



## Performance Report for Quarter Ending 30 September 2020

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The political, economic and social ramifications of COVID-19 are clearly still with us, but the third quarter saw a very significant uptick in investment activity across Brunel, following a tactical delay in transitions agreed across client funds. As markets have stabilised, we have been able to put allocation plans into practice, with close to £2.7bn of client funds invested in new fund launches over recent months. The £1.2 billion Diversifying Returns Fund was a complex product to design and implement but its provision of downside protection at times of market stress is timely, and yet it still targets the returns required by clients, investing across a range of asset classes.

The Global Small Cap Fund has also been developed to match investor needs. We wanted to target the small cap returns premium but without the weaker ESG characteristics often associated with the asset class. The £300 million portfolio draws on a range of investment approaches, with low correlation between our chosen managers. Over thirty strategies were reviewed and three managers were chosen with ESG integration and engagement prioritised throughout.

We also launched the Sustainable Equities Fund, which represents a major step forward in Responsible Investment. With a launch value of £1.2billion, the fund mandates managers to positively pursue companies that will provide a benefit to society.

Laura Chappell, CEO, says: *"These transactions are important on many levels for Brunel. The partnership has been able to deliver these complex portfolios at a time of significant economic and social stress because of the commitment by all parties to deliver financial outcomes that meet the expectations of shareholders, members and clients. This has been achieved through a period of almost exclusively remote working and is a testament to the strength of collaboration and the positive impact of shared values."*

Over the same period, the manager selection progress has begun for the Multi-Asset Credit Fund and the Sterling Corporate Bond Fund. On the Private Markets side, the partnership is pleased to have passed a major landmark, as property transitions reached £1 billion. We are proud of the partnership's success in ensuring members have access to this less-accessible asset class, with all the diversification that provides, and the ESG innovation that the fund enables.

All of this has been achieved despite the logistical and operating constraints imposed on all businesses through the pandemic and in line with government guidelines and our own 'level of care' standards for employee health, safety and mental well-being. As of recently, all staff are now able to work in the office as required or for co-working – and to do so safely under new procedures, which we continue to review. Looking further ahead, we have taken significant steps across the partnership to put the principles of Paris Alignment into practice. The partnership supported the launch of the **IIGCC Net Zero Investment Framework**, the first practical framework to guide asset owners and managers seeking to become Net Zero investors, across a range of investment themes and asset classes.

To keep clients fully informed, we published the first issue of our Responsible Investment newsletter. Our clients and their pension committees have also been provided with guidance about Brunel's approach to the increasing level of public engagement on environmental and social issues. This is a complex area and requires informed and evidence-based responses by asset managers which also meet the risk-and-return-based requirements of clients. The coming months will continue to be challenging but transition plans are on schedule for completion in the New Year. By working in collaboration with clients and remaining adaptable, we believe this important execution phase will only benefit the partnership's development.

# Executive Summary

## Performance of Pension Fund

The Fund delivered a strong outperformance against its strategic benchmark over the quarter. The 3-month GBP performance was 1.9%, which was 2.1% ahead of the strategic benchmark. Over one year, the Fund has returned -0.2%, which is -3.6% behind the strategic benchmark.

Private Market assets reflect the most recent valuation, which may include lagged data.

Key Points:

- 1.9% Absolute Net Performance Q3
- 2.1% Relative Performance vs Strategic benchmark Q3
- -0.2% Absolute Net Performance 1Y
- -3.6% Relative Performance vs Strategic benchmark 1Y

## Fund specific events

- Sustainable Equities and Diversifying Returns portfolios launched in quarter
- Avon exited Active UK Equity in the quarter

The Global High Alpha Equity Sub-Fund continued to perform strongly over the quarter, providing a relative outperformance of +4% above the benchmark, thereby improving its outperformance since inception to +13.2%.

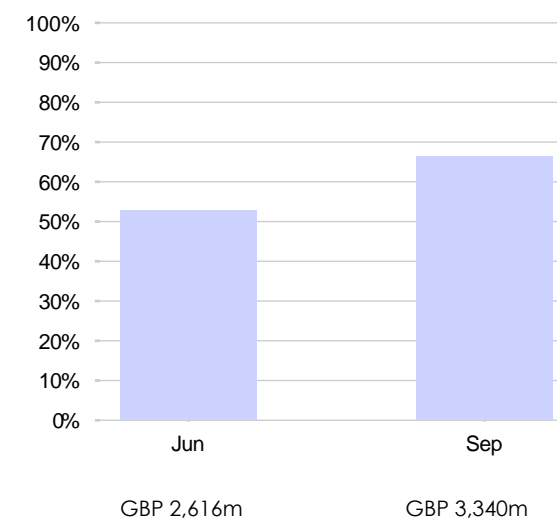
The Diversifying Returns Sub-Fund was launched on 27th July 2020, after which there was a phased transition to sell down the seed assets. The performance period began on 13th August 2020, when the target portfolio was reached. Within that time frame, performance varied across the four strategies, with currency moves weighing heavily on one of the strategies.

MSCI Emerging Markets – a proxy for broad emerging market equities – returned +1.5% year to date, despite falling by more than 18% in Q1 2020. The Emerging Market Sub-Fund enjoyed positive returns. Absolute performance over the last 3 months was +5.7% vs benchmark return, proxied by MSCI Emerging Markets, and +4.8% in GBP terms.

## Total Fund Valuation

	Total (GBPm)
30 Jun 2020	4,955
30 Sep 2020	5,032
Net cash inflow (outflow)	-16

## Assets Transitioned to Brunel



# Market Summary – Listed Markets

This quarter equity markets consolidated the strong rebounds seen in Q2 with more muted single-digit gains in US, Japan, and Emerging Markets, whilst Europe remained flat and Asia ex Japan experienced a negative return.

In the light of a continued divergence between equity market valuations and economic performance, market participants were left to assess the potential impact of unprecedented fiscal and monetary stimulus packages across the globe. This impact had to be balanced with the ongoing shock to economic activity presented by the COVID-19 pandemic, and the risk of a second wave and associated lockdowns.

Amongst this, the US Fed announced a change of regime by adopting an average inflation target to allow for temporary overshoots in inflation, and the Bank of England debated the use of negative interest rates as a potential future policy tool.

## Disparity between sectors, regions, and rising concentration within equity markets

Despite a brief hiatus in the performance of the FAANG+ cohort of stocks towards the end of the quarter, the ongoing rally in these names and increasing concentration within equity markets in general, continues to generate concerns.

Apple achieved a higher market value than either the FTSE 100 index and the Russell 2000 small cap index (Chart 1). Such concentration in individual names is not limited to the US: Alibaba comprised over 43% of the MSCI Emerging Markets Consumer Discretionary Index at the end of September 2020. On a sector basis, Chart 2 shows the disparity this year between sector returns within North American equities and the reliance on a small number of sectors in driving the positive returns for the region.

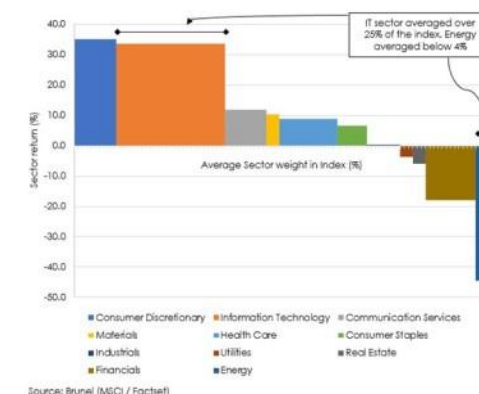
Furthermore, the rally in large-cap, tech-related growth companies explains regional differences in equity market performance. At a 28% weighting, the IT sector within the MSCI North American index is considerably larger than for equivalent UK and European indices (Chart 3). Moreover, when you include FAANG+ stocks categorised in other sectors, the US weighting rises to near 40%. Meanwhile, the more traditional and currently challenged sectors of Financials and Energy make up a materially larger proportion of European (particularly UK) and Emerging Market equity indices.

With stretched valuations in some sectors and high levels of concentration in individual names, the economic outlook is highly uncertain. The consensus is for more volatility in equity markets over the coming quarter. And that is before even considering the potential impacts of the upcoming US election in early November, and the conclusion of any post-Brexit trade deal.

**Chart 1: Apple's market value greater than both FTSE 100 and US Small cap Index**  
(\$,000's)



**Chart 2: Comparative Sector Weights and Returns**  
MSCI North America, YTD 30 Sept 2020



# Market Summary – Listed Markets

## Global Developed Equities

- Global developed equities, proxied by the MSCI World Index, increased by 3.3% in GBP terms over the quarter.
- The US was the largest driver of performance, returning 4.8% over the period. The UK was the largest country detractor within developed equities.
- On a sector basis, Consumer Discretionary and IT were the largest contributors to returns. Within Consumer Discretionary, Tesla was the largest contributor, despite a relatively small position within the index, delivering a notable 90% return. IT names that contributed most were Apple (21.6%) and NVIDIA (36.2%), with the latter announcing the acquisition of ARM during the quarter.
- In contrast, Energy fell by 19.4% in GBP terms with 5 of the 7 largest names in the sector all falling by more than 20%. Despite oil prices holding relatively stable since last quarter's oil price shock, producers have struggled to break even. Negative investor confidence has weighed heavily due to concerns over the impact of a potential Biden presidency, and the trend away from traditional energy producers to their renewable energy counterparts.

## UK Equities

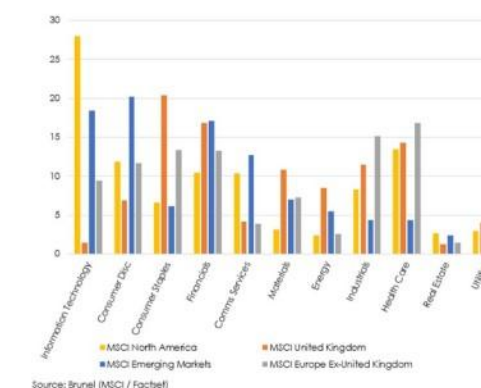
- UK Equities (as represented by the FTSE All Share ex Investment Trusts Index) followed their best quarterly return in seven years in Q2, with a fall of 3.5% over the quarter, continuing the trend of lagging their global peers.
- The sectors to suffer major losses over the quarter were Oil and Gas (-24%) and Telecommunications (-17.8%), as large benchmark names suffered in both sectors.
- A positive performance in Technology (+8.8%), driven by service and software companies, was not enough to offset losses in other sectors. Technology only has a 1.3% weight within the index.

## Emerging Markets

- Emerging markets enjoyed a solid quarter, the MSCI Emerging Markets Index rose by almost 5% in GBP terms, outperforming its developed markets counterpart.
- On a country basis, China was by far the largest contributor to returns, rising 7.6% over the quarter in GBP terms, thereby contributing over 3% to the total benchmark performance of 4.9%.
- Performance dispersion between countries continued, this quarter ranging from Turkey at -19.4% (giving up all of the previous quarter's gains), to Taiwan at +11.9%, where the index had already risen 22% during the previous quarter. It was notable that Argentina, which last quarter achieved 44.2% was relatively flat in Q3, achieving a 2% return.
- Consumer Discretionary and IT were the 2 highest-performing sectors (+21.2%, and +15.4% respectively), reflecting a similar sector experience to developed markets. Financials continued to struggle, underperforming all other sectors, and only marginally behind Energy.

Chart 3: Differences in sector weights between regional equity markets.

30 Sept 2020, %s



# Market Summary – Head of Private Markets

## Overview

The global economy picked up rapidly from its partial paralysis in early Q2, when lockdowns meant that activity in certain sectors dropped to almost zero. The extreme pessimism felt in H1 has abated, and expectations for earnings have begun to improve, albeit from depressed levels.

While some restrictions remain in place in most countries, particularly in Europe in recent weeks, these are far removed from the strict “stay-at-home” orders issued earlier in the year.

Essential to the recovery in activity has been the vast amount of policy support – both monetary and fiscal.

