CENTRAL BANK OF
TRINIDAD & TOBAGO

Heritage and Stabilisation Fund

Quarterly Investment Report

April – June 2016

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EXECUTIVE SUMMARY

In the second quarter of 2016, global economic conditions were impacted primarily by the Brexit referendum and to a lesser extent, developed market central bank actions and geopolitical risks. At the end of the quarter, financial markets were volatile as the surprising outcome of the Brexit vote created a risk-off environment, which boded well for developed market sovereign bonds and was negative for risky securities such as US and international equities.

Growth in the **United States** expanded at a slower pace in the first quarter of 2016, as Gross Domestic Product growth slowed to 1.1 per cent annualized in the three months ending March 2016. Leading indicators were mixed during the second quarter, pointing to a potential further moderation in growth. The Composite and Manufacturing PMI's both declined slightly in June compared with March and the average quarterly pace of job growth as measured by non-farm payrolls slowed in the second quarter of 2016 relative to the first. The Consumer Price Index rose slightly in June while core Personal Consumption Expenditure remain unchanged at 1.6 per cent in May 2016. In its latest meeting Federal Open Market Committee meeting, the Federal Reserve maintained its target interest rate range and continued to stress its accommodative stance.

In the **Euro Area,** economic growth improved in the three months to March 2016, as Gross Domestic Product grew by 0.6 per cent, up from 0.4 per cent in the three months to December 2015. Inflation improved slightly during the second quarter, while on the jobs front unemployment declined by 0.1 percentage points, although the unemployment rate remained above 10 per cent. The European Central Bank maintained its policy interest rates and also began two of its other policy initiatives, the Corporate Sector Purchasing Program (CSPP) and the targeted longer term refinancing operation (TLTRO II).

The pace of economic growth in the **United Kingdom (UK)** slowed as the economy grew by 0.4 per cent in the three months to March 2016 down from 0.7 per cent in the fourth quarter of 2015. At the end of the second quarter of 2016, UK citizens voted to leave the European Union with a vote of 52 per cent 'Leave' and 48 per cent 'Remain'. Even with the surprise result in the Brexit referendum, the Bank of England opted to hold interest rates constant at 0.5 per cent and its asset purchases program at GBP 375 billion. Additionally most of the Monetary Policy Committee members expect monetary policy to be loosened at the next meeting in August.

The **Japanese** economy expanded in the first quarter of 2016 by 1.9 per cent on an annualised basis, compared to the 1.8 per cent contraction experienced in the fourth quarter of 2015. Economic data in the second quarter suggests some fragility in the recovery in the first quarter, as the composite PMI, industrial production and export volumes declined during the quarter ended June 2016. The Bank of Japan maintained its current negative interest rate policy and its annual pace of asset purchases, while also downgrading its economic assessment of the Japanese economy.

Developed **equity market** returns varied across the second quarter. US markets ended the quarter in positive territory due to expected interest rate hike delays as the May jobs report disappointed. Furthermore, uncertainties leading up to the Brexit vote also caused the Federal Reserve to stay their decision to hike rates. In the UK, in a surprising turn of events, the 'Leave' campaign won the national referendum causing global risk markets to selloff. Contrastingly, UK equity markets rebounded significantly after the vote, to end the quarter up, as opposed to the decline in returns observed in Germany, France and especially Japan. The S&P 500 posted a total return of 2.45 per cent, while the FTSE 100 was surprisingly up by 6.52 per cent.

Sovereign bond yields broadly declined with the exception of Italy, as a risk-off sentiment was a significant theme for bond markets in the second quarter, especially post Brexit. The Fed continued to hold interest rates but commentary from the Fed Chairman indicated a continued accommodative stance. The US Treasury yield curve flattened over the quarter, as the spread between the 2 and 10 year segment of the curve declined 16 basis points to 0.89 per cent at the end of the quarter. The broader US fixed income market as measured by the Barclays Capital US Aggregate Bond index, increased 2.21 per cent for the quarter. Spread performance was positive as Local Authorities, Corporates, Commercial Mortgage Backed securities and Asset Backed securities outperformed similar duration US Treasuries during the period.

The HSF investment portfolio gained 0.80 per cent for the quarter ended June 2016, compared with an increase of 1.11 per cent for the Strategic Asset Allocation (SAA) benchmark. The Fund's exposure to international developed equity securities detracted from absolute returns, eroding some of the gains generated by the fixed income portfolio. In relation to the benchmark, only the US Core fixed income mandate added to relative performance during the quarter as the other mandates underperformed their respective benchmarks. At the end of June 2016, the net asset value of the HSF was US$5,454.6 million, a decrease from the US$5,787.3 million reported at the end of March 2016.

During the month of May, pursuant to a directive from the Minister of Finance, US$375.1 million was withdrawn from the HSF and deposited into the Consolidated Fund.

Contribution to Quarterly Return
For the period Apr 2016 - Jun 2016
/per cent/

	SAA Weights	Portfolio Weights as at 30-Jun-2016	Weighted Return HSF	Weighted Return Benchmark
Composite Portfolio	100.00	100.00	0.80	1.11
US Core Domestic Fixed Income	40.00	44.69	1.01	0.89
US Core Domestic Equity	17.50	18.54	0.32	0.36
Non US Core International Equity	17.50	16.40	-0.68	-0.35
US Short Duration Fixed Income	25.00	20.36	0.15	0.20

NB: Differences in totals are due to rounding.

Comparative Quarterly Returns

For the Quarters ended Dec 2015 – Jun 2016

/per cent/

	3 Months Weighted Return as at 30-Jun-2016		**3 Months Weighted Return as at 31-Mar-2016**		**3 Months Weighted Return as at 31-Dec-2015**	
	HSF	**Bench-mark**	**HSF**	**Bench-mark**	**HSF**	**Bench-mark**
Composite Portfolio	0.80	1.11	0.80	1.26	1.68	1.67
US Core Domestic Fixed Income	1.01	0.89	1.03	1.21	-0.19	-0.22
US Core Domestic Equity	0.32	0.36	-0.08	0.20	1.11	1.19
Non US Core International Equity	-0.68	-0.35	-0.54	-0.53	0.92	0.89
US Short Duration Fixed Income	0.15	0.20	0.41	0.39	-0.14	-0.17

Comparative Financial Year to Date Returns

For the periods June 2015 & June 2016

/per cent/

	Financial Year to Date Return as at 30-Jun-2016		Financial Year to Date Return as at 30-June-2015	
	HSF	Bench-mark	HSF	Bench-mark
Composite Portfolio	3.30	4.09	4.58	3.39
US Core Domestic Fixed Income	1.85	1.88	0.66	0.68
US Core Domestic Equity	1.35	1.77	2.28	1.68
Non US Core International Equity	-0.31	0.01	1.33	0.65
US Short Duration Fixed Income	0.41	0.43	0.25	0.36

SECTION 1 – INTERNATIONAL ECONOMIC ENVIRONMENT

United States

The United States (US) economy expanded at an annualized rate of 1.1 per cent in the first quarter of 2016 compared with 1.4 per cent in the fourth quarter of 2015. During the period, declining non-residential investments detracted from growth, while stronger personal consumption and residential fixed investment were positive contributors to GDP.

More recent data releases were mixed and suggest some moderation of economic activity in the quarter ended June 2016. The Markit US Composite PMI fell slightly to 51.2 in June, compared to 51.3 in March 2016. The Markit US Manufacturing PMI declined from 51.5 in March to 51.3 in June 2016, while the Services PMI rose slightly in June to 51.4 from 51.3 in March. Consumer confidence as measured by the Conference Board Index rose to 98 in June from 96.1 in March. This was reflected in the pick-up in consumer spending over the second quarter, with retail sales rising 2.7 per cent in June on an annualized basis from 1.7 per cent in March.

During the second quarter of 2016, the labour market lost momentum. Job creation as measured by non-farm payrolls, slowed in the three months to June 2016, averaging 147,000 compared to an average of 196,000 in the first quarter of 2016. May's disappointing jobs report, which saw only 38,000 thousand jobs being added, was a major contributing factor to the slowdown in job creation during the second quarter. The unemployment rate fell from 5 per cent in March to 4.9 per cent in June, while average hourly earnings remained unchanged at 2.4 per cent in June when compared to the end of the previous quarter.

Inflationary pressures were relatively subdued over the quarter. The Consumer Price Index inched higher to 1 per cent year-on-year in June compared to 0.9 per cent in March. Additionally, the Federal Reserve's (Fed) preferred gauge of inflation, the Core PCE index remained unchanged at 1.6 per cent (y-o-y) as at May 2016.

At its June 14th meeting, the Federal Open Market Committee (FOMC) maintained its 0.25 to 0.50 per cent target interest rate range and continued to stress its accommodative stance in support of achieving further labour market improvements and a rise in the inflation rate. The Fed noted that although growth in economic activity appeared to have picked up, the pace of improvement in the labour market had slowed.

