

J.P.Morgan

Worldwide Securities Services

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

*for period ending
December 31, 2014*



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Benchmark Association Table

| PORTFOLIO | INDEX | TARGET | WEIGHT % |
|---------------------------------|---|----------------|----------|
| Edinburgh Partners | Zero Return - Historically MSCI AC World Index (Gross) | +3% pa | 100.00 |
| Blackrock | Zero Return - Historically FTSE All Share (Gross) | +3% pa | 100.00 |
| Blackrock Passive Equity | Zero Return - Historically FTSE-Ftse Aw Developed (Gross) | Not Applicable | 100.00 |
| Alliance Berstein | GBP Libor (3 month) | +3% pa | 100.00 |
| Royal London | FTSE index Linked >5 years | +0.5% pa | 100.00 |
| Barings | GBP Libor (3 month) | +4% pa | 100.00 |
| CBRE 1 | Headline RPI | +5% pa | 100.00 |
| CBRE 2 | Headline RPI | +5% pa | 100.00 |
| Mondrian | MSCI EM (Emerging Markets) (Net) | +2.5% pa | 100.00 |
| Aberdeen | MSCI-Acwi (Gross) | +3% pa | 100.00 |
| BNY | MSCI AC World Index (Gross) | +2.5% pa | 100.00 |
| Total Plan Composite | Manager Weighted Benchmark | Not Applicable | 100.00 |

Executive Summary of Total Plan as at 31/12/2014

Overview

During the quarter the total market value of the Durham County Council Pension Plan increased by +£19.73m to £2,198.32m. There was a total outflow from the plan of -£35.05m during the quarter meaning the plan experienced net gains of +£54.78m.

The performance return for the Plan over the fourth quarter of 2014 was +2.51%, compared to the Plan benchmark return of +2.73. The Plan therefore underperformed the benchmark by 22 bps.

