BRUNEL

Pension Partnership

AVON PENSION FUND

Brunel Portfolios Performance Report for Quarter Ending 30 September 2019

Information Classification: Public

Market Summary – Chief Investment Officer

Fixed Income

Q3 2019 was characterised by strong returns across all areas of fixed income, which was in line with observations from the previous two quarters. Positive returns have been fuelled by stagnant inflation expectations, slowing global growth and an increasing shift towards looser monetary policy in major economies.

The best performing asset class in fixed income over the quarter was UK Inflation Linked Bonds, which returned an impressive +8.2% in local terms. The lowest performing asset class in fixed income was European High Yield, which returned +0.9% in local terms over the quarter. UK Gilts also posted impressive returns during Q3, appreciating by +6.6%. UK Inflation Linked Bonds were also the highest performing sub-asset class on a year-to-date basis; total returns have been +16.8% in local terms following a further reduction in real yields.

- UK Consumer Price Inflation (CPI) shifted downwards over the last quarter. The headline UK CPI was 1.7% in September, down roughly 0.3% from the previous quarter. This modest downward trend also occurred across the major economies in the Eurozone. CPI expectations remain fairly stable in the UK, despite concerns over Brexit. Market-based median CPI estimates are now 1.8%, 2.0% and 2.0% for 2019, 2020 and 2021 respectively. This is broadly in line with the Bank of England's long-term CPI target of 2%

- The trend in flattening yield curves continued over the last quarter. This was most prominent in the UK and US, where the 10-2yr yield spreads turned negative during Q3. 10-2yr spreads rebounded by the end of September but still remain at almost flat levels. The UK and US 10-year yields have fallen considerably in absolute terms over the quarter; yields fell by 49 & 32bps respectively. UK 10-year yields touched an all-time low during the quarter following concerns over Brexit and slowing global growth; yields went as low as +0.37% in August

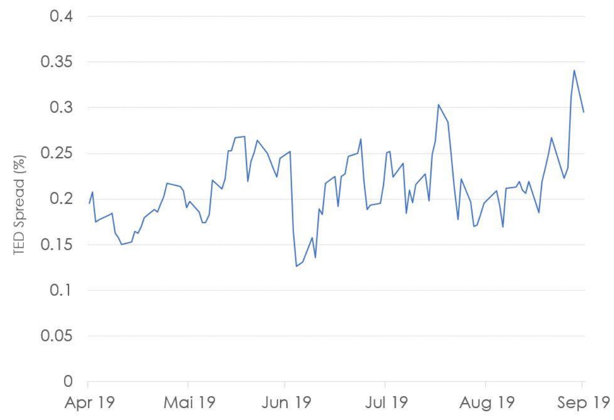
- The UK government announced changes to the way UK inflation is calculated. UK chancellor Sajid Javid outlined plans to reform the retail price index (RPI) by 2030 to correct well publicised calculation flaws. RPI-linked government bonds subsequently experienced volatility, with the price of some issues falling as much as 10%. Despite this, real yields on longer dated issues (>25 year) continued to fall over the quarter; yields were as low as -2.1% at quarter end

- The 'TED Spread' in the US has been increasing over the last two quarters. It is now +30bps. TED spreads show the difference between 3-month LIBOR and 3-Month US T-Bill rates. The spread number represents

10-2yr Yield Spreads

Source: Factset

TED Spread



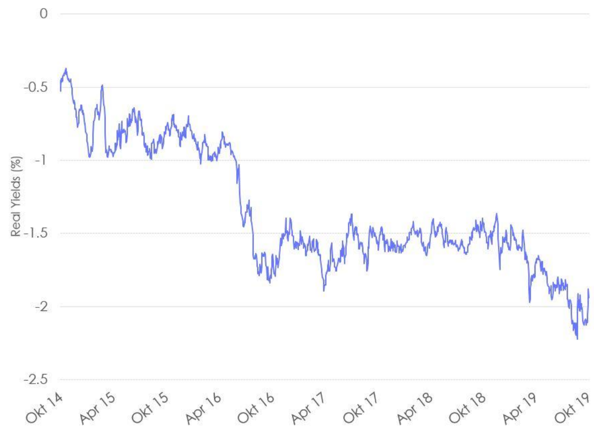
Source: FactSet

the level of credit risk in an economy. Spreads typically rise during periods of economic crisis

UK Index Linked Tickers - FactSet
G4527HBM Government of United Kingdom 0.125% 10-AUG-2048
G4527HDE Government of United Kingdom 0.125% 22-MAR-2046
G4527HDB Government of United Kingdom 0.125% 22-MAR-2058
G4527HCW Government of United Kingdom 0.125% 22-MAR-2068
G92445ER Government of United Kingdom 0.125% 22-NOV-2056
G92445CR Government of United Kingdom 0.125% 22-NOV-2065
G4527HCL Government of United Kingdom 0.25% 22-MAR-2052
G92451HG Government of United Kingdom 0.375% 22-MAR-2062
G9245027 Government of United Kingdom 0.5% 22-MAR-2050
G92444AP Government of United Kingdom 0.75% 22-NOV-2047
G92450WC Government of United Kingdom 1.25% 22-NOV-2055

Yield Tickers - FactSet
- TRYGB2Y-FDS – UK 2yr Generic Yield
- TRYGB10Y-FDS – UK 10yr Generic Yield
- TRYUS2Y-FDS – US 2yr Generic Yield
- TRYUS10Y-FDS – US 10yr Generic Yield
- TRYDE2Y-FDS – Germany 2yr Generic Yield
- TRYDE10Y-FDS – Germany 10yr Generic Yield
- TRYFR2Y-FDS – France 2yr Generic Yield
- TRYFR10Y-FDS – France 10yr Generic Yield

Real Yields – Long Dated UK Index Linked



Source: Factset

Market Summary – Chief Investment Officer

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Equities

The MSCI AC World returned 3.4% over the quarter, adding to positive returns from the previous quarters, leaving global equity markets with a return of 20.6% year to date (YTD). This positive return comes despite slowing global growth as global trade declined and European manufacturing suffered its steepest downturn in seven years.