The Fed reduced its long term forecasts for growth and policy rates, citing mixed economic data and uncertainty about global economic and financial developments. Minutes released from the meeting also showed concerns regarding the United Kingdom's Brexit referendum which was viewed as generating "financial market turbulence that could adversely affect domestic economic performance".

Euro Area

The Euro Area gained momentum in the first quarter of 2016. Economic growth, as measured by the Gross Domestic Product, expanded 0.6 per cent in the three months to March, up from 0.4 per cent in the final quarter of 2015. Growth was led by solid private consumption, which rose 0.6 per cent compared with 0.3 per cent in the previous quarter, while investment waned over the quarter. Investment grew by 0.8 per cent compared with the previous quarter's 1.4 per cent upsurge. Economic growth is expected to continue to be supported by the European Central Bank's (ECB) expansionary monetary policies, low oil prices and an improving labour market.

Over the second quarter of 2016, data was mixed and indicated that the Euro Area recovery was fragile amid downside risks to growth and outlook, including civil unrest and the Brexit decision. The Composite Purchasing Manufacturing Index[1] (PMI) remained unchanged from March at 53.1 in June, although solid PMIs were posted for Germany, Italy, Spain and Ireland for June, France's PMI staggered. Euro Area Manufacturing PMI improved to 52.8 in June compared with 51.6 in March, and outperformed the services sector for the first time in three months. Services PMI declined to 52.8 from 53.1 in March, its slowest pace in almost one and a half years. According to Markit Economics, this slowed rate of growth was due to weakness in Germany and France service sectors, where France edged back into contractionary territory.

The growth trend for industrial production was mixed and by May, the indicator grew 0.5 per cent, year-on-year, up from 0.2 per cent in March. Retail sales growth declined slightly in May, registering 1.6 per cent change down from 1.7 per cent in March.

[1] A reading above 50 indicates an expansion.

On the price front, headline inflation in the Euro Area rose to 0.1 per cent in June, after negative prints in February, April and May and a 0 per cent reading in March. According to the ECB, large negative contributions from energy are expected to persist in 2016, which will dampen headline inflation. Meanwhile, core inflation edged down to 0.9 per cent in June from 1 per cent in March. On a member level, Belgium and Sweden posted the highest inflation rates of 1.8 per cent and 1.2 per cent respectively, while thirteen other nations posted negative rates.

The labour market continued to improve over the quarter. Most recent data showed that the unemployment rate fell to 10.1 per cent in May from 10.2 per cent in March. Across member states, Germany's joblessness rate was among the lowest at 4.1 per cent in May, while Greece[2] and Spain recorded the highest levels at 24.1 per cent and 19.8 per cent respectively.

Political uncertainty, civil unrest and terrorist threats continue to be downside risks to the Euro Area. Events in France, Belgium, Spain, and more recently Turkey dominated headlines over the quarter. In Turkey, an attempted military coup to overthrow President Recep Erdogan broke out on July 7th. This coup marked the fourth time the military tried to overthrow the sitting government. Meanwhile, conflict continues in France, as labour strikes and terrorist attacks create a drag on productivity. Adding to this, the recent suspected terrorist attacks during Bastille Day celebrations in Nice, France, which claimed at least 84 lives puts France on a "high threat from terrorism". In Spain, political uncertainty still reigns as Mariano Rajoy was elected Prime Minister in June albeit without a majority, following an inconclusive vote in December's general election.

At its June 2nd meeting, the ECB kept rates unchanged at -0.40 per cent, 0.0 per cent and 0.25 per cent for its deposit rate, main re-financing rate and lending rate respectively. The ECB continues to expect interest rates to either remain at present levels or decline for an extended period of time, well past the horizon of their net asset purchases. On June 8th, the ECB commenced its corporate sector purchasing program (CSPP). The purchases have been implemented by the central banks of Germany, France, Italy, Spain, Belgium, and Finland, with German companies comprising around 39 per cent of the issuers, while approximately 20 per cent of the issuers were based in

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[2] Greece's latest unemployment rate as at March 2016

peripheral countries. The ECB also conducted the first operation of its new series of targeted longer-term refinancing operations (TLTRO II) on June 22nd.

United Kingdom

In the three months to March 2016, the economy in the United Kingdom advanced 0.4 per cent, down from 0.7 per cent in the final quarter of 2015. The lower growth rate was due to the decline in business investment, which fell over the past two quarters. Meanwhile, private consumption and government spending drove growth over the first quarter.

Activity indicators over the second quarter appeared solid in light of the referendum, albeit there were some signs of weakness in particular sectors. The Markit UK Composite PMI fell to 52.4 in June from 53.6 in March. Despite this, June's Manufacturing PMI improved to 52.1, up from 50.9 in March. This was the highest level of the manufacturing index since January 2016 which was supported by inflows of new work. New orders also increased in June, reflecting the ongoing strength of the domestic market. UK Services growth slowed over the quarter, as indicated by the Services PMI, which fell to 52.3 in June from 53.7 in March.

Industrial production increased 1.4 per cent, year-on-year in June, up from 0.1 per cent in March. Manufacturing production also increased 1.7 per cent in June, year-on-year, up from -1.5 per cent in March.

UK prices remained historically low in June, with headline inflation unchanged from March at 0.5 per cent, year-on-year, but coming in slightly higher than expectations. According to the Office for National Statistics, rises in air fares, prices for motor fuels and consumer spending were the main contributors to June's inflation print. On the other hand, core inflation edged down to 1.4 per cent in June, from 1.5 per cent in March.

The labour market moderated over the quarter on account of Brexit concerns, particularly in June. UK unemployment declined to 5 per cent in May from 5.1 per cent in March. According to the Markit Report on jobs, the uncertainty in the lead up to the referendum had impacted activity. The number of persons placed in permanent jobs fell in June, the first decline in 45 months. Temporary job contracts increased in June, albeit at slower pace. The report also pointed to further easing in the rate of wage growth. Average weekly earnings growth was flat at 2.0 per cent, year-on-year in April while average weekly earnings ex-bonus grew 2.3 per cent in April as well, compared with 2.2 per cent in March 2016.

At its July meeting, the Bank of England's (BoE) Monetary Policy Committee (MPC) unexpectedly decided to hold rates steady at 0.5 per cent by a majority vote of 8-1, with one member voting for a 25 basis point rate cut. The MPC voted unanimously to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion. According to the monetary policy summary, the committee initially assessed the impacts of the vote to leave the EU on demand, supply and the exchange rate and most members expect monetary policy to be loosened in August. The precise size and nature of any measures would be based on updated forecasts in August.

In an unprecedented referendum vote on June 23rd, the UK voted to leave the EU by 52 per cent to 48 per cent. Following the news, then Prime Minister David Cameron announced his resignation, stating that he would leave the task of triggering Article 50[3] of the Libson Treaty to his successor. On July 13th, Theresa May was confirmed as Britain's 56th Prime Minister, and the second female leader in the country's history. As it pertained to the departure from the EU, she stated that she would not begin the Brexit process until she had an agreed upon "UK approach" with leaders in Scotland, Wales and Northern Ireland. In the meantime, the UK will continue to abide by EU treaties and laws, but not take part in any decision-making, as it negotiates a withdrawal agreement and the terms of its relationship with the bloc.

Japan

For the first three months of 2016, the Japanese economy expanded at an annualized rate of 1.9 per cent, compared to the contraction of 1.8 per cent experienced during the fourth quarter of 2015. Over the period, economic activity was boosted by domestic demand, while declining business spending detracted from growth.

During the second quarter of 2016, Japan's economic data was generally disappointing, suggesting some fragility in the recovery experienced during the first three months of

[3] Article 50 establishes clear procedures for a state member to withdraw from the EU. According to Article 50, the UK has two years after notification of withdrawal to negotiate this process.

2016. Japanese Composite PMI slipped to 49 in June, from 49.9 in March and remained in contractionary territory for the fourth consecutive month. On a yearly basis, industrial production contracted by 0.4 per cent in May compared to growth of 0.2 per cent in March. Similarly, export volume declined by 2.4 per cent in May down from the 1 per cent contraction in March, due to weaker demand from the US and Asia.

In terms of domestic demand, household spending improved slightly, contracting by 1.1 per cent on a yearly basis in May, versus the 5.3 per cent decline experienced in March. However, retail sales fell to negative 2.1 per cent in the twelve months to May, compared to the negative 1 per cent contraction experienced in March.

On the labour market front, the unemployment rate was unchanged from March to May at 3.2 per cent, while the Jobs-to-Applicants ratio rose to 1.36 in May from 1.3 in March. Wage growth was disappointing over period, with average monthly cash earnings contracting by 0.2 per cent in May compared to the 1.5 per cent increase experienced in March.

Inflationary pressures as measured by the Consumer Price Index weakened and fell deeper into negative territory in May at -0.4 per cent, after printing -0.1 per cent in March. The core CPI, which excludes the effects of food and energy prices, fell to 0.6 per cent in May from 0.7 per cent in March.