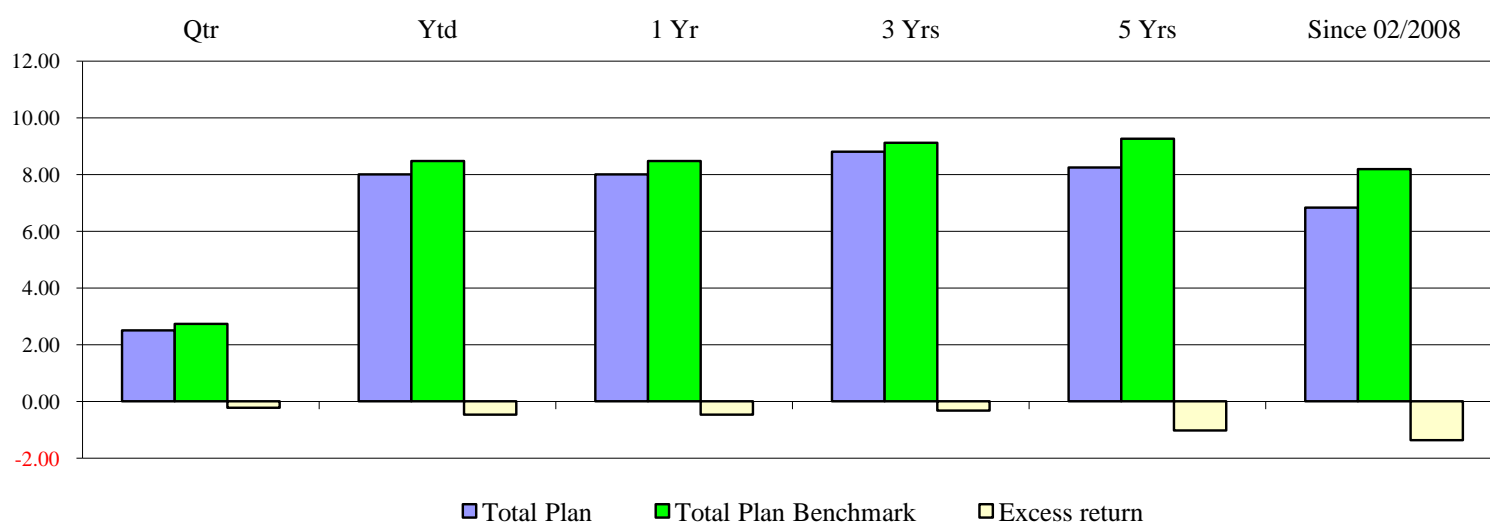
Market Values

| | In GBP mil's | | | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | Qtr 4 - 14 | Qtr 3 - 14 | Qtr 2 - 14 | Qtr 1 - 14 |
| Total Plan | 2,198.32 | 2,178.58 | 2,163.08 | 2,128.55 |

Performance

| | Performance (%) * | | | | | |
|----------------------|-------------------|--------------|--------------|--------------|--------------|---------------|
| | Qtr | Ytd | 1 Yr | 3 Yrs | 5 Yrs | Since 02/2008 |
| Total Plan | 2.51 | 8.01 | 8.01 | 8.8 | 8.2 | 6.83 |
| Total Plan Benchmark | 2.73 | 8.48 | 8.48 | 9.1 | 9.3 | 8.19 |
| <i>Excess return</i> | <i>-0.22</i> | <i>-0.47</i> | <i>-0.47</i> | <i>-0.32</i> | <i>-1.02</i> | <i>-1.36</i> |

Total Plan Performance



Total Plan Performance Returns as at 30/09/14

| Currency GBP | Mkt. Val. in Mil's | Performance (%) * | | | | | |
|----------------------|--------------------|-------------------|-------|--------|---------|---------|-----------------|
| | | Qtr | Ytd | 1 Year | 2 Years | 3 Years | Since inception |
| Total Plan | 2198.3 | 2.51 | 8.01 | 8.01 | 9.60 | 8.80 | 6.83 |
| Total Plan Benchmark | | 2.73 | 8.48 | 8.48 | 9.91 | 9.12 | 8.19 |
| <i>Excess return</i> | | -0.22 | -0.47 | -0.47 | -0.31 | -0.32 | -1.36 |