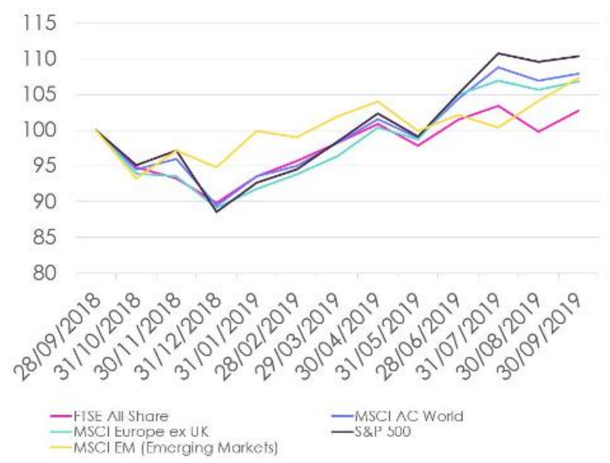
In US equities, the S&P 500 returned 1.7% over the quarter, returning 20.5% YTD in dollar terms. The Federal reserve cut its policy rate over the quarter to 2% in an attempt to stimulate growth and counter the effects of the continuing trade war.

• Rising stock prices pushed US equity valuations higher than their historical averages over the quarter. This has been largely underpinned by low bond yields and decreasing interest rates
• The trade war continues to fuel risk in the US. New tariffs were imposed on more than $112 billion in September and a further increase scheduled for October has left business owners with a high degree of uncertainty. This has led to a slowdown in investment in factories and other businesses as they are uncertain if they can sell their products with a notable decline in US exports
• US earning growth continued to decelerate over the quarter as estimates for 2019 EPS growth in the US now stands at 1.5%, down from the 3% estimate at the end of Q2.

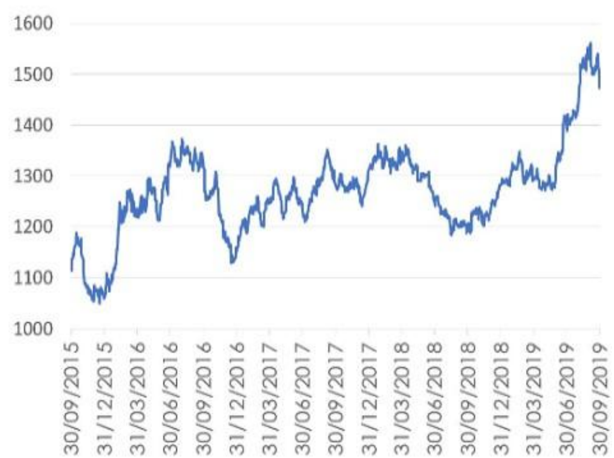
Emerging Markets declined over the quarter by -1%, returning 10% YTD.
• Emerging markets were down over the quarter as the previously mentioned US-China trade tensions escalated
• China is a major swing factor in Emerging markets. With a weighting of 32%, it returned -1.54% over the quarter and contributed 0.5% to the decline
• Those countries within emerging markets that have a high sensitivity to the USD also underperformed over the quarter as the dollar strengthened. Notably, South Africa returned -8.2%
• Argentina was the largest underperforming country. A primary election led to a sell-off of Argentine assets, and returned -45% for the quarter
• In contrast, Taiwan returned 9.3% over the quarter, largely due to their large tech sector, which makes up over 50% of their market

European markets ex UK returned 1.7% over Q3, 19.9% YTD.
• As mentioned above, Europe's manufacturing activity has shrunk to its lowest levels since October 2012. This was led largely by Germany, which slumped to its lowest levels since 2009. These stem partly from the fact that Chinese companies facing tariffs on exports to the US are decreasing their purchases

Global indices 1 Year Returns



5 Year price of Gold (NYM $/ozt)



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of German-made machinery
• Shares, however, provided a positive return this quarter, largely due to the defensive sectors of Utilities, Consumer Staples and Healthcare

FTSE All share returned 1.3% over the quarter, providing a YTD return of 14.41%.
• A new prime minister and further uncertainty about the UK's ability to leave the EU on 31 October with a deal led investors once again to favour more defensive sectors such as Healthcare and Utilities, leading the FTSE All share positive gain
• Economically sensitive sectors such as Financials and Materials underperformed
• Growth indicators in the UK point towards a loss of momentum as Q2 GDP was confirmed at -0.2%
• Business investment in the UK grew at a rate of 1.1% per quarter during the year before June 2016. Between Q2 2018 and Q2 2019, business investment is estimated to have fallen by 1.49%

Gold returned 4.19% Q3, 14.95% YTD.
• The continued drop in bond yields and the slowdown in global growth has led investors to favour less risky assets such as Gold, which saw its price climb to highs of $1560/ozt, its highest since 2013
• Oil prices fell over the quarter, with Brent Crude returning -8.5%. However, a drone attack on a Saudi Arabia Oil processing facility in September knocked 5% off global oil production immediately, leading to the biggest intra day rise since 1988. This was subsequently corrected by quarter end

Sterling returns for indices:
- FTSE All-Share: 1.3% (3m) 2.7% (12m)
- MSCI Europe: 1.5% (3m) 5.7% (12m)
- MSCI Europe ex UK: 1.7% (3m) 6.8% (12m)
- MSCI ACWI: 3.4% (3m) 7.9% (12m)
- MSCI ACWI ex USA: 1.5% (3m) 5.1% (12m)
- MSCI Emerging: -1% (3m) 4.1% (12m)
- MSCI China: -1.6% (3m) 1.8% (12m)
- S&P 500: 5.0% (3m) 10.3% (12m)
- GBP Vs USD: -3.2% (3M) -5.5% (12M)

Market Summary – Head of Private Markets

Overview
As we move into the final quarter of 2019, the challenges faced throughout the year are persistent. US-China trade tensions and the uncertainty of the Brexit outcome are, for many, foreshadowing a global recession. With these macroeconomic factors impacting a range of investment markets, successfully navigating the market is getting harder.

Early indications of Client commitments for Cycle 2 suggest more money across all the Private Market portfolios, especially to secured income and to private debt where in excess of £300m has already been communicated. There is a minimum efficient scale to operating the PM Portfolios and for the team to realistically be able to negotiate better terms with managers on your behalf. Client cohesion, compromise and buy-in to the Brunel Portfolio offerings is fundamental to the success of our Pool and we have appreciated the very constructive discussions during the Cycle 2 Portfolio Scoping stages as Clients see what the team has already delivered during Cycle 1.

Infrastructure
Fundraising activity has significantly slowed down from 2018. Between Q1 and Q3 2019, unlisted infrastructure funds have secured just 40% of the capital raised in the same time period in 2018. However, managers' ability to deploy has not been affected, as during Q3 2019, 593 infrastructure transactions were completed for an aggregate value of $88bn. Investment levels are almost identical to Q3 2018, when 592 deals were completed for a total of $93bn.

