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Finance and Resources Committee Meeting – 6<sup>th</sup> February 2008

**INVESTMENTS POLICY**

Executive summary and recommendations

**Introduction**

**Decision**

The Committee is asked to agree the following changes to the Investments Policy relating to ethical restrictions. That the list of managed fund investment restrictions be extended to include the following; alcohol production and gambling.

**Background information**

An initial Statement of Intent paper on Corporate Social Responsibility (CSR) was presented by the Executive to the Council on 11<sup>th</sup> Sept 07 and approved (minutes 12.6). At the FRC meeting on 20<sup>th</sup> Nov 07, an action point arose regarding HPC's investments Policy "on how the ethical restrictions in the Investments Policy might be revised".

At present, HPC's investments of approx £1.9M are professionally managed by Rensburg Sheppards, investment fund managers according to certain criteria specified; that the portfolio should remain positioned "on the lower risk side of neutral" and have direct tobacco company investments excluded.

Is there a significant future financial impact from increasing the number of restrictions?

At 31st Dec 07, the equities in the investment fund were valued at £1.4M or 72% of the valuation. The details of HPC's equity (share) holdings in the Rensburg Sheppards fund are shown in Appendix One, at 31 December 2007 – refer pages 16-28 inclusive. This includes alcohol production companies such as Scottish & Newcastle and Diageo<sup>1</sup> (P20), and betting companies e.g. Ladbrokes (P22).

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<sup>1</sup> Diageo plc is engaged in the drinks business with a collection of international brands. Diageo is a participant in the branded beverage alcohol industry and operates on an international scale. The Company produces and distributes a collection of branded premium spirits, beer and wine. It produces and distributes a range of premium brands, including Smirnoff vodka, Johnnie Walker Scotch whiskies, Captain Morgan rum, Baileys Original Irish Cream liqueur, JeB scotch whisky, Tanqueray gin and Guinness stout.

Collectively those three investments amounted to just £61k, about 3% of the December fund valuation.

Total Investment Income for 2007/08 is budgeted at £175k. Of this, the component for Investment Portfolio income is budgeted at £62k.

In the Five Year Plan, no significant changes to the investment fund size were assumed. Additional net cash generated is assumed to be invested in money market instruments.

Finally, Rensburg advise that their current commission rate would not change, if the proposed kinds of additional restrictions were added on to the existing fund portfolio.

Based on the above, the financial impact of adopting the additional restrictions is likely to be minor.

#### What do other Health Regulators do regarding ethical funds investment?

The GMC and NMC invest all surplus cash solely in bank deposits. GDC responded saying there are no restrictions on their investment funds (2006 fund market value of £550k).

#### Is there value in increasing the list of restrictions on the fund investments beyond tobacco, alcohol and gambling?

The FTSE4Good website provided some guidance on ethical investing, including that “everyone’s got a different idea of what ethical investment means.”

Negative criteria (fund restrictions) listed for ethical funds included;

- alcohol
- vivisection
- tobacco
- oppressive regimes
- gambling
- pornography
- tropical hardwood
- armaments

Positive criteria listed included;

- environmental initiatives
- equal opportunities
- community involvement
- products and services which help in solving problems and making the world a better place

The Friends Provident Stewardship website (ethical funds) also provided the following negative criteria;

- tobacco production
- alcohol production
- gambling
- pornography or violent material
- manufacture and sale of weapons
- unnecessary exploitation of animals
- nuclear power generation

- poor environmental practices
- human rights abuses
- poor relations with employees, customers or suppliers

Some of the above negative criteria, although laudable restrictions, may be difficult practically to define the boundaries for (or monitor). Taking the case for a fund restriction for “armaments”, is it the production, distribution, advertising, facilities management, financing or retailing activities that the restriction should cover? Should the definition include restricting fund investment in armament firms supplying the British Government? Should it apply to UK based companies where a small offshore subsidiary (directly or through a joint venture), provides local security to protect “vital interests”?

With other positive and negative criteria, the restriction is inherently subjective. Where should the line be drawn? Cases concerning those criteria are brought to court (the legal/non legal test) and can take considerable effort to resolve the UK legality, let alone whether global “socially responsible” good practice has been evidenced.

The Executive are working on further development of a corporate social responsibility policy (CSR) for HPC. Our recommendation is that further review of the restrictions is done once a comprehensive policy is developed.

Are there pre-made ethical funds we should be looking at?

We are gathering information about ethical funds, including ones available through HPC’s bankers (Natwest/RBS), through Friends Provident and through our existing fund managers, Rensburg Sheppards. For example, Credit Suisse MM Ethical Fund has the following stated objective “to achieve capital growth. Investment will be primarily in shares or units of collective investment schemes investing in companies in any geographical area of sector which have an ethical, socially responsible or environmental consideration in their stock selection process.” Considerations include likely future fund performance, likely fund risk (is it sufficiently diversified?), annual commission charges and the commitment to provide monthly market valuation reports to us.

**Resource implications**

Nil

**Financial implications**

Minor.

