



Brunel Portfolios Performance Report for Quarter Ending 30 June 2019

Market Summary – Chief Investment Officer

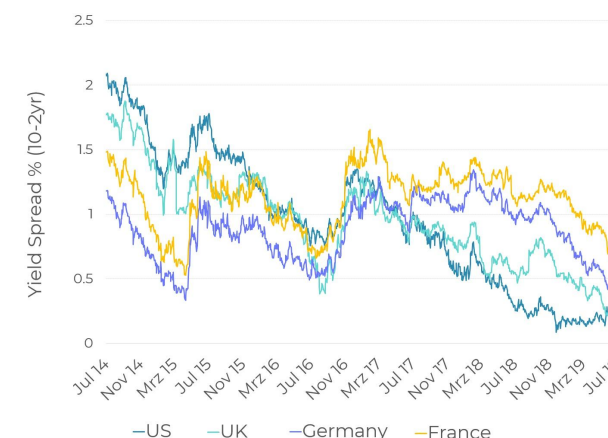
Fixed Income

Q2 2019 saw a repeat of Q1 with strong returns achieved across all areas of fixed income. Price increases were once again fuelled by slowing global growth expectations, which prompted further inflows into the asset class. The impact of this was most prevalent in longer dated bonds; 10-year yields tended to fall more than shorter dated yields in most countries. UK and Eurozone yield curves are now looking flatter than before. The 10-2-year yield spread on UK government bonds is now only 15bps, significantly down from 34bps at the end of last quarter.

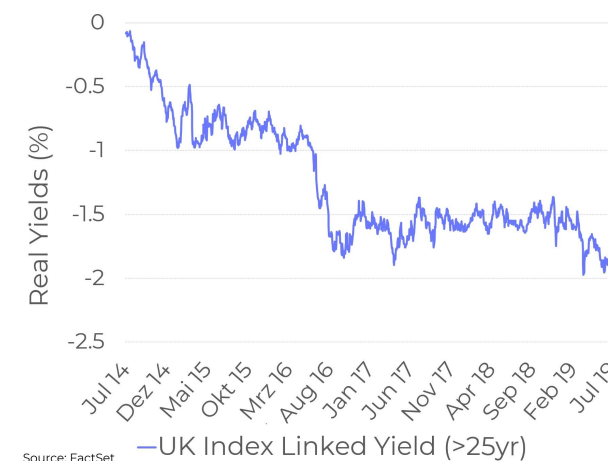
The best performing asset class in fixed income over the quarter was US investment grade (IG) bonds, which returned +4.5% in local terms. This was partially fuelled by a 32bps fall in IG corporate spreads over the quarter; US IG spreads are roughly 175bps as at quarter end. The lowest performing asset class in fixed income was UK Gilts, which returned +1.4% in GBP terms over the quarter. This is explained by the relatively lower fall in 10yr yields vs other regions.

- UK Consumer Price Inflation (CPI) remained largely stable over the last quarter. The headline CPI was 2.0% in May-19, which is in line with the Bank of England's (BoE) long-term target of 2%. This is broadly in line with last quarter as well; the headline CPI reading was 1.9% as at Q1 2019. However, core CPI inflation is largely expected to undershoot the BoE's target of 2% in the coming years, with median estimates of 1.8%, 1.7% & 1.6% for 2019, 2020 & 2021 respectively
- Investment grade (IG) corporate bond spreads have continued to fall in the UK despite doubts over slowing global growth and Brexit uncertainty. IG spreads were around 140bps as at quarter end, this is down from 154bps in Q1 19. The move YTD has been more significant, with spreads down 37bps
- Yield curves have continued to flatten aggressively across Europe, with 10-2yr yield spreads remaining below +50bps in the US, UK and Germany. The US remains fairly flat with a 10-2yr spread of +26bps, although the curve has steepened by +12bps in the last quarter following the Federal Reserve's increasingly dovish stance on interest rates. The market is now pricing in 1-2 rate cuts in 2019 in the US
- Real yields in the UK have remained mostly range-bound in Q2 2019. The average yield on longer dated inflation linked bonds was -1.80% at the end of the quarter, which is the same as the last quarter end. Despite this, intra-quarter yields have seen fluctuation, with a range of -1.65% to -1.95%

10-2 yr Yield Spreads



Real Yields UK Index Listed



Market Summary – Chief Investment Officer

Equity

Following on from the positive returns in the previous quarter, Global markets continued to provide strong returns in Q2. The MSCI AC World returned 6.3% over the quarter, in spite of a steep downturn in May, where the index fell 4.6% from peak to trough. The downturn was once again fuelled by US-China trade standoff. However, with increasingly accommodating central banks and a G20 summit that provided progress on trade talks, the index rallied throughout June to provide a positive return on the quarter.

