

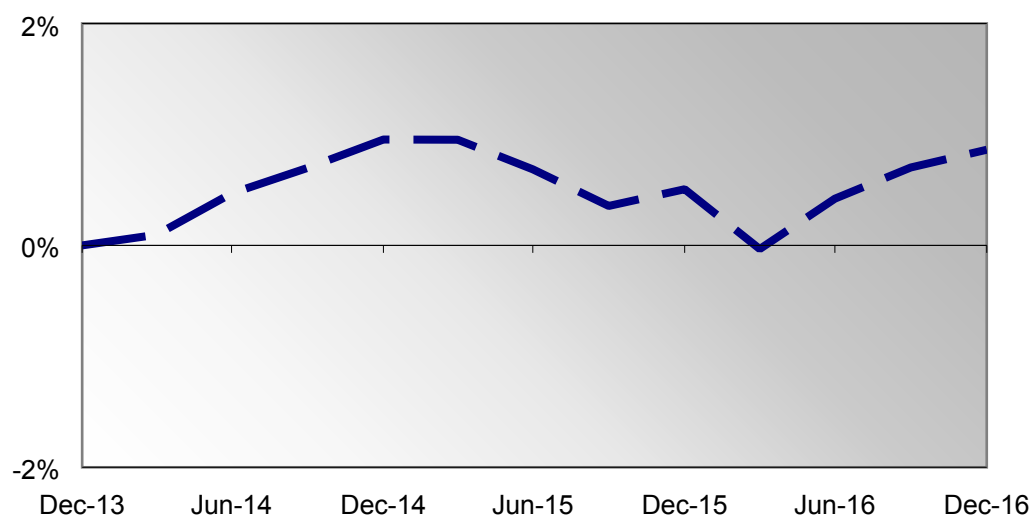
## Analysis of Investment Performance for the Quarter to 31st December 2016

1. Somerset County Council (Global Equity)
- 1.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

<b>Quarter to 31 December 2016</b>				
<b>Value as at 31 Dec £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>472.5</b>	<b>Global equities</b>	<b>7.2</b>	<b>7.1</b>	<b>+0.1</b>
<b>0.1</b>	<b>Cash</b>			
<b>472.6</b>	<b>Total</b>	<b>7.2</b>	<b>7.1</b>	<b>+0.1</b>

- 1.2 The in-house fund outperformed the benchmark for the quarter.
- 1.3 Absolute returns for the quarter were strongly positive.

**In-House Fund performance Vs Benchmark**



2. Standard Life (UK Equities)

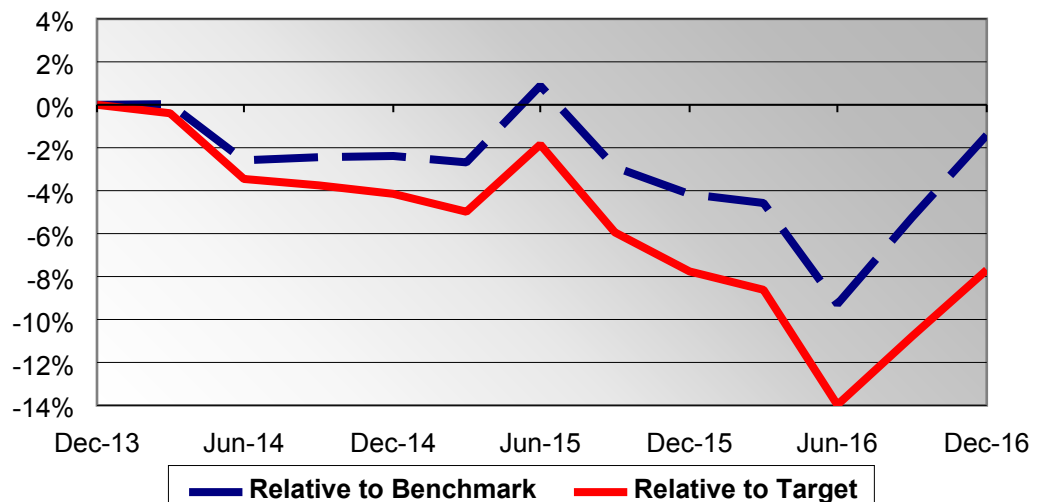
2.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
436.0	UK	7.8	3.9	+3.9
9.2	Cash			
445.2	Total	7.6	3.9	+3.7

2.2 Standard Life had a good quarter relative to their benchmark. Absolute returns were very strong. Strong returns were realised from overweight positions in mining, travel and leisure and banks.