| | Mkt. Val. in Mil's | Qtr | Ytd | 1 Year | 2 Years | 3 Years | Since inception |
|---|--------------------|-------|-------|--------|---------|---------|-----------------|
| Edinburgh Partners | 0.1 | 0.00 | 0.00 | 0.00 | 0.00 | 0.30 | 1.43 |
| Zero Return - Historically MSCI AC World Index (Gross) +3% pa | | 0.00 | 0.00 | 0.00 | 0.00 | 2.03 | 4.75 |
| <i>Excess return</i> | | 0.00 | 0.00 | 0.00 | 0.00 | -1.74 | -3.32 |
| Blackrock | 0.3 | -1.72 | 0.53 | 0.53 | 9.67 | 10.20 | 6.58 |
| Zero Return - Historically FTSE All Share (Gross) +3% pa * | | -2.89 | 0.14 | 0.14 | 11.62 | 13.05 | 8.78 |
| <i>Excess return</i> | | 1.17 | 0.40 | 0.40 | -1.96 | -2.85 | -2.20 |
| Blackrock (Passive Equity) | 0.0 | -1.07 | 5.17 | 5.17 | 14.52 | - | 11.38 |
| Zero Return - Historically FTSE-Ftse Aw Developed (Gross) * | | -1.07 | 5.26 | 5.26 | 14.44 | - | 11.42 |
| <i>Excess return</i> | | 0.00 | -0.10 | -0.10 | 0.08 | - | -0.04 |
| Alliance Bernstein | 325.8 | 0.61 | 3.78 | 3.78 | 2.43 | 4.64 | 4.30 |
| GBP Libor +3% pa | | 0.88 | 3.55 | 3.55 | 3.54 | 3.65 | 4.38 |
| <i>Excess return</i> | | -0.27 | 0.23 | 0.23 | -1.11 | 0.99 | -0.08 |
| Royal London | 464.2 | 8.83 | 21.08 | 21.08 | 10.42 | 7.24 | 9.24 |
| FTSE index Linked >5 years +0.5% pa | | 9.56 | 21.99 | 21.99 | 11.04 | 7.59 | 9.28 |
| <i>Excess return</i> | | -0.73 | -0.91 | -0.91 | -0.62 | -0.35 | -0.03 |
| Barings | 430.7 | 2.22 | 4.60 | 4.60 | 6.79 | 6.51 | 7.01 |
| GBP Libor +4% pa | | 1.13 | 4.55 | 4.55 | 4.55 | 4.65 | 5.39 |
| <i>Excess return</i> | | 1.09 | 0.05 | 0.05 | 2.24 | 1.86 | 1.63 |
| CBRE1 | 116.4 | 3.53 | 11.18 | 11.18 | 10.38 | 8.92 | 1.79 |
| Headline RPI +5% pa | | 1.20 | 6.70 | 6.70 | 7.25 | 7.57 | 8.06 |
| <i>Excess return</i> | | 2.34 | 4.48 | 4.48 | 3.13 | 1.35 | -6.28 |
| CBRE2 | 29.4 | 10.62 | 19.08 | 19.08 | 11.95 | 13.95 | 5.65 |
| Headline RPI +5% pa | | 1.20 | 6.70 | 6.70 | 7.25 | 7.57 | 8.06 |
| <i>Excess return</i> | | 9.43 | 12.38 | 12.38 | 4.71 | 6.38 | -2.41 |
| Mondrian | 151.2 | - | - | - | - | - | -3.55 |
| MSCI EM (Emerging Markets) (Net) + 2.5% | | - | - | - | - | - | -2.76 |
| <i>Excess return</i> | | - | - | - | - | - | -0.79 |
| Aberdeen | 329.2 | - | - | - | - | - | 0.24 |
| MSCI-Acwi (Gross) + 3% | | - | - | - | - | - | 2.90 |
| <i>Excess return</i> | | - | - | - | - | - | -2.66 |
| BNY | 334.4 | - | - | - | - | - | 3.17 |
| MSCI AC World Index (Gross) + 2.5% | | - | - | - | - | - | 3.21 |
| <i>Excess return</i> | | - | - | - | - | - | -0.04 |