**Appendices**

Appendix One - HPC Investment Fund detail at 31 Dec 07

**Date of paper**

25<sup>th</sup> January 2008

REF : COUNC0004/RLO

HEALTH PROFESSIONS COUNCIL

December 2007

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HEALTH PROFESSIONS COUNCIL  
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The contents of this report should only be relied upon by you following consultation with your accountant or other professional tax adviser. Alternatively, if you do not have a professional tax adviser, you must satisfy yourself as to the accuracy of all such information.

Accordingly Rensburg Sheppards Investment Management Limited, its servants and agents accept no liability whatsoever for any error or omission contained herein.

HEALTH PROFESSIONS COUNCIL

December 2007

Rensburg Sheppards Investment Management Limited is a member of the London Stock Exchange, authorised and regulated by the Financial Services Authority.

Registered Office: Quayside House, Canal wharf, Leeds LS11 5PU.

Registered in England No. 2122340.

HEALTH PROFESSIONS COUNCIL

REF : COUNC0004/RL0

This report contains the following sections:

- A Investment Parameters
- B Summary of Asset Movements
- C Performance Summary
- D Asset Allocation
- E Distribution of Investment Changes
- F UK Equity Sector Allocation
- G Transaction History
- H Largest Holdings
- I Largest UK Equity Holdings
- J Cash Reconciliation
- K Portfolio Valuation

InvestmentFundDetailDec07

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INVESTMENT PARAMETERS

December 2007

As at 31st

SECTION A PAGE 1 OF 1

REF : COUNC0004/RL0

FINANCIAL BACKGROUND

The inherited investment policy is to seek a balanced return from income and capital growth and no change from this position is sought at this time.

INVESTMENT STRATEGY

The portfolio is to be managed in a way that will balance immediate income with long term capital appreciation. The fund will hold a combination of fixed interest investments, shares in leading companies and/or collectives (unit trusts/investment trusts). The strategy is defined by the 'Investment Policy Document' produced annually by the Finance Director. No benchmark has been set but the Trustees confirmed that the portfolio should remain positioned on the "lower risk side of neutral" 21.11.05.

BENCHMARKS

ETHICAL POLICY

No tobacco. Notwithstanding the performance indicators outlined in the formal Quarterly valuations, HPC reserves the right to undertake the review of the performance of the portfolio using a benchmarking agency.

InvestmentFundDetailDec07

DIVIDENDS  
 INTEREST Transferred to deposit monthly  
 Transferred to deposit monthly

Date last reviewed - 20 NOV 2007

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SUMMARY OF ASSET MOVEMENTS

OVER PERIOD  
 As at 31st

December 2007

SECTION 8 PAGE 1 OF 1

REF : COUNC0004/RL0

ASSETS IN	DESCRIPTION	ASSETS OUT	TOTAL
#		#	#

Value as at 30 SEP 2007  
 1,986,276.00

Plus assets introduced to the portfolio

0.00	CASH		
0.00	STOCK		
18,002.77	DIVIDENDS		
1,770.97	DEPOSIT INTEREST		
19,773.74	TOTAL		2,006,049.74

Less assets transferred or paid from the portfolio

0.00	CASH		
0.00	STOCK		
0.00	DIVIDENDS		
0.00	DEPOSIT INTEREST		
0.00	FEES AND CHARGES		
2,941.32	TOTAL		

2,941.32	TOTAL	2,003,108.42	Adjusted Value
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Value as at 31 DEC 2007  
 1,970,026.00

InvestmentFundDetailDec07

Realised and unrealised gains(losses) during period  
<33,082.42>

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PERFORMANCE SUMMARY

December 2007

As at 31st

SECTION C PAGE 1 OF 1

REF : COUNC0004/RLO

TOTAL RETURN

PERFORMANCE SUMMARY

3 MONTHS

12 MONTHS  
ASSET  
29/12/06 - 31/12/07  
ALLOCATION FUND SECTOR INDICES  
% % %

28/09/07 - 31/12/07

FUND INDICES  
% %

6.5	UK GILTS	2.5	4.4
7.2	5.3 FTA Brit Govt Fixed All	Stocks	
12.1	OTHER UK FIXED INTEREST	-2.3	4.4
-5.9	5.3 FTA Brit Govt Fixed All	Stocks	
18.6	TOTAL UK FIXED INTEREST	-1.0	4.4
-3.6	5.3 FTA Brit Govt Fixed All	Stocks	
53.2	UK EQUITIES	-1.2	-0.3
3.8	5.3 FTSE All Share		0.4
	7.4 FTSE 100		
7.2	USA	0.6	-1.1
10.7	3.7 S & P 500 Composite		
5.5	EUROPE	0.4	3.0
11.8	15.7 FTSE world Europe Excl UK		
1.4	JAPAN	-9.7	-3.7
-18.6	-6.8 TOPIX		
2.2	OTHER PACIFIC BASINS	3.9	0.1
27.3	29.4 FTSE world Asia Pacific Excl Japan		
2.9	INTERNATIONAL EQUITIES	0.2	0.4
21.4	9.7 FTSE world Excl UK		
19.2	TOTAL OVERSEAS EQUITIES	0.0	0.4
11.2	9.7 FTSE world Excl UK		
9.0	CASH	1.3	1.3
5.1	5.0 BoE Base Rate (-0.5%)		

InvestmentFundDetailDec07

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 -----  
 3.8                    TOTAL ASSETS                    -0.8                    0.8  
                          6.2                    Bespoke Benchmark  
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Performance figures are calculated gross of fees but net of any transaction expenses, if applicable.

