Independent Investment Adviser's report Appendix 1

Fund Performance Summary and Market Background

The value of the Fund in the quarter fell to £1,758m, a decrease of £140,000 compared to the end June value of £1,898m. The Fund produced a return of -6.0% over the quarter, which gave an underperformance against the benchmark of -0.2%. This was attributable to asset allocation, with a neutral return from stock selection. Over a 12 month period the Fund recorded a positive relative return against the benchmark of 0.1% (-0.6% v. -0.7%).

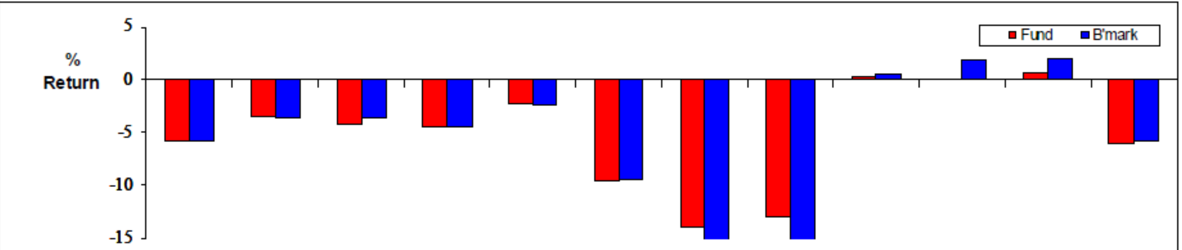
We saw a reversal of fortunes for the active elements of the Fund in Q3 2015, with the Emerging Markets managers showing good outperformance over this quarter, albeit against some sharp falls in absolute value. Schroders (Emerging Markets) had the best performance, ahead of their benchmark by 2.8%, with JP Morgan (Emerging Markets) outperforming by 1.7%. Given the nature of the falls seen in the wider Emerging Markets universe, the investment style of the two managers will have provided some downside protection, but it is possible that some of this outperformance will be "given back" as the hardest hit stocks recover at some stage. The Developed Markets managers did not fare so well, with Capital International (North America) underperforming by -0.6%, with Nomura (Pacific) performing just about in line against their benchmark, against some sharp falls in index levels in the region. JP Morgan (Bonds) didn't help the active performance profile again, with an underperformance of -0.26% in Q3.

The alternative passive strategies managed by UBS have continued to produce a return ahead of their respective benchmarks since inception. This again includes an encouraging Q3 2015, which continued to see the strategies being tested by falling markets, as in the second quarter.

One could say that world markets got into the holiday season mood in the third quarter and went for a ride on a rather large roller coaster! Certainly volatility spiked to levels rarely seen, but to keep things in perspective the peak to trough moves were within what can be considered to be "normal" ranges. A scary ride at the time, but to quote James Bond; "Shaken, not stirred".

Reflecting the intra quarter volatility, looking at the quarter start to quarter end moves in indices to a degree masks what went on in the middle. Nevertheless there have been some big moves, certainly in the Far East and some emerging markets. For example; Singapore -16%, Hong Kong -13%, Australia -11% and Japan -8%. Within emerging markets all constituent country indices fell, but the South American region suffered the most seeing Brazil -31%, Peru -25% and Chile -10%. Some Asian and European countries experienced significant falls as well, such as Pakistan -22%, China -20%, Malaysia -15%, Thailand -14%, Turkey -16%, South Africa -15% and Russia -10%. In other developed markets, the key indices looked like this: Japan -8%, UK -5.7%, Europe ex UK -4.5% and North America -3.5% .

Bond markets in Q3 also saw a lot of volatility, with the predominant theme being a flight to quality, or investors seeking safer havens from the storm. Developed market bonds therefore fared well, as did high quality corporate bonds.



	UBS UK Ind	UBS NA Ind	Cap Int Am Act	UBS Eur Ind	UBS Global	Nomura Asia	JPM Emerging	Schroder Emerging	JPMF Bonds	GIB Infrastr.	Hermes Infrastr.	Total Assets
% Final Assets												
Actual	**32.1**	**1.8**	**9.1**	**6.6**	**12.7**	**14.9**	**5.6**	**6.2**	**7.2**	**1.4**	**2.4**	**100.0**
Benchmark	32.5	5.0	6.0	9.5	10.0	12.0	6.0	6.0	10.0	1.4	1.7	100.0
% Return												
Portfolio	**-5.8**	**-3.5**	**-4.2**	**-4.4**	**-2.3**	**-9.6**	**-14.0**	**-13.0**	**0.2**	**0.0**	**0.6**	**-6.0**
Benchmark	-5.7	-3.5	-3.5	-4.5	-2.5	-9.4	-15.6	-15.6	0.5	1.8	2.0	-5.8
Relative	**-0.1**	**0.0**	**-0.7**	**0.0**	**0.2**	**-0.2**	**1.9**	**3.1**	**-0.3**	**-1.8**	**-1.4**	**-0.2**