The geographic focus for managers has shifted slightly, moving from traditional developed to emerging economies. The number of infrastructure transactions in Asia increased from 69 in Q3 2018 to 104 in Q3 2019, whereas North American deals declined by 23% over the same period, falling from 198 to 158.

Investors continue to view the renewable sector as offering lower political risk, and a higher income yield, although this reflects the greater revenue variability from power price exposure. It remains the largest sector in the market, accounting for 51% of all completed deals in Q3 2019. Nevertheless, other industries are on the rise. The total number of transport deals surpassed energy deals for the first time since Q2 2016 (84 versus 74 respectively), while the number of telecoms deals nearly doubled from 22 to 40 between Q3 2018 and Q3 2019.

The Capital Dynamics Clean Energy funds remain on track with their fundraising and deployment of capital. The UK and Europe fund is just under 50% funded and has an extensive investment pipeline of exclusive wind and solar projects. A first deal was signed in August: Project Keane – a portfolio of

Vauban investment VSFP (Mestre Hospital)

Market Summary – Head of Private Markets

operational wind farms in Northern Ireland. The US fund has committed 49% of the $1.4bn total and has c$600m of high probability transactions in the next 6-12 months (taking it to fully committed).

The fundraising for NTR Renewable slowed down in Q2-Q3 2019, but there is expectation a new German investor will commit €50m in Q4 2019 and there has been positive progress with other pools and LGPS investors. Deployment has progressed with an imminent transaction expected post quarter end, taking deployment to c40% of target fund size.

The Core infrastructure fund expects to be fully invested by year end. The Core infrastructure team has successfully spun-off from Mirova to become "Vauban", although it remains under the Natixis umbrella.

No new fund commitments were made in the quarter ending 30 September, but considerable work was done to progress the selection of a manager to source coinvest and secondary transactions for Brunel and to jointly select primaries with the PM team. This will be done through a bespoke vehicle, built exclusively for Brunel, and will not only be used to deploy the remaining capital for Cycle 1, but also to manage new commitments to the infrastructure portfolio for future cycles. This will be hugely beneficial for all concerned.

Brunel therefore remains on track to build a nicely diversified Cycle 1 infrastructure portfolio for Clients, consisting of eight to nine primary funds plus coinvests and secondaries through this bespoke vehicle, adding four to five further primary funds to the four fund commitments Brunel has already made (covering sustainable infrastructure across telecoms, transport, energy infrastructure and renewable power generation) as well as 10 to 15 co-investment deals across geographies and sectors, all with an emphasis on sustainability by mitigating and creating resilience to climate change and other systemically important challenges.

Private Equity

Investors continue to turn to private equity (PE), which has proven its ability to provide protection in times of market downturn. Fundraising remains robust in terms of capital secured. Private equity funds have secured $417bn in the first three quarters in 2019, up from $345bn over the same period in 2018.

Performance over the long term is strong and the private equity model has shown its worth in withstanding market cycles. While activity is not currently matching the record highs seen in recent years, investors continue to allocate to the asset class in search of long-term value creation.

The latest statistics on secondary transactions reflect how the market has evolved, with the buying and

Cycle 1 Private Equity GP Names

selling of assets before the end of a PE fund's agreed term running at record levels. In addition to traditional fund buyers of secondary private equity stakes, pension funds and large family offices are increasingly competing for transactions, driving up prices. Investors are increasingly drawn to the very favourable characteristics of secondaries, as Brunel outlined in its Cycle 2 PE Portfolio Scoping Paper.

The Neuberger Berman (NB) Private Equity Impact Fund is making good progress investing and has now committed to three primary funds and three co-investments. They are finding good prospects in the Healthcare, financial services and education sectors which align well with the impact aspirations of the fund. They have also now put a credit line in place which will aid managing capital calls for the fund and smooth the drawdown process with clients.

The NB Strategic Co-Investment Partners Fund IV had its first close in early September at $1bn, with a further $600m in advanced due diligence with rolling closes over subsequent quarters. The fund should start to deploy in early November as Fund III finishes deploying.

The Capital Dynamics Global Secondaries Fund V has raised $401m so far and has closed 12 transactions, with a further two deals in execution, for a total amount of US$272m. The early transactions are well diversified by geography, vintage year, deal type and complexity, and consist of a portfolio of over 100 funds run by many highly sought-after managers across buyout, growth and venture.

The PM team are pleased with the way the PE Portfolio is shaping up with a likely composition of 43% Primary, 20% Secondary, 37% Coinvest by the time all capital has been committed at the end of Q1 2020.

Secured Income

The lower level of transactional activity in the UK property market over the first half of 2019, down 33% on last year's levels, has impacted the pace of investor drawdowns for both long-lease property funds held by Brunel's clients in the secured income portfolio. Both M&G and ASI have a significant pipeline of deals, and one large transaction is expected from each fund imminently.

Greencoat Renewable Income Fund (GRI) has now been selected by Brunel as the final fund for Client commitments to secured income in this cycle. This Portfolio is now fully committed. GRI will acquire primarily UK-based operational assets in the solar, bioenergy and wind sectors, and more opportunistic environmental infrastructure sectors, with the objective of generating predictable income with inflation protection over a long-term horizon. Greencoat is a specialist investor dedicated to low carbon energy investing, with assets under management of £4bn. Fund returns will be driven by contracted, inflation-linked (RPI or CPI), long-term income streams, including 15-20 year UK government renewable

Greencoat Capital

Illustrative Image of Similar Giant Greenhouse

subsidies/support mechanisms. 30% of the commitment is reserved for Solar II, a portfolio of 64 solar assets.

Property
In the UK, annual commercial property returns are forecast to deliver negative total returns of around -2% for 2019 (the first negative total return since 2008), with modest positive performance returning in 2020. The retail sector will be hardest hit, with average capital values falling by over 15% and some shopping centre assets anticipated to lose over 30% of their value in the next 12 months.

Over the next five years, annualised total returns for all UK commercial property range between +2.5% and +4% and equivalent yields (now at 5.5%) are already moving out to reflect future stagnant and falling rental returns from some sectors.

There was a mild rebound in investment activity in the third quarter, concentrated on the Alternatives sector, in particular student housing and the private rented sector (PRS). The largest deal so far this year has been Unite's purchase of the Liberty Living student housing portfolio for £1.4bn at an initial yield of 5.3%.

Internationally, similar themes of retail weakness and continued strength in logistics, where rental growth is now moderating, have led managers to focus on defensive locations in the US, Europe and Asia. Transactional activity has slowed in most regions, though from a high level in mature Asian markets. Investor attention is directed towards secondary cities in the US, major business centres in Europe and the office sector in Australia.

