Date of issue:	20 December 2011	**Key:**	
Intended execution:	n/a - no change	**Red**	Reduction in allocation
Valid to:		**Blue**	Increase in allocation

P-Solve Market Views:

* Through 2011, we became more defensive in light of a number of perceived downward threats. In main, these are the level of global debt, concerns over sovereign risk in the Eurozone, and sluggish economic growth.

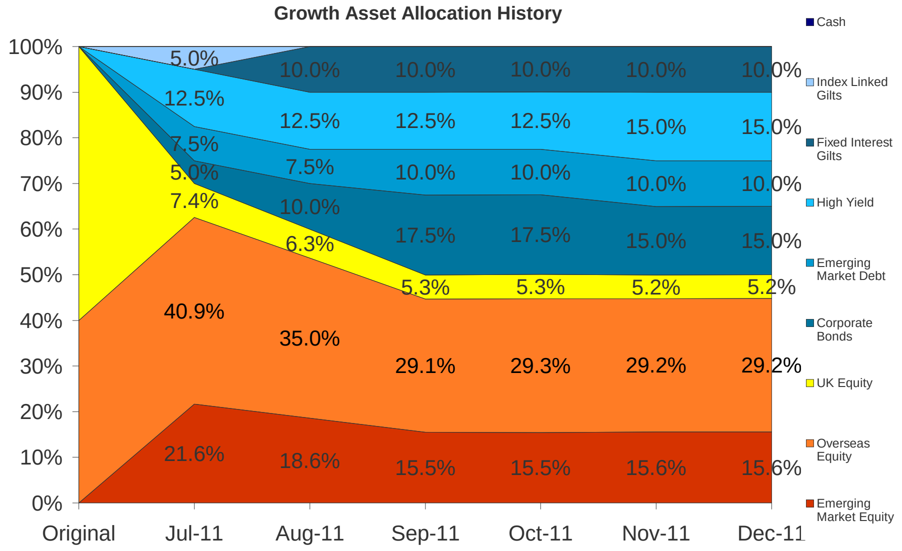
* Not unexpected, we saw risk assets sell off through the third quarter of 2011 – particularly equity and higher yielding credit. We do not believe that this was due to any particular event, but rather the market reacting to increasing concerns over global growth and sovereign risk.

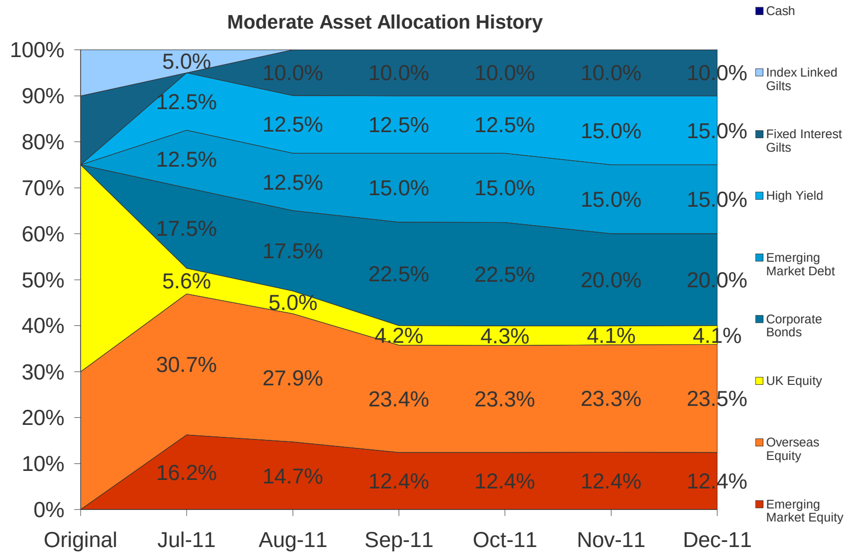
* Despite recent market falls, we still believe that the potential for downside is greater than the potential for upside over the shorter term - particularly bearing in mind continued uncertainty around possible policy responses to deal with the Eurozone problem. In the meantime, markets are volatile and reactive to news flow on a day to day basis.