2.3 Standard Life's target is to outperform the benchmark by an annualised return of 1.75% over continuous three-year periods after their fees have been deducted.

Standard Life Performance Vs Benchmark & Target



3. Somerset County Council (North American Equities)

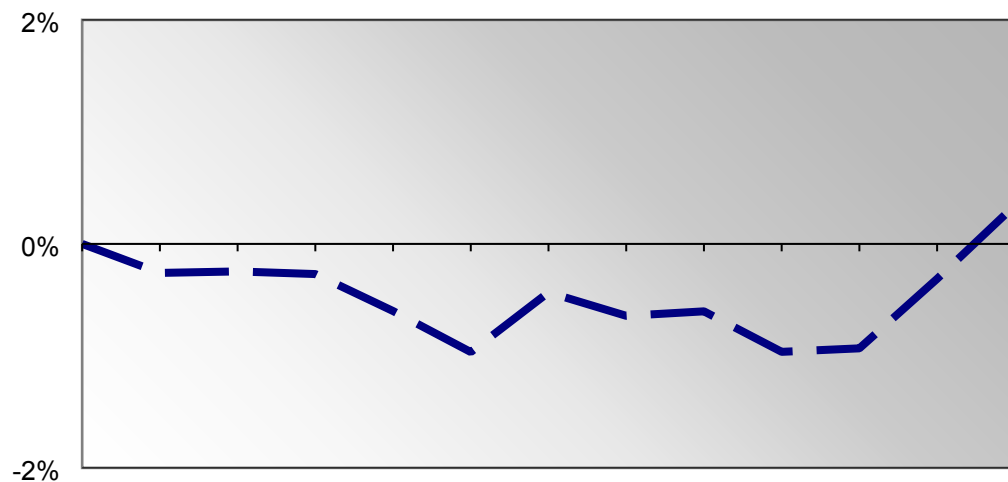
3.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

<b>Quarter to 31 December 2016</b>				
<b>Value as at 31 Dec £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>97.1</b>	<b>North America</b>	<b>9.6</b>	<b>9.2</b>	<b>+0.4</b>
<b>0.2</b>	<b>Cash</b>			
<b>97.3</b>	<b>Total</b>	<b>9.6</b>	<b>9.2</b>	<b>+0.4</b>

3.2 The in-house fund's performance was ahead of the benchmark for the quarter.

3.3 Absolute levels of performance during the quarter were strongly positive.

**In-House Performance Vs Benchmark**



4. Jupiter (Continental European Equities)

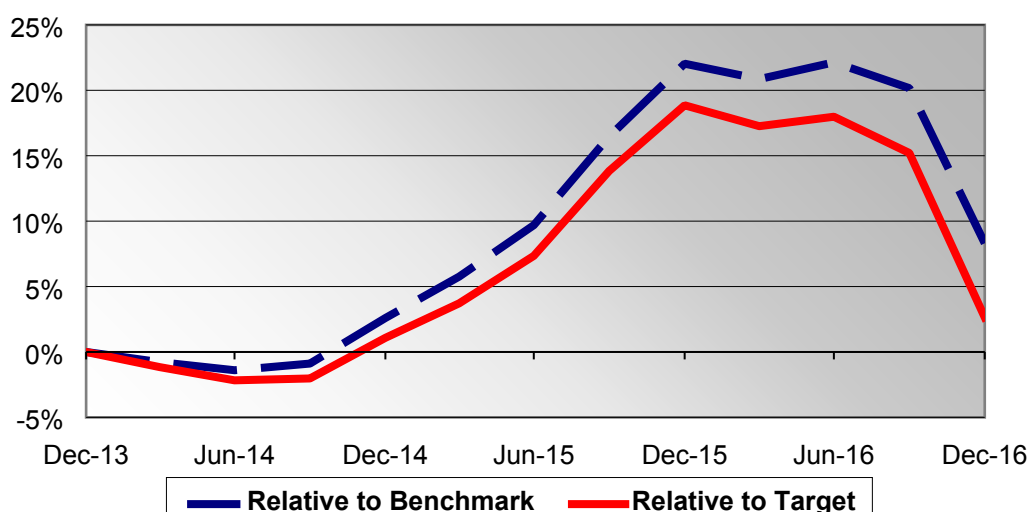
4.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
107.8	Europe	-4.3	4.8	-9.1
0.8	Cash			
108.6	Total	-4.3	4.8	-9.1

