East Sussex Pension Fund

Portfolio Review

24 November 2015

Nigel Masding: Research Analyst, Partner

Jessica Cameron: Institutional Clients

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Longview Partners Update

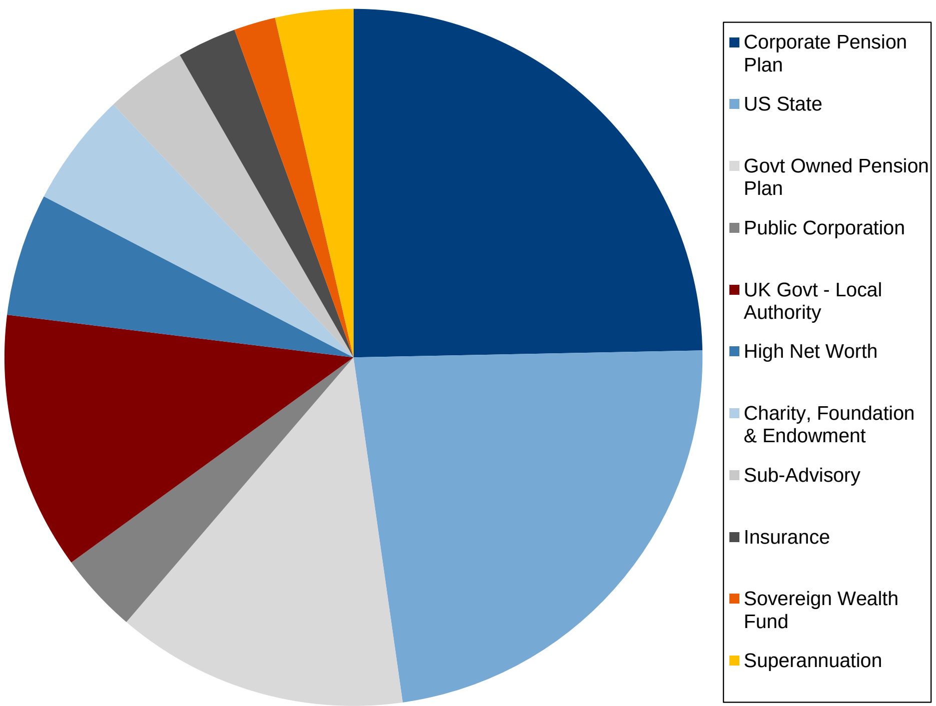
Longview Partners Background

- Specialist asset management firm
- Focused on the management of global portfolios
- Founded in 2001
- Based in London and Guernsey

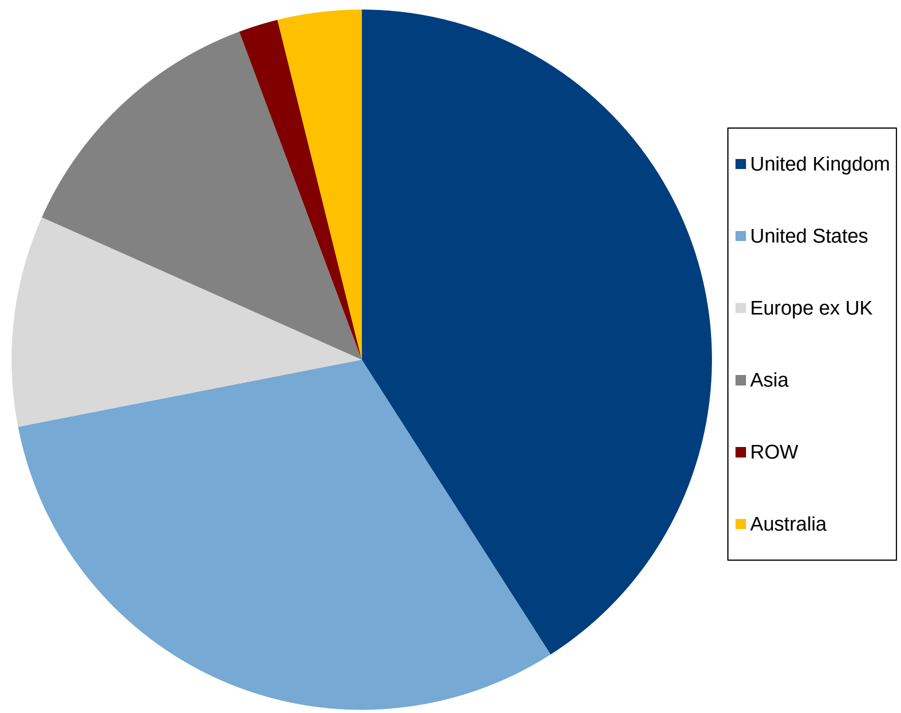
Longview Partners - Client Base

- AUM 30 September 2015: £12,978 million
- 56 institutional accounts
- 96% of AUM in Global Equity mandates

Client Type



Client Base



LONGVIEW PARTNERS

Source: Longview Partners. Includes Segregated and Fund Entities. Data as of close, 30 September 2015

The People

Board of Directors - Longview Partners (Guernsey) Limited

Compliance (London)

Dan Langan
Sheila Tickner

Board of Directors - Longview Partners (UK) Limited

Finance / Compliance (Guernsey)

Phil Corbet
Stuart Tostevin

Client Services (Guernsey)

Douce Neilson
Neil Laine
Emma Barrett
Richard Angliss

Executive Committee

Ramzi Rishani (Co-CEO and CIO)
Marina Lund (Co-CEO and Head of Institutional Clients)
Dan Langan (CFO)

Research	Risk & Portfolio Analysis	Trading	Institutional Clients	Operations	Business Risk & Development	Technology	Finance / Administration
Alistair Graham **Paul Crinion** **Nigel Masding** **Luke Taylor** **Stephen Burgess** **Alexander Philipps** Katie Moran	**Mark Chapman** Murat Gunc James Williams	**Ken Campbell** Tom Campbell	**Marina Lund** Jessica Cameron Simon Blondel Natasha Fletcher	**Ben Welsher** Greg Wiles Jonathan Rodley Ed Nix	**Michael Hunt**	Prateek Baxi Jitesh Raghavani	**Dan Langan** Emma Davies Rebecca Knox Emma Turnbull

LONGVIEW PARTNERS

Source: Longview Partners. Data as of close, 30 September 2015
Members of Longview Partners LLP and equity owners identified in bold. These Members may be referred to as Partners.