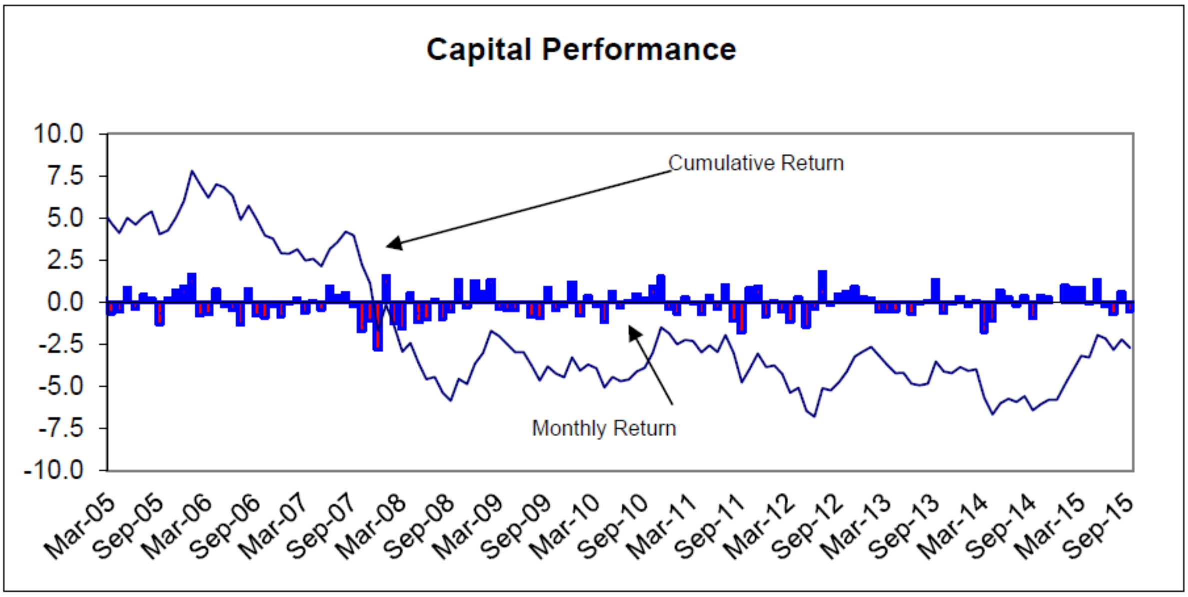
Performance update for managers 'On Watch' July 2015 to September 2015

Capital International- Active North America

Performance objective is to outperform the benchmark by 1.5% annually over rolling 3 years

I am in danger of letting my cynicism get the better of me, but I suppose the recent strong upswing in relative performance was too good to last. In Q3 Capital underperformed their benchmark by -0.6% (-4.1% v. -3.5%). The good performance in H1 has ensured that their 12 month performance remains healthy, at 4.2% ahead of their benchmark (8.8% v. 4.6%). On an annualised basis, over three years Capital are -0.5% behind their performance benchmark, and over ten years, -2.2%. Still some way to go to justify their fees.

Both the US and Canada components posted negative returns against their benchmarks over the quarter, with poor stock selection being cited as the main reason.

