

**J.P.Morgan**

**Worldwide Securities Services**

**Performance Measurement Report  
for  
Durham County Council Pension Fund**

*for period ending  
December 31, 2011*

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## **Benchmark Association Table**

<b>PORTFOLIO</b>	<b>INDEX</b>	<b>TARGET</b>	<b>WEIGHT %</b>
<b>Edinburgh Partners</b>	MSCI AC World Index (Gross)	+3% pa	100.00
<b>Blackrock</b>	FTSE All Share (Gross)	+3% pa	100.00
<b>Alliance Bernstein</b>	GBP Libor (3 month)	+3% pa	100.00
<b>Royal London</b>	FTSE index Linked >5 years	+0.5% pa	100.00
<b>Barings</b>	GBP Libor (3 month)	+4% pa	100.00
<b>CBRE 1</b>	Headline RPI	+5% pa	100.00
<b>CBRE 2</b>	Headline RPI	+5% pa	100.00
<b>Re Alliance Bernstein PPIP</b>	GBP Libor (3 month)	+3% pa	100.00
<b>Total Plan Composite</b>	Manager Weighted benchmark	Not Applicable	100.00

## Executive Summary of Total Plan as at 31/12/2011

### Overview

During the quarter the total market value of the Durham County Council Pension Plan increased by £113.51m to £1,796.67m. There were contributions into the plan totalling £7.71m over the quarter, so net gains were therefore £105.80m.

The performance return for the Plan over the fourth quarter of 2011 was 6.28%, compared to the Plan benchmark return of 6.62%. The Plan therefore underperformed the benchmark by -0.34%.

Equity markets were up over this quarter with the FTSE All Share (+3%) rising 9.20% and the MSCI AC World index (+3%) also up by 8.36% in Sterling terms. Index Linked bonds were up with the FTSE index linked over 5 years index (+0.5%) increasing by 9.90%.

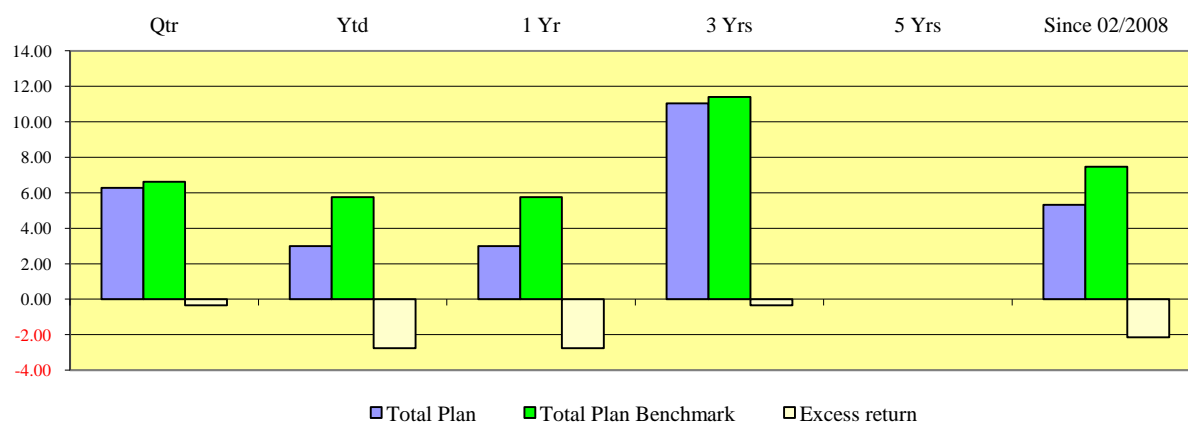
### Market Values

	In GBP mil's			
	Qtr 4 - 11	Qtr 3 - 11	Qtr 2 - 11	Qtr 1 - 11
<b>Total Plan</b>	<b>1,796.67</b>	<b>1,683.16</b>	<b>1,784.05</b>	<b>1,751.57</b>

### Performance

	Performance (%) *					
	Qtr	Ytd	1 Yr	3 Yrs	5 Yrs	Since 02/2008
<b>Total Plan</b>	6.28	3.00	3.00	11.0	-	5.31
Total Plan Benchmark	6.62	5.76	5.76	11.4	-	7.47
<i>Excess return</i>	<i>-0.34</i>	<i>-2.76</i>	<i>-2.76</i>	<i>-0.35</i>		<i>-2.15</i>

