DORSET COUNTY PENSION FUND

Quarterly Report 31 March 2016

YOUR PORTFOLIO

Fund performance objective

The fund objective is to outperform the benchmark by 0.5% per annum gross of the standard management fees.

Fund asset allocation and benchmark ranges

Fund and benchmark index	Fund allocation (%)
RLPPC Over Five Year Corporate Bond Fund Benchmark: iBoxx Sterling Non-Gilt Over 5 Year Index.	100.0

Portfolio value

	Portfolio total (£m)
31 March 2016	**286.12**
31 December 2015	277.01
Change over quarter	9.11
Net cash inflow (outflow)	0.00

EXECUTIVE SUMMARY

Performance

- The Fund returned 3.28% over the quarter, gross of management fees, compared with a benchmark return of 3.95%, bringing 12 month returns for the Fund and benchmark to -0.11% and 0.05%, respectively.
- Over the quarter, UK government bond yields fell sharply, with the asset class recording one of the strongest quarterly total returns in recent years. Sterling investment grade credit bonds returned 3.16%, reflecting a widening of credit spreads. The average yield premium of credit bonds over gilt yields increased from 1.38% to 1.52%.
- The underperformance recorded over the quarter was primarily a result of duration positioning and credit sector selection, although the position in the Royal London Sterling Extra Yield Bond Fund was also marginally detrimental.

The economy and bond markets

- Markets suffered a volatile start to the year, although managed to recover by the end of the quarter. Nevertheless, global growth forecasts were downgraded, and markets remain subject to the effects of a low oil price and a high degree of sensitivity to negative economic news.
- The UK economy continues to expand, albeit slowly, supported by domestic demand and residential investment. Having increased interest rates in December, the US Federal Reserve declined to do so again, citing concerns about the global economy as a primary factor. In the eurozone, the European Central Bank (ECB) continued to loosen its monetary policy, and inflation remains well below the 2% target. Japan also continued its trajectory of loose monetary policy over the quarter, and its economy remains sluggish.
- Conventional UK government bonds returned 4.92% over the quarter, performing broadly in line with US treasuries but underperforming equivalent European and Japanese government bonds. 10-year UK government bonds yields fell 0.50%. Index linked UK government bonds returned 5.67%, with real yields falling across all maturities, but underperformed global counterparts, particularly European bonds which were supported by the ECB's extension to its quantitative easing programme.
- Sterling investment-grade credit returned 3.01% over the first quarter, underperforming UK government bonds by 1.14% (on a duration-adjusted basis); average sterling investment-grade credit spreads widened by 0.14% to 1.52%. By contrast, spreads in the basic industry sector narrowed, as a slight increase in the price of Brent Crude oil acted as a reprieve; this was the only sector to outperform UK government bonds over the quarter. Global high yield bonds (BofA Merrill Lynch BB-B Global Non-Financial High Yield Constrained, 100% hedged to sterling) returned 3.41%. Although 2016 opened with a very weak January, the second part of the quarter experienced a solid rebound with two consecutive months of positive returns.

Investment outlook

- We anticipate that current global economic expansion will be sustained into 2016, supported primarily by loose monetary policy, low bond yields and a low oil price.
- We expect a very gradual rise in government bond yields over 2016, as we feel much of the current market concern is disproportionate; we do not expect a dramatic increase in yields this year. We believe that long-term real interest rates in the UK do not reflect long term economic fundamentals.
- We still believe that investment grade and high yield credit offer better relative value than government bonds, and that credit valuations are underpinned by strong company balance sheets and extended central bank liquidity. We expect that sterling investment grade credit bonds will outperform UK government bonds by approximately 1.5% p.a. over the next three years.

The key views within your portfolio

- A significant underweight in supranational bonds, as we expect corporate bonds to outperform over the medium term.
- Duration shorter than that of the benchmark, as we expect underlying gilt yields to rise.
- A bias towards asset backed securities, an area that we believe still offers the best risk/return characteristics.
- An overweight position in subordinated financial debt, where we believe yields are attractive.
- Targeted exposure to higher yielding bonds through investment in the Royal London Sterling Extra Yield Bond Fund.

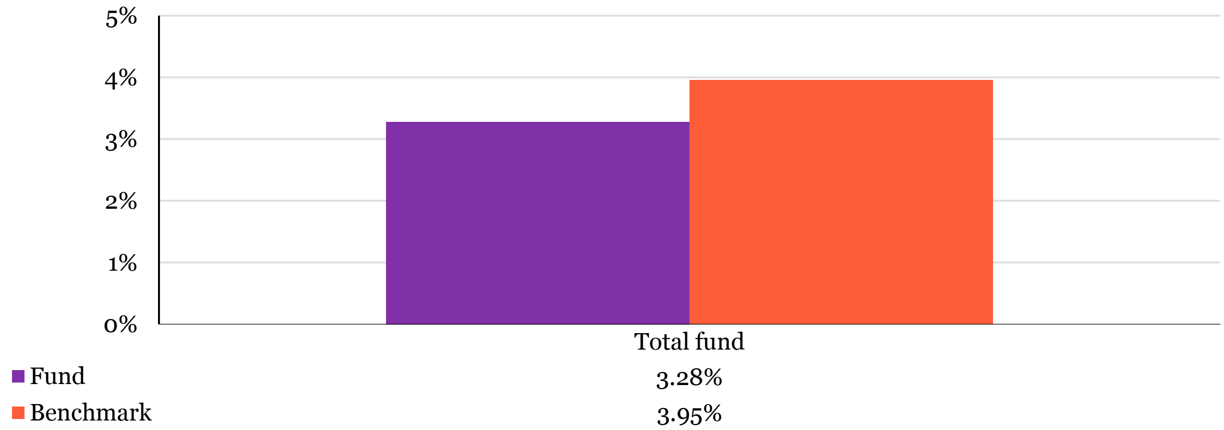
FUND PERFORMANCE

The table below shows the gross performance of your portfolio and the benchmark for the periods ending 31 March 2016:

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Q1 2016	**3.28**	**3.95**	**-0.67**
Rolling 12 months	-0.11	0.05	-0.16
Three years p.a.	6.66	5.83	0.83
Five years p.a.	11.48	11.46	0.02
Since inception 02.07.07 p.a.	9.04	9.37	-0.33

Quarterly performance



The total fund returns in the above chart include the impact of the cash holding during the quarter.

RLPPC UK OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

Asset split

	Fund (%)	Benchmark[1] (%)
Conventional credit bonds[2]	99.9	98.9
Index linked credit bonds	0.0	0.0
Sterling conventional gilts	0.0	0.0
Sterling index linked gilts	0.0	0.0
Foreign conventional sovereign	0.1	1.1
Foreign index linked sovereign	0.0	0.0
Derivatives	0.0	0.0

Fund data

	Fund	Benchmark[1]
Duration	9.5 years	10.0 years
Gross redemption yield[3]	3.89%	3.29%
No. of stocks	295	682
Fund size	£357.7m	-

Launch date: 02.07.2007
[1] Benchmark: iBoxx Sterling Non-Gilt Over 5 Year Index.
[2] Conventional credit bond allocation includes exposure to non-sterling credit bonds and CDs, where applicable.
[3] The gross redemption yield is calculated on a weighted average basis.
Figures in relation to the asset spilt table exclude the impact of cash where held.

