



London Borough of Harrow

25 June 2012

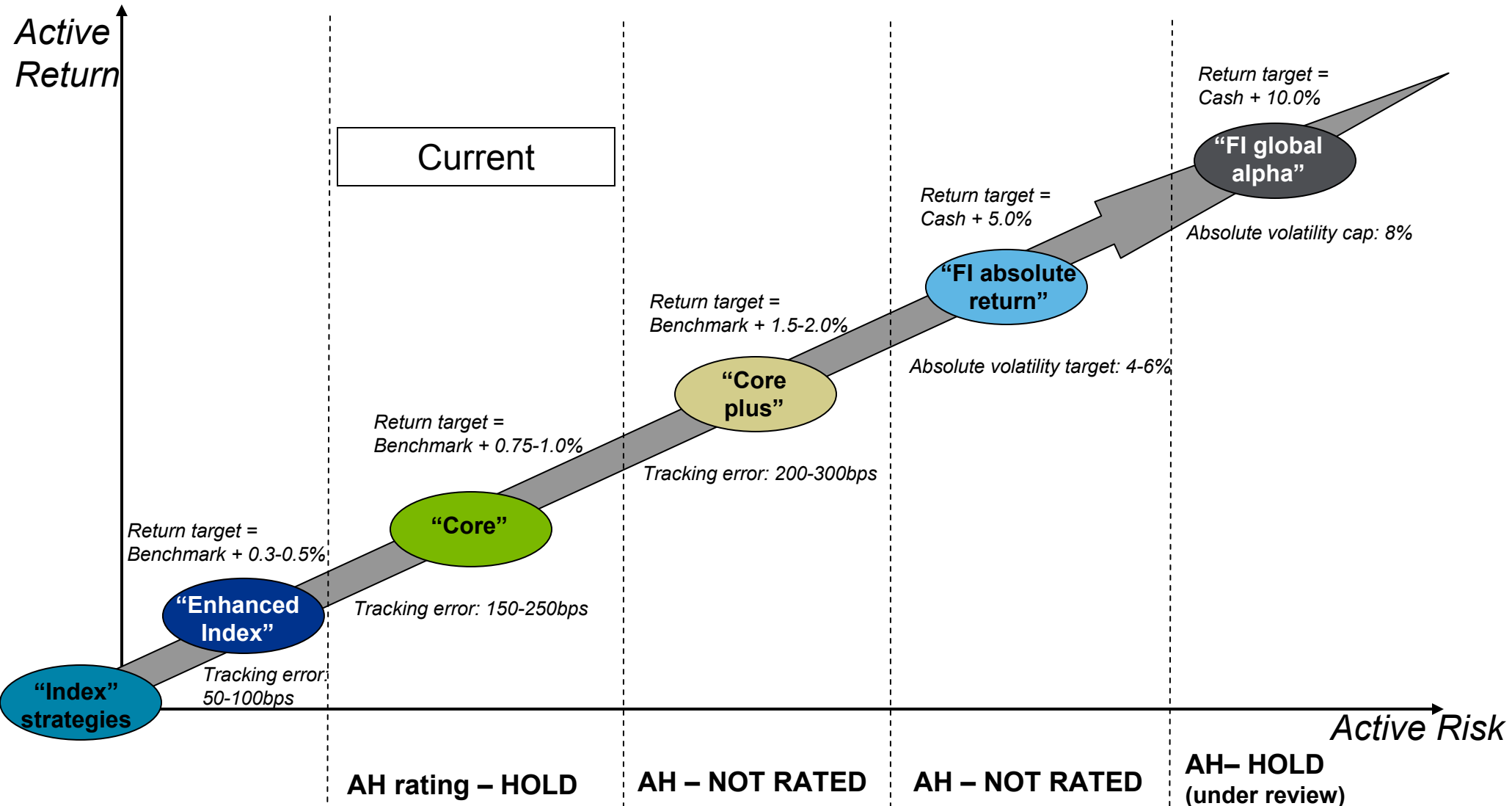
Blackrock's bonds offering

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BlackRock's bonds spectrum



BlackRock's bonds – Aon Hewitt comments

PRODUCT	AH RATING	SUMMARY OF APPROACH	AH VIEW OF CAPABILITY
UK CORE	HOLD	Fundamental FI team – most value add derived from sector rotation/ security selection	Recent staff turnover weakened the portfolio management team but strength and depth of wider team remains and new hires are of high calibre. Investment process is clear and well defined.
GLOBAL CORE	HOLD	Fundamental FI team – opportunity set is global bond and currency market	Process is well structured but individuals on the global team are of mixed quality. Broader Fixed Income resources support the process and the emphasis on risk control limits the volatility of returns. We monitor any changes to the team or process introduced by the new head Scott Thiel