### Total Plan Performance

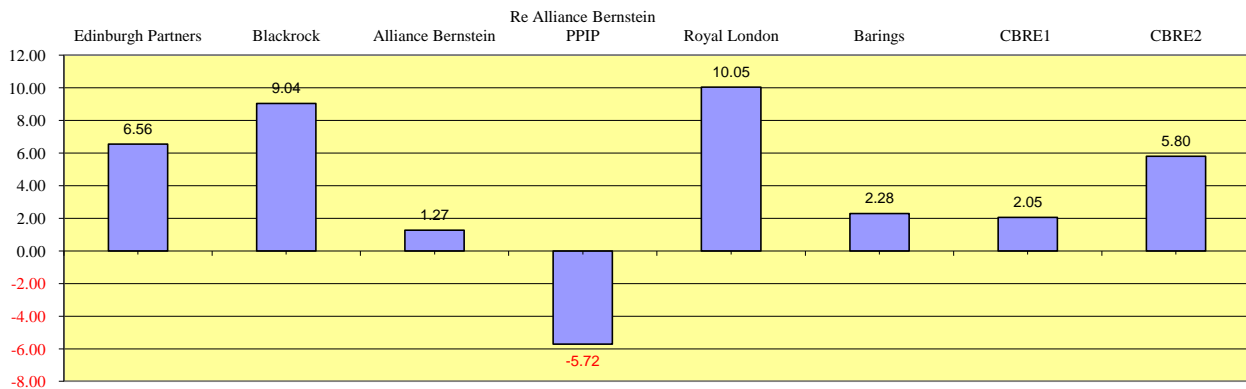


**Total Plan Performance Returns as at 31/12/11**

Currency GBP	Mkt. Val. in Mil's	Performance (%) *					
		Qtr	Ytd	1 Year	2 Years	3 Years	Since 02/2008
<b>Total Plan</b>	<b>1796.7</b>	6.28	3.00	3.00	7.41	11.0	5.31
Total Plan Benchmark		6.62	5.76	5.76	9.46	11.4	7.47
<i>Excess return</i>		<b>-0.34</b>	<b>-2.76</b>	<b>-2.76</b>	<b>-2.06</b>	<b>-0.35</b>	<b>-2.15</b>

	Mkt. Val. in Mil's	Qtr	Ytd	1 Year	2 Years	3 Years	Since 02/2008
<b>Edinburgh Partners</b>	<b>460.5</b>	6.56	<b>-7.23</b>	<b>-7.23</b>	0.22	6.0	2.33
MSCI AC World Index (Gross) +3% pa		8.36	<b>-3.35</b>	<b>-3.35</b>	7.81	13.0	6.93
<i>Excess return</i>		<b>-1.80</b>	<b>-3.87</b>	<b>-3.87</b>	<b>-7.59</b>	<b>-6.99</b>	<b>-4.60</b>
<b>Blackrock</b>	<b>341.0</b>	9.04	<b>-1.84</b>	<b>-1.84</b>	9.02	17.3	3.84
FTSE All Share (Gross) +3% pa		9.20	<b>-0.37</b>	<b>-0.37</b>	8.41	16.4	5.55
<i>Excess return</i>		<b>-0.16</b>	<b>-1.47</b>	<b>-1.47</b>	0.61	0.95	<b>-1.71</b>
<b>Alliance Bernstein</b>	<b>263.1</b>	1.27	2.06	2.06	4.66	10.2	4.03
GBP Libor +3% pa		1.00	3.88	3.88	3.80	3.9	4.95
<i>Excess return</i>		0.27	<b>-1.83</b>	<b>-1.83</b>	0.87	6.24	<b>-0.92</b>
<b>Re Alliance Bernstein PPIP</b>	<b>22.4</b>	<b>-5.72</b>	<b>-11.48</b>	<b>-11.48</b>	7.32	-	7.25
GBP Libor +3% pa		1.00	3.88	3.88	3.80	-	3.79
<i>Excess return</i>		<b>-6.72</b>	<b>-15.36</b>	<b>-15.36</b>	3.53	-	3.46
<b>Royal London</b>	<b>444.7</b>	10.05	23.90	23.90	16.56	13.1	10.84
FTSE index Linked >5 years +0.5% pa		9.90	24.18	24.18	16.66	13.0	10.62
<i>Excess return</i>		0.15	<b>-0.28</b>	<b>-0.28</b>	<b>-0.10</b>	0.06	0.22
<b>Barings</b>	<b>145.9</b>	2.28	1.91	1.91	6.30	11.6	7.41
GBP Libor +4% pa		1.24	4.89	4.89	4.80	5.0	5.97
<i>Excess return</i>		1.04	<b>-2.98</b>	<b>-2.98</b>	1.49	6.60	1.44
<b>CBRE1</b>	<b>89.4</b>	2.05	8.15	8.15	9.06	1.40	<b>-3.47</b>
Headline RPI +5% pa		1.87	10.04	10.04	10.01	9.2	8.45
<i>Excess return</i>		0.17	<b>-1.89</b>	<b>-1.89</b>	<b>-0.96</b>	<b>-7.77</b>	<b>-11.92</b>
<b>CBRE2</b>	<b>29.6</b>	5.80	<b>-10.43</b>	<b>-10.43</b>	3.06	16.2	<b>-0.42</b>
Headline RPI +5% pa		1.87	10.04	10.04	10.01	9.2	8.45
<i>Excess return</i>		3.93	<b>-20.47</b>	<b>-20.47</b>	<b>-6.96</b>	7.08	<b>-8.87</b>