4.2 Jupiter had a poor quarter relative to the benchmark with under performance of 9.1%. Absolute performance was negative. Performance relative to benchmark continues to be very volatile from one month to the next. Poor results from a number of key holdings, particularly Novo Nordisk and Novozymes caused the underperformance.

4.3 Jupiter's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Jupiter Performance Vs Benchmark & Target



5. Maple-Brown Abbott (Far-East Equities ex-Japan)

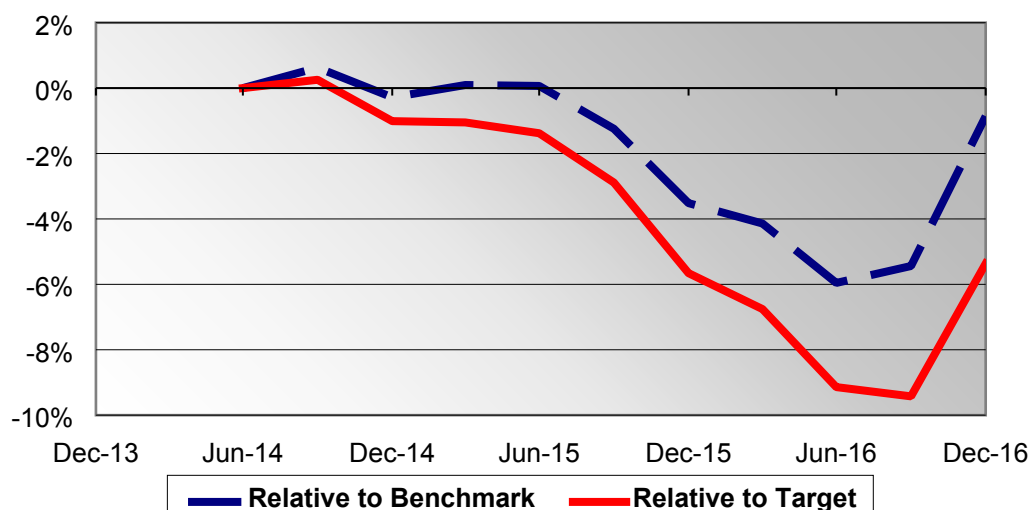
5.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
53.8	Pacific (ex Japan)	5.9	1.6	+4.3
0.6	Cash			
54.4	Total	5.7	1.6	+4.1

5.2 Maple-Brown Abbott had a good quarter relative to their benchmark. Absolute returns were strongly positive. Out performance was largely due to stock specific reasons rather than significant industry or country allocations. In contrast to last quarter positive performance was skewed towards stocks in the portfolio that outperformed.

5.3 Maple-Brown Abbott's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Maple-Brown Abbott Performance Vs Benchmark & Target