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ASSET ALLOCATION

December 2007

As at 31st

SECTION D PAGE 1 OF 1

REF : COUNC0004/RLO

DISPOSITION AT 31 DEC 2007		SECTOR CHANGE	ESTIMATED INCOME		DISPOSITION AS AT 28 SEP 2007		AS
#	%	%	#	YIELD	#	%	
				%			
128,834	6.5	UK GILTS	4.0	6,438	50,304	2.5	
					5.00		
238,154	12.1	OTHER UK FIXED INTEREST	-1.9	16,131	277,302	14.0	
					6.77		
366,988	18.6	TOTAL UK FIXED INTEREST	2.1	22,569	327,606	16.5	
					6.15		
917,512	46.6	UK EQUITIES	-2.8	33,557	980,819	49.4	
					3.66		
129,815	6.6	OTHER UK CLASSIFICATIONS	-0.8	1,820	146,782	7.4	
					1.40		
1,047,327	53.2	TOTAL UK EQUITIES	-3.6	35,377	1,127,601	56.8	
					3.38		
142,052	7.2	USA	-0.5	495	153,038	7.7	
					0.35		
108,609	5.5	EUROPE	0.1	1,407	108,134	5.4	
					1.30		
27,568	1.4	JAPAN	-0.2	252	30,756	1.6	
					0.91		
42,975	2.2	OTHER PACIFIC BASINS	0.1	946	41,910	2.1	
					2.20		
57,783	2.9	INTERNATIONAL EQUITIES	0.0	94	57,645	2.9	
					0.16		

Investment Fund Detail Dec07					
378,987	19.2	TOTAL OVERSEAS EQUITIES	3,193	391,483	19.7
				0.84	
176,724	9.0	CASH	8,836	139,586	7.0
				5.00	
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1,970,026	100.0	TOTAL	69,975	1,986,276	100.0
				3.55	
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DISTRIBUTION OF INVESTMENT CHANGES

31st December 2007 1st October 2007 to

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REF : COUNC0004/RLO

NET SECTOR #	OTHER MOVEMENTS #	PURCHASES NON-CASH #	DIVIDENDS #	SALES #
-----				
76,074.11	0.00	76,074.11	0.00	0.00
UK GILTS				
-24,991.78	0.00	0.00	0.00	24,991.78
OTHER UK FIXED INTEREST				
-42,808.30	-13,511.73	35,738.44	0.00	78,546.74
UK EQUITIES				
-28,579.40	13,511.73	0.00	0.00	28,579.40
USA				
-----				
-20,305.37	0.00	111,812.55	0.00	132,117.92
TOTAL				
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UK EQUITY SECTOR ALLOCATION

December 2007 As at 31st

REF : COUNC0004/RL0

PORTFOLIO VALUE %	DIFFERENCE SECTOR %	FTA ALL SHARE INDEX %	#
15.3	OIL & GAS -2.1	17.4	139,996
5.7	BASIC MATERIALS -4.4	10.1	52,679
10.0	INDUSTRIALS 3.1	6.9	91,786
14.0	CONSUMER GOODS 3.8	10.2	128,531
7.1	HEALTH CARE 0.5	6.6	65,118
7.4	CONSUMER SERVICES -3.4	10.8	67,463
11.9	TELECOMMUNICATIONS 4.8	7.1	108,805
9.5	UTILITIES 5.1	4.4	87,369
19.2	FINANCIALS -6.4	25.6	175,765
0.0	TECHNOLOGY -0.9	0.9	0
100.0	TOTAL	100.0	917,512

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TRANSACTION HISTORY

31st December 2007

PURCHASES  
1st October 2007 to

SECTION G PAGE 1 OF 3

REF : COUNC0004/RL0

InvestmentFundDetailDec07

DATE NARRATIVE	AMOUNT	STOCK	PRICE	COST #
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UK GILTS				
22 OCT 2007	50,000	UK(GOVT OF) 5% STK 07/09/2014	GBP100 #100.47	50,550.93
20 NOV 2007	25,000	UK(GOVT OF) 4.75% STK 07/09/2015	GBP100 #101.11	25,523.18
				76,074.11

UK EQUITIES				
04 OCT 2007	2,000	HSBC HLDGS ORD USD0.50(UK REG)	944.8946P	18,993.38
07 DEC 2007	1,000	BHP BILLITON PLC USD0.50	1666.076P	16,745.06
				35,738.44

TOTAL PURCHASES

111,812.55

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TRANSACTION HISTORY

31st December 2007

SALES  
1st October 2007 to

SECTION G PAGE 2 OF 3

REF : COUNC0004/RLO

NARRATIVE GAIN/LOSS	DATE	AMOUNT	STOCK PRICE	PROCEEDS #	BOOK COST #	#
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	OTHER UK FIXED INTEREST					
-2,126.29	22 OCT 2007	25,000	BAA 5.75% EMTN 27/11/13 #94.74	24,991.78	27,118.07	
				24,991.78	27,118.07	
-2,126.29						