## Infrastructure

In many economic crises, infrastructure businesses are impacted by the tail end of the recession, as demand for essential services flags. From the very beginning of the COVID-19 crisis, however, it was clear that infrastructure would be impacted first. The state of emergency announced during the initial phase brought nationwide lockdowns globally, and most transport links were shut down. The economic implications of these radical measures are only really showing now, months after the initial shock.

Merchant companies are the most exposed to market risk and were hit the hardest both by lower expected cash flows and profits drops. Across all sectors, transport was also heavily impacted, given that, since March, major airports, ports, and roads have seen traffic plummet, and only start to recover in early Q3. Conversely, contracted business models, especially those with low risk profiles – such as onshore wind farms and solar PV – were much less impacted over the reporting period.

The Brunel Infrastructure portfolio remained resilient through the period; most of the renewable energy portfolio was secured by 90% contracted revenues. The Vauban Core Infrastructure fund, despite its exposure to transport, has managed to close three transactions since March 2020, achieving full deployment of the fund while continuing to actively manage the assets in the portfolio to preserve and generate additional value. The Brunel Private Markets team has successfully set up two new infrastructure vehicles for Cycle 2, a £470m vehicle dedicated to renewable energy, and a £370m vehicle dedicated to general infrastructure – the last of these focuses on telecoms, energy, social infrastructure, and transport.

Photo by Matt Seymour on Unsplash





# Market Summary – Head of Private Markets

## Private Equity

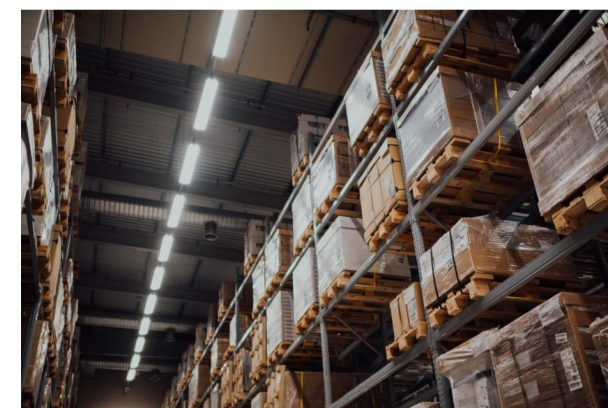
Deal activity in Q3 2020 started to pick up as sentiment improved, following the quick recovery of public markets. Since COVID-19 broke out worldwide, GPs had been focusing on portfolio management, which led to a quiet quarter in Q2 2020. With the portfolio under control, improved sentiment and ample dry powder from strong fundraising years, the GPs have resumed making investments. The investments were mainly focused on resilient sectors such as technology and healthcare. On the other hand, the managers that owned mature assets in these sectors benefited from strong buying interest and high valuation. They were able to exit and generate distributions for their investors.

Fundraising activity during H1 2020 slowed down. Compared to H1 2019, H1 2020 fundraising declined 25% in terms of capital raised. In addition, the fundraising was concentrated among fewer funds. Managers with strong platforms and track records are expected to continue to meet or exceed their fundraising target. Overall, the fundraising market for 2020 is expected to be lower, especially compared to the records achieved in 2019.

## Property

Transactional activity in UK property picked up over the summer in most market sectors, allowing valuers to remove most Material Uncertainty Clause s from property funds in September. Nevertheless, pricing levels for large retail sites will probably only be tested this quarter. Sector preferences continue to polarise; logistics benefited from UK retail spending moving to online for 33% of retail spend and further pandemic-driven lockdowns are likely to consolidate or increase demand for e-commerce distribution centres ahead of Christmas. Retail warehouses remain the most resilient assets in a sector that has seen some asset values fall by up to 50% over the last year. 65% of office workers are expected to return to their offices by Q1 2021, though this is likely to be undermined by further travel restrictions through the winter. In the Alternatives sector, student housing has high numbers of UK students this term, but uncertainty remains for occupancy in 2021. Internationally, similar themes are developing, with investors focusing on increased demand for assets relating to ecommerce, onshoring and demographics-driven residential demand.

Photo by CHUTERSNAP on Unsplash





# Responsible Investment & Stewardship Review

While our planned work in responsible investment and policy advocacy continued, the rise of COVID-19 globally added a new dimension to our priorities. We have had to navigate issues with companies and their approach to effective shareholder engagement in a virtual world; on mental health in the workforce; and on modern human slavery in supply chains. Each of these issues has been exacerbated by the various lockdowns imposed around the world. However, climate has remained our top priority and we have been active in highlighting the need for a socially-inclusive, green recovery through our advocacy work at both UK and EU level.

## Putting the 'S' back in ESG

The ongoing pandemic continues to shine a light on a whole range of social challenges and inequalities, highlighting the need for the investment sector to further engage on the social component of ESG. Social data is sparse and can be challenging to quantify. To help improve this, Brunel has joined the **Workforce Disclosure Initiative**. The initiative calls for greater transparency on workforce policies and practices in companies' direct operations and supply chains. We have also joined the Good Work Coalition, which engages with companies on the importance of a real living wage and living hours. Helen Price has recently written a [guest blog](#) to raise awareness and highlight the newly-launched Living Wage Investor Toolkit and unpack its usefulness in engaging with companies. Brunel will continue to engage on this throughout the year.

## Working with policy makers and regulators

The Department for Work & Pensions launched a consultation in August, proposing mandatory **Taskforce on Climate-related Financial Disclosures** (TCFD) to be embedded within pensions Law. The public consultation, launched by the Pensions Climate Risk Industry Group (of which Faith Ward is a member), sought views on policy proposals to require trustees of larger occupational pension schemes and authorised schemes to address climate change risks and opportunities through effective governance and risk management measures.

Our key message to the DWP was the same one we shared with the **FCA in their consultation** on climate disclosures of companies (submitted the week before). We emphasised that, for pension funds to improve transparency, there needs to be reporting all the way along the investment chain. Currently, the FCA proposes a 'comply or explain' approach, while the DWP is looking for mandatory reporting – we have flagged the disparity. We report in line with TCFD recommendations each year and are currently drafting our disclosures for inclusion in our 2020 Annual Report and Accounts.

Source: Macau photo agency



# Responsible Investment & Stewardship Review

## Climate – practical support in achieving Net Zero

Brunel is part of the leadership of the **Institutional Investor Group on Climate Change (IIGCC)** and has therefore been closely involved in drafting the **Net Zero Investment Framework**, which aims to set a global standard for investors to demonstrate they are Paris-aligned. 'Paris-aligned' is defined as limiting temperature rises to well below 2°C, preferably 1.5°C, above pre-industrial levels, by 2050 or sooner.

The project, in collaboration with 70 global investors representing \$16 trillion in assets, has three main objectives:

- **Develop working definitions of concepts, terms and pathways** relevant to achieving Paris-aligned portfolios
- **Develop and assess methods and approaches** for measuring alignment and the transition of asset classes
- **Test the financial implications** of aligning portfolios to the goals of the Paris Agreement, using real world portfolios and quantitative modelling

The project takes an investment-led approach and delivers recommended frameworks for achieving Paris alignment by decarbonising portfolios and increasing allocations to climate solutions. The framework takes both a top-down and bottom-up approach. That includes analysis at fund and portfolio level, at asset class level (for sovereign debt, listed equity, corporate debt and real estate) and analysis of external influences (stakeholder & market engagement and policy advocacy). This holistic approach enables investors to maximise their impact in driving real-world decarbonisation.

The Net Zero methodology was released for consultation to the wider investment community in September and the feedback from the consultation is currently being considered by the IIGCC. This will feed into an updated framework that is due to be published towards the end of the year.

Brunel was one of five investors that support testing the methodologies and we look forward to sharing our own reflections and hearing the insights of others through the consultation later this year. The next phase of the project entails creating frameworks for infrastructure and private equity asset classes. Participants will consider some of the relative impacts of different climate solutions. The next phase will also be used to develop guidance on how to support investors with the implementation of the framework. For further information on the project please see - <https://www.iigcc.org/our-work/paris-aligned-investment-initiative/>



Institutional Investors Group on Climate Change



## Net Zero Investment Framework Overview

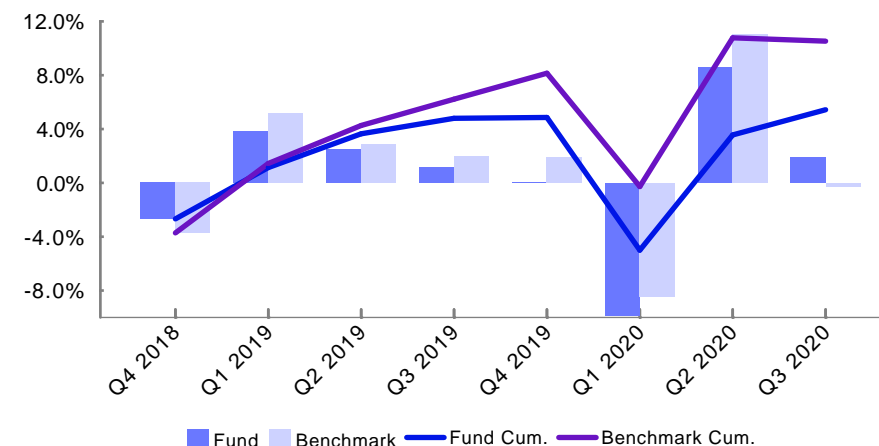


# Summary of Pension Fund Performance

## Performance of Fund Against Benchmark (Annualised Performance)

Period	Fund	Strategic BM	Excess
3 Month	1.9%	-0.2%	2.1%
Fiscal YTD	10.6%	10.8%	-0.2%
1 Year	-0.2%	3.4%	-3.6%
3 Years	3.3%	5.7%	-2.4%
5 Years	6.8%	8.7%	-2.0%
10 Years	7.0%	8.0%	-1.0%
Since Inception	8.2%		