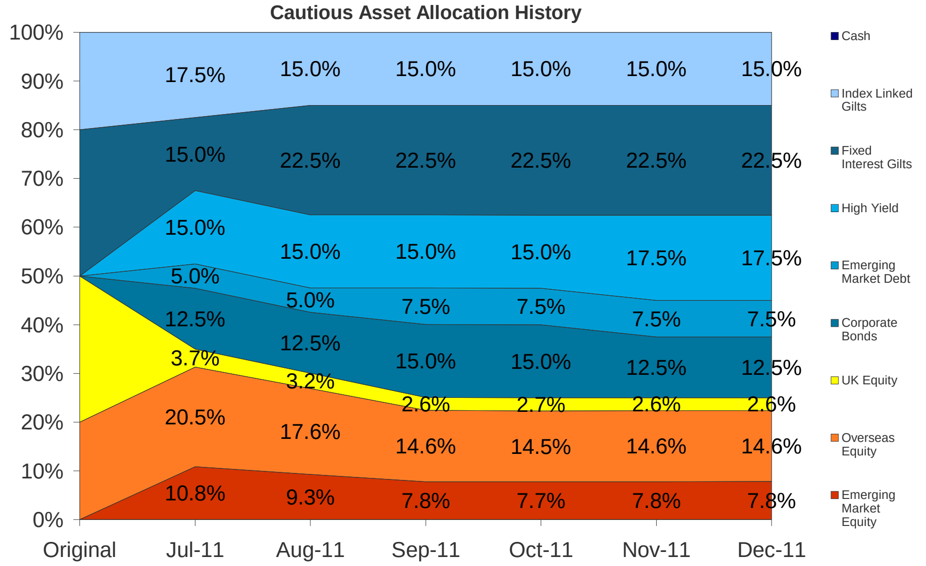
* We therefore remain defensive, although mindful that certain policy responses for example the announcement of additional quantitative easing or further market falls could stimulate a market rally. In such uncertain market conditions, and particularly where uncertainty is driven by economic policy and market intervention, the ability to remain nimble is of crucial importance.

Proposed Asset Allocation Changes:

* We propose **no change** at this time, our views remain consistent with advice issued on the 16th November 2011.


Growth Asset Allocation History
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Original
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
5.0%
12.5%
7.5%
5.0%
7.4%
40.9%
21.6%
10.0%
12.5%
7.5%
10.0%
6.3%
35.0%
18.6%
10.0%
12.5%
10.0%
17.5%
5.3%
29.1%
15.5%
10.0%
12.5%
10.0%
17.5%
5.3%
29.3%
15.5%
10.0%
15.0%
10.0%
15.0%
5.2%
29.2%
15.6%
10.0%
15.0%
10.0%
15.0%
5.2%
29.2%
15.6%
Cash
Index Linked Gilts
Fixed Interest Gilts
High Yield
Emerging Market Debt
Corporate Bonds
UK Equity
Overseas Equity
Emerging Market Equity


Moderate Asset Allocation History
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Original
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
5.0%
12.5%
12.5%
17.5%
5.6%
30.7%
16.2%
10.0%
12.5%
12.5%
17.5%
5.0%
27.9%
14.7%
10.0%
12.5%
15.0%
22.5%
4.2%
23.4%
12.4%
10.0%
12.5%
15.0%
22.5%
4.3%
23.3%
12.4%
10.0%
15.0%
15.0%
20.0%
4.1%
23.3%
12.4%
10.0%
15.0%
15.0%
20.0%
4.1%
23.5%
12.4%
Cash
Index Linked Gilts
Fixed Interest Gilts
High Yield
Emerging Market Debt
Corporate Bonds
UK Equity
Overseas Equity
Emerging Market Equity