UK EQUITIES					
08 NOV 2007	2,000	HSBC HLDGS ORD USD0.50(UK REG)			

InvestmentFundDetailDec07

1,886.50		852.8493P	17,055.99	15,169.49
	08 NOV 2007	2,856 ROYAL BK SCOT GRP ORD GBP0.25		
7,304.76		419.25P	11,972.78	4,668.02
	08 NOV 2007	3,000 BARCLAYS ORD GBP0.25		
-2,034.51		491.6642P	14,748.93	16,783.44
	20 NOV 2007	3,000 REUTERS GROUP ORD GBP0.25		
7,510.81		592.5166P	17,774.50	10,263.69
	07 DEC 2007	300 RIO TINTO ORD GBP0.10		
14,410.85		5665.178P	16,994.54	2,583.69
			78,546.74	49,468.33
29,078.41				
	USA			
	19 NOV 2007	4,500 JPMORGAN AMER IT ORD GBP0.25		
-274.81		635.12P	28,579.40	28,854.21
			28,579.40	28,854.21
-274.81				

TOTAL SALES

26,677.31	132,117.92	105,440.61
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HEALTH PROFESSIONS COUNCIL

TRANSACTION HISTORY

OTHER MOVEMENTS  
1st October 2007 to

31st December 2007

SECTION G PAGE 3 OF 3

REF : COUNC0004/RL0

DATE NARRATIVE	AMOUNT	STOCK	PRICE	COST	#
UK EQUITIES 04 DEC 2007 REVERSE STOCK SPLIT	-2,500	INVESCO ORD USD0.10		-13,511.73	
				-13,511.73	
USA 04 DEC 2007 REVERSE STOCK SPLIT	1,250	INVESCO LTD COM STK USD0.10		13,511.73	

## InvestmentFundDetailDec07

13,511.73

TOTAL MOVEMENTS

0.00

HEALTH PROFESSIONS COUNCIL

LARGEST HOLDINGS

As at 31st

December 2007

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REF : COUNC0004/RL0

AS AT 31 DEC 2007 AS AT 28 SEP 2007

STOCK	STOCK	VALUE #	% OF TOTAL	VALUE #	% OF TOTAL	
	1 BP ORD USD0.25	79,950	4.1	73,775	3.7	1
BP ORD USD0.25						
	2 VODAFONE GROUP ORD USD0.11428571	75,120	3.8	70,600	3.6	2
VODAFONE GROUP ORD USD0.11428571						
	3 FINDLAY PARK FDS FP AMERICAN SMLR COS (USD)	64,224	3.3	63,887	3.2	3
FINDLAY PARK FDS FP AMERICAN SMLR COS (USD)						
	4 JPMORGAN AMER IT ORD GBP0.25	60,046	3.1	60,885	3.1	4
ROYAL DUTCH SHELL 'B'ORD EURO0.07						
	5 JP MORGAN FLEM MER ORD GBP0.25	52,750	2.7	58,850	3.0	5
JP MORGAN FLEM MER ORD GBP0.25						
	6 ROYAL DUTCH SHELL 'B'ORD EURO0.07	52,064	2.6	57,805	2.9	6
UK(GOVT OF) 5% STK 07/09/2014 GBP100						
	7 EURO INV BANK 6.25% BDS 07/12/08 GBP(VAR)	51,066	2.6	52,877	2.7	7
UK(GOVT OF) 5.5% STK 10/9/12(RGD)GBP100						
	8 UK(GOVT OF) 5.5% STK 10/9/12(RGD)GBP100	50,734	2.6	50,304	2.5	8
EURO INV BANK 6.25% BDS 07/12/08 GBP(VAR)						
	9 HBOS 6.475% NON CUM PRF GBP1	49,625	2.5	48,875	2.5	9
HBOS 6.475% NON CUM PRF GBP1						
	10 BRADFORD & BINGLEY 11.625% PERP SUB BDS GBP	42,100	2.1	48,130	2.4	10
HSBC HLDGS ORD USD0.50(UK REG)						

## InvestmentFundDetailDec07

TOTAL	TOTAL	577,679	29.3	585,988	29.5
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HEALTH PROFESSIONS COUNCIL

LARGEST UK EQUITY HOLDINGS

December 2007

As at 31st

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REF : COUNC0004/RLO

AS AT 31 DEC 2007		AS AT 28 SEP 2007		
STOCK	STOCK	VALUE #	VALUE % OF # UK EQUITIES	% OF UK EQUITIES
1 BP	1 BP	79,950	73,775 8.7	7.5
2 VODAFONE GROUP	2 VODAFONE GROUP	75,120	70,600 8.2	7.2
3 ROYAL DUTCH SHELL	3 ROYAL DUTCH SHELL	60,046	57,805 6.5	5.9
4 HSBC HLDGS	4 ROYAL BK SCOT GRP	42,100	46,494 4.6	4.7
5 UNILEVER PLC	5 HSBC HLDGS	39,690	45,225 4.3	4.6
6 GLAXOSMITHKLINE	6 RIO TINTO	38,370	42,280 4.2	4.3
7 RIO TINTO	7 GLAXOSMITHKLINE	37,219	38,910 4.1	4.0
8 BT GROUP	8 BT GROUP	33,685	37,915 3.7	3.9
9 SCOT & STHN ENERGY	9 CENTRICA	32,760	33,865 3.6	3.5
10 CENTRICA	10 UNILEVER PLC	31,929	32,445 3.5	3.3