Against a backdrop of tepid economic data releases and falling inflationary expectations, market expectations of further monetary policy easing measures by the Bank of Japan (BOJ) increased. Nevertheless, at its June 16th meeting, the Bank of Japan maintained its monetary policy stance, keeping its annual pace of asset purchases at 80 trillion yen and the current interest rate on excess reserves at -0.1 per cent. The Bank of Japan also downgraded its economic assessment citing weakening consumer and corporate sentiment.

On the fiscal front, Prime Minister Shinzo Abe announced the postponement of a planned consumption tax hike from 8 per cent to 10 per cent until October 2019, citing the slowing global economy and the downside risks this presents to Japan's economy which may result in a return to protracted deflation. Additionally, following his ruling party's victory in the upper-house elections of July 10th, Prime Minister Abe indicated he planned to add fiscal stimulus to support domestic demand. The size of the package was not announced, but the government is expected to consider more than 10 trillion yen

(US$98 billion) in stimulus, which may be financed by the issuance of new debt for the first time in four years.

SECTION 2 – CAPITAL AND MONEY MARKET REVIEW

The second quarter of 2016 was a mixed period for financial markets, as investor sentiment remained volatile on the heels of UK's highly anticipated Brexit vote. During the three months to June, investors grappled with uncertainty over the referendum outcome, causing returns to swing between gains and losses. On June 23rd however, the people of UK voted in favour of an exit from the EU, a widely unexpected result, causing a sharp sell-off in global stocks. Investors briefly fled equities for the relative safety of bonds immediately after the results but equities recouped the majority of losses by the end of quarter as investors digested the result. Unlike prior quarters, central bank action was not as much of a focal point for investors even though additional stimulus by the ECB and uncertainty over a Fed hike did impact investor sentiment.

Uncertainties over the "Brexit" vote however weighed on the Fed's decision in June. According to a statement by Fed Chair Janet Yellen days before the UK referendum, she noted that the referendum on whether the UK will remain in the European Union was a factor in the US central bank's decision to hold rates steady at its meeting on Wednesday June 15th.

Over the quarter, commodity markets rallied, with West Texas Intermediate (WTI) ending at US$48.33 on June 30th while breaking the US$50 mark at US$51.23 on June 8th.

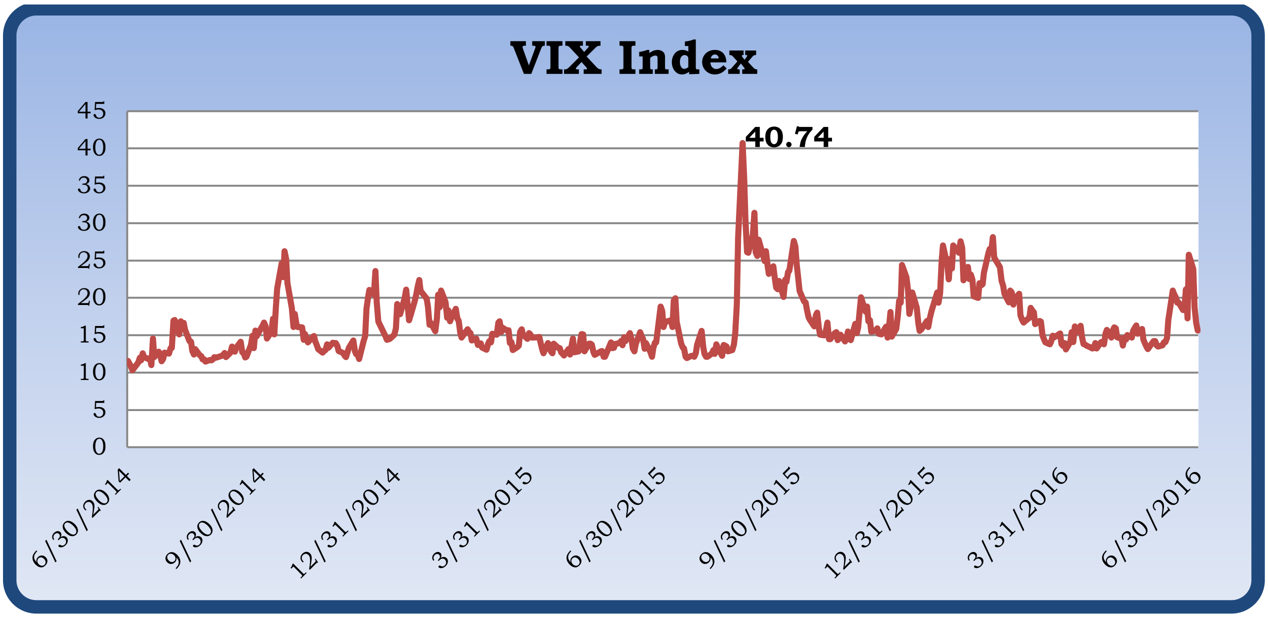
In bond markets, sovereign bond yields plunged due to risk aversion particularly following the unprecedented UK vote to depart from the EU. The broader US fixed income market also performed well during the quarter, driven by the corporate bond sector and the local authority bond sector.

The Chicago Board Options Exchange Volatility Index (VIX), which is a proxy for investor anxiety and market risk, was relatively calm in the months of April and May but spiked in June following the Brexit vote. In the run up to the June 23rd referendum, volatility appeared to be rising and peaked at 25.76 points on June 24th. Volatility eased thereafter and ended the month at 15.63 points. Over the quarter the VIX averaged 15.68 points, which was lower than the last quarter's average of 20.49.

Figure 1

Equity Market Volatility in the US

/points/



Source: Bloomberg

US Fixed Income

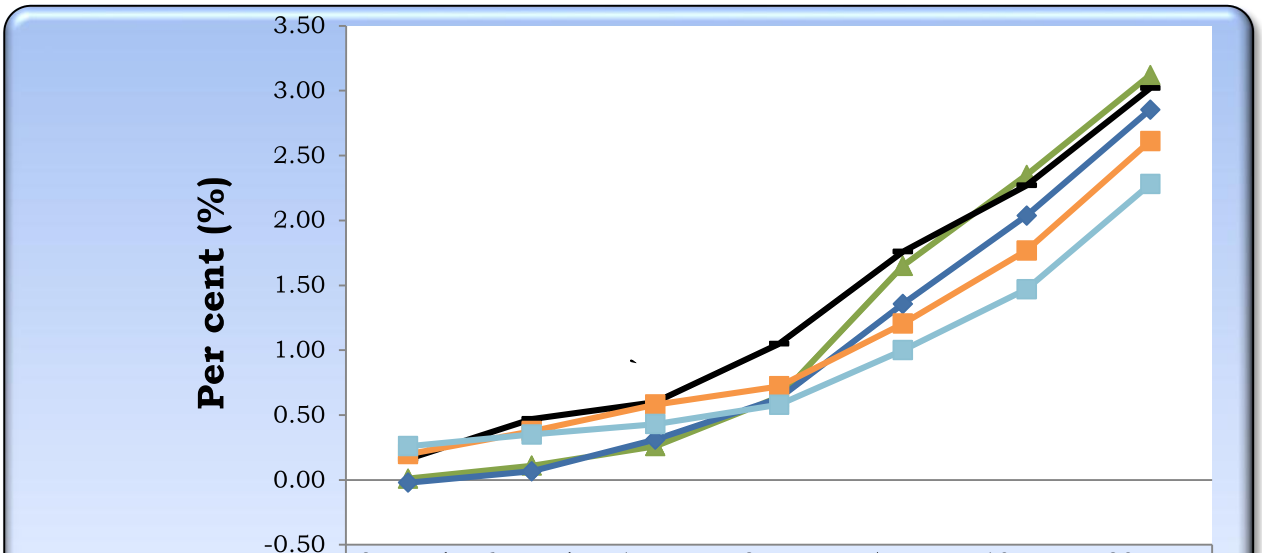
Over the second quarter of 2016, with the exception of the 0-3 month segment, yields fell broadly across the United States (US) Treasury curve. Early in the quarter, a risk-on market sentiment coupled with expectations of further rate hikes by Federal Reserve resulted in higher yields. However, this trend reversed in early June and yields trended lower following the release of May's disappointing employment data report. Additionally, the United Kingdom's decision to leave the European Union in the June 23rd referendum resulted in a sharp fall in yields amid safe haven flows to US Treasuries.

The curve flattened over the second quarter of 2016, with the spread between the 2-year and 10-year tenors narrowing 16 basis points to 88.69 basis points from 104.65 basis points in March. The 10-year yield declined by 30 basis points to end June at 1.47 per cent.

