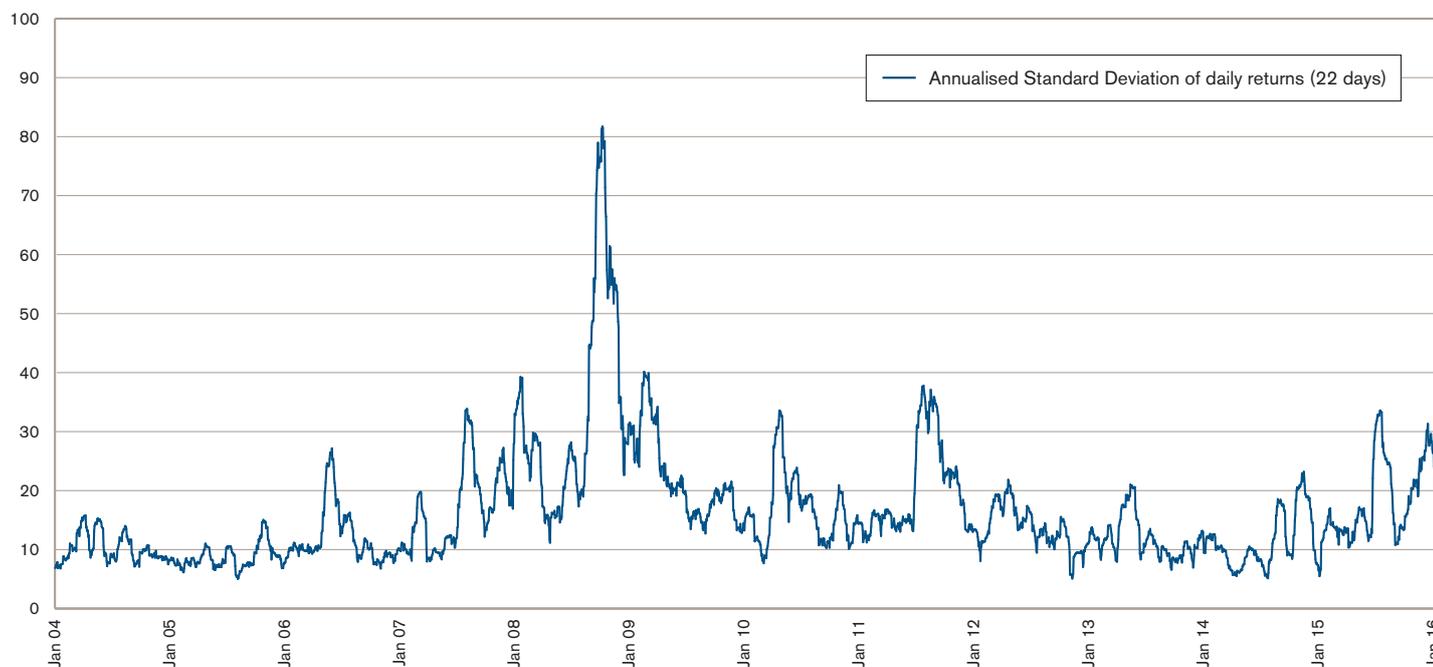
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