## Rolling Quarter Total Fund (Net of Manager Fees)

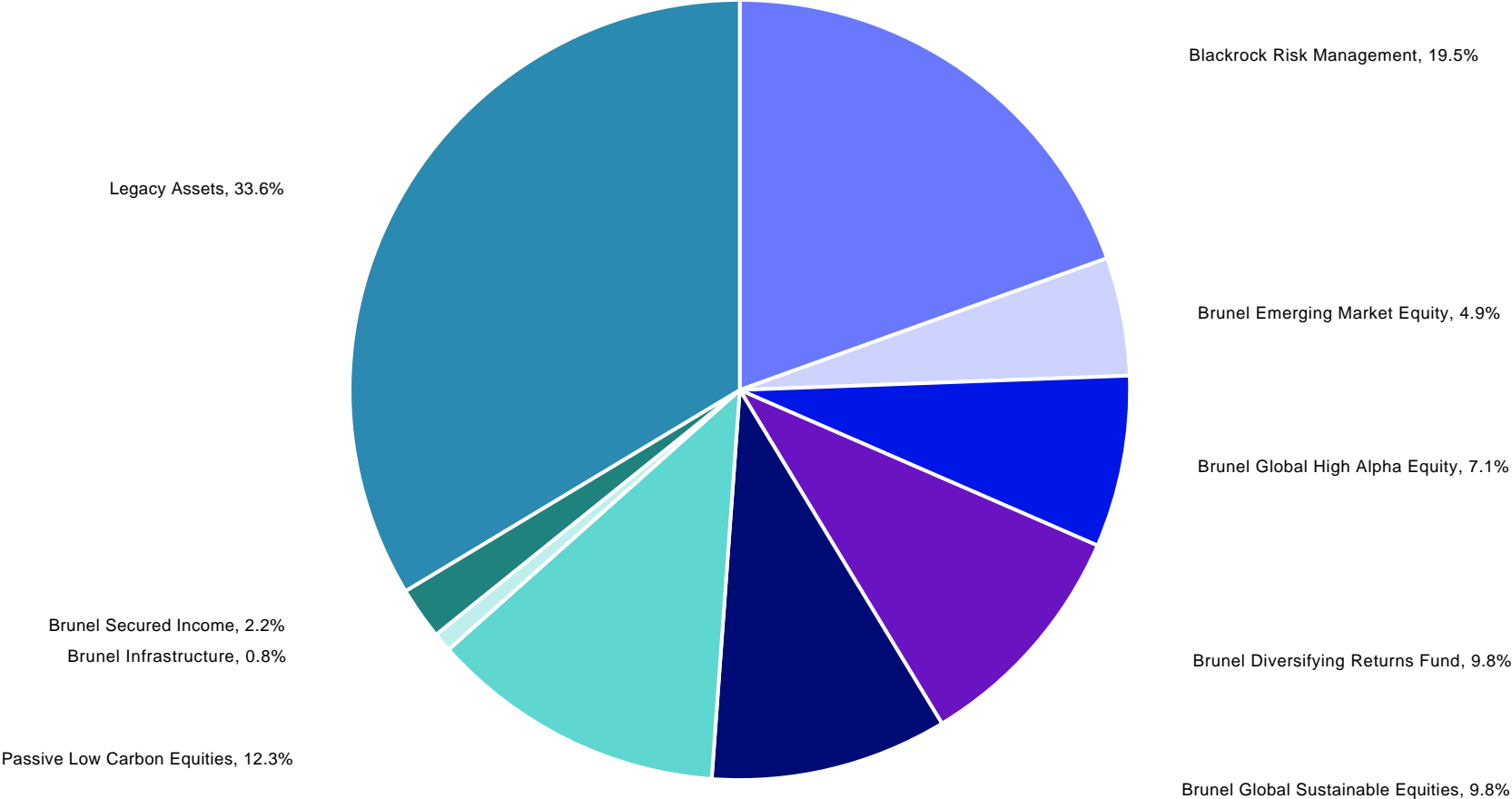


## Key Drivers of Performance

Over the third quarter of 2020, the Fund delivered a positive absolute and exceeded its strategic benchmark. Highlights during the period were:

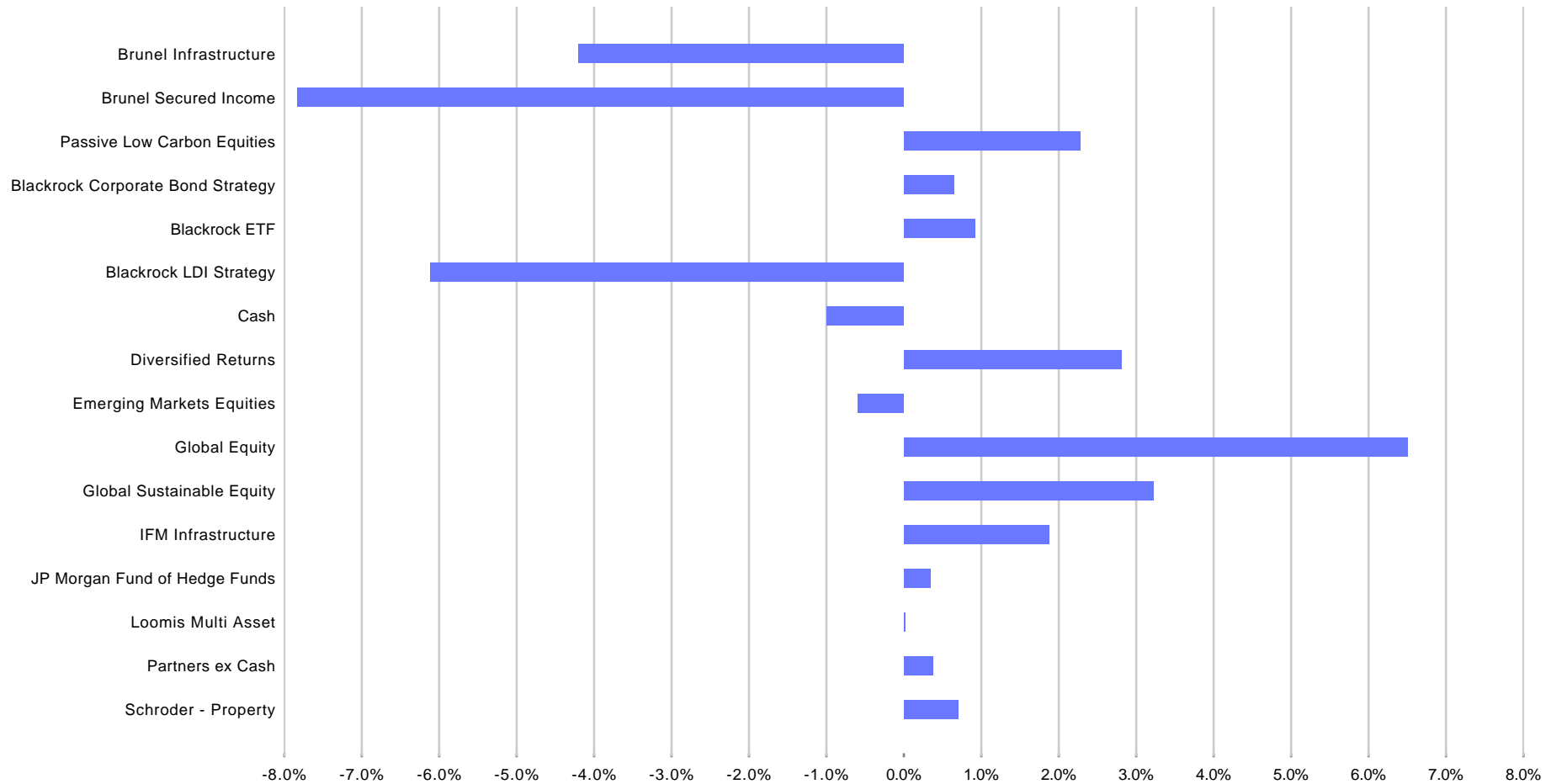
- Both existing actively managed Brunel equity portfolios exceeded their benchmarks in the quarter.
- The key Brunel portfolio driver of performance in the quarter was again Global High Alpha which returned 7.3%, beating the benchmark by more than 4%.

Asset Allocation Split



# Asset Allocation of Pension Fund

## Allocation Against Strategic Benchmark





# 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. SII*	Excess SII*	Initial Investment
Brunel Diversifying Returns Fund	SONIA Benchmark	493									-1.5%	-1.5%	27 Jul 2020
Brunel Emerging Market Equity	MSCI EM TR Gross	247	5.8%	1.0%							3.8%	-1.7%	09 Oct 2019
Brunel Global High Alpha Equity	MSCI World TR Gross	358	7.3%	4.1%							19.2%	13.2%	15 Nov 2019
Brunel Global Sustainable Equities	MSCI AC World GBP Index	494											30 Sep 2020
Passive Low Carbon Equities	MSCI World Low Carbon Target	617	3.4%	0.0%	6.2%	-0.1%					8.9%	-0.1%	11 Jul 2018

\*Since Initial Investment

Performance based on tradeable NAV

Where there are disparities between returns quoted above and returns provided for the same fund and period in the following pages, this is because the fund-specific pages reflect the posttransition phase, important for monitoring the performance of selected managers, while those given above reflect the Clients' actual experience from the point of initial investment, which in some cases includes the shared impact of transition costs.

Tradeable NAV performance reflects NET performance. The following product pages reflect the portfolio's NET performance

# Brunel Portfolios Overview (Exited)

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. SII*	Excess SII*	Initial Investment
Brunel UK Active Equity	FTSE All Share		-1.7%	1.2%	-15.1%	1.5%					-3.8%	0.4%	21 Nov 2018

\*Since Initial Investment

Performance based on tradeable NAV

Where there are disparities between returns quoted above and returns provided for the same fund and period in the following pages, this is because the fund-specific pages reflect the posttransition phase, important for monitoring the performance of selected managers, while those given above reflect the Clients' actual experience from the point of initial investment, which in some cases includes the shared impact of transition costs.

Tradeable NAV performance reflects NET performance. The following product pages reflect the portfolio's NET performance

# Passive Low Carbon Equities

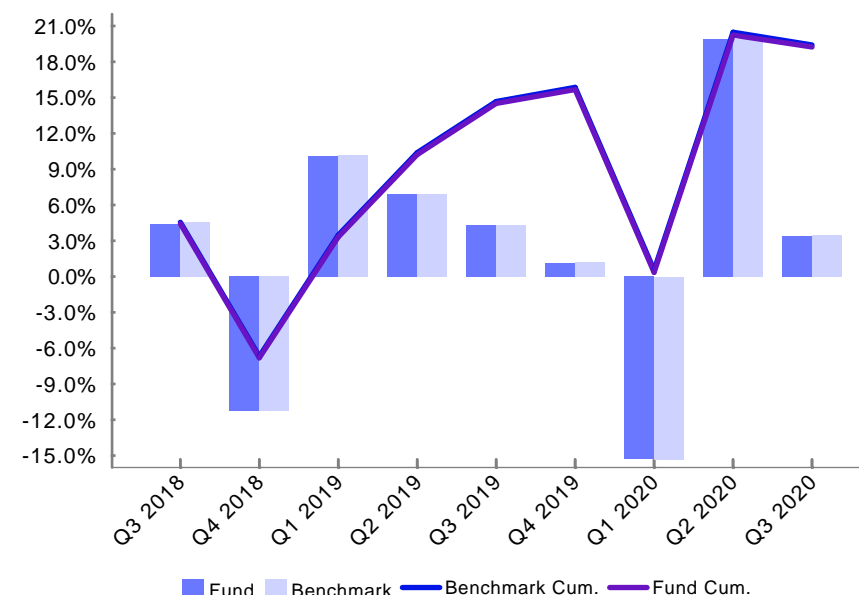
## Overview

	Description
Portfolio Objective:	Provide exposure to equity returns and global economy with low exposure to carbon emissions and fossil fuels.
Investment Strategy & Key Drivers:	Portfolio is invested in global equities in accordance with Low Carbon index.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£1,067,936,789

## Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	3.4%	3.5%	0.0%
Fiscal YTD	24.0%	24.1%	-0.1%
1 Year	6.2%	6.3%	-0.1%
3 Years			
5 Years			
10 Years			
Since Inception	8.9%	9.0%	-0.1%

## Rolling Performance\*



\* Partial returns shown in first quarter

The Passive Low Carbon product performed positively over Q3 2020 and performed broadly in line with its MSCI Low Carbon Target Index. Returns were also positive for the 12-month period ending 30 September 2020, with the product returning 6.25% compared to a benchmark return of 6.35%.

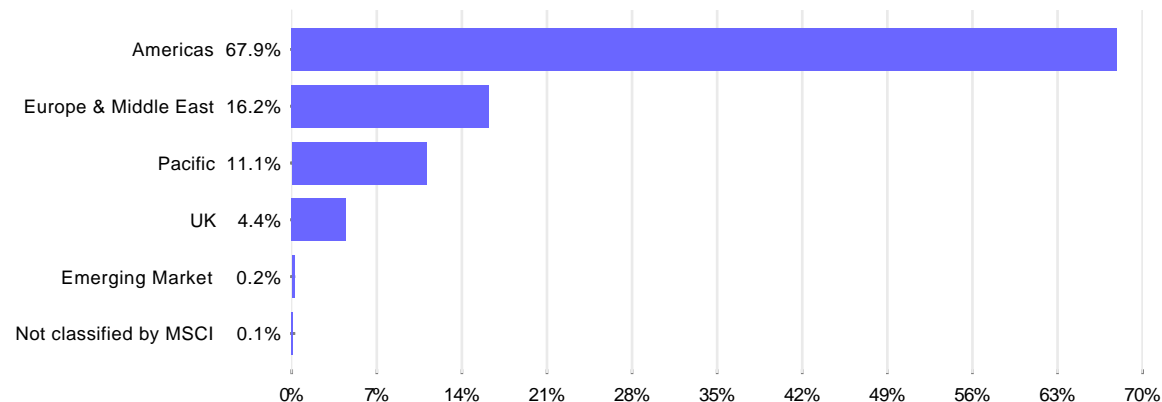
- For the 12-month period ending 30 September 2020, the product outperformed the wider global stock market. This was driven primarily by the poor-performing energy sector, in which the product is underweight, and by a slight overweight in the technology sector, which has performed well.