US equities continued to set new record highs in Q2 as the S&P 500 returned 6.8% in Q2, compounding to return 18.6% YTD. Despite the May sell-off, investors were encouraged by the dovishness of the Federal Reserve, three interest rate cuts expected by the end of the year, and the optimism that surrounded the US/China trade talks from the G20 summit.

- Despite the continuing positive performance in US equity markets, the economic data points towards a cautious environment. EPS growth expectations have been revised downwards from ~8% at the start of the year to currently 3%. This has been coupled with an easing of inflation expectations, which is now expected to be 1.8% year on year. However, looking ahead to 2020, analysts expect an EPS growth of 11%, a level of optimism that may be correlated to the expected forthcoming rate cuts

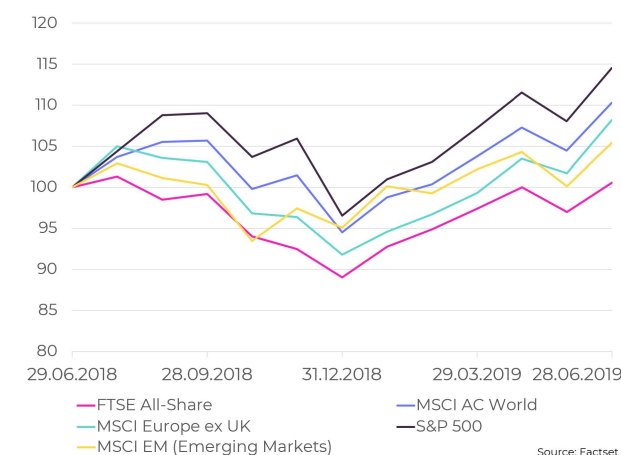
Emerging Markets provided a positive return of 3.1% over the quarter, however, underperformed global markets. This has compounded to a YTD return of 10.84%, in sterling terms.

- US-China trade tensions weighed heavily on the performance of the Emerging market index over the quarter, returning -4% in May
- China currently has a position of 32% of the emerging market index and exhibited a return of -1.5% over the quarter, which contributed to a -60bps drag on the performance of the index
- In contrast to the negative returns in China, the index benefited from strong returns in Russia, Brazil and South Africa, with the latter benefitting from the re-election of the ANC party
- Russia was the largest contributor to positive performance in Emerging markets, returning 20% in sterling terms. This was driven by a 66% increase in Gazprom, as well as the Russian central bank cutting interest rates by 25bps as a potential signal for further easing.

European markets ex UK returned 9% over Q2, 17.85% YTD

- The Consumer discretionary, Information Technology and industrials were the strongest performing sectors over the quarter, returning 13.3%, 13% and 11.8% respectively. Real Estate was the

Global Indices 1 Year Returns



EPS Growth

EPS Growth	2018	2019 (Est.)	2020 (Est.)	% Down '19 EPS Rev.
S&P 500 (USD)	22%	3%	11%	44%
FTSE All Share (GBP)	9%	6%	9%	44%
MSCI AC World (USD)	11%	2%	11%	48%
MSCI Emerging Markets (USD)	1%	-3%	14%	47%
MSCI Europe ex UK (USD)	-2%	5%	10%	60%

Source: Factset

Market Summary – Chief Investment Officer

only negative performing sector over the quarter driven by a five-year rent freeze on residential property in the German capital.

- As mentioned last quarter, growth is a persistent problem in Europe with GDP growth confirmed at 0.4% in Q1. Inflation for June was also stable at 1.2%. There was a hint at further monetary policy easing in the form of new bond purchases to combat the low inflation outlook

FTSE All share returned 3.3% over the quarter, underperforming global markets and posting a YTD return of 13%

- The Technology sector enjoyed a strong quarter, providing a total return of 14%. In contrast, those sectors which display a domestic bias, such as Utilities, provided a negative return amidst further political and Brexit uncertainty, with Theresa May resigning as PM and a further extension of the deadline to 31 October 2019
- The economy shrank by 0.4% in April, led the GBP/USD to decline by -2.3% over the quarter. However, with US interest rate cuts expected we may see a potential weakening of the USD in future