		InvestmentFundDetailDec07	
TOTAL	TOTAL	470,869	479,314 51.3
			48.9

HEALTH PROFESSIONS COUNCIL

CASH RECONCILIATION

December 2007

As at 31st

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REF : COUNC0004/RLO

DESCRIPTION	MOVEMENT	BALANCE
	#	#

CASH BALANCE AS AT 28 SEP 2007 139,586.32

TRANSACTIONS  
PURCHASES

111,812.55

SALES

132,117.92

NET

20,305.37

INCOME

31 OCT 2007 Income Received

4,400.36

Deposit interest from 28/09/07 - 30/10/07

556.54

30 NOV 2007 Income Received

4,796.01

Deposit interest from 31/10/07 - 29/11/07

543.57

31 DEC 2007 Income Received

8,806.40

Deposit interest from 30/11/07 - 28/12/07

670.86

NET

19,773.74

CASH MOVEMENTS

08 OCT 2007 FEE CHARGES FN0001887\*RLO

-2,941.32

NET

-2,941.32

CASH BALANCE AS AT 31 DEC 2007

176,724.11

InvestmentFundDetailDec07

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POST PERIOD ADJUSTMENT
DEPOSIT                176,724.11
DUE TO/FROM MARKET    0.00
CASH BALANCE AS AT 31 DEC 2007
                        176,724.11
=====

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HEALTH PROFESSIONS COUNCIL

PORTFOLIO VALUATION

BASIS OF VALUE  
As at 31st

December 2007

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STERLING

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Prices are quoted as at close of business on the valuation date, or last traded price where applicable.

UK quoted securities are valued at the mid-market price quoted by the London Stock Exchange.

Overseas securities are valued at the mid-market price, or last traded price on the relevant stock exchange, as obtained from the Extel information service.

Unit Trusts are valued at the mid prices prevailing on the valuation date.

Unquoted securities are valued at prices obtained from the accredited sources by Rensburg Sheppards Investment Management Limited. Details of sources supplied upon request.

HEALTH PROFESSIONS COUNCIL

PORTFOLIO VALUATION

As at 31st

December 2007

STERLING

REF : COUNC0004/RLO

TOTAL DIVIDEND	MID MARKET HOLDING PRICE AT	MARKET STOCK DESCRIPTION VALUE	ESTIMATED INCOME	YIELD	% OF PORTFOLIO VALUE
COST DATES	31 DEC 2007	#	#	%	
#					
FIXED INTEREST					
UK FIXED INTEREST					
BRITISH GOVT BONDS					
BRITISH GOVT FIXED INTEREST					
51,798 MR SE	#50,000 #100.41	UK(GOVT OF) 5.5% STK 10/9/12(RGD)GBP100 50,205	2,750	5.48	2.59
		114 days Accrued Interest 861			
50,551 MR SE	#50,000 #102.52	UK(GOVT OF) 5% STK 07/09/2014 GBP100 51,260	2,500	4.88	2.64
		117 days Accrued Interest 804			
25,523 MR SE	#25,000 #101.29	UK(GOVT OF) 4.75% STK 07/09/2015 GBP100 25,322	1,188	4.69	1.30
		117 days Accrued Interest 382			
127,872		BRITISH GOVT BONDS 126,787	6,438	5.08	6.54
		Total Accrued Interest 2,047			
NON GOVT BONDS					
FOREIGN BONDS					
51,273 DE	#50,000 101%	EURO INV BANK 6.25% BDS 07/12/08 GBP(VAR) 50,500	3,125	6.19	2.58
		27 days Accrued Interest 234			
CORPORATE BONDS					
27,202 NO	#25,000 100.545%	CENTRICA 5.875% EMTN 2/11/2012 GBP 25,136	1,469	5.84	1.29
		63 days Accrued Interest			

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HEALTH PROFESSIONS COUNCIL

PORTFOLIO VALUATION

December 2007

As at 31st

SECTION K PAGE 3 OF 13  
STERLING

REF : COUNC0004/RLO

TOTAL DIVIDEND COST DATES #	MID MARKET HOLDING PRICE AT 31 DEC 2007	MARKET STOCK DESCRIPTION VALUE #	ESTIMATED INCOME #	YIELD %	% OF PORTFOLIO VALUE
51,338 JA JL	#30,000 #132 3/4	BRADFORD & BINGLEY 11.625% PERP SUB BDS GBP 39,825	3,488	8.76	2.10
		168 days Accrued Interest 1,592			
44,098 DE	#40,000 98.88%	ROYAL BANK OF SCOT 6.25% PERP SUB NTS GBP '238 39,552	2,500	6.32	2.01
		18 days Accrued Interest 123			
	PREFERENCE				
30,775 MY NO	25,000 125.25p	HBOS 9.25% NON CUM IRR PRF GBP1 31,313	2,313	7.39	1.59
50,423 MR SE	50,000 99.25p	HBOS 6.475% NON CUM PRF GBP1 49,625	3,238	6.52	2.52
255,109		NON GOVT BONDS 235,951	16,131	6.84	12.09
		Total Accrued Interest 2,203			
382,981		UK FIXED INTEREST 362,738	22,569	6.22	18.63
		Total Accrued Interest 4,250			
382,981		FIXED INTEREST 362,738	22,569	6.22	18.63
		Total Accrued Interest			