6. Nomura (Japanese Equity)

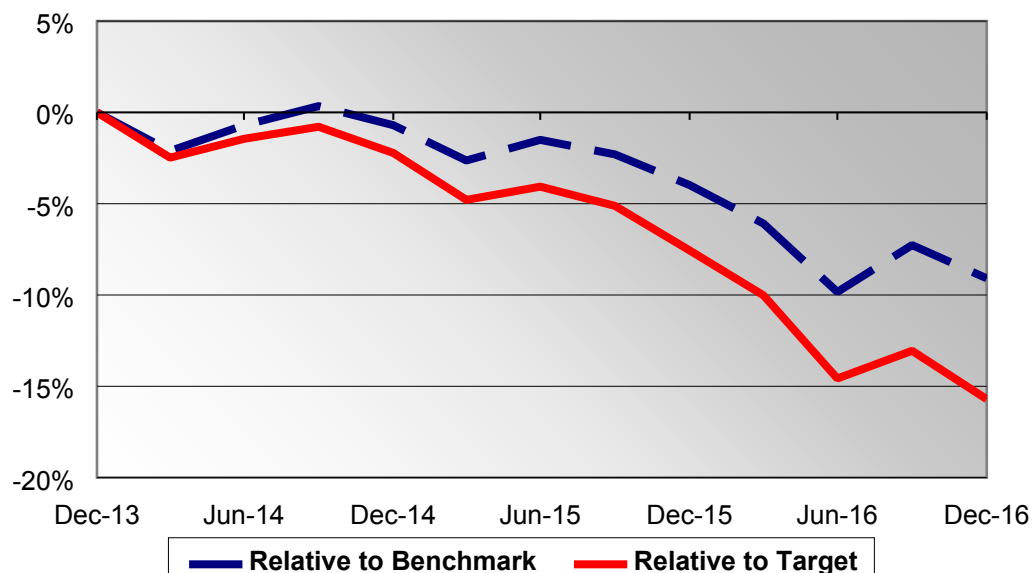
6.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
<b>57.8 Japan</b>	<b>3.9</b>	<b>4.9</b>	<b>-1.0</b>

6.2 Absolute performance was positive. Relative performance was poor. Under performance was largely due to poor stock selection, particularly in the Services and Banks sectors.

6.3 Nomura's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Nomura Performance Vs Benchmark & Target



7. Pioneer (Emerging Market Equity)

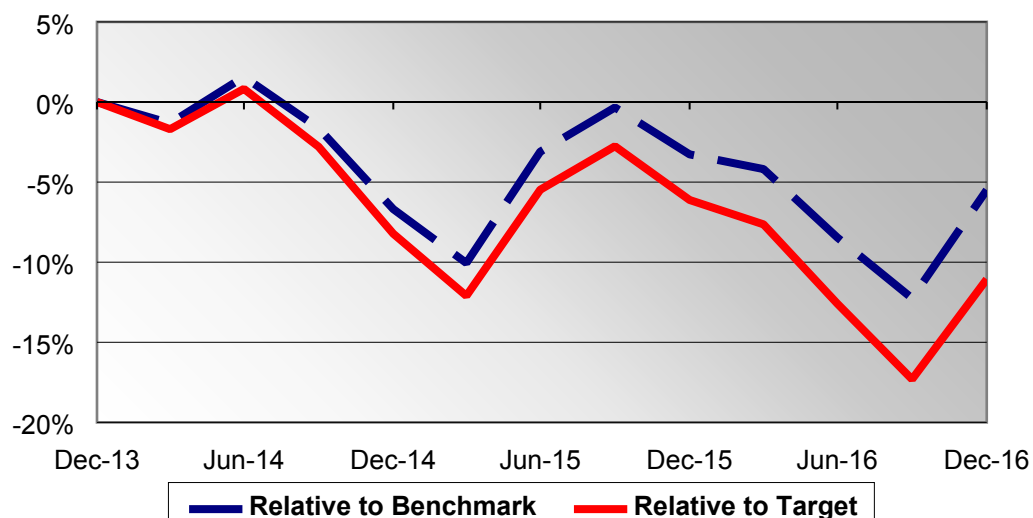
7.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
<b>74.5 Emerging Market</b>	<b>6.9</b>	<b>0.8</b>	<b>+6.1</b>

7.2 Relative performance for the quarter was good, absolute returns were strongly positive. Stock selection in China significantly contributed to the outperformance.