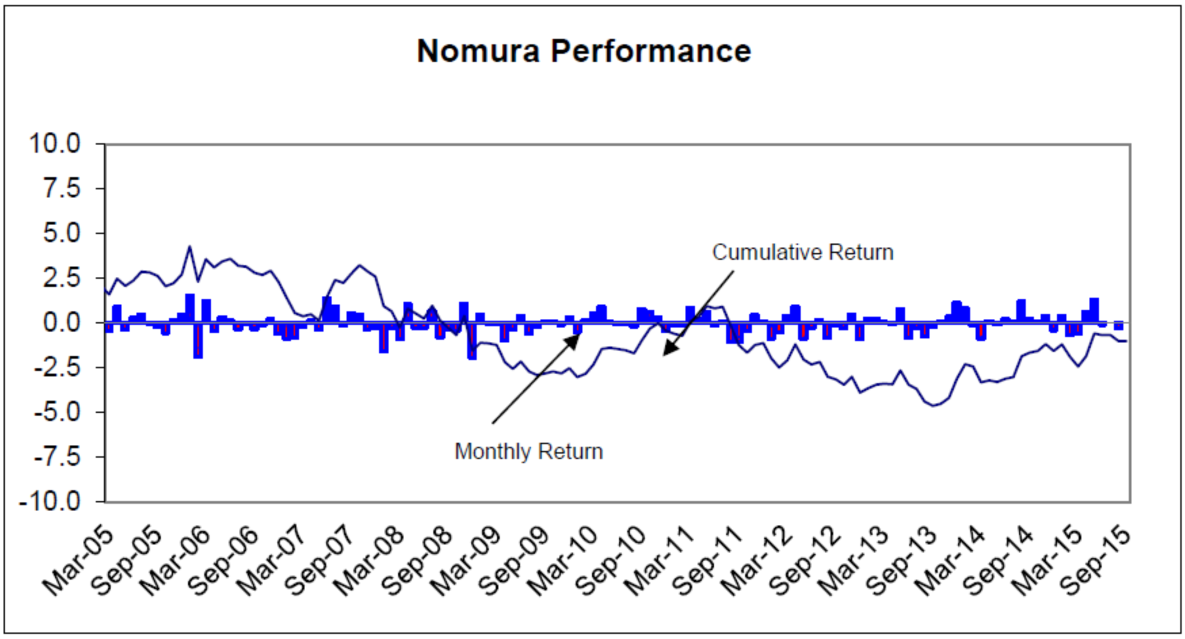


Nomura- Developed Far East

Performance objective is to outperform the benchmark by 1.5% annually over rolling 3 years.

In a difficult quarter for the Pacific region, Nomura just about managed to hold the line, with a marginal underperformance of -0.08% against their benchmark over the quarter (-9.48% v -9.4%). Their outperformance over 12 months is now at 1.1% (-0.4% v -1.5%).
Their three year performance remains unsatisfactory against their performance target, at -0.8% annualised against benchmark, and -1.65% over 10 years.

In regional terms the ex Japan elements contributed to performance this quarter, but that was offset by a poor performance from the Japanese portfolio.

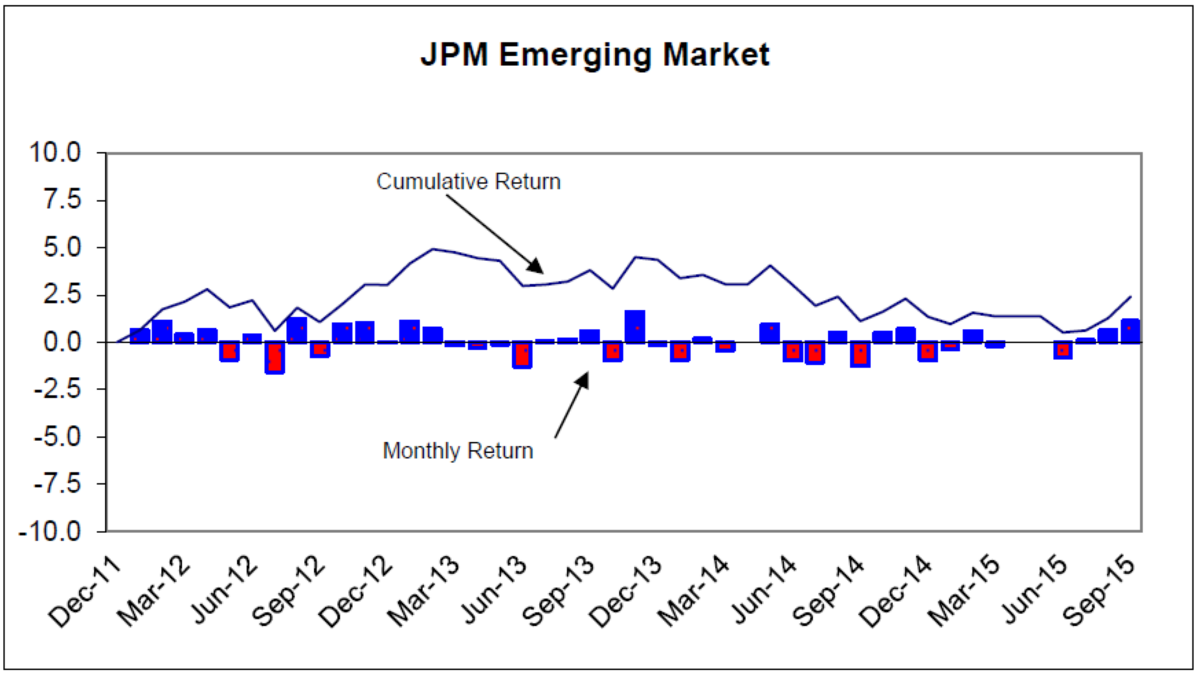


JP Morgan – Emerging Markets

Performance objective is to outperform the benchmark by 2.0% annually over rolling 3 years.

