

MILLIMAN RESEARCH REPORT

Quarterly Statistics Data

As at 30 September

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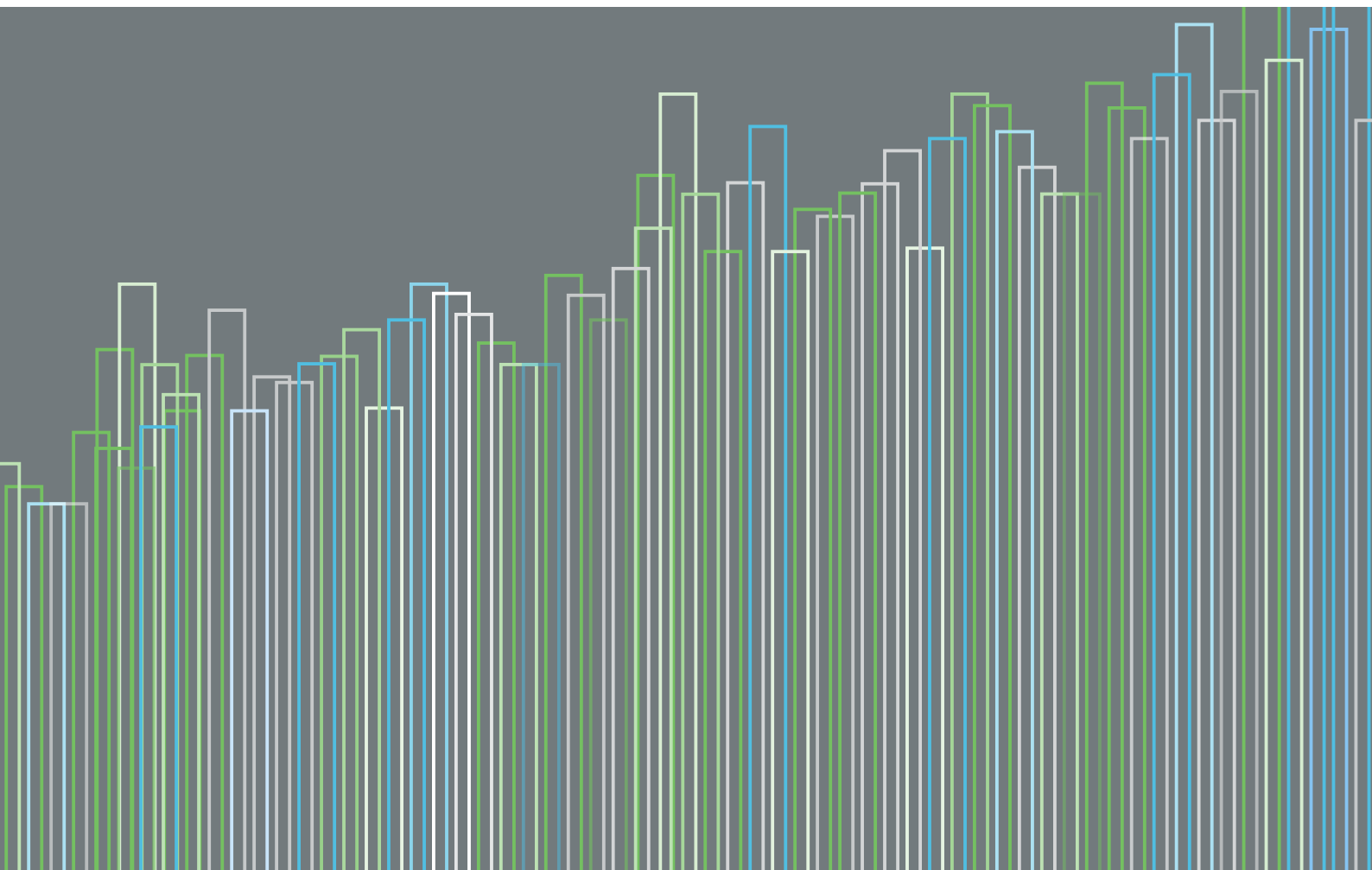


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Comments

MOTOR INSURANCE

Premiums

According to the AA British Motor Insurance Premium Index, the average Shoparound quote for a comprehensive car insurance policy rose in the third quarter of 2016 from £564.94 to £585.84, an increase of 3.7% (£20.90). Year-on-year, the average premium has increased by 16.3% (£81.94).

Northern Ireland experienced the largest rise in average premium for a second consecutive quarter, with the average quote being 11.3% higher.

Young drivers (aged 17 to 22), who typically pay the most, saw their average premiums increase by 3.6% (from £1,242.74 to £1,286.96). Those aged 60 to 69 experienced the greatest increase in average premiums of 5.4%, although the group continues to pay the least, £366.37 on average.

The AA has urged the Chancellor of the Exchequer not to increase the Insurance Premium Tax (IPT) rate further, following two rises over the past year which have added approximately £18 to the average annual motor insurance premium. Further increases are likely to add to the number of uninsured drivers on the roads, which in turn is likely to lead to higher costs for the industry from uninsured drivers and thus even more premium increases.

Abuse of the claims system and fraud

The Association of British Insurers (ABI) claims that the delay in whiplash reforms from the government is costing motorists £1 billion a year (i.e. the amount that the ABI estimates would be saved if the planned reforms went ahead). The number of soft tissue injuries is still rising and there are many firms still encouraging motorists to make 'speculative' personal injury claims. The ABI says that the government should introduce policies which remove the incentives of claims management companies in order to tackle the issue.

Driverless cars and telematics

During the last quarter a driverless car was tested on public UK roads for the first time: an electric vehicle travelled one kilometer around Milton Keynes railway station. While autonomous vehicles have been tested on US roads, previous try-outs on UK roads have always included some form of human manipulation. Other driverless vehicles are now being tested in London and Bristol, with UK public trials expected to start in the next six months.

Co-operative Insurance is offering an app for young drivers which it estimates could discount their insurance premium by 20% in the first year, if they are able to prove they can drive well before buying the policy. The app calculates a quote after 200 miles of driving over 10 journeys, after which one can choose whether to purchase the policy based on the quote. The latest data has shown that when using the app, young drivers have saved on average £120 in their first year.

It has been argued by telematics provider Wunelli that the government should make telematics policies mandatory for young drivers. Given the lack of a graduated licencing system in the UK, drivers who have just passed their test have very limited experience and hence are more likely to be involved in car accidents. Telematics devices have been shown to promote safer driving and therefore fewer accidents on the road. In order to make the idea more appealing, it has been suggested that such policies be exempt from the IPT, reducing the cost of insurance for young drivers.

HOME INSURANCE

Based on AA Shoparound average premiums:

- The average premium for a home buildings policy decreased over the quarter by 0.5%, from £114.21 to £113.59 (an increase of 13.6% year-on-year).
- The average premium for a contents policy increased over the quarter by 5.8%, from £60.71 to £64.22 (an increase of 8.4% year-on-year).
- The average premium for a combined buildings and content policy decreased over the quarter by 1.1%, from £160.20 to £158.45 (an increase of 6.1% year-on-year).

Although average premiums have fallen over the quarter for both buildings and combined policies, all three types of home insurance have experienced significant premium growth over the past 12 months. It should be noted that, for a combined policy, average premiums are still lower than in 2012.

Bad weather events often trigger premium increases, and of late the UK has experienced relatively benign weather. However, if claims from flooding or storm damages as winter approaches were to exceed £1 billion, the AA would expect to see sharp premium increases in 2017.

Flood Re, the not-for-profit reinsurance fund which has been set up to provide affordable flood cover for high-risk properties, has backed 53,000 policies in its first six months of activity. The number of insurers signed up to the scheme is now 41, who together represent 90% of the home insurance market. At launch just 16 insurers had signed up to the scheme.

The British Insurance Brokers' Association (BIBA) is close to launching a flood insurance product designed for small- and medium-sized enterprises, as Flood Re does not cover businesses, only residential properties. The product will reward policyholders for improving their property's flood protection.

ECONOMY

The UK economy grew by 0.5% over the third quarter of 2016, the first full quarter following the United Kingdom's vote to leave the European Union. This was less than the 0.7% growth in the previous quarter but greater than the 0.3% forecast. The service industry increased by 0.8%, while industrial production contracted. Mining and quarrying grew by 5.2% after 2.8% growth in the previous quarter. At its September meeting the Bank of England's Monetary Policy Committee kept the base rate at 0.25% and total asset purchases at £435 billion. Another cut in the base rate is likely if the economic outlook matches the inflation projections from the August Inflation Report.

The Euro Area as a whole expanded by 0.3% for the second quarter in a row, higher than market expectations of 0.2%. The European Central Bank has kept the benchmark refinancing rate at 0% while monthly quantitative easing will be kept at €80 billion until at least March 2017.

- Germany grew 0.2%, in line with market expectations, after growing 0.4% in the previous quarter. This was its weakest quarterly growth rate since the third quarter of 2015. Household consumption and government expenditure contributed positively to growth, while net exports contributed negatively.
- The French economy grew 0.2%, compared to the revised growth rate of -0.1% in the previous quarter and market expectations of 0.3%. Household consumption stalled at 0.0% growth for a second quarter. Government expenditure expanded at 0.4% as per last quarter, while net exports contributed negatively to GDP growth.
- The Italian economy expanded by 0.3%, greater than the 0.0% growth rate of the previous quarter and the 0.2% forecast. Net exports and agriculture contributed negatively to GDP growth, but both domestic demand and industry expanded.
- Elsewhere in the Euro Area, Spain grew by 0.7%, after 0.8% growth in each of the past three quarters, with low inflation and tourism continuing to boost consumer spending. Greece grew by 0.5%, outperforming the -0.3% market expectations.

The US economy's third quarter annualised growth rate of 2.9% was an improvement over the second quarter growth rate of 1.4%, and above market expectations of 2.5%. Personal consumption expenditure rose and exports grew at their highest level since 2013, leading net exports to increase by 0.83%. Government spending and investment grew 0.5% (after contracting 1.7% in the previous quarter). The Federal Reserve kept the federal fund rate at 0.5%, even though the case for an increase has strengthened over the previous few months.