InvestmentFundDetailDec07  
4,250

EQUITIES

UK EQUITIES

OIL & GAS

OIL & GAS PRODUCERS

52,650	13,000	BP ORD USD0.25			
MR JN SE DE	615p	79,950	2,729	3.41	4.06
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PORTFOLIO VALUATION

December 2007

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STERLING

REF : COUNC0004/RLO

TOTAL DIVIDEND COST DATES #	MID MARKET HOLDING PRICE AT 31 DEC 2007	MARKET STOCK DESCRIPTION VALUE #	ESTIMATED INCOME #	YIELD %	% OF PORTFOLIO VALUE
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41,589	2,873	ROYAL DUTCH SHELL 'B' ORD EURO.07			
MR JN SE DE	#20.9	60,046	2,007	3.34	3.05

94,239		OIL & GAS			
		139,996	4,736	3.38	7.11

BASIC MATERIALS

MINING

16,745	1,000	BHP BILLITON PLC USD0.50			
MR SE	#15.46	15,460	236	1.53	0.78

6,029	700	RIO TINTO ORD GBPO.10			
AP SE	#53.17	37,219	408	1.10	1.89

22,774		BASIC MATERIALS			
		52,679	644	1.22	2.67

INDUSTRIALS

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AEROSPACE & DEFENSE

10,596	2,500	ROLLS ROYCE GROUP ORD	GBP0.20			
JA JL	546pXD	13,650	249	1.82	0.69	

GENERAL INDUSTRIALS

20,348	4,000	REXAM ORD GBX64.285714				
JN NO	418.50p	16,740	776	4.64	0.85	

12,500	1,333	SMITHS GROUP ORD	GBP0.375			
AP NO	#10.13	13,503	457	3.38	0.69	

INDUSTRIAL ENGINEERING

9,759	8,000	FKI	GBP0.10			
FE OC	58.75p	4,700	360	7.66	0.24	

□ HEALTH PROFESSIONS COUNCIL

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COST DATES	HOLDING PRICE AT	STOCK DESCRIPTION	INCOME	YIELD	PORTFOLIO
#	31 DEC 2007	#	#	%	VALUE

SUPPORT SERVICES

12,029	3,500	BIFFA ORD	GBP0.10			
FE JL	330pXD	11,550	228	1.97	0.59	

6,407	2,500	ELECTROCOMPONENTS ORD	GBP0.10			
JA JL	208.50pXD	5,213	460	8.82	0.26	

11,987	2,000	EXPERIAN GROUP ORD	USD0.10			
FE JL	397p	7,940	181	2.28	0.40	

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7,466	4,000	SERCO GROUP ORD GBP0.02	151	0.82	0.94
MY OC	462.25p	18,490			
91,092		INDUSTRIALS	2,861	3.12	4.66
		91,786			
		CONSUMER GOODS			
		BEVERAGES			
14,291	2,000	DIAGEO ORD GBX28.935185	654	3.03	1.10
AP OC	#10.8	21,600			
19,548	3,500	SCOT & NEWCASTLE ORD GBP0.20	764	2.95	1.32
MY OC	741.50p	25,953			
		FOOD PRODUCERS			
12,310	5,000	CADBURY SCHWEPES ORD GBP0.125	745	2.40	1.58
MY OC	621p	31,050			
15,936	5,000	PREMIER FOODS ORD GBP0.01	675	6.59	0.52
JA FE JL	204.75pXD	10,238			
23,932	2,100	UNILEVER PLC ORD GBP0.031111	728	1.83	2.01
JN DE	#18.9	39,690			
86,017		CONSUMER GOODS	3,566	2.77	6.52
		128,531			

HEALTH CARE  
 □ HEALTH PROFESSIONS COUNCIL

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COST DATES	HOLDING PRICE AT	STOCK DESCRIPTION	INCOME	YIELD	PORTFOLIO
#	31 DEC 2007	#	#	%	VALUE

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HEALTH CARE EQUIPMENT & SERVICES

