

Avon Pension Fund Committee Investment Panel

Date: Wednesday 4th June 2025

Time: 1.30 pm

Venue: Kaposvar Room - Guildhall, Bath

To: All Members of the Avon Pension Fund Committee Investment Panel

Councillor Shaun Stephenson-McGall (Chair), Councillor Toby Simon (Vice-Chair),
Councillor Chris Dando, John Finch, Pauline Gordon and Jackie Peel

Chief Executive and other appropriate officers
Press and Public



Mark Durnford

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NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control. Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet www.bathnes.gov.uk/webcast. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

5. **Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

Avon Pension Fund Committee Investment Panel - Wednesday 4th June 2025

at 1.30pm in the Kaposvar Room - Guildhall, Bath

A G E N D A

1. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 5.

2. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:

- (a) The agenda item number in which they have an interest to declare.
- (b) The nature of their interest.
- (c) Whether their interest is **a disclosable pecuniary interest** or an **other interest**,
(as defined in Part 4.4 Appendix B of the Code of Conduct and Rules for Registration of Interests)

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of his staff before the meeting to expedite dealing with the item during the meeting.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive any declarations from Members of the Committee and Officers of personal/prejudicial interests in respect of matters for consideration at this meeting, together with their statements on the nature of any such interest declared.

4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

5. ITEMS FROM THE PUBLIC - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS

6. ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

To deal with any petitions or questions from Councillors and, where appropriate, co-opted and added members.

7. MINUTES: 26TH FEBRUARY 2025 (PUBLIC & EXEMPT) (Pages 7 - 14)

8. LOCAL IMPACT PORTFOLIO (Pages 15 - 30)

9. REVIEW OF INVESTMENT PERFORMANCE FOR PERIODS ENDING 31 MARCH 2025 (Pages 31 - 114)

This paper reports on the performance of the individual portfolios and seeks to update the Panel on routine aspects of the Fund's investments. The report contains performance statistics for periods ending 31 March 2025.

10. RISK MANAGEMENT FRAMEWORK REVIEW FOR PERIODS ENDING 31 MARCH 2025 (Pages 115 - 152)

The Funding and Risk Management Group (FRMG) is responsible for agreeing the operational aspects relating to the Fund's Risk Management Framework (RMF) thereby ensuring that strategic objectives continue to be met.

11. FORWARD AGENDA (Pages 153 - 156)

This report sets out the forward agenda for the Panel for 2025/26. It is provisional as the Panel will respond to issues as they arise and as work is delegated from the Committee.

The Committee Administrator for this meeting is Mark Durnford who can be contacted on 01225 394458.

AVON PENSION FUND COMMITTEE INVESTMENT PANEL

Minutes of the Meeting held

Wednesday 26th February 2025, 1.00 pm

Members: Councillor Shaun Stephenson-McGall (Chair), Councillor Paul Crossley, Councillor Chris Dando, John Finch and Pauline Gordon

Advisors: Steve Turner (Mercer) and Nick Page (Mercer)

Also in attendance: Nick Dixon (Head of Pensions), Liz Woodyard (Group Manager for Funding, Investment & Risk), Nathan Rollinson (Investments Manager) and Jeff Wring (Director of Financial Services, Assurance & Pensions)

38 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer drew attention to the Emergency Evacuation Procedure.

39 DECLARATIONS OF INTEREST

There were none.

40 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Jackie Peel (Independent Member) had given her apologies to the Panel.

Councillor Chris Dando and John Finch (Independent Member) attended the meeting virtually via Teams.

41 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

42 ITEMS FROM THE PUBLIC - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS

There were none.

43 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

There were none.

44 MINUTES: 26TH NOVEMBER 2024 (PUBLIC & EXEMPT)

The Panel **RESOLVED** that the minutes of the meeting held on 26th November 2024 be confirmed as a correct record and signed by the Chair.

45 REVIEW OF INVESTMENT PERFORMANCE FOR PERIODS ENDING 31 DECEMBER 2024

The Senior Investments Officer introduced the report to the Panel and highlighted the following points.

- The Fund's assets were £5,899m on 31 December 2024 and delivered a net investment return of -1.8% over the quarter, lagging the 3.0% return for the strategic benchmark.
- Currency hedging had a negative impact on overall returns given the strong movements in currencies during the quarter.
- The estimated funding level stood at 106% as of 31 December 2024 (c. £284m surplus).
- Returns from Brunel's listed portfolios were positive with some notable double-digit performances from Global High Alpha, Global Sustainable Equities and the Passive Developed Equities Paris Aligned portfolios, however relative returns were in line with or behind benchmark.
- Brunel's listed market portfolios all recorded positive absolute performances, but in a familiar theme to previous quarters, relative performance was held back due to stock selection and the continued dominance of the US technology stocks.
- During the period the Fund rebalanced its equity overweight down by 5% bringing the overall equity allocation down to c. 45%, which is within the rebalancing range set out in the Investment Strategy Statement. Due to equity market gains post quarter-end the Fund's allocation to equities has drifted above the upper bound of its rebalancing range. Officers will rebalance the portfolio accordingly and update Panel at its next meeting.

The Investments Manager addressed the Panel to provide them with a Local Impact update.

- During the quarter, £4m was drawn down from the Fund's commitment to Wessex Gardens. Capital will be used to fund a solar construction asset in Oxfordshire. This takes capital deployed to £40m of a total figure of £50m committed.
- The Fund received its first capital call from the Octopus Affordable Housing Fund. £5m in capital to be used for completion and handover of three separate Affordable Housing schemes in Exeter, Essex and the South-East of England.
- SME Funding – The Fund agreed a commitment of £50m to an SME funding strategy following consultation with Mercer. Completion of the manager appointment and legal review expected over the next quarter. The Fund has negotiated a significant discount to the prospective managers standard fee terms.

Councillor Crossley asked if investment was also planned for wind turbines, as whilst acknowledging the benefits of solar panels they do result in a loss of land which could be used for food production.

The Investments Manager replied that the Wessex Gardens vehicle is predominantly land based solar. He added that through other infrastructure allocations they do have investment in wind turbines alongside other renewables.

The Head of Pensions added that having visited one of the sites he was aware that discussions had taken place for potential new solar panels to be slightly elevated to allow for sheep to graze the land. He said that he could not say for definite at this point whether that design would be in place for the site mentioned.

Steve Turner, Mercer addressed the Panel and highlighted the following areas from their report.

- Q4 was an unusual period in which the US Dollar, nominal gilt yields, inflation and equities all increased, whilst Sterling weakened. As a result, the currency hedging, LDI and equity protection strategies all contributed to relative underperformance, as well as underlying portfolios underperforming within their own markets.
- Based on a high level analysis, the underperformance over Q4 can be attributed to: Around half due to currency hedging and LDI (approximately equal contribution from each portfolio) due to the market dynamics outlined above. As LDI performance was negative in Q4 due to gilt yield movements, and the % allocation to LDI was above the SAA, this has had an unusually large impact on total performance. As at the time of writing, gilt yields have reverted to their levels prior to the October 2024 Budget, so we expect most of this underperformance to have reversed.
- State Street don't take currency hedging into account when calculating the total Fund benchmark. Mercer and Fund officers are due to discuss this issue further with them in due course.
- Around a quarter of underperformance was due to negative relative returns from Brunel's funds, in particular the active equity strategies.
- Focus required on how Brunel continue to manage their portfolios and what, if any improvements can be made.
- Upcoming Investment Strategy Review – Consider further exposure to passive management.
- The remainder was due to negative relative returns from other portfolios. We would highlight the Partners Group overseas property mandate in particular (-34% -v- benchmark). These are illiquid, private market assets that are in run-off, with a high absolute benchmark return, so meaningful performance reporting for these assets is not straight-forward. Could consider exclusion

from overall benchmark returns when the valuation of this mandate falls below 1% of total assets.

- The asset's performance is reduced by the significant haircuts to Net Asset value applied, within the Partners fund, pre-redemption, and therefore do not reflect the true underlying long-term value of these property assets to Avon. Pauline Gordon suggested it would be helpful to see examples of this valuation difference, for sample underlying assets.
- The LDI portfolio and underperformance of the active equity mandates were also key drivers of the negative relative return against the strategic benchmark over the one year period, as well as the Equity Protection Strategy.

The Chair asked if a timeline for discussions with State Street and any possible changes to the benchmark had been put in place.

Steve Turner replied that he was hopeful that these issues could be resolved by Q1.

The Group Manager for Funding, Investment & Risk added that it would be important for this to be resolved ahead of any potential new pooling arrangements.

The Head of Pensions said that he was not worried about the performance quirk over these three months, but it was important to understand what the underlying drag of the Risk Management Strategy is and whether they are comfortable accepting that drag in exchange for the insurance policy it provides.

He added that in terms of equities, the persistent underperformance of Brunel is mainly due to their underweight to the large technology stocks and that the question to answer was whether now was the correct time to change that stance or not.

John Finch commented that the Brunel portfolio performance was partly a result of our climate change views and the main reasons for their underperformance and said that this could continue to be a problem given the rollback within the USA of the climate change agenda.

Steve Turner agreed and said that they were considering that as a factor to be monitored over the coming months. He posed an open question to Brunel on what the non-financial reasons were for investing in Sustainable Equities and what were the deliverables of these investments.

The Group Manager for Funding, Investment & Risk said that it would be interesting to monitor going forward what companies within the USA continue to report or disclose in terms of ESG.

The Panel **RESOLVED** to note the information as set out in the report and its appendices.

46 RISK MANAGEMENT FRAMEWORK REVIEW FOR PERIODS ENDING 31 DECEMBER 2024

The Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

The Panel **RESOLVED** to note the performance of each of the underlying RMF strategies and current collateral position as set out in Exempt Appendix 1.

47 FORWARD AGENDA

The Group Manager for Funding, Investment & Risk introduced the report to the Panel. She informed them of the future meeting dates and the subject matter likely to be discussed at those meetings.

In addition she explained that the Strategic Investment Review was due to be carried out between June and September.

Pauline Gordon commented that the June 2025 meeting date within the report was incorrect and should be listed as 4th June 2025.

Councillor Paul Crossley asked if an update on pooling arrangements could be given to the Panel.

The Group Manager for Funding, Investment & Risk replied that they were still in limbo currently and that an update would be provided to the Committee in due course. She added that Pools have to submit their plans to Government by March 1st 2025 and then it would need to be seen how long it would take for the Pensions Bill to be progressed through the different stages of Parliament.

The Head of Pensions said that he felt that the proposals from Government would be the broad minimum baseline and that a risk remains that they decide that further measures are required to be taken.

The Panel **RESOLVED** to note their forward agenda.

The meeting ended at 1.55 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Access to Information Arrangements

Exclusion of access by the public to Council meetings

Information Compliance Ref: LGA- 2387564
Meeting / Decision: Avon Pension Fund Investment Panel
Date: 4 th June 2025
Author: Nathan Rollinson
Exempt Report Title: Local Impact Portfolio List of exempt attachments to this report: Exempt Appendix 1: Schroders Greencoat Presentation

The report and appendices contain exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemption:

- 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the report and exempt appendices be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

PUBLIC INTEREST TEST

If the Panel wishes to consider a matter with press and public excluded, it must be satisfied on two matters.

Firstly, it must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972. Paragraph 3 of the revised Schedule 12A of the 1972 Act exempts information which relates to the financial or business affairs of the organisations which is commercially sensitive to the organisations. The

officer responsible for this item believes that this information falls within the exemption under paragraph 3 and this has been confirmed by the Council's Information Compliance Manager.

Secondly, it is necessary to weigh up the arguments for and against disclosure on public interest grounds. The main factor in favour of disclosure is that all possible Council information should be public and that increased openness about Council business allows the public and others affected by any decision the opportunity to participate in debates on important issues in their local area. Another factor in favour of disclosure is that the public and those affected by decisions should be entitled to see the basis on which decisions are reached.

The report and exempt appendix contains information on potential future trades by the fund, and includes information on costs and structures that may impact the ability to procure efficiently in the near future. This information is commercially sensitive and could prejudice the commercial interests of the organisation if released. It would not be in the public interest if advisors and officers could not express in confidence opinions or proposals which are held in good faith and on the basis of the best information available.

It is also important that the Panel should be able to retain some degree of private thinking space while decisions are being made, in order to discuss openly and frankly the issues under discussion in order to make a decision which is in the best interests of the Fund's stakeholders.

The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND INVESTMENT PANEL
MEETING DATE:	04 June 2025
TITLE:	Review of Investment Performance for Periods Ending 31 March 2025
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Mercer Performance Monitoring Report Appendix 2 – Brunel Quarterly Performance Report Appendix 3 – Legacy Mandates	

1. THE ISSUE

- 1.1. This paper reports on the performance of the individual portfolios and seeks to update the Panel on routine aspects of the Fund's investments. The report contains performance statistics for periods ending 31 March 2025.
- 1.2. The Mercer report at Appendix 1 provides strategic level information including total fund level performance, current funding level and an analysis of how the Fund's mandates are performing against expected strategic returns.
- 1.3. Appendix 2 is the quarterly performance report published by Brunel which includes further details on the performance of the Brunel portfolios and responsible investment activity undertaken on the Fund's behalf.
- 1.4. Appendix 3 summarises the Fund's legacy mandates that are in wind down and the rationale for removing them from quarterly performance reporting.

2. RECOMMENDATION

The Investment Panel:

- 2.1. **Notes information as set out in the reports.**
- 2.2. **Identifies any issues to be notified to the Committee.**

3. FINANCIAL IMPLICATIONS

- 3.1. Returns achieved by the Fund for the three years commencing 1 April 2023 will impact the next triennial valuation which will be calculated as at 31 March 2025. The returns quoted are net of investment management fees.

4. INVESTMENTS UPDATE

A – Fund Performance

- 4.1. The Fund's assets stood at £5,776m on 31 March 2025, delivering a net return of -1.9% over the quarter. This was in line with the strategic benchmark return of -1.8%. There were positive returns generated from Brunel Diversifying Returns, Brunel UK Property and many of the Private Market portfolios, but these were not able to offset the negative returns from the Brunel listed portfolios, given the weakness in global equities over the quarter. The LDI portfolio acted as a drag on returns as UK gilt yields rose.
- 4.2. The estimated funding level stood at 102% at 31 March 2025 (c. £86m surplus).
- 4.3. The discount rate is reviewed each month with a full review each quarter as per the agreed approach at FRMG. The changes each quarter are based on the expected CPI+ return outlook which is based on the Fund's investment strategy and hedging levels. It considers a combination of Mercer's capital market assumptions and real yield changes based on asset class correlations across the portfolio. The discount rate is sense checked for reasonableness by the Fund actuary taking into account the long-term sustainability of contributions. The March update allows for the updated discount rate of 5.58% p.a. (equivalent to a discount rate of CPI+3.05% p.a. at 31 March 2025).
- 4.4. Over 1 year to the end of March the Fund returned -0.6% in absolute terms and -5.4% in relative terms. The Passive Developed Equities Paris Aligned portfolio, delivered positive returns, however the other Brunel listed portfolio returns were mixed and below their benchmark returns. Private market returns were more positive on the whole, as were Brunel Multi Asset Credit and Diversifying Returns.
- 4.5. Further details relating to performance attribution can be found in section 4 of Appendix 1.

B – Investment Manager Performance

- 4.6. Brunel reports on the performance of the assets they manage on behalf of the Fund. The report for each Brunel portfolio can be found on pages 19-52 of Appendix 2.
- 4.7. The first quarter of 2025 was marked by heightened volatility and shifting investor sentiment, driven by geopolitical tensions, trade policy uncertainty, and inflation concerns. Global equities experienced mixed performance, with European and Asian markets generally outperforming the US, which experienced periods of sharp sell-offs. The announcement by China's DeepSeek that it had developed an artificial intelligence (AI) model comparable to market leaders, but at a significantly lower cost, had a notable impact on global markets, particularly in the US. This development prompted investors to reassess the long-standing assumptions of the dominance of US companies in AI innovation, which had underpinned the strong performance of major US technology and consumer discretionary stocks, especially the "Magnificent Seven".

Trade tariffs were another key theme during the quarter. President Trump announced tariffs on certain countries (Mexico and Canada) and on some goods (cars, steel and aluminium) which buffeted markets as they grappled with the uncertainty over the severity of pending tariff announcements, that were released on 2nd April. While US stocks faltered, Eurozone equities rallied, fuelled by optimism surrounding Germany's new pro-growth administration and strong bank earnings. Energy was the top performing sector, buoyed by geopolitical tensions and rising natural gas prices, while basic materials, healthcare and

utilities also posted gains reflecting a shift toward defensive and inflation-resilient investments. Value stocks outperformed their growth counterparts, while smaller companies lagged as the rising trade uncertainty drove concerns around weaker growth and stronger inflation.

Bond markets reflected the broader macroeconomic uncertainty. US Treasuries rose as recession fears grew and yields fell, while European sovereign bonds underperformed due to expectations of increased issuance to fund new government spending. The Federal Reserve held interest rates steady, but markets began pricing in multiple rate cuts by year-end. In Europe, bond demand rose as investors rotated away from US assets, and UK gilts hit multi-year highs amid inflation concerns and shifting Bank of England policy. Overall, the quarter marked a turning point in global sentiment, with U.S. exceptionalism challenged and Europe emerging as a relative safe haven.

- 4.8. At an individual portfolio level, Brunel's Global High Alpha portfolio gave back returns generated in Q4 2024 returning -4.9%, underperforming the index by 0.3%. Strong stock selection was not enough to offset negative contributions from sector allocation and the portfolio's tilt to growth. The portfolio's overweight to the consumer discretionary sector was the largest negative contributor, whilst an underweight to energy and consumer staples also detracted. The portfolio did benefit from being underweight in some of the large IT stocks that were particularly hard hit during the quarter.

The Global Sustainable Equity portfolio also gave back returns, falling 4.7% over the quarter, marginally underperforming the MSCI ACWI benchmark, which fell 4.2%. In a highly volatile quarter, the portfolio outperformed the benchmark in January and March, but a defence sector/emerging market rally through February accounted for all of the relative underperformance. The portfolio benefitted from its underweight in the Magnificent 7 stocks but its underweight to value held back performance.

The FTSE Developed Paris Aligned Index (PAB) returned -7.9% over the quarter, closely replicating the performance of the benchmark index over the period. Performance was impaired by exposure to the consumer discretionary sector and, in particular, large positions in Tesla and Amazon. The product's low exposure to the energy also hindered returns.

The Diversifying Returns Fund (DRF) returned 3.5% over the first quarter, which was 1.6% ahead of its benchmark (SONIA +3%). Whilst returns from traditional asset classes were poor, with losses across both equities and bonds, alternatives performed well, resulting in a positive performance for this differentiated portfolio in challenging market conditions. The Multi Asset Credit (MAC) fund returned 1.7%, slightly lagging the primary benchmark (SONIA +4%) but ahead of the composite secondary benchmark which returned 0.9%. The MAC portfolio is currently generating a yield of 7.7%.

Turning to private markets, there was mixed performance across asset classes during the period. Infrastructure remained resilient, supported by strong investor interest in energy transition and digital assets, though higher financing costs and regulatory delays posed challenges. Performance was positive across the Brunel Infrastructure cycles. Private debt continued to attract strong demand and although credit spreads widened, default rates remain modest. In the Secured Income portfolios, performance benefited from a reduction in yields and property assets started to see some capital appreciation. Performance was mixed across the cycles.

INVESTMENT STRATEGY AND PORTFOLIO REBALANCING

4.9. Returns versus Strategic Assumptions: Returns versus the strategic assumptions used during the 2023 investment review can be found on p15/16 of Appendix 1. Equity and liquid growth assets classes are generally in line with or exceeding expected returns. Property is below its modelled return and the other private market mandates are largely still in build-up phase or do not have a sufficient track record to properly compare against strategic return assumptions.

1.1. Rebalancing: During the period the Fund rebalanced its equity overweight down by 5% bringing the overall equity allocation down to c. 45%, which is within the rebalancing range set out in the Investment Strategy Statement. This was implemented via the synthetic equity strategy held in within the QIF. Transaction costs incurred were 0.035% (approximately £104,447) which is in line with expectations. The equity protection strategy was also rebalanced to bring the overall coverage ratio closer to the 50% target. Total transaction costs were c. £156k (0.044% of exposure), similar to the levels observed for other transactions. Cost calculations produced by BlackRock have been independently verified by Mercer.

1.2. Responsible Investment (RI) Activity: A summary of portfolio carbon metrics measured by Brunel over the quarter is included on page 10 of Appendix 2. The Fund undertakes in-depth carbon analysis on an annual basis and publishes the results in its Annual Responsible Investment Report, which is cleared by Committee in September.

4.10. Voting and Engagement Activity: As a responsible investor, we actively endorse collaborative engagement and seek to use our power as a shareholder to encourage corporate change. Voting and engagement are delegated to the Brunel Pension Partnership for the actively managed equity portfolios and to Legal and General Investment Management (LGIM) for the passive portfolios. On significant issues, Brunel may request that their shares held by LGIM are split out and a different vote made. The voting records of Brunel and LGIM at company meetings held over the last quarter are summarised in the following table:

Votes cast at company meetings in the quarter to 31 March 2025:

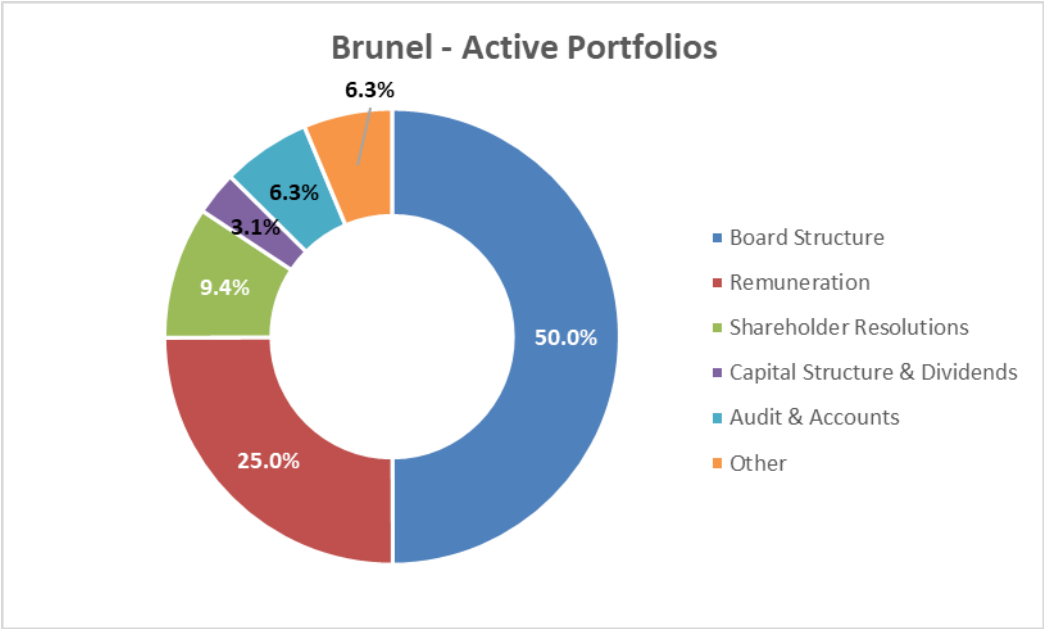
Manager	Quarter to 31 March 2025		
	Number of Meetings	Number of Resolutions	Votes against management recommendation
Brunel/LGIM - Passive Portfolios	127	1673	346
Brunel - Active Portfolios	32	507	32

Points to note:

- Brunel and LGIM actively vote the shares held within their funds on behalf of their client funds, including Avon.
- The votes against management recommendations will reflect matters where there is concern that the company is not addressing the relevant issue and managing it effectively. The Fund would expect that votes against management should be primarily on the priority areas set out in the Fund's Investment Strategy Statement.

An analysis of the issues where votes have been cast against management recommendations is set out below.