China grew by 1.8% in the third quarter of 2016, higher than the 1.7% forecast but lower than the previous quarterly growth rate of 1.9%. Retail sales and investment continue to expand, while credit growth continues to grow at a higher rate than nominal GDP and is now 250% of GDP. A potential housing bubble could emerge as the economy continues to develop. It is expected that growth for the full year will amount to 6.5% or greater.

MARKETS

UK equities exhibited good performance in the third quarter of 2016, all improving on their previous quarter growth rates.

- The FTSE 250 grew by 10.7% (after a contraction of 2.9% in the second quarter of 2016).
- The FTSE Small Cap grew by 12.1% (after a contraction of 0.6% in the second quarter of 2016).
- The FTSE All Share grew by 7.8% (after 4.7% growth in the second quarter of 2016).
- The FTSE 100 grew by 7.1% (after 6.5% growth in the second quarter of 2016).

The Overseas markets saw Japan and the Emerging Markets outperform their already strong second quarter figures.

- Japanese equities grew by 12.1% (after 8.8% growth in the second quarter of 2016).
- The Emerging Markets grew by 11.2% (after 9.5% growth in the second quarter of 2016).
- North American equities grew by 7.1% (after 10.3% growth in the second quarter of 2016).

Fixed-interest assets performed well over the quarter.

- Corporate (AAA) grew by 5.6% (after 9.3% growth in the second quarter of 2016).
- Corporate (AA) grew by 5.2% (after 5.4% growth in the second quarter of 2016).
- Corporate (A) grew by 7.1% (after 4.6% growth in the second quarter of 2016).
- Corporate (BBB) grew by 6.9% (after 3.9% growth in the second quarter of 2016).

Insurance

THE AA'S BRITISH INSURANCE PREMIUM INDEX

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp	
1999	Q1	142.2	99.8		339.0	367.9	2008	Q1	166.2	113.4	578.2	685.0	
	Q2	144.7	100.8		353.5	378.9		Q2	167.0	113.5	264.3	595.6	722.1
	Q3	144.3	101.0		364.8	389.7		Q3	170.0	108.7	259.3	614.1	718.1
	Q4	144.9	101.5		386.4	412.4		Q4	179.0	106.9	263.0	631.9	742.8
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	7.5%	-4.7%		8.7%	7.4%
2000	Q1	146.4	102.0		409.3	427.3	2009	Q1	179.4	109.8	264.8	640.3	738.2
	Q2	146.4	102.0		427.3	453.9		Q2	183.9	106.3	270.1	662.9	772.2
	Q3	146.9	102.5		442.3	470.6		Q3	186.7	108.3	270.0	699.8	844.3
	Q4	148.1	102.6		458.8	492.8		Q4	197.8	115.2	291.6	750.2	919.2
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2001	Q1	150.5	104.1		479.0	523.4	2010	Q1	201.4	112.2	301.5	726.3	878.1
	Q2	151.8	105.6		483.2	536.4		Q2	206.5	113.7	303.4	814.1	1016.6
	Q3	152.2	106.4		492.3	546.3		Q3	205.8	113.7	294.0	908.9	1115.9
	Q4	153.8	107.5		501.4	554.7		Q4	216.5	115.3	301.3	968.9	1300.1
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2002	Q1	155.5	108.6		505.9	562.2	2011	Q1	218.4	113.6	300.6	1030.0	1401.6
	Q2	156.6	109.0		510.2	563.6		Q2	213.2	115.6	300.7	1046.0	1352.6
	Q3	157.3	109.7		514.7	567.0		Q3	216.7	115.8	305.3	1054.5	1354.6
	Q4	157.7	110.0		519.4	573.5		Q4	222.2	120.4	313.4	1060.7	1387.0
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2003	Q1	159.0	110.9		523.2	578.2	2012	Q1	221.0	117.8	314.7	1061.2	1405.3
	Q2	159.3	111.3		525.1	578.0		Q2	215.3	115.9	307.5	1083.3	1423.3
	Q3	159.7	111.8		531.1	585.1		Q3	219.7	117.1	309.6	1052.9	1364.5
	Q4	160.8	112.3		532.4	584.0		Q4	223.4	118.7	313.8	1011.6	1330.6
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2004	Q1	160.7	112.9		531.3	584.1	2013	Q1	218.9	113.9	308.6	979.9	1274.7
	Q2	160.7	113.4		519.7	578.5		Q2	211.5	107.9	296.8	915.0	1132.0
	Q3	160.6	112.2		514.9	579.8		Q3	202.9	105.7	286.5	863.4	1056.4
	Q4	160.9	112.1		517.5	583.2		Q4	202.0	104.6	284.1	840.0	1015.0
	Annual	0.1%	-0.1%		-2.8%	-0.1%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%
2005	Q1	159.5	111.5		513.8	582.0	2014	Q1	198.4	105.5	278.0	773.6	947.0
	Q2	156.4	109.7		518.2	587.1		Q2	193.6	104.6	272.9	761.8	937.0
	Q3	158.2	112.1		524.1	600.9		Q3	190.5	102.8	267.7	781.5	998.7
	Q4	159.5	111.6		521.9	603.1		Q4	194.1	101.6	272.8	780.2	1033.7
	Annual	-0.9%	-0.4%		0.9%	3.4%		Annual	-3.9%	-2.9%	-4.0%	-7.1%	1.8%
2006	Q1	160.5	112.7		519.2	613.6	2015	Q1	184.7	98.1	260.7	760.5	976.6
	Q2	159.7	112.9		522.2	611.9		Q2	186.3	98.9	262.8	787.0	991.2
	Q3	159.2	110.0		528.7	640.1		Q3	182.6	94.5	255.2	796.4	1014.2
	Q4	161.2	109.3		551.6	640.9		Q4	186.7	95.6	261.5	860.1	1052.6
	Annual	1.1%	-2.0%		5.7%	6.3%		Annual	-3.8%	-6.0%	-4.1%	10.2%	1.8%
2007	Q1	162.5	110.7		549.4	636.9	2016	Q1	194.7	97.0	271.5	928.4	1067.0
	Q2	159.4	109.3		563.1	645.4		Q2	205.6	100.3	281.9	967.0	1075.9
	Q3	164.2	111.8		570.7	668.4		Q3	208.2	99.6	284.3	993.5	1109.2
	Q4	166.5	112.2		581.0	691.4		Q4					
	Annual	3.3%	2.6%		5.3%	7.9%		Annual					