7.3 Pioneer's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

**Pioneer Performance Vs Benchmark & Target**



8. Standard Life (Fixed Interest)

8.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

<b>Quarter to 31 December 2016</b>				
<b>Value as at 31 Dec £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>45.7</b>	<b>UK Gilts</b>	<b>-3.4</b>	<b>-3.4</b>	<b>+0.0</b>
<b>69.9</b>	<b>Index Linked</b>	<b>-3.1</b>	<b>-2.7</b>	<b>-0.4</b>
<b>150.3</b>	<b>Corporate Bonds</b>	<b>-4.3</b>	<b>-4.7</b>	<b>+0.4</b>
<b>39.0</b>	<b>High Yield Debt</b>	<b>0.6</b>	<b>0.8</b>	<b>-0.2</b>
<b>4.2</b>	<b>Foreign Gov't Bonds</b>			
<b>2.1</b>	<b>F Gov't Index Linked</b>			
	<b>Currency Instruments</b>			
<b>0.1</b>				
<b>6.6</b>	<b>Cash</b>			
<b>317.9</b>	<b>Total</b>	<b>-2.7</b>	<b>-3.0</b>	<b>+0.3</b>

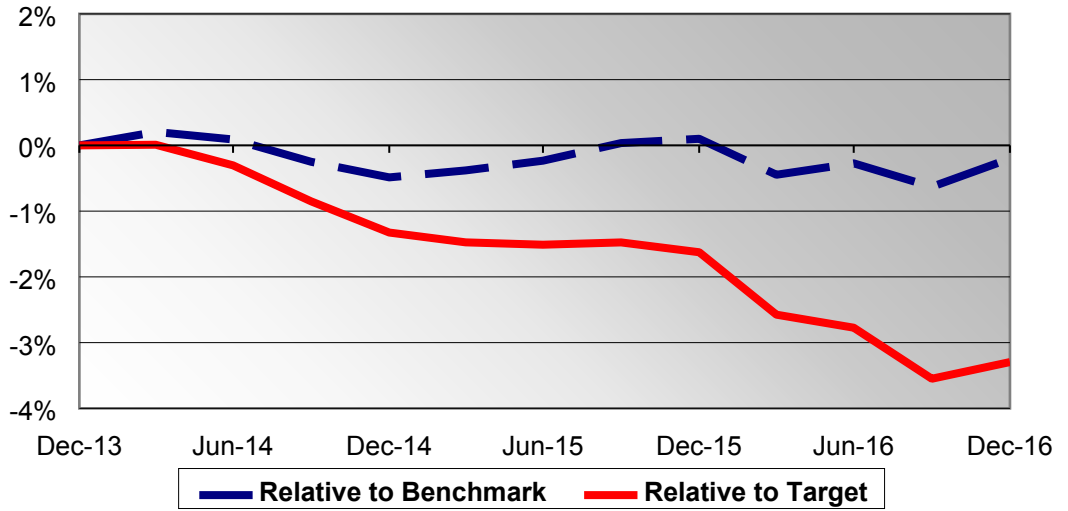
8.2 Standard Life outperformed their benchmark for the quarter. Absolute returns were negative. Standard Life out performed in corporate bonds. The asset allocation between the different bond types was a slight positive for performance during the quarter.



8.3

Standard Life's target is to outperform the benchmark by an annualised return of 0.75% over continuous three-year periods after their fees have been deducted.

**Standard Life Performance Vs Benchmark & Target**



9. Aviva (Property Fund of Funds)

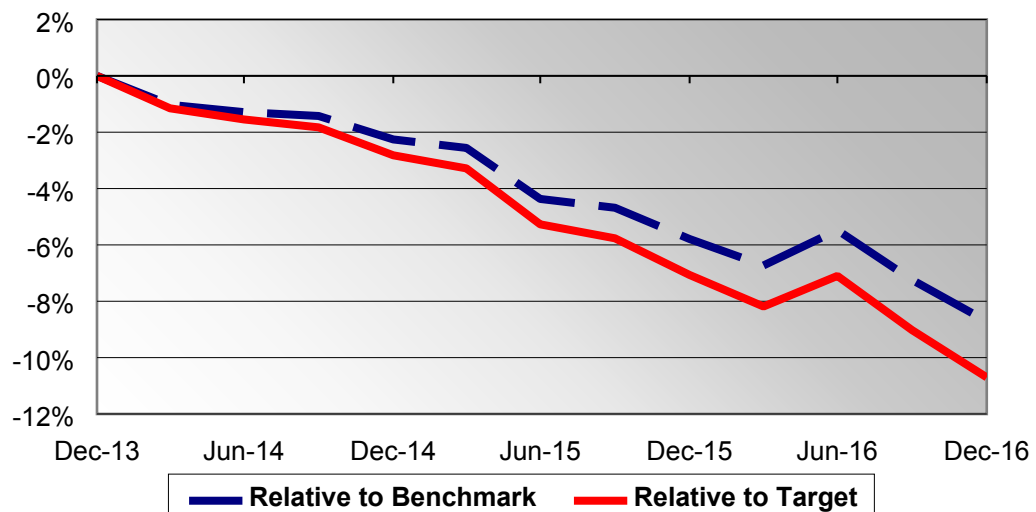
9.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016			
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter % Relative to Benchmark %
168.9	UK Property	1.3	2.3
2.3	European Property	1.3	
	Currency Instruments		
0.1			
10.5	Cash		
181.8	<b>Total</b>	<b>1.2</b>	<b>2.3</b> <b>-1.1</b>