Performance

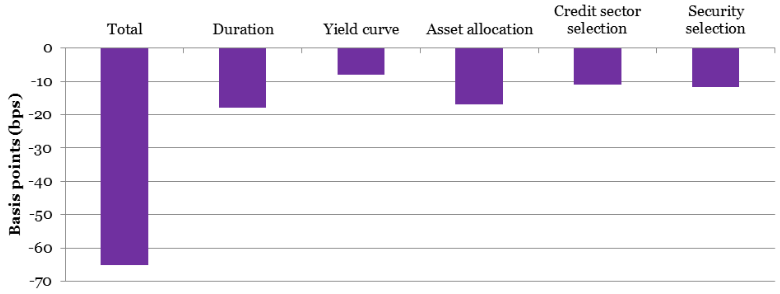
	Fund (%)	Benchmark[1] (%)	Relative (%)
Q1 2016	**3.30**	**3.95**	**-0.65**
Year-to-date	3.30	3.95	-0.65
Rolling 12 months	-0.03	0.05	-0.08
3 years p.a.	6.71	5.83	0.88
Since inception p.a. (02.07.2012)[2]	8.96	7.58	1.38

[1] Benchmark: iBoxx Sterling Non-Gilt Over 5 Year Index.
[2] The Fund launched 02.07.2007 but its benchmark and objective changed on 02.07.2012.Performance prior to 02.07.2012 has therefore been omitted. If you require performance prior to this change, please contact your client account manager.
Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested.

The Fund objective is to outperform the benchmark by 0.5% per annum gross of the standard management fees.

The Fund returns in the above table are gross of standard management fees and include the impact of cash holdings over the period.

Performance attribution for Quarter 1 2016

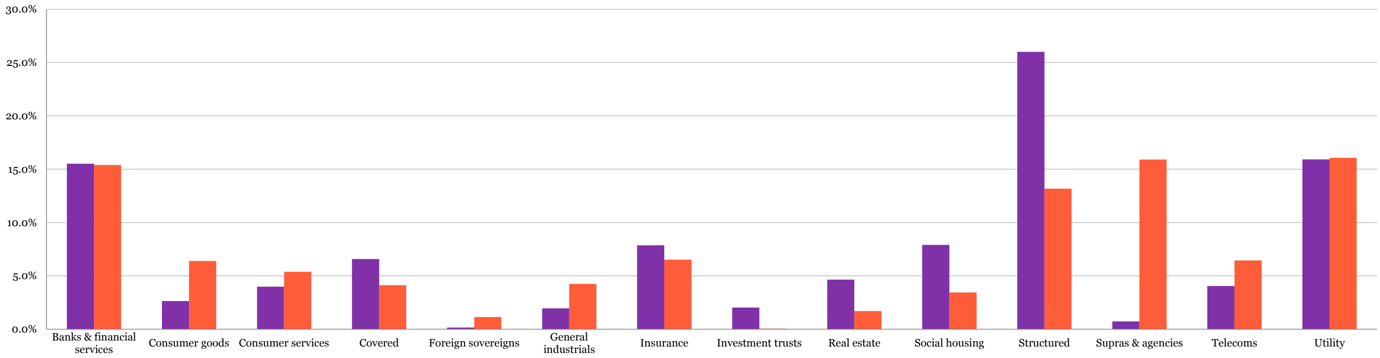


***Source:** RLAM and UBS Delta. The above performance attribution is an estimate. Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested.*

RLPPC UK OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

Sector breakdown



	Banks & financial services	Consumer goods	Consumer services	Covered	Foreign sovereigns	General industrials	Insurance	Investment trusts	Real estate	Social housing	Structured	Supras & agencies	Telecoms	Utility
PPLCP	15.5%	2.6%	4.0%	6.6%	0.2%	2.0%	7.9%	2.0%	4.6%	7.9%	26.0%	0.7%	4.1%	15.9%
Benchmark	15.4%	6.4%	5.4%	4.1%	1.1%	4.2%	6.5%	0.1%	1.7%	3.4%	13.2%	15.9%	6.4%	16.1%

***Source:** RLAM. Figures in relation to your portfolio exclude the impact of cash held, although they do include the impact of CDs if held within your portfolio.*

What we thought	What we did	What happened	Effect on portfolio
We expected that corporate bonds would outperform supranational debt.	We maintained the underweight position in supranational bonds.	With the start of 2016 characterised by volatility and risk aversion stemming from renewed concerns over global growth, supranational bonds outperformed over the quarter.	Fund positioning in supranational debt had a negative impact on performance.
We continued to prefer a combination of covered bank bonds and subordinated bank debt to senior bonds.	Positioning within financial sectors was broadly unchanged with the underweight exposure to senior unsecured bank debt maintained, and offset by above benchmark exposures to covered and subordinated bank debt.	Subordinated financial (bank and insurance) debt lagged over the quarter while senior bonds performed relatively well; covered bonds outperformed.	The benefit of the overweight exposure to covered bonds partially offset the impact of Fund's bias towards subordinated financial debt.
We thought that high profile consumer orientated bonds were unattractively priced relative to corporate debt. We maintained selective exposure to industrial bonds.	Exposure to industrial and consumer sectors was broadly unchanged over the quarter.	Industrial sector bonds rallied over the quarter, in part spurred by a recovery in commodity prices in the latter half of the quarter. With the exception of the autos sector, which was impacted by weaker results from several popular manufacturers, consumer bonds performed relatively well, marginally outperforming the wider credit market.	The low weighting in consumer and industrial bonds was a negative factor in relative performance, partially offset by the lack of exposure to autos.

RLPPC UK OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

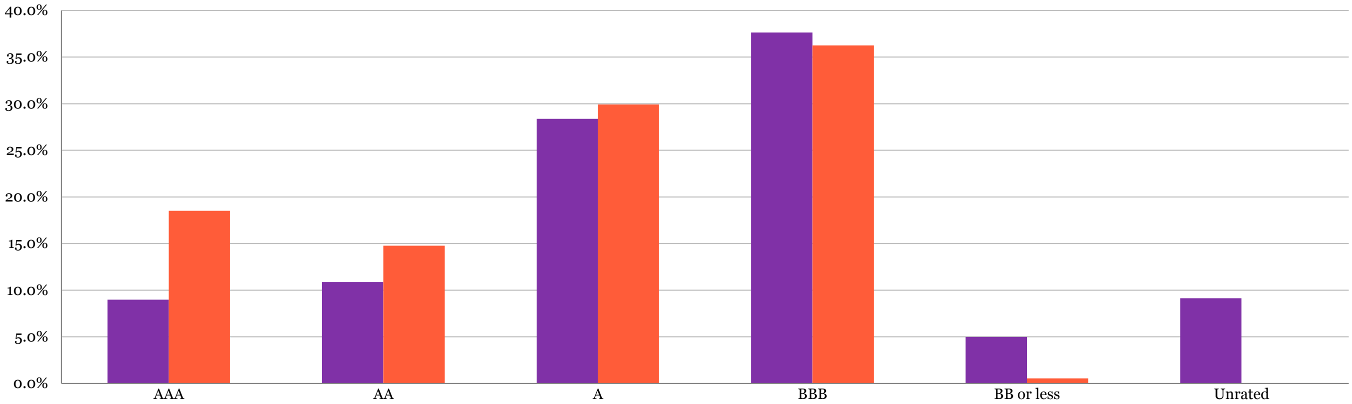
Sector breakdown continued

What we thought	What we did	What happened	Effect on portfolio
We continued to believe that secured bonds were undervalued relative to unsecured debt.	We maintained a significant overweight position in sectors that benefit from enhanced security e.g. asset backed securities (ABS), social housing and investment trusts.	Credit spreads in secured and ABS bonds rose in line with the overall market, while this reflected their more defensive characteristics, they generally outperformed.	The overweight in ABS supported Fund returns over the quarter.