Votes against management recommendation by issue – Quarter to 31 March 2025

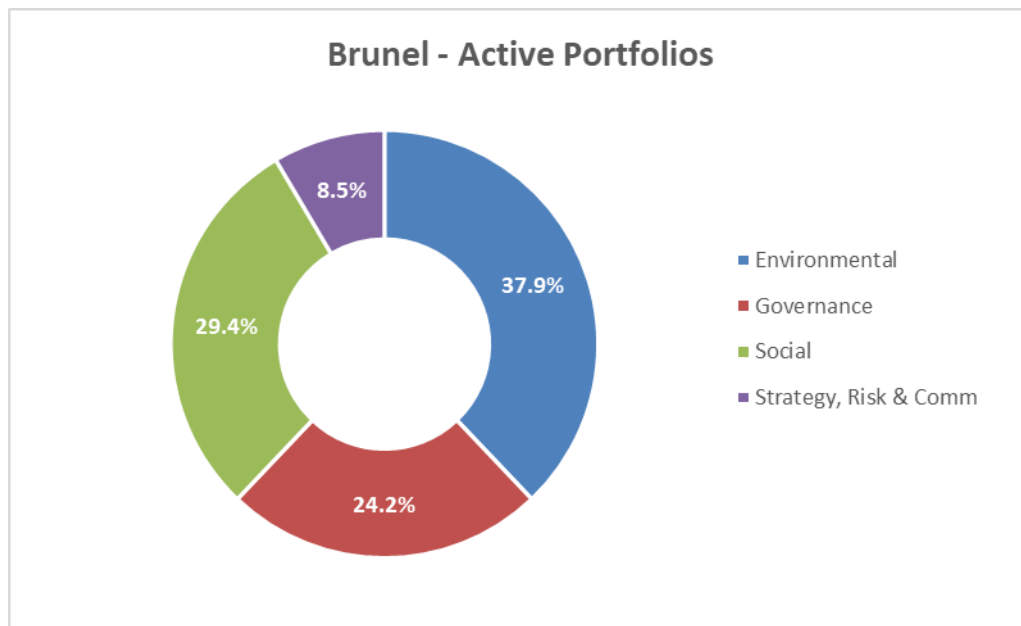


1.1. **Engagement:** Brunel conduct significant engagement with investee companies on behalf of the Fund. A breakdown of the engagement undertaken over the last quarter is summarised as follows:

Company engagement in the quarter to 31 March 2025:

	Quarter to 31 March 2025	
	Number of Companies	Number of Issues
Brunel - Active Portfolios	151	504

Breakdown by issues engaged on:



Further information on Brunel's engagement activity can be found on their website using the following link:

<https://www.brunelpensionpartnership.org/library/>

5. RISK MANAGEMENT

5.1. An effective governance structure, defining clear responsibilities, and ensuring that the decision-making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

6. EQUALITIES

6.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7. CLIMATE CHANGE

7.1. The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and addresses this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8. OTHER OPTIONS CONSIDERED

8.1. None

9. CONSULTATION

9.1. The Head of Pensions has had the opportunity to input to this report and has cleared it for publication.

Contact person	Rebecca Whelan, Senior Investments Officer (Tel. 01225 395355)
Background papers	Data supplied by Mercer, Brunel & State Street Performance

	Measurement
Please contact the report author if you need to access this report in an alternative format	

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Avon Pension Fund

Panel Investment Report
Quarter to 31 March 2025

May 2025

Steve Turner

A business of Marsh McLennan



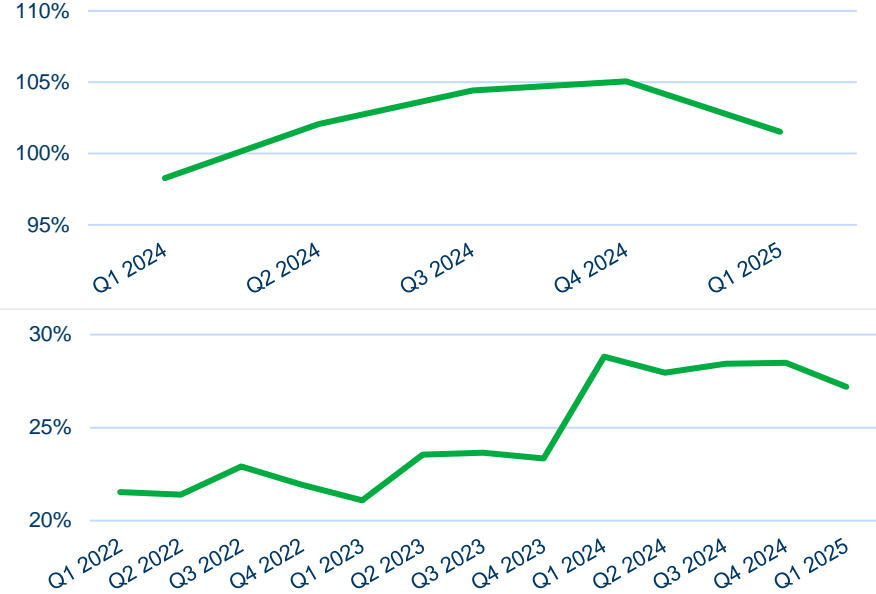
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Executive Summary



Executive Summary

Market background	<ul style="list-style-type: none"> Continued rate cuts by most developed market central banks, the emergence of Deep Seek from China (to challenge US technology leadership through this low-cost rival to ChatGPT), European politics and tariffs were the key themes driving markets in the first quarter of 2025. While the US Federal Reserve held rates unchanged in Q1 2025, it revised lower its GDP growth projections for the year on the back of ‘uncertainty around the economic outlook’. In Europe, Germany’s political landscape and the approval of its €500bn fiscal package took centre-stage. Market sentiment continued to be driven by the soft-landing narrative in the US, as a result of uncertainty around policies under Trump’s presidency. Overall, global equities ended the quarter in the red driven by the considerable uncertainty from tariff and growth concerns. Changes in bond yields were mixed across developed markets. The curve steepened in the UK amidst hawkish BOE cuts, tariff woes and revised budget spending plans.
Funding level and risk	<ul style="list-style-type: none"> The funding level is estimated to have decreased over the quarter to c.102%, as the assets fell alongside an increase in the estimated present value of the liabilities. The funding level is estimated to be 3% higher over the year to 31 March 2025.  <ul style="list-style-type: none"> The Value-at-Risk decreased over the quarter to £1,547m due to the fall in asset values, but fell slightly as a percentage of liabilities to c.27%. As a reminder, the increase in Q1 2024 was primarily due to the agreed reduction in coverage of the Equity Protection Strategy.
Asset allocation and strategy	<ul style="list-style-type: none"> In March, the Synthetic Equity exposure was reduced by £300m to address the overweight position to equities relative to the strategic benchmark. This brought the allocation back to within the target range (+/- 5%). Over the whole quarter, a net amount of c. £2m was drawn down to the private market portfolio. Amongst this was the first capital call towards the Octopus Affordable Housing Fund, of c. £5m. This was effectively funded by a net value of distributions from the rest of the private market assets which have recently been cashflow positive in aggregate.

Executive Summary

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Performance	<ul style="list-style-type: none">In aggregate, negative returns were driven by the equity holdings and LDI (due to a rise in UK gilt yields).The Equity Protection counteracted equity market losses, and most of the alternative Liquid Growth and Illiquid Growth investments were positive.			
	<ul style="list-style-type: none">At the underlying level, relative performance of the mandates against their respective benchmarks was mixed. Notable detractors included the active equity mandates, Overseas Property and Secured Income, whilst the Diversified Returns Fund and Equity Protection Strategy were positive contributors.			
	<ul style="list-style-type: none">Underperformance relative to the strategic benchmark over the one-year period was driven by the active equity mandates, the Equity Protection Strategy (as expected in a positive environment for equity markets), the Diversified Returns Fund and the Overseas Property mandate, as well as the way in which the LDI allocation is reflected in the methodology for total Fund benchmark returns.			
	<ul style="list-style-type: none">The drivers of underperformance over the three year period were the active equity, Equity Protection, Liquid Growth, Property and Secured Income mandates.			
	<ul style="list-style-type: none">The Currency Hedge added to returns over the three month, one year and three year periods, due to the strengthening of Sterling.			
	<ul style="list-style-type: none">Absolute returns compared to the strategic returns modelled at the strategy review in 2023 have been positive for three out of four of the Equity mandates, with Sustainable Equities being the exception due to manager underperformance.Within the Liquid Growth portfolio, relative returns have been positive for the Multi-Asset Credit mandate but negative for the Diversified Returns mandate.Absolute returns have been negative for the Illiquid Growth assets except for Private Debt Cycle 3. However, many of these assets are still in the drawdown phase.			
Liability hedging mandate	<ul style="list-style-type: none">BlackRock was in compliance with the investment guidelines over the quarter.The interest rate and inflation hedge ratios are c.29% and c.15% respectively (as a proportion of assets).The inflation triggers were reinstated in September 2024, which allow BlackRock to trade up to a 40% (as a % of assets) inflation hedge ratio in aggregate if triggers are attained.			
Collateral position	<ul style="list-style-type: none">Inclusive of assets within the collateral waterfall and the updated collateral monitoring framework, there was a total interest rate buffer of 9.6% as at end March 2025.BlackRock would request additional collateral if the interest rate buffer fell below 3%.			

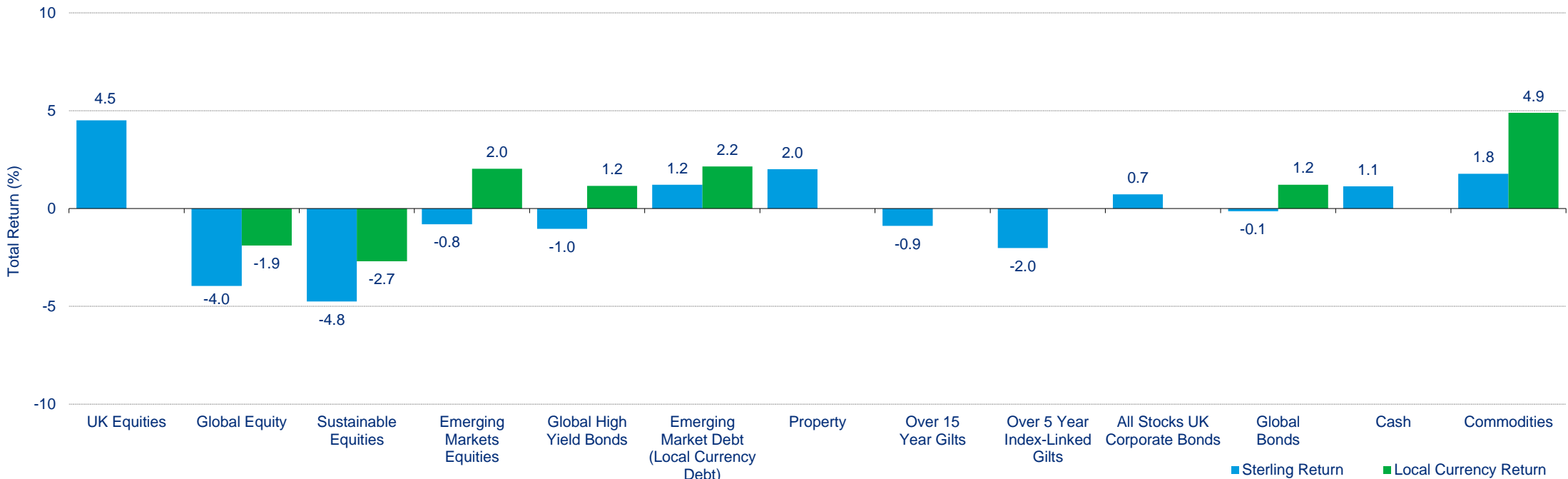
Market Background



Market Background

Return over 3 months to 31 March 2025 (%)

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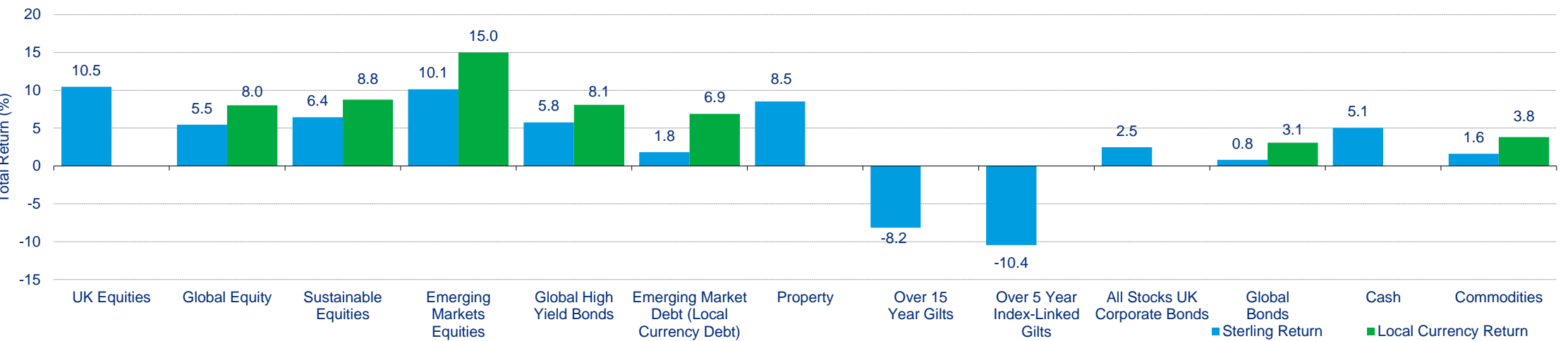


Continued rate cuts by most developed market central banks, the emergence of Deep Seek from China (to challenge US technology leadership through this low-cost rival to ChatGPT), European politics and tariffs were the key themes driving markets in the first quarter of 2025. While the US Federal Reserve held rates unchanged in Q1 2025, it revised lower its GDP growth projections for the year on the back of ‘uncertainty around the economic outlook’. In Europe, Germany’s political landscape and the approval of its €500bn fiscal package took centre-stage. Market sentiment continued to be driven by the soft-landing narrative in the US, as a result of uncertainty around policies under Trump’s presidency.

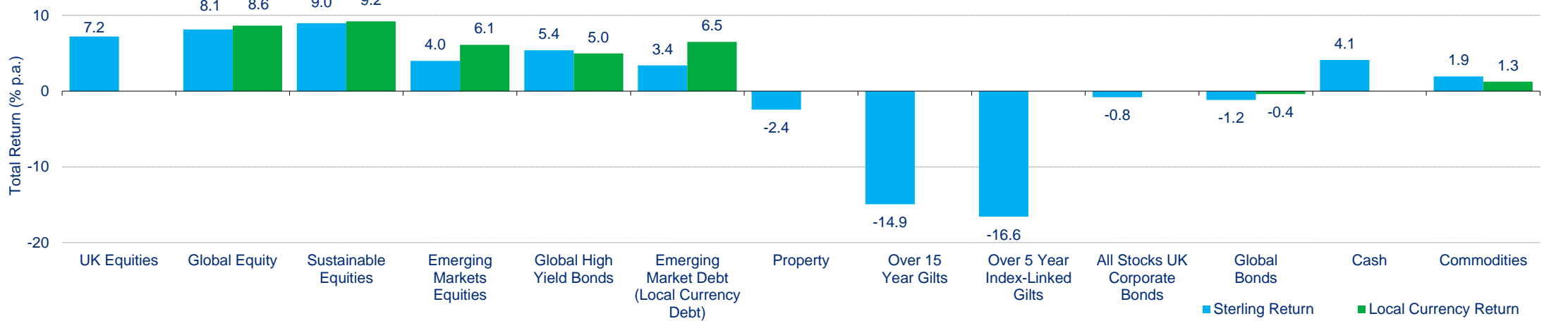
Overall, bond yields were mixed across developed markets, while global equities ended the quarter in the red.

Market Background – 1 & 3 Years

Return over 1 year to 31 March 2025 (%)



Return over 3 years to 31 March 2025 (% p.a.)



Funding Level and Risk



Funding Level and Deficit

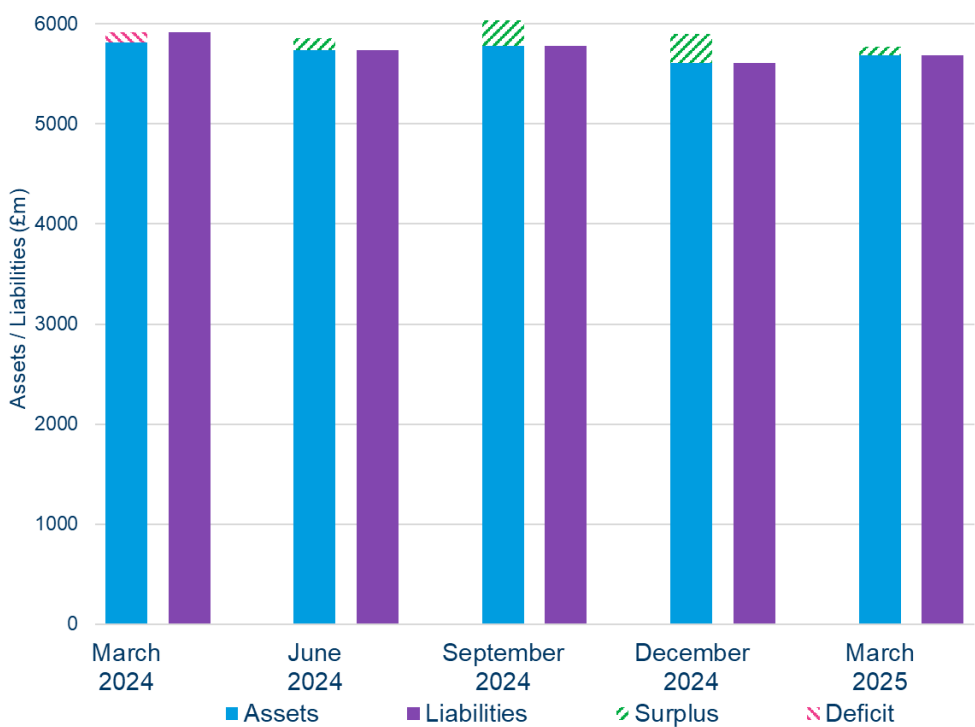
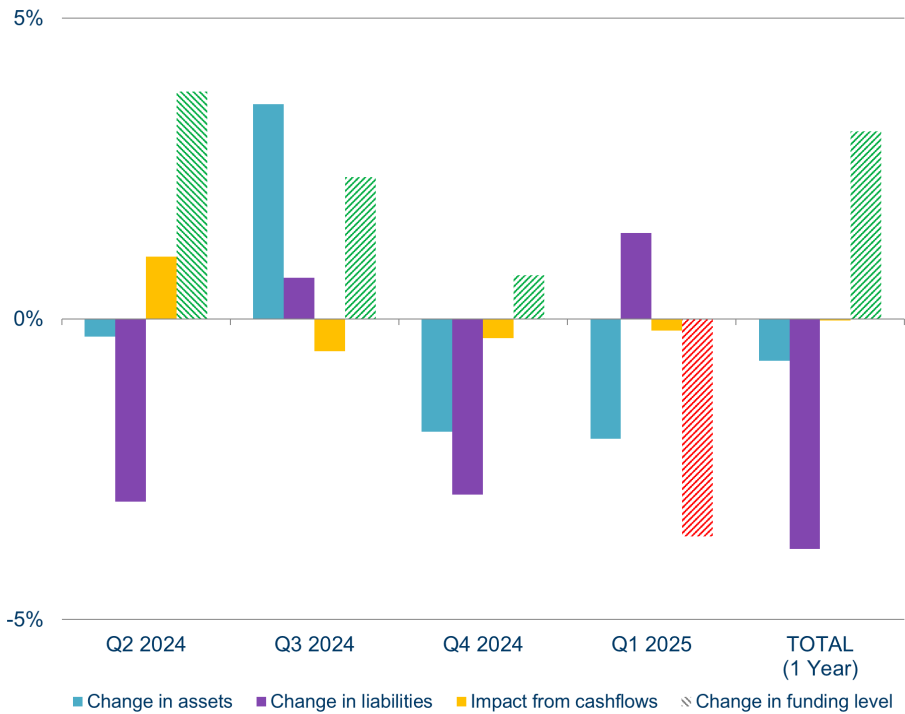
The Fund’s assets returned -1.9% over the quarter. The liabilities are estimated to have risen by 1.4%, which allows for market movements, benefit accrual and benefits paid.

The combined effect of this saw the estimated funding level decrease to c.102%.

The funding level is estimated to be c.3% higher over the year to 31 March 2025.

The surplus was estimated to have decreased over Q1 from £289m to £86m.

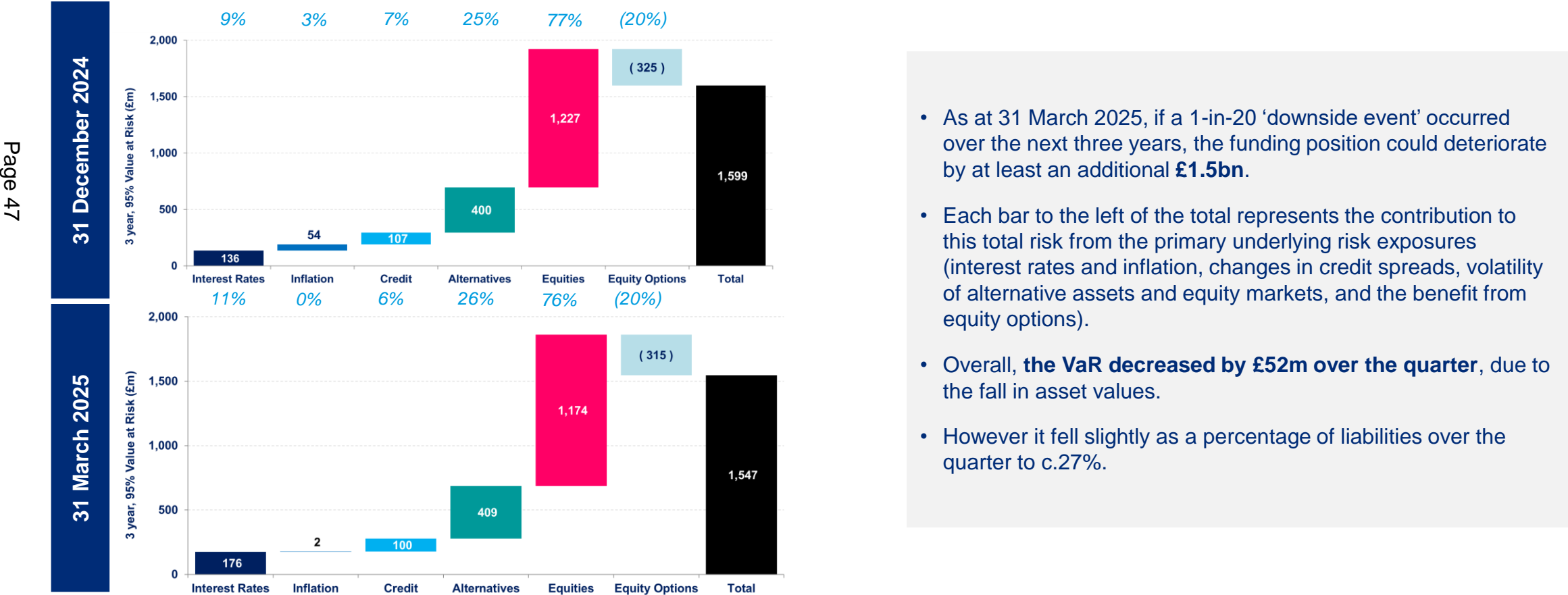
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Liability values are estimated by Mercer. They are based on the actuarial valuation assumptions as at 31 March 2022 and the ‘CPI plus’ discount basis. This margin above CPI is dynamic, and so changes on a monthly basis due to market conditions and is reviewed each quarter to also consider any changes in return outlook. This can sometimes result in retrospective changes to previous liability value estimates presented in previous reports. Impact figures are estimated by Mercer.

Risk Decomposition – 3 Year Value at Risk

- The two charts below illustrate the main risks that the Fund is exposed to, and the size of these risks in the context of the change in the deficit position.
- The purpose of showing these is to ensure there is an awareness of the risks faced and how they change over time, and to initiate debate on an ongoing basis around how to best manage these risks, so as not to lose sight of the ‘big picture’.
- The final columns show the estimated 95th percentile Value-at-Risk (VaR) over a one-year period. In other words, if we consider a downside scenario which has a 1-in-20 chance of occurring, what would be the impact on the deficit relative to our ‘best estimate’ of what the deficit would be in three years’ time.



Performance Summary



Total Fund Performance

	3 Months (%)	1 Year (%)	3 Years (% p.a.)
Total Fund (1)	-1.9	-0.6	-0.2
Total Fund (ex currency hedge)	-2.4	-1.2	-0.3
Strategic Benchmark (2) (ex currency hedge)	-1.8	4.8	4.3
Relative (1 - 2)	-0.1	-5.4	-4.5

Source: Custodian, Mercer estimates. Returns are net of fees. 'Relative' figures may not sum due to rounding.

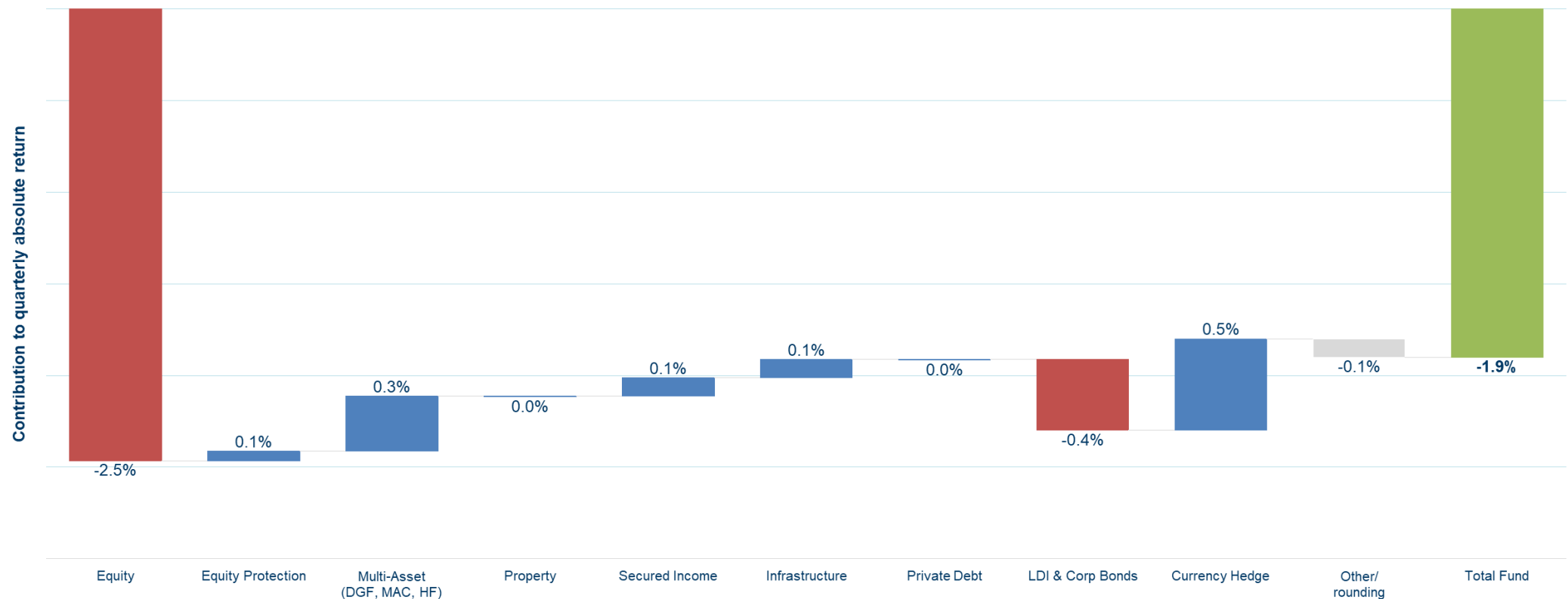
Commentary

- As illustrated on the next slide, negative returns were predominantly driven by the Equity and LDI holdings.
- The Equity Protection offset this to dampen equity market losses, and most of the alternative Liquid Growth and Illiquid Growth investments were positive.
- At the underlying level, relative performance of the mandates against their respective benchmarks were mixed. Notable detractors included the active equity mandates, Overseas Property and Secured Income, whilst the Diversified Returns Fund and Equity Protection Strategy were contributors.
- Underperformance relative to the strategic benchmark over the one-year period was driven by the active equity mandates, the Equity Protection Strategy (as expected in a positive environment for equity markets), the Diversified Returns Fund and the Overseas Property mandate, as well as the way in which the LDI allocation is reflected in the methodology for total Fund benchmark returns*.
- The drivers of underperformance over the three year period were the Active Equity, Equity Protection, Liquid Growth, Property and Secured Income mandates.
- The Currency Hedge added to returns over the three month, one year and three year periods, due to the strengthening of Sterling.

