

Appendix 3

Brunel Asset Transition Update

Brunel now manage £4.37bn (at 30/06/21). This includes £350m in Secured Income and £55.3m in Renewable Infrastructure invested on behalf of the Fund. The investments in Private Debt have yet to commence.

Brunel portfolio	Value at 30/06/21	Transitioning Mandates / Managers	Date of transition
Passive Low Carbon Equities	£745m	Low Carbon Global Equities - Blackrock	July 2018
UK Equities	£0m	UK Equities - TT Int'l	Nov 2018
Emerging Market Equities (EM)	£300m	EM Equities – Genesis, Unigestion	Oct 2019
Global High Alpha Equities	£441m	Global Equities - Schroder	Nov 2019
Risk Management Strategies	£930m	LDI and EPS - Blackrock	Oct 2019
Diversified Return Funds	£530m	Diversified Growth Funds – Pyrford, Ruffer (partial)	July 2020
Sustainable Equities	£587m	UK Equities & Global Sustainable Fund – Jupiter UK Equities & Global High Alpha (partial) - Brunel	Sept 2020
UK Property (pooled funds)	£122m	UK Property (partial) - Schroder	Jan 2021
Multi Asset Credit	£318m	Multi Asset Credit - Loomis	June 2021

The transition is now complete, for Avon and the pool, with the launch of the Multi Asset Credit portfolio alongside the other Fixed Income portfolios in June/July. Brunel now manage c. 75% of the client assets across the pool. The final transition cost update will be in the September Committee papers.

Brunel provides quarterly investment reports client group and pension committees (included as an appendix to this Quarterly Investment Monitoring report). The project to revise the client reporting from Brunel is progressing and we expect to see revised reporting early in 2022.

Brunel Portfolio Monitoring Summary

Brunel Portfolios Q221				
Mandate	Performance 'RAG' Rating	Comments	ESG 'RAG' Rating	Comments
Passive Low Carbon Equities (Dec-17)		<ul style="list-style-type: none"> Under review as part of equity allocation review Paris aligned Brunel offering as potential replacement 		
Global High Alpha Equities (Dec-19)		<ul style="list-style-type: none"> 'Growth' bias of the portfolio benefitted relative returns Stock selection main driver of positive relative returns, noting overweight to Healthcare 5% off-benchmark allocation to China detracted following regulatory crackdown. Direct allocation to China remains small and Brunel are working with managers to understand risks/opportunities in the region 		<ul style="list-style-type: none"> WACI significantly below benchmark (unchanged since last qrtr) Exposure to extractive industries approx. half of benchmark
Global Sustainable Equities (Oct-20)		<ul style="list-style-type: none"> Portfolio benefits from 'growth' and 'quality' bias Prior quarter 'value' rally leads to underperformance vs benchmark since inception 		<ul style="list-style-type: none"> Carbon intensity reduction of c.26% vs benchmark
Emerging Market Equities (Nov-19)		<ul style="list-style-type: none"> Underweights to the Energy sector and India detracted 5% underweight to China led to positive relative impact 		<ul style="list-style-type: none"> Highest WACI of all portfolios
Diversified Returns Fund (Aug-20)				<ul style="list-style-type: none"> Systematic strategies are hard to assess on traditional ESG metrics. Brunel working with underlying managers to develop reporting.
Secured Income 2018-20 £345m 2020-22 £120m		<ul style="list-style-type: none"> Cycle 1: 86% (69%) deployed Cycle 2: 37% (33%) deployed 		
Renewable Infrastructure 2018-20 £115m 2020-22 £120m		<ul style="list-style-type: none"> Cycle 1: 40% (39%) deployed Cycle 2: 11% (6%) deployed 		
Private Debt 2020-22 £245m		<ul style="list-style-type: none"> Capital drawdown post quarter-end 		
UK Property Jan-2021 2021: £210m		<ul style="list-style-type: none"> Pipeline of opportunities in Multi Let, Industrial and Affordable Housing sectors as Brunel build up model portfolio 		
MAC (July-21)	n/a	<ul style="list-style-type: none"> Performance of MAC portfolio commences post quarter-end 	n/a	
Risk Management Strategies				Integration of ESG in risk management strategies under review.

Legacy Portfolios Q221				
Core Infrastructure		Under review		
Hedge Funds		Mandate winding down	n/a	
UK Property	n/a	Fully redeemed	n/a	
International Property		Underlying funds to be held to expiry		