CORE PLUS	NOT RATED	Model-based FI (legacy BGI) – model-driven strategies with qualitative overlay	Although performance has been good in last few years (3yr performance 1.7% over benchmark), we have seen little demand for quantitatively driven FI strategies
FIXED INCOME ABSOLUTE RETURN	NOT RATED	Seeks to deliver attractive risk adjusted nominal returns from global fixed income and currency markets. Strategy has wider discretions than traditional bond portfolios	Strategy was launched in September 2011 and has delivered reasonable performance. Research meeting required to assess if the portfolio manager is able to source sufficient alpha to deliver target return. We are scheduled for a research visit on 25 June 2012.
FIXED INCOME GLOBAL ALPHA (FIGA)	HOLD (under review)	Part of model-based FI team and is a fixed income hedge fund that is managed out of San Francisco and London.	The strategy has experienced strong performance since inception. We have held meetings with BlackRock and are in the process of reviewing our existing rating.

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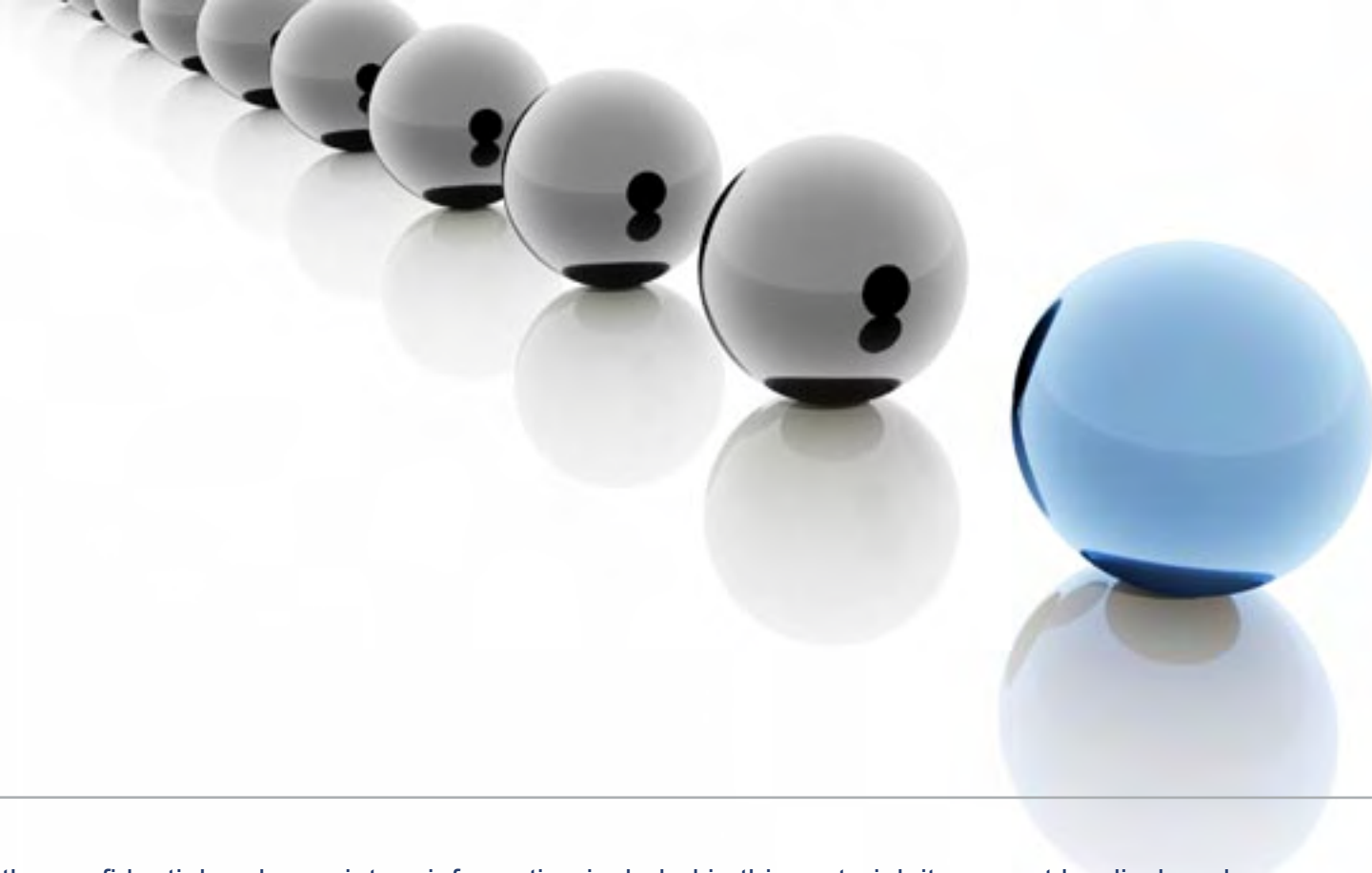
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