*With regards to LDI, the total Fund benchmark assumes a fixed target % allocation, whereas in practice the allocation can vary materially, with the portfolio still delivering the expected performance in £ terms as it hedges the relevant liability exposures. As LDI performance was negative in Q4 2024 and Q1 2025 due to gilt yield movements, and the % allocation to LDI was above the SAA, this has had an unusually large impact on total performance.

Total Fund Performance Attribution – Quarter

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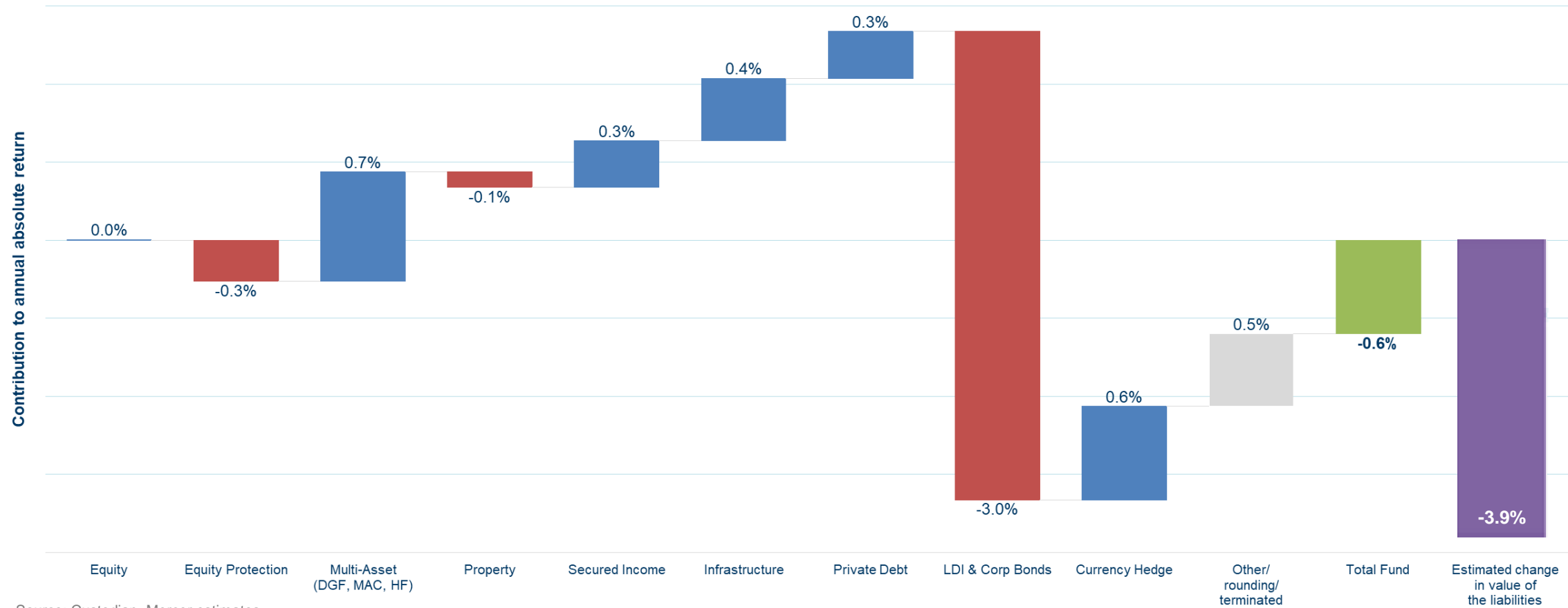


Source: Custodian, Mercer estimates.

Negative returns were driven by the Equity holdings and LDI (due to a rise in UK gilt yields).
The Equity Protection counteracted equity market losses, although the effects are less visible quarter-on-quarter in terms of the 'profit and loss'.
In aggregate, each of the alternative Liquid Growth and Illiquid Growth asset class buckets were positive.
The Currency Hedge contribution was positive due to the strengthening of Sterling.

Total Fund Performance Attribution – 1 Year

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Source: Custodian, Mercer estimates.

The LDI was also the main driver of negative returns over the one year period, although the liabilities fell by a greater extent, in line with expectations.

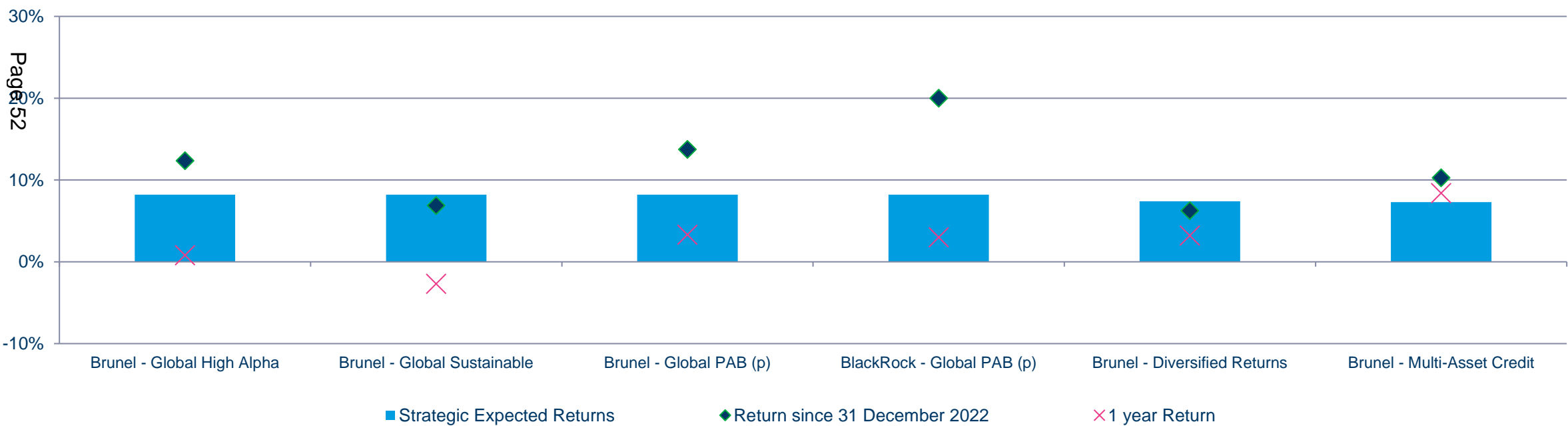
The overall contribution of the Equity holdings was flat due to the significant underperformance of the active mandates. The Equity Protection detracted due to the rise in underlying equity markets.

Each of the Liquid Growth and Illiquid Growth asset class buckets were also positive over the year, except for Property.

The Currency Hedge contribution was positive due to the strengthening of Sterling.

Performance vs. Expected Strategic Returns

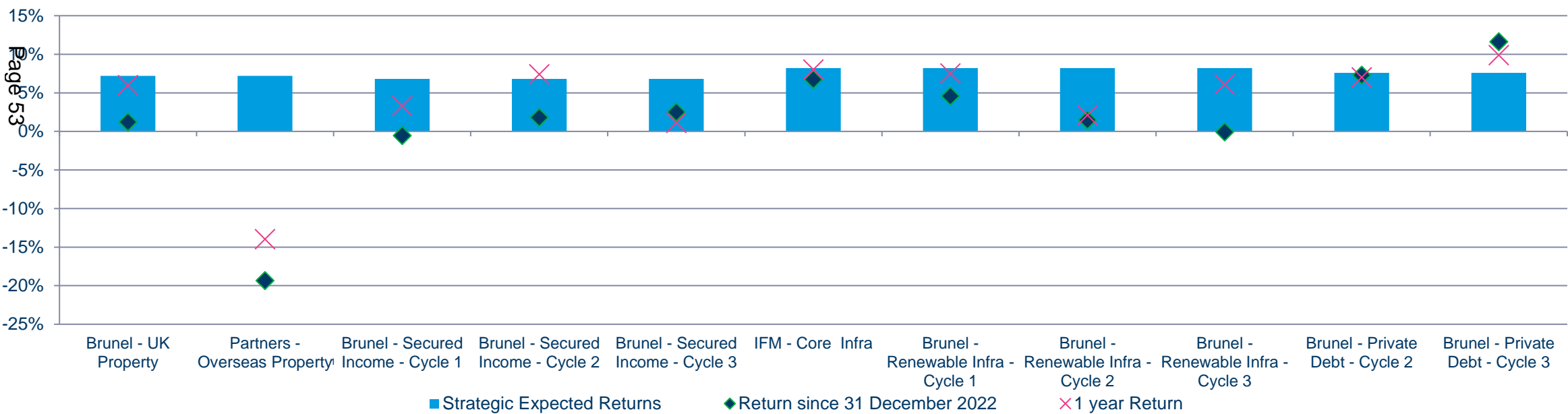
Growth Asset	Brunel Global High Alpha	Brunel Global Sustainable	Brunel / BlackRock Passive Global PAB	Brunel Diversified Returns	Brunel Multi-Asset Credit
Benchmark Allocation	10.5%	10.5%	20.5%	6.0%	6.0%
Commentary	Returns above expectations since December 2022 due to equity market strength, though mandate has underperformed the benchmark over this period.	Returns below expectations since December 2022 (despite equity market strength) due to manager underperformance.	Brunel PAB (FTSE index) returns above expectations since December 2022 due to equity market strength. BlackRock synthetic PAB (MSCI index) returns above expectations since May 2023; when exposure was put in place.	Returns below expectations since December 2022, due to muted returns in 2024.	Returns above expectations since December 2022 thanks to strength in high-yield debt markets.



Notes:
 We have illustrated the performance of the key mandates within the Fund’s investment strategy.
 Actual returns are from 31 December 2022 to 31 March 2025, except if otherwise stated below. Returns for periods over a year have been annualised.
 The strategic expected returns are from the 2023 strategy review, which reflect the 10 year mean Mercer Q4 2022 asset model assumptions.
 Mandates with a track record less than one year have not yet been included.

Performance vs. Expected Strategic Returns

Growth Asset	Brunel UK Property	Partners Overseas Property ¹	Brunel Secured Income	IFM Core Infra	Brunel Renewable Infra	Brunel Private Debt
Benchmark allocation	3.5%	3.5%	9.0%	4.0%	5.0%	4.5%
Commentary	Returns below expectations since December 2022 due to the challenges seen in Property markets. Since inception performance for the winding down Partners mandate is more favourable at 2.1% p.a. IRR (net GBP). The Secured Income mandates came out of the drawdown phase relatively recently, with the last capital call to Cycle 3 occurring in Q2 2024.			Returns slightly below expectations since December 2022. Returns prior to this date, since the mandate's inception, are noticeably stronger.	Returns for all cycles below expectations since December 2022. Mandates are still in the drawdown phase; the first drawdowns were in Q1 2019, Q4 2020 and Q4 2022 respectively. Returns for all cycles are stronger over their since inception periods.	Returns marginally below expectations for Cycle 2 and above for Cycle 3 since December 2022. Mandates are still in the drawdown phase



Notes:
We have illustrated the performance of the key mandates within the Fund's investment strategy. Actual returns are from 31 December 2022 to 31 March 2025, except if otherwise stated below. Returns for periods over a year have been annualised. The strategic expected returns are from the 2023 strategy review, which reflect the 10 year mean Mercer Q4 2022 asset model assumptions. Mandates with a track record less than one year have not yet been included.
¹ Returns are shown up to 31 December 2024, as this is the latest data available.

Mandate Performance to 31 March 2025

Manager / Asset Class	3 Months			1 Year			3 Year			3 Year Performance Target (% p.a.)***	3 Year Performance vs Target
	Fund (%)	B'mark (%)	Relative (%)	Fund (%)	B'mark (%)	Relative (%)	Fund (% p.a.)	B'mark (% p.a.)	Relative (% p.a.)		
Brunel Global High Alpha Equity	-4.9	-4.6	-0.3	0.8	5.2	-4.4	6.9	8.8	-1.9	+2-3	Target not met
Brunel Global Sustainable Equity	-4.7	-4.2	-0.5	-2.7	5.3	-8.0	2.8	8.1	-5.3	+2	Target not met
Brunel Passive Global Equity Paris-Aligned	-7.9	-7.8	-0.1	3.3	3.4	-0.1	8.0	8.1	-0.1	-	N/A (p)
MSCI World Paris-Aligned (Synthetic)*	-5.6	-6.9	+1.3	-0.1	3.3	-3.4	-	-	-	-	N/A (p)
Brunel Diversified Returns Fund	3.5	1.9	+1.6	3.2	8.1	-4.9	3.6	7.2	-3.6	-	Target not met
Brunel Multi-Asset Credit	1.7	2.1	-0.4	8.4	9.2	-0.8	5.4	8.2	-2.8	-	Target not met
Brunel UK Property	1.8	1.4	+0.4	6.0	6.3	-0.3	-4.1	-3.4	-0.7	-	Target not met
Partners Overseas Property**	-4.7	2.5	-7.2	-14.0	10.0	-24.0	-14.4	10.0	-24.4	-	Target not met
Brunel Secured Income - Cycle 1	1.4	0.7	+0.7	3.3	2.6	+0.7	-4.2	5.2	-9.4	+2	Target not met
Brunel Secured Income - Cycle 2	-0.7	0.7	-1.4	7.4	2.6	+4.8	-1.2	5.2	-6.4	+2	Target not met
Brunel Secured Income - Cycle 3	-0.6	0.7	-1.3	1.1	2.6	-1.5	-	-	-	+2	N/A
IFM Core Infrastructure	1.9	2.3	-0.4	8.0	10.3	-2.3	7.5	9.3	-1.8	-	Target not met
Brunel Renewable Infrastructure - Cycle 1	2.3	0.7	+1.6	7.5	2.6	+4.9	7.5	5.2	+2.3	+4	Target not met
Brunel Renewable Infrastructure - Cycle 2	0.0	0.7	-0.7	2.1	2.6	-0.5	7.5	5.2	+2.3	+4	Target not met
Brunel Renewable Infrastructure - Cycle 3	0.7	0.7	0.0	6.1	2.6	+3.5	-	-	-	+4	N/A
Brunel Private Debt - Cycle 2	0.0	2.1	-2.1	7.0	9.2	-2.2	9.7	8.2	+1.5	-	Target met
Brunel Private Debt - Cycle 3	3.3	2.1	+1.2	9.9	9.2	+0.7	-	-	-	-	N/A
Schroders Greencoat Wessex Gardens	-1.1	1.9	-3.0	5.0	8.1	-3.1	-	-	-	-	N/A
Octopus Affordable Housing	-	-	-	-	-	-	-	-	-	-	N/A
BlackRock Corporate Bonds	0.1	0.1	0.0	0.4	0.4	0.0	-5.8	-5.8	0.0	-	N/A (p)
BlackRock LDI	-1.4	-0.9	-0.5	-11.6	-10.2	-1.3	-8.5	-7.9	-0.6	-	N/A (p)
Equity Protection Strategy	0.2	N/A	N/A	-1.0	N/A	N/A	-2.3	N/A	N/A	-	N/A

Source: Investment Managers, Custodian, Mercer estimates. Returns are net of fees, unless otherwise stated. Returns are in GBP terms

Relative returns are calculated arithmetically.

A summary of the benchmarks for each of the mandates is given in the Appendix.

Green = mandate exceeded target. Red = mandate underperformed target. Black = mandate performed in line with target (mainly reflecting passive mandates).

Performance for Partners in IRR terms. Performance for IFM is in TWR terms.

Performance of the Equity Protection Strategy is estimated by Mercer based on the change in market value of the options over time, accounting for realised profit/loss upon rolling of the strategy.

Performance for the LDI portfolio is estimated by Mercer based on the change in exposure. These returns are gross of fees.

*Performance for MSCI World Paris-Aligned (Synthetic) has been converted to GBP by Mercer, as the associated index is denominated in USD. There will therefore be differences between actual performance and the benchmark shown as a result of only a portion of the mandate (the profit/loss on the positions) being exposed to currency movements, whilst the benchmark is entirely exposed to currency movements. The funding leg strain of synthetic equity will also have an impact on the mandate's relative performance, however this is offset elsewhere within the BlackRock portfolio so does not have an impact on overall relative performance.

**Partners performance is to 31 December 2024, as this is the latest data available.

***Where the outperformance target has not already been incorporated into the benchmark returns shown. See Appendix for further details.

Asset Allocation



Valuation by Asset Class

Asset Class	Start of Quarter (£'000)	End of Quarter (£'000)	Start of Quarter (%)	End of Quarter (%)	Benchmark (%)	Ranges (%)			Relative (%)
Global Equity	833,633	798,991	14.1%	13.8%	10.5	5.5	-	15.5	+3.3%
Global Sustainable Equity	680,760	648,956	11.5%	11.2%	10.5	5.5	-	15.5	+0.7%
Paris-Aligned Equity*	1,380,736	983,464	23.4%	17.0%	20.5	12.5	-	28.5	-3.5%
Total Equity	2,895,129	2,431,412	49.1%	42.1%	41.5	36.5	-	46.5	0.6%
Diversified Returns Fund	372,269	385,269	6.3%	6.7%	6.0	3	-	9	+0.7%
Multi-Asset Credit	363,090	369,145	6.2%	6.4%	6.0	3	-	9	+0.4%
Total Liquid Growth	735,359	754,414	12.5%	13.1%	12.0	7	-	17	+1.1%
Property	293,785	287,108	5.0%	5.0%	7.0	No set range			-2.0%
Secured Income	628,543	620,690	10.7%	10.7%	9.0	No set range			+1.7%
Core Infrastructure	242,402	246,967	4.1%	4.3%	4.0	No set range			+0.3%
Renewable Infrastructure	224,196	235,618	3.8%	4.1%	5.0	No set range			-0.9%
Private Debt	246,495	252,095	4.2%	4.4%	4.5	No set range			-0.1%
Local / Social Impact	36,646	40,984	0.6%	0.7%	3.0	No set range			-2.3%
Total Illiquid Growth	1,672,068	1,683,463	28.3%	29.1%	32.5	No set range			-3.4%
Corporate Bonds	182,357	182,592	3.1%	3.2%	2.0	No set range			+1.2%
LDI & Equity Protection	1,179,391	1,112,590	20.0%	19.3%	12.0	No set range			+7.3%
Total Protection	1,361,748	1,295,182	23.1%	22.4%	14.0	No set range			+8.4%
<i>Synthetic Equity Offset*</i>	-901,242	-541,658	-15.3%	-9.4%	-	-			-
Other**	135,408	153,279	2.3%	2.7%	-	0	-	5	+2.7%
Total	5,898,491	5,776,113	100.0%	100.0%	100%				

Source: Custodian, Investment Managers, Mercer.

Totals may not sum due to rounding.

*Paris-Aligned includes synthetic exposure via the BlackRock QIF; Synthetic Equity Offset reflects an offsetting value to account for the difference between the exposure to equity markets and the actual mark to market value of the holding.

**Valuation includes the Fund of Hedge Fund mandate (due to be terminated), internal cash, the ETF and currency instruments.

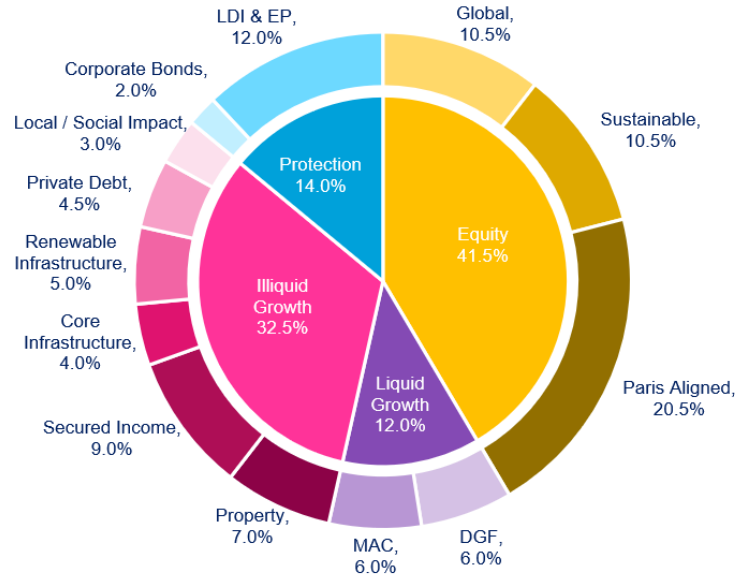
Valuation by Manager

Manager	Asset Class	Start of Quarter (£'000)	Cashflows (£'000)	End of Quarter (£'000)	Start of Quarter (%)	End of Quarter (%)
Brunel	Global High Alpha Equity	763,848	-	726,463	12.9	12.6
Brunel	Global Sustainable Equity	680,760	-	648,956	11.5	11.2
Brunel	Passive Global Equity Paris Aligned	479,494	- 12	441,806	8.1	7.6
BlackRock	MSCI Paris-Aligned (Synthetic)*	901,242	- 300,000	541,658	15.3	9.4
Brunel	Diversified Returns Fund	372,269	-	385,269	6.3	6.7
JP Morgan	Fund of Hedge Funds	18,789	- 3,570	15,206	0.3	0.3
Brunel	Multi-Asset Credit	363,090	-	369,145	6.2	6.4
Brunel	UK Property	185,498	- 355	188,821	3.1	3.3
Schroders	UK Property	14,403	-	13,105	0.2	0.2
Partners	Overseas Property	93,884	- 4,049	85,183	1.6	1.5
Brunel	Secured Income – Cycle 1	291,611	- 7,112	288,336	4.9	5.0
Brunel	Secured Income – Cycle 2	99,638	- 792	98,202	1.7	1.7
Brunel	Secured Income – Cycle 3	237,295	- 1,768	234,152	4.0	4.1
Brunel	Core Infrastructure	242,402	-	246,967	4.1	4.3
Brunel	Renewable Infrastructure – Cycle 1	116,949	- 2,230	117,541	2.0	2.0
Brunel	Renewable Infrastructure – Cycle 2	87,342	+ 5,461	92,986	1.5	1.6
Brunel	Renewable Infrastructure – Cycle 3	19,905	+ 4,902	25,092	0.3	0.4
Brunel	Private Debt – Cycle 2	184,131	-	184,131	3.1	3.2
Brunel	Private Debt – Cycle 3	62,363	+ 3,107	67,964	1.1	1.2
BlackRock	Corporate Bonds	182,357	-	182,592	3.1	3.2
BlackRock	LDI & Equity Protection	1,179,391	-	1,112,590	20.0	19.3
BlackRock	Synthetic Equity Offset*	- 901,242	+ 300,000	- 541,658	-15.3	-9.4
Record	Currency Hedging (incl. collateral)	49,357	-	85,350	0.8	1.5
BlackRock	ETF	24,390	-	23,701	0.4	0.4
Schroders Greencoat	Wessex Gardens	36,646	- 649	35,591	0.6	0.6
Octopus	Affordable Housing	-	- 5,393	5,393	0.0	0.1
-	Internal Cash	112,227	-11,327	101,119	1.9	1.8
-	Residual Assets	430	-	432	0.0	0.0
Total		5,898,491	- 13,001	5,776,113	100.0	100.0

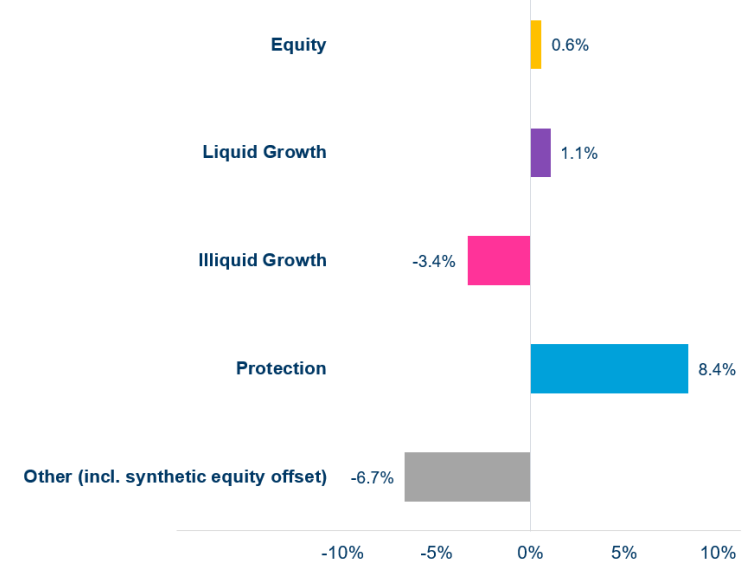
Source: Custodian, Investment Managers, Mercer. Totals may not sum due to rounding. The cashflow column shows only the cash movements within the asset portfolio. It does not include non-investment cash movements such as employer contributions or pension payments made, however these amounts are included in the 'Internal Cash' start and end balance to reflect the asset value position of the total Fund. * MSCI Paris-Aligned synthetic exposure is via the BlackRock QIF; Synthetic Equity Offset reflects an offsetting value to account for the difference between the exposure to equity markets and the actual mark to market value of the holding.