# Passive Low Carbon Equities – Region & Sector Exposure

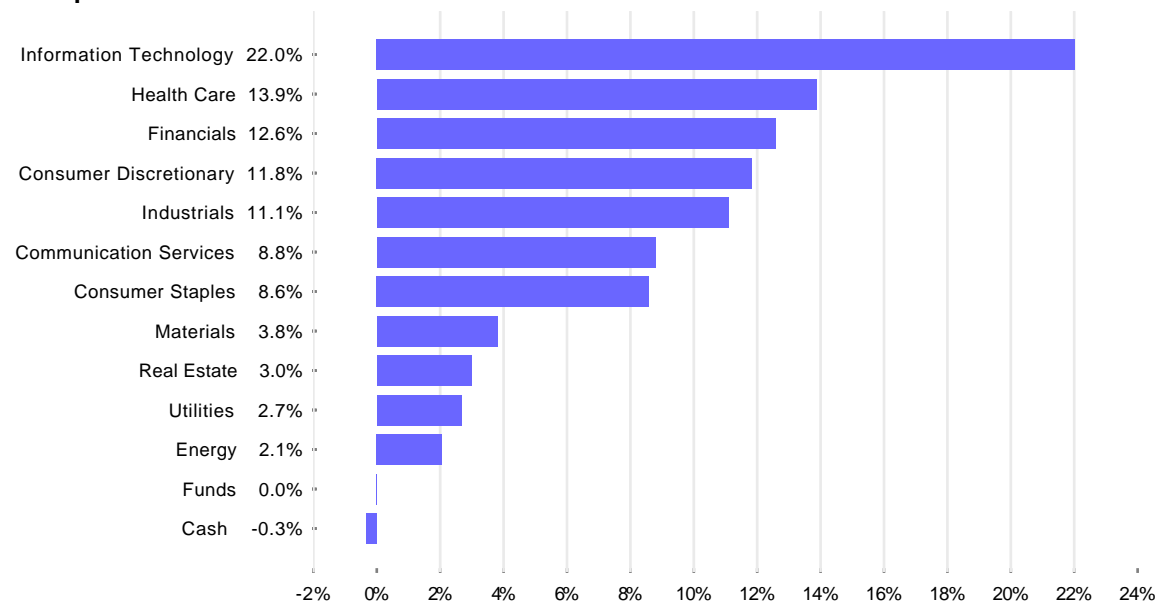
## Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	69,706,005
MICROSOFT CORP	51,758,548
AMAZON.COM INC	45,634,611
FACEBOOK INC-CLASS A	21,536,723
ALPHABET INC-CL C	15,261,861
ALPHABET INC-CL A	15,041,535
JOHNSON & JOHNSON	13,817,123
NESTLE SA-REG	12,308,768
PROCTER & GAMBLE CO/THE	12,160,733
VISA INC-CLASS A SHARES	11,914,691
NVIDIA CORP	11,366,235
TESLA INC	11,083,896
MASTERCARD INC - A	10,436,591
HOME DEPOT INC	10,245,190
UNITEDHEALTH GROUP INC	9,816,028
BERKSHIRE HATHAWAY INC-CL B	9,812,851
JPMORGAN CHASE & CO	9,616,982
VERIZON COMMUNICATIONS INC	8,514,631
ROCHE HOLDING AG-GENUSSCHEIN	7,996,378
ADOBE INC	7,802,024

## Regional Exposure



## Sector Exposure



# Passive Low Carbon Equities – Responsible Investment

## Top 10 ESG Contributors to Overall Score

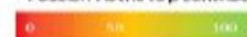
	Insight	Momentum
1. NVIDIA CORP	66.3	50.0
2. SAP SE	74.6	54.0
3. NEXTERA ENERGY INC	74.5	39.4
4. PROCTER & GAMBLE CO/THE	63.6	73.0
5. NESTLE SA	63.2	64.3
6. SCHNEIDER ELECTRIC SE	78.4	50.0
7. MICROSOFT CORP	59.3	33.5
8. MASTERCARD INC	63.3	67.7
9. SALESFORCE.COM INC	65.5	50.0
10. ACCENTURE PLC	66.7	35.7

## Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. APPLE INC	51.3	35.6
2. AMAZON.COM INC	50.4	30.5
3. FACEBOOK INC	43.6	35.3
4. ALPHABET INC	49.8	55.2
5. NETFLIX INC	43.3	34.5
6. JOHNSON & JOHNSON	51.4	74.0
7. JPMORGAN CHASE & CO	49.1	35.4
8. NIKE INC	46.2	72.8
9. AT&T INC	49.6	37.5
10. WALT DISNEY CO/THE	50.5	48.1

Weighted Average ESG Score	2020 Q2	2020 Q3
Portfolio	58.3	58.3
Passive Dev Equities	58.4	58.5

\* Position 1 is the top contributor/detractor.



TruValue Labs & SASB

## Brunel Assessment:

- Nike (Apparel & Footwear) retained staff on full pay, closed stores during COVID-19 and donated equipment to hospitals. After the death of George Floyd, Nike committed £40m to support black communities over four years and made Juneteenth a paid holiday.
- JP Morgan Chase (Bank) committed \$30b to address the racial wealth gap. The bank came under scrutiny after allegations firms moved \$2 Trillion in suspicious funds and is poised to pay c.\$1b to resolve US market manipulation investigations.
- Procter & Gamble (Consumer Goods) announced a new carbon-neutral commitment for the next 10 years: aims to halve carbon emissions and invest in natural climate solutions.
- Johnson & Johnson (Pharmaceuticals) was subject to civil charges filed by New York State for its role in the opioid crisis. COVID-19 vaccine trials progressed to phase 3. Johnson's launched its Healthy Lives Mission, pledging \$800m through 2030 for more sustainable products and a healthier planet.

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

## Weighted Average Carbon Intensity (WACI)



Source: Trucost

## Extractive Exposure

	Total Extractive Exposure <sup>1</sup>		Extractive Industries (VOH) <sup>2</sup>	
	Q2	Q3	Q2	Q3
Portfolio	2.5	2.6	5.0	4.8
Passive Dev EQ	3.3	3.1	8.2	7.5

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



# Brunel Diversifying Returns Fund

## Overview

## Performance to Quarter End

	Description	Ann. Performance	Fund	BM	Excess
Portfolio Objective:	Provide exposure to a range of alternative return drivers and a degree of downside protection from equity risk.	3 Month			
Investment Strategy & Key Drivers:	Actively managed to achieve growth at moderate absolute risk, diversified between asset classes and by geography.	Fiscal YTD			
		1 Year			
Liquidity:	Managed Liquidity.	3 Years			
		5 Years			
Risk/Volatility:	Moderate absolute risk against cash.	10 Years			
Total Fund Value:	£1,203,446,140	Since Inception	-1.0%	0.0%	-1.0%

The Sub-Fund was launched on 27th July 2020, after which there was a phased transition to sell down the seed assets. The performance period began on 13th August 2020, when the target portfolio was reached. There was one further large, and five smaller, weekly subscriptions into the fund during the reporting period.

The manager allocations remained within their strategic ranges throughout the post-transition period and there were no notable changes to positioning by the managers of the underlying strategies.

The four strategies used within the fund target a variety of different return premia. Some will benefit from mean reversion in markets and factors, while others are momentum-driven or trend-following. Some risk premia, notably Value and Quality, are nearing historically wide dispersion levels. While there is always scope for markets to become more distorted, as they did in this period, from a long-term perspective, that kind of distortion indicates scope for attractive future returns.

- Performance was modestly positive from Lombard Odier, which has gradually added risk to the All Roads Fund to take it back to its/their neutral point from an all-time low in the spring.



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## Continued Commentary

- JPMorgan is seeing wider dispersion on Quality and Value than for some time, although during this period the distortions became more extreme. Of the risk premia included in the Diversified Risk Fund, only Size saw a mini revival in this period.
- William Blair Dynamic Diversified Allocation fund retains its cautious stance, as it views both equity and bonds as currently overvalued. Managers believe stock-specific opportunities are attractive and their models indicate some appealing reversionary potential among currencies.
- UBS had a challenging period. Several of its long positions, notably Norwegian Krone and Brazilian Real, suffered from weakening investor sentiment towards commodity-dependent currencies.

# Brunel Emerging Market Equity

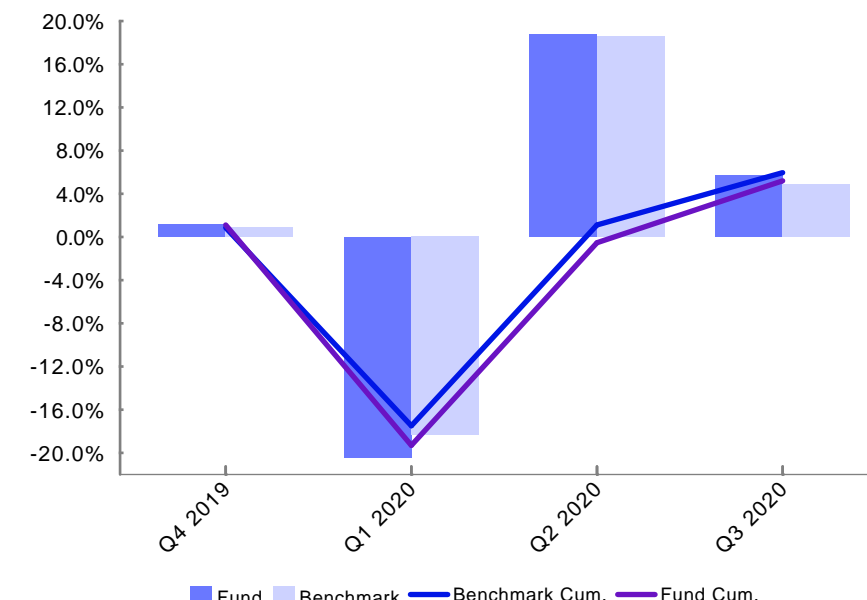
## Overview

	Description
Portfolio Objective:	Provide exposure to emerging market equities, targeting excess returns and enhanced risk control from leading managers.
Investment Strategy & Key Drivers:	A geographically diverse portfolio, typically expected to achieve higher long-term growth rates than developed economies.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5% tracking error.
Total Fund Value:	£1,244,895,550

## Performance to Quarter End

	Ann. Performance	Fund	BM	Excess
3 Month		5.7%	4.8%	0.9%
Fiscal YTD		25.6%	24.3%	1.2%
1 Year				
3 Years				
5 Years				
10 Years				
Since Inception		1.1%	2.4%	-1.4%

## Rolling Performance\*



\* Partial returns shown in first quarter

Emerging Market equities have now recovered from the COVID-induced sell off that took place in Q1, with returns for the year now in positive territory on a year-to-date basis. MSCI Emerging Markets – a proxy for broad emerging market equities – returned +1.5% year to date, despite falling by more than 18% in Q1 2020. The fund enjoyed positive returns in both relative and absolute terms in the most recent quarter. Absolute performance over the last 3 months was +5.7% vs benchmark return, proxied by MSCI Emerging Markets, and +4.8% in GBP terms.

Many global economies are yet to see economic activity return to pre-COVID levels, which could present significant challenges, given equity markets have performed so well since Q1. We anticipate ongoing uncertainty in financial markets due to COVID-19 and related lockdowns, with further complications provided by geopolitical risks and increasing influence from retail investors – both these issues are common in emerging markets. In the long run, we believe COVID-19 will create a wide range of opportunities for listed companies in emerging markets. The portfolio is positioned to capitalise on these opportunities.