RLPPC OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

Rating breakdown



	AAA	AA	A	BBB	BB or less	Unrated
PPLCP	9.0%	10.9%	28.4%	37.6%	5.0%	9.1%
Benchmark	18.5%	14.8%	29.9%	36.2%	0.5%	0.0%

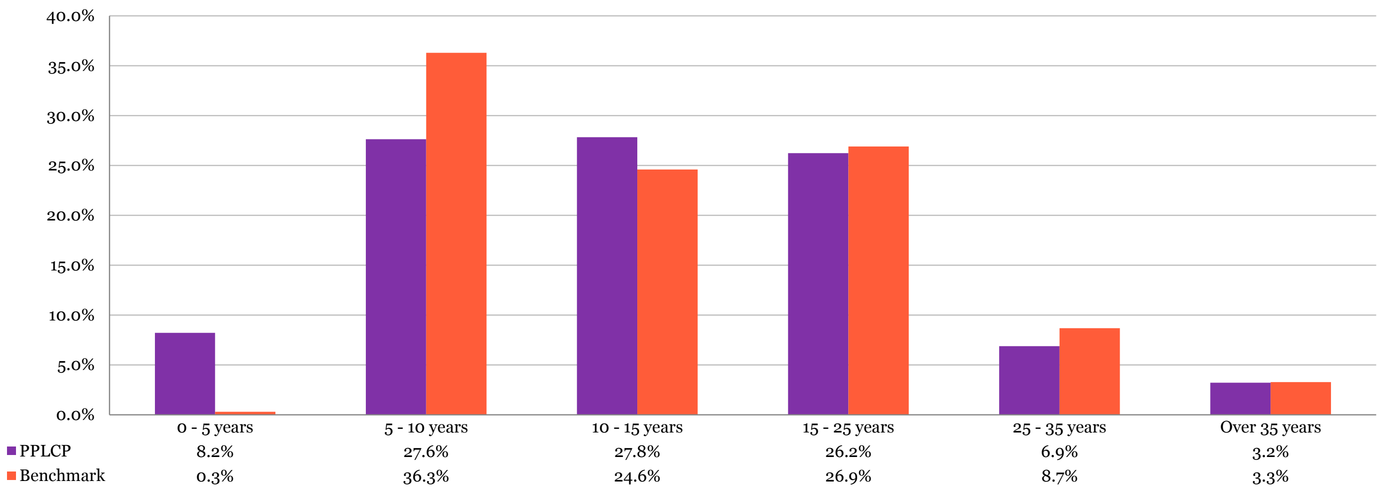
Source: *RLAM. Figures in relation to your portfolio exclude the impact of cash held, although they do include the impact of CDs if held within your portfolio.*

What we thought	What we did	What happened	Effect on portfolio
We believed that lower rated credit bonds offered better value than AAA/AA rated securities.	The bias towards lower rated bonds was maintained over the quarter.	Lower rated bonds underperformed, reflecting their greater sensitivity to the widening in overall credit spreads in the period.	The credit rating profile of the portfolio detracted from performance.
Credit ratings, while useful, are not sufficient in the assessment of creditworthiness and value of corporate bonds.	We retained exposure to bonds rated below investment grade where we believed they were consistent with the overall objective of the Fund. In part this exposure reflected the Fund's holding in the Royal London Sterling Extra Yield Bond Fund. Exposure to unrated bonds, which predominantly have investment grade risk characteristics and are in many instances secured, was broadly unchanged at 9.1%.	Although global high yield debt was weak during the early part of the quarter there was an improvement in March as risk aversion declined. The Royal London Sterling Extra Yield Bond Fund underperformed investment grade credit bonds. Conversely, unrated debt performed relatively well.	Exposure to bonds rated below investment grade, especially subordinated financial debt, detracted from performance, partially offset by the Fund's exposure to unrated debt. The position in the Royal London Sterling Extra Yield Bond Fund had a small negative impact in the quarter.

RLPPC UK OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

Maturity profile



Source: *RLAM. Figures in relation to your portfolio exclude the impact of cash held, although they do include the impact of CDs if held within your portfolio.*

What we thought	What we did	What happened	Effect on portfolio
We expected that UK government bond yields would rise.	The Fund's short duration stance was maintained within a range of 0.4 to 0.6 years below benchmark.	Early in the quarter, yields fell sharply across the maturity spectrum as renewed concerns over global growth fuelled demand for safe haven assets.	The short duration position maintained over the quarter was a negative factor in relative performance.

RLPPC UK OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

Ten largest holdings

	Weighting (%)
Lloyds Bank Plc 6% 2029	1.2
Commonweath Bank of Australia 3% 2026	1.1
Finance for Residential Social Housing 8.369% 2058	1.0
RWE Finance 6.125% 2039	1.0
Citigroup Inc 7.375% 2039	1.0
Annington Finance 0% 2022	0.9
Co-operative Bank 4.75% 2021	0.9
Abbey National Treasury 5.75% 2026	0.9
Equity Release 5.7% 2031	0.9
Bank Of America 7% 2028	0.9
Total	**9.8**

Source: *RLAM. Figures in the table above exclude derivatives where held.*

RLPPC UK OVER 5 YEAR CORPORATE BOND FUND

Quarter 1 2016

Fund activity

- A volatile start to the year, fuelled by resurfacing concerns over China and the outlook for global growth, further compounded already tepid liquidity conditions in sterling credit markets, where regulatory pressures on banks has resulted in less capital being devoted to market making of securities. New issuance was further impacted by uncertainty of the outcome of the June referendum on the UK's EU membership. Nevertheless, the Fund participated in several new issues brought to market.
- **Vicinity Centres**, an Australian real estate company involved in developing and operating shopping centres, issued a £350 million 10 year bond rated A- at an attractive credit spread of 1.97% over the reference gilt yield.
- Within the structured bond sector, the Fund purchased a senior secured bond issued by **Thames Water**. The 12 year bond was rated A- and purchased with a yield of 1.90% over gilts, an attractive premium to existing Thames Water bonds.
- Purchases of consumer-orientated bonds included charitable organisation **Motability**, a provider of vehicles to disabled people throughout the UK.
- In secondary markets, the Fund added to existing structured and secured bond positions including **Broadgate** bonds secured against prime City of London property, **Telereal** bonds backed by cashflows and assets of telecoms incumbent BT, **Heathrow Funding**, and **Dignity Finance**, the UK's leading provider of funeral services. A new exposure was established in subordinated insurance debt from **Phoenix Life**.
- Sales undertaken over the quarter were relatively modest. Holdings of rolling stock companies **Porterbrook** and **Great Rolling Stock**, and **CRH**, a globally diversified building material company, were reduced to fund new issue and secondary market purchases. The Fund also switched within issues of **Intu**, **HSBC** and **EDF**, in each case extending duration.
- Following the widely publicised plan by General Electric Company (GE) to reduce the size of its financial services business through a sale of most of the assets of **GECC** (General Electric Capital Corporation), the company announced a number of tender and exchange offers in quarter four 2015. Following this, in quarter one 2016, the company tendered for shorter dated corporate hybrid bonds issued by GECC as part of their capital exit plan. Tenders were at attractive levels relative to previous valuations.