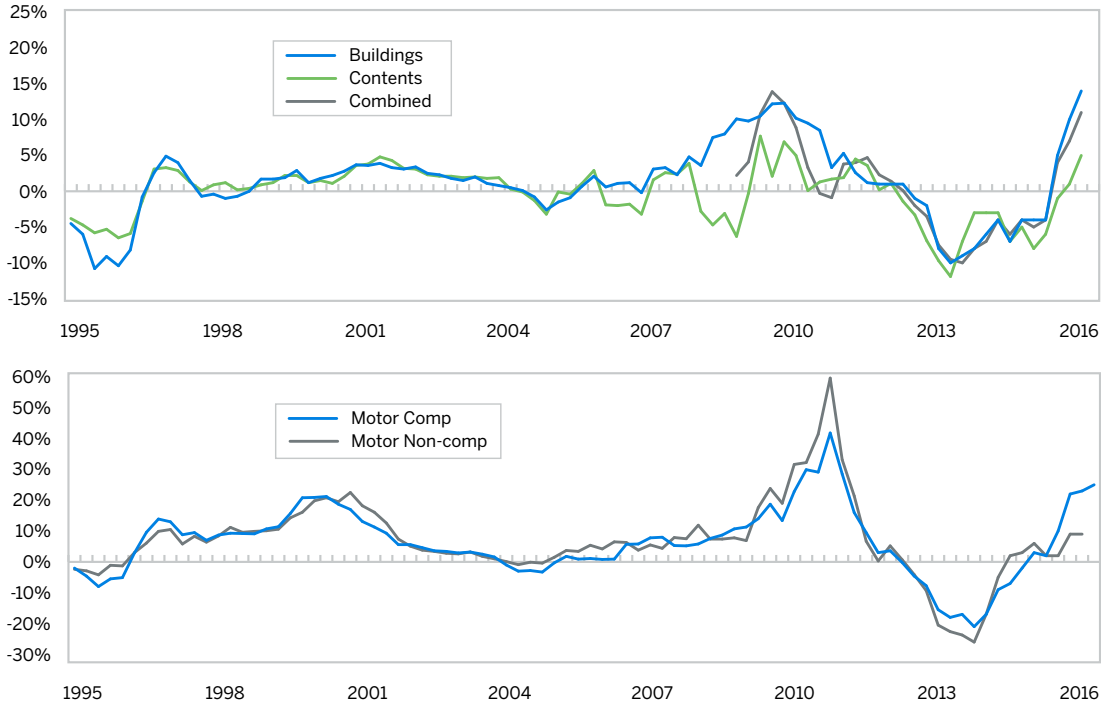
Insurance

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	104.5	69.3	180.9	299.0	370.8
	Q2							Q2	109.4	71.4	189.8	310.2	394.0
	Q3							Q3	106.9	68.7	183.0	316.5	398.6
	Q4							Q4	106.2	66.0	181.1	324.3	410.8
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
2000	Q1						2009	Q1	110.6	69.2	186.3	326.8	422.2
	Q2							Q2	115.2	65.8	188.8	341.1	444.5
	Q3							Q3	112.7	65.5	188.8	357.5	481.3
	Q4							Q4	118.4	68.9	197.8	397.8	548.1
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2001	Q1						2010	Q1	118.0	70.4	200.5	400.2	572.6
	Q2							Q2	119.2	72.0	207.0	446.3	663.8
	Q3							Q3	121.2	75.3	201.4	497.9	743.8
	Q4							Q4	130.5	74.7	207.4	529.8	941.9
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2002	Q1						2011	Q1	134.1	78.8	206.7	560.9	1042.6
	Q2							Q2	133.2	77.9	209.8	580.9	992.9
	Q3							Q3	138.5	79.6	212.9	579.3	989.9
	Q4							Q4	142.9	83.1	219.1	610.8	1013.6
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2003	Q1						2012	Q1	143.5	81.7	222.4	604.1	1021.6
	Q2							Q2	142.3	81.6	225.8	630.1	1047.5
	Q3							Q3	145.7	82.3	228.2	611.7	1028.8
	Q4							Q4	146.0	82.7	226.9	593.8	1040.7
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2004	Q1						2013	Q1	142.4	80.1	224.7	597.1	1078.0
	Q2				291.5	305.9		Q2	138.8	79.6	219.3	568.7	1011.7
	Q3	87.9	77.0		286.4	314.6		Q3	133.4	77.2	211.2	538.2	966.0
	Q4	87.6	75.6		280.8	308.7		Q4	133.9	76.4	208.9	521.8	893.7
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%
2005	Q1	87.3	74.2		280.6	307.9	2014	Q1	131.6	76.3	204.3	483.9	849.8
	Q2	88.0	72.6		283.6	308.5		Q2	126.0	76.4	197.4	462.5	778.6
	Q3	91.3	74.0		283.2	313.7		Q3	123.8	75.3	193.5	472.2	826.8
	Q4	91.2	73.5		286.2	323.2		Q4	129.7	73.7	198.1	483.6	856.8
	Annual	4.1%	-2.7%		1.9%	4.7%		Annual	-3.1%	-3.5%	-5.2%	-7.3%	-4.1%
2006	Q1	92.7	74.7		287.4	333.5	2015	Q1	123.8	70.2	188.8	489.9	863.8
	Q2	91.6	73.5		286.8	334.3		Q2	125.3	71.5	188.5	514.9	879.1
	Q3	91.3	72.9		282.9	328.9		Q3	123.8	68.9	184.4	546.9	922.3
	Q4	94.1	72.4		288.5	337.2		Q4	126.8	70.1	190.6	618.1	967.7
	Annual	3.2%	-1.4%		0.8%	4.3%		Annual	-2.2%	-4.9%	-3.8%	27.8%	12.9%
2007	Q1	92.9	73.0		286.6	345.0	2016	Q1	135.3	71.2	200.3	655.2	1035.6
	Q2	89.7	70.6		292.7	348.5		Q2	142.4	73.0	208.2	685.7	1101.4
	Q3	94.9	71.1		291.2	357.1		Q3	146.5	72.5	213.3	708.8	1132.4
	Q4	104.8	69.1		302.5	364.9		Q4					
	Annual	11.4%	-4.5%		4.8%	8.2%		Annual					

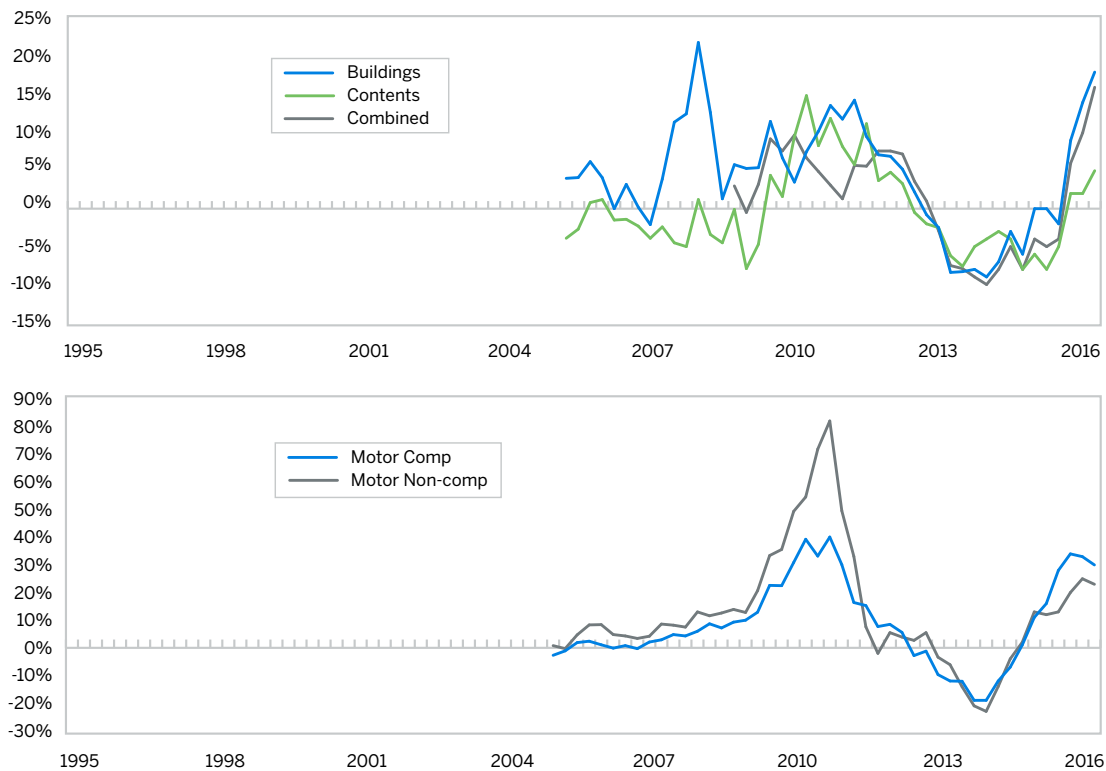
Insurance

MARKET AVERAGE PREMIUMS: ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS (Q3)



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 (Q3)



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

Economics

BANK BASE RATES

Effective Date	%	Effective Date	%	Effective Date	%
1992	5th May	10.0	1999	7th January	6.0
	22nd September	9.0		4th February	5.5
	16th October	8.0		10th June	5.0
	13th November	7.0		8th September	5.25
	Annual Average	9.6		4th November	5.5
1993	26th January	6.0		Annual Average	5.3
	23rd November	5.5	2000	13th January	5.75
	Annual Average	6.0		10th February	6.0
1994	8th February	5.25		Annual Average	6.0
	12th September	5.75	2001	8th February	5.75
	7th December	6.25		5th April	5.5
	Annual Average	5.5		10th May	5.25
1995	3rd February	6.75		2nd August	5.0
	13th December	6.5		18th September	4.75
	Annual Average	6.7		4th October	4.5
1996	18th January	6.25		8th November	4.0
	8th March	6.0		Annual Average	5.1
	6th June	5.75	2002	Annual Average	4.0
	30th October	6.0	2003	6th February	3.75
	Annual Average	6.0		10th July	3.5
1997	6th May	6.25		6th November	3.75
	9th June	6.5		Annual Average	3.7
	10th July	6.75	2004	5th February	4.0
	7th August	7.0		6th May	4.25
	6th November	7.25		10th June	4.5
	Annual Average	6.6		5th August	4.75
1998	4th June	7.5		Annual Average	4.4
	8th October	7.25	2005	4th August	4.5
	5th November	6.75		Annual Average	4.6
	10th December	6.25	2006	3rd August	4.75
	Annual Average	7.2		9th November	5.0
				Annual Average	4.6
			2007	11th January	5.25
				10th May	5.5
				5th July	5.75
				6th December	5.5
				Annual Average	5.5
			2008	7th February	5.25
				10th April	5.0
				8th October	4.5
				6th November	3.0
				4th December	2.0
				Annual Average	4.7
			2009	8th January	1.5
				5th February	1.0
				5th March	0.5
				Annual Average	0.7
			2010	Annual Average	0.5
			2011	Annual Average	0.5
			2012	Annual Average	0.5
			2013	Annual Average	0.5
			2014	Annual Average	0.5
			2015	Annual Average	0.5
			2016	4th August	0.25

Economics

STERLING EXCHANGE RATES

		US\$	DM	YEN		US\$	EURO*	YEN		US\$	EURO*	YEN		
1989	Q1	1.69	3.20	224	1999	Q1	1.61	1.50	191	2009	Q1	1.43	1.08	142
	Q2	1.55	3.03	223		Q2	1.58	1.53	191		Q2	1.65	1.17	159
	Q3	1.62	3.02	226		Q3	1.65	1.55	175		Q3	1.60	1.09	143
	Q4	1.61	2.73	232		Q4	1.61	1.61	165		Q4	1.61	1.13	150
1990	Q1	1.65	2.78	259	2000	Q1	1.60	1.67	164	2010	Q1	1.52	1.12	142
	Q2	1.74	2.90	266		Q2	1.51	1.58	160		Q2	1.50	1.22	132
	Q3	1.87	2.94	259		Q3	1.48	1.68	160		Q3	1.57	1.16	131
	Q4	1.93	2.89	262		Q4	1.49	1.59	171		Q4	1.56	1.16	127
1991	Q1	1.74	2.97	246	2001	Q1	1.42	1.61	178	2011	Q1	1.61	1.13	133
	Q2	1.62	2.94	223		Q2	1.41	1.66	175		Q2	1.61	1.11	130
	Q3	1.75	2.92	233		Q3	1.47	1.61	175		Q3	1.56	1.16	120
	Q4	1.87	2.84	234		Q4	1.46	1.64	191		Q4	1.55	1.20	120
1992	Q1	1.74	2.86	231	2002	Q1	1.42	1.63	189	2012	Q1	1.60	1.21	129
	Q2	1.90	2.90	240		Q2	1.52	1.54	183		Q2	1.57	1.24	125
	Q3	1.78	2.52	214		Q3	1.57	1.59	191		Q3	1.61	1.25	126
	Q4	1.51	2.45	189		Q4	1.61	1.54	191		Q4	1.63	1.23	141
1993	Q1	1.51	2.43	173	2003	Q1	1.58	1.45	187	2013	Q1	1.52	1.19	143
	Q2	1.49	2.55	160		Q2	1.65	1.44	198		Q2	1.52	1.16	151
	Q3	1.50	2.45	159		Q3	1.66	1.43	186		Q3	1.60	1.20	158
	Q4	1.48	2.57	165		Q4	1.79	1.42	192		Q4	1.66	1.20	174
1994	Q1	1.49	2.48	153	2004	Q1	1.84	1.50	191	2014	Q1	1.67	1.21	172
	Q2	1.54	2.46	152		Q2	1.81	1.49	198		Q2	1.71	1.25	173
	Q3	1.58	2.45	156		Q3	1.81	1.46	199		Q3	1.62	1.28	178
	Q4	1.57	2.43	156		Q4	1.92	1.42	197		Q4	1.56	1.29	187
1995	Q1	1.63	2.23	141	2005	Q1	1.89	1.45	202	2015	Q1	1.48	1.38	178
	Q2	1.59	2.02	135		Q2	1.79	1.48	199		Q2	1.57	1.41	192
	Q3	1.58	2.25	156		Q3	1.77	1.47	201		Q3	1.51	1.35	181
	Q4	1.53	2.22	160		Q4	1.72	1.46	203		Q4	1.48	1.36	178
1996	Q1	1.53	2.25	163	2006	Q1	1.73	1.44	205	2016	Q1	1.44	1.26	162
	Q2	1.55	2.37	170		Q2	1.84	1.44	211		Q2	1.33	1.20	136
	Q3	1.56	2.39	174		Q3	1.87	1.48	221		Q3	1.30	1.16	132
	Q4	1.71	2.64	199		Q4	1.96	1.49	233		Q4			
1997	Q1	1.64	2.74	203	2007	Q1	1.96	1.47	232					
	Q2	1.66	2.90	190		Q2	2.01	1.48	248					
	Q3	1.62	2.85	195		Q3	2.04	1.44	234					
	Q4	1.65	2.96	214		Q4	1.99	1.36	222					
1998	Q1	1.67	3.10	223	2008	Q1	1.99	1.25	198					
	Q2	1.67	3.01	232		Q2	1.99	1.26	211					
	Q3	1.70	2.84	231		Q3	1.78	1.27	189					
	Q4	1.66	2.77	188		Q4	1.44	1.03	130					