Positioning relative to target

Strategic Asset Allocation (“SAA”)



Relative positioning



Commentary

- The Plan last updated its Strategic Asset Allocation as part of the 2023 Investment Strategy Review. The 2025 Investment Strategy Review is now underway, which may see further changes to the overall buckets and/or underlying allocations.
- The right hand side chart displays the actual relative weights of the key portfolio building blocks compared to the current SAA:
 - The underweight to Illiquid Growth reflects the fact that in aggregate, capital is still being drawn (i.e. in excess of distributions being returned).
 - The overweight to Protection reflects the collateral boost provided by the synthesising of some of the Equity allocation; meaning that in practice an overweight to this building block is likely to persist and is unlikely to trigger any consideration for action, which would continue to be driven more specifically by collateral adequacy requirements.
- In March, the Synthetic Equity exposure was reduced by £300m to address the overweight position to Equity (c. 8.6% as at 31 December) relative to the strategic benchmark. This brought the allocation back to within the target range (+/- 5%).
- Over the quarter, a net amount of c. £2m was drawn down to the private market portfolio. Amongst this was the first capital call towards the Octopus Affordable Housing Fund, of c. £5m. This was effectively funded by a net value of distributions from the rest of the private market assets which have recently been cashflow positive in aggregate.

Appendix

Q1 2025 Equity Market Review

In Q1 2025, global equities declined in local and sterling terms as considerable uncertainty from tariff and growth concerns weighed on risk assets. Within equities, emerging markets outperformed developed markets. Initially during the quarter, the risk off sentiment and the potential tariff threats weighed on emerging market equities. Later, stronger Chinese equities, weaker US dollar and higher commodity prices supported the market. Chinese equities were higher as additional government stimulus measures supported the economy and advances in artificial intelligence by Chinese companies boosted returns.

Global equities declined 4.0% in unhedged sterling terms and -1.9% in local currency terms as sterling appreciated against the US dollar.

US equities returned -4.3% in local currency terms, whilst European (ex-UK) equities returned 6.4%, and Japanese equities returned -3.9%.

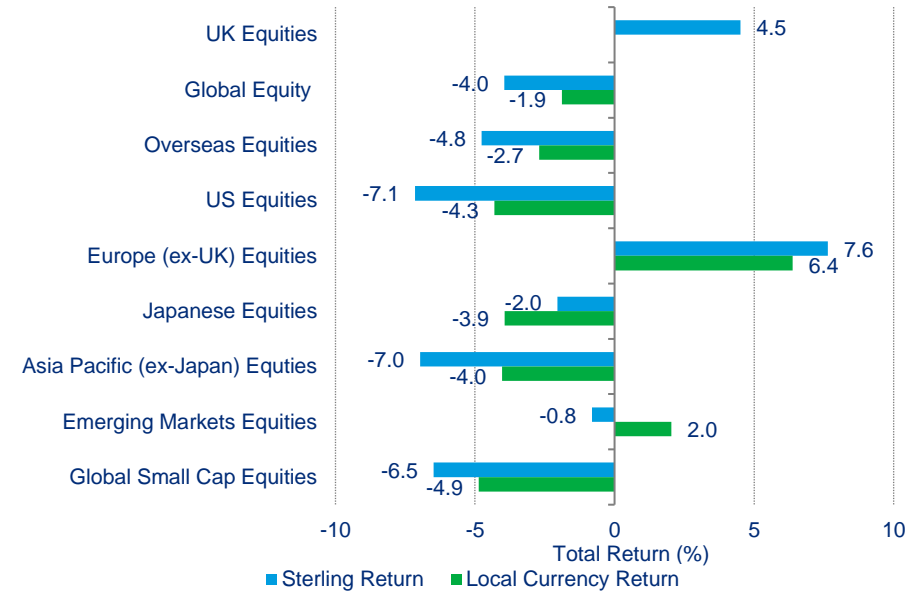
Emerging markets equities returned 2.0% in local terms.

Global small cap stocks returned -4.9% in local terms, amid ongoing worries around the global economic outlook.

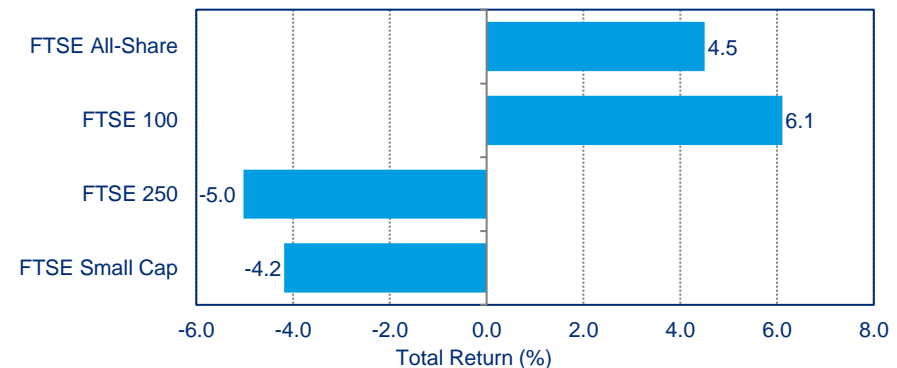
The **FTSE All Share** index returned 4.5% over the quarter, with the large-cap **FTSE 100** index returning 6.1%. More domestically focused equities (**FTSE 250**) also produced negative returns of 5.0%. The **small-cap** index produced a negative 4.2% return.

Sentiment towards UK small and mid-sized companies continued to deteriorate over the quarter.

Equity Performance

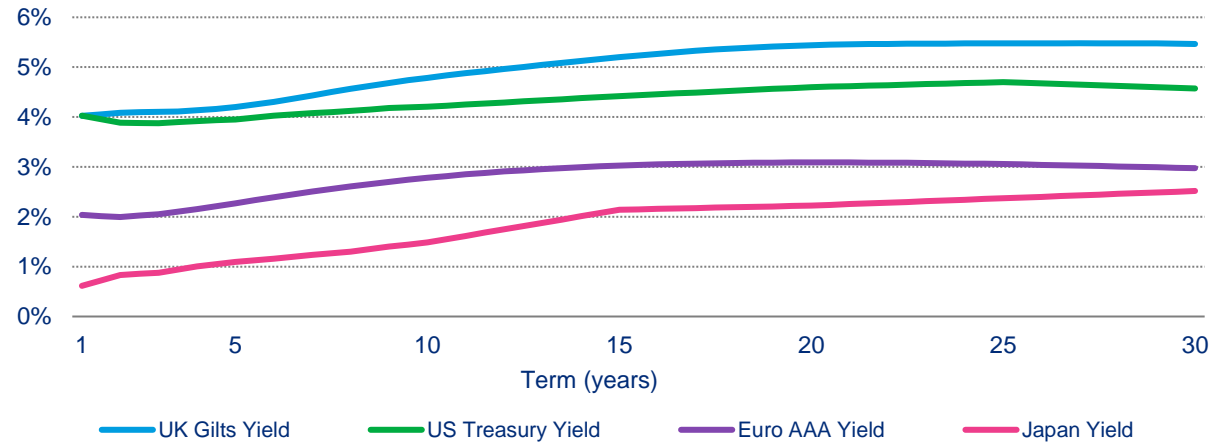


FTSE Performance by Market Cap

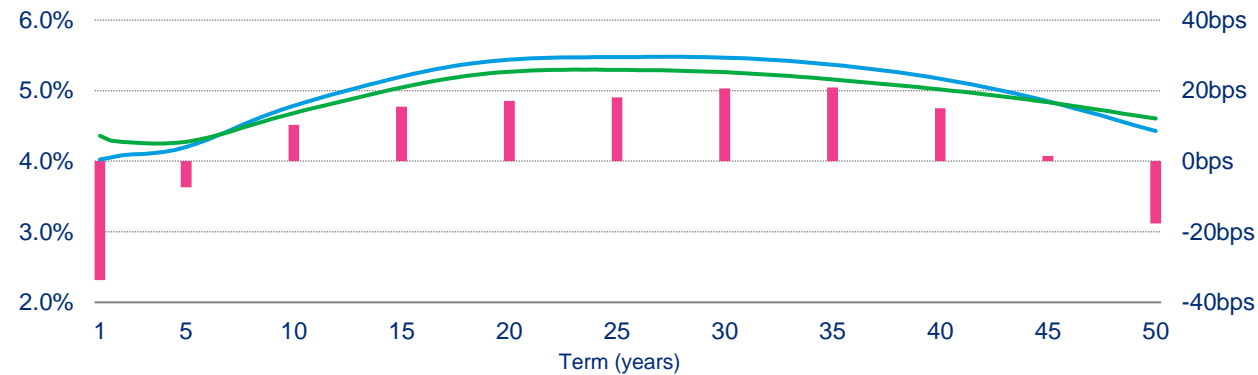


Q1 2025 Bond Market Review

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Source: Mercer and Bloomberg



Source: Mercer

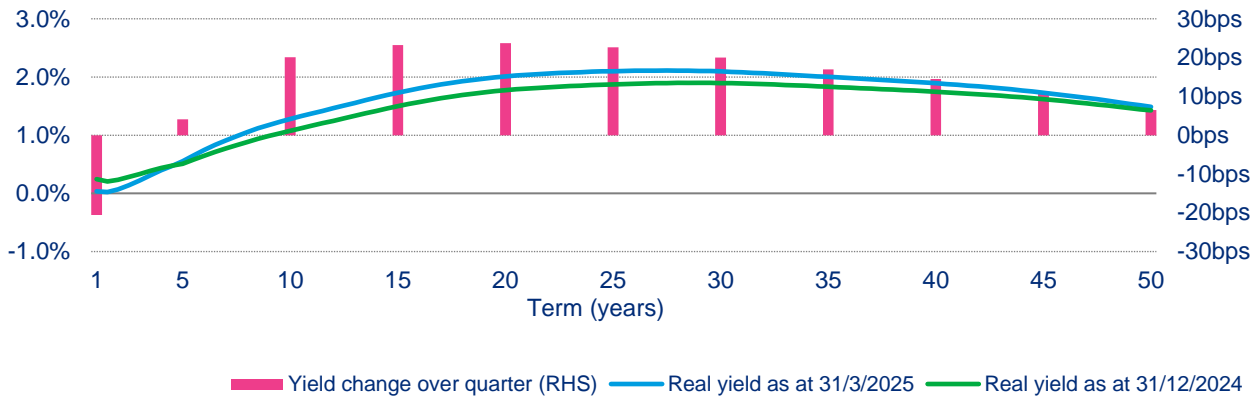
Government Bond Yields

Global government bond yields were mixed over the first quarter.

In the US, Treasury yields declined on prospects of increased Fed rate cuts this year in response to signs of slowing US economic growth. In contrast, German bund yields moved higher following the sizeable fiscal announcement. Market uncertainty around Trump's economic agenda also added to the sell-off. Meanwhile, in the UK, the yield curve steepened in the quarter amidst hawkish BOE cuts, tariff woes and revised budget spending plans.

The 10-year benchmark bond yield in the US eased 0.37%, closing the quarter at 4.21%. In contrast, the UK and German 10-year yield rose 0.11% and 0.37%, respectively. The 10-year JGB yield also moved higher by 0.40% during the quarter as the macro landscape warranted more BOJ rate hikes.

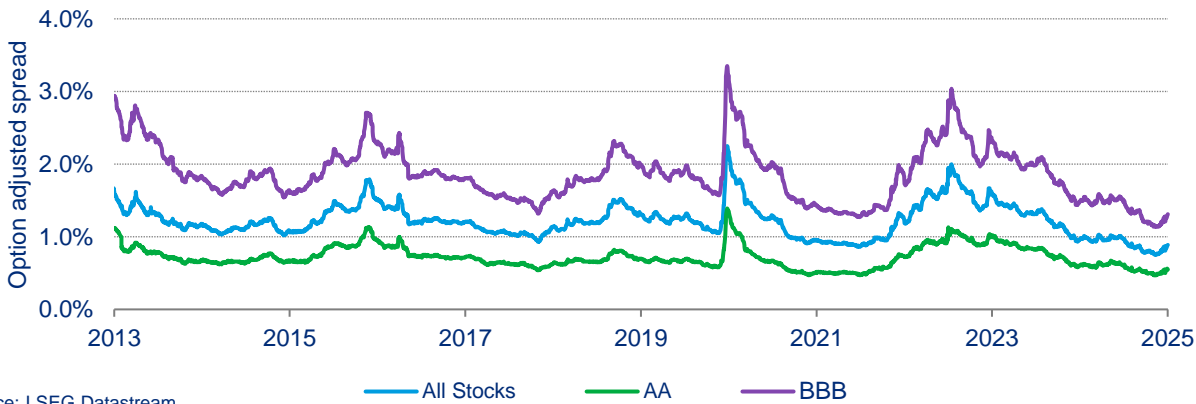
Q1 2025 Bond Market Review



Source: Mercer

UK Index-Linked Gilt Yields

UK real yields rose across the curve over the last quarter, with the 10-year real yield touching its highest level since 2009. Amidst signs of weak economic growth and sticky inflation, BOE cut rates by 25bps in Q1 2025, even as some stickiness in services inflation on account of wage growth was still prevalent. The cut was however followed by hawkish comments, warning of a temporary spike in inflation and uncertainty around growth prospects against the backdrop of a prospective global trade war. UK 5-year, 10-year and 30-year breakeven rates finished the quarter at 3.02%, 3.39% and 3.12%, respectively, down 10bps, 12bps and 5bps, from the previous quarter.



Source: LSEG Datastream

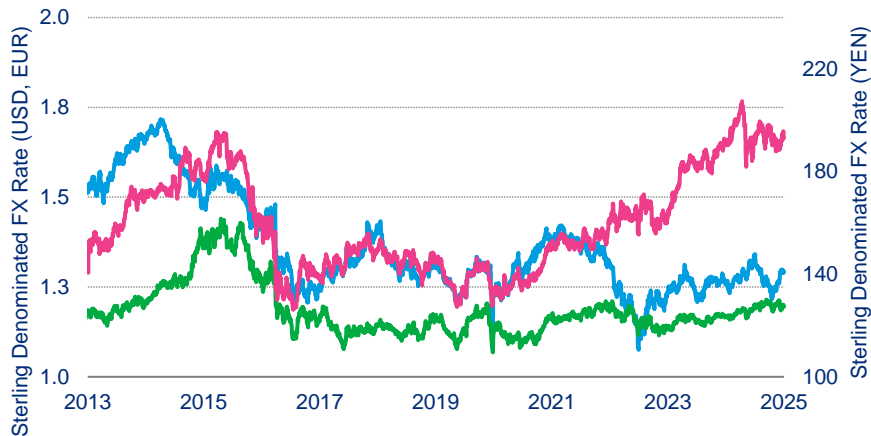
Corporate bonds

Spreads on UK investment-grade credit widened marginally across the credit quality spectrum through the first quarter, with spreads for AA-rated credit up 5bps at 55bps, and that of BBB-rated credit up 1 bps at 131bps.

Q1 2025 Currency Market Review

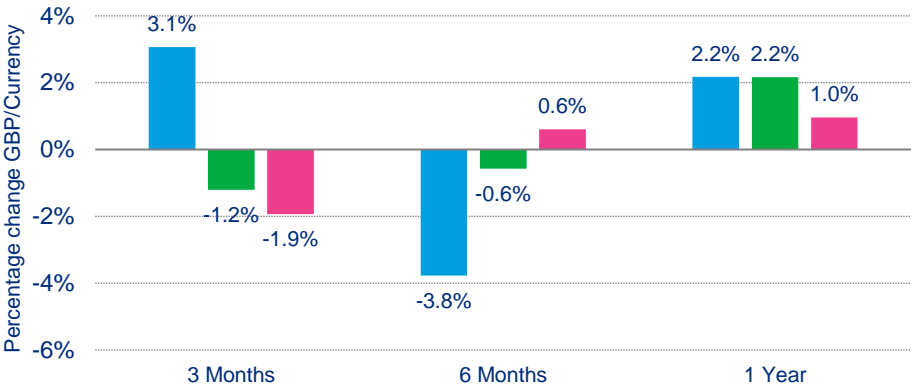
In the first quarter of 2025, sterling strengthened against the US dollar, while weakened against the Euro and the Japanese Yen. Sterling appreciated 3.1% against USD, while depreciating 1.2% and 1.9% against EUR and JPY, respectively. The US dollar fell ~4% over the six-month period on uncertainty around tariffs, trade and signs of slowing growth, putting the Fed on track to continue cutting rates. On a 12-month basis, sterling strengthened against USD, EUR and JPY, rising 2.2%, 2.2% and 1%, respectively.

Sterling Denominated FX Rate



Source: LSEG Datastream

Change in sterling against foreign currencies



Source: LSEG Datastream

Q1 2025 Property

UK property as measured by the MSCI Index increased by 2.0% over the first quarter of 2025.

Summary of Mandates

Manager	Mandate	Benchmark/Target	Outperformance Target (p.a.)	Inception Date
BlackRock	Passive Paris-Aligned Equity (Synthetic Exposure)	MSCI World Climate PAB Index (USD - converted to GBP for performance measurement purposes)	-	May 2023
Brunel	Global High Alpha Equity	MSCI World	+2-3%	November 2019
Brunel	Global Sustainable Equity	MSCI AC World	+2%	September 2020
Brunel	Passive Paris-Aligned Equity	FTSE Developed World PAB Index	-	October 2021
Brunel	Diversified Returns Fund	SONIA +3-5% p.a.	-	July 2020
Brunel	Multi-Asset Credit	SONIA +4-5% p.a.	-	June 2021
Brunel	UK Property	MSCI/AREF UK Quarterly Property Fund Index	-	January 2021
Partners	Overseas Property	Net IRR of 10% p.a. (local currency)	-	September 2009
Brunel	Secured Income (Cycles 1-3)	CPI	+2%	January 2019
IFM	Core Infrastructure	SONIA +5% p.a.	-	April 2016
Brunel	Renewable Infrastructure (Cycles 1-3)*	CPI	+4%	January 2019
Brunel	Private Debt (Cycles 2-3)	SONIA + 4% p.a.	-	September 2021
Schroders Greencoat	Local Impact – Renewables*	SONIA + 3% p.a.	-	February 2024
Octopus	Local Impact - Affordable Housing*	SONIA + 3% p.a.	-	March 2025
BlackRock	Buy-and-Maintain Corporate Bonds	Return on bonds held	-	February 2016
BlackRock	Matching (Liability Driven Investing)	Return on liabilities being hedged	-	February 2016
Record	Passive Currency Hedging	N/A	-	March 2016
BlackRock	Exchange-Traded Fund (ETF)	Bespoke benchmark to reflect total Fund allocation	-	March 2019
Cash	Internally Managed	-	-	-

* The primary performance objective for Renewable Infrastructure is a net GBP IRR of 8% p.a., whilst for both Wessex Gardens and Affordable Housing it is a net GBP IRR of 7% p.a.

The inflation/cash-plus benchmarks are used by the custodian due to a greater ability to incorporate and the objective has value over the relative short-term, however, over time, comparison against the IRR objective will become more relevant.

Market Background Indices

Asset Class	Index
UK Equity	FTSE All-Share
Global Equity	FTSE All-World
Overseas Equity	FTSE World ex-UK
US Equity	FTSE USA
Europe (ex-UK) Equity	FTSE World Europe ex-UK
Japanese Equity	FTSE Japan
Asia Pacific (ex-Japan) Equity	FTSE World Asia Pacific ex-Japan
Emerging Markets Equity	FTSE Emerging
Global Small Cap Equity	MSCI World Small Cap
Sustainable Equity	MSCI World Low Carbon Target
Hedge Funds	HFRX Global Hedge Fund
High Yield Bonds	ICE BofAML Global High Yield
Emerging Market Debt	JP Morgan GBI EM Diversified Composite
Property	MSCI UK Monthly Total Return: All Property
Commodities	S&P GSCI
Over 15 Year Gilts	FTA UK Gilts 15+ year
Sterling Non Gilts	ICE BofAML Sterling Non Gilts
Over 5 Year Index-Linked Gilts	FTA UK Index Linked Gilts 5+ year
Global Bonds	ICE BofAML Global Broad Market
Global Credit	Bloomberg Capital Global Credit
Eurozone Government Bonds	ICE BofAML EMU Direct Government
Cash	SONIA

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Avon Pension Fund Performance Report

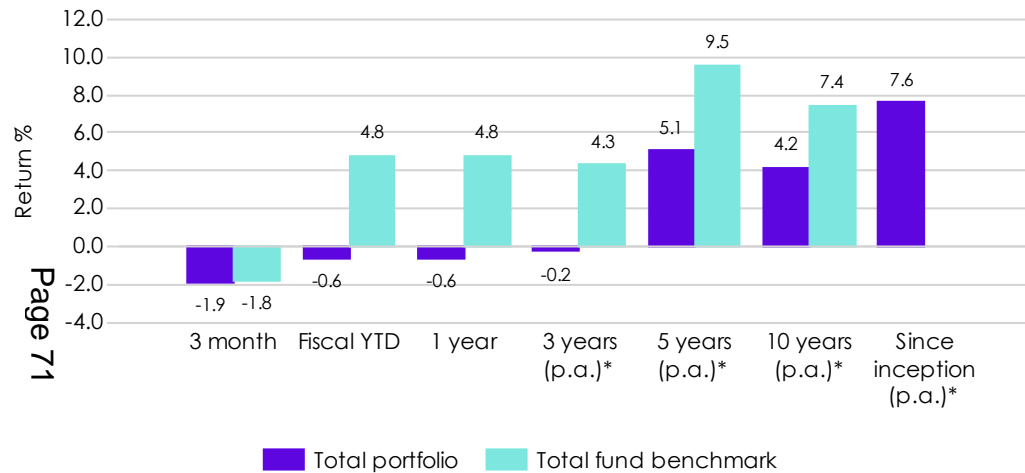
Quarter ending 31 March 2025

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Pension Fund performance

Performance (annualised)

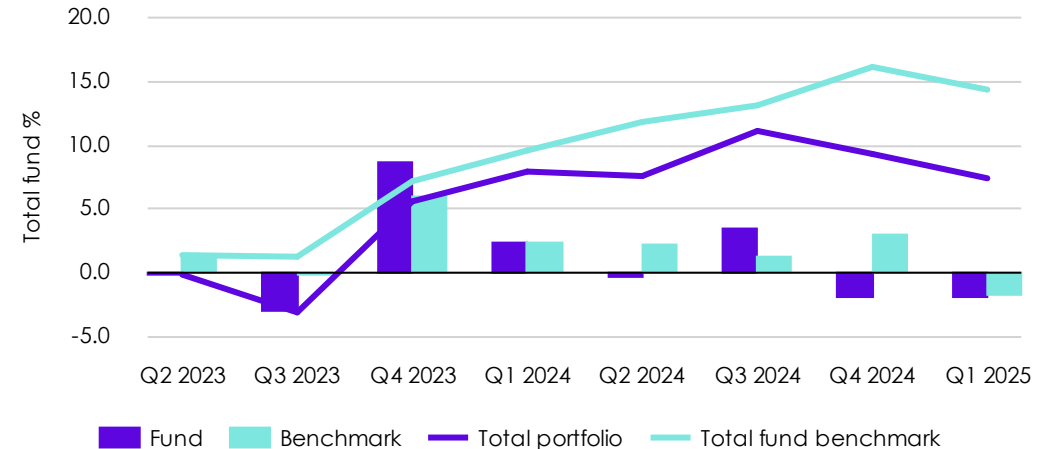


Source: State Street Global Services
*per annum. Net of all fees.

Key events

The first quarter of 2025 was extremely volatile. Market sentiment going into 2025 was very positive after another year of outperformance for US markets. However, the markets ended the quarter on a weak note, with the S&P 500 dipping into correction territory before finishing just under 10% (\$ terms) from its February peak. The weakness was driven in large part by growth fears that followed uncertainty around tariffs and the broader Trump 2.0 policy agenda. The UK and Europe outperformed. US Treasuries also performed well, with yields falling (and prices rising) in response to data showing weaker economic activity. In comparison, Germany's fiscal regime change- in the form of a loosening of its borrowing limits- caused a sell-off in the European bond market, with German bonds being the most impacted. In the US there was a significant change in market leadership from Information Technology to Energy. IT was the best-performing sector due to AI but took a hit after the emergence of China's low-cost DeepSeek AI model.

Quarterly performance



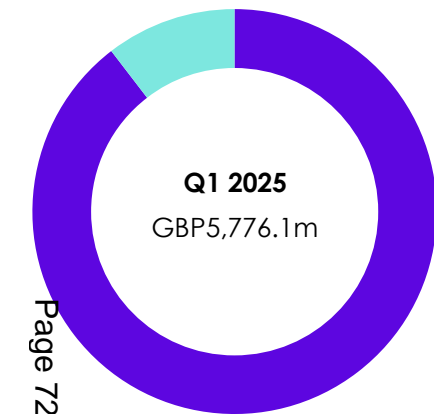
Source: State Street Global Services. Net of all fees.

Across private markets in general, momentum had been positive going into the first quarter of the new year, feeding off the improving outlook and environment in public markets. That optimism may have been premature. Private Equity market activity was a game of two halves. Early in the quarter, it was relatively muted but March deal values, reached the highest total in a decade.