Research Team

		Pre-1996 – 2015
Ramzi Rishani*	CIO	JPM & MBA /Goldman Sachs → Goldman Sachs → Longview
Paul Crinion*	Research Analyst	Oxford Analytica → Longview
Alistair Graham*	Head of Research	Standard Life → Scottish Widows → Schroders → Longview
Nigel Masding*	Research Analyst	Arthur Andersen → McKinsey → First State Investments → HSBC AM → Longview
Luke Taylor*	Research Analyst	Sceptre Investment Management → Longview
Stephen Burgess*	Research Analyst	Schroders → Gartmore Investment Management → Putnam → Lancaster IM → Longview
Alexander Philipps*	Research Analyst	Sloane Robinson → Longview
Katie Moran	Research Analyst	Linklaters → Rothschild →

LONGVIEW PARTNERS

Source: Longview Partners. Data as of close, 30 September 2015

*Members of Longview Partners LLP and equity owners. These Members may be referred to as Partners.

Portfolio Performance

Portfolio Performance

16 April 2013 - 30 September 2015

Account Value as at 30 September 2015 : £162,211,939

	Q3 2015	1 Year to 30-Sep-15	Inception to 30-Sep-15 *
East Sussex Pension Fund	-3.25%	12.48%	14.96%
MSCI ACWI (GBP)(TRNet)	-5.99%	-0.10%	4.96%
Difference	2.74%	12.58%	9.99%

Annualised

Portfolio returns are gross of management fees and net of dealing expenses.

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

LONGVIEW PARTNERS

Contribution to Relative Performance

30 September 2014 - 30 September 2015

Q3 2015 Contribution to Relative Performance	
Equity Performance	1.94%
Currency Effect	0.79%
Cash Effect	0.01%
Total	**2.74%**

1 Year to 30-Sep-2015 Contribution to Relative Performance	
Equity Performance	9.74%
Currency Effect	3.43%
Cash Effect	-0.59%
Total	**12.58%**

Benchmark is MSCI ACWI (GBP)(TRNet).
Total relative performance is shown gross of fees and net of dealing expenses.

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

LONGVIEW PARTNERS

Relative Contributors / Detractors – Q3 2015

30 June 2015 - 30 September 2015

Top 10 Contributors		Top 10 Detractors	
Imperial Tobacco	0.65%	Viacom	-0.64%
Advance Auto Parts	0.63%	Time Warner	-0.47%
Fidelity Natl Info Services	0.59%	Emerson Electric	-0.35%
Progressive	0.52%	Parker Hannifin	-0.27%
Fiserv	0.42%	HCA Holdings	-0.23%
Accenture	0.33%	Delphi Automotive	-0.11%
Compass	0.25%	AON	-0.10%
WPP	0.15%	Lloyds	-0.10%
UnitedHealth	0.14%	Yum! Brands	-0.10%
ISS	0.13%	BB&T	-0.09%

Contributors to and detractors from performance relative to the MSCI ACWI (Local)(TRNet) Index, local currency terms, for the period shown.

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

LONGVIEW PARTNERS

Performance Attribution (Sector) – Q3 2015

30 June 2015 - 30 September 2015

	Average Weight			Outpeformance Source		
	Longview	Index	Difference	Selection	Allocation	Total
Energy	0.00%	6.85%	-6.85%	0.00%	0.65%	0.65%
Materials	0.00%	4.96%	-4.96%	0.00%	0.48%	0.48%
Industrials	9.30%	10.32%	-1.02%	-0.44%	0.01%	-0.44%
Consumer Discretionary	29.82%	12.79%	17.03%	-0.75%	0.33%	-0.42%
Consumer Staples	3.56%	9.87%	-6.30%	0.39%	-0.48%	-0.09%
Healthcare	14.42%	12.66%	1.76%	0.30%	-0.11%	0.19%
Financials	20.71%	21.77%	-1.06%	0.53%	0.01%	0.54%
IT	22.20%	13.85%	8.35%	1.07%	0.18%	1.25%
Telecoms	0.00%	3.79%	-3.79%	0.00%	0.00%	0.00%
Utilities	0.00%	3.15%	-3.15%	0.00%	-0.23%	-0.23%
Total	100.00%	100.00%	0.00%	1.09%	0.84%	1.94%

The Index used to calculate performance attribution is the MSCI ACWI (Local)(TRNet). Sub-Indices are MSCI Sector Indices.

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

LONGVIEW PARTNERS

Relative Contributors / Detractors – 1 Year

30 September 2014 - 30 September 2015

Top 10 Contributors		Top 10 Detractors	
UnitedHealth	1.41%	Viacom	-1.46%
Imperial Tobacco	1.18%	Emerson Electric	-0.81%
Fiserv	1.12%	Parker Hannifin	-0.32%
Advance Auto Parts	0.97%	Time Warner	-0.20%
Delphi Automotive	0.90%	ADT	-0.17%
Accenture	0.86%	Pearson	-0.13%
Continental	0.82%	Sanofi	-0.13%
Fidelity Natl Info Services	0.81%	Oracle	-0.11%
Progressive	0.75%	Zimmer Biomet Holdings	-0.01%
WPP	0.52%	BB&T	-0.01%

Contributors to and detractors from performance relative to the MSCI ACWI (Local)(TRNet) Index, local currency terms, for the period shown.

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

Performance Attribution (Sector) – 1 Year

30 September 2014 - 30 September 2015

	Average Weight			Outpeformance Source		
	Longview	Index	Difference	Selection	Allocation	Total
Energy	0.00%	7.70%	-7.70%	0.00%	2.70%	2.70%
Materials	0.00%	5.32%	-5.32%	0.00%	0.88%	0.88%
Industrials	5.28%	10.42%	-5.14%	-0.64%	-0.02%	-0.66%
Consumer Discretionary	30.97%	12.30%	18.66%	-1.07%	2.12%	1.05%
Consumer Staples	3.81%	9.74%	-5.93%	0.85%	-0.62%	0.24%
Healthcare	16.97%	12.06%	4.90%	1.24%	0.31%	1.55%
Financials	19.63%	21.62%	-1.99%	1.08%	-0.01%	1.07%
IT	23.34%	13.81%	9.53%	2.66%	0.27%	2.94%
Telecoms	0.00%	3.79%	-3.79%	0.00%	0.00%	0.00%
Utilities	0.00%	3.23%	-3.23%	0.00%	-0.03%	-0.03%
Total	100.00%	100.00%	0.00%	4.12%	5.61%	9.74%

The Index used to calculate performance attribution is the MSCI ACWI (Local)(TRNet). Sub-Indices are MSCI Sector Indices.