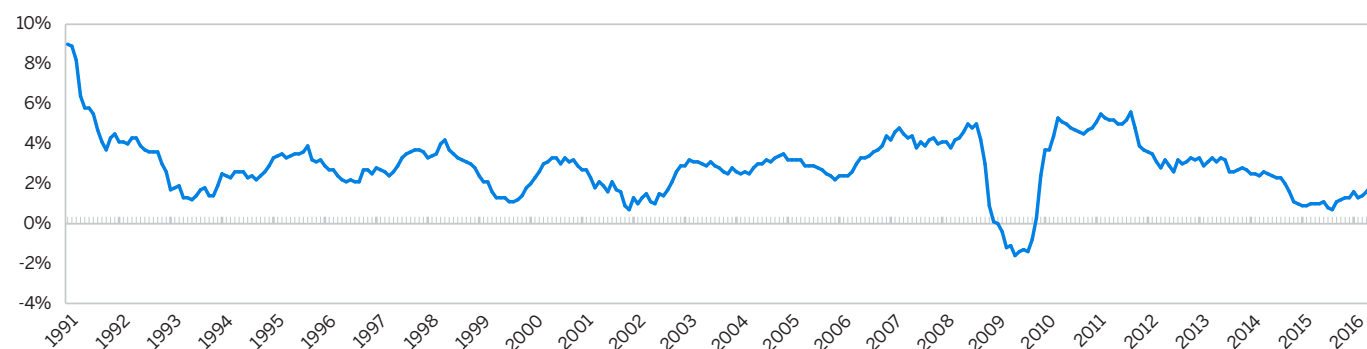
*Euro from Q1 1999

Economics

RETAIL PRICES INDEX

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7	4.5%
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2	2.6%
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9	1.9%
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0	2.9%
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7	3.2%
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4	2.5%
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0	3.6%
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4	2.8%
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3	1.8%
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2	2.9%
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4	0.7%
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5	2.9%
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5	2.8%
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9	3.5%
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1	2.2%
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7	4.4%
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9	4.0%
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9	0.9%
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0	2.4%
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4	4.8%
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4	4.8%
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8	3.1%
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4	2.7%
2014	252.6	254.2	254.8	255.7	255.9	256.3	256.0	257.0	257.6	257.7	257.1	257.5	1.6%
2015	255.4	256.7	257.1	258.0	258.5	258.9	258.6	259.8	259.6	259.5	259.8	260.6	1.2%
2016	258.8	260.0	261.1	261.4	262.1	263.1	263.4	264.4	264.9				

ROLLING ANNUAL INCREASE ON A MONTHLY BASIS



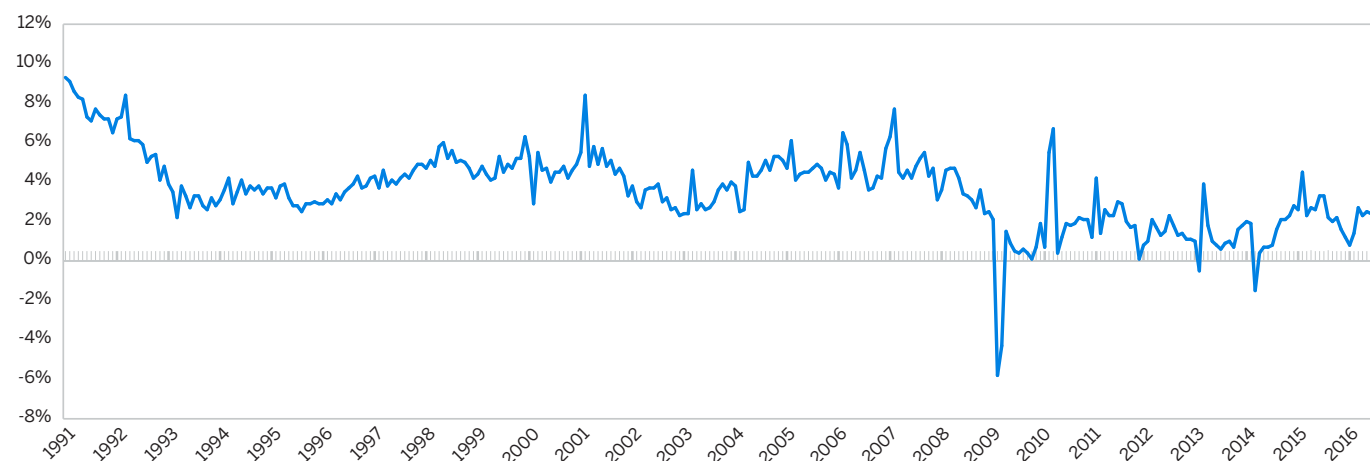
Economics

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	152.5	153.5	2.3%
2015	154.6	154.3	155.3	154.2	154.6	154.3	155.2	155.5	155.1	155.4	155.8	156.0	1.6%
2016	156.5	155.6	157.5	158.3	158.1	158.1	158.9	158.8	159.0				

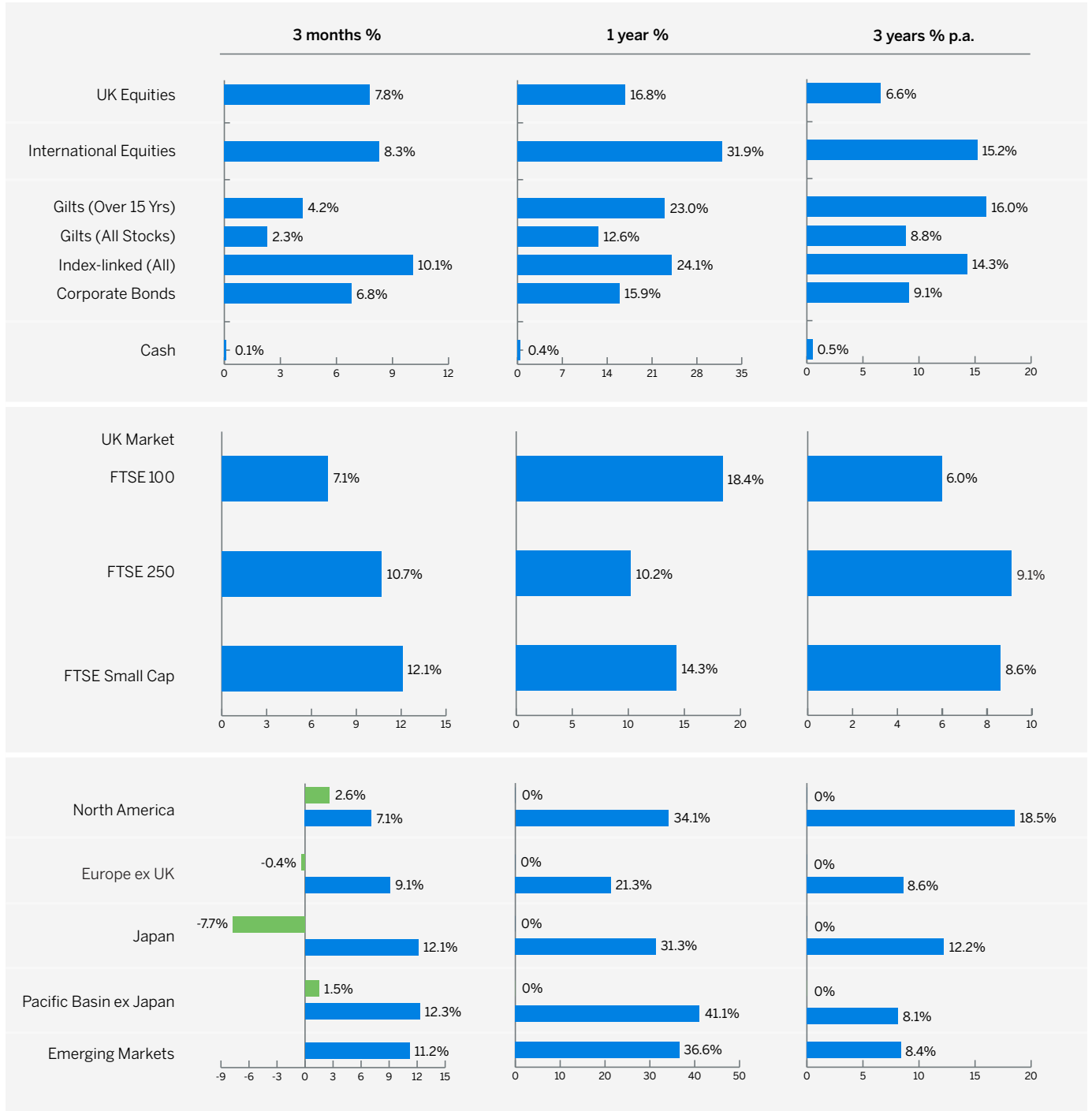
The National Average Earnings Index was discontinued as of September 2010, with the last data being supplied for July 2010. From August 2010, data from the National Weekly Earnings Index replaces the National Average Earning index. Subsequently, measures of past performance incorporating data from both 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	7.8%	16.8%	6.8%	6.6%	9.5%	11.0%	5.8%
FTSE 100	7.1%	18.4%	6.0%	6.0%	8.6%	10.1%	5.3%
FTSE 250	10.7%	10.2%	10.8%	9.1%	14.1%	15.8%	9.0%
FTSE Small Cap	12.1%	14.3%	9.7%	8.6%	14.5%	15.2%	6.3%
INTERNATIONAL							
North America	7.1%	34.1%	18.5%	18.5%	18.5%	19.6%	11.0%
Europe ex UK	9.1%	21.3%	9.7%	8.6%	13.4%	13.2%	6.3%
Japan	12.1%	31.3%	18.1%	12.2%	16.6%	11.9%	5.1%
Pacific Basin ex Japan	12.3%	41.1%	11.8%	8.1%	8.4%	10.6%	10.2%
Emerging Markets	11.2%	36.6%	9.2%	8.4%	6.3%	7.4%	8.5%
World (FTSE All World)	8.5%	31.3%	14.9%	13.9%	14.9%	15.4%	8.9%
World ex UK (Developed)	8.3%	31.9%	16.3%	15.2%	16.5%	16.9%	9.3%
BONDS & CASH							
UK Gilts (Over 15 Years)	4.2%	23.0%	18.4%	16.0%	10.5%	11.0%	8.8%
UK Gilts (All Stocks)	2.3%	12.6%	10.4%	8.8%	5.7%	6.2%	6.4%
UK Index Linked (All)	10.1%	24.1%	17.1%	14.3%	12.1%	10.5%	9.1%
Cash	0.1%	0.4%	0.5%	0.5%	0.5%	0.5%	1.5%
Corporate (All Inv Grade)	6.8%	15.9%	9.7%	9.1%	7.9%	9.5%	6.2%
Corporate (AAA)	5.6%	23.3%	16.6%	14.0%	10.0%	9.8%	6.3%
Corporate (AA)	5.2%	15.4%	4.9%	7.2%	1.3%	14.1%	-0.5%
Corporate (A)	7.1%	16.7%	4.3%	7.2%	2.5%	15.6%	-1.8%
Corporate (BBB)	6.9%	15.3%	3.0%	8.7%	7.4%	17.8%	0.2%
OTHER							
Retail Price Index	0.7%	2.0%	1.4%	1.7%	2.1%	2.2%	2.9%
National Average Earnings	0.6%	2.5%	2.4%	2.1%	1.8%	1.8%	1.5%