Gold rallied in Q2, returning 8.9%

- Gold, often seen as a safe haven investment, rallied to above \$1,400/ ozt at the end of the quarter. This is the highest it has been since 2013, returning 10.33% YTD
- Oil prices fell over the quarter, with Brent Crude returning -4.2%. However, the strong performance in Q1 has concluded in Brent Crude oil returning 20.3% YTD

Sterling returns for indices:

- FTSE All-Share: 3.26% (3m) 0.57% (12m)
- MSCI Europe: 7.4% (3m) 6.4% (12m)
- MSCI Europe ex UK: 9.0% (3m) 8.2% (12m)
- MSCI ACWI: 6.3% (3m) 10.3% (12m)
- MSCI ACWI ex USA: 5.7% (3m) 5.6% (12m)
- MSCI Emerging: 3.1% (3m) 5.4% (12m)
- MSCI China: -1.6% (3m) -3.0% (12m)
- S&P 500: 6.8% (3m) 14.5% (12m)
- GBP Vs USD: -2.3% (3M) -3.6% (12M)

Market Summary – Head of Private Markets

Overview

Investors continue to increase allocations across broad swathes of private market asset classes, particularly to infrastructure and private equity. Undoubtedly, this is driving up asset pricing and compressing future returns. We would urge Clients to temper their expectations of lofty historical returns being replicated in the future. The next 3-4 months will be a very busy period for the Brunel PM team across multiple Portfolios as the construction process reaches a crescendo.

Infrastructure

In Q2 2019, Brunel made commitments to two geographically distinct clean energy infrastructure funds, both managed by Capital Dynamics (CEI 7 and 8). This is in line with our Infrastructure strategy to commit 35% of the Infrastructure portfolio to renewable energy generation funds.

The UK market for onshore renewables is improving, with the UK government setting a new target of zero net emissions by 2050. Fund CEI 8, which will invest >75% of its capital into UK renewables, had its first close in April 2019 at £114m (>25% of target fund size). It already has an extremely robust pipeline, with exclusivity agreed on four UK projects to close in Q3 2019, all with 12 to 20-year fixed price contracts in place with power purchasers. A second close is expected in July 2019, taking the fundraising to over 50% of fund target.

Equally pleasing is progress at CEI 7-A, the US strategy, which invests alongside the US\$ 1.2bn fund CEI 7. Fund 7-A had a first close in April 2019 and the final close will be in July 2019, reaching a fund size of US\$188m. The fund has a very encouraging pipeline, and capital deployment is expected to accelerate in Q3 and Q4 2019, with the potential to be fully allocated by mid-late 2020, pending the outcome of several large deals. Four projects have already been completed, comprising onshore wind and solar assets, some with battery storage.

Capital Dynamics have remained disciplined and diligent in their deal sourcing, securing full requirement PPAs before closing all deals and have remained efficient in their asset management costs through CD Arevon, their in-house technical / engineering business, a key differentiator of this manager above all others in the market.

Aside from the new fund commitments, the team had positive updates from existing managers NTR and Mirova. NTR continues to fund raise and deploy with good operational performance from existing assets. Mirova, the general infrastructure fund, is now fully committed and is expected to be >80% drawn down by the end of 2019, having transacted in numerous sectors (digital, transport,

UK Industrials Still Offer Income Growth

Photo: Stirling Park, Rochester – LGIM IPIF Asset



Market Summary – Head of Private Markets

utility, social PPP) across France, Spain, Norway, Finland and Italy.

All Brunel's selected managers continue to find promising opportunities to invest in, which is very pleasing in such a competitive market environment. This sourcing capability is one of many aspects the Brunel team spend a lot of time researching prior to selecting any manager.

We remain on track to build a nicely diversified infrastructure portfolio of eight to ten 10 funds (60 to 100 underlying investments) for Cycle 1 Clients, with all capital committed (but not invested) before the 31 March 2020 deadline.

Private Equity

No new fund commitments were made in the quarter ending 30 June, but considerable work was done to progress a new fund opportunity towards closing post period (in July).

Over Q2, the Brunel PM team had two successful strategy days with Neuberger Berman and Capital Dynamics to aid in our primary fund search.

Existing Brunel PE Portfolio funds are progressing nicely. The Capital Dynamics Global Secondaries V (GSEC V) fund made its first call during the quarter and a first drawdown for the NB PE Impact fund was made in July to fund a co-investment. NB impact has also made two primary fund commitments, but no money has yet been called for these.