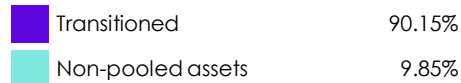
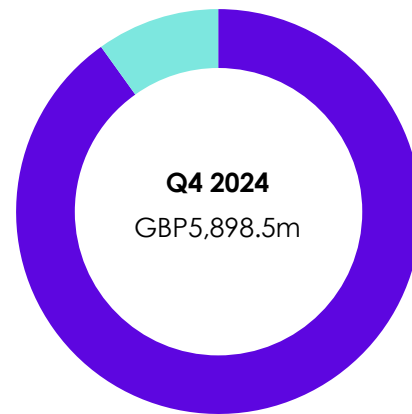
Looking ahead, markets remain focused on the outcome of US tariffs and the US approach to Ukraine, Russia and increasingly China. With reference to the tariffs, there is uncertainty about the magnitude of the tariffs, their longevity, and hence the potential disruption they may cause.

Asset summary

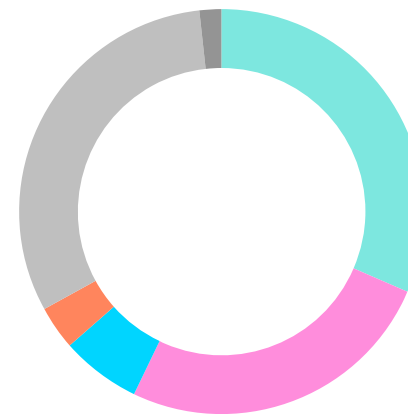
Assets transitioned to Brunel



Source: State Street Global Services. Net of all fees.



Asset allocation breakdown



Key:

Equities	31.47%
Private markets	25.65%
Fixed income	6.39%
Property	3.50%
Other	31.24%
Cash	1.75%

Source: State Street Global Services. Net of all fees.
Data includes non-pooled assets

Overview of assets

Detailed asset allocation

Equities	£1,817.66m	31.47%
Global High Alpha Equities	£726.46m	12.58%
Global Sustainable Equities	£648.96m	11.24%
PAB Passive Global Equities	£441.81m	7.65%
Non-pooled Assets	£0.43m	0.01%
Fixed income	£369.15m	6.39%
Multi-Asset Credit	£369.15m	6.39%

Private markets (incl. property)	£1,683.46m	29.15%
Secured Income Cycle 1	£288.34m	4.99%
Secured Income Cycle 3	£234.15m	4.05%
UK Property	£188.82m	3.27%
Private Debt Cycle 2	£184.13m	3.19%
Infrastructure Cycle 1	£117.54m	2.03%
Secured Income Cycle 2	£98.20m	1.70%
Infrastructure (Renewables) Cycle 2	£92.99m	1.61%
Private Debt Cycle 3	£67.96m	1.18%
Infrastructure Cycle 3	£25.09m	0.43%
Non-pooled Assets	£386.24m	6.69%

Other	£1,804.73m	31.24%
Blackrock Risk Management	£1,295.20m	22.42%
Diversifying Returns Fund	£385.27m	6.67%
Non-pooled Assets	£124.26m	2.15%

Cash not included

Overview of assets

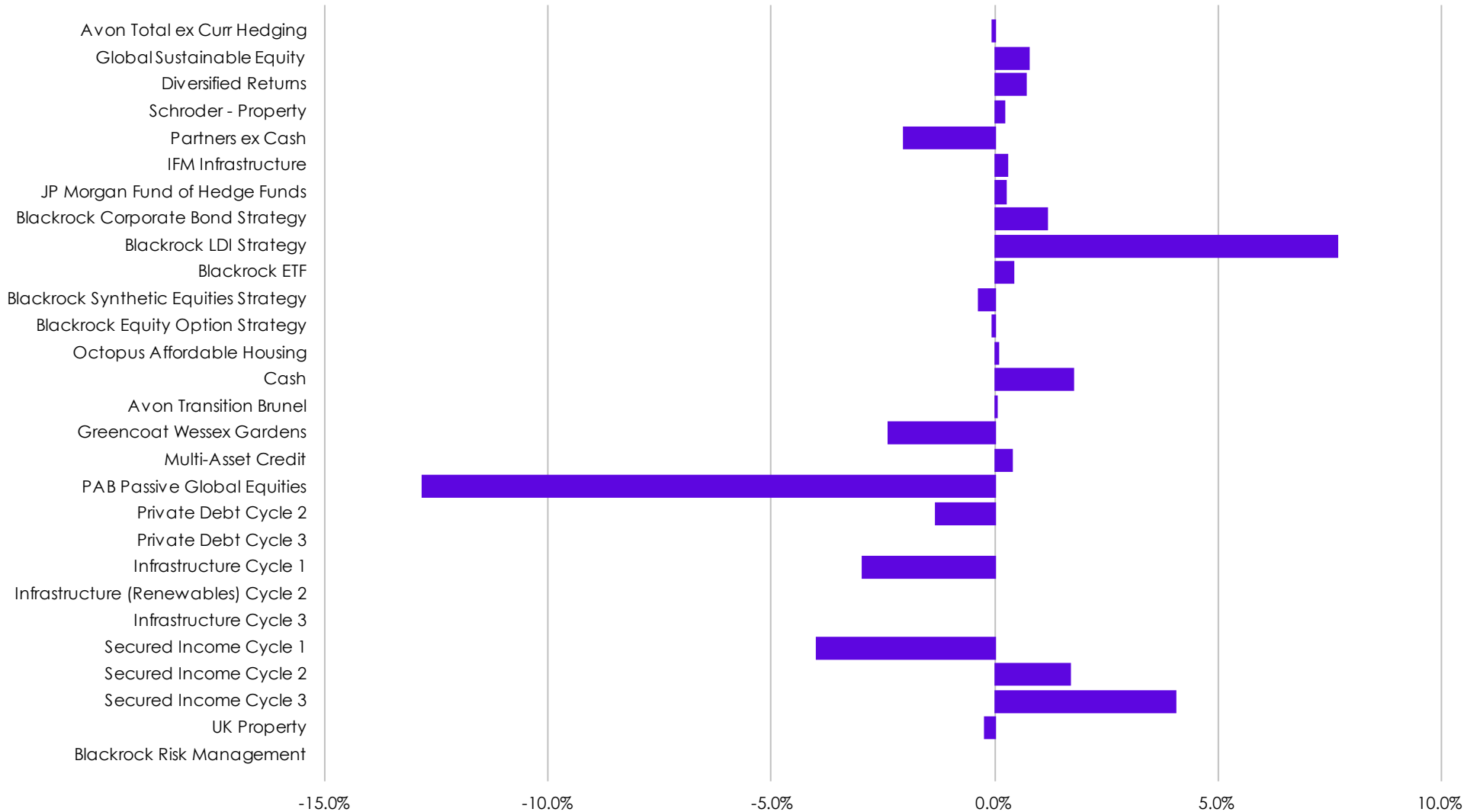
Top 10 Equity Holdings at Pension Fund

ISIN	Security Name	Sector	Sub-sector	Country	Market Value (£)	% of Pension fund	ESG Score
US5949181045	MICROSOFT CORP	Information Technology	Systems Software	UNITED STATES	72,998,774.74	1.26%	13.65
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	62,135,667.47	1.08%	26.10
US57636Q1040	MASTERCARD INC - A	Financials	Transaction & Payment	UNITED STATES	42,448,765.15	0.73%	14.25
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	37,079,538.93	0.64%	12.46
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	33,321,936.69	0.58%	24.89
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	29,343,397.76	0.51%	18.75
US8740391003	TAIWAN SEMICONDUCTOR-SP ADR	Information Technology	Semiconductors	TAIWAN	25,664,090.54	0.44%	15.19
US91324P1021	UNITEDHEALTH GROUP INC	Health Care	Managed Health Care	UNITED STATES	24,935,811.56	0.43%	16.62
US92826C8394	VISA INC-CLASS A SHARES	Financials	Transaction & Payment	UNITED STATES	24,287,525.76	0.42%	14.88
DE0007164600	SAP SE	Information Technology	Application Software	GERMANY	24,161,664.34	0.42%	14.37

Table excludes cash and non-pooled assets. This is an estimated aggregate position using Brunel Portfolios.

Strategic asset allocation

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Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Global Sustainable Equity	648,956	11.3%	10.50%	0.8%	-4.7%	-0.5%
Diversified Returns	385,269	6.7%	6.00%	0.7%	3.5%	0.2%
Schroder - Property	13,105	0.2%	-	0.2%	-9.0%	-0.0%
Partners ex Cash	85,183	1.5%	3.50%	-2.0%	-5.0%	-0.1%
IFM Infrastructure	246,967	4.3%	4.00%	0.3%	1.9%	0.1%
JP Morgan Fund of Hedge Funds	15,206	0.3%	-	0.3%	-0.5%	-0.0%
Blackrock Corporate Bond Strategy	182,592	3.2%	2.00%	1.2%	0.1%	0.0%
Blackrock LDI Strategy	1,134,810	19.7%	12.00%	7.7%	-2.1%	-0.4%
Blackrock ETF	23,701	0.4%	-	0.4%	-2.8%	-0.0%
Blackrock Synthetic Equities Strategy	-19,929	-0.3%	-	-0.3%	-177.7%	-0.8%
Blackrock Equity Option Strategy	-3,093	-0.1%	-	-0.1%	-116.9%	0.1%
Octopus Affordable Housing	5,393	0.1%	-	0.1%	-	-
Cash	101,119	1.8%	-	1.8%	0.2%	0.0%
Avon Transition Brunel	5	0.0%	-	0.0%	1.2%	0.0%
Greencoat Wessex Gardens	35,591	0.6%	3.00%	-2.4%	-1.1%	-0.0%

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Multi-Asset Credit	369,145	6.4%	6.00%	0.4%	1.7%	0.1%
PAB Passive Global Equities	441,806	7.7%	20.50%	-12.8%	-7.9%	-0.6%
Private Debt Cycle 2	184,131	3.2%	4.50%	-1.3%	N/M	N/M
Private Debt Cycle 3	67,964	1.2%	1.18%	-	N/M	N/M
Infrastructure Cycle 1	117,541	2.0%	5.00%	-3.0%	N/M	N/M
Infrastructure (Renewables) Cycle 2	92,986	1.6%	1.61%	-	N/M	N/M
Infrastructure Cycle 3	25,092	0.4%	0.43%	-	N/M	N/M
Secured Income Cycle 1	288,336	5.0%	9.00%	-4.0%	N/M	N/M
Secured Income Cycle 2	98,202	1.7%	-	1.7%	N/M	N/M
Secured Income Cycle 3	234,152	4.1%	-	4.1%	N/M	N/M
UK Property	188,821	3.3%	3.50%	-0.2%	N/M	N/M
Blackrock Risk Management	1,295,200	22.4%	22.42%	-	-4.9%	-1.1%

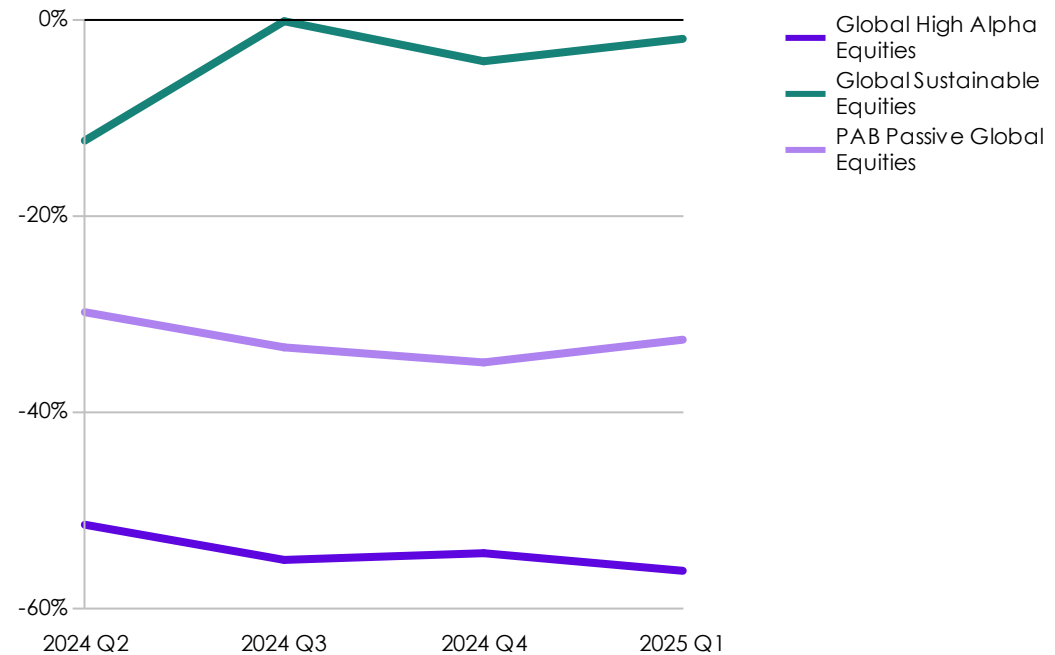
Private Markets 3 month performance is not material. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2024 Q4	2025 Q1	2024 Q4	2025 Q1	2024 Q4	2025 Q1
Global High Alpha Equities	53	58	1.0	1.2	1.7	2.0
MSCI World*	117	132	3.2	3.1	7.3	8.1
Global Sustainable Equities	139	156	1.5	1.6	7.3	8.2
MSCI ACWI*	145	159	3.2	3.2	7.4	8.0
PAB Passive Global Equities	78	90	0.9	0.8	3.1	3.5
FTSE Dev World TR UKPD*	120	134	3.1	3.1	7.6	8.4

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost. Changes between quarters may reflect improved data quality and coverage.

Weighted Average Carbon Intensity relative to benchmark



Stewardship reporting links

Engagement records

www.brunelpensionpartnership.org/stewardship/engagement-records/

Holdings records

www.brunelpensionpartnership.org/stewardship/holdings-records/

Voting records

www.brunelpensionpartnership.org/stewardship/voting-records/

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Global High Alpha Equities	6.9%	13.5%	8.8%	12.0%
Global Sustainable Equities	2.8%	13.0%	8.1%	11.5%
PAI Passive Global Equities	8.0%	12.8%	8.1%	12.8%
Fixed income				
Multi-Asset Credit	5.4%	6.1%	8.2%	0.4%
Other				
Diversifying Returns Fund	3.6%	4.2%	7.2%	0.4%
Private markets (incl. property)				
Private Debt Cycle 2	7.7%	11.0%	8.2%	0.4%
Infrastructure Cycle 1	7.1%	4.0%	5.2%	2.1%
Infrastructure (Renewables) Cycle 2	5.3%	7.4%	5.2%	2.1%
Secured Income Cycle 1	-4.4%	17.3%	5.2%	2.1%
Secured Income Cycle 2	-1.6%	7.3%	5.2%	2.1%
UK Property	-4.0%	7.0%	-3.4%	8.7%

Risk and return summary

Non-pooled manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Avon Total ex Curr Hedging	-0.3%	8.7%	4.3%	7.0%
Avon Total ex Hedging ex LDI	2.3%	6.5%	4.3%	7.0%
Avon Transition Brunel	-45.1%	-	-	-
Blackrock Equity Option Strategy	356.1%	-	-	-
Blackrock ETF	1.1%	9.0%	0.0%	-
Cash	4.1%	2.2%	4.0%	0.4%
General Cash	2.9%	-	-	-
IFM Infrastructure	7.5%	4.1%	9.3%	0.4%
JP Morgan Fund of Hedge Funds	7.9%	29.1%	8.2%	0.4%
Partners ex Cash	-15.4%	8.5%	8.2%	0.4%
Record Equitisation	6.7%	10.6%	7.9%	10.7%
Schroder - Property	2.9%	12.6%	-3.3%	8.8%
Schroder Equity	-22.5%	34.5%	8.1%	11.5%
TT International - UK Equities	0.9%	4.0%	7.2%	11.2%
Avon Pension Fund	-0.2%	9.4%	4.3%	7.0%

Summary

Overview of
assets

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Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess* 3 month	Perf. 1 year	Excess* 1 year	Perf. 3 year	Excess* 3 year	Perf. SII*	Excess* SII*	Initial investment
Equities (31.46%)			1,817.22									
Global High Alpha Equities	MSCI World	+2-3%	726.46	-4.9%	-0.3%	0.8%	-4.4%	6.9%	-2.0%	11.3%	-	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	648.96	-4.7%	-0.5%	-2.7%	-8.0%	2.8%	-5.3%	5.8%	-5.3%	30 Sep 2020
PAB Passive Global Equities	FTSE Dev World PAB	Match	441.81	-7.9%	-	3.3%	-0.1%	8.0%	-0.1%	7.0%	-0.1%	29 Oct 2021
Fixed income (6.39%)			369.15									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	369.15	1.7%	-0.4%	8.4%	-0.8%	5.4%	-2.9%	3.8%	-3.6%	02 Jun 2021
Private markets (incl. property) (22.46%)			1,297.22									
Private Debt Cycle 2	SONIA	+4%	184.13	N/M	N/M	6.6%	-2.6%	7.7%	-0.6%	7.4%	-0.2%	17 Sep 2021
Private Debt Cycle 3	SONIA	+4%	67.96	N/M	N/M	10.3%	1.1%	-	-	11.2%	2.2%	20 Dec 2022
Infrastructure Cycle 1	CPI	+4%	117.54	N/M	N/M	7.4%	4.8%	7.1%	1.9%	6.8%	2.8%	02 Jan 2019
Infrastructure (Renewables) Cycle 2	CPI	+4%	92.99	N/M	N/M	2.1%	-0.6%	5.3%	0.1%	5.3%	0.2%	12 Oct 2020
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	25.09	N/M	N/M	5.8%	3.1%	-	-	2.2%	-1.9%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	288.34	N/M	N/M	3.2%	0.6%	-4.4%	-9.6%	-0.3%	-4.3%	15 Jan 2019
Secured Income Cycle 2	CPI	+2%	98.20	N/M	N/M	7.6%	5.0%	-1.6%	-6.9%	1.1%	-4.5%	01 Mar 2021
Secured Income Cycle 3	CPI	+2%	234.15	N/M	N/M	1.1%	-1.5%	-	-	-	-2.1%	01 Jun 2023
UK Property	MSCI/AREF UK	+0.5%	188.82	N/M	N/M	6.0%	-0.3%	-4.0%	-0.5%	2.8%	0.4%	04 Jan 2021

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess* 3 month	Perf. 1 year	Excess* 1 year	Perf. 3 year	Excess* 3 year	Perf. SII*	Excess* SII*	Initial investment
Other (6.67%)			385.27									
Diversifying Returns Fund	SONIA +3%	0% to +2.0%	385.27	3.5%	1.6%	3.2%	-4.9%	3.6%	-3.6%	3.9%	-1.8%	27 Jul 2020
Total Brunel assets (excl. cash) (66.98%)			3,868.86									

*Since initial investment

* Excess to benchmark, may not include outperformance

Private Markets 3 month performance is not material. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Table above excludes Blackrock Risk Management

Chief Investment Officer commentary

The first quarter of 2025 was extremely volatile. Market sentiment going into 2025 was very positive after another year of outperformance for US markets. A new Republican government was widely viewed to be positive for US equity markets. US stocks started the quarter with strong momentum, with the S&P 500 hitting a record high on 19th February. However, the markets ended the quarter on a weak note, with the S&P 500 dipping into correction territory before finishing just under 10% (\$ terms) from its February peak. The weakness was driven in large part by growth fears that followed uncertainty around tariffs and the broader Trump 2.0 policy agenda. However, the UK and Europe returned 4.5% and 7.6% respectively, driven mainly by investors switching out of US stocks.

There was a notable shift in the global macroeconomic landscape during the first quarter of 2025. US exceptionalism was challenged as heightened policy uncertainty led to a sharp fall in sentiment and raised recession concerns. US Treasuries outperformed over the quarter, with yields falling (and prices rising) in response to data showing weaker economic activity. In comparison, Germany's fiscal regime change - in the form of a loosening of its borrowing limits - caused a sell-off in the European bond market, with German bonds being the most impacted.

In the US there was a significant change in market leadership from Information Technology to Energy. IT was the best-performing sector due to AI but took a hit after the emergence of China's low-cost DeepSeek AI model. Investors were already concerned about the valuation of the 'Magnificent Seven' stocks and their huge spending on AI, and this proved a catalyst for a sharp sell-off in these major stocks. Trade tariffs uncertainty also had a marked effect on global markets with the MSCI World down 4.7%. European markets rose by 7.6%, helped by the European Central Bank (ECB) cutting interest rates in January and March. The FTSE All-Share rose 4.5%, aided by strong performance from Financials, Energy and Healthcare.

Across private markets in general, momentum had been positive going into the first quarter of the new year, feeding off the improving outlook and environment in public markets and in spite of the turbulence in the UK from the Autumn Statement. Greater geopolitical forces were at play.

Real estate markets were beginning their cyclical upswing but by quarter-end were facing renewed challenges. UK real estate values grew steadily over the year (to quarter-end), with all sectors experiencing year-over-year increases in investment volumes during 2024. This positive momentum, driven by improving pricing and the prospect of further decreases in interest rates, suggested that 2025 would be another year of progress. That optimism may have been premature.

Private Equity market activity was a game of two halves. Early in the quarter, it was relatively muted compared to prior (exceptional) years, having been the slowest start to a year, deal-making-wise, in more than a decade. March deal values, however, reached the highest total in a decade, according to S&P Global Market Intelligence. Hopes were high that IPO markets would re-open, rates would come down and tax cuts would be extended in the US, leading to a broadening of US economic exceptionalism from large caps to mid- and small-cap companies.

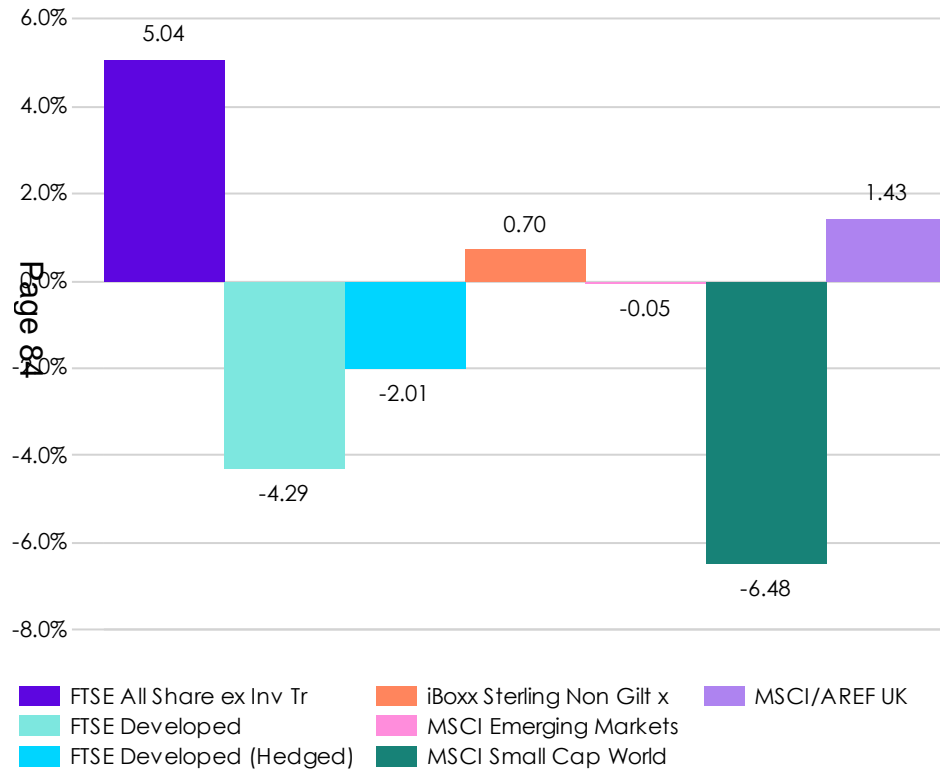
Private Debt market activity reflected the trends in Private Equity. M&A markets remained muted for much of the quarter (in volume terms), following a slight pickup in Q4. The resurgence of the broadly syndicated loan market drove direct lenders back to their traditional middle-market hunting grounds. Selectivity and broad diversification remained paramount.

Infrastructure and particularly renewables (which now make up ~50% of global infrastructure spend) faced renewed hostility from the US administration. Offshore wind has been the most impacted due to its reliance on federal permits although the need at state level is no less great, and no less urgent. Tariffs will impact on the cost of projects given the supply chain's heavy reliance on China and how nascent the alternatives are. This presents threats and opportunities that are both project- and country-specific. What is clear is that if the US wishes to lead in AI and to have a manufacturing renaissance, it will need abundant new sources of electricity generation and significant upgrades and reinforcements of its electricity grid.

Looking ahead, markets remain focused on the outcome of US tariffs and the US approach to Ukraine, Russia and increasingly China. With reference to the tariffs, there is uncertainty about the magnitude of the tariffs, their longevity, and hence the potential disruption they may cause.