**Manager Quarterly Returns**

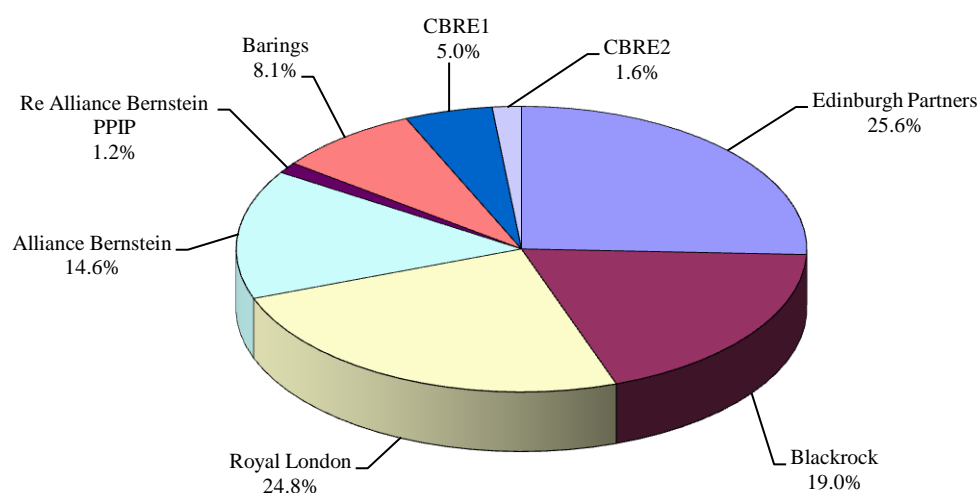


\*All Portfolio and Composite returns are Gross of Fees. For time periods in excess of 1 year the performance returns are annualised.

## Portfolio Comparison for Quarter 4, 2011

Portfolio Name	Current Market Value	Portfolio Weight	Portfolio Return (%)	Benchmark Return (%)	Excess Return (%)	Current Contribution to Return
<b>Total Plan</b>	<b>1,796,673,045</b>	<b>100.00%</b>	<b>6.28</b>	<b>6.62</b>	<b>(0.34)</b>	
Edinburgh Partners	460,479,970	25.63%	6.56	8.36	(1.80)	1.69
Blackrock	341,040,518	18.98%	9.04	9.20	(0.16)	1.67
Royal London	444,711,165	24.75%	10.05	9.90	0.15	2.31
Alliance Bernstein	263,100,010	14.64%	1.27	1.00	0.27	0.19
Re Alliance Bernstein PPIP	22,374,050	1.25%	(5.72)	1.00	(6.72)	(0.08)
Barings	145,903,431	8.12%	2.28	1.24	1.04	0.19
CBRE1	89,419,597	4.98%	2.05	1.87	0.17	0.10
CBRE2	29,644,305	1.65%	5.80	1.87	3.93	0.10

## Manager Allocation



## Portfolio Comparison for Year to Date, 2011

Portfolio Name	Current Market Value	Portfolio Weight	Portfolio Return (%)	Benchmark Return (%)	Excess Return (%)	Current Contribution to Return
<b>Total Plan</b>	<b>1,796,673,045</b>	<b>100.00%</b>	<b>3.00</b>	<b>5.76</b>	<b>(2.76)</b>	
Edinburgh Partners	460,479,970	25.63%	(7.23)	(3.35)	(3.87)	(1.93)
Blackrock	341,040,518	18.98%	(1.84)	(0.37)	(1.47)	(0.21)
Royal London	444,711,165	24.75%	23.90	24.18	(0.28)	4.87
Alliance Bernstein	263,100,010	14.64%	2.06	3.88	(1.83)	0.29
Re Alliance Bernstein PPIP	22,374,050	1.25%	(11.48)	3.88	(15.36)	(0.16)
Barings	145,903,431	8.12%	1.91	4.89	(2.98)	0.15
CBRE1	89,419,597	4.98%	8.15	10.04	(1.89)	0.32
CBRE2	29,644,305	1.65%	(10.43)	10.04	(20.47)	(0.19)

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