Key views in your portfolio

- A significant underweight in supranational bonds, as we expect corporate bonds to outperform over the medium term.
- Duration shorter than that of the benchmark, as we expect underlying gilt yields to rise.
- A bias towards asset backed securities, an area that we believe still offers the best risk/return characteristics.
- An overweight position in subordinated financial debt, where we believe yields are attractive.
- Targeted exposure to higher yielding bonds through investment in the Royal London Sterling Extra Yield Bond Fund.

ECONOMIC REVIEW

Key points

- The year began with an onslaught of volatility, caused primarily by Asian stock market turbulence, fears of another global recession and an imminent banking crisis. Nevertheless, markets began to recover from mid-February, recouping much of their losses by the end of the quarter. The International Monetary Fund (IMF) downgraded its global growth forecasts once again, and the combination of beleaguered commodity prices and risk-averse market sentiment continued to haunt emerging markets.
- Having increased interest rates in December, the US Federal Reserve (Fed) declined to do so again, citing concerns about the global economy as a primary factor. Broad expectations suggest that the Fed will restrict itself to two hikes in interest rates this year, safeguarding the domestic growth which has been supported by better employment figures, income growth and consumer spending.
- The European Central Bank (ECB) appeased markets in March by cutting its central deposit rate and expanding its quantitative easing programme to include purchases of corporate bonds. Inflation remains low, and far from the 2% target, but strong industrial production and manufacturing data from January suggest that growth over the quarter is likely to have been encouraging.
- Japan also continued its trajectory of loose monetary policy over the quarter, and once again is expected to delay implementation of its proposed consumer tax increase. The economy remains sluggish, and has been beset by wavering Chinese and broader Asian demand and lacklustre private consumption.
- In the UK, the hotly anticipated Budget announcement was overshadowed by disappointing GDP figures, as nominal GDP growth slowed during 2015, to an annual rate of 2.6% in quarter four. Nevertheless, the economy continues to expand, albeit at a slower rate than hoped, supported by domestic demand and residential investment. "Brexit" looms as a threat to stability, causing weakness in the value of sterling relative to other major currencies.
- With inflation well below target in most major economies, dragged down primarily by tumbling commodity prices, nominal global GDP growth remains tepid.

BOND MARKET REVIEW

Investment grade financial & corporate bonds

Key points

- Sterling investment-grade credit returned 3.01% over the first quarter, underperforming UK government bonds by 1.14% (on a duration-adjusted basis).
- Average sterling investment-grade credit spreads widened by 0.14% to 1.52%; most sectors expanded over the quarter, following a start to the year characterised by volatility and risk aversion, caused primarily by shockwaves from falling stock markets in Asia. By contrast, spreads in the basic industry sector narrowed, as a slight increase in the price of Brent Crude oil acted as a reprieve; this was the only sector to outperform UK government bonds over the quarter.
- Bank debt was muted and mixed: while senior issues performed relatively well, subordinated bonds lagged amid broader concerns about the industry, particularly in continental Europe. Similarly, subordinated insurance company debt was weak, partly reflecting heavy supply in the latter part of 2015. The more defensive characteristics of asset backed and secured bonds continued to support absolute performance over the quarter. Among other sectors, healthcare, consumer goods and telecommunications also generated relatively good returns.
- Sterling bond issuance remained at low levels, with many firms debating whether to postpone capital raising until after the June referendum on EU membership. Issuance was dominated by the financial sector, within which all issues were of senior unsecured debt.
- By credit rating, higher-rated bonds were the strongest performers. Sterling high yield debt suffered in comparison, buffeted by market volatility at the beginning of the year.
- By maturity, the highest absolute returns were recorded by longer-dated bonds although short dated bonds recorded the lowest spread widening.

Outlook

- Liquidity in credit markets remained at low levels, reflecting capital constraints on banks (resulting in fewer resources available for trading fixed-income securities). We expect liquidity conditions to remain difficult in the medium-term.
- We believe that the current credit spread premium, over UK government bonds yields, adequately compensates for default and other risks (e.g. liquidity and rating migration). We expect that investment-grade credit bonds will outperform UK government securities by more than 1.5% p.a. over the next three years.

BOND MARKET REVIEW

Conventional government bonds

Key points

- Conventional UK government bonds returned 4.92% over the first quarter as the market rallied, helped by weaker oil prices early in the quarter, softer data from China, rate cuts from the Bank of Japan (BoJ) and the European Central Bank (ECB) and a more dovish tone from the US Federal Reserve (Fed).
- On a duration-adjusted basis, medium-dated gilts outperformed short and long-dated gilts.
- The ECB cut its deposit rate by another 0.1% in addition to cutting the headline rate to zero. It also extended its quantitative easing programme to include purchasing corporate bonds. The BOJ also cut its headline rate from 0.1% to -0.1% sparking a rally in Japanese government bonds, which boosted the yen. Gilts performed broadly in line with US treasuries but underperformed European and Japanese government bonds.
- UK government bond yield curves flattened between two and 10 year maturities, but steepened between 10 and 50 years, reflecting the market rally, while supply weighed on longer maturities.
- The Bank of England (BoE) Monetary Policy Committee (MPC) left its policy rate and quantitative easing unchanged at 0.5% and £375 billion, respectively. Minutes from the MPC meetings over the course of the quarter showed a clear concern over low inflation and global political concerns as a headwind to raising rates too early.
- UK Gross Domestic Product (GDP) grew by 0.6% in the fourth quarter, resulting in average annual GDP growth of 2.1%.
- The UK Consumer Price Index rose to 0.3%, still well below the BoE's 2% inflation target.
- The Debt Management Office (DMO) announced the issuance schedule for the upcoming quarter, with three short, five medium and three long-dated auctions, plus two long-dated syndications.

Outlook

- We expect global government bond yields to rise from current levels. As the Fed raises interest rates further in 2016, we expect the BoE to follow. Our base case assumes a very gradual rise in policy rates, so we do not expect a dramatic sell-off in government bond markets over the next 12 months.
- Our central case is for UK government bond yields across maturities to rise over 2016, and for the yield curve to steepen marginally, although we expect some volatility around this trend.

Index linked bonds

Key points

- Index linked UK government bonds returned 5.67% in the first quarter of 2016. Index linked UK government bonds gained as real yields fell across all maturities, which took place against a backdrop of concerns over global growth early in the quarter and later in response to the potential for inflationary pressures.
- The price of Brent Crude collapsed by 25% in January sparking renewed concerns over deflation. But talk of co-ordinated action by the Organisation of Exporting Countries (OPEC) to limit supply led to a sharp rally in oil prices, which ended the quarter marginally higher.
- Good demand for ten year index linked gilts led their yields to fall by around 0.40% over the quarter. Demand for longer-dated bonds was more sporadic and real yields in the 30 year sector fell by around 0.25%.
- The current negative levels of real yields (-1.10%, -1.28% and –0.89% for five, ten and 30 year bonds, respectively) can be contrasted with levels of around 2% when index linked bonds were first issued in the early 1980s and 4% in the early 1990s.
- Index linked UK government bonds underperformed global counterparts, as heavy supply in February hampered their performance relative to the best performing markets of the US and Europe. The longer dated end of the European market was also supported by the European Central Bank's announced extension of its quantitative easing programme.
- Sterling non-government index linked bonds underperformed index linked gilts by around 0.10%.
- UK inflation, as measured by the Consumer Price Index (CPI), rose to 0.3%, but despite increasing domestic price pressures, concerns about inflation remained subdued.