World on Fire – Climate change and supply chain
September saw significant deforestation and fires in the Amazon. A recent report from the Intergovernmental Panel on Climate Change (IPCC), highlights the close links between unsustainable land use and climate change. With CO2 emissions rising and biodiversity declining faster than at any other time in human history, the report underlines the urgency in promoting sustainable land management to halt biodiversity loss, enhance food security and meet the goals of the Paris Agreement.

Brunel signed the Investor statement on deforestation and forest fires in the Amazon, which has to date been endorsed by 244 investors representing approximately US $17.2 trillion in assets. The statement urgently requests companies to redouble their efforts and demonstrate clear commitment to eliminating deforestation within their operations and supply chains, including by:
1. Publicly disclosing and implementing a commodity-specific no deforestation policy with quantifiable, time-bound commitments covering the entire supply chain and sourcing geographies
2. Assessing operations and supply chains for deforestation risk, and reduce this risk to the lowest possible level, disclosing this information to the public
3. Establishing a transparent monitoring and verification system for supplier compliance with the company's no deforestation policy
4. Reporting annually on deforestation risk exposure and management, including progress towards the company's no deforestation policy

Hermes EOS have also supported the investor statement, and recently published an EOS Insights article, Playing With Fire which looks at companies exposed to deforestation – directly or indirectly through their supply chains – and the investor response.

Plastic and the Circular Economy – Supply chain
Brunel as a member of the PRI Plastic Working Group (PWG) supported a PRI-in-person roundtable, where four companies in the plastic value chain discussed the opportunities and challenges of plastic. The PWG recently published its first two reports, Plastics: the challenges and possible solutions, and risks and opportunities along the plastics value chain. Further updates will be shared as work progresses. Brunel last year supported a letter on development of pellet-loss-free plastic supply chains and endorsed the Ellen MacArthur New plastics economy global commitment.

UK Regulation & Policy – Quality and Effectiveness of Audit

Sir Donald Brydon was appointed to conduct an independent review into the quality and effectiveness of audit. On 27 June 2019, Sir Donald Brydon and Miranda Craig visited Brunel as part of their research for the review. We discussed a range of issues and flagged concerns about quality of the audit process and the confidence, or lack thereof, it provides in financial accounts. We emphasised the importance of both quality and confidence to us as investors. We welcomed the proposals for shareholder engagement by the audit committees and more nuanced and informative audit findings. However, we also noted the role (and current competence) of auditors in assessing a company's approach to material emerging risks such as cyber and climate change. We look forward to reviewing the report, which is expected at the end of 2019.

Climate change – Energy transition

The **Transition Pathway Initiative**, co-chaired by Faith Ward, recently released its latest assessment of the world's top energy companies. Offering updated analysis of the sector and with coverage expanded to 135 of the world's highest emitting public coal mining, electricity, and oil and gas companies, it also included a comprehensive assessment of the Carbon Performance of oil and gas producers for the first time. Key findings (see charts overleaf) include:

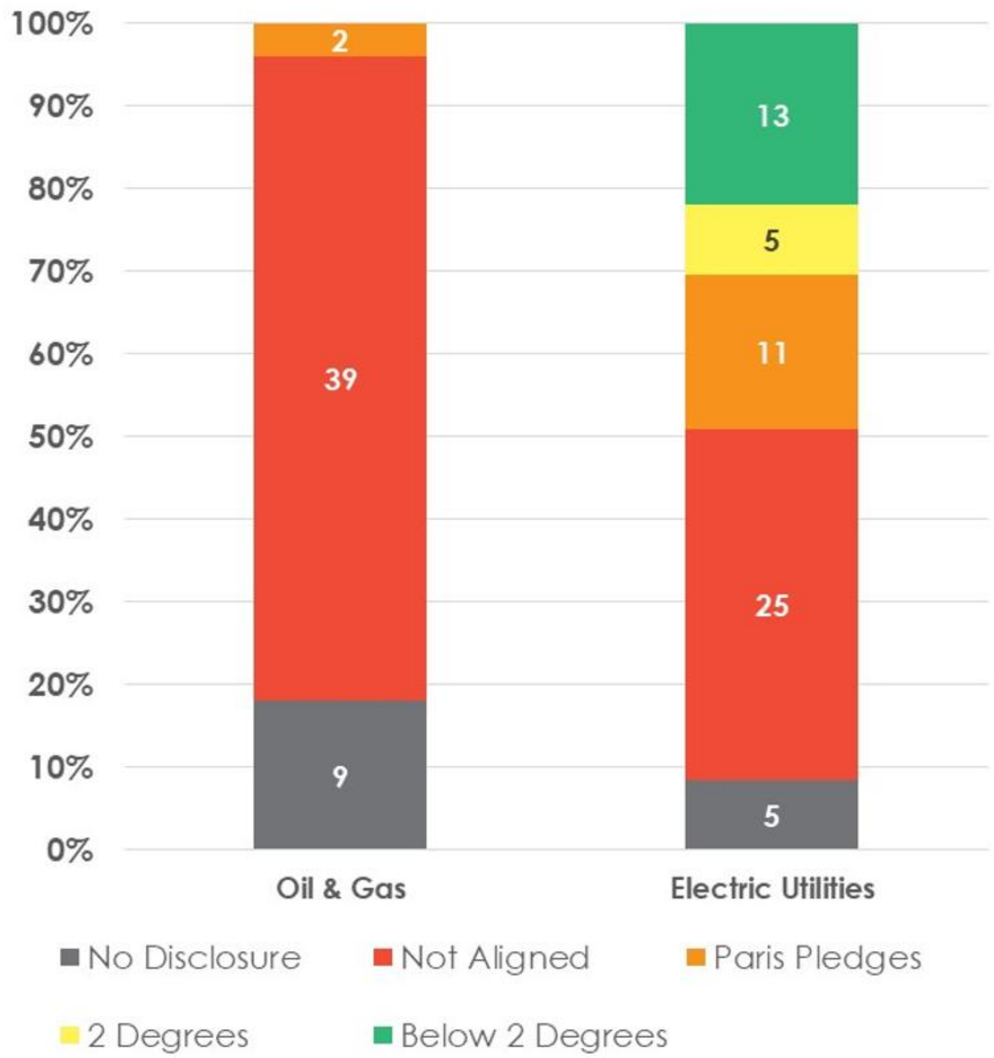
• Just **four energy companies are on Level 0 Management Quality** (unaware of or not acknowledging climate change as a business issue)
• Close to **60% of energy companies are on Level 3** – integrating climate change into operational decision-making – or Level 4 – strategic assessment of climate change
• On average, **the sector is just over halfway between Level 2 and 3**
• **Electricity utilities perform best**, while oil and gas producers are in line with the energy-sector average
• Currently, **coal mining is the worst performing sector in the TPI database**. Within that sector we see a divergence between the leaders (clustered on Levels 3 and 4), and the laggards (stuck on Levels 0 and 1), with the leaders tending to be diversified and large-cap. companies

Brunel's use of TPI to inform its investment decisions and voting was featured in September's Funds Europe ESG Report – ***The time for climate action is now***.