In a truly awful quarter for the absolute return from emerging markets, JP Morgan at least limited the losses slightly with an outperformance against their benchmark of 1.73% (-13.84% v. -15.57%). That has helped them to show a marked improvement on their one year performance against their benchmark, this is now 1.9% (-10.8% v. -12.7%), which including their performance target leaves them -0.1% behind.

Over three years they are behind their performance target by -1.33% annualised, since inception the picture is slightly less bleak at -1.22% against performance target.

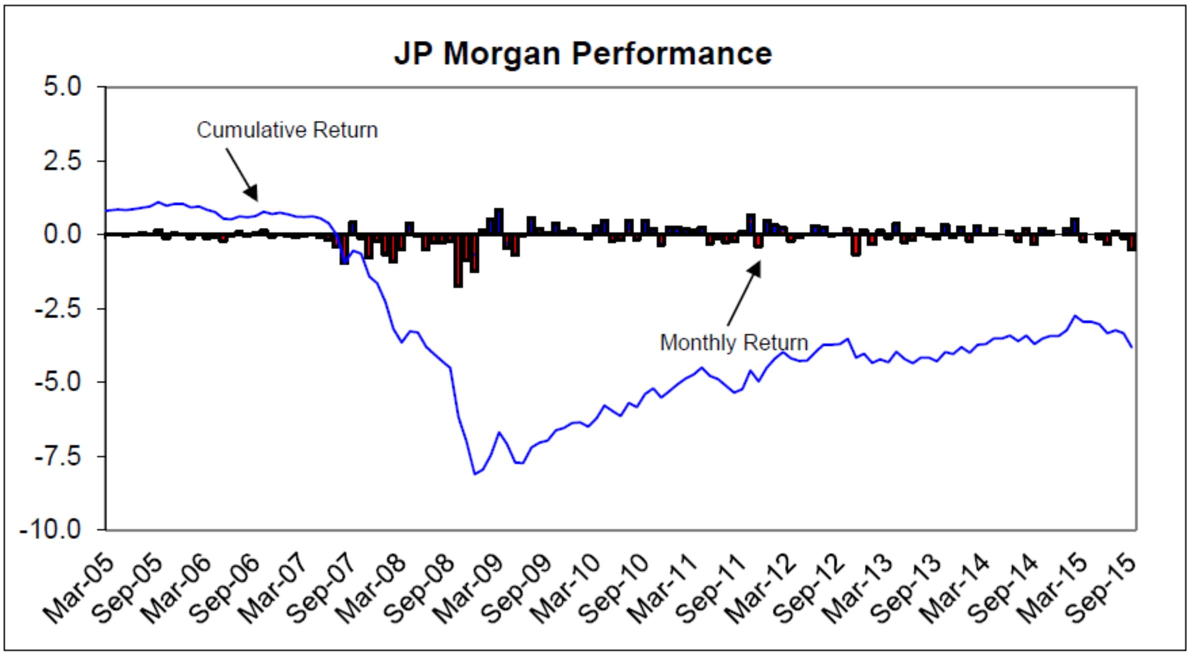


JP Morgan – Bonds

Performance objective is to outperform the benchmark by 1.0% annually over rolling 3 years.

Another disappointing quarter, with an underperformance of -0.26% (0.23% v 0.49%). They are ahead of their benchmark over the last 12 months by just 0.15% (2.08% v 1.02%), which is well behind their performance target.

Relative to their performance target, they are behind by -0.55% over three years, and -1.28% over ten years. There is a lot of ground to be made up, if that is possible within the parameters of how they manage this mandate.



Property and Infrastructure Investments - commitment and drawdown updates

Although it is too early to be focusing on performance numbers with these long term investments at this stage, consideration has been given to possible methods of benchmarking beyond an absolute return basis. Conversations with WM and the asset managers concerned have taken place with the aim of providing a method of meaningful comparison when this becomes appropriate.

Hermes

Commitment: £49m
Drawn: £42m
Distributed: £4.4m – of which £4.1m related to a recallable distribution from a transaction regarding British Ports

Green Investment Bank

Commitment: £40m
Drawn: £25.1m
Distributed: £2.1m

Venn

Commitment: £27.5m
Drawn: £26.6m
Distributed: £0m

Invesco

Commitment: £56m
Drawn: £0m – first drawdown expected in Q4 2015
Distributed: £0m

Walton Street

The Walton Street fund was considered as a potential investment opportunity during the selection process that was undertaken at the end of 2014. At that time Renshaw Bay was considered to be the preferable choice, but since that time bFinance have continued to monitor developments during the Walton Street fund raising process. That is now reaching final close and has been reviewed in detail again as a potential route to investing the remaining £27.5m out of the original £200m allocation to Property and Infrastructure.