Outlook

- We view a long-term real interest rate in the UK of -0.90% (the level at the end of March) as too low and not reflective of long term fundamentals.
- Pension fund demand for longer-dated real yield securities remains strong, but is becoming more sporadic. At current levels, these assets are very dependent on pension fund buying, and may be tested by the June referendum on UK membership of the European Union.
- We believe global inflation linked bonds offer better value than UK index linked bonds, with real yields of European and US bonds approximately 0.8% and 1.7% higher, respectively, than those of UK bonds. However after their recent strong performance, and with a current lack of supply in long dated UK issues until May, we believe there may be better levels to add to existing positions.
- We think that five-to-ten year breakeven (implied) inflation rates of between 2.14% and 2.45% now look undervalued on a longer term view. However, long-dated breakeven rates of 3.2% appear above fair value. We believe that real yields for ten and 30 year gilts will rise during 2016.

BOND MARKET REVIEW

Overseas government bonds

Key points

- Bonds rallied across all markets in the first two months of 2016, helped by declining oil prices, speculation over central bank actions and mixed economic data. Meanwhile, bond yields stabilised in March.
- Over the quarter, yields for 10 year US and UK government bonds fell by 0.50% and 0.55%, respectively, with similar moves for equivalent German and French yields. Spanish and Italian bonds underperformed, with yields falling by around 0.30% to 0.40%, whilst the corresponding 10 year Japanese yield fell by 0.29%.
- US economic data was mixed. Fourth quarter Gross Domestic Product (GDP) fell to an annualised 1.4% from 2.0% in the third quarter. The Consumer Price Index (CPI) began to recover slightly and unemployment continued to fall – though both saw a slight softening in March.
- The US Federal Reserve (Fed) left the Federal Fund Rate unchanged over the quarter, but hinted at two further rises this year. The Fed adopted a more dovish tone in its March statement, stating that global developments "continue to pose risks".
- Eurozone data remained stable, with GDP and core CPI of 0.3% and 1.0% respectively. The European Central Bank (ECB) announced more stimulus measures in March, but signalled that further deposit rate cuts are not likely in the short term.
- Ten year conventional government bond yields in the US, Germany, the UK and Japan were 1.77%, 0.15%, 1.42% and -0.03% respectively at quarter end.
- In the first half of the quarter, index linked government bonds underperformed against their conventional counterparts in all markets, but staged a recovery in the second.
- Yield curves continued to reflect diverging monetary policies. US yield curve steepened between 10 and 30 year maturities as the Fed pushed back expectations of rate rises. The European curve flattened, as investors' hunt for yield increased demand for positive yielding longer maturity bonds.

Outlook

- We believe that the global economy will to continue to grow over the near term.
- US growth should remain reasonably strong and more increases in the Federal Fund Rate in 2016 look likely.
- Events in the Eurozone, where the situation remains unpredictable, will continue to dominate market sentiment. We therefore find the yields on peripheral Eurozone government bonds unattractive.
- We expect a rise in real yields, notably in the UK; how much will depend on the extent of global growth. Sustained inflation looks unlikely, unless economic growth picks up much faster than expected. Nor does a prolonged period of deflation seem probable. Breakeven (implied) inflation rates at current levels offer longer-term value.
- We consider developed government bond markets to be expensive. Yields should rise over the next 18 months.

Global high yield bonds

Key points

- Global high yield bonds (BofA Merrill Lynch BB-B Global Non-Financial High Yield Constrained, 100% hedged to sterling) returned 3.41%. Although 2016 opened with a very weak January, the second part of the quarter experienced a solid rebound with two consecutive months of positive returns.
- Global new issuance in the quarter was over USD46 billion, down 62% on the same period last year.
- The index yield ended the quarter 0.80% lower at 6.55%, with the average high yield credit spread narrowing by 0.33% to 5.54% above government bond yields.
- The UK was the weakest performing region, returning 1.21%; the EU returned 2.04% while the US returned 3.02%. Emerging Markets outperformed, returning 4.30%.
- BB rated bonds outperformed B rated bonds, with returns of 3.96% and 2.67% respectively. Outside of the benchmark index, the Global High Yield CCC & Lower index returned 2.62%. Returns for longer duration bonds outperformed shorter maturities.
- High yield bonds began January on a weak note against a backdrop of falling oil prices, persistent concerns about China's economy and a downgrade in global growth forecasts by the World Bank.
- Weakness continued at the beginning of February. A rally in commodity prices with a potential production freeze from oil-producing countries allowed risk-assets to finish the month on a stronger footing.
- The strong recovery observed towards the end of February continued well into March, boosted by better economic data from the US, the European Central Bank announcement of further easing and the inclusion of corporate investment-grade bonds to the list of eligible assets for purchases, as well as the US Federal Reserve's patient stance towards further tightening.

Outlook

- We continue to believe that Global High Yield bonds are attractive on a spread basis and overcompensate for default risk, while their level of income generation is also appealing on a relative basis.
- The current growth and rate environment provides a moderate albeit rising default climate, with ongoing refinancing opportunities.

BofA Merrill Lynch Indices: H0UC for US and Canada, HEEC for Europe, EMHB for Emerging Markets, all 100% hedged to sterling

INVESTMENT OUTLOOK

Key points

- We believe that loose monetary policy, low bond yields and a low oil price should support economic expansion through 2016.
- We expect UK CPI inflation to remain below the Bank of England's (BoE) 2% target over the next 12 months.
- We assume a very gradual rise in policy rates during 2016; we do not expect a dramatic rise in yields over the next 12 months.

Global economic growth prospects

- We anticipate that current global economic expansion will be sustained into 2016, supported primarily by loose monetary policy, low bond yields and a low oil price.
- In the US, growth will be driven by the private sector and reinforced by rising employment, low interest rates, and the lagged benefits of a lower oil price for households and businesses. These factors should offset the effect of US dollar appreciation and the impact of a lower oil price on shale production.
- We expect GDP growth in the eurozone to be a little stronger in 2016, compared with 2015, as the European Central Bank (ECB) continues its very accommodative monetary policy stance, having expanded its quantitative easing programme. A lower oil price, looser monetary conditions and an end to fiscal austerity remain key props for growth.
- Recent data suggest the UK economy continues to expand, despite a small downgrade to the GDP forecast for 2016. The main business surveys indicate that growth continues at a solid pace, led by consumer spending; the current account deficit, however, has reached record levels. Forecasts assume that the UK will remain in the EU.
- In China, we keep our base case forecast for official GDP growth at 6% for 2016, although we now consider risks to be skewed to the upside, given recent stimulus measures. We expect further monetary easing through interest rate reductions and Reserve Requirement Ratio cuts. China's credit expansion has been funded domestically, which should lower the risk of global contagion. Nevertheless, the scale of the country's credit growth since 2009 remains a concern. Continued global growth, a lower price of oil, rising real wages and loose policy is expected to bolster modest GDP growth in Japan.

Inflation and growth – how will they impact interest rates?