Transition Pathway Initiative

- The contrast between the Carbon Performance of electricity utilities and oil and gas producers is stark:
- The electricity sector fares better than any other sector in the TPI database on Carbon Performance. Almost half of companies are already aligned with what the Paris Agreement requires by 2030, or will be on the basis of emissions targets they have set.
- Conversely the oil and gas sector is the worst performing TPI sector on Carbon Performance. Only two companies plan to be aligned with the least ambitious benchmark (Paris Pledges) by 2050, namely Shell and Repsol.

Source: Management Quality and Carbon Performance of Energy Companies, TPI, September 2019



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	194	0.29%	-0.98%							9.60%	-1.22%	21 Nov 2018
Passive Low Carbon Equities	MSCI World Low Carbon Target	581	4.28%	0.00%	8.98%	-0.04%					10.88%	-0.14%	11 Jul 2018
Brunel - PM Infrastructure	Consumer Price Index	19	1.56%	1.01%							-2.09%	-3.40%	02 Jan 2019
Brunel - PM Secured Income	Consumer Price Index	17	1.15%	0.60%							3.85%	2.54%	15 Jan 2019

Passive Low Carbon Equities

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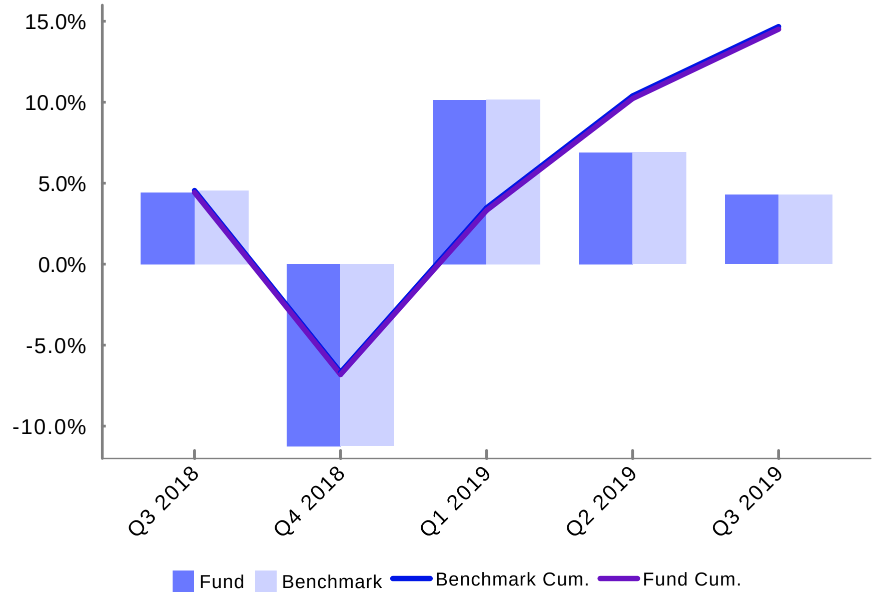
Overview

	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:	£580,754,670

Quarterly performance

All values in %	Fund	BM	Excess
3 Month	4.28	4.28	0.00
Fiscal YTD	11.49	11.49	0.00
1 Year	8.98	9.02	-0.04
3 Years			0.00
5 Years			0.00
10 Years			0.00
Since Inception	10.88	11.02	-0.14

Rolling Performance



Passive low carbon returned positive performance over the quarter. Performing in line with its MSCI Low Carbon benchmark, the portfolio returned 4.3%.

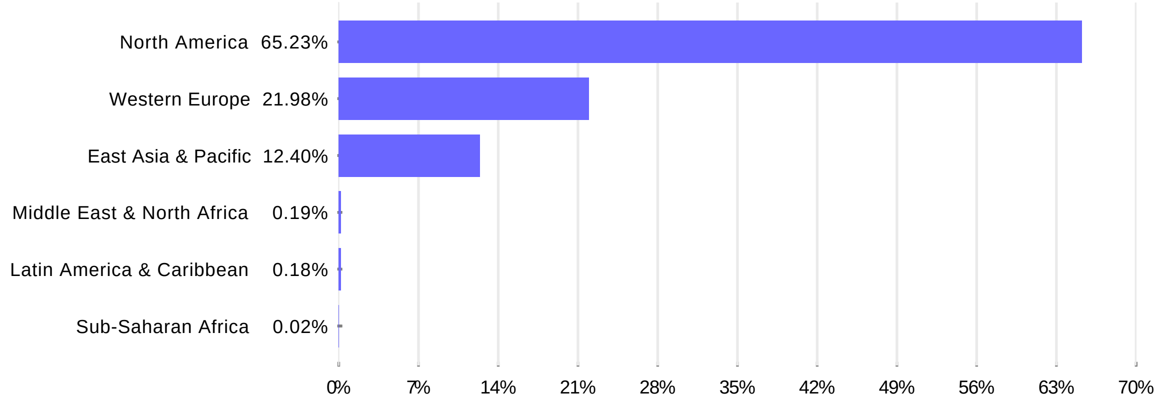
• The low carbon portfolio benefitted from positive global equity market returns during Q3. As the global equity market has such a large allocation to the US (around 55%), this region was the largest contributor to positive performance