9.2 Property returns from the UK market were positive for the quarter. The fund underperformed relative to the benchmark due to a number of stock specific issues.

9.3 Aviva's target is to outperform the benchmark by an annualised return of 0.5% over continuous three-year periods after their fees have been deducted.

Aviva Performance Vs Benchmark & Target



10. Neuberger Berman (Global Private Equity)

10.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

<b>Quarter to 31 December 2016</b>				
<b>Value as at 31 Dec £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>30.7</b>	<b>Private Equity</b>	<b>7.0</b>	<b>0.1</b>	<b>+6.9</b>

10.2 The return indicated above is significantly affected by currency movements, specifically the change in the value of the US dollar against GBP.

10.3 The 2010 fund continues to make good progress. The underlying return on this fund for the quarter, excluding currency movements, was 2.5%.

10.4 The Neuberger Berman Crossroads XX fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 1.6%.

10.5 The Crossroads XXI fund had its first drawdown during Q1 2016. As the fund is still very young it is not surprising that it is still in the negative part of the "J-curve" and is therefore running at a loss. However the return for the quarter was positive at 5.0%.

11. South West Ventures Fund

11.1 The fund continues to make reasonable progress.

12. Combined Fund

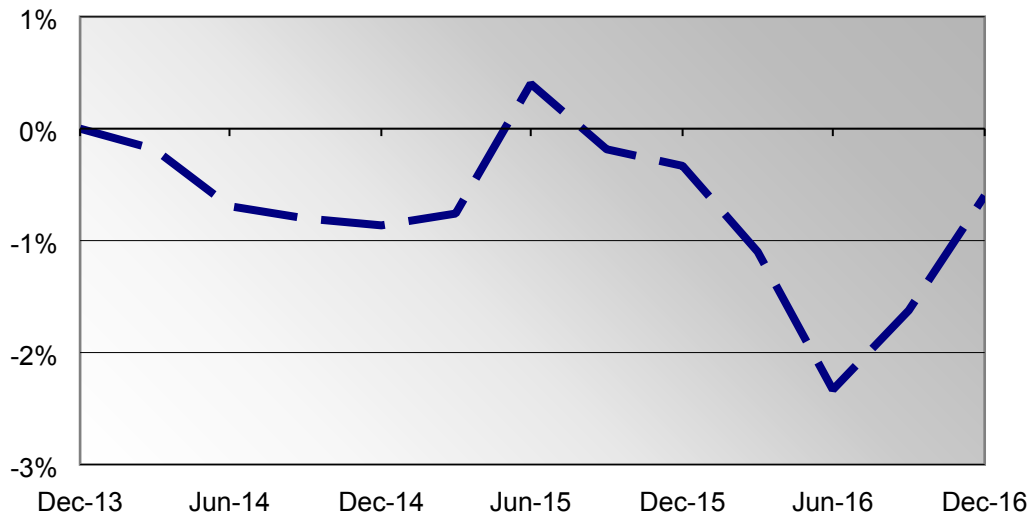
12.1 The performance for the quarter to 31st December 2016 is summarised in the following table:-