## Key Points

- Stock selection was a significant driver of relative return in the portfolio during last quarter, particularly in Taiwan and China. Taiwan Semiconductor Manufacturing, a global semiconductor major, and Wuliangye Yibin, a brewer of Chinese spirits, are good examples of this, returning +35% & +29%

## Continued Commentary

respectively over the quarter.

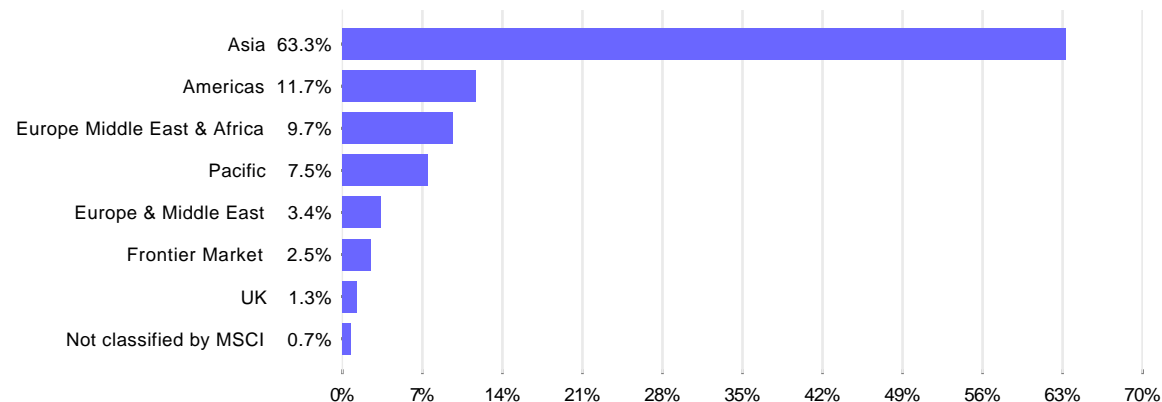
- The fund's positioning with respect to countries continues to be a detractor to relative performance. An underweight position in India detracted from relative performance, given the significant market return of +10%. Overweight positions in Hong Kong and Mexico also detracted from relative performance since these markets significantly lagged the broader benchmark return, returning +1.7% & 0% (in absolute terms) respectively.
- Price Momentum was a significant contributor to relative performance over the quarter. The Sub-Fund currently has an underweight position to momentum stocks as a result of one manager taking many contrarian positions. This added considerable value over the quarter, as higher momentum names underperformed the benchmark by almost 3%.
- Currency volatility was prevalent in emerging markets in Q3. The portfolio has several modest active positions in emerging market currencies relative to benchmark. These do not normally impact relative return but sterling-denominated holdings in select emerging markets, notably Russia, boosted portfolio performance due to a strengthening pound.
- Performance on a since-inception basis remains behind benchmark. The fund has returned +1.1% since the performance inception date of 7th November 2019, lagging the benchmark by +2.4%. The main driver of this underperformance remains the underweight to China, which detracted significantly in Q1.

# Brunel Emerging Market Equity – Region & Sector Exposure

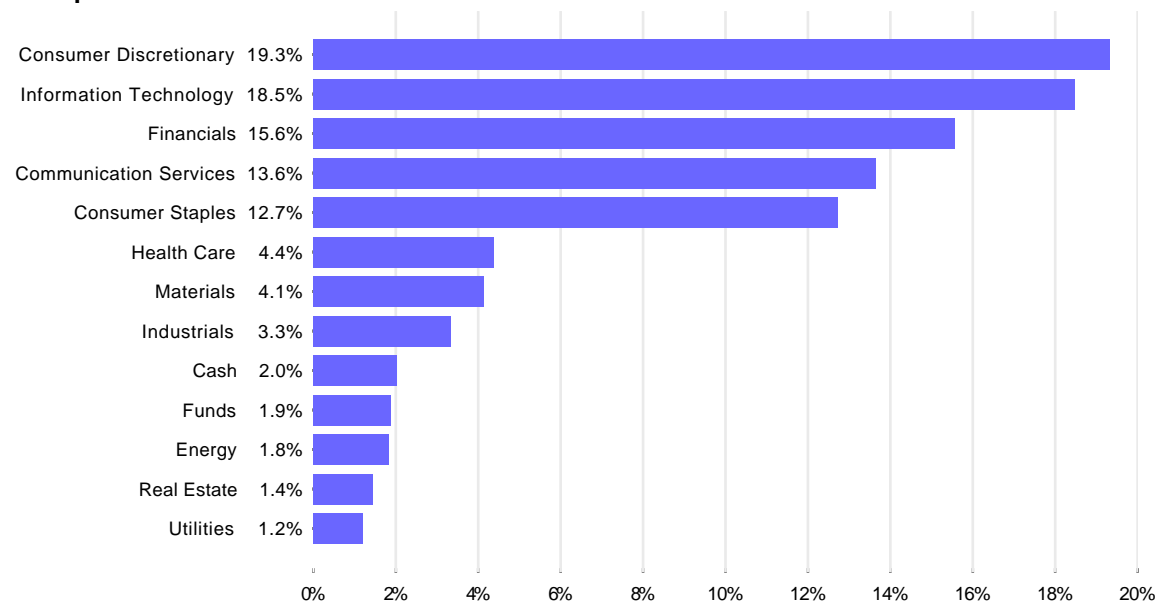
## Top 20 Holdings

	Mkt. Val.(GBP)
TAIWAN SEMICONDUCTOR MANUFAC	76,133,427
TENCENT HOLDINGS LTD	75,047,702
ALIBABA GROUP HOLDING-SP ADR	51,936,299
ALIBABA GROUP HOLDING LTD	42,279,641
SAMSUNG ELECTRONICS CO LTD	37,972,292
AIA GROUP LTD	22,024,945
SBERBANK PJSC -SPONSORED ADR	16,798,328
WULIANGYE YIBIN CO LTD-A	14,785,324
HDFC BANK LTD-ADR	14,166,693
ISHARES MSCI INDIA ETF	14,072,957
PING AN INSURANCE GROUP CO-H	12,724,588
CHINA MENGNIU DAIRY CO	11,757,058
NEW ORIENTAL EDUCATIO-SP ADR	11,306,238
NASPERS LTD-N SHS	11,261,865
MEDIATEK INC	11,120,235
SAMSUNG ELECTRONICS-PREF	10,921,553
YANDEX NV-A	10,573,739
CHINA CONSTRUCTION BANK-H	9,648,363
BID CORP LTD	9,627,429
INFOSYS LTD-SP ADR	9,574,845

## Regional Exposure



## Sector Exposure



# Brunel Emerging Market Equity – Responsible Investment

## Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. TAIWAN SEMICONDUCTOR MANUFACTURING	62.5	23.8
2. CSPC PHARMACEUTICAL GROUP LTD	81.9	28.1
3. MEDIATEK INC	70.9	70.6
4. CHINA MENGNIU DAIRY CO LTD	69.7	18.8
5. SAMSUNG ELECTRONICS CO LTD	59.6	30.4
6. WEICHAI POWER CO LTD	77.8	67.8
7. DELTA ELECTRONICS INC	76.6	27.1
8. AJA GROUP LTD	59.9	15.9
9. HIKMA PHARMACEUTICALS PLC	65.7	15.2
10. ALDAR PROPERTIES PJSC	81.5	67.5

## Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. TENCENT HOLDINGS LTD	47.6	23.8
2. ALIBABA GROUP HOLDING LTD	54.7	28.1
3. PETROLEO BRASILEIRO SA	36.8	70.6
4. NASPERS LTD	49.4	18.8
5. NETEASE INC	50.1	30.4
6. COGNIZANT TECHNOLOGY SOLUTIONS CORP	44.5	67.8
7. HDFC BANK LTD	54.0	27.1
8. YUM CHINA HOLDINGS INC	51.1	15.9
9. CHINA LIFE INSURANCE CO LTD	51.3	15.2
10. GRUPO MEXICO SAB DE CV	48.3	67.5

Weighted Average ESG Score:	2020 Q2	2020 Q3
Portfolio	57.8	58.3
MSCI EM	56.9	57.5

\* Position 1 is the top contributor/detractor.



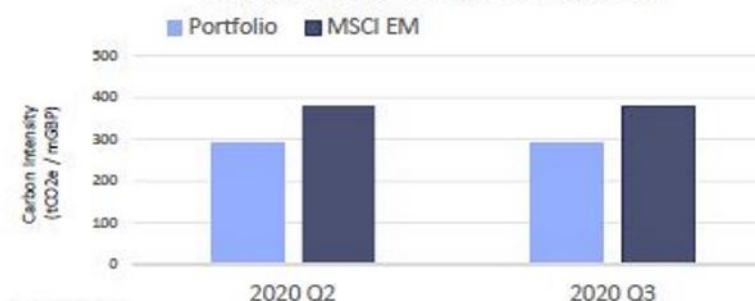
TruValue Labs & SASB

## Brunel Assessment:

- Yum China (Restaurants) switched to catering and cooking kits to weather COVID-19's restaurant impact. A recent debut on the Hong Kong exchange led to a dip - the shares fell 4.8%. Yum plans to continue its expansion, as customers are looking for higher hygiene standards and smaller competitors are closing, leading to falling rents.
- MediaTek (Semiconductors) saw 4G chips hit by ongoing supply chain disruptions, however multiple releases of new 5G chips throughout Q2 positioned them to gain from rising demand for 5G connectivity.
- Netease (Technology) saw its games sales hit by India's ban on 118 gaming apps with links to China. Major gaming titles from Alibaba and Tencent were also affected. The app ban comes as tensions flare up between India and China.
- Weichai Power (Resource Transformation) launched the world's first engine with a thermal efficiency of 50%. This is a major improvement, as engine efficiency previously stood at a maximum of 46%.

70% of the bottom 10 ESG detractors are covered by engagement or specific voting activities. Carbon intensity of both the benchmark and Portfolio remained largely unchanged this quarter, and the Portfolio continues to be significantly below the benchmark. Exposure to extractives industries also remains much less than the benchmark.

## Weighted Average Carbon Intensity (WACI)



Source: Trucost

## Extractive Exposure

	Total Extractive Exposure <sup>1</sup>		Extractive Industries (VOH) <sup>2</sup>	
	Q2	Q3	Q2	Q3
Portfolio	1.8	3.0	2.7	3.1
MSCI EM	2.7	3.2	7.7	8.0

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 Global High Alpha Equity

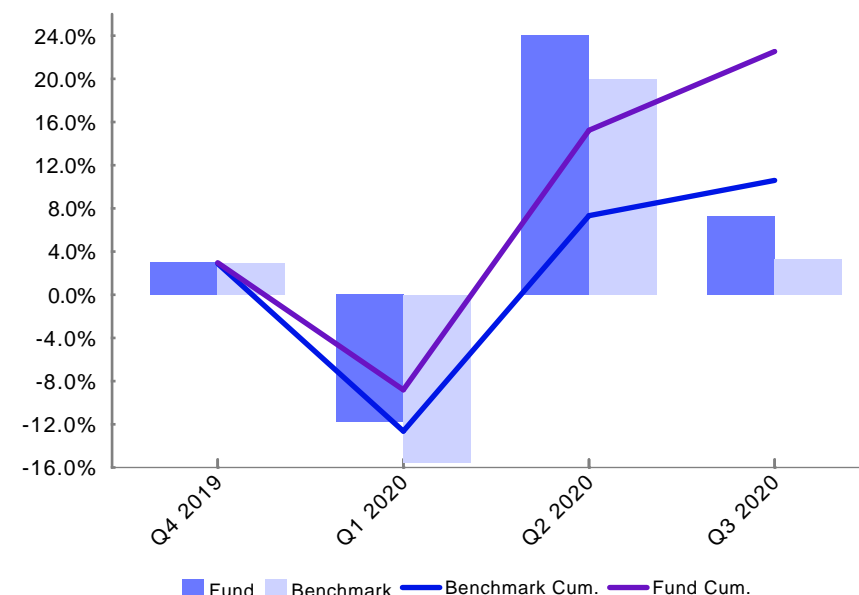
## Overview

	Description
Portfolio Objective:	Provide global equity market exposure together with excess returns from accessing leading managers.
Investment Strategy & Key Drivers:	High conviction, concentrated portfolios with strong style/factor biases invested in a unconstrained manner.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5-6% tracking error.
Total Fund Value:	£3,235,679,824

## Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	7.3%	3.3%	4.0%
Fiscal YTD	33.1%	23.9%	9.2%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	20.9%	7.7%	13.2%

## Rolling Performance\*



\* Partial returns shown in first quarter

After the Sub-Fund was launched in Dec 2019, global equity markets experienced the most significant quarterly sell-off since the global financial crisis of 2007/08. This has been followed, in Q2, by the strongest quarterly performance since the crisis, reflecting the impact of Covid-19 on global equity markets. This quarter, developed equity markets (proxied by MSCI World) delivered a more muted 3.3% return consolidating the rebound in Q2. Despite a brief hiatus towards the end of the quarter, returns continued to be driven by a small subset of very large cap companies.