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

LONGVIEW PARTNERS

Longview Investment Process

Investment Philosophy

- **Concentrated Global Portfolio**
  - Typically 35 stocks
  - Stock selection driven approach
  - Generalist analyst focus
  - Index agnostic
  - Highly diversified
- **Disciplined and Objective Investment Process**
  - Superior quality, positive business fundamentals and attractive cash based valuations
  - Portfolio construction driven by research process
  - Strict sell discipline based on preset, absolute price targets
  - Sell on deterioration of Quality or Fundamentals, to unattractive
- **Predictable Businesses**
  - Strive to invest in predictable companies
  - Avoid companies sensitive to factors beyond management's control
  - Macro factors viewed as risks and not opportunities

Investment Criteria

Quality

Stocks Scored 1-3

Redeployment of Capital

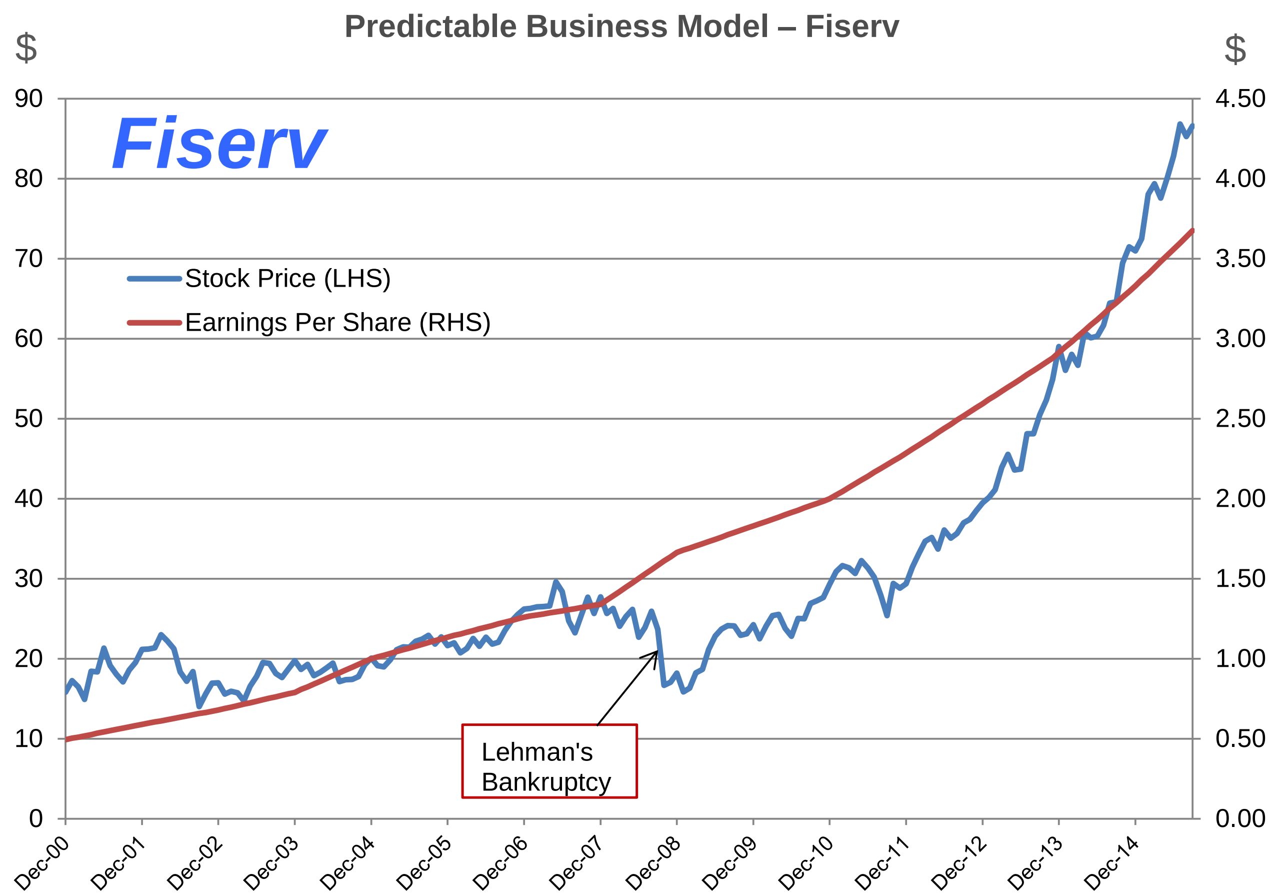
- Clear framework required
- No pre-determined preference:
  - Internal investments
  - M&A
  - Dividends
  - Buy-backs