Figure 2

US Treasury Yield Curve

/per cent/



	3 Month	6 Month	1 Year	2 Year	5 Year	10 Year	30 Year
June 30, 2015	0.01	0.11	0.26	0.64	1.65	2.35	3.12
September 30, 2015	-0.02	0.07	0.31	0.63	1.36	2.04	2.85
December 31, 2015	0.16	0.47	0.6	1.05	1.76	2.27	3.02
March 31, 2016	0.20	0.38	0.58	0.72	1.20	1.77	2.61
June 30, 2016	0.26	0.35	0.43	0.58	1.00	1.47	2.28

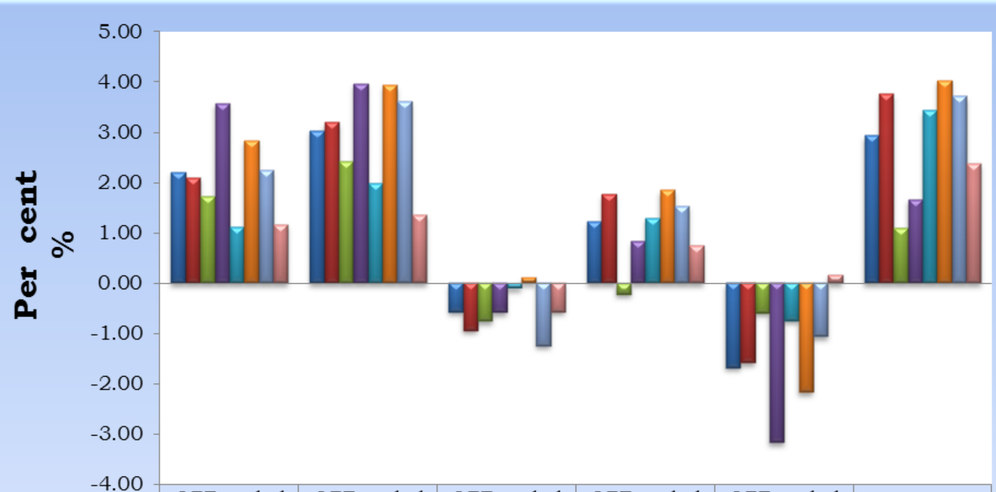
Source: Bloomberg

The broader US fixed income market, as measured by the Barclays Capital US Aggregate Bond index, returned 2.21 per cent over the second quarter of 2016. All sectors outperformed similar duration Treasuries over the second quarter, led by Local Authorities, G-7 Global Bonds and US Corporate Investment Grade securities. US Investment Grade credit spreads tightened by 17 basis points in April and then modestly widened in the following two months due to risk aversion. Credit spreads ended the quarter slightly lower, narrowing by 7 basis points to 155.77 basis points.

Figure 3

Returns on Fixed Income Indices

/per cent/



	QTR ended Jun-16	QTR ended Mar-16	QTR ended Dec-15	QTR ended Sept-15	QTR ended Jun-15	FY 14/15
Barclays U.S. Aggregate	2.21	3.03	-0.57	1.23	-1.68	2.94
U.S. Treasuries	2.10	3.20	-0.94	1.76	-1.58	3.76
U.S. Agencies	1.73	2.43	-0.75	-0.22	-0.59	1.10
U.S. Corporate	3.57	3.97	-0.58	0.83	-3.16	1.66
U.S. MBS	1.11	1.98	-0.10	1.30	-0.74	3.43
G-7 Global Bonds (Hedged)	2.84	3.93	0.11	1.85	-2.17	4.03
CMBS Index	2.24	3.61	-1.24	1.54	-1.06	3.72
ABS Index	1.17	1.36	-0.57	0.74	0.17	2.38

Source: Barclays Capital

Global Fixed Income Markets

Over the second quarter of 2016, global developed sovereign bond yields declined. Sovereign bond yields initially rose in April as rising oil prices and investor optimism supported flows from safe-haven assets. However, this trend reversed in May and continued into June as uncertainty surrounding the United Kingdom's referendum spurred demand for high quality sovereign debt and increased expectations of looser monetary policy globally.

In the weeks leading up to the United Kingdom's June 23rd referendum, investor concerns regarding the uncertainty of the country's future within the European Union led to safe haven flows into U.K. sovereign bonds. Based on the outcome of various surveys, which signalled the "Remain" camp were leading the polls, market participants generally expected the U.K to remain within the EU. However, the results of the referendum showed that 52 per cent of voters opted to leave the EU and investors quickly adopted a risk-off approach. Following the announcement of the referendum results, the UK 10-year gilt fell to an all-time low and ended June 55 basis points lower at 0.86 per cent.

In the Eurozone, sovereign bond yields were significantly impacted by flight-to-safety flows amid uncertainty surrounding the 'Brexit' referendum and expectations of more policy accommodation from the ECB. German 10-year bund yields entered negative territory for the first time on June 14th and continued to trend downwards following the results of the U.K. referendum. The 10-year German bund ended June at an all-time low of -0.13 per cent. French sovereign bond yields also ended the period lower amid safe-haven flows. The French 10-year sovereign yield declined by 30.40 basis points and ended the quarter at 0.18 per cent.

Similar to its other developed sovereign counterparts, Japanese sovereign bond yields were also affected by safe haven flows during the second quarter of 2016. Japanese government bond yields continued to trend downwards and the 0 to15 year segment of the yield curve continued to record negative yields. The Japanese 10-year bond fell 18.70 basis points to negative 0.22 per cent.

Table 1

G-7 Generic Government 10 Year Yields

/per cent/

Country	Generic Government 10 Year Yields		Change (basis points)
	Jun 2016	Mar 2016	
US	1.470	1.769	(29.90)
UK	0.864	1.414	(55.00)
France	0.181	0.485	(30.40)
Germany	(0.131)	0.152	(28.30)
Italy	1.256	1.220	3.60
Canada	1.059	1.224	(16.50)
Japan	(0.222)	(0.035)	(18.70)

Source: Bloomberg

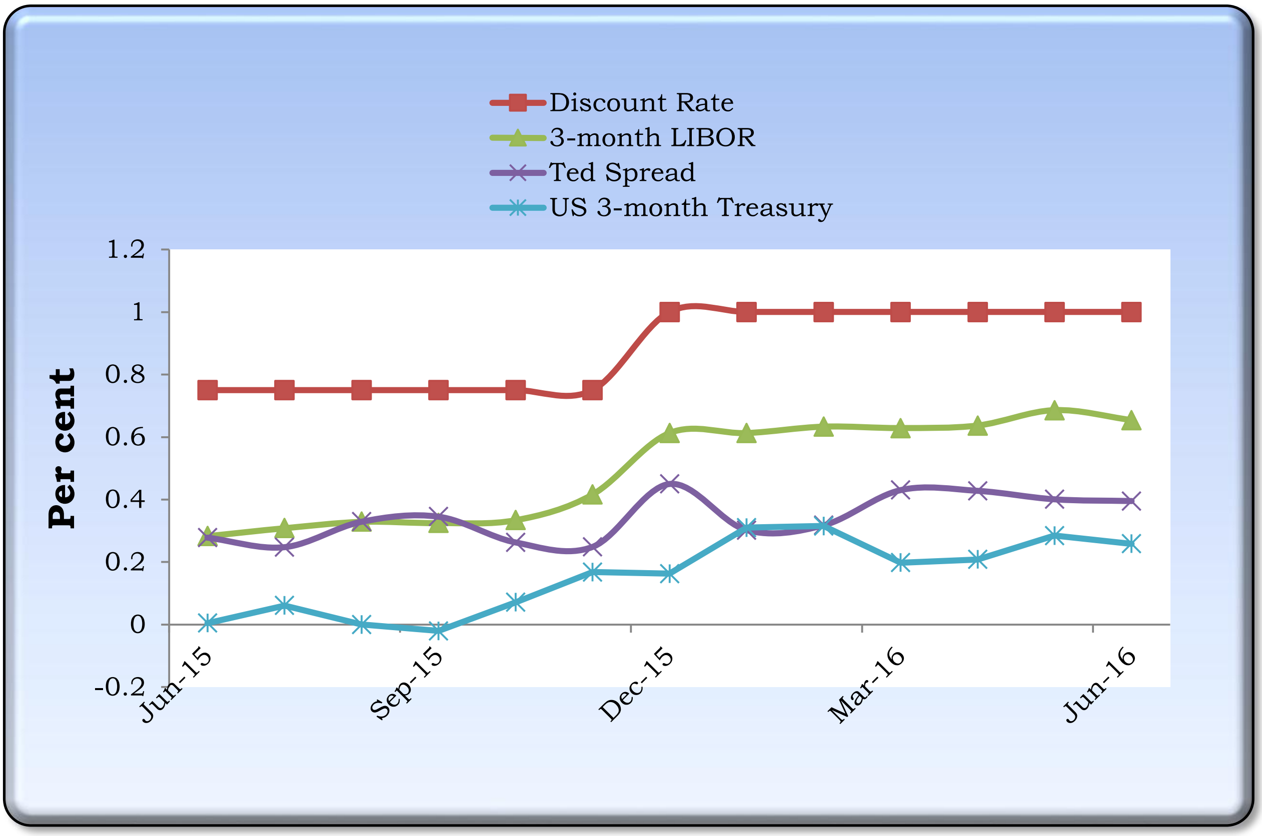
Money Markets

Short term interest rates generally rose over the 3 month period. The yield on the US 3-month Treasury bill increased to 0.259 per cent in June from 0.198 per cent in March. The 1-month London Inter-Bank Offered Rate (LIBOR) also increased to 0.465 per cent in June from 0.437 in March. The 3-month London Inter-Bank Offered Rate (LIBOR) rose to 0.654 at the end of the period from 0.629 per cent in March. The difference between the 3 month LIBOR and the US 3-month T-bill, as measured by the Ted Spread, fell over the period while the Fed Funds rate and the discount rate remained unchanged at 0.50 per cent and 1 per cent respectively.