Capital Dynamics Global Secondaries Fund V had raised US\$ 320m from 85 investors at by Q1 and Q2 2019 (almost 50% of target fund size). So far they have closed nine deals, with a further three deals in execution, for a total amount of US\$ 240m. Even at this early stage the fund's holdings are a very diverse array of maturing assets across >100 funds and >600 companies (c66% buyout, 34% growth/late-stage venture) with vintage year diversification stretching back over a decade. Current geographic exposure is c51% US, 38% Europe and 11% Asia. The sectors with the largest exposure are IT (30%), consumer discretionary (19%) and healthcare (17%) with the remaining 34% being mainly across industrials, consumer staples and energy.

Further closings for GSEC V are expected before December with >30% of capital projected to be drawn down by year end 2019.

Secured Income

Brunel's secured income portfolio received drawdown requests from Aberdeen Standard Long Lease Property Fund, which is investing in a combination of pre-let funding projects and existing (built)

Market Summary – Head of Private Markets

assets in the Alternatives sector. A further drawdown from clients is expected imminently. Investment progress by M&G has been slowed by the lack of suitable available transactions – Brunel will receive an update on likely opportunities from the M&G Secured Property investment team. Both funds performed strongly over the last year to March (total return +7.2% M&G; +6.7% ASI), increasing their attractiveness as returns from commercial property moderate.

Property

Though property pricing looks elevated, both in the UK and in most developed international markets, investment in the asset class continues to hold up well globally, supported by expectations of interest rates remaining lower for longer, particularly in Europe. Income growth can still be obtained from some property sectors, such as Industrials, though the pace of growth has moderated. The attractions of this resilient, growing income stream has exacerbated the contrast between valuations quoted for logistics assets (with yields now below 4%) and the accelerating devaluation of the Retail sector (with yields over 6%).

Longer-term yield compression since 2010 across all sectors has accounted for 60% of global real estate value growth and is now reversing in some areas, encouraging investors to focus either on strategies which provide downside protection against falling capital values or on higher-risk development/asset management strategies which could still provide double-digit returns.

Underwriting development projects so late in the cycle has been hampered by high construction costs but this, and the controlled levels of lending to projects, have prevented the high levels of gearing and oversupply seen in the last property cycle, limiting damage during the next downturn. The polarisation of investor interest may lead to mispricing opportunities in the less obvious areas of the market – investors should maintain a diversified portfolio to mitigate specific risks.

Responsible Investment & Stewardship Review

Improving Climate Change Disclosure

Two years on from the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the TCFD has published its 2019 [status report](#). In 2017 Mark Carney said, “Having information on [climate] risks would allow investors to back their convictions with their capital, whether they are climate optimists or pessimists, evangelicals or sceptics.” This sentiment still resonates today. Whilst disclosure of threats to business from escalating climate risks is improving, the [status report](#) highlighted that it’s not happening fast-enough given the scale of financial risks posed by extreme weather and the low carbon transition. Brunel advocates strongly for improved transparency; we co-signed letters written to the Prime Minister and Chancellor calling strongly for the recommendations of the TCFD to be made mandatory. We understand this is being considered for all large companies and pension funds by 2022. In parallel, Brunel is building capacity to fulfil TCFD reporting for clients.

Another area of backing was a public business letter to the Prime Minister in support of the [Committee on Climate Change’s](#) advice to the government to set a 2050 net zero greenhouse gas emissions target. The letter was a joint initiative between Aldersgate, the B team, CBI, CDP, The Climate Group, Corporate Leaders Group, IIGCC and Renewables UK. We are pleased that on 11 June, legislation was passed which put the UK on a path to become the first major economy to set [net zero emissions target](#) in law.

Investor pressure for disclosure has stepped up. Exxon rejected the GHG targets proposal filed by CA100+ lead investors and sought no-action relief with the SEC. A letter, Brunel co-signed, did not prevent the SEC from rejecting the proposal. The New York State Common Retirement Fund issued a [call for dissent](#), citing that an inadequate response to climate change constitutes a serious failure of corporate governance. This called for investors to:

- Withhold their support from re-election of all ExxonMobil directors
- Vote for an independent chair, for a climate change board committee, and for a report on lobbying

Brunel strongly supported this call; we utilised our voting policy to direct the vote across passive equity holdings (Exxon is not in Brunel active equities). Whilst these resolutions did not pass (click [here](#) to view Exxon AGM Results), they gained good support, sending a strong message, and one to which the company has to respond. This combined with recent announcements by [LGIM’s carbon pledge](#) that Exxon is on the 2019 exclusion list will no doubt see a shift in attitudes towards positive engagement with shareholders.