Passive Low Carbon Equities – Region & Sector Exposure

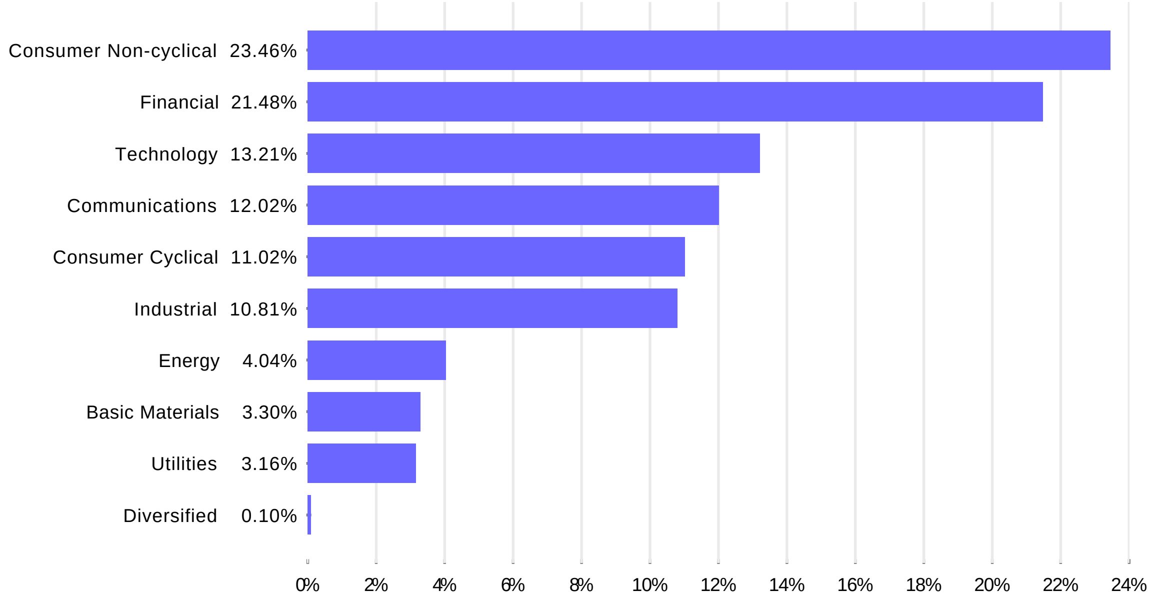
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	22,576,984
MICROSOFT CORP	21,770,189
AMAZON.COM INC	15,673,782
FACEBOOK INC-CLASS A	9,104,868
ALPHABET INC-CL A	8,227,054
JPMORGAN CHASE & CO	8,134,489
ALPHABET INC-CL C	7,716,721
JOHNSON & JOHNSON	7,682,524
PROCTER & GAMBLE CO/THE	7,322,237
NESTLE SA-REG	7,275,866
VISA INC-CLASS A SHARES	6,740,287
AT&T INC	6,103,172
BANK OF AMERICA CORP	5,896,193
HOME DEPOT INC	5,779,244
BERKSHIRE HATHAWAY INC-CL B	5,670,424
VERIZON COMMUNICATIONS INC	5,639,217
MASTERCARD INC - A	5,323,502
INTEL CORP	5,321,276
COCA-COLA CO/THE	5,242,835
WALT DISNEY CO/THE	5,162,203

Regional Exposure



Sector Exposure



Passive Low Carbon Equities – Responsible Investment

Top 10 ESG Contributors to Overall Score	Insight	Momentum
1. Microsoft Corp	61.3	65.5
2. SAP SE	74.0	68.4
3. Ecolab Inc	76.1	50.0
4. Accenture PLC	68.4	50.0
5. Toyota Motor Corp	66.6	68.5
6. Cisco Systems Inc	63.9	62.4
7. Eversource Energy	65.6	80.0
8. Schneider Electric SE	78.6	59.8
9. Texas Instruments Inc	67.3	32.7
10. Nestle SA	61.5	66.6

Bottom 10 ESG Detractors to Overall Score	Insight	Momentum
1. Alphabet Inc	49.1	37.5
2. Facebook Inc	45.3	28.5
3. Apple Inc	52.9	44.8
4. Johnson & Johnson	46.8	50.0
5. Amazon.com Inc	53.2	34.6
6. Wells Fargo & Co	44.0	69.9
7. JPMorgan Chase & Co	50.8	36.8
8. Boeing Co	46.8	14.0
9. Home Depot Inc	49.8	42.9
10. Nike Inc	42.2	35.9

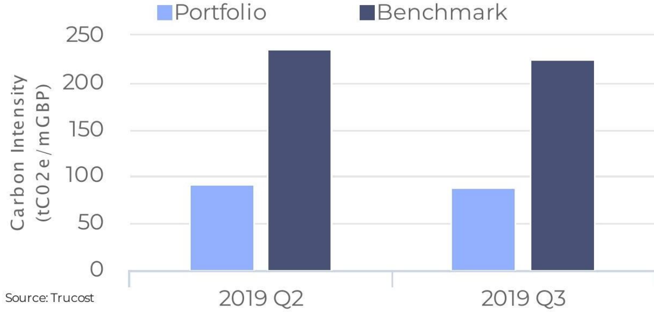
Weighted Average ESG Score	2019 Q2	2019 Q3
Portfolio	58.41	58.30
Benchmark	58.60	58.54

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



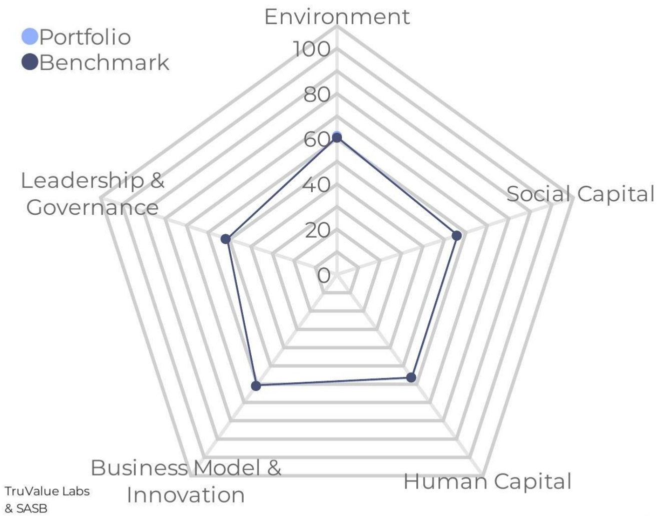
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1] Q2	Total Extractive Exposure[1] Q3	Extractive Industries (VOH)[2] Q2	Extractive Industries (VOH)[2] Q3
Portfolio	2.00	1.78	3.95	4.16
Benchmark	3.28	3.32	9.38	9.08

[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



TruValue Labs & SASB

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Brunel Assessment

- **FANG's**, the acronym for the big four tech companies, continue to face increased scrutiny over data protection concerns and objectionable content. Anti-trust probes and strikes by staff have also impacted companies in this sector. Data security is an area of ongoing engagement.
- **Boeing**, an aerospace company, has been plagued with concerns over the safety of its planes following crashes and ongoing investigations. Positives include a split to CEO and chair roles and the appointment of a new board director with safety experience. Subject to ongoing engagement.
- **JP Morgan Chase**, an investment bank, in Q2 saw a downward score following settlement of a parental leave case. This quarter was further impacted when three metals exchange traders were charged with market manipulation and it was named as one of five banks in an FX rigging lawsuit.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The benchmark has been updated to MSCI Developed World (source index) so that the carbon reductions achieved by the application of carbon constraints to create the MSCI Developed World Low Carbon portfolio are easier to monitor.