10,456	2,000	SMITH & NEPHEW ORD USD0.20				
MY NO	580p	11,600	113	0.97	0.59	

PHARMACEUTICALS & BIOTECHNOLOGY

14,450	700	ASTRAZENECA ORD USD0.25				
MR SE	#21.64	15,148	615	4.06	0.77	

38,539	3,000	GLAXOSMITHKLINE ORD GBPO.25				
JA AP JL OC	#12.79XD	38,370	1,530	3.99	1.95	

63,445		HEALTH CARE				
		65,118	2,258	3.47	3.31	

CONSUMER SERVICES

FOOD & DRUG RETAILERS

2,792	3,000	TESCO ORD GBPO.05				
JL DE	477.25p	14,318	301	2.10	0.73	

GENERAL RETAILERS

11,693	5,000	KINGFISHER ORD GBPO.157142857				
JN NO	145.60p	7,280	533	7.31	0.37	

MEDIA

8,401	7,500	ITV ORD GBPO.10				
JA JL	85.40pXD	6,405	236	3.69	0.33	

12,489	2,000	YELL GROUP ORD GBPO.01				
JL DE	401p	8,020	354	4.41	0.41	

TRAVEL & LEISURE

0 HEALTH PROFESSIONS COUNCIL

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DATES						
#	31 DEC 2007	#	#	%	VALUE	
15,493 MR AU	6,000 308.50p	COMPASS GROUP ORD 18,510	GBP0.10 648	3.50	0.94	
15,399 JN DE	4,000 323.25p	LADBROKES ORD 12,930	GBP0.28333 538	4.16	0.66	
66,267		CONSUMER SERVICES 67,463	2,610	3.87	3.42	
TELECOMMUNICATIONS						
FIXED LINE TELECOMMUNICATIONS						
53,637 FE SE	12,350 272.75pXD	BT GROUP ORD 33,685	GBP0.05 1,902	5.65	1.71	
MOBILE TELECOMMUNICATIONS						
95,478 FE AU	40,000 187.80pXD	VODAFONE GROUP ORD 75,120	USD0.11428571 2,760	3.67	3.81	
149,115		TELECOMMUNICATIONS 108,805	4,662	4.28	5.52	
UTILITIES						
ELECTRICITY						
12,413 MR SE	2,000 #16.38	SCOT & STHN ENERGY ORD 32,760	GBP0.50 1,160	3.54	1.66	
GAS, WATER & MULTIUTILITIES						
21,045 JN NO	8,900 358.75p	CENTRICA ORD 31,929	GBP0.061728395 1,010	3.16	1.62	
15,095 FE AU	3,000 756pXD	UTD UTILITIES ORD 22,680	GBP1 1,365	6.02	1.15	
48,553 HEALTH PROFESSIONS COUNCIL		UTILITIES 87,369	3,535	4.05	4.43	
PORTFOLIO VALUATION						

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COST DATES	HOLDING PRICE AT	STOCK DESCRIPTION VALUE	INCOME	YIELD	PORTFOLIO
#	31 DEC 2007	#	#	%	VALUE
<b>FINANCIALS</b>					
<b>BANKS</b>					
37,924 JA JL OC	5,000 842pXD	HSBC HLDGS ORD USD0.50(UK REG) 42,100	2,085	4.95	2.14
35,697 MY OC	5,000 472p	LLOYDS TSB GROUP ORD GBPO.25 23,600	1,735	7.35	1.20
9,807 JN OC	6,000 444p	ROYAL BK SCOT GRP ORD GBPO.25 26,640	1,934	7.26	1.35
9,590 MY OC	1,000 #18.44	STANDARD CHARTERED ORD USD0.50 18,440	368	2.00	0.94
<b>LIFE INSURANCE</b>					
23,881 MY NO	3,000 673p	AVIVA ORD GBPO.25 20,190	932	4.62	1.02
11,858 MY NO	5,000 163.40p	FRIENDS PROVIDENT ORD GBPO.10 8,170	395	4.83	0.41
11,640 MY SE OC	2,500 712p	PRUDENTIAL ORD GBPO.05 17,800	436	2.45	0.90
<b>REAL ESTATE</b>					
21,647 JA AP JL OC	1,250 #15.06XD	LAND SECURITIES GP ORD GBPO.10 18,825	800	4.25	0.96
162,044		FINANCIALS 175,765	8,685	4.94	8.92

## INVESTMENT &amp; UNIT TRUSTS

## INVESTMENT &amp; UNIT TRUSTS - INCOME

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TOTAL DIVIDEND COST DATES #	MID MARKET HOLDING PRICE AT 31 DEC 2007	MARKET STOCK DESCRIPTION VALUE #	ESTIMATED INCOME #	YIELD %	% OF PORTFOLIO VALUE
28,572	30,000 90.85p	PSIGMA UT MGRS PSIGMA 27,255	INCOME DIS 0	0.00	1.38
SMALL CAPITAL					
19,720 AP AU SE	15,000 151p	THROGMORTON TRUST ORD 22,650	GBP0.05 300	1.32	1.15
SPECIALIST					
13,513 SE OC	8,000 339.50p	GARTMORE GROWTH OP ORD 27,160	GBP0.00025 (POST REORG) 120	0.44	1.38
18,252 FE MY AU NO	5,000 #10.55	JP MORGAN FLEM MER ORD 52,750	GBP0.25 1,400	2.65	2.68
80,057		INVESTMENT & UNIT TRUSTS 129,815	1,820	1.40	6.59
863,603		UK EQUITIES 1,047,327	35,377	3.38	53.16
EUROPEAN EQUITIES					
EUROPE					
EUROPEAN - INVESTMENT & UNIT TRUSTS - GENERAL					
29,447 JL	4,500 880.12p	GARTMORE FUND MGRS EURP 39,605	SEL OPPS INST A NAV 478 1.21		2.01
EUROPEAN - INVESTMENT & UNIT TRUSTS - SPECIALIST					