Cautious Asset Allocation History
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Original
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
17.5%
15.0%
15.0%
5.0%
12.5%
3.7%
20.5%
10.8%
15.0%
22.5%
15.0%
5.0%
12.5%
3.2%
17.6%
9.3%
15.0%
22.5%
15.0%
7.5%
15.0%
2.6%
14.6%
7.8%
15.0%
22.5%
15.0%
7.5%
15.0%
2.7%
14.5%
7.7%
15.0%
22.5%
17.5%
7.5%
12.5%
2.6%
14.6%
7.8%
15.0%
22.5%
17.5%
7.5%
12.5%
2.6%
14.6%
7.8%
Cash
Index Linked Gilts
Fixed Interest Gilts
High Yield
Emerging Market Debt
Corporate Bonds
UK Equity
Overseas Equity
Emerging Market Equity

	Growth					Moderate					Cautious				
Asset Class	**Min**	**Dec-11**	**Nov-11**	**Central**	**Max**	**Min**	**Dec-11**	**Nov-11**	**Central**	**Max**	**Min**	**Dec-11**	**Nov-11**	**Central**	**Max**
Equity	**25.0%**	**50.0%**	**50.0%**	**80.0%**	**100.0%**	**25.0%**	**40.0%**	**40.0%**	**60.0%**	**100.0%**	**0.0%**	**25.0%**	**25.0%**	**40.0%**	**65.0%**
United Kingdom Equity		5.2%	5.2%				4.1%	4.2%				2.6%	2.6%		
United States Equity		15.8%	14.7%				12.8%	11.7%				7.9%	7.3%		
Canada Equity		0.2%	0.3%				0.2%	0.3%				0.1%	0.2%		
Europe(Ex UK) Equity		4.8%	5.3%				3.8%	4.2%				2.4%	2.6%		
Japan Equity		3.6%	3.9%				2.8%	3.1%				1.8%	2.0%		
Asia (Ex Jpn) Equity		4.8%	5.1%				3.9%	4.1%				2.4%	2.5%		
Emerging Market Equity		15.6%	15.5%				12.4%	12.4%				7.8%	7.8%		
Bonds		**40.0%**	**40.0%**				**50.0%**	**50.0%**				**37.5%**	**37.5%**		
of which Investment Grade (IG)	**0.0%**	**25.6%**	**25.2%**	**0.0%**	**40.0%**	**0.0%**	**33.9%**	**33.4%**	**15.0%**	**40.0%**	**10.0%**	**20.1%**	**19.8%**	**15.0%**	**40.0%**
of which Sub Investment Grade	**0.0%**	**14.4%**	**14.9%**	**20.0%**	**45.0%**	**0.0%**	**16.1%**	**16.6%**	**25.0%**	**45.0%**	**0.0%**	**17.4%**	**17.7%**	**15.0%**	**30.0%**
Corporate Bonds - hedged		15.0%	15.0%				20.0%	20.0%				12.5%	12.5%		
Emerging Market Debt - hedged							5.0%	5.0%				5.0%	5.0%		
Emerging Market Debt - local unhedged		10.0%	10.0%				10.0%	10.0%				2.5%	2.5%		
High Yield - hedged		15.0%	15.0%				15.0%	15.0%				17.5%	17.5%		
Property	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**20.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**15.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**10.0%**
Global Property															
Gilts	**0.0%**	**10.0%**	**10.0%**	**0.0%**	**40.0%**	**0.0%**	**10.0%**	**10.0%**	**0.0%**	**60.0%**	**5.0%**	**37.5%**	**37.5%**	**30.0%**	**60.0%**
Fixed Interest Gilts		10.0%	10.0%				10.0%	10.0%				22.5%	22.5%		
Index Linked Gilts												15.0%	15.0%		
Cash	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**30.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**30.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**30.0%**
Cash															
TOTAL		**100.0%**	**100.0%**				**100.0%**	**100.0%**				**100.0%**	**100.0%**		

Note: Figures subject to rounding; The fund level Investment Grade "IG"/ Sub Investment Grade split ratio is as at **30 November 2011.**

The change in asset allocation exposures shown on this page are driven by 1) the impact of changes in fund allocations, as suggested on page 4, as well as 2) a change in the composition of the underlying funds.

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