- We expect UK CPI inflation to remain below the BoE's 2% target over the next 12 months, as the lagged effects of historical sterling appreciation and declines in commodity prices feed through. Our base case assumes a gradual stabilisation of wage growth as the labour market tightens which, together with the impact of weaker sterling, should help move CPI back to 2% over the medium term.
- Although "emergency" monetary policy has encouraged growth, the strength and persistence of the recovery is still questionable; we expect only marginal policy tightening in the UK and US in 2016. Global economic headwinds persist, with the imbalance between global savings and investment flows requiring lower equilibrium interest rates in the medium term. We assume a gradual profile of rate increases, to a level much lower than in previous rate cycles. Central banks are likely to have an asymmetric view of inflation risk following the financial crisis, while levels of public and private debt have heightened economic sensitivity to changes in the cost of money.

Our views on the outlook for the main bond asset classes

- At current yield levels, we still believe that markets discount quite a bearish view of global growth prospects; we expect yields to rise from current levels, as we feel much of this market concern is disproportionate. However, our base case assumes only a very gradual rise in policy rates during 2016. We do not expect a dramatic rise in yields over the next twelve months.
- Investment-grade and high-yield credit offer better relative value than government bonds. We believe that credit valuations are underpinned by strong company balance sheets and extended central bank liquidity, which is forcing investors to broaden their search for yield.
- We expect returns from investment-grade corporate bonds to exceed those from government bonds by over 1.5% p.a. over the next three years

SPECIAL TOPIC

Heading for the "Brexit"

June will witness a rare event: the referendum of an EU country on whether to remain in the Union, or to leave (Brexit). Uncertainty over both the outcome and the impact is already an undercurrent in financial markets, which we expect only to increase in the run-up to the vote. Below, we look at the real possibility of the UK leaving the EU, and what this might mean for the UK economy.

The polls

- At the end of 2015, polls suggested a slim majority would vote to stay in the EU.
- There remains a significant percentage of "undecideds" (polls suggest 20-30%), however, and opinion appears volatile.
- Recent experience from the 2014 Scottish Referendum and the 2015 General Election has demonstrated the inaccuracy of opinion polls, and revealed that they tend to overweight younger voters.
- Turnout among the "out" campaign is likely to be higher on the day.
- Research suggests that "out" campaign support consists of three main groups: non-graduates, older voters and small business operators.

Our "base case" economic view

- We assume that the UK will remain in the EU, and that undecided voters, when faced with key uncertainties about the alternative, will prefer to keep the status quo.
- If our base case is correct, any long-term economic impact is likely to be limited, and there could be an increase in economic activity as uncertainty subsides.
- Nevertheless, we anticipate an increase in volatility ahead of the referendum.

Arguments in favour of Brexit

- The Brexit campaign is based on a combination of political and economic arguments.
- A prominent economic claim is that the EU share of global GDP is in decline, and that Brexit would better enable the UK to take advantage of the changing global economic environment.
- If the UK were to leave the EU, its default trade agreement would be under World Trade Organisation rules, and it is speculated that the UK could negotiate more favourable terms on account of its existing trade networks and interdependencies, particularly with EU countries.
- On the political side, the Brexit group states that leaving the EU would enable the UK to adopt an immigration policy which does not discriminate on the basis of EU or non-EU citizenship.
- Leaving the EU would also liberate the UK from what the Brexit group claim is an absence of democratic legitimacy in EU institutions.

Brexit uncertainties

- Even if the UK were to negotiate a "good deal" on leaving the EU, this would not become apparent for some time, as the Lisbon Treaty provides a two-year window for negotiations.
- In the short-term, we expect GDP growth would be damaged, and that sterling would weaken; in an extreme scenario, this might force the Bank of England to raise interest rates.
- The Single Economic Market (SEM) of the EU is based on four "freedoms": goods, services, labour and capital. The long-term impact of Brexit on the UK would depend upon the replacement for the SEM negotiated with EU, and the new agreements created between the UK and the rest of the world.
- There is a range of common agreements that the UK could strike with the EU, entailing varying levels of trade freedoms, regulatory and policy independence, restrictions on global trade and contributions to the EU budget.
- We think the EU would be reluctant to strike a very favourable deal with the UK, if only to reduce the risk that an improved post-Brexit economic performance from the UK might encourage other countries also to leave.
- Nevertheless, the UK remains an important destination for EU exports which, combined with historical trade links, suggests a free trade on goods agreement would be likely.

Conclusion

- Our base case is that the UK will not leave the EU, but we still recognise a significant risk of Brexit, and that this will affect the UK economy and currency in the near-term.
- If the UK were to leave the EU, the longer-term impact upon the economy would depend upon the nature of the negotiated post-Brexit relationship with the EU and with the rest of the world.

Source: RLAM. Views expressed are those of RLAM Economist Ian Kernohan.

CORPORATE GOVERNANCE & COMPLIANCE

MiFID (Markets in Financial Instruments Directive)

- Pursuant to the FCA rules and based on information that we hold about you, we have classified you a 'Professional Client'.

Whistleblowing requirements of the Pensions Act

- We confirm that we have not made any reports to the Pensions Regulator during the quarter, as we do not believe there has been a breach of law relevant to the administration of the scheme.

The UK Stewardship Code and Royal London Asset Management

- Our voting records and the details of how RLAM approaches the stewardship of the securities we hold on behalf of our clients are disclosed on our website: www.rlam.co.uk.
- RLAM has a dedicated Governance Team which implements RLAM's Voting Policy across all UK holdings. Our public voting records are fully transparent, searchable and updated on a monthly basis. We also disclose information publicly about our engagement with companies on a quarterly basis.
- RLAM supports the principles of the UK Stewardship Code. Our underlying belief is that management are appointed by the shareholders to manage the business in the best interests of shareholders over time. While engagement is largely from an equity investors perspective, given that in most instances there is a limited amount of leverage that a bond holder can exercise over the issuing company, our own experience is that we are becoming more involved in corporate bond restructuring and in many cases these involve a bond holder vote. We ensure that we approach such decisions in the same way we would on an equity issue in aiming to support management where appropriate but always seeking to enhance value on behalf of our underlying clients.
- All enquiries with respect to our voting and engagement activities should be directed in the first instance to the RLAM Chief Investment Officer.

Responsible Investing

- RLAM is committed to being a responsible investor. This means being a good steward of our client's assets and promoting responsible investment with other stakeholders.
- In 2008, Royal London Asset Management became a signatory to the United Nations Principles for Responsible Investment (PRI), and was an early signatory to the UK Stewardship Code. This set the company on a long-term commitment to making responsible ownership 'business as usual'.
- The aim is to generate sustainable, risk adjusted returns that reflect a wider understanding of what will drive economic performance in the future.
- We seek to understand environmental, social and governance risks and opportunities within the investment process.
- We engage with companies and industry regulators to understand the issues that are most material to their business, and to promote best practice.

Engagement

- Engagement refers to our dialogue with companies, regulators, non-governmental organisations and other agents in the investment chain to support better standards of behaviour, risk management and reform for a more sustainable economy.
- Engagement will normally meet more than one of the following criteria:
- Materiality to investment performance
- Importance to our clients
- Reputational impact
- We track our engagements and report on the outcomes in quarterly public reports and to the PRI.
- We initiate or join collective engagements with other investors where we believe it will be more effective than engaging alone, or to draw attention to a worthy topic.