Markets

UK MARKET RETURNS

		Equities	Gilts	Corporate Bonds	Index Linked	Cash
2001	Q1	-8.4%	-2.1%	1.7%	-2.7%	1.5%
	Q2	1.2%	-4.3%	0.0%	0.1%	1.2%
	Q3	-13.5%	4.4%	2.9%	1.0%	1.2%
	Q4	8.2%	1.2%	2.6%	1.1%	1.1%
	Annual	-13.3%	-0.9%	7.3%	-0.5%	5.0%
2002	Q1	2.3%	-2.6%	1.1%	1.0%	0.8%
	Q2	-11.0%	4.8%	2.4%	3.4%	0.9%
	Q3	-19.6%	7.8%	4.2%	2.0%	0.9%
	Q4	5.6%	-0.2%	1.1%	1.5%	1.0%
	Annual	-22.7%	9.9%	9.0%	8.2%	3.8%
2003	Q1	-7.2%	0.2%	1.5%	3.1%	1.0%
	Q2	14.5%	1.2%	4.1%	2.5%	0.9%
	Q3	3.9%	-0.6%	0.9%	-0.5%	0.9%
	Q4	9.4%	0.4%	0.8%	1.3%	0.9%
	Annual	20.9%	1.2%	7.5%	6.6%	3.6%
2004	Q1	0.6%	1.8%	0.5%	2.8%	1.0%
	Q2	2.2%	-1.7%	-1.1%	-0.4%	1.1%
	Q3	2.9%	4.0%	3.7%	2.7%	1.2%
	Q4	6.7%	4.2%	3.4%	3.2%	1.2%
	Annual	12.8%	8.4%	6.6%	8.5%	4.5%
2005	Q1	3.0%	-1.0%	0.5%	-0.1%	1.2%
	Q2	5.0%	6.7%	4.5%	4.1%	1.2%
	Q3	8.2%	0.3%	1.0%	1.4%	1.1%
	Q4	4.3%	4.7%	2.6%	3.4%	1.2%
	Annual	22.0%	11.0%	8.8%	9.0%	4.7%
2006	Q1	8.1%	-1.2%	-0.7%	-0.7%	1.1%
	Q2	-1.8%	-2.7%	-1.1%	-0.7%	1.2%
	Q3	3.6%	4.9%	2.4%	4.0%	1.2%
	Q4	6.2%	-0.8%	0.3%	0.2%	1.3%
	Annual	16.8%	0.0%	0.8%	2.9%	4.8%
2007	Q1	2.9%	-2.3%	-0.2%	-0.5%	1.3%
	Q2	4.5%	-4.8%	-2.1%	-1.5%	1.4%
	Q3	-1.8%	4.6%	1.1%	5.1%	1.5%
	Q4	-0.3%	5.6%	1.7%	5.4%	1.4%
	Annual	5.3%	2.7%	0.4%	8.5%	5.7%
2008	Q1	-9.9%	-0.1%	-4.4%	3.7%	1.3%
	Q2	-1.4%	-4.0%	-0.1%	1.1%	1.3%
	Q3	-12.2%	4.0%	-4.8%	-0.3%	1.4%
	Q4	-10.2%	13.9%	-0.9%	-0.7%	0.5%
	Annual	-29.9%	13.6%	-9.9%	3.7%	4.5%

Figures in green indicate the highest market return in the year across overseas markets.

Markets

UK MARKET RETURNS (CONTINUED)

		Equities	Gilts	Corporate Bonds	Index Linked	Cash
2009	Q1	-9.1%	-4.5%	-8.2%	-1.3%	0.2%
	Q2	10.9%	-1.6%	11.3%	2.9%	0.1%
	Q3	22.4%	5.9%	11.5%	3.1%	0.1%
	Q4	5.5%	-4.3%	1.0%	1.6%	0.1%
	Annual	30.1%	-4.8%	15.1%	6.4%	0.5%
2010	Q1	6.4%	0.2%	4.6%	2.2%	0.1%
	Q2	-11.8%	6.4%	1.0%	1.7%	0.1%
	Q3	13.6%	5.8%	5.5%	3.6%	0.1%
	Q4	7.4%	-3.5%	-2.6%	1.1%	0.1%
	Annual	14.5%	8.8%	8.7%	8.9%	0.4%
2011	Q1	1.0%	-1.5%	1.5%	0.0%	0.1%
	Q2	1.9%	2.3%	1.7%	4.0%	0.2%
	Q3	-13.5%	14.4%	-1.0%	6.4%	0.2%
	Q4	8.4%	9.6%	3.1%	8.4%	0.2%
	Annual	-3.5%	26.3%	5.4%	19.9%	0.6%
2012	Q1	6.1%	-4.4%	4.0%	-1.5%	0.2%
	Q2	-2.6%	6.7%	1.7%	0.6%	0.2%
	Q3	4.7%	1.1%	6.5%	-2.6%	0.1%
	Q4	3.8%	-0.2%	2.6%	4.3%	0.1%
	Annual	12.3%	2.9%	15.6%	0.6%	0.6%
2013	Q1	10.3%	0.5%	1.8%	7.9%	0.1%
	Q2	-1.7%	-5.9%	-2.8%	-6.5%	0.1%
	Q3	5.6%	1.3%	2.8%	0.6%	0.1%
	Q4	5.5%	-1.8%	0.2%	-0.9%	0.1%
	Annual	20.8%	-5.9%	1.9%	0.5%	0.4%
2014	Q1	-0.6%	3.4%	2.4%	3.2%	0.1%
	Q2	2.2%	2.3%	2.3%	1.0%	0.1%
	Q3	-1.0%	7.2%	2.8%	5.3%	0.1%
	Q4	0.6%	11.2%	4.3%	8.4%	0.1%
	Annual	1.2%	26.1%	12.2%	19.0%	0.5%
2015	Q1	4.7%	4.1%	3.4%	2.9%	0.2%
	Q2	-1.6%	-6.3%	-4.2%	-2.7%	0.1%
	Q3	-5.7%	5.1%	0.5%	1.9%	0.1%
	Q4	4.0%	-2.4%	1.0%	-2.9%	0.1%
	Annual	1.0%	0.1%	0.6%	-1.0%	0.5%
2016	Q1	-0.4%	8.2%	2.9%	5.7%	0.1%
	Q2	4.7%	11.8%	4.4%	9.8%	0.1%
	Q3	7.8%	4.2%	6.8%	10.1%	0.1%
	Q4					
	Annual					

Figures in green indicate the highest market return in the 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%

Figures in green indicate the highest market return in the year across overseas markets.