Brunel UK Active Equity

BRUNEL Pension Partnership

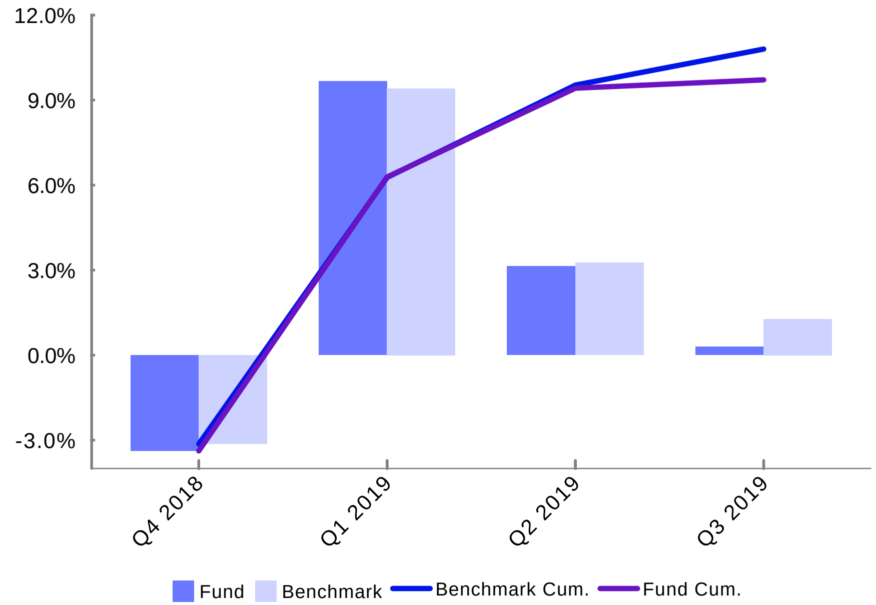
Overview

	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:	£193,703,403

Quarterly performance

All values in %	Fund	BM	Excess
3 Month	0.29	1.27	-0.98
Fiscal YTD	3.44	4.57	-1.13
1 Year			0.00
3 Years			0.00
5 Years			0.00
10 Years			0.00
Since Inception	9.60	10.82	-1.22

Rolling Performance



The FTSE All share index underperformed global developed markets during the quarter, posting a return of 1.3% over the quarter and 14.4% year to date. During the quarter, a new prime minister, Brexit uncertainty, and weak growth indicators all led investors once again to favour more defensive sectors such as Healthcare and Utilities, while economically sensitive sectors such as Financials and Materials underperformed.

Over the quarter, the portfolio has underperformed the FTSE All share by -0.98%, returning 0.29% versus the FTSE All share return of 1.27%. Manager relative performance struggled over the quarter with all three managers underperforming the benchmark in a market environment dominated by market rotations and macro factors. ASI, Baillie Gifford and Invesco underperformed by -0.34%, -1.56% and -0.86 respectively.

Since inception on 21 November 2018, the portfolio has returned 9.59%, an underperformance of -1.23% versus the FTSE All share over the same period. Underperformance was largely driven by a significant underperformance from ASI versus the FTSE All share of -4.28% and, to lesser extent, Invesco (-0.78%), which more than offset outperformance by Baillie Gifford (+1.74%).

Active UK Equities – Region & Sector Exposure

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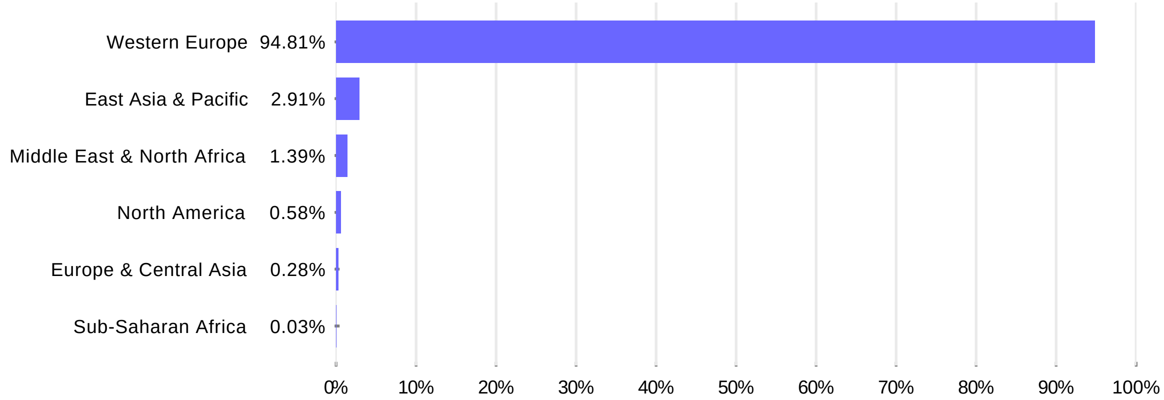
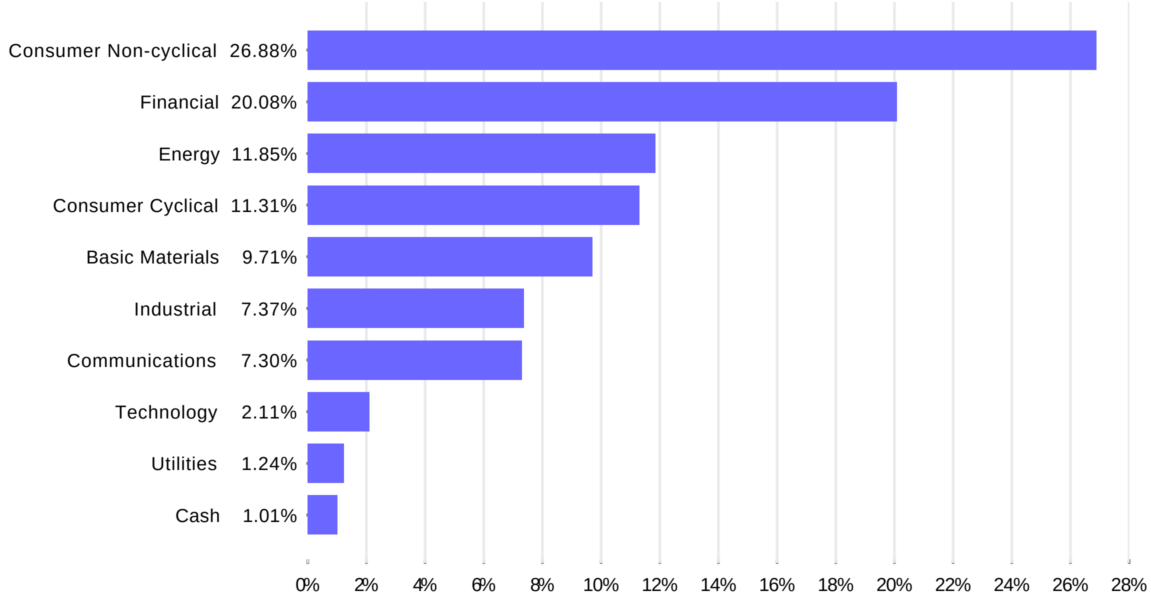
Top 20 Holdings