Chief Investment Officer commentary

Index Performance Q1 2025



Source: State Street

Global High Alpha Equities

Launch date

6 December 2019

Investment strategy & key drivers

High conviction, unconstrained global equity portfolio

Liquidity

Managed

Benchmark

MSCI World

Outperformance target

+2-3%

Total fund value

£335m

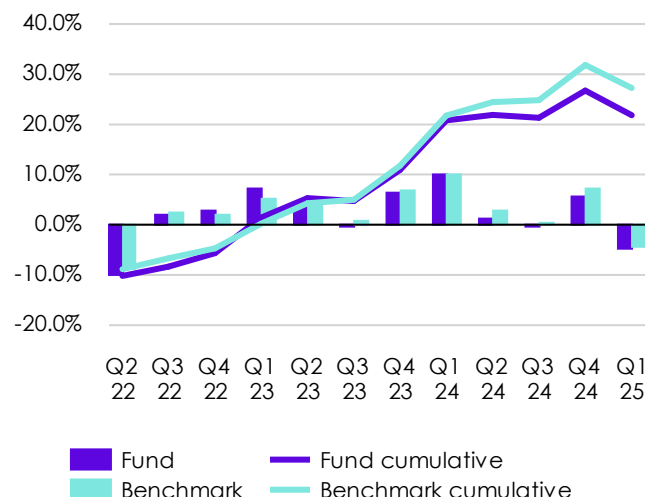
Risk profile

High

Avon's Holding:

GBP726m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-4.9	0.8	6.9	11.8
MSCI World	-4.6	5.2	8.8	11.7
Excess	-0.3	-4.4	-2.0	0.0

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned -4.6% in GBP terms over the quarter. The quarter was characterised by a rotation out of Growth into Value as the latter style significantly outperformed Growth by the largest quarterly amount since the recovery in equity markets following the GFC. Defensive sectors outperformed cyclical sectors in general. Energy and Utilities were the best-performing sectors whilst Consumer Discretionary, Communications Services and IT sectors all underperformed the broad index as the emergence of Chinese-based DeepSeek and additional policy uncertainty led to a sell-off in many of the large Growth winners within these sectors. Broad style indices showed Value outperformed, whilst both Quality and Growth underperformed.

The portfolio returned -4.9%, underperforming the index by 0.3% as strong stock selection was not enough to offset the negative contributions from sector allocation and the portfolio's tilt to growth. Sector attribution showed allocation was the main driver of underperformance. The portfolio's overweight to the Consumer Discretionary sector was the largest negative contributor; the underweight to Energy, Utilities and Consumer Staples sectors also detracted. Selection was strong during the quarter, particularly in the Consumer Discretionary and IT sectors. Six of the top ten contributors were underweight holdings in large-index Growth names. This trend was particularly apparent in the IT sector, where underweight holdings in NVidia, Apple and Broadcom were the largest contributors. Within Consumer Discretionary, an underweight to Tesla was the largest

contributor, whilst the largest overweight contributor was Autozone, the car parts and maintenance provider. It reported strong results, showing evidence of resilience to an slowdown. Positive sentiment reflected their potential to benefit from automotive tariffs which may cause consumers to own cars for longer, leading to more repair activity.

Unsurprisingly, in such a style-driven quarter, manager performances reflected their investment styles. Harris (a Value manager) outperformed strongly (+6%) whilst RLAM, which has a deliberately style-agnostic investment approach, also outperformed (+0.75%). Fiera's Quality approach underperformed by 0.8% whilst those managers with a more Growth style underperformed by more (AB -1.9% and BG -4%).

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	5.17	3.89	37,579,851
AMAZON.COM INC	4.08	2.64	29,663,077
MASTERCARD INC	3.09	0.66	22,455,548
ALPHABET INC	2.96	2.47	21,476,131
TAIWAN SEMICONDUCTOR	2.95	-	21,414,018

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	2.95	-
MASTERCARD INC	3.09	0.66
AUTOZONE INC	1.68	0.09
LVMH MOET HENNESSY LOUIS	1.74	0.25
MOODY'S CORP	1.57	0.11

Top 5 active underweights

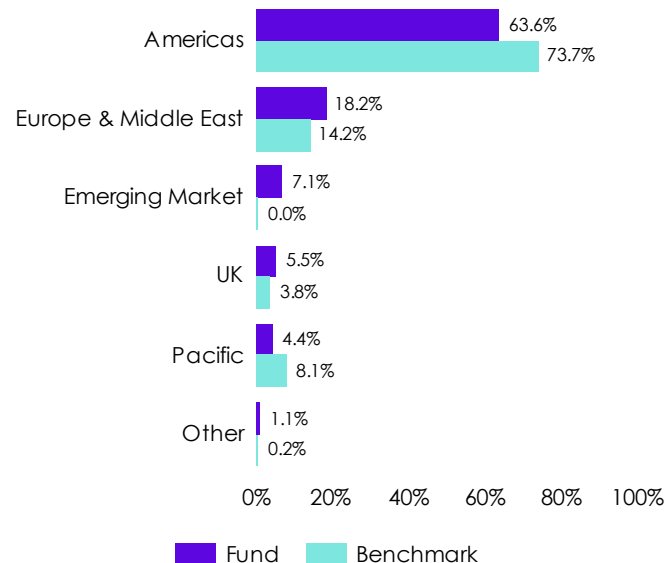
	Weight %	Benchmark weight %
APPLE INC	0.97	4.91
META PLATFORMS INC	-	1.85
NVIDIA CORP	2.16	3.90
TESLA INC	-	1.10
BERKSHIRE HATHAWAY INC	-	1.04

Largest contributors to ESG risk

	ESG risk score*	
	Q4 2024	Q1 2025
AMAZON.COM INC	26.10	26.10
ALPHABET INC-CL A	24.89	24.89
MICROSOFT CORP	14.23	13.65
MASTERCARD INC - A	16.13	14.25
TAIWAN SEMICONDUCTOR-SP	13.72	15.19

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

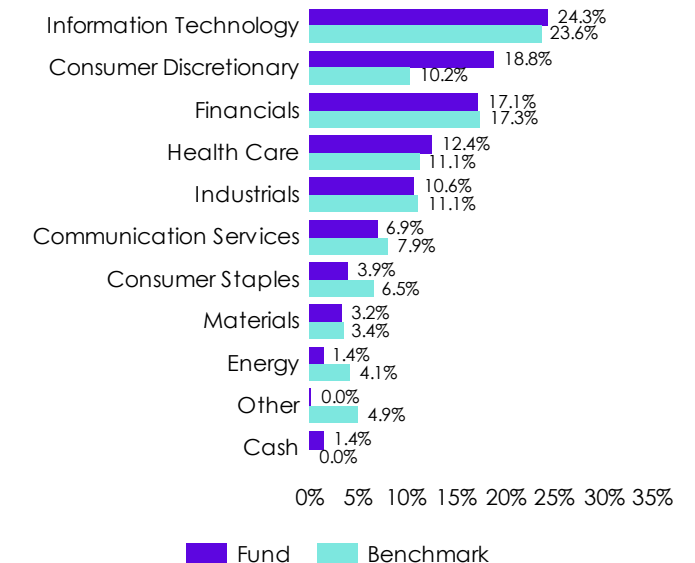


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2024 Q4	2025 Q1	2024 Q4	2025 Q1	2024 Q4	2025 Q1
Global High Alpha	53	58	0.96	1.20	1.69	1.98
MSCI World*	117	132	3.16	3.12	7.35	8.13

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost. Changes between quarters may reflect improved data quality and coverage.

Sector exposure



Global Sustainable Equities

Launch date

20 October 2020

Investment strategy & key drivers

Global equity exposure concentrating on ESG factors

Liquidity

Managed

Benchmark

MSCI ACWI

Outperformance target

+2%

Total fund value

£685m

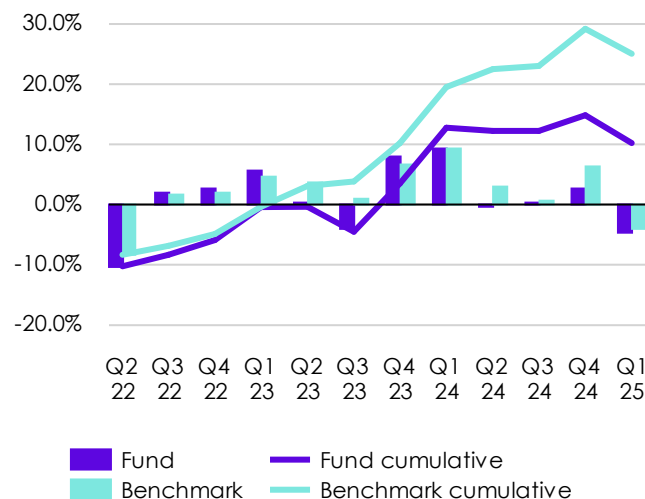
Risk profile

High

Avon's Holding:

GBP649m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-4.7	-2.7	2.8	5.4
MSCI ACWI	-4.2	5.3	8.1	10.8
Excess	-0.5	-8.0	-5.3	-5.4

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

The portfolio returned -4.7% net of fees over Q1 2025, marginally underperforming the MSCI ACWI benchmark, which returned -4.2%. This quarter can be characterised by an exceptional amount of volatility in the market. The fund outperformed the index in January and March. However, a defence sector/emerging markets rally through February accounted for all the relative underperformance.

The early parts of the quarter were defined by the DeepSeek AI announcement, which threatened to disrupt NVIDIA's future growth plans. The announcement was a good example of how the market can't price the unknown. There was so much focus on NVIDIA's chips becoming more efficient that the thought of large language models becoming more energy-efficient was overlooked.

The following two months were defined by macro-politics, driven by the US and how it shapes its relationship with the rest of the world. An uncertain commitment to Nato and Europe's defence culminated in a seismic shift in German policy, whereby the Bundestag voted to increase defence and infrastructure spending by €500bn. This supported the aerospace and defence sector, which returned 12% in Q1. As is to be expected, the sustainable fund has 0% exposure to this sector. There was also a focus on increasing tariffs for countries that export goods into the US. The market reacted negatively reflecting the potential negatives. The tariff uncertainty was formalised on 2 April, the US president's "liberation day".

The portfolio demonstrated strong stock selection in the US as it has a notable underweight to the Mag 7, which sold off. However, this was balanced against a cyclical/defence sector/Value rally in Europe, where the portfolio is underweight.

At a manager level, Jupiter and Mirova demonstrated strong levels of relative outperformance. Nordea performed in line with the ACWI, whilst RBC and Ownership underperformed. At the time of writing, 55 peers had submitted their quarterly returns and the GSE fund sat comfortably above the median in the second quartile. We are pleased that we were able to provide downside protection, outperforming the median peer group over the quarter, whilst also outperforming the median peer group in a growth market through 2024.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	2.83	3.49	18,346,574
MASTERCARD INC	2.63	0.59	17,037,565
WASTE MANAGEMENT INC	2.25	0.12	14,577,113
ACCENTURE PLC	1.79	0.26	11,647,919
NVIDIA CORP	1.74	3.49	11,280,415

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
WASTE MANAGEMENT INC	2.25	0.12
MASTERCARD INC	2.63	0.59
AMERICAN WATER WORKS CO INC	1.67	0.04
ACCENTURE PLC	1.79	0.26
ASML HOLDING NV	1.73	0.34

Top 5 active underweights

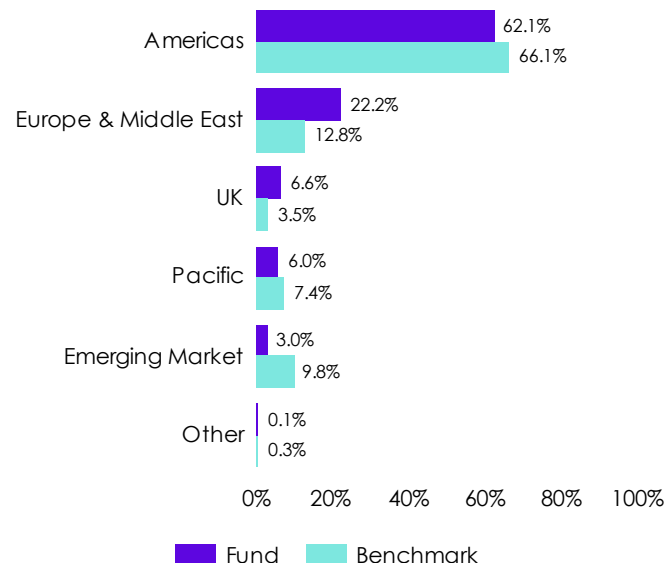
	Weight %	Benchmark weight %
APPLE INC	-	4.40
ALPHABET INC	-	2.21
NVIDIA CORP	1.74	3.49
META PLATFORMS INC	-	1.65
AMAZON.COM INC	1.25	2.37

Largest contributors to ESG risk

	ESG risk score*	
	Q4 2024	Q1 2025
WASTE MANAGEMENT INC	18.61	18.74
MICROSOFT CORP	14.23	13.65
MASTERCARD INC - A	16.13	14.25
ECOLAB INC	23.86	23.86
ELI LILLY & CO	-	23.62

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Regional exposure

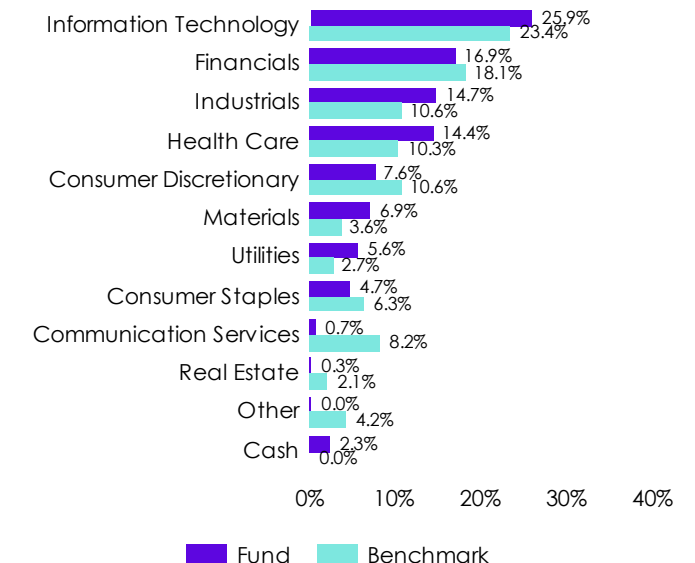


Carbon metrics

Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2024 Q4	2025 Q1	2024 Q4	2025 Q1	2024 Q4	2025 Q1
Global Sustainable	139	156	1.54	1.59	7.34	8.25
MSCI ACWI*	145	159	3.21	3.17	7.36	8.03

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost. Changes between quarters may reflect improved data quality and coverage.

Sector exposure



Diversifying Returns Fund

Launch date

12 August 2020

Investment strategy & key drivers

Strategy utilising currencies, credit, rates and equities

Liquidity

Managed

Benchmark

SONIA +3%

Outperformance target

0% to +2.0%

Total fund value

£268m

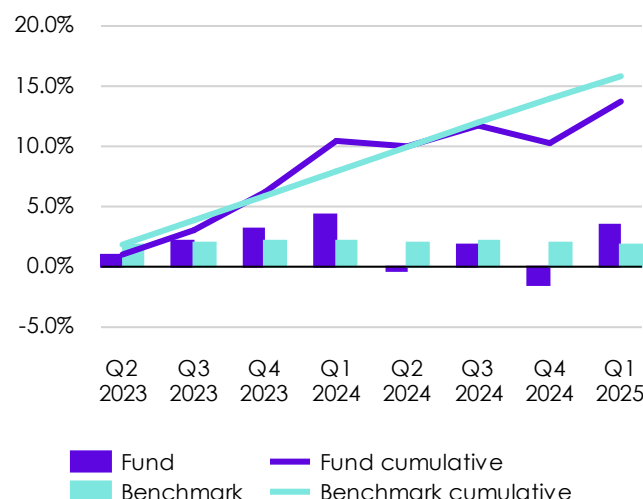
Risk profile

Moderate

Avon's Holding:

GBP385m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.5	3.2	3.6	4.0
SONIA +3%	1.9	8.1	7.2	5.8
Excess	1.6	-4.9	-3.6	-1.7

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

The Diversifying Returns Fund returned 3.5% over the first quarter of 2025. SONIA +3% returned 1.9%. The sterling hedged 50/50 equity/bond index we monitor returned -0.2% over the quarter.

Over the period, returns from traditional asset classes were poor, with losses across both equities and bonds. However, alternative premia performed well, with UBS posting a very strong quarter and JPM also generating positive returns for the period. It was good that the portfolio generated performance that was differentiated from traditional asset classes, delivering positive returns in challenging market conditions.

Fulcrum returned 0.9% over the quarter. Negative returns from equities were somewhat offset by commodity exposure and

hedging assets in the asset allocation section of the portfolio. Within Discretionary Macro strategies, tactical positioning in gold contributed positively. Thematic equities also performed well along with cross-asset positioning in Brazilian FX and interest rates and long exposure to the Japanese yen. The shift in European sentiment following Germany's fiscal spending announcement impacted short euro and long European sovereign bond positions.

JPM returned 2.6%, with the Equity Value signal the biggest contributor to performance over the period. Other equity signals also performed well. Credit carry made a positive contribution to returns, whilst other carry signals were flat. Momentum signals were mixed with Equity Relative Value

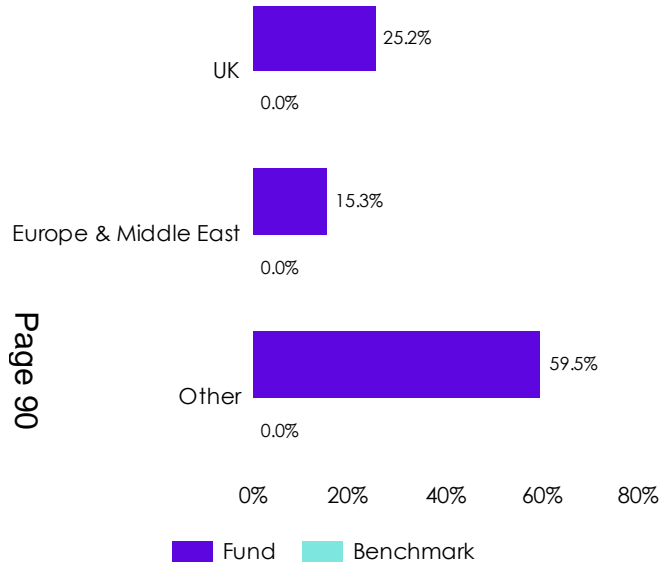
Momentum performing well but Fixed Income Fundamental Momentum the weakest of JPM's signals over the quarter.

Lombard Odier's largest portfolio exposure was to sovereign bonds, which contributed to negative returns of -0.9% for the quarter. Developed market equity exposure also detracted from performance. The fund generated positive returns from Emerging Market equities and commodities.

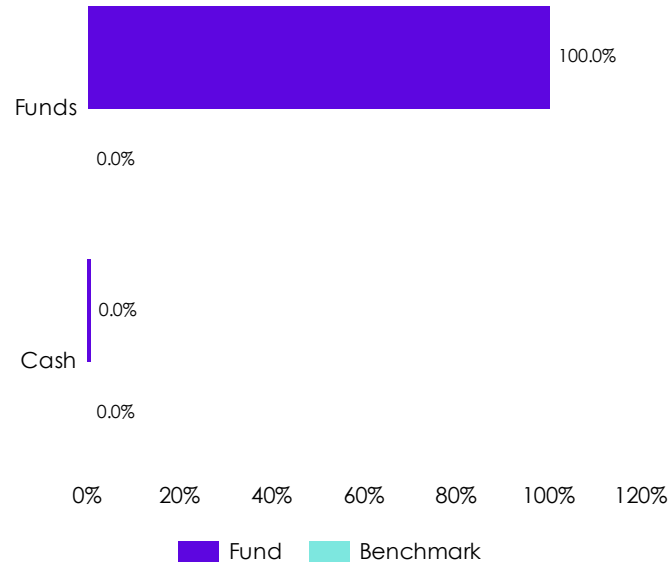
UBS enjoyed a strong quarter, returning 13.4%. The largest positive returns were generated from long positions in the Brazilian real and Norwegian kroner. Short positions in the US dollar, New Zealand dollar, and in sterling also performed well. The biggest detractors were a long position in the Indonesia rupiah and short position in the euro.

Diversifying Returns Fund

Regional exposure



Sector exposure



Multi-Asset Credit

Launch date

7 July 2021

Investment strategy & key drivers

Exposure to higher yield bonds with moderate credit risk

Liquidity

Managed

Benchmark

SONIA +4%

Outperformance target

0% to +1.0%

Total fund value

£218m

Risk profile

Moderate

Avon's Holding:

GBP369m

Insufficient data to show rolling performance chart

Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	1.7	8.4	5.4	3.8
SONIA +4%	2.1	9.2	8.2	7.4
Excess	-0.4	-0.8	-2.9	-3.6
Bloomberg Global High Yield Index	1.3	9.0	5.2	2.5
Morningstar LSTA US Leveraged Loan Index	0.5	6.8	6.7	5.8

Source: State Street Global Services

*per annum. Net of all fees.

Performance commentary

Credit markets started the quarter well but experienced some late turbulence as investors anticipated the impact of US tariffs. The 10-year and 2-year US Treasury yields fell by approximately 35 basis points each, ending the period at 4.21% and 3.89% respectively.

Credit spreads generally increased across all areas of leveraged finance. High Yield bond spreads rose to 377 basis points, a rise of 48 basis points from the start of the quarter.

The higher spread and lower rate combination proved harmful to floating rate assets, such as Leveraged Loans and Collateralised Loan Obligations. These assets were ultimately flat over the quarter, whereas fixed rate assets such as High Yield bonds and Investment Grade bonds returned 1.3% and 2.8% respectively.

The Multi-Asset Credit portfolio returned 1.7%, behind the primary target (SONIA +4%) but ahead of the composite secondary benchmark. These benchmarks returned 2.1% and 0.9% respectively.

Neuberger Berman outperformed the other managers due to higher duration and lower weighting in floating rate assets. However, all 3 managers lagged the primary target.

Financial markets are still struggling to price interest rate expectations. The first quarter once again showed higher volatility in Treasury yields. Investors should be wary of this trend, alongside potential impacts from tariffs, which could cause credit spread volatility. Despite the risks, carry remains at a healthy level, with the portfolio offering an attractive yield of 7.7%.

PAB Passive Global Equities

Launch date

1 November 2021

Investment strategy & key drivers

Passive global equity exposure aligned to Paris Agreement climate goals

Liquidity

High

Benchmark

FTSE Dev World PAB

Outperformance target

Match

Total fund value

£2,574m

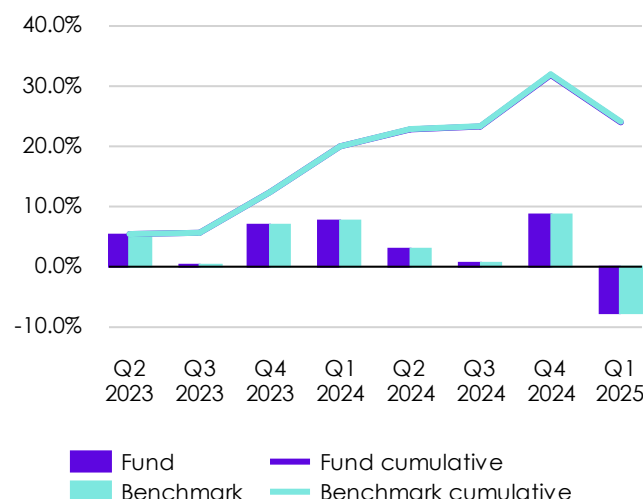
Risk profile

High

Avon's Holding:

GBP442m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	-7.9	3.3	8.0	7.0
FTSE Dev World PAB	-7.8	3.4	8.1	7.1
Excess	-0.0	-0.1	-0.1	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Paris Aligned index (PAB) product returned -7.9% over Q1 2025 and 3.3% for the 12-month period to end-Q1. The PAB product closely replicated the performance of the benchmark index over these periods.

The product's performance was impaired by exposure to the Consumer Discretionary sector and, in particular, large positions in Tesla and Amazon which had respective average weights of 6.1% and 5.9% over the period. Following a strong prior quarter, Tesla returned -37.7% for sterling investors after reporting a decline in sales as rival BYD took market share at a fast pace. Both Tesla and Amazon, each with multinational supply chains, experienced declining sentiment as US tariffs escalated.

Tesla has a large weighting in the PAB due to strong scoring on Scope 1 & 2 Carbon Emissions Intensity, Scope 3 Carbon Emissions Intensity, Green Revenues and TPI CP 2050 Scenario Alignment. Within FTSE's model, strong scores for these metrics more than offset a low TPI Management Quality score. Amazon is a large weighting in the parent index and further benefits from positive scoring on Scope 1 & 2 Carbon Emissions, Scope 3 Carbon Emissions, Green Revenues and TPI Management Quality.

The product's low exposure to the Energy sector hindered returns. First Solar, which is held in the fund and returned -30.4% over the period, was negatively impacted by concerns the Trump administration could withdraw key tax credits for domestic solar modules. In contrast, Integrated oil & gas

companies, a very small exposure in the fund, performed well.