Sustainable Returns

- Industry structure
- Competitive advantages

Recurring Revenues

- Maintenance revenues
- Consumables
- Long-term contracts
- Spare parts



LONGVIEW PARTNERS

Source: Longview Partners and Bloomberg. Data as of close, 30 September 2015

Investment Criteria

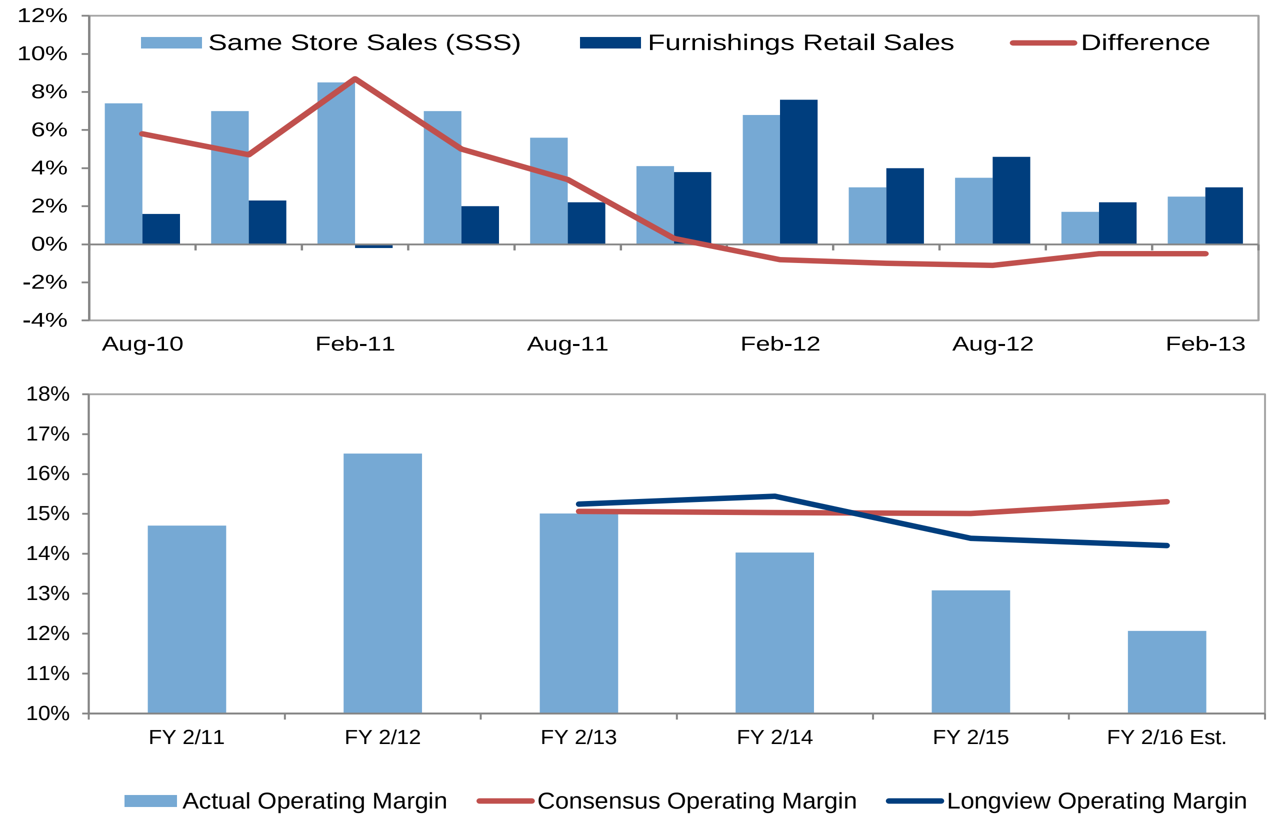
Fundamentals

Stocks Scored 1-3

Is the Business Improving or Weakening in Relation to Expectations?

- Sales
- Margins
- Cash flows
- EPS
- EBIT
- Orders
- Subscribers
- Drug approvals
- Dispute resolution
- Credit rating
- Use of capital
- Management changes

Fundamentals 3 – Bed Bath and Beyond



LONGVIEW PARTNERS

Source: Goldman Sachs research and company data

Investment Criteria

Valuation

Valuation Analysis Based on Discounted Cash Flows

DCF Analysis

- Strict constraints
- Forecast explicitly for 5 years
- Limit horizon to 40 years
- Long term growth rate usually capped at nominal GDP
- Disciplined accounting adjustments

Base Discount Rate

- 10 year bond yields plus a 3.75% Equity Risk Premium, with a floor of 8.0%
- Adjusted for EM exposure
- Adjusted for cash flow volatility not stock price volatility

25% - 35% Valuation Upside Required, Determined by Quality and Fundamentals Rating:

	Quality 1	Quality 2	Quality 3
Fundamentals 1	25%	30%	x
Fundamentals 2	30%	35%	x
Fundamentals 3	x	x	x

Discount Rate Adjustment Based on Cash Flow Volatility:

-0.5%	Base Rate	+0.5%	+1%	Quality 3

← *Less Volatile* — *More Volatile* →

LONGVIEW PARTNERS

Decision Making Process

IDEA GENERATION

Independent Sourcing

- Meeting Companies
- Team Experience
- Quantitative Screens
- Brokers

Team Discussion

- Previous Analysis
- Comparable Companies
- Potential Issues
- Discussion of Approach to Analysis

INVESTMENT ANALYSIS

In-Depth Analysis

- Deeper Understanding of Industry
- Deeper Understanding of the Company
- Meeting / Contacting Management
- Valuation Model
- Rating Business on Quality and Fundamentals

Investment Meetings

- Challenges
- Evidence
- Scenario-Test
- Guidance & Advice
- Criticism
- Omissions
- Reality-Check

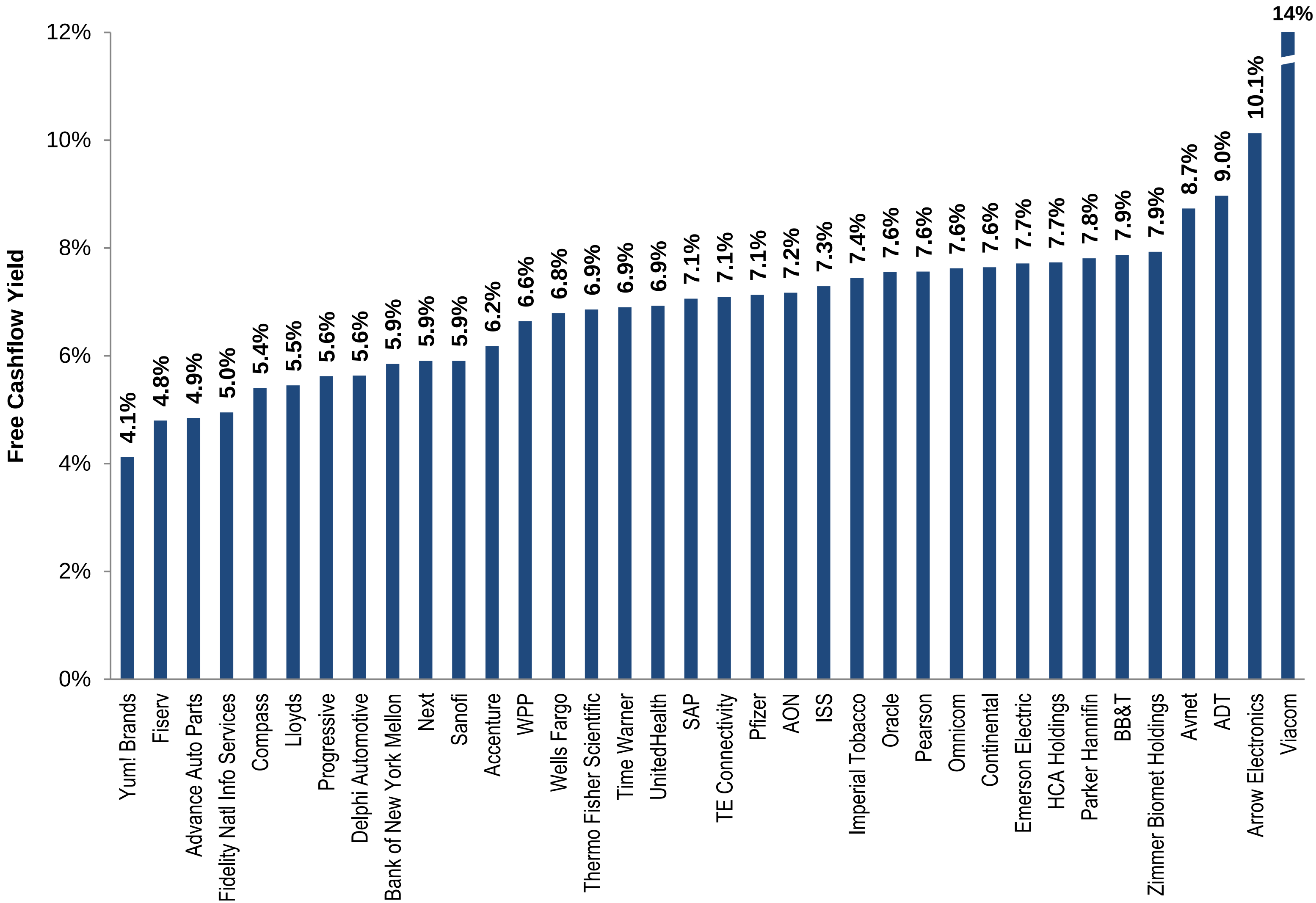
PORTFOLIO CONSTRUCTION

- Confirmation that process was implemented in a disciplined and diligent way
- Risk Cluster Analysis
- Liquidity Analysis
- Client Restrictions