<b>Quarter to 31 December 2016</b>				
<b>Value as at 31 Dec £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
472.6	In-House (Global Eq)	7.2	7.1	+0.1
445.2	Standard Life (UK Eq)	7.6	3.9	+3.7
97.3	In-House (US Eq)	9.6	9.2	+0.4
108.6	Jupiter	-4.3	4.8	-9.1
54.4	Maple-Brown Abbott	5.7	1.6	+4.1
57.8	Nomura	3.9	4.9	-1.0
74.5	Pioneer	6.9	0.8	+6.1
317.9	Standard Life (FI)	-2.7	-3.0	+0.3
181.8	Aviva	1.2	2.3	-1.1
1.8	SWRVF	0.0	0.1	-0.1
30.7	Neuberger Berman	7.0	0.1	+6.9
43.0	Cash	0.1	0.1	+0.0
<b>1,885.6</b>	<b>Whole Fund</b>	<b>4.0</b>	<b>3.2</b>	<b>+0.8</b>

12.2 The fund as a whole outperformed its benchmark during the quarter. The level of absolute return was strongly positive. Standard Life on UK equity and fixed income, Maple-Brown Abbott and Pioneer produced performance ahead of their target for the quarter.

12.3 Of the 0.8% of outperformance for the quarter 0.7 is due to the stock selection of the managers within the fund and 0.1 is due to asset allocation between the various fund managers.

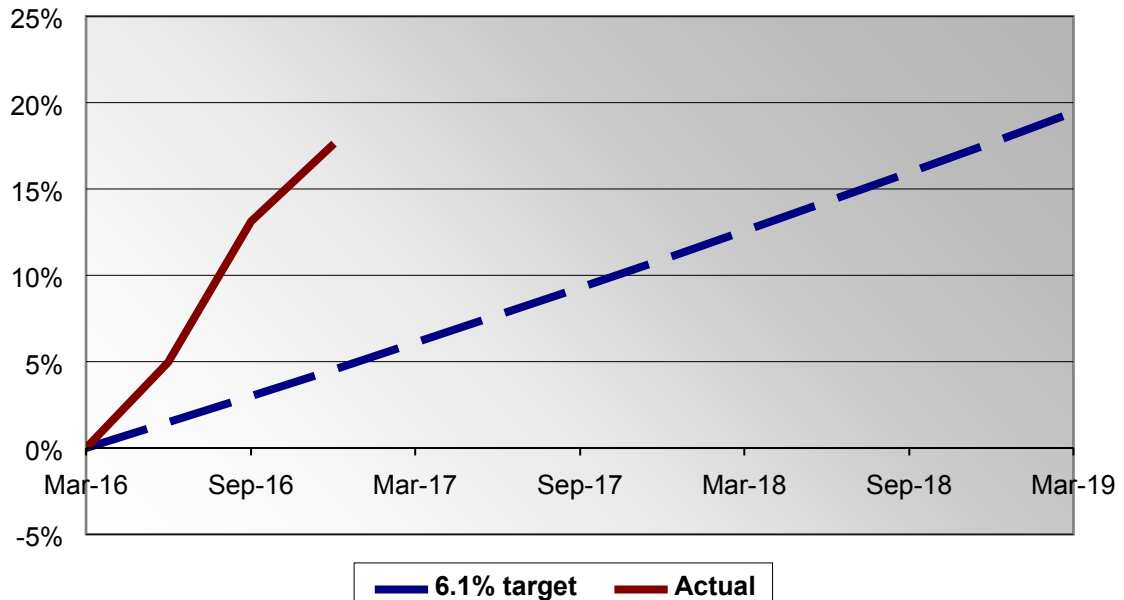
### Whole Fund Performance Vs Benchmark



12.4

At the March 2015 committee meeting the committee adopted an absolute return target of 6.1% for the fund as this is consistent with the fund becoming fully funded within the timescales indicated by the actuary as part of the 2013 valuation. Progress against this target for the 2016 to 2019 actuarial cycle is shown in the graph below.