The product is designed to ensure that EVIC-derived carbon exposure decreases on the required trajectory at each rebalance date. This requirement was met at the last rebalance in September 2024. Between rebalance dates, the product's carbon exposure has the potential to drift ahead of, or behind, the target decarbonisation trajectory.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	5.51	24,350,621
APPLE INC	5.05	22,310,671
ALPHABET INC	4.95	21,855,257
TESLA INC	4.94	21,814,169
MICROSOFT CORP	3.86	17,072,354

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q4 2024	Q1 2025
AMAZON.COM INC	26.10	26.10
TESLA INC	24.73	24.76
APPLE INC	16.79	18.75
ALPHABET INC-CL A	24.89	24.89
ALPHABET INC-CL C	24.89	24.89

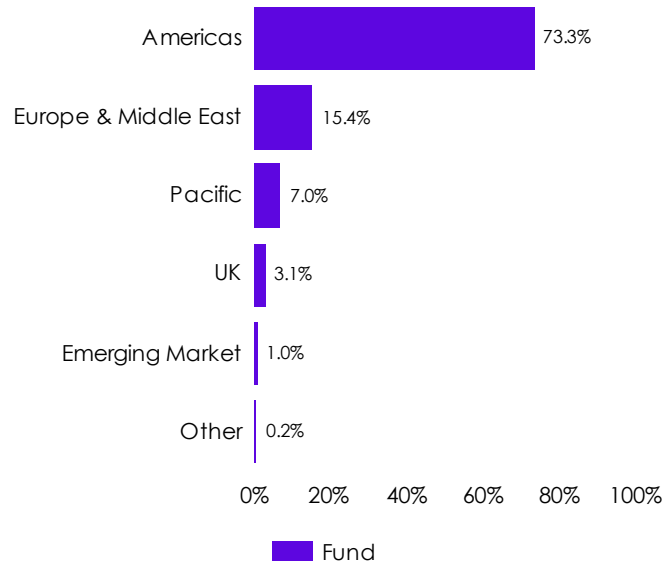
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

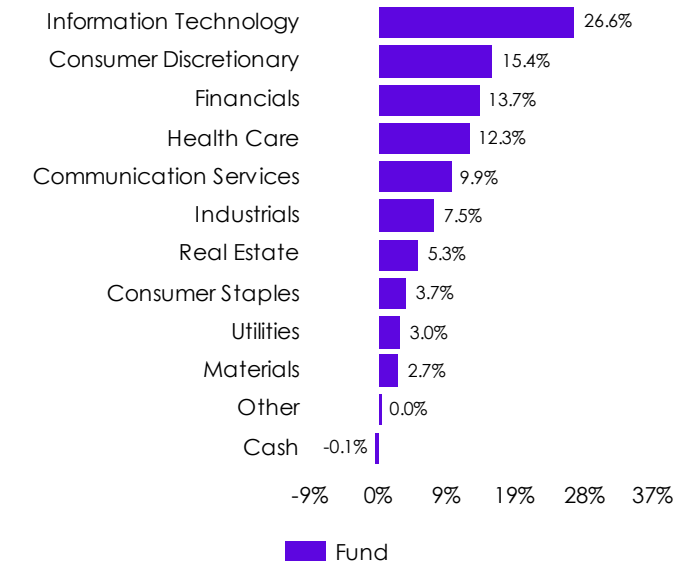
Portfolio	WACI		Total Extractive Exposure ¹		Extractive Industries (VOH) ²	
	2024 Q4	2025 Q1	2024 Q4	2025 Q1	2024 Q4	2025 Q1
PAB Passive Global	78	90	0.90	0.84	3.09	3.49
FTSE Dev World TR	120	134	3.08	3.07	7.60	8.37

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost. Changes between quarters may reflect improved data quality and coverage.

Regional exposure



Sector exposure



Private Debt Cycle 2

Investment objective

Global portfolio of senior direct loans, predominantly to PE-sponsored companies

Benchmark

SONIA

Outperformance target

+4%

Launch date

1 May 2020

Commitment to portfolio

£245.00m

The fund is denominated in GBP

Commitment to Investment

£245.00m

Amount Called

£188.24m

% called to date

76.83

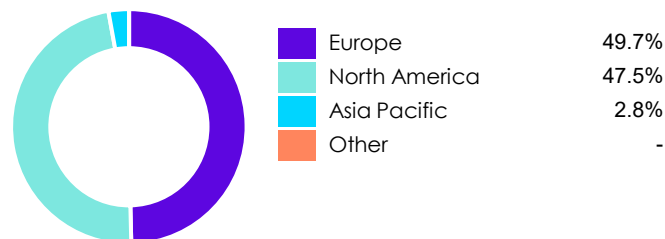
Number of underlying funds

1

Avon's Holding:

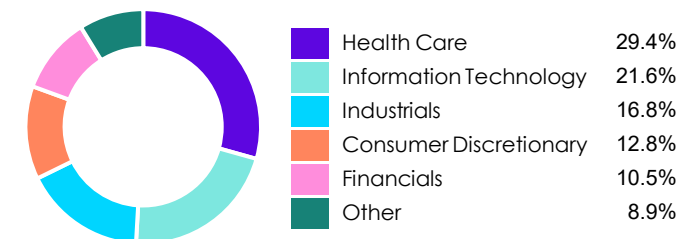
GBP184.13m

Country Invested in underlying investments



Source: Aksia and underlying managers
Country data is lagged by two quarters

Sector GICs level 1



Source: Aksia and underlying managers
Sector data is lagged by two quarters

Performance commentary

To begin the year, private credit markets were characterized by the resurgence of broadly syndicated loan activity, driving direct lenders towards the middle market. Lenders on the larger deals were having to concede to tighter pricing, looser documentation or higher leverage. The primary source of deal flow has been dividend recapitalizations and repricing as sponsors look to take advantage of lower base rates and spreads (vs highs seen across 2022/23). M&A markets remain muted, following a slight pickup in Q4.

As Q1 developed, growing tariff uncertainty emerged which served to dampen expectations for stronger M&A activity. Post quarter end, President Trump announced his tariff plan which shook markets. We are currently assessing the impact of tariffs on the portfolio and will monitor those positions which may be at risk. Managers have commented that the current situation presents both risks and opportunities, with the possibility of a rise in rates, or at least a higher-for-longer environment. Interest coverage ratios and prudent capital structures will be key for current positions in navigating a more volatile environment. The portfolio remains highly diversified across >460 credits.

At the end of Q1, the portfolio was ~77% invested and 100% committed to seven funds (3 US, 3 European, 1 Global). All managers have now called investor capital, and some managers are coming towards the end of their respective investment periods.

Pipeline

There is no fund pipeline, with the portfolio fully committed.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
184.1	6.6%	7.4%	0	0	0	0	1.16	0.2%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Summary

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Private Debt Cycle 3

Investment objective

Global portfolio of senior direct loans, predominantly to PE-sponsored companies

Benchmark

SONIA

Outperformance target

+4%

Launch date

1 April 2022

Commitment to portfolio

£170.00m

The fund is denominated in GBP

Commitment to Investment

£170.00m

Amount Called

£73.92m

% called to date

43.48

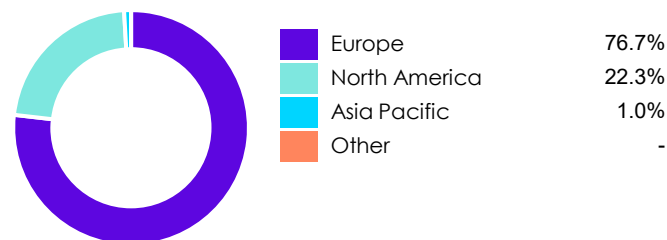
Number of underlying funds

6

Avon's Holding:

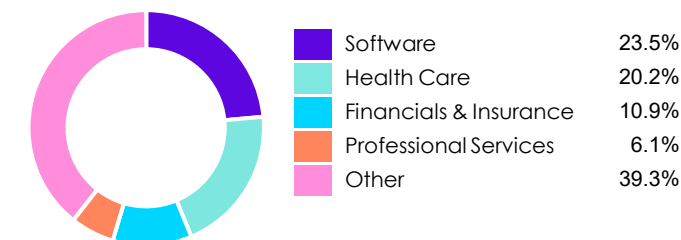
GBP67.96m

Country Invested in underlying investments



Source: Aksia and underlying managers
Country data is lagged by one quarter

Sector GICs level 1



Source: Aksia and underlying managers
Sector data is lagged by one quarter

Performance commentary

To begin the year, private credit markets were characterized by the resurgence of broadly-syndicated loan activity, driving direct lenders towards the middle market. Lenders on the larger deals were having to concede to tighter pricing, looser documentation or higher leverage. The primary source of deal flow has been dividend recapitalizations and repricing as sponsors look to take advantage of lower base rates and spreads (vs highs seen across 2022/23). M&A markets remain muted, following a slight pickup in Q4.

As Q1 developed, growing tariff uncertainty emerged which served to dampen expectations for stronger M&A activity. Post quarter end, President Trump announced his tariff plan which shook markets. We are currently assessing the impact of tariffs on the portfolio and will monitor those positions which may be at risk. Managers have commented that the current situation presents both risks and opportunities, with the possibility of a rise in rates, or at least a higher-for-longer environment. Interest coverage ratios and prudent capital structures will be key for current positions in navigating a more volatile environment. The portfolio remains highly diversified across >400 credits.

The portfolio has made all of its commitments to six funds (3 European, 3 US) with all having now called capital. The portfolio is ~43% invested and performance is positive but flat vs the prior quarter.

Pipeline

There is no fund pipeline, with the portfolio fully committed as of April 2024.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
68.0	10.3%	11.2%	5,487,354	2,016,388	3,470,966	2,129,590	1.12	0.1%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Infrastructure Cycle 1

Investment objective

Portfolio of predominantly European sustainable infrastructure assets

Benchmark

CPI

Outperformance target

+4%

Launch date

1 October 2018

Commitment to portfolio

£115.00m

The fund is denominated in GBP

Commitment to Investment

£114.48m

Amount Called

£111.91m

% called to date

97.76

Number of underlying funds

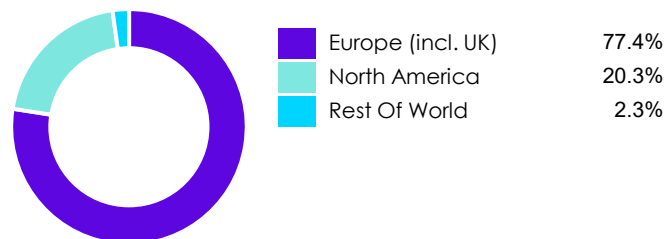
5

Avon's Holding:

GBP117.54m

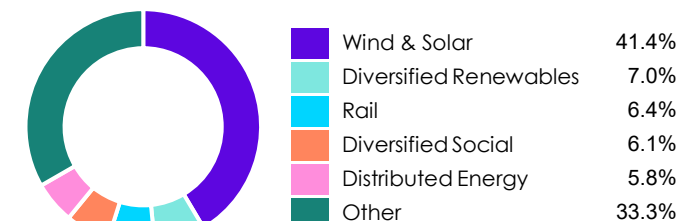
Country

Commitment in underlying investments



Source: Stepstone
Country data is lagged by two quarters

Sector



Source: Stepstone.
Sector data is lagged by two quarters

Performance commentary

The first quarter of 2025 was one of deep uncertainty. The US Administration's dislike for renewable energy was quickly made clear during the initial flurry of executive orders. Then followed the threat of the introduction of tariffs on all trading partners creating uncertainty over supply chains. It is too early to comment on longer term impacts of tariffs. We may not see the same volatility in valuations as during Covid with rate cuts expected in the major economies. But risks remain on whether tariff induced inflation will slow or stop rate cuts.

The widely attended Berlin Infrastructure conference took place in March. Some of the key takeaways were: (i) Digital infrastructure- the evolution of infrastructure beyond traditional physical assets; (ii) Inflation protection- infrastructure investments possess this attribute, predictable long-term revenues, and strong asset backing; (iii) Energy demand- which presents significant investment opportunities.

In addition to the exit of Pattern as disclosed in the last quarterly report. Arcus Infrastructure Partners has announced the completion of the sale of its smart metering businesses, Horizon Energy Infrastructure and Smart Meter Assets to global investment firm KKR. Under Arcus ownership, Horizon and SMA won c. 3m new contracted meters with Octopus, OVO, Utilita, SO Energy and EDF, raised £940m of debt financing under an innovative structure, put in place long-term interest rate hedges, increased contract coverage of the meter base to 95% and significantly improved the ESG credentials of both businesses. At exit, the combined portfolio stands at c. 3.5m installed energy meters, with a c. 1.9m contracted pipeline of energy meters. This exit will generate a gross IRR of 36.6% for AEIF2's investment in Horizon.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
117.5	7.4%	6.8%	1,056,828	3,176,356	-2,119,528	2,711,250	1.24	0.1%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Infrastructure Cycle 1

As at the end of Q1 2025, the portfolio was ~96% invested and 97% committed. Overall, we are pleased with the evolution of Cycle 1. The portfolio is well diversified across sectors, technologies, geographies, managers and vintages and has proven to be resilient to market volatility as it continues to deliver performance, both in terms of returns and societal and environmental sustainability, in line with target and ambition at inception.

Pipeline

Cycle 1 is fully committed, so no new investments are required.

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Infrastructure (Renewables) Cycle 2

Investment objective

Global portfolio of renewable energy and associated infrastructure assets

Benchmark

CPI

Outperformance target

+4%

Launch date

1 May 2020

Commitment to portfolio

£120.00m

The fund is denominated in GBP

Commitment to Investment

£120.00m

Amount Called

£90.73m

% called to date

75.61

Number of underlying funds

1

Avon's Holding:

GBP92.99m

Performance commentary

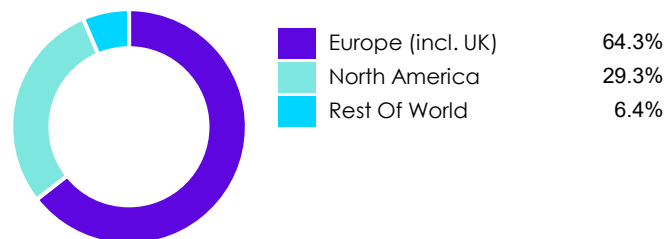
The first quarter of 2025 was one of deep uncertainty. The US Administration's dislike for renewable energy was quickly made clear during the initial flurry of executive orders. Then followed the threat of the introduction of tariffs on all trading partners causing renewed uncertainty over supply chains and project viability. It is too early to comment on longer term impacts of tariffs or if we will see some rollback. We may not see the same volatility in valuations as during Covid, as rate cuts are still expected in the major economies, and this was a key driver in lower valuations as rates rose. Risks remain on whether tariff induced inflation will slow, stop or reverse rate cutting.

The widely attended Berlin Infrastructure conference took place in March 2025. Some of the key takeaways were: (i) Digital infrastructure, the summit emphasized the evolution of infrastructure beyond traditional physical assets to include digital; (ii) Inflation protection, infrastructure investments were noted for their ability to provide inflation protection, predictable long-term revenues, and strong asset backing; (iii) Energy demand, rising energy demand presents significant investment opportunities.

During the quarter, ICG Infra Fund I (a primary fund investment in the Cycle 2 G portfolio) reached an agreement to sell its investment in Akuo, the Paris-based integrated IPP, to Ardian Infrastructure. Akuo is a tactical coinvest in the Cycle 2-Renewables portfolio. ICG will fully derisk its investment whilst enhancing its returns through a structured exit combining a significant upfront payment, a secured deferred payment and access to further upside through warrants. In total, the sale will result in a gross MOIC of 1.7x, and a gross IRR in excess of 14%. This is an excellent outcome

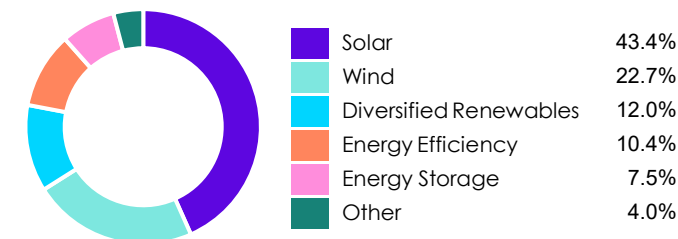
Country

Commitment in underlying investments



Source: Stepstone
Country data is lagged by two quarters

Sector



Source: Stepstone.
Sector data is lagged by two quarters

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
93.0	2.1%	5.3%	6,294,287	633,586	5,660,701	-17,165	1.12	0.0%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Infrastructure (Renewables) Cycle 2

for an investment which was mainly composed of a highly protected preferred equity instrument with a contractual interest rate. ICG initially invested in Akuo in February 2022 and is a quintessential ICG deal, supporting founders in a growth phase through an off-market structured deal with a minimum target money multiple. The transaction is expected to close before the summer and remains subject to the consultation process of the relevant employee representative bodies and to the authorization of the relevant regulatory authorities.

At the end of Q1 2025, the Cycle 2 Renewables portfolio is ~94% committed and ~75% invested across seven primary funds and twelve tactical investments.

Pipeline

The final primary investment closed in Q3 so Cycle 2 Renewables is now fully committed, and therefore no new investments will be required.

Infrastructure Cycle 3

Investment objective

Global portfolio of infrastructure assets, mainly focussed on climate solutions, energy transition and efficiency

Benchmark

n/a - absolute return target

Outperformance target

net 8% IRR

Launch date

1 April 2022

Commitment to portfolio

£55.00m

The fund is denominated in GBP

Commitment to Investment

£55.00m

Amount Called

£25.23m

% called to date

45.88

Number of underlying funds

1

Avon's Holding:

GBP25.09m

Performance commentary

The first quarter of 2025 was one of deep uncertainty. The US Administration's dislike for renewable energy was quickly made clear during the initial flurry of executive orders. Then followed the threat of the introduction of tariffs on all trading partners creating uncertainty over supply chains. It is too early to comment on longer term impacts of tariffs. We may not see the same volatility in valuations as during Covid with rate cuts expected in the major economies. But risks remain on whether tariff induced inflation will slow or stop rate cuts.

The widely attended Berlin Infrastructure conference took place in March. Some of the key takeaways were: (i) Digital infrastructure- the evolution of infrastructure beyond traditional physical assets; (ii) Inflation protection- infrastructure investments possess this attribute, predictable long-term revenues, and strong asset backing; (iii) Energy demand- which presents significant investment opportunities.

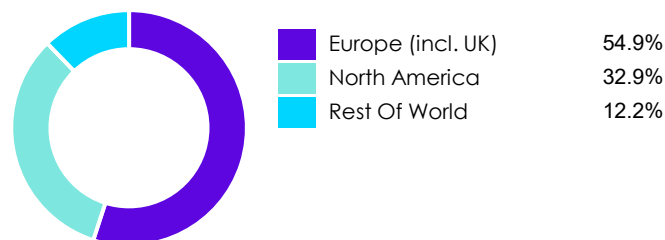
Cycle 3 Infrastructure is progressing well, with portfolio construction indicating 73% of client capital will be invested in Sustainable Infrastructure. The portfolio will be comprised of: 14% Natural Capital, 26% Renewable Energy, 25% Energy-Transition/Efficiency, 28% Generalist, with 7% reserved. By agreement per the specification, the portfolio will again be skewed to Core/Core+ assets at c.60%, with Value-Add making up c.32%.

At the end of Q1 2025, Cycle 3 was ~78% committed and ~46% invested across 11 Primaries and 11 Tacticals. There are ~2 co-investments to be sourced to complete the commitment of Cycle 3 Infrastructure.

Pipeline - Work continues reviewing new tactical opportunities that are currently in the pipeline.

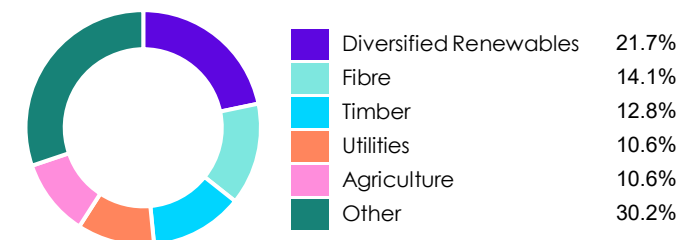
Country

Commitment in underlying investments



Source: Stepstone
Country data is lagged by two quarters

Sector



Source: Stepstone.
Sector data is lagged by two quarters

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
25.1	5.8%	2.2%	5,594,854	547,893	5,046,961	139,909	1.03	0.0%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

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Secured Income Cycle 1

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 October 2018

Commitment to portfolio

£345.00m

The fund is denominated in GBP

Commitment to Investment

£345.00m

Amount Called

£344.16m

% called to date

99.76

Number of underlying funds

3

Avon's Holding:

GBP288.34m

Performance commentary

Two of the funds underwent a name change during Q1; abrdn rebranded to "aberdeen", while Schroders Greencoat will change the name of GRI to "Schroders Greencoat UK LP" to continue compliance with European Securities and Markets Authority (ESMA) guidelines

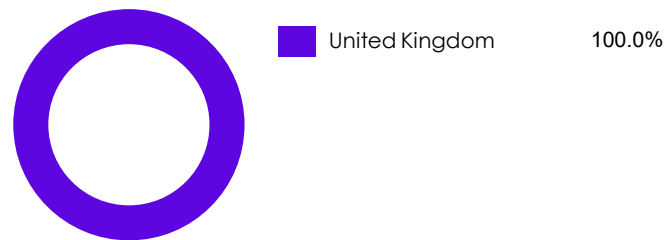
Performance has improved over H2 2024 as the Bank of England cut rates bringing yields down, and both long lease property funds have started to see capital appreciation. Both funds outperformed the MSCI UK Long Income Index over Q4, with M&G Secured Property Income Fund also outperforming over 2024. At time of writing, we await Q1'25 figures.

Open-ended long lease property funds, including M&G Secured Property Income Fund (SPIF) and aberdeen's Long Lease Property (LLP), are making progress with paying down redemption queues. SPIF has seen inflows towards the end of 2024, and there is an uptick in investor interest in 2025. Both funds continue to see strong distribution yields above 5% and a high degree of inflation-linkage in cashflows.

The fund formerly known as GRI reached over £1.4bn investor commitments after the final close in Dec '24; 90.7% was called as at Q4. Q4 capital called was invested into Stokeford Solar, a newly operational Solar PV project in Dorset. Over Q4, the changes to anticipated power price assumptions, and wind yield assumptions across two wind investments impacted valuations. Gross hold to life returns remain above fund target at 7.5% as at Q4, and annual cash yield was high at 6.7%. Near term returns are expected to be driven primarily by income.

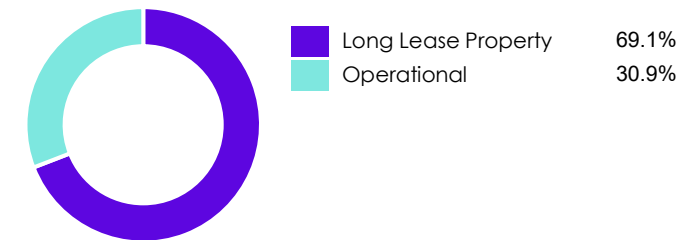
Pipeline - There is no fund pipeline, with the portfolio fully committed and invested.

Country Invested in underlying investments



Source: Colmore
Country data is lagged by one quarter

Strategy



Source: Colmore
Strategy data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
288.3	3.2%	-0.3%	-20,981	7,134,874	-7,155,855	3,881,770	0.99	0.2%	-0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Secured Income Cycle 2

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 May 2020

Commitment to portfolio

£120.00m

The fund is denominated in GBP

Commitment to Investment

£120.00m

Amount Called

£119.86m

% called to date

99.89

Number of underlying funds

3

Avon's Holding:

GBP98.20m

Performance commentary

Two of the funds underwent a name change during Q1; abrdn rebranded to "aberdeen", while Schroders Greencoat will change the name of GRI to "Schroders Greencoat UK LP" to continue compliance with European Securities and Markets Authority (ESMA) guidelines

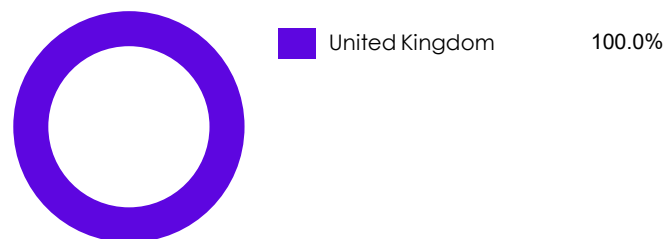
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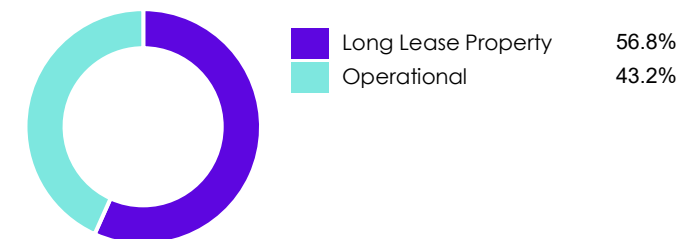
Pipeline - There is no fund pipeline, with the portfolio fully committed and invested..

Country Invested in underlying investments



Source: Colmore
Country data is lagged by one quarter

Strategy



Source: Colmore
Strategy data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
98.2	7.6%	1.1%	447	792,440	-791,993	-644,179	0.96	0.1%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

Secured Income Cycle 3

Investment objective

Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark

CPI

Outperformance target

+2%

Launch date

1 April 2022

Commitment to portfolio

£240.00m

The fund is denominated in GBP

Commitment to Investment

£240.00m

Amount Called

£239.74m

% called to date

99.89

Number of underlying funds

3

Avon's Holding:

GBP234.15m

Performance commentary

Two of the funds underwent a name change during Q1; abrdn rebranded to "aberdeen", while Schroders Greencoat will change the name of GRI to "Schroders Greencoat UK LP" to continue compliance with European Securities and Markets Authority (ESMA) guidelines

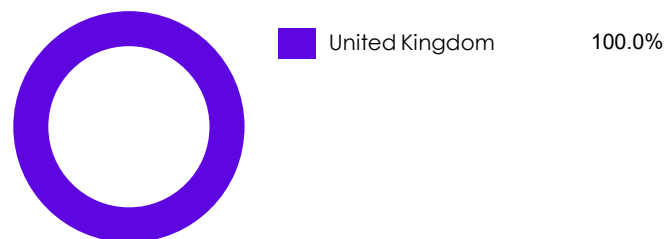
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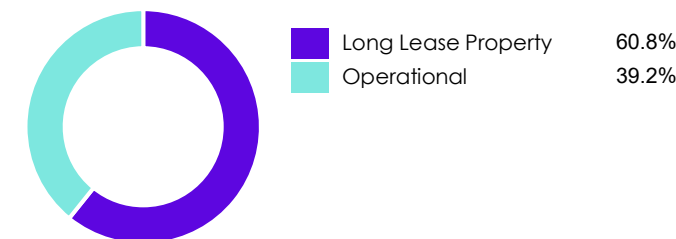
Pipeline - There is no fund pipeline, with the portfolio fully committed and invested.