Markets

INTERNATIONAL MARKET RETURNS (CONTINUED)

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
2009	Q1	-11.5%	-9.8%	-15.9%	-16.1%	-2.1%	1.6%
	Q2	5.2%	1.8%	9.7%	7.0%	16.2%	18.4%
	Q3	21.1%	19.3%	29.4%	9.3%	27.7%	25.2%
	Q4	2.8%	4.8%	0.5%	-4.0%	4.1%	7.8%
	Annual	15.9%	14.8%	19.9%	-5.8%	51.2%	62.5%
2010	Q1	10.4%	12.5%	3.9%	15.4%	9.8%	9.1%
	Q2	-11.1%	-10.3%	-14.3%	-8.7%	-10.4%	-6.5%
	Q3	7.7%	5.8%	13.4%	0.1%	15.0%	12.1%
	Q4	9.9%	11.6%	4.7%	12.8%	9.3%	8.1%
	Annual	16.2%	19.1%	5.7%	19.0%	23.7%	23.6%
2011	Q1	2.6%	3.5%	5.7%	-6.9%	1.5%	-1.2%
	Q2	0.5%	-0.4%	3.2%	0.2%	0.4%	-1.8%
	Q3	-14.5%	-11.8%	-24.2%	-3.1%	-18.8%	-19.2%
	Q4	7.6%	11.3%	3.6%	-3.6%	6.2%	4.2%
	Annual	-5.1%	1.2%	-14.4%	-12.9%	-12.3%	-18.1%
2012	Q1	9.2%	9.3%	9.7%	7.9%	9.7%	10.6%
	Q2	-3.2%	-1.4%	-7.1%	-5.5%	-4.4%	-7.3%
	Q3	3.8%	3.5%	6.6%	-3.6%	7.4%	4.6%
	Q4	2.0%	-0.8%	8.0%	5.1%	5.4%	5.1%
	Annual	12.0%	10.7%	17.3%	3.3%	18.9%	13.0%
2013	Q1	15.6%	17.7%	10.2%	19.3%	10.8%	5.4%
	Q2	1.1%	2.2%	1.2%	4.5%	-10.3%	-7.5%
	Q3	1.2%	-0.8%	7.3%	0.1%	4.3%	-2.2%
	Q4	5.6%	7.5%	5.8%	0.1%	-1.1%	-0.7%
	Annual	25.0%	28.3%	26.5%	25.0%	2.4%	-5.0%
2014	Q1	0.8%	1.2%	3.0%	-6.0%	1.0%	-0.7%
	Q2	2.4%	2.9%	0.0%	4.3%	2.0%	5.0%
	Q3	3.6%	6.1%	-2.4%	3.1%	-0.7%	3.2%
	Q4	5.4%	8.3%	-0.5%	1.6%	0.5%	0.4%
	Annual	12.7%	19.6%	0.0%	2.7%	2.8%	7.7%
2015	Q1	8.0%	5.9%	10.9%	16.4%	8.6%	7.0%
	Q2	-5.4%	-5.4%	-5.9%	-2.3%	-8.3%	-3.7%
	Q3	-4.7%	-3.5%	-4.5%	-8.0%	-11.4%	-15.6%
	Q4	9.0%	9.0%	6.3%	12.5%	10.4%	3.1%
	Annual	6.1%	5.3%	6.0%	17.6%	-2.7%	-9.2%
2016	Q1	2.6%	4.2%	0.2%	-4.3%	5.6%	8.8%
	Q2	8.9%	10.3%	4.4%	8.8%	7.8%	9.5%
	Q3	8.3%	7.1%	9.1%	12.1%	12.3%	11.2%
	Q4						
	Annual						

Figures in green indicate the highest market return in the year across overseas markets.

Markets

HISTORIC RETURNS FOR UK MARKETS

EQUITIES
(FTSE ALL-SHARE)

	Year-on-Year Inflation	Annual	Inflation Adjusted	Rolling 5-Yr Real Return pa	Rolling 10-Yr Real Return pa	Rolling 25-Yr Real Return pa
1976	15.1%	-1.0%	-14.0%	-12.7%	-0.7%	4.5%
1977	12.1%	57.2%	40.2%	-8.9%	-0.3%	6.1%
1978	8.4%	8.4%	0.0%	0.5%	-3.1%	5.3%
1979	17.2%	11.4%	-4.9%	18.0%	-2.0%	3.6%
1980	15.1%	35.2%	17.5%	6.1%	0.6%	4.0%
1981	12.0%	13.6%	1.4%	9.7%	-2.2%	4.6%
1982	5.4%	29.2%	22.6%	6.8%	-1.4%	5.7%
1983	5.3%	29.1%	22.6%	11.2%	5.7%	5.0%
1984	4.6%	31.8%	26.0%	17.7%	17.9%	4.1%
1985	5.7%	20.7%	14.2%	17.0%	11.4%	4.7%
1986	3.7%	27.2%	22.7%	21.5%	15.5%	5.7%
1987	3.7%	8.4%	4.6%	17.7%	12.1%	6.0%
1988	6.8%	11.5%	4.4%	14.0%	12.6%	5.5%
1989	7.7%	36.1%	26.4%	14.1%	15.9%	6.9%
1990	9.3%	-9.7%	-17.4%	6.9%	11.9%	5.8%
1991	4.5%	20.8%	15.6%	5.7%	13.3%	6.8%
1992	2.6%	20.5%	17.4%	8.2%	12.8%	6.2%
1993	1.9%	28.4%	26.0%	12.3%	13.2%	6.0%
1994	2.9%	-5.8%	-8.5%	5.3%	9.6%	6.3%
1995	3.2%	23.9%	20.0%	13.4%	10.1%	7.5%
1996	2.5%	16.7%	13.8%	13.1%	9.3%	6.8%
1997	3.6%	23.4%	19.1%	13.4%	10.8%	7.0%
1998	2.8%	13.9%	10.8%	10.5%	11.4%	9.6%
1999	1.8%	24.2%	22.0%	17.1%	11.0%	14.3%
2000	2.9%	-5.9%	-8.6%	10.9%	12.2%	10.8%
2001	0.7%	-13.3%	-13.9%	4.9%	8.9%	10.8%
2002	2.9%	-22.7%	-24.9%	-4.4%	4.1%	8.1%
2003	2.8%	20.9%	17.6%	-3.2%	3.4%	8.8%
2004	3.5%	12.8%	9.0%	-5.4%	5.3%	9.4%
2005	2.2%	22.0%	19.4%	-0.2%	5.2%	9.5%
2006	4.4%	16.8%	11.8%	5.2%	5.0%	9.9%
2007	4.0%	5.3%	1.2%	11.6%	3.3%	9.0%
2008	0.9%	-29.9%	-30.6%	0.4%	-1.4%	6.6%
2009	2.4%	30.1%	27.1%	3.6%	-1.0%	6.6%
2010	4.8%	14.5%	9.3%	1.8%	0.8%	6.4%
2011	4.8%	-3.5%	-7.9%	-2.1%	1.5%	5.2%
2012	3.1%	12.3%	8.9%	-0.7%	5.3%	5.4%
2013	2.7%	20.8%	17.7%	10.4%	5.3%	5.9%
2014	1.6%	1.2%	-0.4%	5.1%	4.4%	4.9%
2015	1.2%	1.0%	-0.2%	3.2%	2.5%	5.7%

Markets

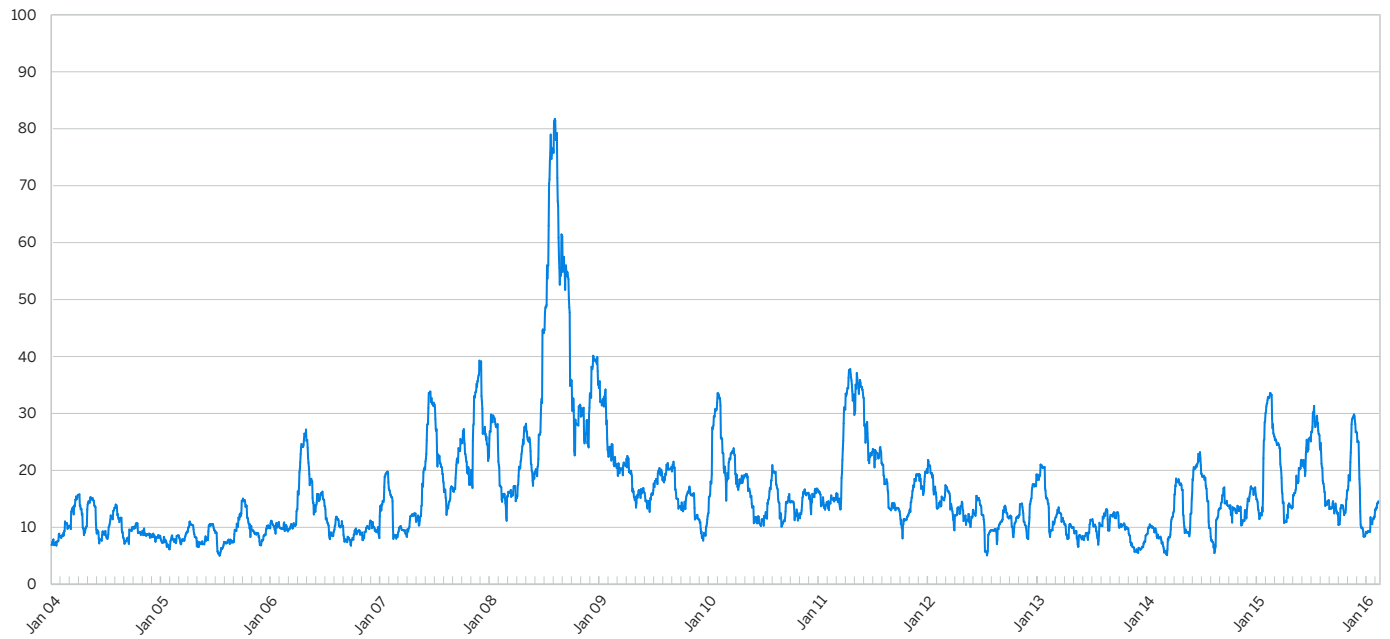
HISTORIC RETURNS FOR UK MARKETS (CONTINUED)