Performed By:

Independent Sourcing	Team Discussion	In-Depth Analysis	Investment Meetings	Portfolio Construction
INDIVIDUAL ANALYST	**CIO**	**INDIVIDUAL ANALYST**	**CIO**	**CIO**
	RESEARCH TEAM		**RESEARCH TEAM**	**COMPLIANCE**

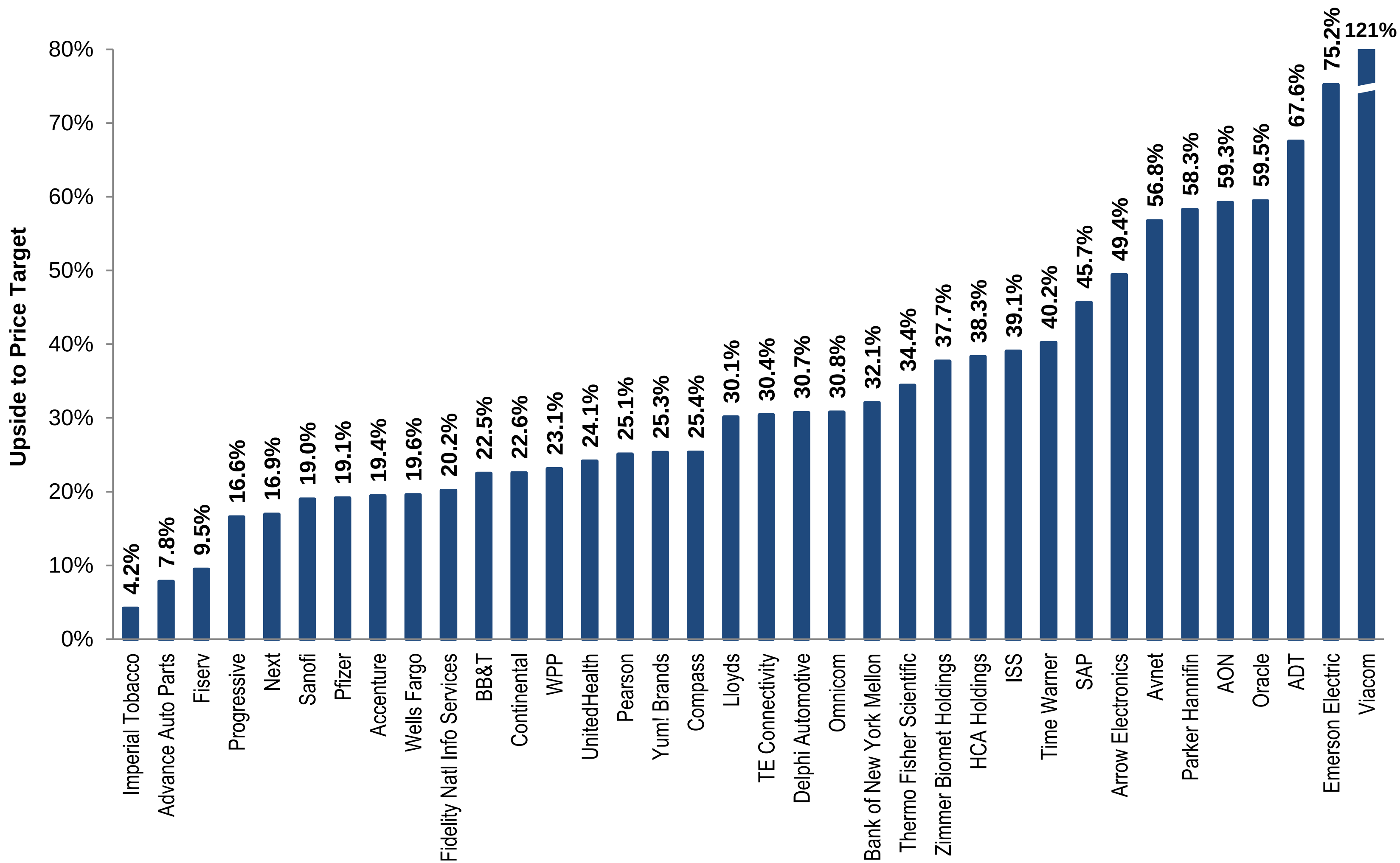
Free Cashflow Yield



LONGVIEW PARTNERS

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

Upside to Price Targets



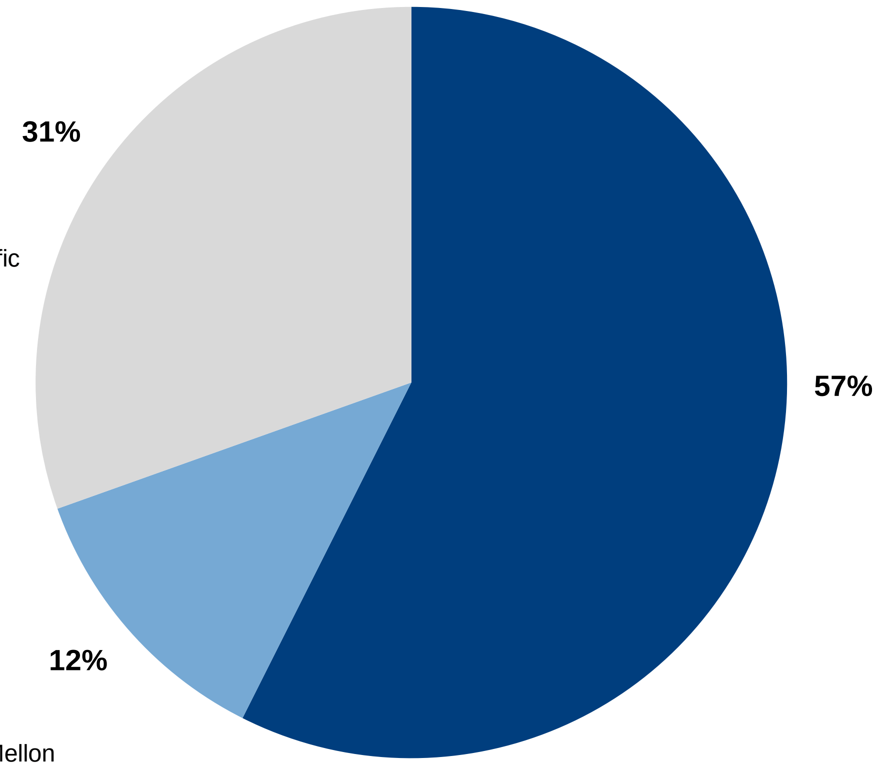
LONGVIEW PARTNERS

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

Category Allocation

Cyclical

Arrow Electronics
Avnet
BB&T
Continental
Delphi Automotive
Emerson Electric
Lloyds
Parker Hannifin
TE Connectivity
Thermo Fisher Scientific
Wells Fargo