Against this backdrop, the Sub-Fund continued to perform strongly over the quarter, providing a relative outperformance of +4% above the benchmark, thereby improving its outperformance since inception to +13.2%.

Over the reporting period, this outperformance was driven by both sector allocation and stock selection. The largest overweight sector (Consumer Discretionary) and a significant underweight to Energy, contributed most on an allocation basis. However, stock selection was also important, with holdings in both Consumer Discretionary and Healthcare providing strong returns over the quarter.

Dispersion in manager performance continued over the quarter, although not to quite the extreme seen in previous quarters. Again, this is not unexpected given the individual manager style characteristics and the level of dispersion in the market. Baillie Gifford's outperformance continues to be a significant



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## Continued Commentary

contributor to Sub-Fund returns, reflecting their strategy to identify long-term growth companies.

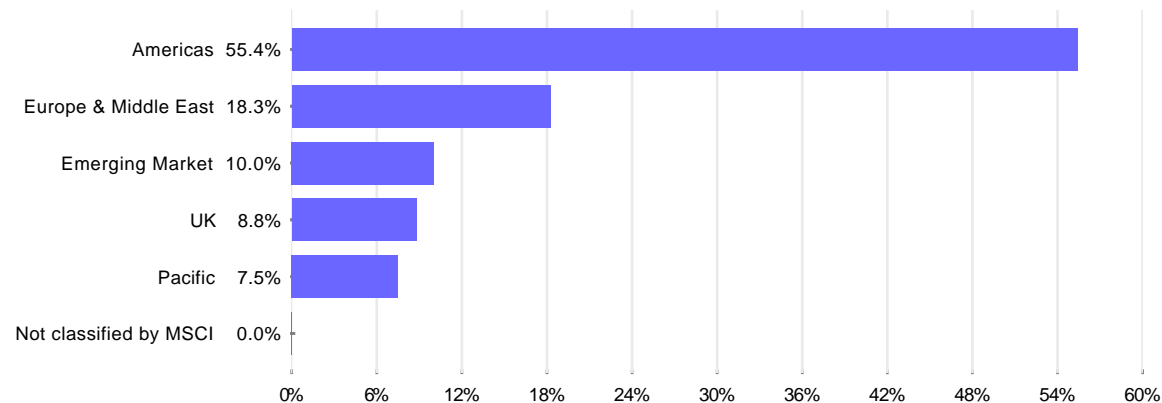
As part of asset allocation changes, two clients traded in the Sub-Fund during the quarter, resulting in a net redemption of c. 2%. The Sub-Fund was rebalanced at the same time, to return manager allocations to target, thereby maintaining the style balance and risk profile within the portfolio.

# Brunel Global High Alpha Equity – Region & Sector Exposure

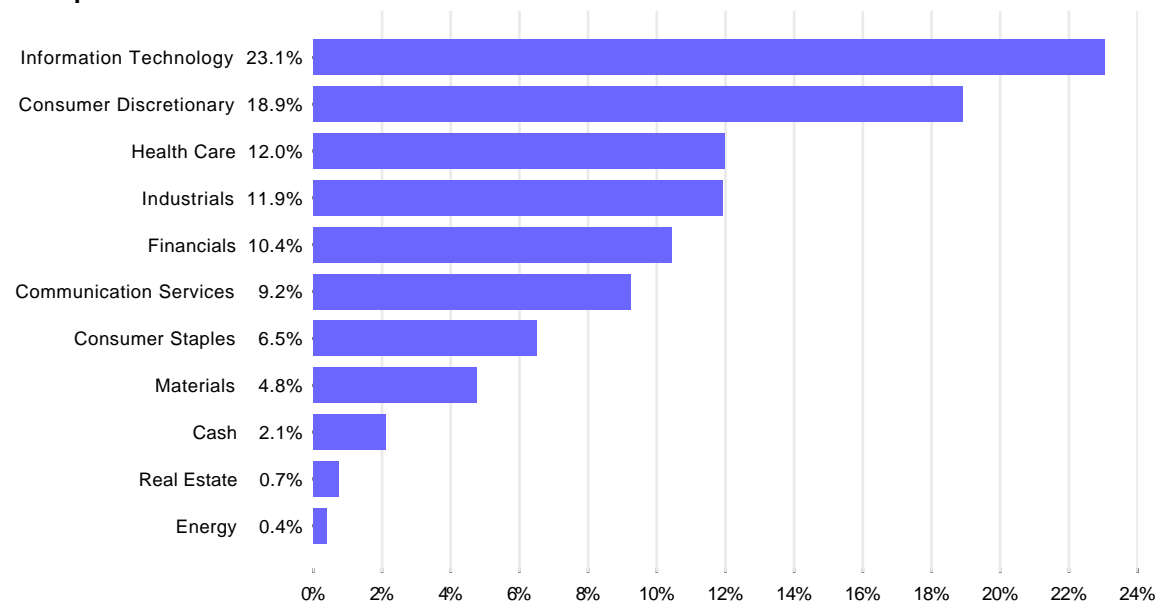
## Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	119,602,417
MASTERCARD INC - A	98,962,619
KEYENCE CORP	80,386,734
MOODY'S CORP	72,436,069
ALIBABA GROUP HOLDING-SP ADR	70,244,224
AMAZON.COM INC	66,977,329
ALPHABET INC-CL A	65,787,070
TAIWAN SEMICONDUCTOR-SP ADR	62,049,765
NESTLE SA-REG	61,988,985
TJX COMPANIES INC	52,757,952
FACEBOOK INC-CLASS A	49,957,616
JOHNSON & JOHNSON	48,445,635
TENCENT HOLDINGS LTD	48,232,539
TESLA INC	46,545,297
ASML HOLDING NV	42,077,936
ABBOTT LABORATORIES	36,868,754
VERISK ANALYTICS INC	36,847,693
ROCHE HOLDING AG-GENUSSCHEIN	35,398,368
SHERWIN-WILLIAMS CO/THE	34,208,771
NIDEC CORP	33,757,791

## Regional Exposure



## Sector Exposure



# Brunel Global High Alpha Equity – Responsible Investment

## Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. MASTERCARD INC	63.3	67.7
2. MURATA MANUFACTURING CO LTD	77.6	40.9
3. IQVIA HOLDINGS INC	74.2	27.9
4. APTIV PLC	75.0	25.4
5. NESTLE SA	63.2	64.3
6. SPIRAX-SARCO ENGINEERING PLC	75.4	73.1
7. TAIWAN SEMICONDUCTOR MANUFACTURING	62.5	72.0
8. ZOETIS INC	67.2	62.2
9. MCCORMICK & CO INC/MD	77.5	41.0
10. GENMAB A/S	66.1	61.6

## Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. FACEBOOK INC	43.6	35.3
2. ALPHABET INC	49.8	55.2
3. AMAZON.COM INC	50.4	30.5
4. TENCENT HOLDINGS LTD	47.6	23.8
5. AUTOZONE INC	40.0	27.2
6. ASML HOLDING NV	47.5	19.0
7. JOHNSON & JOHNSON	51.4	74.0
8. NIKE INC	46.2	72.8
9. NETFLIX INC	43.3	34.5
10. CREDIT SUISSE GROUP AG	40.4	36.1

Weighted Average ESG Score	2020 Q2	2020 Q3
Portfolio	58.4	58.6
MSCI World	58.4	58.4

\* Position 1 is the top contributor/detractor.



TruValue Labs & SASB

## Brunel Assessment:

- Nike (Apparel & Footwear) retained staff on full pay, closed stores during COVID-19, and donated equipment to hospitals. After the death of George Floyd, Nike committed £40m to support the black community over the next four years and also made Juneteenth (which marks the end of slavery) a paid holiday.
- Genmab (Health Care) launched its multiple sclerosis drug, Kesimpta, which has been approved by the US Food and Drug Administration following stage 3 clinical trials.
- Ivqia Holdings (Product Quality and Safety) has been awarded COVID-19 vaccine contracts and related lab work in collaboration with AstraZeneca.
- Johnson & Johnson (Pharmaceuticals) was subject to civil charges filed by New York State's Department of Financial Services for its role in the opioid crisis. COVID-19 vaccine trials progressed to phase 3. Johnson's launched its Healthy Lives Mission, pledging \$800m through 2030 for more sustainable products and a healthier planet.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

The Portfolio continues to have a carbon intensity significantly lower (c.66% less) than its benchmark. Exposure to extractives industries are also below that of the benchmark.

## Weighted Average Carbon Intensity (WACI)



Source: Trucost

## Extractive Exposure

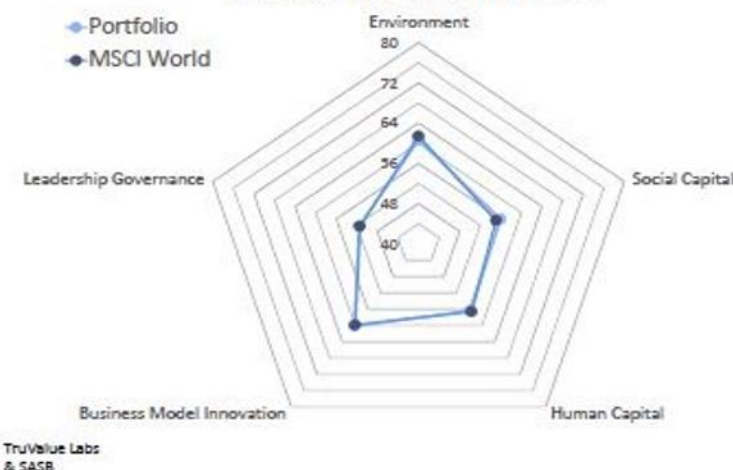
	Total Extractive Exposure <sup>1</sup>		Extractive Industries (VOH) <sup>2</sup>	
	Q2	Q3	Q2	Q3
Portfolio	1.9	1.8	2.5	2.8
MSCI World	3.3	3.3	8.0	7.4

<sup>1</sup> Extractive revenue exposure as share (%) of total revenue.

<sup>2</sup> Value of holdings (VOH)-companies who derive revenues from extractives.