	Mkt. Val.(GBP)
ROYAL DUTCH SHELL PLC-B SHS	70,879,998
GLAXOSMITHKLINE PLC	61,808,475
BP PLC	58,774,411
HSBC HOLDINGS PLC	51,813,875
UNILEVER PLC	50,823,609
RIO TINTO PLC	49,674,353
BHP GROUP PLC	48,031,849
RELX PLC	47,469,370
BRITISH AMERICAN TOBACCO PLC	46,593,203
DIAGEO PLC	43,864,512
ROYAL DUTCH SHELL PLC-A SHS	37,612,954
PRUDENTIAL PLC	35,788,895
ASTRAZENECA PLC	32,680,315
LEGAL & GENERAL GROUP PLC	27,893,249
LLOYDS BANKING GROUP PLC	24,162,524
MEGGITT PLC	23,050,484
RIGHTMOVE PLC	22,083,950
STANDARD CHARTERED PLC	21,196,745
AUTO TRADER GROUP PLC	20,796,900
HIKMA PHARMACEUTICALS PLC	20,496,401

Regional Exposure



Sector Exposure



Active UK Equities – Responsible Investment

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. Relx PLC	65.9	66.4
2. Diageo PLC	65.5	50.0
3. Unilever PLC	63.7	67.0
4. Tate & Lyle PLC	76.8	20.3
5. Rio Tinto PLC	62.7	77.4
6. Mondi PLC	74.1	50.0
7. Aggreko PLC	77.6	50.9
8. Legal & General Group PLC	63.1	19.6
9. London Stock Exchange Group PLC	66.4	21.6
10. Babcock International Group PLC	70.1	50.0

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. Royal Dutch Shell PLC	53.7	79.4
2. BP PLC	53.5	69.9
3. Lloyds Banking Group PLC	45.5	55.4
4. HSBC Holdings PLC	53.7	74.4
5. British American Tobacco PLC	55.2	62.1
6. Smith & Nephew PLC	50.0	69.3
7. Barclays PLC	46.8	43.7
8. Glencore PLC	40.9	69.9
9. JD Sports Fashion PLC	47.9	23.3
10. Reckitt Benckiser Group PLC	47.2	69.6

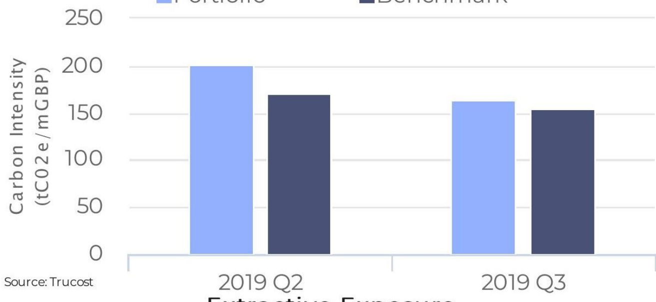
Weighted Average ESG Score	2019 Q2	2019 Q3
Portfolio	58.96	59.90
Benchmark	57.96	58.38

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



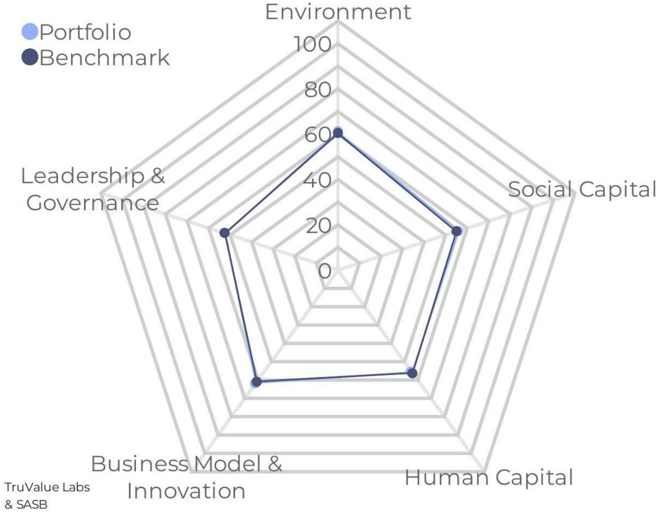
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1] Q2	Total Extractive Exposure[1] Q3	Extractive Industries (VOH)[2] Q2	Extractive Industries (VOH)[2] Q3
Portfolio	5.41	6.76	19.87	17.60
Benchmark	5.71	6.64	19.35	17.70

[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



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Brunel Assessment

- **London Stock Exchange** , was subject to a take over bid by the Hong Kong Stock Exchange. The LSE Board rejected bids supported by a number of large investors. The bid was finally withdrawn.
- **Legal and General Group**, there is nothing material driving the negative momentum score and since the quarter end has seen a significant positive move upwards.
- **JD Sports**, the clothes retailer, has had its recent acquisition of smaller rival, Footasylum, referred by the competition watchdog. The Competition and Markets Authority (CMA) said JD Sports, Britain's biggest sportswear retailer, had failed to address its initial concerns that the takeover could be bad for shoppers.
- **Tate and Lyle**, a consumer staples company, has consistently 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.

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

Both the benchmark and the portfolio saw improvements (reductions) in carbon intensity since the last quarter. The overall carbon intensity of the UK portfolio is strongly influenced by one manager whose quantitative approach does not currently include climate risk. We have had very positive engagement with the manager who is seeking a solution for both Brunel and the wider market where they see this as a growing opportunity.

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