	GILTS (15 Years)					CASH (One-week deposit)				
	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.
1976	13.8%	-1.1%	-10.7%	-5.6%	-3.0%	11.3%	-3.3%	-4.8%	-2.0%	-0.3%
1977	44.8%	29.2%	-3.9%	-3.2%	-1.7%	9.4%	-2.4%	-4.9%	-2.5%	-0.2%
1978	-2.7%	-10.2%	-2.2%	-3.4%	-2.6%	8.9%	0.5%	-4.5%	-2.6%	-0.2%
1979	4.6%	-10.8%	2.3%	-4.1%	-3.1%	14.7%	-2.1%	-3.8%	-3.1%	-0.2%
1980	20.7%	4.9%	1.4%	-3.2%	-2.3%	18.5%	3.0%	-0.9%	-2.8%	0.0%
1981	1.6%	-9.3%	-0.3%	-5.7%	-2.5%	14.4%	2.1%	0.2%	-2.3%	0.0%
1982	53.6%	45.7%	2.1%	-0.9%	-0.5%	12.9%	7.1%	2.1%	-1.5%	0.2%
1983	16.4%	10.5%	6.5%	2.0%	-0.7%	10.3%	4.7%	2.9%	-0.9%	0.3%
1984	7.2%	2.5%	9.4%	5.8%	-0.6%	10.0%	5.2%	4.4%	0.2%	0.4%
1985	11.2%	5.2%	9.5%	5.4%	-0.1%	12.9%	6.8%	5.2%	2.1%	0.5%
1986	11.5%	7.5%	13.3%	6.3%	0.7%	11.3%	7.3%	6.2%	3.2%	0.7%
1987	16.3%	12.2%	7.5%	4.8%	0.4%	10.1%	6.2%	6.0%	4.0%	0.9%
1988	9.4%	2.4%	5.9%	6.2%	0.4%	9.9%	2.9%	5.7%	4.3%	0.9%
1989	5.6%	-1.9%	5.0%	7.2%	0.6%	14.1%	5.9%	5.8%	5.1%	1.2%
1990	4.0%	-4.8%	2.9%	6.1%	0.4%	15.9%	6.0%	5.7%	5.4%	1.4%
1991	18.7%	13.6%	4.0%	8.6%	0.9%	12.7%	7.8%	5.8%	6.0%	1.6%
1992	16.9%	13.9%	4.3%	5.9%	1.4%	10.1%	7.3%	6.0%	6.0%	1.7%
1993	34.5%	32.0%	9.8%	7.8%	2.9%	6.1%	4.1%	6.2%	6.0%	1.8%
1994	-12.2%	-14.7%	6.8%	5.9%	2.4%	5.1%	2.1%	5.5%	5.6%	1.8%
1995	17.3%	13.7%	10.6%	6.7%	3.1%	6.3%	3.0%	4.9%	5.3%	1.9%
1996	9.0%	6.3%	9.2%	6.6%	2.7%	6.1%	3.5%	4.0%	4.9%	2.2%
1997	22.8%	18.5%	10.0%	7.2%	3.9%	6.6%	2.9%	3.1%	4.6%	2.4%
1998	29.7%	26.2%	9.1%	9.4%	5.7%	7.4%	4.5%	3.2%	4.7%	2.6%
1999	-0.4%	-2.2%	12.1%	9.4%	7.1%	4.8%	2.9%	3.4%	4.4%	3.0%
2000	8.0%	4.9%	10.3%	10.5%	6.9%	5.7%	2.7%	3.3%	4.1%	3.6%
2001	-0.9%	-1.6%	8.6%	8.9%	6.9%	5.0%	4.3%	3.5%	3.7%	3.9%
2002	9.9%	6.8%	6.4%	8.2%	6.0%	3.8%	0.8%	3.0%	3.1%	4.0%
2003	1.2%	-1.6%	1.2%	5.1%	6.4%	3.6%	0.8%	2.3%	2.7%	4.1%
2004	8.4%	4.7%	2.6%	7.2%	7.1%	4.5%	1.0%	1.9%	2.6%	4.2%
2005	11.0%	8.6%	3.3%	6.8%	7.3%	4.7%	2.4%	1.9%	2.6%	4.2%
2006	0.0%	-4.2%	2.8%	5.6%	7.5%	4.8%	0.3%	1.1%	2.3%	4.1%
2007	2.7%	-1.3%	1.1%	3.7%	5.8%	5.7%	1.6%	1.2%	2.1%	3.9%
2008	13.6%	12.6%	3.9%	2.5%	5.9%	4.5%	3.6%	1.8%	2.0%	3.8%
2009	-4.8%	-7.1%	1.4%	2.0%	5.5%	0.5%	-1.8%	1.2%	1.5%	3.5%
2010	8.8%	3.8%	0.5%	1.9%	5.4%	0.4%	-4.1%	-0.1%	0.9%	3.1%
2011	26.3%	20.5%	5.2%	4.0%	5.9%	0.6%	-4.0%	-1.0%	0.0%	2.6%
2012	2.9%	-0.2%	5.5%	3.3%	5.4%	0.6%	-2.4%	-1.8%	-0.3%	2.3%
2013	-5.9%	-8.4%	1.2%	2.6%	5.0%	0.4%	-2.2%	-2.9%	-0.6%	2.1%
2014	26.1%	24.1%	7.3%	4.3%	6.0%	0.5%	-1.1%	-2.8%	-0.8%	1.8%
2015	0.1%	-1.1%	6.2%	3.3%	6.1%	0.5%	-0.7%	-2.1%	-1.1%	1.5%