ExxonMobil

Responsible Investment & Stewardship Review

Challenging Animal Welfare

May was a historic month with Beyond Meat becoming the first plant-based meat company to go public, becoming the [biggest Initial Public Offering \(IPO\) since the 2008 crash, with a value of \\$3.8bn](#). Reflecting the growing interest in food production and supply rising consumer standards will lead to increased financial risks for companies who do not appropriately manage animal welfare. Brunel has joined the [Business Benchmark on Farm Animal Welfare](#) (BBFAW) investor collaboration. BBFAW, which is now in its 7th year, is a measure of farm animal welfare management, policy commitment, performance and disclosure in food companies, including the management of antibiotic use. Letters will be sent to 150 companies commending leading and improving businesses on their performance and encouraging poorer performers to improve.



Social Media's Objectionable Content

Following the shootings in Christchurch, the New Zealand Super Fund has been leading an [initiative](#) calling on Facebook, Google, and Twitter to strengthen controls on live streaming and objectionable content. Brunel joined the investor group representing NZ\$5 trillion AUM. Engagement has also been led by governments. The investor group announced support for the [Christchurch Call](#), an initiative of New Zealand Prime Minister Jacinda Ardern and French President Emmanuel Macron who met with world leaders, tech companies and civil society, in Paris to discuss the call. Company engagement thus far has been good. Facebook announced implementation of [One Strike Bans](#) for inappropriate live streaming. Letters have been sent to the social media companies and engagement is ongoing.

Diversity targets in Sight

Figures released by the [Hampton-Alexander Review](#) (launched 2016) show that for the first time, the FTSE 250 could meet the 33% target for women in senior leadership positions if current progress is maintained. 27.5% of FTSE 250 board positions are now held by women, up from 24.9%. However, many boards have only one woman and there are still four all-male boards in the FTSE 250. Brunel continues to engage on diversity, working with the 30% Club and Diversity Project, supporting engagements with laggards and applying our voting policy.



Audit Quality and Effectiveness

Brunel welcomed the opportunity to meet with Sir Donald Brydon to discuss the independent review he is leading on 'The quality and effectiveness of audit'. Further updates on discussions and work in this area will be included in next quarter's update.

Brunel Portfolios Overview

Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SI	Excess SI	Inception Date
Brunel UK Active Equity	FTSE All Share	193	3.13%	-0.12%							9.28%	-0.15%	21 Nov 2018
Passive Low Carbon Equities	MSCI World Low Carbon Target	557	6.90%	-0.01%	9.13%	-0.17%					9.13%	-0.17%	11 Jul 2018
Brunel - PM Infrastructure	Consumer Price Index	11	6.55%	5.71%							-3.60%	-4.34%	02 Jan 2019
Brunel - PM Secured Income	Consumer Price Index	17	1.42%	0.58%							2.66%	1.92%	15 Jan 2019

Passive Low Carbon Equities

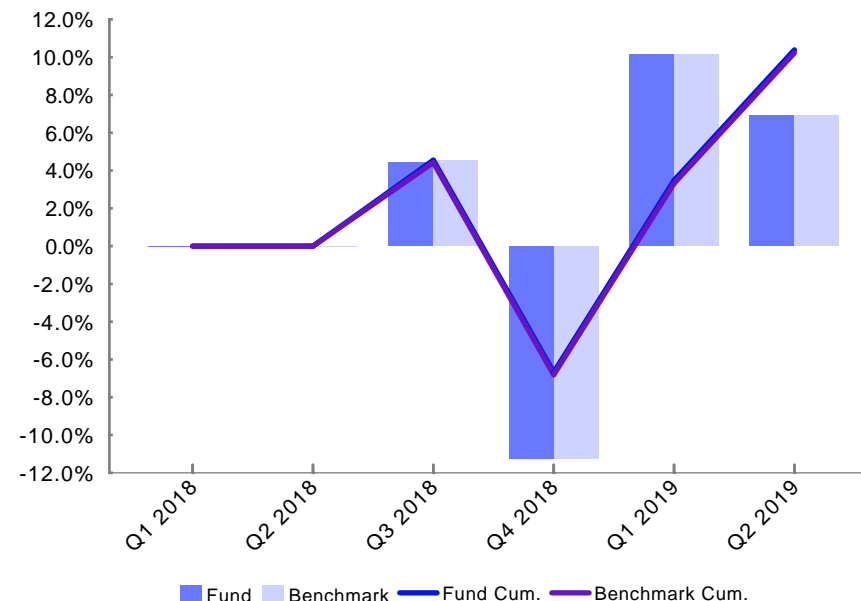
Overview

	Description
Portfolio Objective:	Provide exposure to equity returns and global economy with low exposure to carbon emissions and fossil fuels.
Investment Strategy & Key	Portfolio is invested in global equities in accordance with Low Carbon index.
Liquidity:	High
Risk/ Volatility:	Absolute: High Relative: V.Low
Holding:	£556,893,801