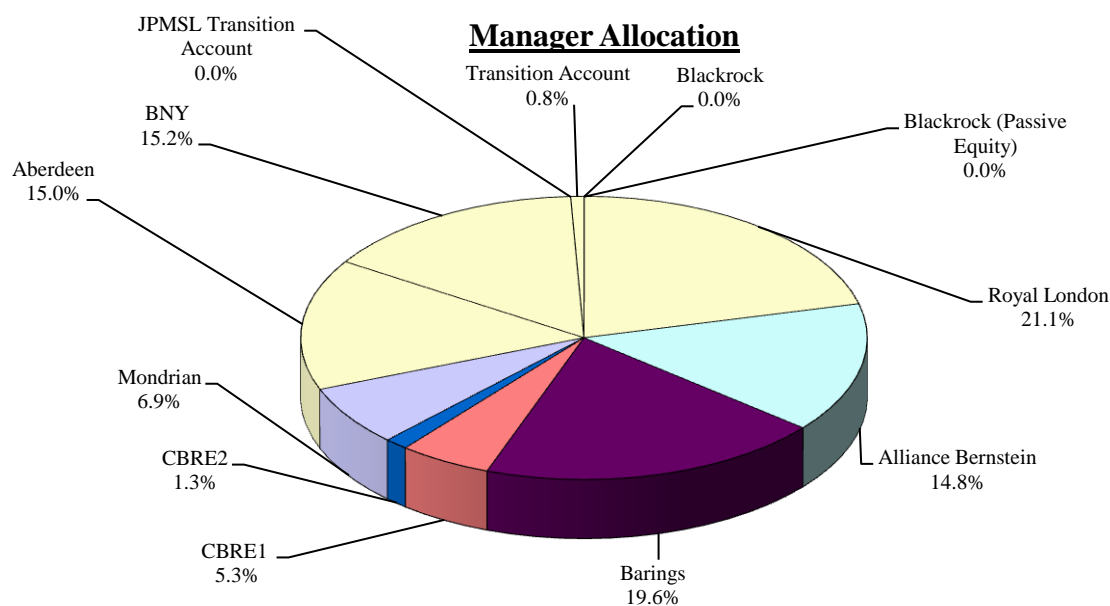
Manager Quarterly Returns



*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, 2014

| Portfolio Name | Current Market Value | Portfolio Weight | Portfolio Return (%) | Benchmark Return (%) | Excess Return (%) | Current Contribution to Return |
|----------------------------|----------------------|------------------|----------------------|----------------------|-------------------|--------------------------------|
| Total Plan | 2,198,315,583 | 100.00% | 2.51 | 2.73 | (0.22) | 2.51 |
| Edinburgh Partners | 117,373 | 0.01% | 0.00 | 0.00 | 0.00 | (0.00) |
| Blackrock | 348,715 | 0.02% | (1.72) | (2.89) | 1.17 | (0.28) |
| Blackrock (Passive Equity) | 89 | 0.00% | (1.07) | (1.07) | 0.00 | (0.26) |
| Royal London | 464,244,911 | 21.12% | 8.83 | 9.56 | (0.73) | 1.73 |
| Alliance Bernstein | 325,792,500 | 14.82% | 0.61 | 1.13 | (0.51) | 0.09 |
| Barings | 430,732,642 | 19.59% | 2.22 | 1.13 | 1.09 | 0.43 |
| CBRE1 | 116,369,533 | 5.29% | 3.53 | 1.20 | 2.34 | 0.18 |
| CBRE2 | 29,393,887 | 1.34% | 10.62 | 1.20 | 9.43 | 0.13 |
| Mondrian | 151,202,842 | 6.88% | - | - | - | (0.77) |
| Aberdeen | 329,187,502 | 14.97% | - | - | - | 0.23 |
| BNY | 334,363,694 | 15.21% | - | - | - | 0.47 |
| JPMSL Transition Account | 242 | 0.00% | 0.00 | - | - | (0.00) |
| Transition Account | 16,561,653 | 0.75% | 0.00 | - | - | 0.57 |



Portfolio Comparison for Year to Date, 2014

| Portfolio Name | Current Market Value | Portfolio Weight | Portfolio Return (%) | Benchmark Return (%) | Excess Return (%) | Current Contribution to Return |
|----------------------------|----------------------|------------------|----------------------|----------------------|-------------------|--------------------------------|
| Total Plan | 2,198,315,583 | 100.00% | 8.01 | 8.48 | (0.47) | 8.01 |
| Edinburgh Partners | 117,373 | 0.01% | 0.00 | 0.00 | 0.00 | (0.00) |
| Blackrock | 348,715 | 0.02% | 0.53 | 0.14 | 0.40 | 0.06 |
| Blackrock (Passive Equity) | 89 | 0.00% | 5.17 | 5.26 | 5.17 | 0.75 |
| Royal London | 464,244,911 | 21.12% | 21.08 | 21.99 | (0.91) | 2.32 |
| Alliance Bernstein | 325,792,500 | 14.82% | 3.78 | 4.55 | (0.77) | 0.33 |
| Barings | 430,732,642 | 19.59% | 4.60 | 4.55 | 0.05 | 0.54 |
| CBRE1 | 116,369,533 | 5.29% | 11.18 | 6.70 | 4.48 | 0.35 |
| CBRE2 | 29,393,887 | 1.34% | 19.08 | 6.70 | 12.38 | 0.13 |
| Mondrian | 151,202,842 | 6.88% | - | - | - | 2.74 |
| Aberdeen | 329,187,502 | 14.97% | - | - | - | 0.15 |
| BNY | 334,363,694 | 15.21% | - | - | - | 0.29 |
| JPMSL Transition Account | 242 | 0.00% | 0.00 | - | - | 0.00 |
| Transition Account | 16,561,653 | 0.75% | 0.00 | - | - | 0.35 |

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