Stable

ADT
Advance Auto Parts
AON
Compass
Fidelity Natl Info Services
Fiserv
HCA Holdings
Imperial Tobacco
ISS
Next
Oracle
Pearson
Pfizer
Progressive
Sanofi
SAP
Time Warner
UnitedHealth
Viacom
Yum! Brands
Zimmer Biomet Holdings

Both

Accenture
Bank of New York Mellon
Omnicom
WPP

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

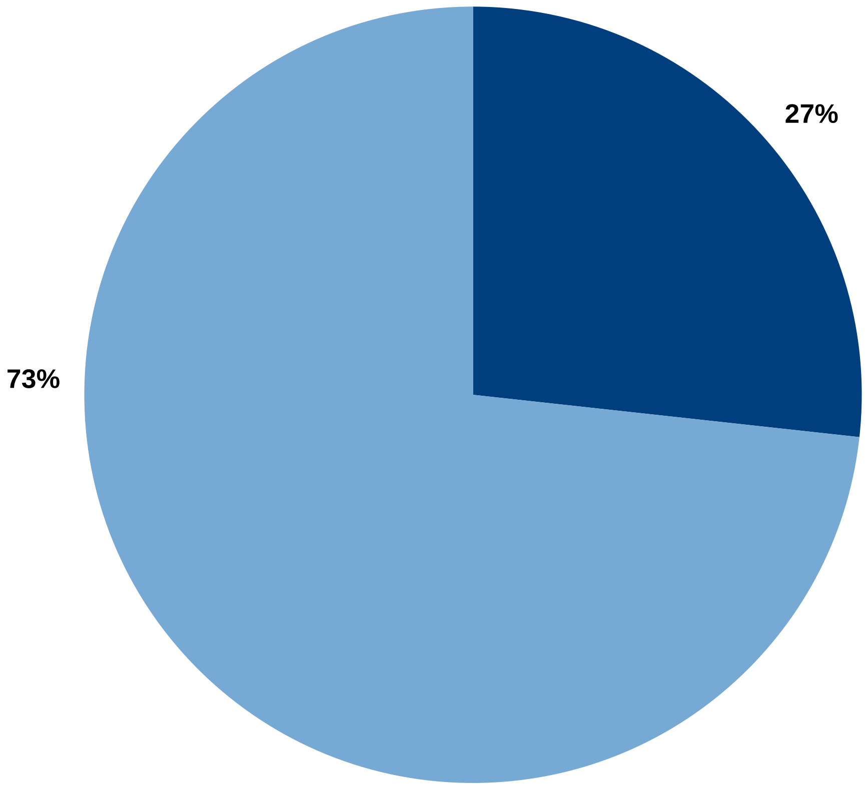
Geographic Allocation

Europe

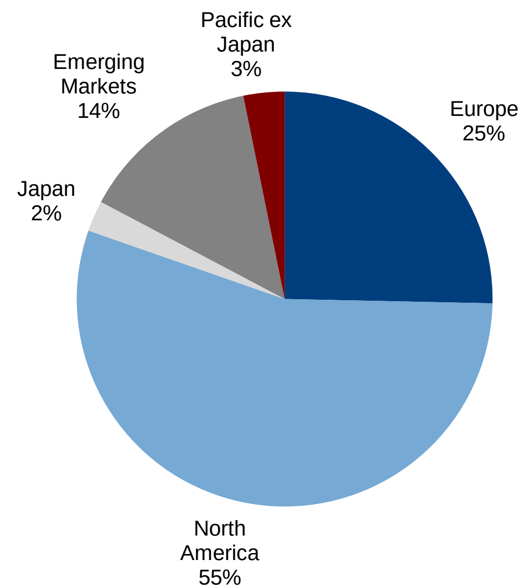
Compass
Continental
Imperial Tobacco
ISS
Lloyds
Next
Pearson
Sanofi
SAP
WPP

North America

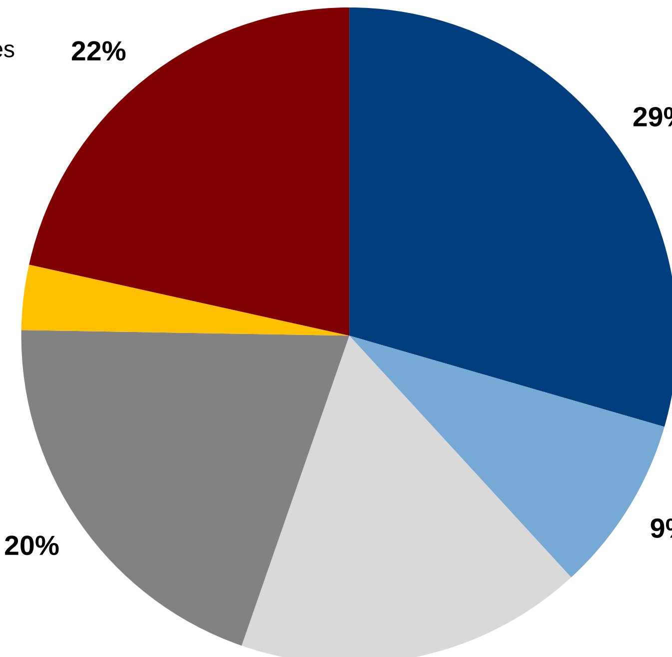
Accenture
ADT
Advance Auto Parts
AON
Arrow Electronics
Avnet
Bank of New York Mellon
BB&T
Delphi Automotive
Emerson Electric
Fidelity Natl Info Services
Fiserv
HCA Holdings
Omnicom
Oracle
Parker Hannifin
Pfizer
Progressive
TE Connectivity
Thermo Fisher Scientific
Time Warner
UnitedHealth
Viacom
Wells Fargo
Yum! Brands
Zimmer Biomet Holdings



Revenue Breakdown



Sector Allocation



Consumer Discretionary

Advance Auto Parts
Compass
Continental
Delphi Automotive
Next
Omnicom
Pearson
Time Warner
Viacom
WPP
Yum! Brands

IT

Accenture
Arrow Electronics
Avnet
Fidelity Natl Info Services
Fiserv
Oracle
SAP
TE Connectivity

Consumer Staples

Imperial Tobacco

Financials

AON
Bank of New York Mellon
BB&T
Lloyds
Progressive
Wells Fargo

Industrials

ADT
Emerson Electric
ISS
Parker Hannifin

Healthcare

HCA Holdings
Pfizer
Sanofi
Thermo Fisher Scientific
UnitedHealth
Zimmer Biomet Holdings