Quarterly performance

All values in %	Fund	BM	Excess
3 Month	6.90	6.91	-0.01
Fiscal YTD	6.90	6.91	-0.01
1 Year	9.13	9.30	-0.17
3 Years	0.00	0.00	0.00
5 Years	0.00	0.00	0.00
10 Years	0.00	0.00	0.00
Since Inception	9.13	9.30	-0.17

Rolling Performance



Passive low carbon returned positive performance over the quarter. Performing in line with its MSCI Low Carbon benchmark, the portfolio returned 6.9%

- The low carbon portfolio was positively affected by strong global equity market returns during Q2. As the US has such a large allocation to global equities (around 55%), this region was the largest contributor to positive performance

Passive Low Carbon Equities – Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. Microsoft Corp	61.6	68.9
2. SAP SE	71.2	50.0
3. Cisco Systems Inc	64.7	65.9
4. Ecolab Inc	74.8	34.1
5. UnitedHealth Group Inc	64.2	50.0
6. Schneider Electric SE	781	66.6
7. Eversource Energy	67.3	79.5
8. Accenture PLC	68.0	32.8
9. Consolidated Edison Inc	69.2	75.8
10. Siemens AG	69.5	74.4

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. Alphabet Inc	49.7	50.0
2. Apple Inc	52.3	34.2
3. Facebook Inc	46.5	35.1
4. Wells Fargo & Co	42.2	63.3
5. Amazon.com Inc	54.0	37.2
6. Johnson & Johnson	50.1	64.8
7. Netflix Inc	43.8	26.7
8. JPMorgan Chase & Co	51.8	47.2
9. AT&T Inc	50.9	29.1
10. Walt Disney Co	51.6	65.8

* Position 1 is the top contributor/detractor.

	Weighted Average ESG Score
Portfolio	58.41
Benchmark	58.41



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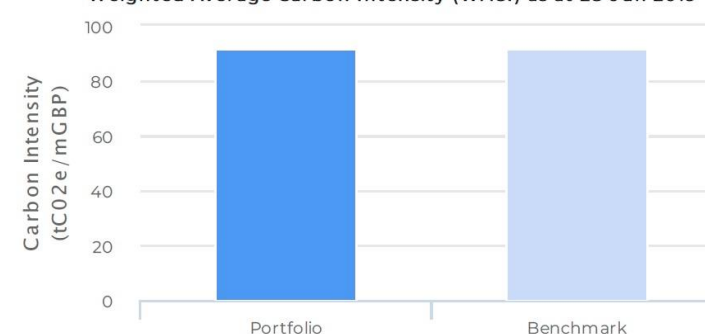
Brunel Assessment

- FANG's**, the big four tech companies have increased scrutiny over data protection. Fines are being issued to Facebook following the Cambridge Analytica scandal, Apple are facing anti-trust lawsuits for its app store and in January google was fined £44m by France, in what at the time was the biggest GDPR fine issued. An update on Netflix was covered last quarter. Data security is an area of ongoing engagement, see RI commentary for update.
- AT&T**, a telecommunications company, momentum fell following lawsuits over fake 5G. Action against unauthorized content use by Trump has culminated in calls by Trump to boycott AT&T and block the acquisition of Time Warner, including CNN. A company with ongoing engagement.
- JP Morgan Chase**, an investment bank was hit by a \$5 million settlement for a lawsuit brought by dads for rejected parental leave requests. Brunel engages on diversity through the Diversity Project and 30% Club. An update on diversity is included in the RI commentary.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

The WACI of the portfolio reduced from 100 Q1 to 90 Q2.