### Performance of Fund Vs. 6.1% absolute return target



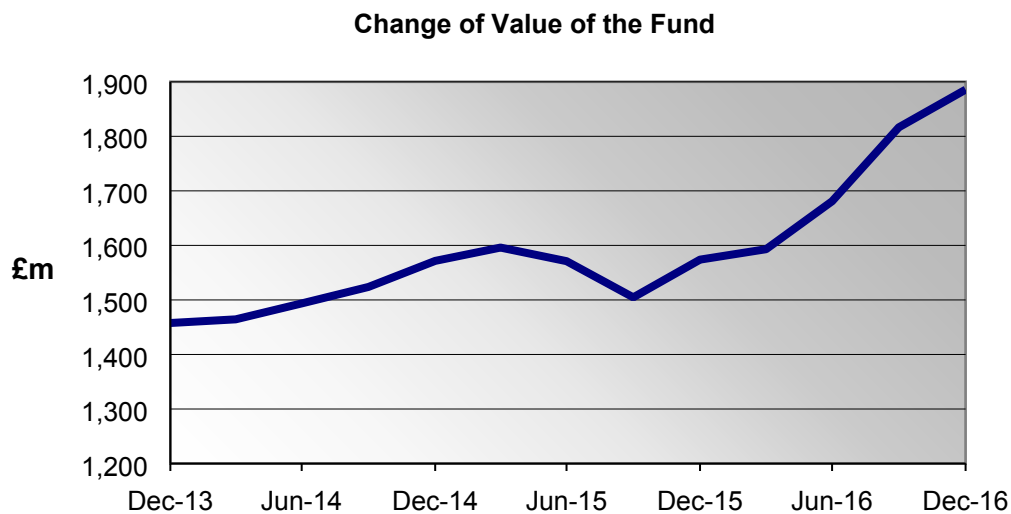
12.5 The movement in the value of the fund over the quarter is summarised in the table below.

	Value as at 30 Sept		Value as at 30 Sept		Strategic
	£m	£m	£m	%	Weighting
					%
<b>In-House (Global Eq)</b>	<b>444.3</b>	24	<b>472.6</b>	25	<b>23</b>
<b>Standard Life (UK Eq)</b>	<b>413.2</b>	23	<b>445.2</b>	23	<b>23</b>
<b>In-House (US Eq)</b>	<b>94.2</b>	5	<b>97.3</b>	5	<b>5</b>
<b>Jupiter</b>	<b>113.4</b>	6	<b>108.6</b>	6	<b>5</b>
<b>M-BA (Pac Eq)</b>	<b>51.3</b>	3	<b>54.4</b>	3	<b>3</b>
<b>Nomura</b>	<b>55.7</b>	3	<b>57.8</b>	3	<b>3</b>
<b>Pioneer</b>	<b>69.6</b>	4	<b>74.5</b>	4	<b>5</b>
<b>Standard Life (FI)</b>	<b>328.5</b>	18	<b>317.9</b>	17	<b>19</b>
<b>Aviva</b>	<b>178.5</b>	10	<b>181.8</b>	10	<b>10</b>
<b>SWRVF</b>	<b>1.9</b>	0	<b>1.8</b>	0	<b>0</b>
<b>Neuberger Berman</b>	<b>28.1</b>	2	<b>30.7</b>	2	<b>3</b>
<b>Cash</b>	<b>37.8</b>	2	<b>43.0</b>	2	<b>1</b>
<b>Whole Fund</b>	<b>1,816.5</b>	100	<b>1,885.6</b>	100	<b>100</b>

12.6 During the quarter the following movements of cash between funds took place:

- £3.8m was withdrawn from the in-house global equity fund during the quarter. Broadly this represents dividend income on this fund during the quarter.
- £5.5m was withdrawn from the in-house US equity fund during the quarter. Broadly this represents a £5m withdrawal of funds and £0.5m of dividend income on this fund during the quarter.
- £0.6m to cover drawdowns was added to the Neuberger Berman's Private equity mandate during the quarter.
- £0.8m was distributed by the South West Regional Venture Fund.

12.7 The change in the value of the investment fund over the last three years can be seen in the graph below.



12.8 The Fund's Actuary, Barnett Waddingham, do not provide a funding update during the period while they are undertaking the formal valuation process.