Source: Trucost

## Absolute Weighted ESG Scores



# Brunel UK Active Equity

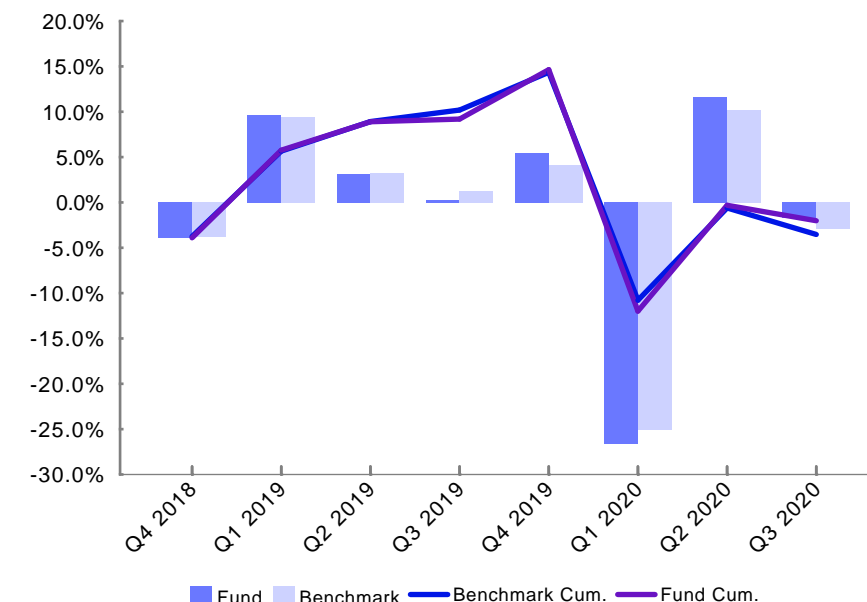
## Overview

	Description
Portfolio Objective:	Provide exposure to UK Equities, together with enhanced returns from manager skill.
Investment Strategy & Key Drivers:	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.
Total Fund Value:	£1,402,911,062

## Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-1.7%	-2.9%	1.2%
Fiscal YTD	9.8%	7.0%	2.8%
1 Year	-15.1%	-16.6%	1.5%
3 Years			
5 Years			
10 Years			
Since Inception	-4.1%	-4.5%	0.4%

## Rolling Performance\*



\* Partial returns shown in first quarter

The UK stock market continued to experience volatility in the third quarter of 2020 with high levels of uncertainty over the path of Covid-19. We anticipate the UK market environment will continue to be challenging over the coming period, given the uncertainty companies face in dealing with the impacts of the Covid-19 virus, and in adapting to any post-Brexit trade deal.

Over the quarter, the Sub-Fund was subject to a significant client outflow of c.12%, alongside an amendment to the underlying manager allocation. ASI was removed as a manager, with assets previously under their management to be allocated between Invesco and Baillie Gifford. The reallocation is expected to complete early in Q4 2020. As agreed in the product governance review, the Sub-Fund's benchmark was changed from the FTSE All Share Index to the FTSE All Share ex Investment Trust Index. This report displays the FTSE All Share Index as the benchmark index, with comparison to the new benchmark provided below. Future reporting will use the FTSE All Share Index ex Investment Trusts as the benchmark index.

- The Fund provided an absolute return of -1.7% over the three months. Over the quarter, the Sub-Fund outperformed the FTSE All Share Index by 1.2% and the FTSE All Share ex Investment Trust Index by 1.8%.

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## Continued Commentary

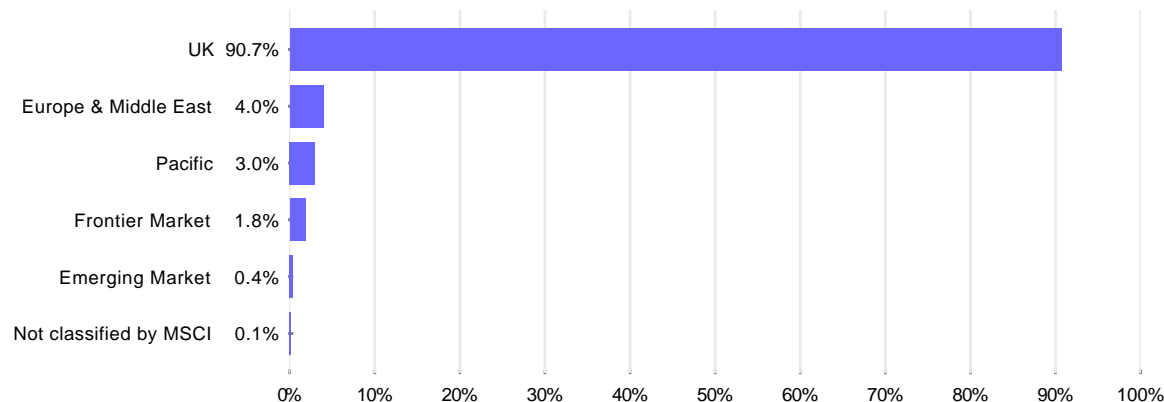
- At composite level, the Fund's outperformance was a result of positive asset allocation and stock selection. An underweight position to the oil and gas sector, which significantly underperformed the market over the period, was particularly beneficial to relative performance.
- Baillie Gifford and Invesco made a positive contribution to relative performance and ASI underperformed the benchmark.
- Since inception, the Sub-Fund has returned -4.1% on an annualised basis, 0.4% p.a. more than the FTSE All Share Index and 1.3% p.a. more than the FTSE All Share Index ex Investment Trusts.

# Brunel UK Active Equity – Region & Sector Exposure

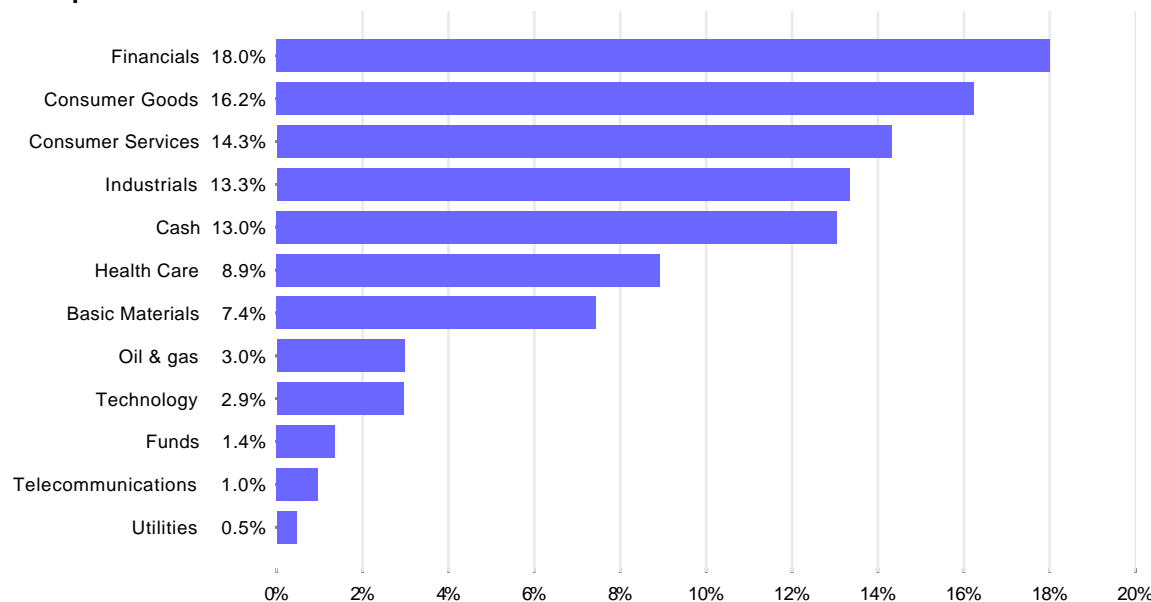
## Top 20 Holdings

	Mkt. Val.(GBP)
BRITISH AMERICAN TOBACCO PLC	43,639,913
UNILEVER PLC	42,874,365
RIO TINTO PLC	42,507,383
ASTRAZENECA PLC	37,285,992
BHP GROUP PLC	36,620,989
GLAXOSMITHKLINE PLC	34,769,568
RELX PLC	33,154,427
PRUDENTIAL PLC	30,978,251
DIAGEO PLC	28,342,839
HIKMA PHARMACEUTICALS PLC	22,755,068
RIGHTMOVE PLC	22,727,543
AUTO TRADER GROUP PLC	22,049,612
BUNZL PLC	21,603,182
LEGAL & GENERAL GROUP PLC	19,581,281
HSBC HOLDINGS PLC	17,192,320
ST JAMES'S PLACE PLC	16,745,280
BAILLIE GIFFORD BR SM-C-ACC	15,745,704
FERGUSON PLC	14,586,317
GAMES WORKSHOP GROUP PLC	13,931,723
ULTRA ELECTRONICS HLDGS PLC	13,583,041

## Regional Exposure



## Sector Exposure





# Brunel UK Active Equity – Responsible Investment

## Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. BUNZL PLC	80.2	77.6
2. AUTO TRADER GROUP PLC	72.2	18.4
3. RELX PLC	66.1	50.0
4. TATE & LYLE PLC	76.1	42.9
5. HIKMA PHARMACEUTICALS PLC	65.7	74.6
6. DIAGEO PLC	64.4	39.2
7. DUNELM GROUP PLC	74.7	75.3
8. VICTREX PLC	80.5	54.7
9. BAE SYSTEMS PLC	68.1	72.2
10. INFORMA PLC	72.0	25.6

## Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. BRITISH AMERICAN TOBACCO PLC	49.7	24.3
2. RIGHTMOVE PLC	50.9	30.3
3. HSBC HOLDINGS PLC	48.4	24.6
4. GLAXOSMITHKLINE PLC	55.1	28.3
5. ROYAL DUTCH SHELL PLC	54.3	55.1
6. HISCOX LTD	35.8	23.8
7. LLOYDS BANKING GROUP PLC	47.6	66.6
8. UNILEVER PLC	57.5	23.2
9. AVIVA PLC	51.0	29.9
10. RECKITT BENCKISER GROUP PLC	49.8	68.7

Weighted Average ESG Score	2020 Q2	2020 Q3
Portfolio	59.2	58.6
FTSE All Share	58.5	58.4

\* Position 1 is the top contributor/detractor.



TruValue Labs & SASB

## Brunel Assessment:

- Lloyds Banking Group (Bank) is to cut 865 jobs across insurance, wealth and retail. The job cuts are an attempt to simplify the business, with employees leaving from November 2020.
- Dunelm (Consumer Goods) launched an in-store textile recycling scheme in 10 of its UK stores, allowing customers to recycle unwanted fabrics. The scheme illustrates the commitment to sustainability and is in partnership with recycling company First Mile.
- Unilever (Consumer Goods) is accused of human rights abuses and a complaint has been taken to the United Nations Working Group on Business and Human Rights. Hundreds of workers were attacked on a Unilever Plantation in Kenya, 2007, during post-election turmoil. Unilever is accused of not offering redress or assistance to victims.
- Informa (Media) launched 'Super September', during which six digital expos took place. The initiative aimed to help businesses overcome the limitations of lockdown.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.

Brunel has engaged extensively to improve the carbon intensity of this Portfolio. There was strong commitment from the quantitative manager to manage climate risk in the investment process. The outcome has been to deliver a Portfolio with carbon intensity significantly below its benchmark. Since inception, carbon intensity has fallen from 210 to below 120 tCO2e/ £m.

## Weighted Average Carbon Intensity (WACI)



Source: Trucost

## Extractive Exposure

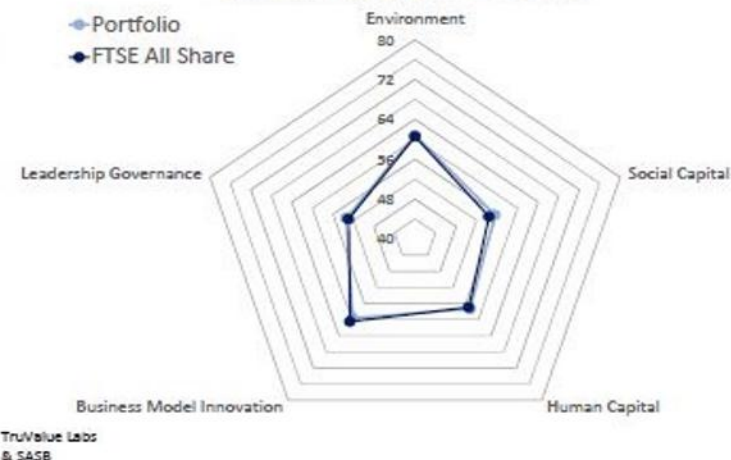
	Total Extractive Exposure <sup>1</sup>		Extractive Industries (VOH) <sup>2</sup>	
	Q2	Q3	Q2	Q3
Portfolio	4.9	3.9	15.3	12.4
FTSE All Share	5.7	5.6	19.5	17.7

<sup>1</sup> Extractive revenue exposure as share (%) of total revenue.