CORPORATE GOVERNANCE & COMPLIANCE

Sustainable Investing/SRI

- We offer a range of Sustainable Funds that seek to invest in companies well positioned to benefit from products and services that help solve major environmental and social challenges and manage their Environmental, Social and Governance (ESG) risks better than average. This may be through the products and services they offer or by virtue of the fact that while not 'solution' companies in terms of products and services they nevertheless show leadership in their management of ESG impacts.
- We also offer an Ethical Bond Fund and an Ethical Equity Fund aimed at clients that wish to avoid sectors with the highest ethical concerns; namely tobacco, armaments, alcohol, gambling, pornography, nuclear power and animal testing for non-medical purposes. Companies with 10% of revenues or more coming from these activities or those with the worst performance on environmental issues are excluded.

Our relationships with our broker counterparties

- We currently deal through approximately 50 brokers globally; a mixture of global firms and regional specialists which enables us to access different information flows and therefore, enhances the overall investment process.
- We undertake a comprehensive broker rating/review process where all brokers used are scored for the quality and utility of their research, dealing abilities, administrative efficiency, accuracy and sales advice. To get a full picture, we involve fund managers, dealers and any comment from the back-office. We do not have soft commission arrangements with any counterparties.

RLAM TEAM

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Head of Fixed Interest

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Senior Credit Fund Manager

Your dedicated contact

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Product launches

The Royal London Global Multi Asset Portfolios were launched on 14 March. The range consists of six multi asset funds aiming to maximise real returns for a range of risk appetites. The Funds are managed by RLAM's six strong multi asset team led by Head of Multi Asset, Trevor Greetham. The Funds combine both active and passive investments, aiming to offer the best of both strategies with a focus on RLAM's own award-winning funds.

Corporate team changes

In February, RLAM's Sustainable and Corporate Governance teams, previously based in Wilmslow, relocated to our Gracechurch Street office. This move brought together all members of our Equity team onto a single investment floor, allowing them to benefit from closer interaction and resource sharing.

GLOSSARY

ABS – Asset backed securities – Debt secured against assets of the issuer.

Amortisation – Incremental repayment of a bond over its lifetime.

Attribution – The measurement of a fund's return versus the underlying benchmark return that breaks up the active performance into component parts:

> **Stock selection** – Performance attributed to stock selection.
>
> **Yield curve** – Performance attributed to positioning on the yield curve.
>
> **Duration** – Performance attributed to relative duration of the portfolio versus that of the benchmark.
>
> **Asset allocation** – Performance attributed to asset allocation between fixed interest gilts and credit bonds.

Basel – The Basel Committee on Banking Supervision provides a forum for regular global co-operation on banking supervisory matters.

Benchmark – An index or other market measurement that is used by an investment manager as a standard against which to assess the risk and performance of a portfolio.

Book cost – A measure of the historical cost of a bond or a portfolio of bonds represented as a clean value. It is calculated as the product of the number of bonds held and the average price paid. It remains unchanged regardless of movements in market price. If the price paid is the same as the face value of the bond, book cost will be the same as the nominal value.

Breakevens – The level of inflation required to make the return on index linked bonds equal to return on conventional bonds of similar maturity.

Capital cover – The degree to which debt is covered by the assets of the issuer.

Certificate of deposit (CD) – A certificate of deposit is a negotiable receipt issued by a deposit taking institution in respect of a specified sum of money deposited with that institution at a fixed rate of interest, with an undertaking to repay to the bearer of the certificate at a specified date the sum deposited with interest outstanding. The term of a CD generally ranges from one month to five years – with annual interest payments for those that are issued for longer than a year.

CDO – Collateralized debt obligations – A relatively small subset of the wider ABS market, CDOs are securitisations of a pool of debt receivables (that are not secured on tangible property). Typically, these securities are divided into different tranches: senior tranches, mezzanine tranches and equity tranches. Losses are applied based on the seniority of the tranche, with the most junior tranche absorbing losses first. The bonds are tranched to provide investors with different levels of seniority and credit rating. Variations include collateralised loan obligations (CLOs) and collateralised synthetic obligations (CSOs), where the underlying pools of assets are corporate loans and credit default swaps (that are not secured on tangible property).

Consumer price index – An index number calculated as the weighted average price of consumer goods and services.

Coupon – Interest paid by the bond issuer expressed as a percentage of the face value of a bond; typically paid annually or semi-annually.

Covenant – Legal rules found in bond documentation that place restrictions on the issuer.

Covered bond – Senior bonds issued by banks and collateralised by a high quality pool of residential mortgage assets.

CDS – Credit default swaps – Insurance purchased to protect against the default of a bond. In the event of default, the CDS buyer receives the face value of the bond in return for delivering the bond to the provider of protection.

Credit rating – A rating agency (Moody's, S&P, Fitch) measure of the credit worthiness of a bond issuer – investment grade credit ratings range from AAA to BBB with BB and below referred to as sub-investment grade (sometimes known as 'junk bonds' or 'high yield'). In general, for investment grade credits the rating agency rates only on the probability of default and does not take into account the potential recovery prospects of the bond.

Credit spread – Extra yield offered to compensate the holder of a credit bond versus an underlying risk free bond of similar maturity. Specifically, the holder requires compensation for the expected loss on default, reflecting a combination of probability of default and recovery rate on default. Compensation may also be required for extra market risk and liquidity risk.

Cyclicals – Bonds/stocks that are sensitive to the economic cycle.

Default – Failure of a bond issuer to pay the coupon, or principal when required, on a debt instrument.

DTS – Duration times spread – An expression of the portfolio's sensitivity to changes in yield spreads (the difference between the yields of credit bonds and government bonds) based on proportional spread movements. DTS is an appropriate measure for credit portfolios in particular, and for managers with particular skill in sector and stock selection and a focus on these.

Duration – A measure of the sensitivity of the portfolio to small and uniform changes in bond yields across the maturity spectrum. Duration, also referred to as interest rate risk, is expressed in years as a result of the measure's calculation from the weighted average maturity of all of the portfolio's discounted future cash flows.

ECN – Enhanced capital notes. ECN is a subordinated debt instrument issued by Lloyds Banking Group as part of the 2009 capital restructuring. The bonds were issued in exchange for Lloyd's existing upper tier 2 and tier 1 bonds and are lower tier 2 in the capital structure. Although the regulator also classifies these instruments as LT2, for the purposes of stress testing they are included in the equity capital base of the bank. Coupon payments of ECNs are not deferrable and the bonds are dated. However, should the core tier 1 capital ratio fall below 5%, the ECNs will mandatorily convert into equity.

European Financial Stability Facility (EFSF) – Agreed in May 2010 by EU member states, the temporary program can issue bonds or other debt instruments to raise funds needed to provide financial assistance to eurozone states in economic difficulty. The EFSF is financed by members of the eurozone.

European Stability Mechanism (ESM) – A permanent rescue fund program designed to replace the temporary EFSF which commenced operations in October 2012.

FRN – Floating Rate Notes – a bond with a variable coupon. Typically, coupons of sterling FRNs are referenced against 3 month LIBOR and are reset quarterly.

Funding for Lending Scheme (FLS) – Launched in July 2012, the scheme is designed to lower bank funding rates by allowing banks and building societies to borrow directly from the Bank of England for up to 4 years. Those that increase lending to UK households and businesses will be able to borrow more in the FLS, and do so at lower cost than those that scale back lending.