Weighted Average Carbon Intensity (WACI) as at 28 Jun 2019



Source: Trucost

Extractive Exposure

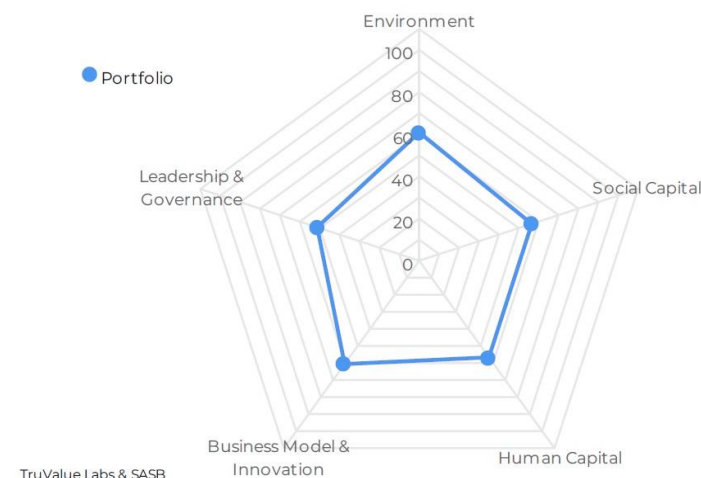
	Total Extractive Exposure ¹	Extractive Industries (VOH) ²
Portfolio	0.51	293
Benchmark	0.51	293

¹ Extractive revenue exposure as share (%) of total revenue.

² Value of holdings (VOH) - companies who derive revenues from extractives.

Source: Trucost

Absolute Weighted ESG Scores as at 28 Jun 2019



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Brunel UK Active Equity

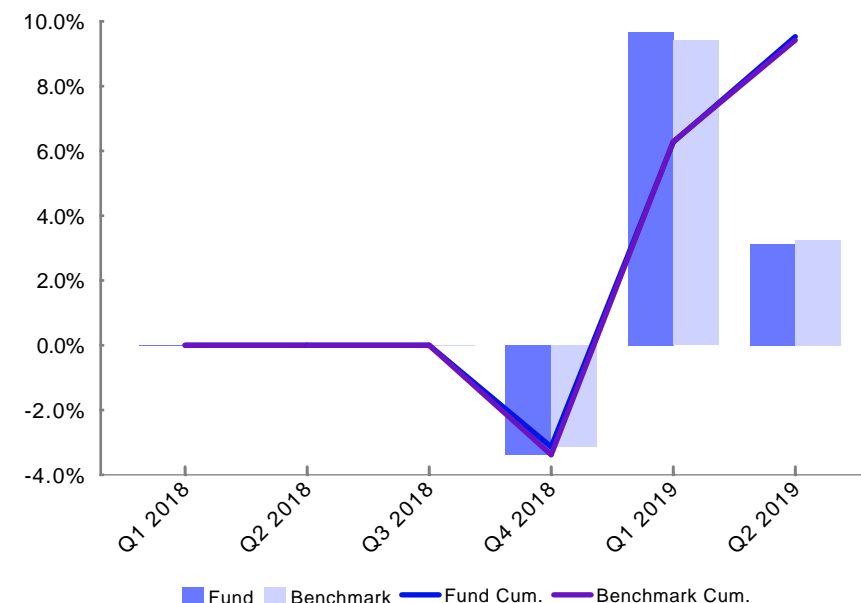
Overview

	Description
Portfolio Objective:	Provide exposure to UK Equities, together with enhanced returns from manager skill.
Investment Strategy & Key	Skilled managers will create opportunities to add long term value through stock selection and portfolio construction.
Liquidity:	Managed level of liquidity. Less exposure to more illiquid assets.
Risk/ Volatility:	High absolute risk with moderate relative risk, around 4% tracking error.
Holding:	£193,137,845

Quarterly performance

All values in %	Fund	BM	Excess
3 Month	3.13	3.26	-0.12
Fiscal YTD	3.13	3.26	-0.12
1 Year	0.00	0.00	0.00
3 Years	0.00	0.00	0.00
5 Years	0.00	0.00	0.00
10 Years	0.00	0.00	0.00
Since Inception	9.28	9.43	-0.15

Rolling Performance



The FTSE All Share index underperformed global markets during the quarter, posting a return of 3.26% over the quarter. Sectors which display a domestic bias, such as Utilities, provided a negative return amidst further political and Brexit uncertainty, with Theresa May resigning as PM and a further extension of the Brexit deadline to 31 October 2019. The UK economy shrank by 0.4% in April, reflected in the GBP/USD decline by -2.3% over the quarter. However, with US interest rate cuts expected we may see a potential weakening of the USD in future.

Over the quarter, the portfolio has marginally underperformed the FTSE All Share by -0.12%, returning 3.13% versus the FTSE All Share return of 3.26%. Manager relative performance was mixed over the quarter.

Since inception on 21 November 2018, the portfolio has returned 9.28%, an under performance of -0.15% versus the FTSE All Share over the same period. Again, relative performance by managers was mixed over the period.