Figure 4

US Money Market Rates

/per cent/



Source: Bloomberg

Equity Markets

US equities ended the quarter positively with the S&P 500 and Russell 3000 indices up 2.45 per cent and 2.62 per cent respectively. Gains were supported by expectations that additional benchmark interest rate increases by the Fed would be delayed, after May's disappointing jobs report. On a sectoral basis, eight of the ten sectors contributed to positive returns in the S&P 500 during the quarter, supported by a rebound in oil prices. Information technology and consumer discretionary sectors detracted from performance over the quarter.

In non-US developed equity markets, the MSCI EAFE declined 1.29 per cent over the quarter. In Europe, low inflation, weaker economic data and the political and economic uncertainty over the June 23rd vote pushed equity markets down. By the end of June, Germany's DAX 30 and CAC 40 were down 2.86 per cent and 0.69 per cent.

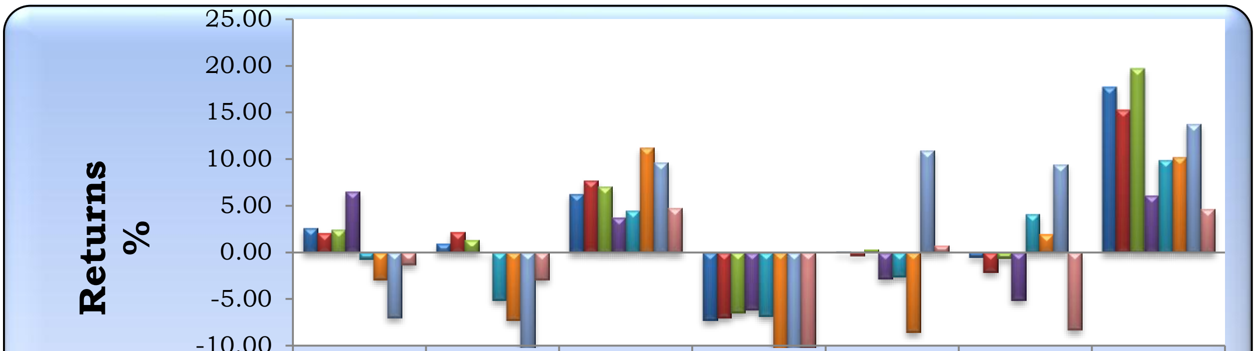
Elsewhere in Europe, London's FTSE posted 6.52 per cent on a total return basis for the quarter; mainly on account of a post-Brexit rebound. The unexpected victory of the "Leave" campaign caused the pound to depreciate, which boded well for export companies, and sparked new expectations of summer monetary stimulus. The market was also supported by the fact that Article 50 of the Lisbon Treaty will not be triggered for some time.

Japan's Nikkei 225 underperformed its global developed equity counterparts over the quarter. In the 3 months ended June 2016, the Nikkei declined 6.95 per cent as the continued flight to the safe haven currency weighed on returns. By the end of June, the yen had strengthened 9.08 per cent which continued to negatively impact export-based companies in the index. *(See Figure 5).*

Figure 5[4]

Total Returns on Equity Indices

/Per cent/



	QTR ended Jun-16	QTR ended Mar-16	QTR ended Dec-15	QTR ended Sept-15	QTR ended Jun-15	FY 14/15	FY 13/14
Russell 3000	2.62	0.95	6.26	-7.24	0.14	-0.49	17.73
Dow Jones	2.06	2.18	7.70	-6.96	-0.29	-2.10	15.25
S&P 500	2.45	1.34	7.03	-6.43	0.28	-0.62	19.69
FTSE 100 - UK	6.52	0.08	3.72	-6.11	-2.80	-5.09	6.09
CAC 40 - France	-0.69	-5.12	4.47	-6.80	-2.59	4.13	9.92
DAX 30 - Germany	-2.86	-7.24	11.21	-11.74	-8.53	1.96	10.24
Nikkei 225 - Japan	-6.95	-11.19	9.62	-13.42	10.92	9.42	13.76
MSCI EAFE	-1.29	-2.89	4.75	-10.16	0.75	-8.26	4.63

Source: Bloomberg

Currency Markets

Over the quarter, currency movements were mainly impacted by the political and economic uncertainty surrounding the UK's Brexit referendum and to a lesser extent expectations with respect to Fed policy action. Accordingly, the US dollar regained some of its strength against the euro and the pound, as these events weighed on the currencies.

The British pound depreciated 7.31 per cent over the three months to June 2016, with the lion share of its depreciation stemming from the market fallout post "Brexit". Prior to the vote, over the period June 13th to June 23rd, the pound had gained some steam,

[4] Equity returns in previous reports were stated as price returns. All time periods listed above have been re-stated to reflect the total returns of the various indices.

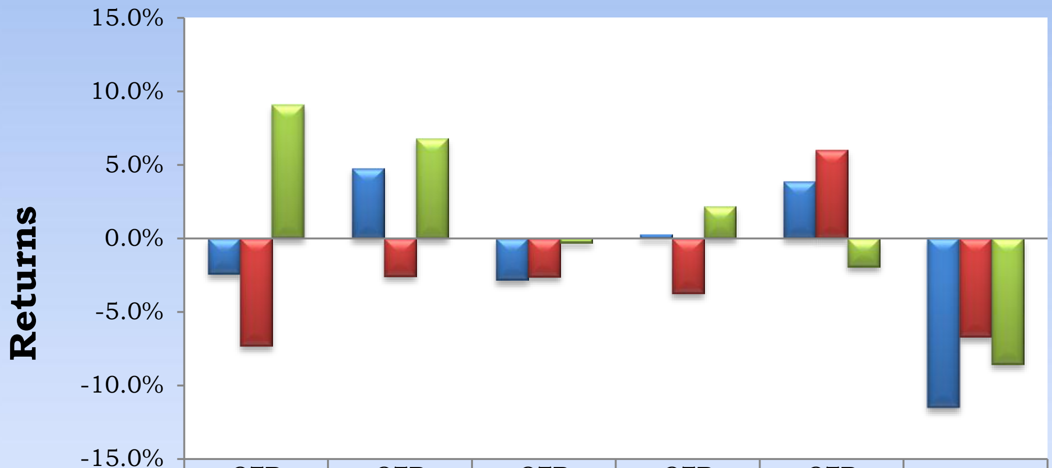
appreciating 4.29 per cent against the US dollar, as investors believed that the UK would remain in the EU. However, on June 24th, the pound depreciated sharply by 8.05 per cent, on the news that the "remain" campaign was defeated with a final vote tally of 51.8 per cent versus 48.2 per cent. Adding to this, the uncertainty regarding the country's future steps in exiting from the European Union weighed on the currency. As expected, the BoE indicated that it would support the market and would delay the timing of its first interest rate hike.

Like the pound, the euro weakened as markets roiled after the UK referendum. Over the quarter, the euro depreciated 2.41 per cent.

The Japanese yen strengthened however, as negative risk sentiment in the market increased the appeal of the safe-haven currency. The Japanese yen strengthened 9.08 per cent over the period, with the increase in demand for currency post-Brexit contributing to its overall appreciation.

Figure 6

Foreign Exchange Returns for Major Currencies vis-à-vis the US Dollar



	QTR ended Jun-16	QTR ended Mar-16	QTR ended Dec-15	QTR ended Sep-15	QTR ended Jun-15	FY 14/15
EUR	-2.41%	4.77%	-2.82%	0.27%	3.88%	-11.51%
GBP	-7.31%	-2.55%	-2.59%	-3.72%	6.03%	-6.69%
JPY	9.08%	6.80%	-0.28%	2.19%	-1.93%	-8.53%

Source: Bloomberg

SECTION 3 – PORTFOLIO PERFORMANCE

Strategic Asset Allocation

During the period April 2016 to June 2016, the asset classes of the Fund deviated from their Strategic Asset Allocation (SAA) but their weights were all within the permitted (+/-5 per cent) range. The approved SAA for the HSF investment portfolio is as follows:

i.	***US Short Duration Fixed Income Mandate***	*25.0%*
ii.	***US Core Domestic Fixed Income Mandate***	*40.0%*
iii.	***US Core Domestic Equity Mandate***	*17.5%*
iv.	***Non US Core International Equity Mandate***	*17.5%*

During the month of May 2016, pursuant to a directive from the Minister of Finance, a total of US$375.1 million was withdrawn from the HSF. By the end of the quarter, the asset class with the largest overweight was the US Core Fixed Income mandate while the US Short Duration Fixed Income mandate, from which the withdrawal was made, had the largest underweight position.