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

LONGVIEW PARTNERS

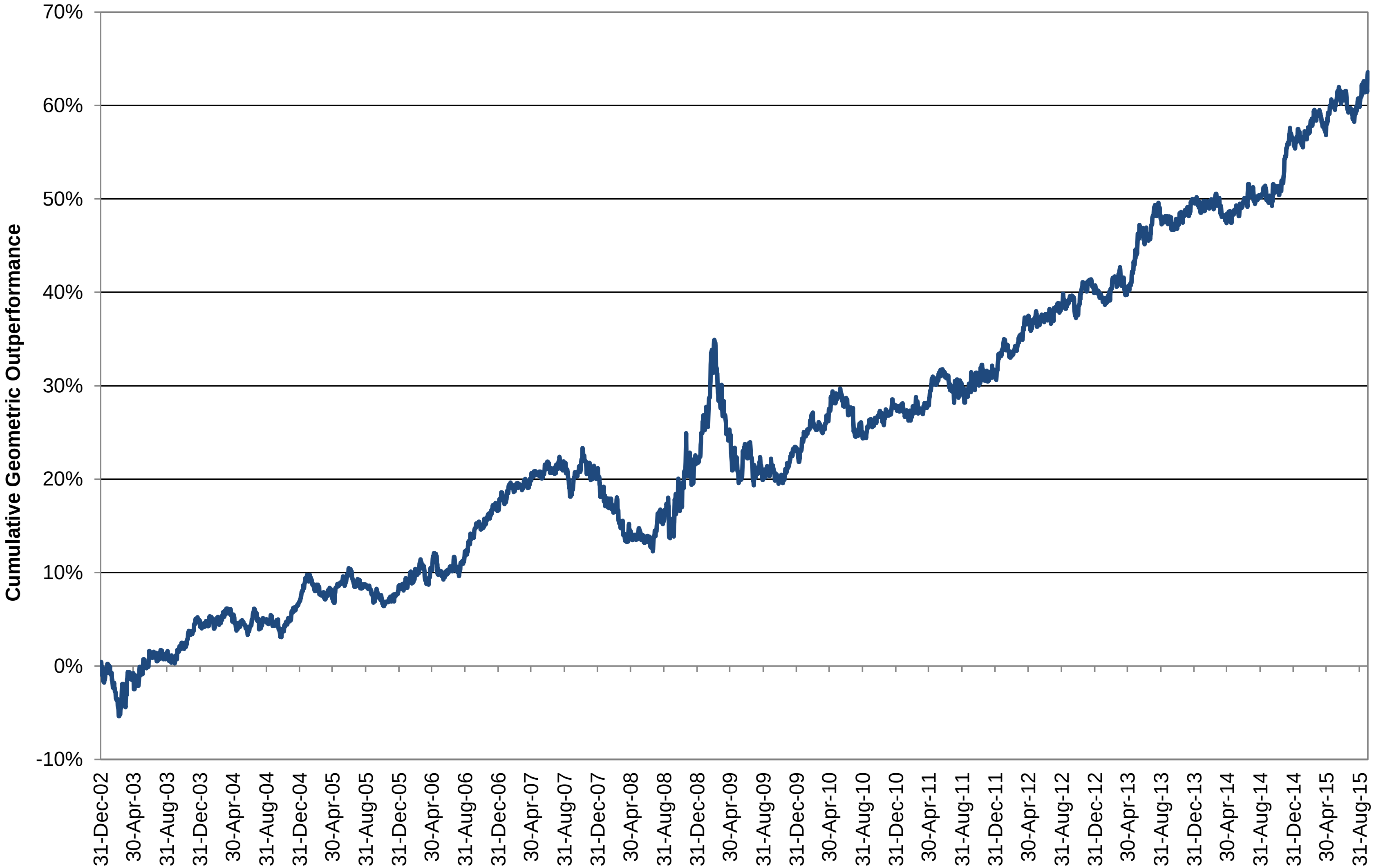
Current Holdings

Name	Sector	Price	Target	Quality	Funda-mentals	Upside	FCF Yield	P/E Current Year	P/E Next Year
Accenture	IT	98.26	117.36	1	1	19.4%	6.2%	18.9	17.3
ADT	Industrials	29.90	50.10	1	2	67.6%	9.0%	15.4	14.3
Advance Auto Parts	Consumer Discretionary	189.53	204.31	1	2	7.8%	4.9%	22.9	19.3
AON	Financials	88.61	141.11	2	1	59.3%	7.2%	14.6	13.2
Arrow Electronics	IT	55.28	82.60	2	2	49.4%	10.1%	8.7	8.3
Avnet	IT	42.68	66.90	2	2	56.8%	8.7%	8.9	8.4
Bank of New York Mellon	Financials	39.15	51.70	2	2	32.1%	5.9%	13.9	12.3
BB&T	Financials	35.60	43.60	2	2	22.5%	7.9%	12.7	10.9
Compass	Consumer Discretionary	10.53	13.20	1	2	25.4%	5.4%	19.8	18.6
Continental	Consumer Discretionary	190.10	233.00	2	2	22.6%	7.6%	13.2	12.0
Delphi Automotive	Consumer Discretionary	76.04	99.40	2	2	30.7%	5.6%	14.3	11.9
Emerson Electric	Industrials	44.17	77.40	2	2	75.2%	7.7%	13.7	13.4
Fidelity Natl Info Services	IT	67.08	80.60	1	2	20.2%	5.0%	20.4	17.5
Fiserv	IT	86.61	94.83	1	2	9.5%	4.8%	22.7	20.1
HCA Holdings	Healthcare	77.36	107.00	2	2	38.3%	7.7%	14.6	13.3
Imperial Tobacco	Consumer Staples	34.13	35.56	1	2	4.2%	7.4%	16.5	14.7
ISS	Industrials	221.50	308.00	2	2	39.1%	7.3%	15.9	15.1
Lloyds	Financials	0.75	0.98	2	2	30.1%	5.5%	9.9	9.8
Next	Consumer Discretionary	76.10	88.99	1	2	16.9%	5.9%	17.3	16.4
Omnicom	Consumer Discretionary	65.90	86.20	2	2	30.8%	7.6%	15.1	14.0
Oracle	IT	36.12	57.60	1	2	59.5%	7.6%	13.7	12.5
Parker Hannifin	Industrials	97.30	154.00	2	2	58.3%	7.8%	14.2	12.8
Pearson	Consumer Discretionary	11.27	14.10	2	2	25.1%	7.6%	15.0	14.6
Pfizer	Healthcare	31.41	37.42	1	2	19.1%	7.1%	15.0	13.4
Progressive	Financials	30.64	35.72	1	2	16.6%	5.6%	15.5	15.4
Sanofi	Healthcare	84.89	101.00	2	2	19.0%	5.9%	14.9	14.3
SAP	IT	57.95	84.42	1	2	45.7%	7.1%	15.8	14.4
TE Connectivity	IT	59.89	78.10	2	2	30.4%	7.1%	16.5	14.7
Thermo Fisher Scientific	Healthcare	122.28	164.38	1	2	34.4%	6.9%	16.6	14.9
Time Warner	Consumer Discretionary	68.75	96.40	2	2	40.2%	6.9%	14.8	12.1
UnitedHealth	Healthcare	116.01	144.00	2	2	24.1%	6.9%	18.3	15.8
Viacom	Consumer Discretionary	43.15	95.50	2	2	121.3%	13.7%	8.0	7.2
Wells Fargo	Financials	51.35	61.40	2	2	19.6%	6.8%	12.4	11.4
WPP	Consumer Discretionary	13.73	16.90	2	2	23.1%	6.6%	14.7	13.5
Yum! Brands	Consumer Discretionary	79.95	100.19	1	2	25.3%	4.1%	22.7	19.6
Zimmer Biomet Holdings	Healthcare	93.93	129.36	1	2	37.7%	7.9%	14.0	12.0
						Average:	**6.8%**	**15.7**	**14.2**