	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%

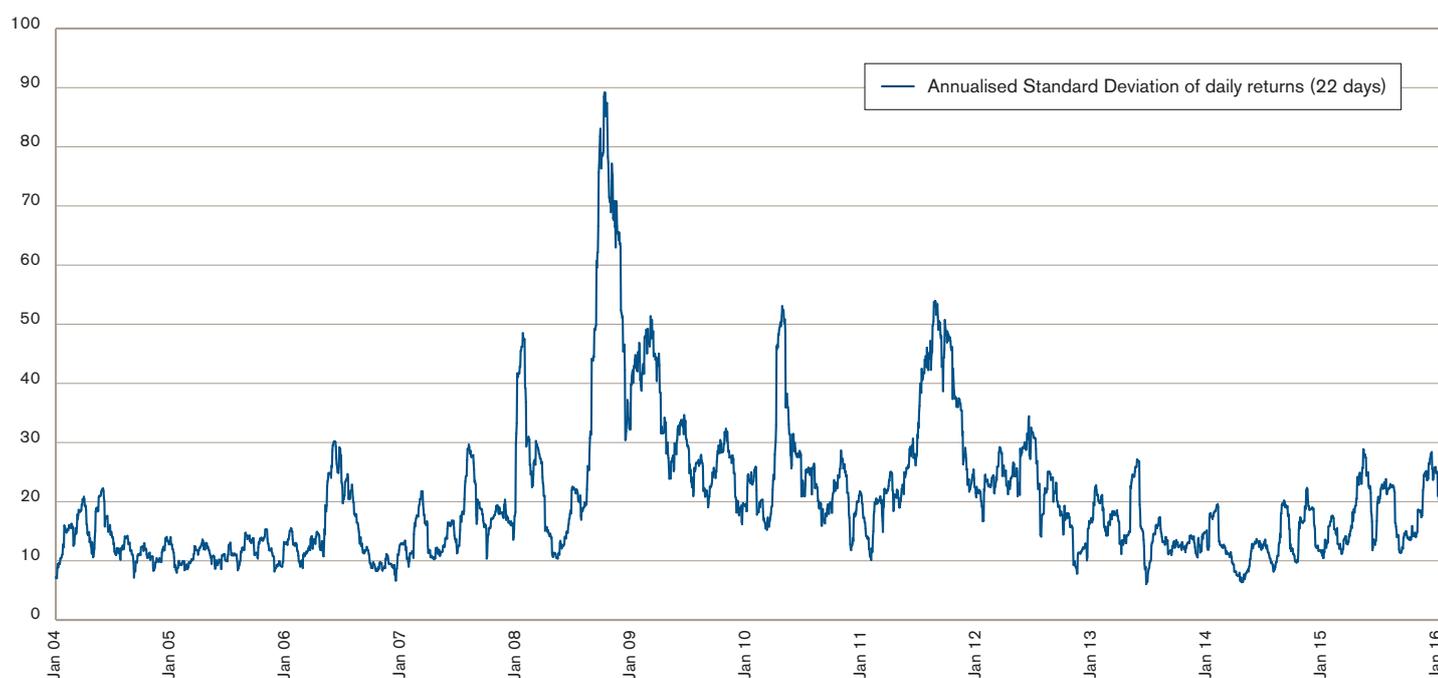
MARKETS

VOLATILITY OF MARKETS

FTSE 100



FTSE AW Europe ex UK

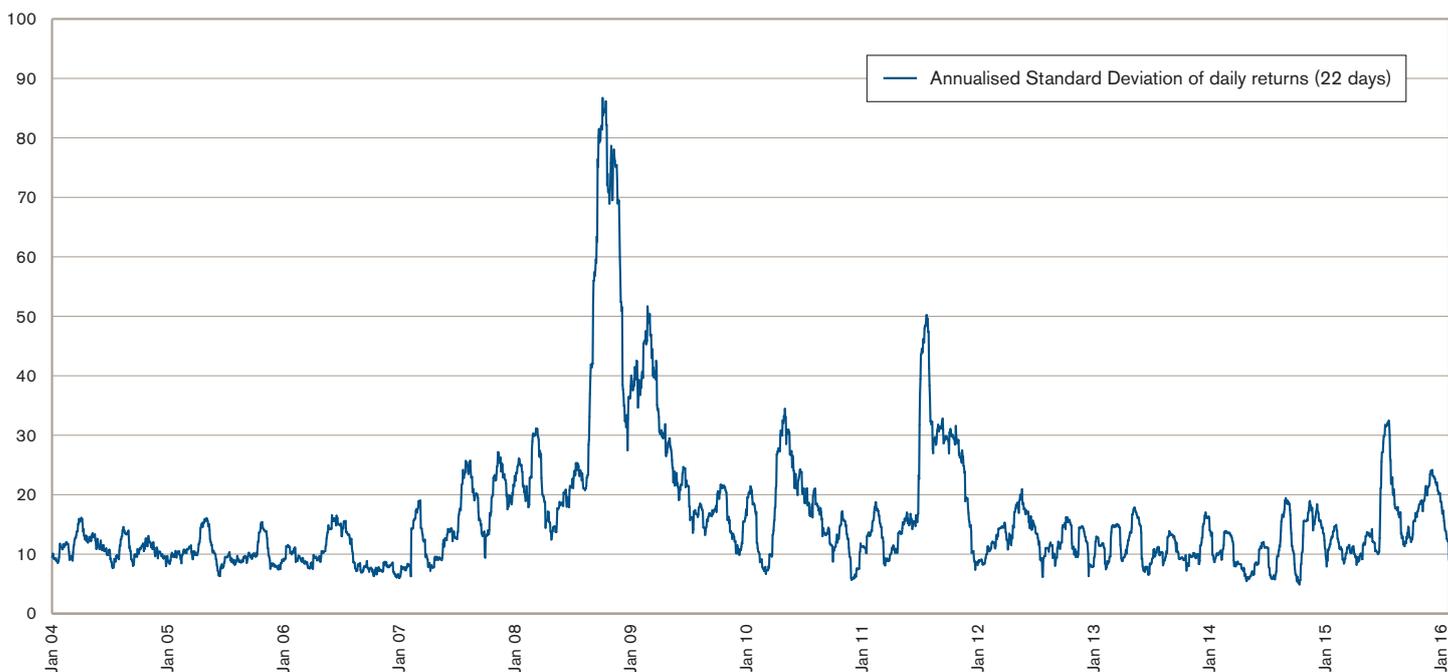


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

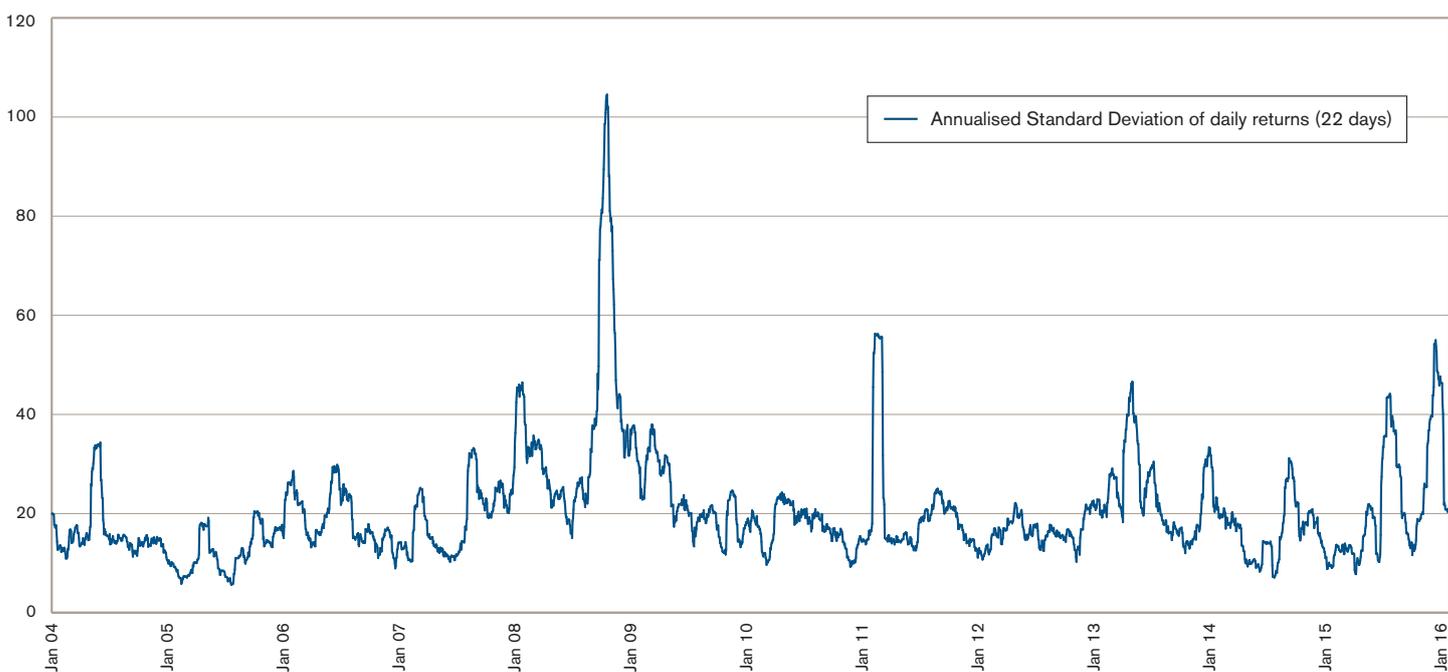
MARKETS

VOLATILITY OF MARKETS

S&P 500



TOPIX (Japan)



MARKETS

QUARTERLY INVESTMENT YIELDS

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

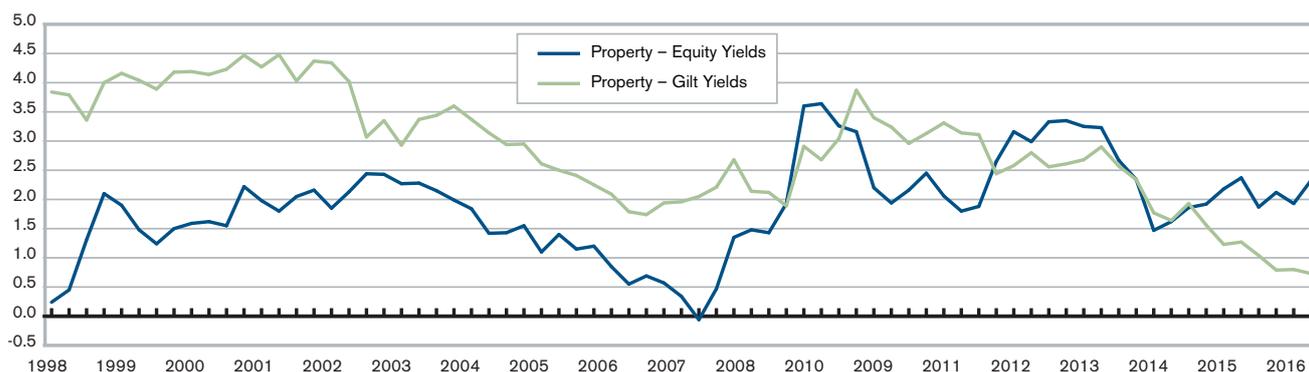
MARKETS

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							
	Q3							
	Q4							

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

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



SOURCES

SOURCES OF INVESTMENT STATISTICS

UK

Equities	Return & Yield	1990-	FTSE All-Share Index
Gilts	Return	1998-	FTSE Actuaries Govt. Securities Over 15 Years Gilt Index
	Yield	1998-	FTSE Actuaries Govt. Securities Over 15 Years Gilt Index
Index Linked	Return		FTSE Actuaries Index Linked All Stock Index
	Yield	1986-	FTSE Actuaries Index Linked Over 5 Years Index, 5% Inflation
Corporate Bonds	Return		Bloomberg (iboxx)
	Yield	Q3 2002-	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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