The total net asset value of the Fund as at the end of June 2016 was US$5,454.6 million, compared with US$5,787.3 million at the end of the previous quarter. Of this total, the investment portfolio was valued at US$5,452.7 million, while the remaining portion (US$1.9 million) was held in cash to meet the day-to-day expenses that arise from the management of the Fund. The Fund's target asset allocation and the portfolio weightings for the period September 30, 2015 to June 30, 2016 are shown in Table 2, overleaf.

Table 2

Portfolio Composition relative to the Approved SAA

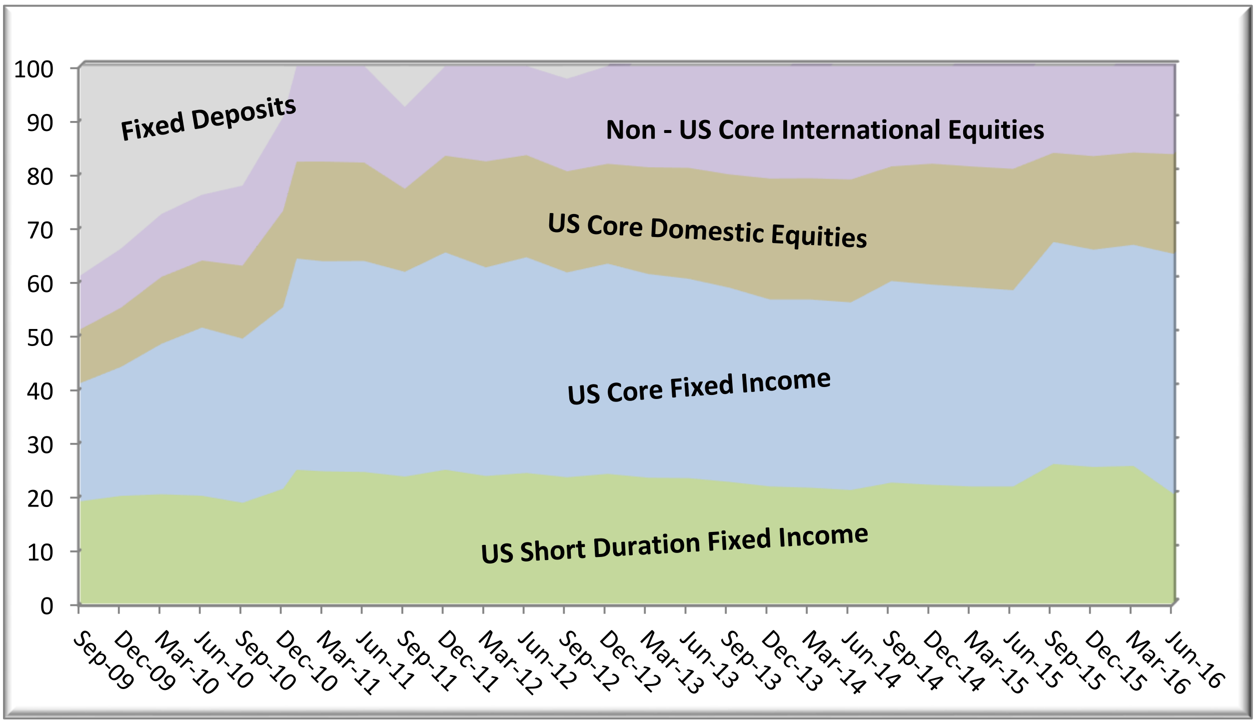
/per cent/

Portfolio Weights	Asset Class		Sep-15	Dec-15	Mar-16	Jun-16
		Target Weight SAA	Actual % of Fund	Actual % of Fund	Actual % of Fund	Actual % of Fund
	Cash	0.00	0.00	0.00	0.00	0.00
	US Short Duration Fixed Income	25.00	25.94	25.37	25.57	20.36
	US Core Domestic Fixed Income	40.00	41.32	40.45	41.16	44.69
	US Core Domestic Equity	17.50	16.58	17.40	17.17	18.54
	Non-US Core International Equity	17.50	16.16	16.77	16.10	16.40

Figure 7

Asset Composition of the HSF Portfolio

/per cent/



Performance of the Investment Portfolio

During the second quarter of 2016, the HSF investment portfolio increased 0.80 per cent, compared with an increase of 1.11 per cent for the SAA benchmark[5]. The underperformance of the investment portfolio for the quarter can be attributed to negative security selection effects. More specifically, during the quarter, the portfolio's average overweight exposure to non-sovereign fixed income securities and US equities, proved unfavourable against the portfolio's relative performance vis-à-vis its composite benchmark. The HSF portfolio's quarterly return was primarily impacted by the fixed income mandates which added approximately 1.15 per cent, while the equity portion of the Fund detracted approximately 0.36 per cent.

[5] The SAA benchmark is a blended benchmark which comprises, Bank of America/Merrill Lynch US Treasury 1-5 Years Index (25%), Barclays US Aggregate Bond Index (40%), Russell 3000 ex Energy Index (17.5%), and MSCI EAFE ex Energy Index (17.5%).

The **US Short Duration Fixed Income** portfolio added 0.73 per cent during the second quarter of 2016, underperforming its benchmark, the Bank of America Merrill Lynch US Treasury 1-5 year index, by 7 basis points. This underperformance was attributed to the interest rate strategies employed during the quarter more specifically the portfolio's short duration positioning relative to the benchmark as US Treasuries rallied at the end of the quarter. The net asset value of this mandate as at June 30, 2016 was **US$1,110.3 million,** compared with US$1,479.9 million at the end of the previous quarter. The decline in the net asset value of this mandate is attributable to both financial market dislocations and the withdrawal from the mandate during the month of May 2016.

The longer duration fixed income mandate which consists of **US Core Fixed Income** securities, increased 2.34 per cent for the second quarter of 2016, outperforming its benchmark, the Barclays Capital US Aggregate Bond index, by 12 basis points. This outperformance was due to both security selection and sector allocations during the quarter. Allocations to Industrials and Financials bond securities and agency mortgage backed securities added to performance over the period. Additionally, security selection in the Financials and Industrials corporate bond sector also helped performance. The net asset value of this mandate as at June 30, 2016 stood at **US$2,436.9 million** compared with US$2,382.0 million as at March 31, 2016.

The **Non-US International Equities** mandate lost 3.84 per cent for the second quarter of 2016, compared with a decline of 2.07 per cent for its benchmark, the MSCI EAFE ex Energy index. The underperformance of the portfolio relative to its benchmark was due to negative stock selection. Stock selection was especially negative in Japan, France and Belgium as value stocks sold off during the quarter. Additionally, stock selection was also negative in the Consumer Discretionary and Consumer staples sectors. The net asset value of the Non-US Core International Equity mandate as at June 30, 2016 decreased to **US$894.4 million**, from US$931.5 million at the end of March 2016.

The **US Core Domestic Equities** mandate increased 1.82 per cent, compared with an increase in its benchmark of 2.08 per cent, resulting in the mandate underperforming its benchmark for the period. During the quarter both stock selection and sector allocation detracted from performance. Stock selection was the largest detractor during the quarter, as certain Health Care stocks underperformed during the quarter. Allocations to the Health Care, Financial Services and Producer Durables sectors were the largest detractors from performance. The net asset value of this mandate, as at June 30, 2016, was **US$1,011.1 million**, compared with US$993.7 million at the end of March 2016.

Table 3

Contribution to Quarterly Return

For the period Apr 2016 – Jun 2016

/per cent/

	SAA Weights	Portfolio Weights as at 30-Jun-2016	Weighted Return HSF	Weighted Return Benchmark
Composite Portfolio	100.00	100.00	0.80	1.11
US Core Domestic Fixed Income	40.00	44.69	1.01	0.89
US Core Domestic Equity	17.50	18.54	0.32	0.36
Non US Core International Equity	17.50	16.40	-0.68	-0.35
US Short Duration Fixed Income	25.00	20.36	0.15	0.20

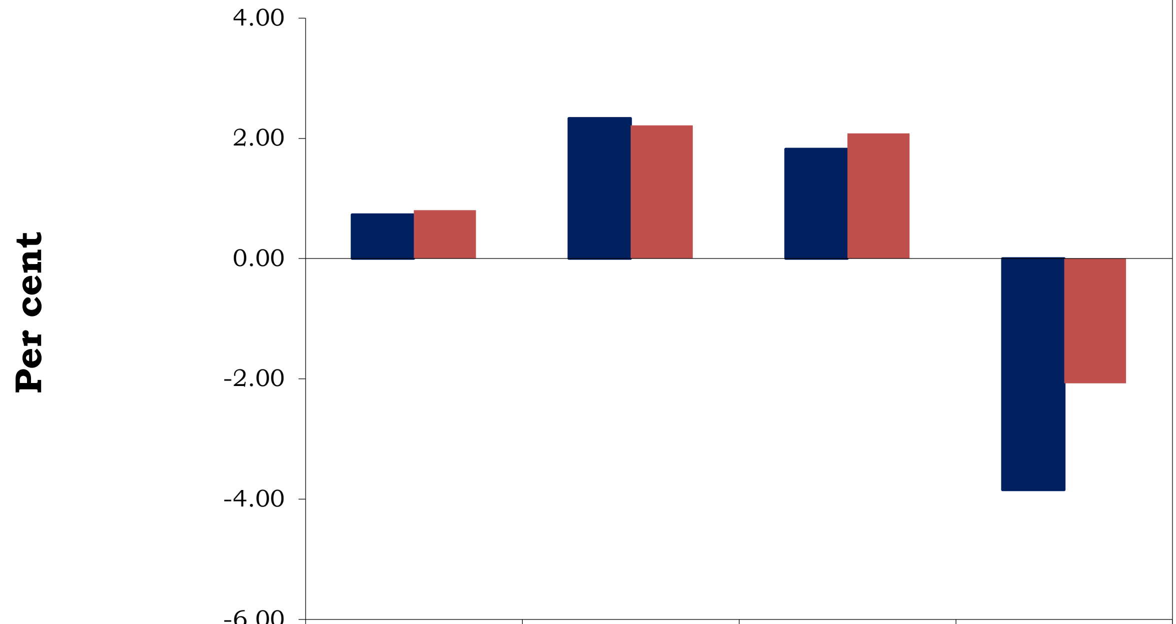
NB: Differences in totals are due to rounding.