LONGVIEW PARTNERS

Source: Longview Partners and Bloomberg using WM/Reuters FX Rates. Data as of close, 30 September 2015

Consistent and Disciplined Process



LONGVIEW PARTNERS

Longview's Global Equities (ex Cash) Cumulative Performance relative to the Index.
Index is 100% MSCI World (Local)(TRNet) from 1 January 2006. 60% S&P 500 (Local)(TRNet), 40% MSCI Europe (Local)(TRNet) prior.

Appendix

The Team

Ramzi Rishani – Co-CEO and CIO, Founder

Prior to founding Longview Partners in 2001, Ramzi spent nine years as a Portfolio Manager at Goldman Sachs in the Private Wealth Management division. Prior to that, he spent three years at JP Morgan, in New York, as an Associate in Equities and Corporate Finance. Ramzi obtained his MBA from Harvard Business School and his BSc in Mechanical Engineering from MIT.

Marina Lund – Co-CEO and Head of Institutional Clients, Partner

Prior to joining Longview in 2007, Marina was Managing Director at Tribeca Global Management, a member of the Investment Committee and the Executive Management Committee. Prior to that, she was Head of Distribution at BlueCrest Capital Management. Previously, Marina was Head of Global and EAFE Equities at Deutsche Asset Management, a board member of Deutsche Asset Management UK and Deutsche Asset Management Investment Services and member of the UK Management Committee. During her years at Deutsche Asset Management, and previously at Flemings Investment Management and Mercury Asset Management, Marina was an Equity Portfolio Manager within a number of different equity markets. Marina has twenty four years' experience in Institutional Asset Management including twelve years as a Portfolio Manager.

Marina holds a BSc Hons in Economics from University College, London, is a member of the CFA Institute and a graduate of the London Business School Foundation and Endowment Asset Management.

LONGVIEW PARTNERS

The Team

Alistair Graham – Head of Research, Partner

Prior to joining Longview in 2003, Alistair worked for Schroders Investment Management as an Associate Director. Before that, Alistair worked for Standard Life Investments as an Investment Manager for 4 years and at Scottish Widows Investment Partnership as a Senior Investment Manager for 4 years. Alistair obtained his BCom in Accountancy and Business Studies from the University of Edinburgh.

Nigel Masding – Research Analyst, Partner

Prior to joining Longview in 2009, Nigel worked at HSBC Asset Management as a Global Equities Senior Fund Manager and previously for First State Investments as a Global Equities Analyst. Before that, he was a Strategy Consultant at McKinsey and a Consulting and Audit Manager at Arthur Andersen. Nigel obtained an MA in Economics from St John's College, Cambridge, an MBA from Warwick University and is a qualified Chartered Accountant.

The Team

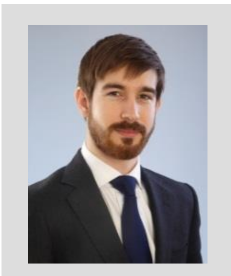
Stephen Burgess – Research Analyst, Partner

Prior to joining Longview in 2010, Stephen was a Partner and Equity Analyst at Lancaster Investment Management and previously worked at Putnam as a Research Analyst. Before that he was an Equity Analyst at Gartmore for 8 years. Prior to joining Gartmore, Stephen was an Accountant at Schroders for 2 years. Stephen obtained a BSc in Chemistry from Durham University and is a CFA Charterholder.

Paul Crinion – Research Analyst, Partner

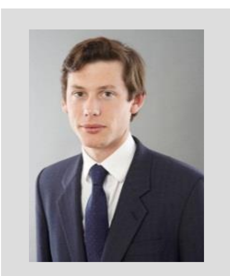
Prior to joining Longview in 2002, Paul worked for a year at Oxford Analytica as a Consultant. Paul obtained his MSci in Physics from Imperial College, London and studied Economics as a postgraduate at Magdalen College, Oxford. Paul is a CFA Charterholder.

The Team



Luke Taylor – Research Analyst, Partner

Before joining Longview in 2010, Luke worked as a Research Analyst and Investment Manager at Sceptre Investment Management for 5 years. Prior to joining Sceptre, Luke gained experience working at Citigroup on the Leveraged Finance desk in London and obtained his degree in Theoretical Physics from Imperial College London.



Alexander Philipps – Research Analyst, Partner

Prior to joining Longview in 2012, Alexander spent 4 years working as a Research Analyst at Sloane Robinson, focusing on Asian equities. Alexander obtained an MEng in Engineering Science from Christ Church, Oxford, and is a CFA Charterholder.

The Team

Katie Moran – Research Analyst

Prior to joining Longview in 2014, Katie spent 3 years working as an Equity Research Analyst at Rothschild. Prior to that, she spent 2 years in the Financial Institutions M&A team at Rothschild and 2 years at Linklaters, on a legal training contract. Katie obtained a double first class honours degree in Law from St Edmund Hall, Oxford University. Katie is also a CFA Charterholder.

Ken Campbell – Head Trader, Partner

Ken has been a Trader at Longview since its inception. Prior to Longview, Ken spent 4 years as an Associate and a Financial Analyst at Goldman Sachs, Private Wealth Management. Prior to that, Ken spent 2 years in currency trading at Bank of Ireland. Ken obtained his Masters in Finance and his BCOMM from University College Dublin.

The Team

Jessica Cameron – Institutional Clients

Prior to joining Longview in 2011, Jessica spent 4 years at BlackRock, initially within the Institutional Global Consultants Relations group and then as a Product Specialist on the Global Equity team. Jessica obtained her MA (Hons) in History from St. Andrews University.