Brunel UK Active Equity - Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. Relx PLC	664	50.0
2. Diageo PLC	681	67.1
3. Tate & Lyle PLC	795	25.7
4. Unilever PLC	635	61.1
5. Rio Tinto PLC	626	79.5
6. Mondi PLC	729	50.0
7. Aggreko PLC	780	74.0
8. Informa PLC	725	61.7
9. Victrex PLC	775	82.8
10. Carnival PLC	640	22.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. Royal Dutch Shell PLC	520	76.1
2. BP PLC	540	71.9
3. Lloyds Banking Group PLC	469	63.3
4. British American Tobacco PLC	536	65.3
5. Smith & Nephew PLC	481	34.8
6. Glencore PLC	415	63.1
7. HSBC Holdings PLC	559	78.9
8. Barclays PLC	464	29.1
9. GlaxoSmithKline PLC	562	74.6
10. Aviva PLC	531	59.4

* Position 1 is the top contributor/detractor.



	Weighted Average ESG Score
Portfolio	5896
Benchmark	5796

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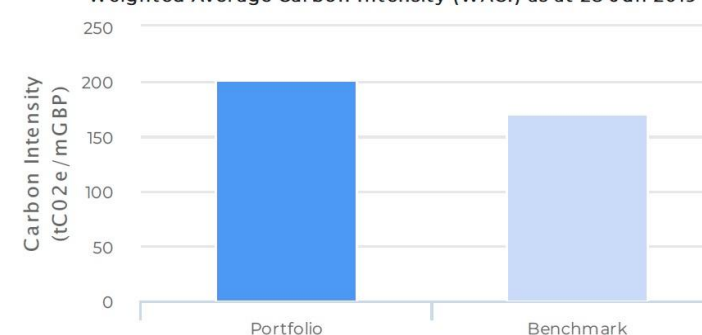
Brunel Assessment

- **Tate and Lyle**, a consumable staples company, has consistent strong insight score with positive news on proactive use of the sugar alternative stevia. However, higher energy and transportation costs are likely to hit growth forecasts.
- **Royal Dutch Shell**, an oil and gas company but aspiring to diversify, who alongside BP, typically score as average due to negativity resulting from size and nature of operations. Both firms are part of the Climate Action 100+ initiative.
- **Smith & Nephew**, **Carnival** and **Barclays** were covered last quarter. There is no material change to boardroom battles or concerns to climate related lending. Barclays remain an engagement priority. We voted against the remuneration report (2 May 2019).

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

The carbon intensity of the UK portfolio is driven by holdings in oil and gas and diversified miners; strong financial performers in the portfolio. We are working with all managers in the portfolio to ensure climate risk is factored into the portfolio construction but any changes in process need to be implemented with care.

Weighted Average Carbon Intensity (WACI) as at 28 Jun 2019



Source: Trucost

Extractive Exposure

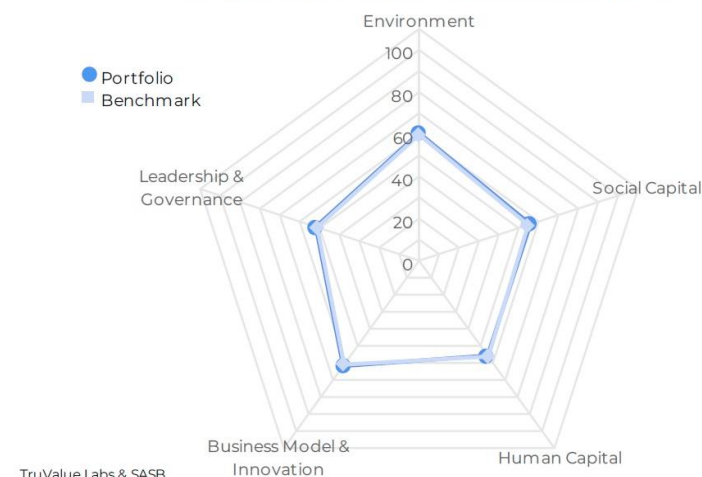
	Total Extractive Exposure ¹	Extractive Industries (VOH) ²
Portfolio	3.06	1683
Benchmark	2.54	1457

¹ Extractive revenue exposure as share (%) of total revenue.

² Value of holdings (VOH)-companies who derive revenues from extractives.

Source: Trucost

Absolute Weighted ESG Scores as at 28 Jun 2019



TruValue Labs & SASB

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