Figure 8

Absolute Returns by Asset Class

For the period Apr 2016 – Jun 2016

/per cent/



	US Short Duration	US Core Fixed Income	US Core Domestic Equities	Non US Core International Equities
Composite Portfolio Return	0.73	2.34	1.82	-3.84
SAA Benchmark Return	0.81	2.22	2.08	-2.07

Mandate

SECTION 4 – COMPLIANCE AND PORTFOLIO RISKS

Compliance

In June 2016, one of the Investment Managers in the US Core Domestic Equity mandate breached one of the performance objective guidelines, which refers to the underperformance of the benchmark over a 12 month rolling period. Specifically, the guideline states that "*If, however, the cumulative annualised return of the portfolio, measured monthly, underperforms the Benchmark by 300 basis points on a rolling one year period, the Investment Manager shall notify the Client immediately and thereafter manage the portfolio in a manner agreed with the Client.*" The Investment Manager's return over the 12 month period July 2015 to June 2016 underperformed its benchmark by over 300 basis points. The Investment Manager immediately notified the Central Bank and discussions were held. A formal review has been initiated and the Investment Manager is fully cooperating with the process.

Portfolio Risks

The main risks for the HSF portfolio are Credit, Concentration, Interest Rate, and Currency risks. The following paragraphs give a description of how these risks are mitigated.

Credit Risk

Within the **money market portion** of the Fund, Credit Risk is minimized by the strict adherence to the following standards: (i) all counterparties must have a minimum credit rating of either A-1 from the Standard and Poor's rating agency or P-1 from Moody's; and (ii) a maximum exposure limit for counterparties of no more than 5.0 per cent of the market value of the portfolio.

For **fixed income instruments**, Credit Risk is mitigated by the use of credit concentration limits as well as minimum credit quality ratings. Bonds must have an implied investment grade rating as defined by Standard and Poor's, Moody's or Fitch. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within an agreed upon timeframe. Table 4 below shows the Average Credit Quality of the US Short Duration and US Core Fixed Income Portfolios as at June 30, 2016.

Table 4

Average Credit Rating

Mandate	Portfolio	Benchmark
US Short Duration	**AA+**	**AA+**
US Core Fixed Income	**AA**	**AA+**

Concentration Risk

Concentration or Diversification Risk is minimised by investing across various asset types. The portfolio is currently invested across four asset groupings as follows - US Short Duration Fixed Income, US Core Domestic Fixed Income, US Core Domestic Equity and Non-US Core International Equity. The Asset classes in which the Fund invests react differently under a given market condition. As such, it is likely that when one asset class has strong returns, another may have lower returns. The Fund's investments are also diversified across a number of assets with the aim of securing a positive return over a range of market conditions and lowering the total risk of the portfolio. In addition, Concentration Risk is minimized within asset groups. For the **equity portfolios**, this Risk is managed by imposing a maximum percentage holding of 3.0 per cent of any security's outstanding shares, as well as a maximum sector deviation relative to the benchmark of 5.0 per cent.

Interest Rate Risk

Interest Rate Risk is managed using a weighted average effective duration limit on the respective portfolios, with an allowable range of one (1) year longer or shorter than the weighted average duration of the respective benchmark. Table 5 shows the weighted average duration for the US Short Duration and US Core Domestic Fixed Income portfolios as at June 30, 2016.

Table 5

Weighted Average Duration

/Years/

Mandate	Portfolio	Benchmark
US Short Duration	**2.55**	**2.66**
US Core Domestic Fixed Income	**5.32**	**5.47**

Currency Risk

Currency Risk is managed by containing and managing the exposure to non-US dollar instruments. For the Fixed Income and US Core Domestic Equity mandates, no more than 10 per cent of the market value of the portfolio can be invested in securities, which are denominated in currencies other than the US Dollar. The Non-US Core International Equity Portfolio is comprised primarily of non-US dollar denominated securities, and the Fund accepts the currency risk inherent in the relevant benchmark. For this mandate, currency hedging is permitted up to 15 per cent of the market value of the portfolio using the US dollar as the base currency. At the end of June 2016, the currency exposure for this portfolio was 97 per cent of its market value. During the quarter, all the portfolios were within their respective limits.

Appendix I
HSF Portfolio
Historical Performance

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2010									
December	0.96	0.89	6.65	0.96	0.89	6.65	3.72	3.78	-6.16
March	1.61	1.68	-6.20	2.59	2.58	0.49	3.95	4.03	-7.76
June	-1.83	-1.89	6.05	0.71	0.64	6.69	3.07	3.12	-5.18
September	5.33	5.08	24.73	6.07	5.75	31.93	4.37	4.35	2.06
FY 2011									
December	2.29	2.21	8.15	2.29	2.21	8.15	4.70	4.65	4.13
March	1.62	1.54	7.24	3.94	3.79	15.68	4.81	4.76	5.72
June	1.88	1.81	6.68	5.89	5.67	22.91	4.98	4.91	7.00
September	-4.82	-4.28	-53.66	0.79	1.14	-34.89	3.57	3.63	-6.29
FY 2012									
December	2.74	3.03	-28.52	2.74	3.03	-28.52	3.97	4.08	-12.00
March	5.04	4.46	57.50	7.92	7.63	29.29	4.78	4.78	-0.08
June	-0.90	-0.60	-30.42	6.95	6.98	-3.72	4.37	4.43	-6.13
September	3.53	2.98	55.03	10.73	10.18	55.02	4.68	4.65	2.07
FY 2013									
December	1.49	1.45	4.11	1.49	1.45	4.11	4.88	4.83	4.76
March	3.29	2.90	39.19	4.82	4.38	44.01	5.23	5.12	11.20
June	-0.30	-0.69	39.05	4.51	3.66	84.64	4.97	4.80	17.26
September	3.95	3.47	47.35	8.63	7.26	137.06	5.40	5.16	24.01
FY 2014									
December	3.95	2.66	129.38	3.95	2.66	129.38	5.80	5.37	42.67
March	1.46	1.30	16.28	5.47	4.00	147.73	5.80	5.37	43.52
June	2.56	2.30	25.90	8.17	6.38	178.44	5.96	5.51	45.76
September	-0.48	-0.73	25.31	7.65	5.60	204.51	5.69	5.22	47.69
FY 2015									
December	2.25	1.63	62.27	2.25	1.63	62.27	5.81	5.26	54.46
March	2.29	2.25	3.95	4.60	3.92	67.71	5.92	5.39	53.34
June	-0.02	-0.51	49.43	4.58	3.39	119.07	5.74	5.16	57.93

Quarter End	Current Returns			Financial YTD			Annualised Return Since Inception		
	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess	Portfolio	Benchmark	Excess
	%	%	bps	%	%	bps	%	%	bps
FY 2015									
September	-2.02	-2.19	16.83	2.47	1.13	134.06	5.31	4.73	58.12
FY 2016									
December	1.68	1.67	0.22	1.68	1.67	0.22	5.36	4.79	56.52
March	0.80	1.26	-46.14	2.48	2.95	-46.70	5.30	4.80	49.64
June	0.80	1.11	-30.92	3.30	4.09	-78.90	5.24	4.79	44.83

Notes:

(1) Differences in totals are due to rounding.

(2) In August 2009, International Equities and Fixed Income Securities were added to the HSF portfolio. The performance benchmark for the HSF portfolio became a blended benchmark which comprise, Bank of America/Merrill Lynch US Treasury 1-5 Years Index, US One-month LIBID Index, Barclays US Aggregate, Russell 3000 ex Energy, and MSCI EAFE ex Energy.

(3) In January 2011, the HSF Portfolio achieved its Strategic Asset Allocation where the portfolio was invested in four assets classes. US Short Duration Fixed Income (25), US Core Fixed Income (40), US Equity (17.5) and Non-US International Equity (17.5).

(4) With effect from the quarter ended December 2012, the Annualised Returns Since Inception were computed using a geometric average and not the previously used arithmetic average. For comparative purposes, prior period annualized returns since inception shown above were computing using a geometric average.