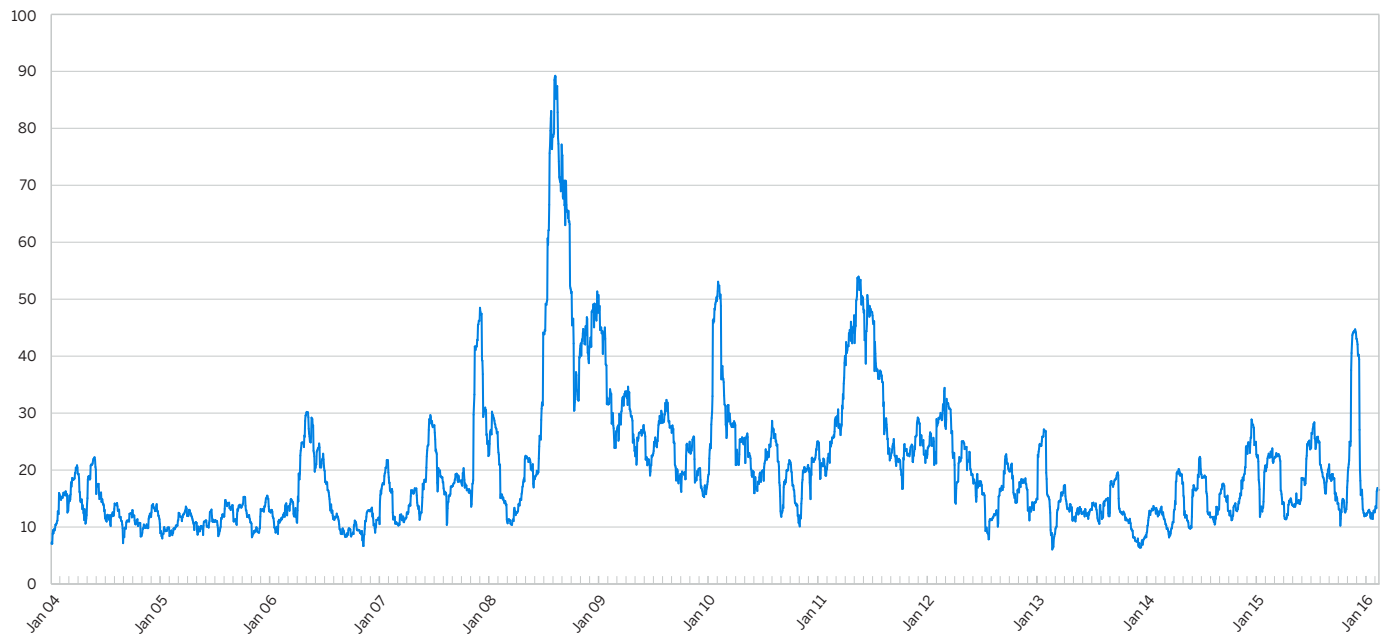
Markets

VOLATILITY OF MARKETS

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



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

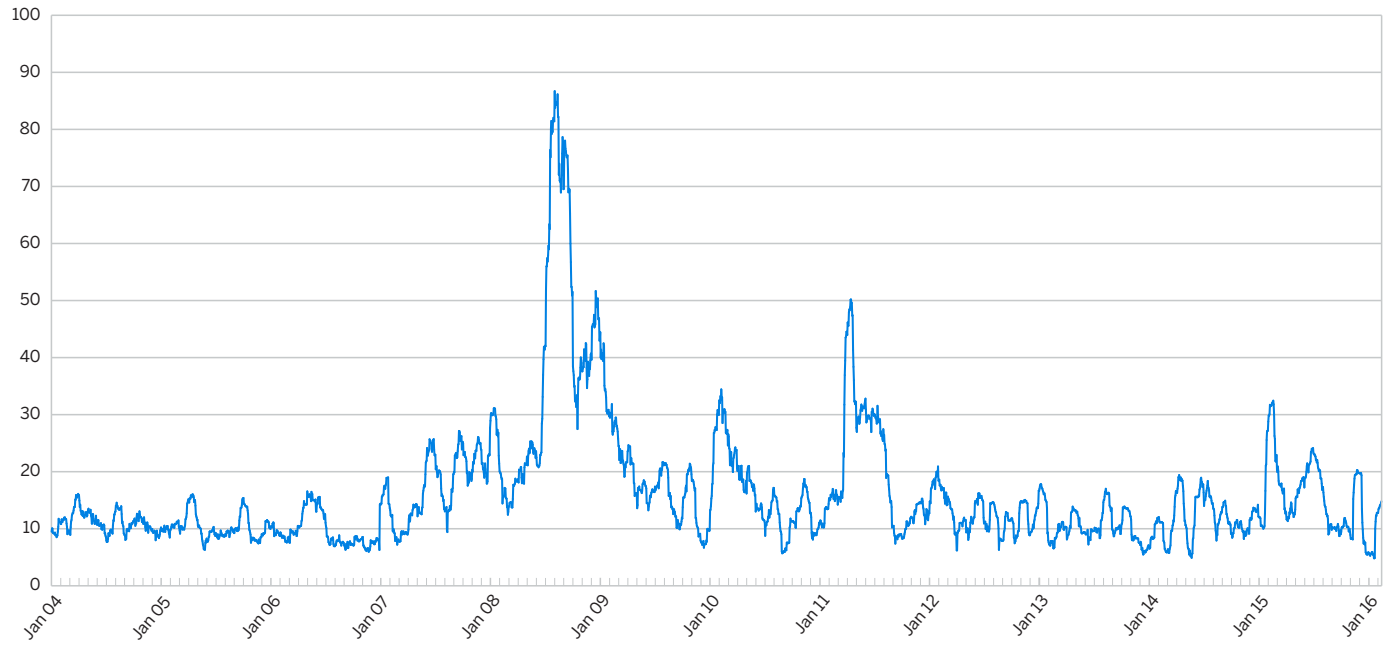


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

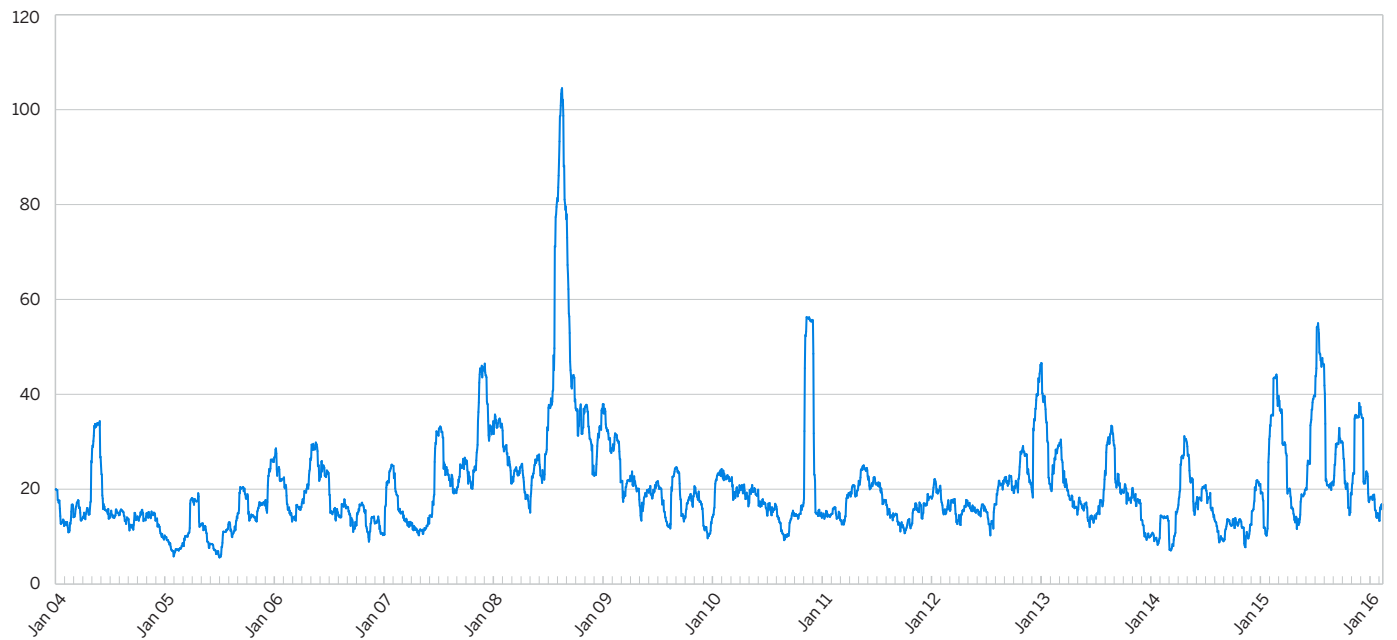
Markets

VOLATILITY OF MARKETS

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



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



Markets

QUARTERLY INVESTMENT YIELDS

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
2000	Q1	2.11	1.15	4.71	1.87		5.81	6.30
	Q2	2.16	1.22	4.68	1.83		5.88	6.30
	Q3	2.17	1.22	4.85	2.02		6.06	6.40
	Q4	2.23	1.28	4.48	1.92		4.88	6.70
2001	Q1	2.53	1.49	4.82	2.24		6.00	6.80
	Q2	2.42	1.44	5.10	2.41		4.91	6.90
	Q3	2.87	1.76	4.85	2.37		4.97	6.90
	Q4	2.63	1.58	4.84	2.30		4.31	7.00
2002	Q1	2.66	1.58	5.15	2.28		3.38	7.00
	Q2	2.98	1.82	4.87	2.14		3.75	7.00
	Q3	3.73	2.22	4.36	2.01	5.11	3.75	6.80
	Q4	3.55	2.12	4.47	2.02	5.16	4.19	6.90
2003	Q1	3.87	2.27	4.53	1.85	5.06	3.81	6.80
	Q2	3.43	1.99	4.52	1.76	5.06	3.63	6.80
	Q3	3.36	1.92	4.65	1.84	5.17	3.44	6.80
	Q4	3.10	1.78	4.71	1.83	5.18	3.50	6.70
2004	Q1	3.13	1.83	4.66	1.67	5.22	3.98	6.50
	Q2	3.16	1.86	4.88	1.87	5.42	4.50	6.30
	Q3	3.16	1.95	4.67	1.71	5.23	4.75	6.10
	Q4	3.05	1.87	4.45	1.54	4.98	4.74	6.00
2005	Q1	3.09	1.98	4.60	1.61	5.08	4.76	5.70
	Q2	3.10	2.03	4.20	1.39	4.83	4.79	5.60
	Q3	2.99	1.94	4.25	1.33	4.82	4.53	5.40
	Q4	2.95	1.92	4.00	1.09	4.48	4.67	5.20
2006	Q1	2.91	1.87	4.15	1.19	4.62	4.56	5.00
	Q2	3.11	2.08	4.35	1.43	4.87	4.60	4.90
	Q3	3.06	2.03	4.11	1.16	4.59	4.84	4.80
	Q4	2.86	1.96	4.23	1.23	4.71	5.12	4.80
2007	Q1	2.84	2.00	4.46	1.38	4.92	5.36	4.80
	Q2	2.75	3.46	4.86	1.67	5.37	5.75	4.80
	Q3	2.89	2.41	4.63	1.33	5.44	5.90	5.10
	Q4	3.02	2.56	4.35	1.00	5.36	5.65	5.70
2008	Q1	3.76	2.98	4.42	0.81	5.60	5.38	5.90
	Q2	4.08	2.70	4.77	0.86	5.90	5.15	6.20
	Q3	4.61	3.10	4.57	0.96	5.95	5.75	6.50
	Q4	4.49	3.90	3.80	0.97	5.40	1.88	7.40
2009	Q1	5.12	4.20	4.16	1.01	4.68	0.70	7.80
	Q2	4.56	3.18	4.34	0.84	4.67	0.45	7.60
	Q3	3.33	2.59	4.04	0.69	4.46	0.48	7.20
	Q4	3.20	2.35	4.40	0.68	4.69	0.48	6.60

Markets

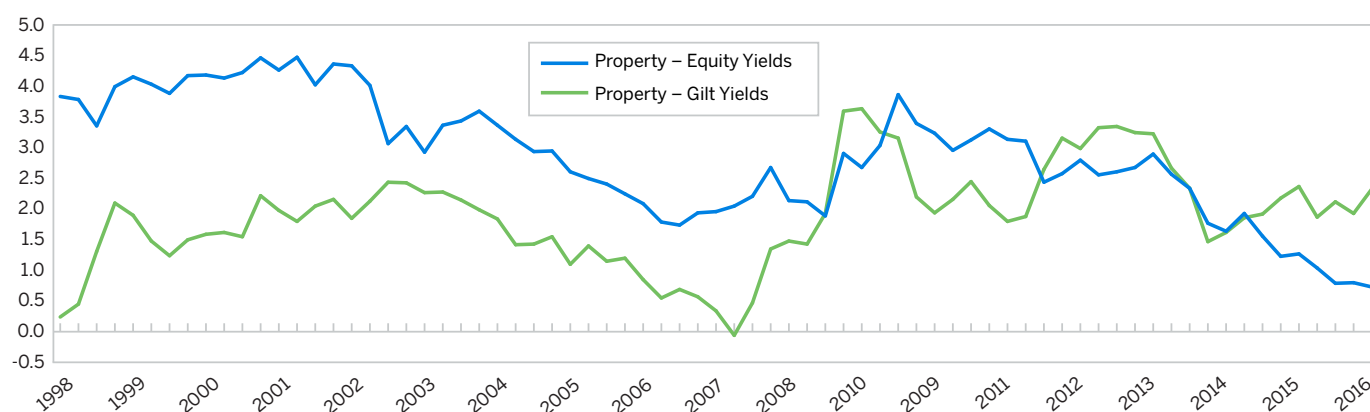
QUARTERLY INVESTMENT YIELDS (CONTINUED)

		UK Equities %	Overseas Equities %	Gilts %	Index Linked %	Corporate Bonds %	Cash %	UK Property %
2010	Q1	3.16	2.21	4.46	0.64	4.70	0.40	6.40
	Q2	3.34	2.52	4.14	0.67	4.36	0.48	6.30
	Q3	3.17	2.41	3.85	0.48	4.11	0.41	6.30
	Q4	2.89	2.26	4.14	0.49	4.38	0.50	6.20
2011	Q1	2.96	2.28	4.30	0.63	4.52	0.55	6.10
	Q2	2.99	2.46	4.22	0.48	4.47	0.60	6.10
	Q3	3.66	2.95	3.45	0.16	3.66	0.65	6.10
	Q4	3.52	2.79	2.94	-0.25	3.55	0.70	6.10
2012	Q1	3.45	2.58	3.26	-0.11	3.61	0.65	6.25
	Q2	3.69	2.74	2.92	-0.10	3.29	0.60	6.25
	Q3	3.64	2.66	2.90	0.09	3.27	0.57	6.25
	Q4	3.57	2.73	3.00	-0.07	3.34	0.48	6.25
2013	Q1	3.35	2.54	3.02	-0.43	3.76	0.48	6.25
	Q2	3.53	2.60	3.43	-0.03	4.19	0.43	6.10
	Q3	3.41	2.49	3.41	-0.04	4.07	0.43	5.75
	Q4	3.28	2.31	3.58	0.03	4.17	0.41	5.05
2014	Q1	3.41	2.38	3.43	-0.10	4.07	0.44	5.05
	Q2	3.27	2.37	3.34	-0.12	3.87*	0.45	5.20
	Q3	3.34	2.39	2.98	-0.37		0.50	4.90
	Q4	3.37	2.39	2.42	-0.77		0.53	4.60
2015	Q1	3.33	2.32	2.23	-0.93		0.67	4.60
	Q2	3.46	2.40	2.63	-0.76		0.50	4.50
	Q3	3.71	2.67	2.38	-0.84		0.46	4.50
	Q4	3.70	2.54	2.57	-0.71		0.40	4.50
2016	Q1	3.77	2.62	2.17	-0.98		0.49	4.50**
	Q2	3.66	2.65	1.61	-1.39		0.50	
	Q3	3.46	2.53	1.42	-1.79		0.40	
	Q4							

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

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

PROPERTY EQUITIES & GILTS HISTORIC YIELD DIFFERENCES (QUARTERLY)



Investment Statistics Sources

UK

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