<sup>2</sup> Value of holdings (VOH)-companies who derive revenues from extractives.

Source: Trucost

## Absolute Weighted ESG Scores



TruValue Labs & SASB

# Glossary of Terms

Term	Previously referred as	Meaning
Absolute return		The actual return, as opposed to the return relative to a benchmark.
Allocation		Measures the impact of decisions to allocate assets differently from the benchmark.
Alternative Investment Fund (AIF)		An Alternative Investment Fund such as a hedge fund, private equity, real estate fund and other funds focused on alternative asset classes.
Alternative Investment Fund Managers (AIFM)		A fund manager that is authorised (full scope AIFM) or registered (if they manage AIFs with assets under management below certain thresholds) to manage AIFs such as hedge funds, private equity, real estate funds.
Alternative Investment Fund Managers Directive (AIFMD)		This is an EU law that requires each AIF managed within the scope of the Directive to have a single AIFM responsible for ensuring compliance with the Directive.
Annualised		Figures expressed as applying to one year.
Assets Under Management (AUM)		This measures the total market value of all the financial assets which a financial institution such as a mutual fund, venture capital firm, or brokerage house manages on behalf of its clients and themselves.
Attribution		Identifies the drivers of performance relative to the fund benchmark. The relative return is decomposed into two areas; Allocation and Selection.
Authorised Contractual Scheme (ACS)		An investment vehicle and fund manager, based in the UK, that allows LGPS pension funds or other organisations with money to invest alongside each other - while keeping a clear record of who owns what.
Benchmark Return		Expected return based on market indices as dictated by the fund strategy.
Brunel Board	Brunel Manager Board	Board of executive and non-executive directors, leading the Brunel company.
Brunel		Brunel Pension Partnership - The FCA-authorised investment manager entity that manages the pooled investments.
Brunel Executive Directors (ED)		The Executive Directors are responsible for overseeing the delivery of the Brunel objectives.

# Glossary of Terms

Term	Previously referred as	Meaning
Brunel Pension Partnership Limited <b>(Brunel)</b>		<p>One of the eight LGPS Pools in England &amp; Wales. A FCA regulated company, wholly owned by the Administering Authorities, and responsible for implementing the asset allocation strategies of the Brunel Funds by investing Fund assets within defined 'portfolios'. In particular, it will research and select the investment funds needed to meet the requirements of the detailed Strategic Asset Allocations. These investment funds will be operated by professional external investment managers.</p> <p>Brunel Pension Partnership [c£30bn: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, Wiltshire]</p>
Chief Finance Officer <b>(CFO)</b>		A corporate officer primarily responsible for managing the financial risks of the corporation. This officer is also responsible for financial planning and record-keeping, as well as financial reporting to higher management. In the Local Authorities this is the S151 officer.
Chief Legal Officer <b>(CLO)</b>		The chief lawyer of the legal department, usually in a company or a governmental department who minimizes its legal risks by advising the company's other officers and board members on any major legal and regulatory issues the company confronts, such as litigation risks. In the Local Authorities this is the Monitoring Officer.
Collective Investment Scheme <b>(CIS)</b>		This is an investment scheme wherein several individuals come together to pool their money for investing in a particular asset(s) and for sharing the returns arising from that investment as per the agreement reached between them prior to pooling in the money.
Creation, Amendment and Deletion policy <b>(CAD policy)</b>		Brunel procedure for creation, amendment and deletion of portfolios
Cross Pool Collaboration Group <b>(CPCG)</b>		A collaborative group across the eight UK LGPS pools

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Deloitte		Auditors, appointed to provide internal audit services to Brunel
Duration		The weighted average time to payment of cashflows (in years), calculated by reference to the time and amount of each payment. It is a measure of the sensitivity of price/value to movement in yields.
Environment, Social and Governance <b>(ESG)</b>		A subset of non-financial performance indicators used by investors to evaluate corporate behaviour and to determine the future financial performance of companies.
Full Business Case <b>(FBC)</b>		Strategic, financial, economic, commercial and management case.
Finance and Legal Assurance Group <b>(FLAG)</b>		Finance and Legal Assurance Group (with membership of each AAs equivalent to Chief Finance Officer (CFO) and Chief Legal Officer (CLO)) will sponsor the changes in the Funds and the arrangements for governance of the Brunel company.
Financial Conduct Authority <b>(FCA)</b>		This is a financial regulatory body in the United Kingdom, which operates independently of the UK government and is financed by charging fees to members of the financial services industry.
Freedom Of Information Request <b>(FOI)</b>		The Freedom of Information Act (FOIA ) gives individuals the right to request access to recorded information held by public sector organisations.
Fund Manager		An organisation that provides investment products
FundRock		FundRock is a leading third party UCITS Management Company, Alternative Investment Fund Manager, Authorised Corporate Director and Authorised Contractual Scheme (ACS) Operator. FundRock serves as Brunel's ACS operator.
Fund Return		The total return achieved by the fund or asset class over the period. The return is obtained using the following equation on a monthly basis: $((\text{capital gain/loss} + \text{income}) / \text{average balance}) * 100$
Grant Thornton		Auditors appointed to provide external audit services to Brunel
INALYTICS		An investment transition advisor procured by Brunel to initially advise on the passive equities transition

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Institutional Investors Group on Climate Change <b>(IIGCC)</b>		The Institutional Investors Group on Climate Change (IIGCC) is a forum for investors to collaborate on climate change. IIGCC's mission is to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policymakers and investors. IIGCC provides investors with a collaborative platform to encourage public policies, investment practices, and corporate behaviour that address long-term risks and opportunities associated with climate change.
Investment Management Agreement <b>(IMA)</b>		The contract with a fund manager
Investment Strategy Statement <b>(ISS)</b>	Replaces the Statement of Investment Principles	A document that replaces the Statement of Investment Principles under the 2016 LGPS (Management and Investment of Funds) Regulations. Administering Authorities are required to prepare and maintain an ISS documenting how the investment strategy for the fund is determined and implemented, including its approach to pooling.
Know Your Customer <b>(KYC)</b>		The process of a business identifying and verifying the identity of its clients. The term is also used to refer to the bank regulation which governs these activities.
Legal & General Investment Management <b>(LGIM)</b>		Investment management firm
Local Government Association <b>(LGA)</b>		This is an organisation which comprises local authorities in England and Wales. The LGA seeks to promote better local government; it maintains communication between officers in different local authorities to develop best practice. It also represents the interests of local government to national government.
Local Authority Pension Funds Investments <b>(LAPF)</b>		A magazine for local authority pension investment specialists.
Local Authority Pension Fund Forum <b>(LAPFF)</b>		The collaborative shareholder engagement group for local authority pension funds. The Forum provides a unique opportunity for Britain's local authority pension funds to discuss investment issues and shareholder engagement.
Local Government Pension Scheme <b>(LGPS)</b>		This is a nationwide scheme and is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the Scheme and for some councillors.

# Glossary of Terms

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Local Government Pension Scheme <b>(LGPS)</b>		The Scheme is administered locally for participating employers through 99 regional pension funds
LGPS (Management and Investment of Funds) Regulations 2016 (Investment Regulations)	Draft LGPS (Management and Investment of Funds) Regulations 2016	Regulations 2016 (Investment Regulations) that came into effect 1 November 2016.
LGPS Code of Transparency (Transparency Code)		A move toward investment fee transparency and consistency, and part of the government's criteria for pooling investments.
Market volatility		The impact of the assets producing returns different to those assumed within the actuarial valuation basis, excluding the yield change and inflation impact.
Markets in Financial Instruments Directive II <b>(MiFID II)</b>	MiFID	MiFID is the European Union (EU) legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. MiFID applied in the UK from November 2007, and was revised by MiFID II, which took effect in January 2018. MiFID II is made up of MiFID (2014/65/EU) and the Markets in Financial Instruments Regulation (MiFIR - 600/2014/EU).
Money-weighted rate of return		The rate of return on an investment including the amount and timing of cashflows.
Portfolio	Fund	The grouping of the asset types to be available for funds. For example, Global Equities Core, Hedge funds, UK Gilts, LDI.
Portfolio group		The higher level category of asset types. For example, equities, alternatives, fixed interest.
Relative return		The return on a fund compared to the return on index or benchmark. This is defined as: Return on Fund minus Return on index or Benchmark.
Selection		Measures the impact of performance at asset class or manager level in relation to the overall fund.

# Glossary of Terms

Term	Previously referred as	Meaning
Time-weighted rate of return		The rate of return on an investment removing the effect of the amount and timing of cashflows.
Yield (Gross Redemption Yield)		The return expected from a bond if held to maturity. It is calculated by finding the rate of return that equates the current market price to the value of future cashflows.



# Brunel Committees and Groups

Full name	Abbreviation	Chair	Purpose
Audit, Risk & Compliance Committee	ARC	Patrick Newberry, NED	To oversee key functions of the Regulated Company, including: <ul style="list-style-type: none"> <li>- Financial and Annual reporting</li> <li>- Internal controls</li> <li>- Compliance and whistleblowing</li> <li>- External audit function</li> </ul>
Brunel Investment Committee	BIC	CIO	Formal meeting of the Brunel Investment Team, covering: <ul style="list-style-type: none"> <li>- Economic and Markets update</li> <li>- Responsible Investment update</li> <li>- Stakeholder input (from Client Relations Team)</li> <li>- Investment proposals (private and listed markets)</li> <li>- Procedures</li> <li>- Forward look</li> </ul>
Brunel Investment Risk Committee	BIRC	CIO	To provide challenge and insight in respect of investment risks and exposures. This will include oversight of portfolio guidelines and monitoring.
Brunel Oversight Board	BOB	Ray Theodolou (Glos)	The Oversight Board has been established by the administering authorities participating in the Brunel Pension Partnership. Acting for the administering authorities in their capacity as shareholders in, and clients of, Brunel, the Oversight Board will have responsibility for ensuring that Brunel delivers the services required to achieve investment pooling across the 10 LGPS funds comprising the Brunel Pension Partnership. The Oversight Board shall comprise of one individual appointee of each administering authority participating in the Brunel Pension Partnership. In addition to the individuals appointed by each of the administering authorities, two members representing Fund members shall be entitled to attend and contribute to meetings of the Oversight Board.
Brunel Operations Committee	BOC	COO	To review the detailed elements of Brunel's operations, including: <ul style="list-style-type: none"> <li>- Technology and infrastructure</li> <li>- HR policies</li> </ul>

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Full name	Abbreviation	Chair	Purpose
Brunel Operations Committee	BOC	COO	<ul style="list-style-type: none"> <li>- Regulatory change (and compliance with)</li> <li>- Finance</li> <li>- Managing supplier relationships</li> <li>- ICAPP oversight</li> </ul>
Brunel Risk and Compliance Committee	BRCC	DoR & GC	Second line review overseeing the Compliance and Risk function
Client Group	CG	Sean Collins	Client Group has been established by the administering authorities participating in the Brunel Pension Partnership. Acting for the administering authorities in their capacity as shareholders in, and clients of, Brunel, the Client Group will provide practical and technical support, guidance and assistance to the Oversight Board in its strategic role of ensuring that Brunel delivers the services required to achieve investment pooling across the 10 LGPS funds comprising the Brunel Pension Partnership. Client Group shall comprise of at least one individual appointee of each administering authority participating in the Brunel Pension Partnership.
The Executive Committee	ExCo	CEO	<p>The core responsibility of ExCo is to oversee delivery of the Brunel objectives. The Executive Committee comprises:</p> <ul style="list-style-type: none"> <li>- Chief Executive Officer</li> <li>- Chief Investment Officer</li> <li>- Chief Operations Officer</li> <li>- Client Relationship Director</li> </ul>
Remuneration Committee	RemCo	Mike Clark, NED	In line with the Shareholders Agreement, to set and monitor remuneration policy including that for senior management remuneration.

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