Futures – A contract between two parties where one agrees to buy and the other to sell an underlying instrument at a future date at a price agreed at the start of the contract.

FX – Foreign exchange.

Gearing – The level of debt to equity.

Interest cover – The degree to which interest expense is covered by the profit of the issuer.

Interbank rate – Lending rate between banks in the wholesale money market; LIBOR stands for London InterBank Offered Rate.

Internal rating – RLAM's assessment of the creditworthiness of a bond; crucially this takes account not only of the probability of default of a company but also the likely recovery rate on default.

Investment restrictions – Restrictions imposed on the portfolio managers by clients as outlined in the investment management agreement (IMA).

Liability management exercise (LME) – Under certain circumstances, companies can offer to buy back or swap their bonds at a discount to par value in order to boost capital reserves. This process has been used most extensively in the financial services sector and, typically, these exercises have been undertaken at premiums to prevailing market prices.

Loan to value (LTV) – Expressed as a %, the value of the loan to the value of the assets backing the loan.

LDI – Liability driven investment – Investing in order to match liability cash flows with asset cash flows. This is often achieved using derivatives products to overlay a bond portfolio in order to control duration.

LTRO – Long Term Repo Operation – European Central Bank debt facility to provide 3 year term funding to European financial institutions.

Market value – Market value reflects the value of a security after issuance as influenced by movements in underlying gilt prices and the market's assessment of credit risk. The value of bonds held in the portfolio reflects this market value. Although borrowers typically pay coupons on an annual or semi-annual basis, different treatment of the accrual of coupon payments results in two market value definitions.

> **Market value clean** – Accrued interest is calculated separately and not reflected in the clean market value.
>
> **Market value dirty** – The market value includes accrued interest.

Maturity – Final payment date of a bond, requiring the borrower to repay the bond.

MBS – Mortgage backed securities – An asset backed security (ABS) where cash flows are backed by the principal and interest payments of mortgage loans. RMBS relates to residential MBS. CMBS refers to commercial MBS.

Monoline insurance company – The original business model of the monoline insurers was to provide credit-wrapping (credit insurance) of lower rated bonds by guaranteeing the payment of coupon and principal of the underlying bonds in return for premium payments. This sector had been characterised by decades of unbroken profitability and the consistent maintenance of AAA credit ratings, however, over the past ten years, the focus of the sector shifted from the US municipal market to the credit-wrapping of structured products, such as sub-prime RMBS and CDOs. As losses in these instruments have increased in recent years, concerns have arisen regarding the adequacy of the insurers' claims paying reserves. This has resulted in material rating downgrades within the sector. Following these downgrades, a large majority of credit wrapped bonds are now rated according to the underlying credit quality of the issue rather than the monoline's rating. The main monoline insurance companies are AMBAC, MBIA, FSA and FGIC.

Nominal value – Also known as the face value. It refers to the price of a security when issued. For fixed income assets, nominal value is the product of the number of bonds issued and face value per bond (usually denoted by 1,000). Within the portfolio valuation, nominal value represents a client's holding in a bond expressed at face value.

Operation Twist – The name given to the Federal Reserve's monetary policy designed to lower long term interest rates by selling short-term Treasury bonds in its portfolio and buying longer-term Treasury bonds.

Outright Monetary Transactions (OMT) – An unlimited bond-buying scheme aimed at cutting the borrowing cost of debt-burdened eurozone members by buying their short-dated bonds, but only after countries have requested a bailout from the European Central Bank. The scheme was announced in September 2012.

PFI – Private finance initiative – Projects that involve the provision of assets for the public sector by private companies. For instance, the Octagon PFI involves the design, financing, construction and operation of Norfolk & Norwich Hospital by a private company for the Norfolk & Norwich NHS Trust.

Quantitative easing – In March 2009, the Bank of England (BoE) announced its intention to purchase UK government bonds (primarily medium dated UK government bonds) by creating new money (effectively printing money, but electronically). The process was subsequently paused by the Band of England during the first quarter of 2010 and later restarted in the fourth quarter of 2011. This process of purchasing assets through 'printing' money is called quantitative easing (QE).

Redemption yield – The annual interest rate on a bond including any capital gain or loss if it were held to redemption and assuming that all coupon and principal payments are made. If the coupon rate exceeds the redemption yield, then the bond will experience capital loss as it approaches maturity and vice versa.

Sale & leaseback – A process by which a company sells an asset then leases it back.

Securities Market Program (SMP) – A monetary policy tool aimed at providing market liquidity by allowing the European Central Bank to purchase distressed government bonds of peripheral European countries.

Seniority/subordination – Represents a bond holder's relative claim on the assets of an issuer before or after default.

Structured bonds – Bonds issued by a legally separate structure and secured on assets. The structure is often tranched, with different credit ratings for different levels of seniority. The process of issuing structured bonds is often referred to as securitisation.

Sub-investment grade – A credit rating that is below BBB-, also referred to as high yield or junk.

Sub-prime – Riskier mortgage lending to non-prime borrowers.

Supranationals – International non-government agencies/institutions such as the European Investment Bank and the World Bank.

Swaps – A derivative product representing an agreement to exchange one series of cash flows for another.

> **Interest rate swaps** – Exchange fixed cash flows for floating cash flows or vice versa.
>
> **Inflation swaps** – Exchange inflation index linked cash flows for conventional cash flows or vice versa.

Swaption – This derivative gives the holder the option (a right but not an obligation) to enter into an underlying swap.

Tracking error – Defined as the standard deviation of the fund's excess return over the benchmark index return, and generally quoted as an annualised figure based on monthly observations. This measure quantifies how closely the portfolio's return pattern follows that of a benchmark index. It is an important concept in risk measurement, and is used as both an ex post (historic) and ex ante (expected) measure. RLAM employs systems that allow us to estimate the ex ante tracking error of a portfolio.

Underwriting – The process by which an underwriter guarantees the new issue of securities (equity or bond).

Unrated bonds – Bonds that are not rated by any of the rating agencies; traditionally, unrated bonds benefit from security over the assets of the issuer. Unrated bonds are assigned an internal rating by RLAM.

Yield – Interest rate earned on a bond, expressed as an annual percentage.

Yield curve – The relation between the interest rate and the time to maturity of a bond.

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Portfolio Valuation

As at 31 March 2016

Dorset County Pension Fund

	Holding	Identifier	Asset Description	Market Price (Bid £)	Book Cost Capital (£)	Market Cap. Value (£)	Accrued Inc. Value (£)	Market Value (£)	Days Accrued	Market Value %
Funds Held										
	138,192,293	GB00B1ZB3X88	RLPPC Over 5 Year Corp Bond Pen Fd	2.07043	173,395,091.02	286,117,468.57	0.00	286,117,468.57	0	100.0
				Funds Held total	**173,395,091.02**	**286,117,468.57**	**0.00**	**286,117,468.57**		**100.0**
				Grand total	**173,395,091.02**	**286,117,468.57**	**0.00**	**286,117,468.57**		**100.0**

Trading Statement

For period 01 January 2016 to 31 March 2016

Dorset County Pension Fund

	Trade Date	Transaction Type	Nominal	Security	Price (£)	Book Cost (£)
Acquisitions						
Funds Held						
	07 Jan 2016	Acquisition Rebate	102,612.54	RLPPC Over 5 Year Corp Bond Pen Fd	2.06	211,233.04
					Funds Held total	**211,233.04**
					Acquisitions total	**211,233.04**