Appendix II
Heritage and Stabilisation Fund
Portfolio Valuation (USD)

Valuation Date	Net Asset Value	Total Comprehensive Income	Accumulated Surplus & Unrealized Capital Gains/Losses	Contributions / (Withdrawals)
Annual Portfolio Valuation				
September 30,2007	1,766,200,701	41,966,361	41,966,361	321,706,043
September 30,2008	2,888,421,556	68,412,770	110,379,131	1,054,174,457
September 30,2009	2,964,686,478	76,248,691	186,755,766	-
September 30,2010	3,621,984,041	177,645,460	364,361,226	477,344,263
September 30,2011	4,084,016,158	9,715,841	374,074,067	451,400,519
September 30,2012	4,712,376,278	420,693,705	794,770,772	207,550,846
September 30,2013	5,154,027,747	399,007,950	1,193,778,722	42,414,251
September 30,2014	5,533,425,248	379,167,024	1,572,945,746	-
September 30,2015	5,655,143,565	120,639,605	1,693,585,351	-
Quarterly Portfolio Valuation				
March 31, 2012	4,397,263,070	205,928,989	687,290,865	-
June 30, 2012	4,378,930,036	(44,520,884)	642,769,982	26,241,964
September 30, 2012	4,712,376,278	152,000,791	794,770,772	181,308,882
December 31, 2012	4,780,065,524	66,787,005	861,557,777	-
March 31, 2013	4,933,344,741	220,441,931	1,015,212,703	-
June 30, 2013	4,914,375,234	(18,801,609)	996,411,094	-
September 30, 2013	5,154,027,747	197,367,628	1,193,778,722	42,414,251
December 31, 2013	5,354,721,875	199,949,013	1,393,727,735	-
March 31, 2014	5,429,643,570	74,268,941	1,467,996,676	-
June 30, 2014	5,563,339,006	134,504,162	1,602,500,838	-
September 30, 2014	5,533,425,248	(29,555,092)	1,572,945,746	-
December 31, 2014	5,653,895,156	120,509,077	1,693,454,823	-
March 31, 2015	5,779,420,631	125,471,133	1,818,925,956	-
June 30, 2015	5,774,951,169	(4,765,278)	1,814,160,678	-
September 30, 2015	5,655,143,565	(120,575,327)	1,693,585,351	-
December 31, 2015	5,744,963,957	90,833,573	1,784,418,924	-
March 31, 2016	5,787,343,363	42,134,260	1,826,553,184	-
June 30, 2016	5,454,568,405	42,838,704	1,869,391,888	(375,050,860)

Appendix III
Summary Characteristics of Composite Benchmarks
Fixed Income Benchmarks

Key Characteristics	Barclays US Aggregate Index	Merrill Lynch 1-5 Index
Total Holdings	9,804	152
Coupon (%)	3.13	1.88
Duration (Years)	5.47	2.66
Average Life (Years)	7.77	2.76
Yield to Maturity (%)	1.92	0.72
Option Adjusted Spread (bps)	55	0
Average Rating (S&P)	AA+	AA+
Minimum Rating (S&P)	BBB-	AA

Equity Benchmarks

Key Characteristics	Russell 3000 (ex-Energy)	MSCI EAFE (ex-Energy)
Total Holdings	2,855	893
Earnings Per Share (EPS Growth 3-5y fwd)	11.1	7.65
Price Earnings (P/E fwd)	17.1	13.49
Price / Book (P/B)	2.7	1.51
Weighted Average Market Capitalization* (Bn)	$112.0	$50.78

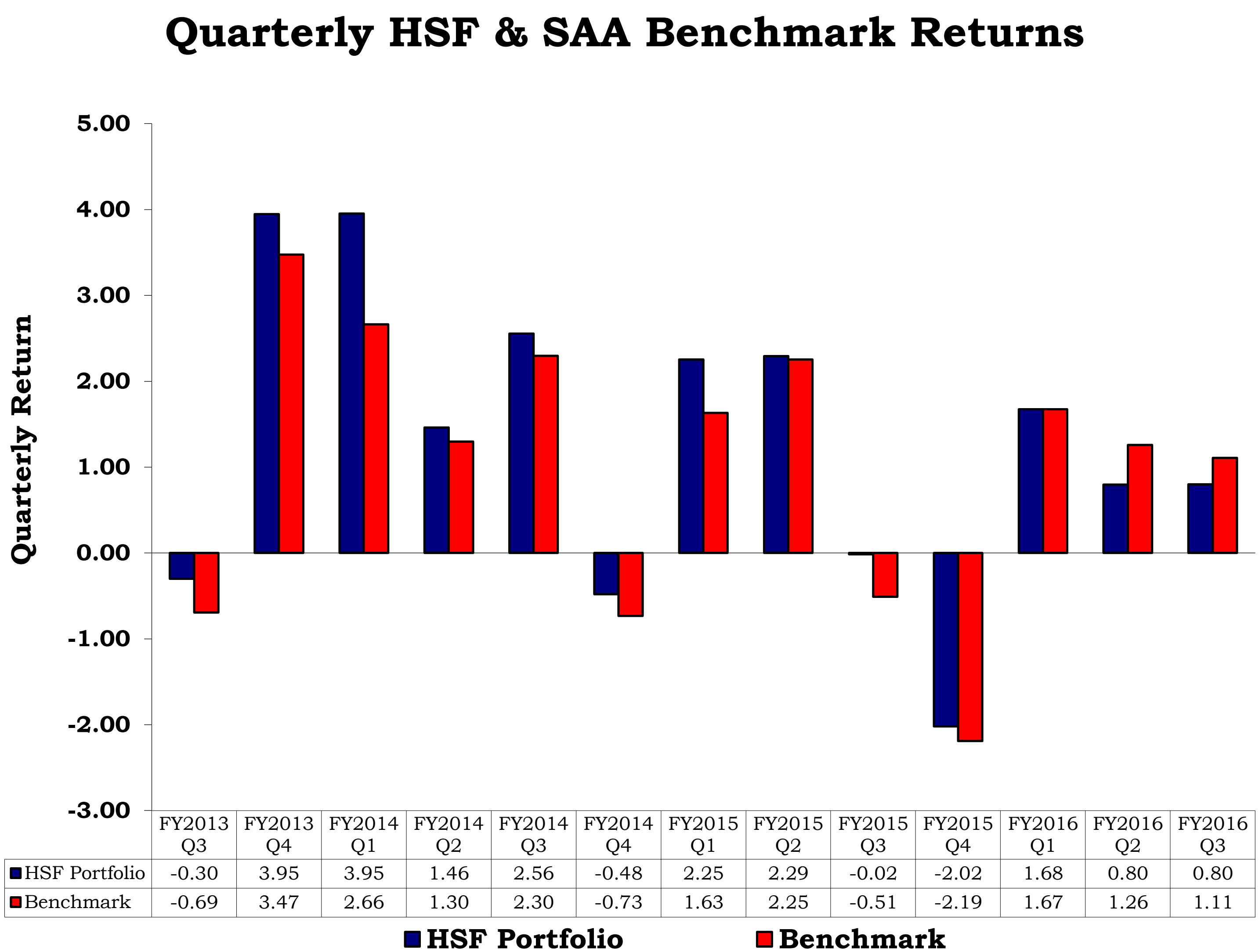
*Market capitalization is a measurement of the size of a company (share price x the number of outstanding shares). The weighted average market capitalization of a stock market index represents the average size of the firms comprising the index where each is weighted according to its market capitalization.

Appendix IV
Summary of the Fund's Net Asset Value by Mandate
/US$ Million/

	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
Total Fund Value	**5,775**	**5,665**	**5,745**	**5,787**	**5,454**
Total Value of Equity	**2,409**	**1,851**	**1,963**	**1,925**	**1,905**
US Core Domestic Equity	1,304	938	1,000	994	1,011
Non-US Core International Equity	1,105	913	963	931	894
Total Value of Fixed Income	**3,366**	**3,803**	**3,782**	**3,862**	**3,547**
US Short Duration Fixed Income	1,256	1,467	1,458	1,480	1,110
US Core Domestic Fixed Income	2,110	2,337	2,324	2,382	2,437
Total Value of Cash or Cash Equivalents	**0**	**1**	**0**	**0**	**2**

NB: Differences in totals are due to rounding.

Appendix V
HSF Portfolio Quarterly Returns
/per cent/



	FY2013 Q3	FY2013 Q4	FY2014 Q1	FY2014 Q2	FY2014 Q3	FY2014 Q4	FY2015 Q1	FY2015 Q2	FY2015 Q3	FY2015 Q4	FY2016 Q1	FY2016 Q2	FY2016 Q3
HSF Portfolio	-0.30	3.95	3.95	1.46	2.56	-0.48	2.25	2.29	-0.02	-2.02	1.68	0.80	0.80
Benchmark	-0.69	3.47	2.66	1.30	2.30	-0.73	1.63	2.25	-0.51	-2.19	1.67	1.26	1.11