Country Invested in underlying investments



Source: Colmore
Country data is lagged by one quarter

Strategy



Source: Colmore
Strategy data is lagged by one quarter

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows latest quarter	Outflows latest quarter	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
234.2	1.1%	-	1,138	1,769,285	-1,768,147	-1,374,820	1.04	0.0%	0.0%

*Money weighted return. Net of all fees. Private Markets interim period performance is calculated using NAVs provided on business day 8. Later revisions to these NAVs are not captured in the calculations so please use caution when using this data.

Classification: Public

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UK Property

Investment strategy & key drivers

Portfolio of active UK property funds seeking capital & income returns

Liquidity

Illiquid

Benchmark

MSCI/AREF UK

Outperformance target

+0.5%

Commitment to portfolio

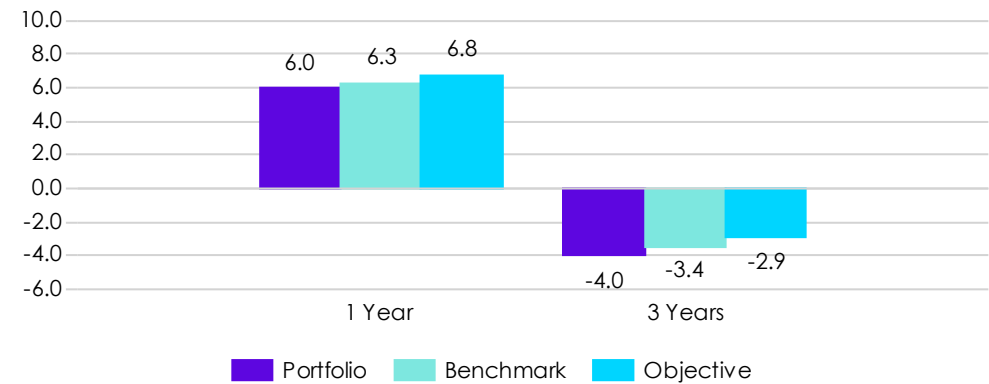
£210.0m

Amount Called

£194.9m

Number of portfolios

13



Performance commentary

Real estate markets were beginning their cyclical upswing but, as of early Q2, are now facing potential challenges due to the impact of tariffs. The market remains close to the bottom of the capital market cycle, with occupier markets having demonstrated remarkable resilience in recent years. The UK appears relatively well-positioned, given its diversified economy and lower tariffs than other markets - thus far.

It is too early to determine precisely how various sectors will respond to tariffs. However, residential, alternatives, and core offices are likely to be the most resilient parts of the market. Conversely, retail and logistics may face headwinds. Logistics, in particular, is expected to experience pockets of

increased demand from supply chain reconfiguration and fiscal stimulus. However, a weaker macroeconomic backdrop could weigh on overall demand.

UK real estate values have grown steadily over the past year or so, with all sectors experiencing increases in investment volumes with a 28% rise compared to the previous year. This positive momentum, driven by improving pricing and the prospect of further interest rates falls, suggests that 2025 investment volumes may continue to grow (year-on-year).

Following the wave of redemptions in the Federated Hermes Property Unit Trust in 2024, unitholders voted in favour of granting the manager time to explore a potential fund

merger with the L&G Managed Property Fund. The vote is not binding.

The Threadneedle Property Unit (TPUT) completed the acquisition of the Nuveen UK Property Fund (UKPF). The 16 assets in UKPF are a complementary fit for TPUT, with most of the assets being in the industrial and retail sectors. The average asset size is consistent across both portfolios, averaging circa £8m.

Pipeline

There is no fund pipeline, with the portfolio fully committed to model funds.

Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 1 year	Perf. 3 year	Perf. 5 year	Perf. SII*	TVPI	Inception Date
Brunel UK Property	194.9	188.8	6.0%	-4.0%	-	2.8%	1.34	Jan 2021

*Since initial investment

Glossary

Term	Comment
absolute risk	Overall assessment of the volatility that an investment will have
ACS	Authorised Contractual Scheme - a collective investment arrangement that holds and manages assets on behalf of a number of investors
active risk/weight	A measure of the percentage of a holding that differs from the benchmark index; can relate to an equity, a sector or a country/region
amount called	In private investments, this reflects the actual investment amount that has been drawn down
amount committed	In private investments, this is the amount that a client has committed to an investment - it will be drawn down (called) during the investment period
annualised return	Returns are quoted on an annualised basis, net of fees
asset allocation	Performance driven by selecting specific country, sector positions or asset classes as applicable
basis points (BP)	A basis point is 0.01% - so 100bps is 1.0%. Often used for fund performance and management fees
CTB	Climate Transition Benchmark - targets 30% lower carbon exposure from 2020 and then a 7% annual reduction
DLUHC	Department for Levelling Up, Housing & Communities; the government body with oversight of pooling
DPI	Distributed to Paid In; ratio of money distributed to Limited Partners by the Fund, relative to contributions. Used for private markets investments
duration	A measure of bond price sensitivity to changes in interest rates. A high duration suggests a bond's price will fall by relatively more if interest rates increase than a bond with a low duration

Term	Comment
EBITDA margin	An EBITDA margin is a profitability ratio that measures how much in Earnings a company is generating Before Interest, Taxes, Depreciation, and Amortization, as a percentage of revenue.
ESG	ESG is an umbrella term to capture the various environmental, social and governance risks investors factor into their assessment of a company's sustainability profile. Brunel views assessing ESG factors as a central part of our fiduciary duty
ESG Score	The Morningstar Sustainalytics ESG Risk Ratings are based on an assessment of a company's exposure to risk and how well it manages those risks, resulting in a single score that indicates the company's overall ESG risk level. The rating is comprised of three central building blocks: corporate governance, Material ESG Issues (MEIs), and idiosyncratic issues. The scores are categorized across five risk levels: negligible, low, medium, high, and severe.
extractive exposures VOH	Value of Holdings of invested companies which derive revenues from extractive industries
GP or general partner	In Private Equity, the GP is usually the firm that manages the fund
gross performance	Performance before deduction of fees
Growth	Growth stocks typically exhibit faster long term growth prospects and are often valued at higher price multiples
IRR	Internal Rate of Return - a return that takes account of actual money invested
legacy assets	Client assets not managed via the Brunel Pension Partnership
Low Volatility	Low Volatility is a strategy that attempts to minimise the return volatility.
LP or limited partner	In private equity, an LP is usually a third party investor in the fund

Glossary

Term	Comment
LP or limited partner	In private equity, an LP is usually a third party investor in the fund
M&A	Mergers and acquisitions
Momentum	An investment strategy that aims to capitalize on the continuance of existing trends in the market
Money-weighted return	A performance measure that takes into account the timing and size of cash flows, including contributions and withdrawals.
NAV	Money weighted return - similar to an IRR - it reflects the actual investment return taking into account cashflows
NAV	Net asset value
net performance	Performance after deduction of all fees
PAB	Paris-Aligned Benchmark - targets a 50% lower carbon exposure from 2020 and then a 7% annual reduction
Quality	Quality stocks typically have a high Return on Equity, a very consistent profit outcome and exhibit higher and stable margins
relative risk	Relative volatility when compared with a benchmark
sector/stock selection	Performance driven by the selection of individual investments within a country or sector
since inception	Period since the portfolio was formed
since initial investment	Period since the client made its first investment in the fund
SONIA	Sterling Overnight Index Average - Overnight interbank interest rate - replacement for LIBOR
source of performance data	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated

Term	Comment
standard deviation	Standard deviation is a measure of volatility for an investment using historical data. Volatility is used as a measure of investment risk. A higher number may indicate a more volatile (or riskier) investment but should be taken in context with other measures of risk
time-weighted return	A performance measure that eliminates the impact of cash flows, focussing solely on the investment's rate of return over a specific time period. It does not account for the timing and size of contributions and withdrawals.
total extractive exposure	Revenue derived from extractive operations as a % of total corporate revenue
total return (TR)	Total Return - including price change and accumulated dividends
tracking error	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error
transitioned assets	Client assets that have been transferred to the Brunel Pension Partnership
TVPI	Total Value to Paid In; ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid in
Value	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
WACI	WACI should read Weighted Average Carbon Intensity = Weight of Portfolio * (Carbon Emissions / Revenue)
yield to worst	Lowest possible yield on a bond portfolio assuming no defaults

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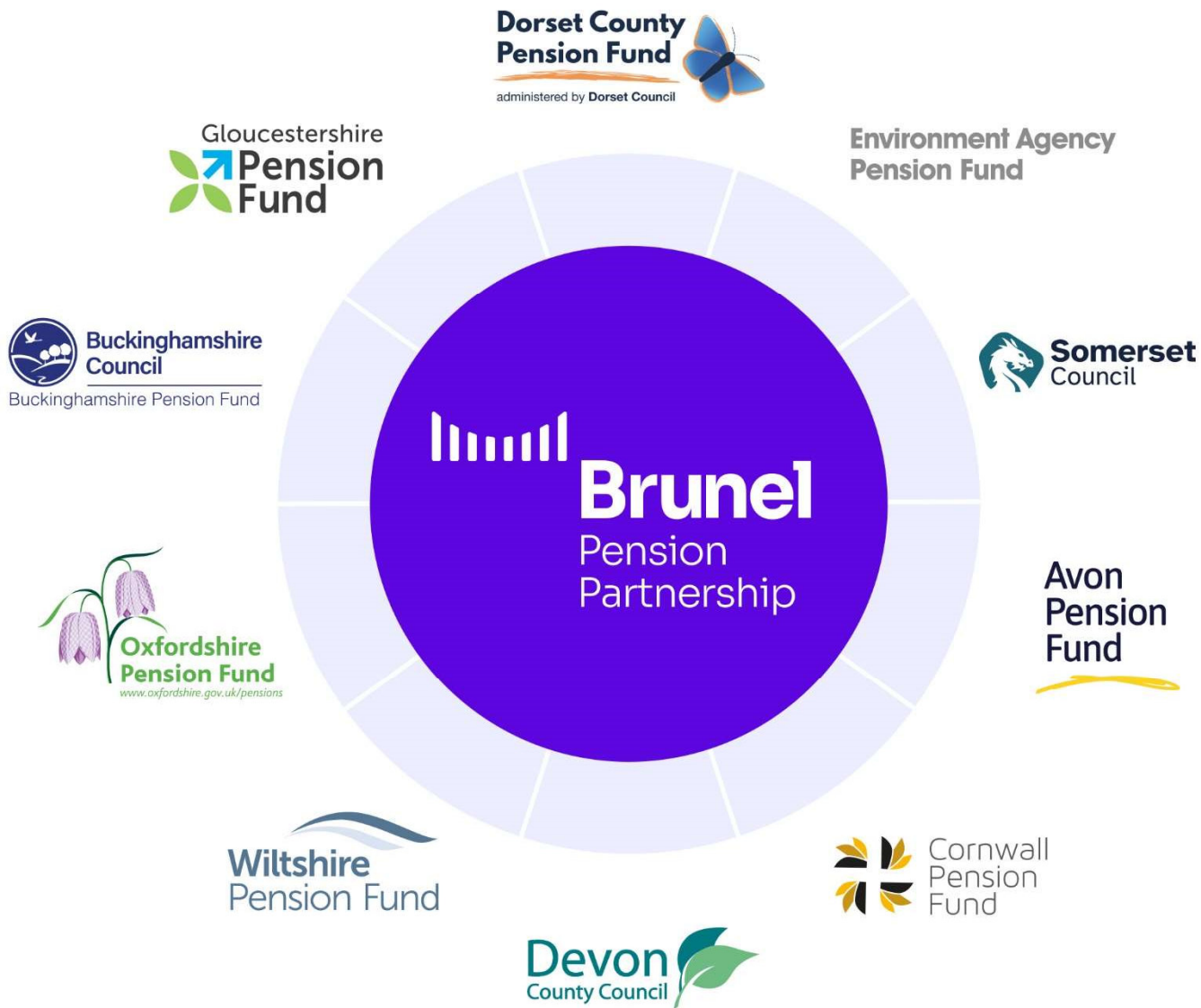
Investments in private markets are not as transparent as publicly-traded securities, and valuing private assets can be complex. Unlike publicly-traded stocks with daily market prices, private assets rely on periodic appraisals. Investment performance in this report is calculated using cash-adjusted market values provided on business day 8 after month end and may, therefore, not reflect current market sentiment.

Nothing in this report should be interpreted to state or imply that past performance is an indicator of future performance. References to benchmark or indices are provided for information only and do not imply that your portfolio will achieve similar results.

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Appendix 3: Legacy Mandates

1. Partners Group

Partners Group, a global private markets manager with approximately \$152 billion in assets under management, has overseen a real estate portfolio on behalf of Avon Pension Fund since 2009. The initial allocation target was 5% of assets, with the Fund committing to later funds to maintain the target allocation.

Since 2020, no further commitments have been made to Partners Group, and the portfolio is in wind down, distributing proceeds of portfolio exits. Partners Group have indicated that no outstanding commitments will be called, and therefore, no further drawdown notices will be issued. During the programme, distributions were used to meet capital calls in the newer funds.

The portfolio currently comprises 10 remaining funds, as detailed in the table below. Of these, the first five are in liquidation and distributing small residual values. The remaining five funds are in the realisation phase and are actively disposing of their remaining assets.

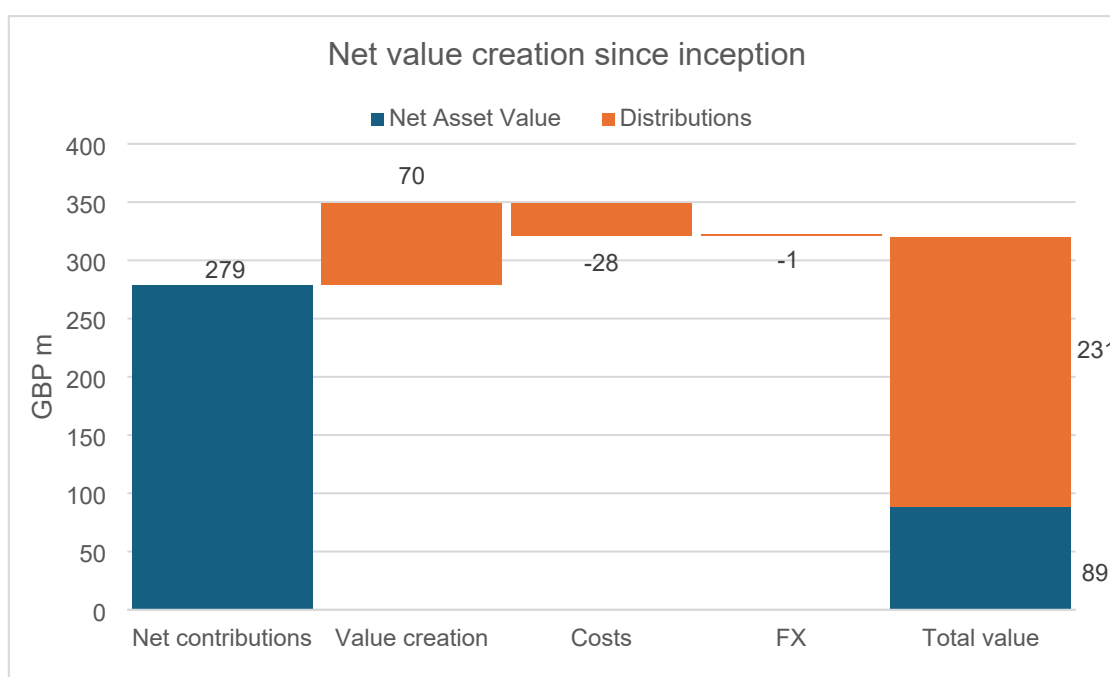
Program / Vintage	Currency	Commitments (£'m)	Net Contributions (£'m)	Distributions (£'m)	Net Asset Value (local ccy)	Net IRR (local ccy)	Maturity Date
Asia-Pacific & EM 2009	USD	30.0	27.5	28.2	0.2	0.70%	Aug-21
Distressed US 2009	USD	25.0	22.5	31.0	-	7.40%	Sep-21
Global RE 2008	EUR	40.0	35.7	43.8	-	3.80%	Dec-21
Secondary RE 2009	EUR	25.0	23.5	33.9	1.5	7.30%	Aug-22
Income RE 2014	EUR	30.0	27.1	30.0	0.1	2.60%	Dec-22
Global RE 2011	EUR	20.0	29.8	36.7	2.7	5.70%	Dec-23
Direct RE 2011	USD	20.0	18.0	20.0	1.4	3.50%	Jun-24
Asia-Pacific RE 2016	USD	30.0	23.2	9.1	12.7	- 1.40%	Dec-28
Secondary RE 2013	EUR	20.0	14.4	15.1	5.6	8.10%	Sep-29
Global RE 2013	EUR	185.0	132.2	40.1	81.9	- 1.20%	Oct-29

The largest exposures within the Partners Group real estate portfolio are the Asia-Pacific Real Estate 2016 and the Global Real Estate 2013 funds. Notable assets held in these portfolios include 80 Fenchurch Street, a 250,000sq ft Grade A office development located in a prime area of the City of London. A significant recent development has been the receipt of proceeds from the sale of Annington Homes, a large residential portfolio comprising homes, sold to the UK Ministry of Defence for a total cash consideration of £6.0 billion. Avon Pension Fund's share of the proceeds totals c.£20 million, approximately £10m of which has already been distributed.

Proceeds from the wind-down of the Partners Group real estate portfolio have been earmarked for reallocation to local and natural capital investments. Development of a

natural capital portfolio has paused and will recommence under new pooling arrangements. Proceeds in the meantime will continue to be invested in the Fund's cash management strategy for deployment in other private market portfolios.

Partners Group reports performance using the Internal Rate of Return (IRR), which is an appropriate measure for this (private market) asset class, given the irregular cashflows and the fact capital is drawn down and returned over time. However, the custodian measures performance on a time weighted basis which does not take account of the cashflows, which does not reflect the true value add from the portfolio. Since inception the aggregate portfolio has delivered a net IRR of 2.1%. The value creation drivers are set out in the below chart.



As the Partners Group portfolio now represents <2% of total AUM it no longer has a material impact on the overall Fund performance, together with the measurement issue, officers have instructed the Fund's custodian (State Street) to remove the Partners Group portfolio from performance reporting against the portfolio's strategic benchmark. The overall return will still be included in the aggregate fund return. Instead, Officers will monitor the distributions and report progress periodically to the Panel. The last underlying Fund is due to terminate in 2028/9.

2. JP Morgan Hedge Fund

APF Absolute Return Strategies was incorporated in July 2015 as a Luxembourg open-ended investment fund. Portfolio management responsibilities were delegated to JP Morgan Alternative Asset Management, Inc. and the fund operated as a fund of hedge funds. The Fund entered liquidation in October 2022 (following asset allocation review), and the manager is currently in the process of liquidating the underlying holdings and returning capital in an orderly fashion. Based on current projections, the

liquidation strategy is expected to conclude by the end of 2026 under a best-case scenario.

As of 31 March 2025, the net asset value of the remaining investments stood at £15.2 million. In the past year the Fund has received distributions totalling USD \$4.4 million. Given the size of this fund in relation to overall Fund assets and that it is not being actively managed, it too will be removed from quarterly performance reporting.

3. Schroder Property

The Schroder Property Fund is a legacy holding from the Avon Pension Fund's original property portfolio. All other property investments have either transferred to Brunel to be managed within the Brunel UK Property portfolio or have been fully liquidated. The remaining asset within the Schroder mandate is the closed ended Income Plus Real Estate Debt L.P. which had a net asset value of £13.1 million as at 31 March 2025 which is in the realisation phase. It is anticipated that this holding will be redeemed by the end of 2025 and following a final payment of any fund fees due to the manager, this agreement will then terminate.

Distributions have increased recently with £2.5 million returned to the Fund over the past 12 months. Given the size of this fund in relation to overall Fund assets and that it is not being actively managed, it too will be removed from quarterly performance reporting.

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Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND INVESTMENT PANEL
MEETING DATE:	4 JUNE 2025
TITLE:	Risk Management Framework Review for Periods Ending 31 March 2025
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: Exempt Appendix 1 – Mercer Report: Risk Management Framework Review 31 March 2025	

1. THE ISSUE

- 1.1. The Funding and Risk Management Group (FRMG) is responsible for agreeing the operational aspects relating to the Fund's Risk Management Framework (RMF) thereby ensuring that strategic objectives continue to be met.
- 1.2. Exempt Appendix 1 shows all risk management strategies are rated green and continue to perform in line with expectation.
- 1.3. There was a total collateral interest rate buffer of 9.6% at 31 March, over 6% above the point at which the manager would engage with the Fund to increase collateral.

2. RECOMMENDATION

The Avon Pension Fund Investment Panel:

- 2.1. **Notes the performance of each of the underlying RMF strategies and current collateral position as set out in Exempt Appendix 1.**

3. FINANCIAL IMPLICATIONS

- 2.2. The risk management strategies have been implemented to provide greater certainty that the funding plan will be achieved and therefore contribution levels will be stable and minimised. Any changes to the framework can affect the level of employer contributions in the future.

4. RISK MANAGEMENT STRATEGY PERFORMANCE

- 4.1. The underlying equity benchmark declined 2.8% over the quarter, with the equity protection strategy (EPS) increasing net equity performance by 0.2%. Since inception the dynamic EPS has detracted c. 2.2% from equity returns and reduced volatility by c. 24%.
- 4.2. There was no change to the hedge ratios during the quarter with the interest rate hedge ratio at 29% and the inflation hedge ratio was around 15%.

5. RISK MANAGEMENT

5.1. An effective governance structure, defining clear responsibilities, and ensuring that the decision-making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

6. EQUALITIES

6.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7. CLIMATE CHANGE

7.1. The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and addresses this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8. OTHER OPTIONS CONSIDERED

8.1. None

9. CONSULTATION

9.1. The Head of Pensions has had the opportunity to input to this report and has cleared it for publication.

Contact person	Nathan Rollinson, Investments Manager (Tel. 01225 395357)
Background papers	FRMG papers
Please contact the report author if you need to access this report in an alternative format	

Access to Information Arrangements

Exclusion of access by the public to Council meetings

Information Compliance Ref: LGA-2387578
Meeting / Decision: Avon Pension Fund Investment Panel
Date: 4 th June 2025
Author: Nathan Rollinson
Report Title: Risk Management Framework Review for Periods Ending 31 March 2025 List of exempt attachments to this report: Exempt Appendix 1 – Mercer Report: Risk Management Framework Review 31 March 2025

The appendix contains exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemption:

- 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the exempt appendix be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

PUBLIC INTEREST TEST

If the Panel wishes to consider a matter with press and public excluded, it must be satisfied on two matters.

Firstly, it must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972. Paragraph 3 of the revised Schedule 12A of the 1972

Act exempts information which relates to the financial or business affairs of the organisations which is commercially sensitive to the organisations. The officer responsible for this item believes that this information falls within the exemption under paragraph 3 and this has been confirmed by the Council's Information Compliance Manager.

Secondly, it is necessary to weigh up the arguments for and against disclosure on public interest grounds. The main factor in favour of disclosure is that all possible Council information should be public and that increased openness about Council business allows the public and others affected by any decision the opportunity to participate in debates on important issues in their local area. Another factor in favour of disclosure is that the public and those affected by decisions should be entitled to see the basis on which decisions are reached.

The exempt appendix contains information on potential future trades by the fund, and includes information on costs and structures that may impact the ability to procure efficiently in the near future. This information is commercially sensitive and could prejudice the commercial interests of the organisation if released. It would not be in the public interest if advisors and officers could not express in confidence opinions or proposals which are held in good faith and on the basis of the best information available.

It is also important that the Panel should be able to retain some degree of private thinking space while decisions are being made, in order to discuss openly and frankly the issues under discussion in order to make a decision which is in the best interests of the Fund's stakeholders.

The Council considers that the public interest has been served by the fact that a significant amount of information regarding the exempt appendix has been made available – by way of the main report. The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND INVESTMENT PANEL	
MEETING DATE:	4 JUNE 2025	AGENDA ITEM NUMBER
TITLE:	Forward Agenda	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: None		

1 THE ISSUE

- 1.1 This report sets out the forward agenda for the Panel for 2025/26. It is provisional as the Panel will respond to issues as they arise and as work is delegated from the Committee.
- 1.2 The Panel's agenda for 2025/26 is currently being developed as part of the Service Plan that will be agreed at March Committee meeting..

2 RECOMMENDATION

- 2.1 **That the Panel notes the Panel forward agenda.**

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising from this report.

4 FORWARD AGENDA

- 4.1 During the year any changes to pooling arrangements that will affect our investment management implementation will be brought to the Panel or Committee (as appropriate) for discussion. Similarly, the Panel will need to consider any changes arising from the strategic review.
- 4.2 The provisional agenda is as follows:

Date	Proposed agenda
03 September 2025	Strategic: <ul style="list-style-type: none"> • Local Impact portfolio - update • Projects from Strategic Review • Future of Pooling - update Routine: <ul style="list-style-type: none"> • Quarterly Investment Performance • Risk Management Framework Monitoring
26 November 2025	Strategic: <ul style="list-style-type: none"> • Future of Pooling - update Routine: <ul style="list-style-type: none"> • Quarterly Investment Performance • Risk Management Framework Monitoring
February 2026 TBC	Strategic: <ul style="list-style-type: none"> • Future of Pooling - update Routine: <ul style="list-style-type: none"> • Quarterly Investment Performance • Risk Management Framework Monitoring

5 RISK MANAGEMENT

5.1 An effective governance structure, defining clear responsibilities, and ensuring that the decision-making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

6 CLIMATE CHANGE

6.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and addresses this through its strategic asset allocation to Paris Aligned Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

7 EQUALITIES

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 OTHER OPTIONS CONSIDERED

8.1 None.

9 CONSULTATION

9.1 The Head of Pensions has had the opportunity to input to this report and has cleared it for publication.

Contact person	Nathan Rollinson, Investments Manager 01225 395357
Background papers	
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