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28,906 NO	8,000 467.75p	TR EUROPE GWTH TST ORD 37,420	GBP0.125 224	0.60	1.90
23,818 AU	23,500 134.40p	ZENITH INVESTMENT ZENITH EURO INC INST B SHS 31,584	705	2.23	1.60
82,171 □ HEALTH PROFESSIONS COUNCIL		EUROPE 108,609	1,407	1.30	5.51

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COST DATES	HOLDING PRICE AT	STOCK DESCRIPTION	INCOME	YIELD	PORTFOLIO
#	31 DEC 2007	#	#	%	VALUE

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82,171		EUROPEAN EQUITIES 108,609	1,407	1.30	5.51
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NORTH AMERICAN EQUITIES

AMERICA

AMERICA - EQUITY

13,512	1,250 \$31.38	INVESCO LTD COM STK USD0.10 19,705	0	0.00	1.00
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AMERICA - INVESTMENT & UNIT TRUSTS - GENERAL

26,866	14,000 201.25p	AXA FRAMLINGTON AMERICAN GTH INC 28,175	0	0.00	1.43
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28,854 MY	4,500 665.50p	JPMORGAN AMER IT ORD GBP0.25 29,948	495	1.65	1.52
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AMERICA - INVESTMENT & UNIT TRUSTS - SPECIALIST

InvestmentFundDetailDec07  
 18,779 3,008.114 FINDLAY PARK FDS FP AMERICAN SMLR COS (USD) 3.26  
 \$42.5 64,224 0 0.00

88,011 AMERICA  
 142,052 495 0.35 7.21

88,011 NORTH AMERICAN EQUITIES  
 142,052 495 0.35 7.21

JAPANESE EQUITIES

JAPAN

JAPAN - INVESTMENT & UNIT TRUSTS - GENERAL

□ HEALTH PROFESSIONS COUNCIL

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18,372 DE	9,000 188p	JPMORG JAPANESE IT ORD 16,920	GBP0.25 252	1.49	0.86
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13,546	5,500 193.60p	JPMORGAN AM UK LTD JAPAN A ACC NAV 10,648	0	0.00	0.54
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31,918		JAPAN 27,568	252	0.91	1.40
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31,918		JAPANESE EQUITIES 27,568	252	0.91	1.40
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FAR EAST & AUSTRALASIAN EQUITIES

FAR EAST

FAR EAST - INVESTMENT & UNIT TRUSTS - GENERAL

14,000 EDINBURGH DRAGON T ORD GBP0.20  
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18,566 DE	163.25p	InvestmentFundDetailDec07 22,855	154	0.67	1.16
16,255 AP NO	16,000 125.75p	SCHRODER ORIENTAL ORD 20,120	GBP0.01 792	3.94	1.02
34,821		FAR EAST 42,975	946	2.20	2.18
34,821		FAR EAST & AUSTRALASIAN EQUITIES 42,975	946	2.20	2.18

INTERNATIONAL EQUITIES

INTERNATIONAL

INTERNATIONAL - INVESTMENT & UNIT TRUSTS - SPECIALIST

21,892	4,000 600.90p	AXA FRAMLINGTON HEALTH INC 24,036	0	0.00	1.22
8,243	25,000 36.735p	AXA FRAMLINGTON BIOTECH INC 9,184	0	0.00	0.47

□ HEALTH PROFESSIONS COUNCIL

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#	31 DEC 2007	#	#	%	VALUE

15,076 MR	3,750 655p	ML WORLD MINING TR ORD 24,563	GBP0.05 94	0.38	1.25
45,211		INTERNATIONAL 57,783	94	0.16	2.93
45,211		INTERNATIONAL EQUITIES 57,783	94	0.16	2.93

InvestmentFundDetailDec07

	EQUITIES				
1,145,735	1,426,314	38,570	2.70	72.40	
	CASH				
	CASH				
	DEPOSIT #				
176,724	176,724			8.97	
	CASH				
176,724	176,724	8,836	5.00	8.97	
	CASH				
176,724	176,724	8,836	5.00	8.97	
	CAPITAL TOTAL				
1,705,440	1,965,776	69,975	3.56	100.00	
	Total Accrued Interest				
	4,250				
	GRAND TOTAL				
1,705,440	1,970,026	69,975	3.55	100.00	

Currency Deposit Rate Used : # 5.00%

Estimated income and yield quoted reflect dividend income and interest receivable as paid. This income may be subject to additional tax, depending on the tax rate or status of the account.

Exchange Rates Used :  
 □ HEALTH PROFESSIONS COUNCIL

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COST DATES	HOLDING PRICE AT	STOCK DESCRIPTION	INCOME	YIELD	PORTFOLIO
#	31 DEC 2007	#	#	%	VALUE

□ #1 = \$1.9906