BRUNEL
Pension Partnership

AVON
PENSION
FUND

Performance Report for Quarter Ending 30 June 2021

Contents

The second quarter was marked by the rise of the Delta variant of Covid, not least in the UK, and by widely divergent decisions on lockdown easing and tightening around the world. Lockdown rules in the UK and, more specifically, in England, ensured a phased reopening over the course of the quarter, meaning that Brunel staff were able to start returning to the office. However, a delay to the final stage of opening – initially slated for June, but then postponed to July – made the return more staggered than first planned.

Despite the ongoing challenges, we continued to roll out new funds. In April, Brunel launched its Private Debt portfolio with Aksia, a dedicated, bespoke portfolio of funds targeting corporate direct lending strategies in Europe and North America. Our clients committed £945m to the fund, which has a strong focus on Responsible Investment. "Aksia is delighted to be working with Brunel Pension Partnership, an acknowledged thought leader in responsible investment, to customise a direct lending portfolio for its LGPS clients," said Valérie Bénard, Head of Aksia Europe.

On the listed markets side, Brunel launched its first fixed income portfolios: Passive Gilts and Passive Index-Linked Gilts. "These portfolios give our clients and their members access to the low-cost benefits of index-tracking investing," said David Cox, Head of Listed Markets at Brunel. "They also deliver to clients the benefits of high liquidity, which can be important in managing pension cashflows effectively." The announcement comes ahead of further fixed income fund launches due in July.

The challenge of finding indices that fully account for Responsible Investment concerns was a particular focus through the quarter, culminating in the announcement – at the start of July – that Brunel and FTSE Russell had launched new Paris-aligned benchmarks, a major step forward for the industry. "We placed great emphasis on developing indices that not only met current needs, but also have scope to evolve in response to rapid industry developments, so that we continue to deliver on our clients' investment objectives," said Faith Ward. "The project, led by David Cox, Brunel's Head of Listed Markets, has drawn on the time and expertise of teams and individuals across the partnership."

In May, Brunel published three reports that track our progress across our ambitions in Responsible Investment (RI). The 2021 Responsible Investment & Stewardship Outcomes Report demonstrated our performance against our own RI principles and policies. Among other highlights, it showed that we had engaged on 3,101 RI issues at 881 companies, and that companies held in our portfolios now had a higher percentage of women on boards. We also published our first Climate Change Action Plan Report (TCFD reporting), to demonstrate the value we attach to companies making TCFD disclosures, and to encourage other companies to do likewise. Our second Carbon Metrics report, meanwhile, showed that the Brunel Aggregate Portfolio had a carbon efficiency of 22% versus the benchmark, up from 15.4% the previous year. Our leadership on RI was demonstrated and recognised in other ways, too. In June, Helen Price led our involvement as one of sixty launch firms partnering with The Diversity Project to help tackle the underrepresentation of ethnic minorities in finance. At the end of June, Faith Ward was named Personality of the Year by Environmental Finance, a very well-deserved accolade.

Throughout the quarter, Brunel continued to review its working practices and how it could elicit the views of staff and support them in managing their work through unusual times. To this end, Brunel's HR department launched new staff surveys, and Laura Chappell wrote an Op-Ed for Professional Pensions on how, since the advent of Covid, there is even more onus on CEOs to place mental health at the top of corporate agendas.

Executive Summary

High Level Performance of Pension Fund

The fund delivered absolute performance of 4.3% over the quarter in GBP terms. Total fund return for the one-year period to 30 June was 12.6%, which was ahead of the benchmark return of 10.3%.

Key points from last quarter:
- 4.3% Absolute Net Performance Q2
- 12.6% Absolute Net Performance 1Y
- 2.2% Relative Net Performance vs Benchmark 1Y

Fund-specific Events

- Avon transitioned into Fixed Income assets with an investment into the Brunel Multi-Asset Credit (MAC) portfolio. This transaction was in flight through the end of the reporting period.

The Diversifying Returns sub-fund posted a 5.8% return over the quarter, with all four strategies contributing as the fund outperformed its benchmark by 5.7%. Drivers of return from across the different strategies included a long position in the Brazilian real, beta exposure to both Treasuries and equities, and carry in sovereign bond markets.

It was another strong quarter for emerging markets, a trend reflected in fund performance, which posted a 4.6% return. This lagged the benchmark by 0.4% - sector and regional allocations accounted for the small shortfall, especially underweights in Energy and India.

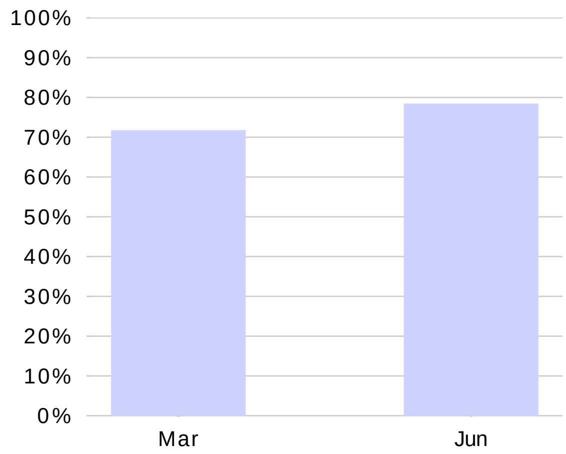
The Global High Alpha Equity sub-fund benefited from positive stock selection in what was already a strong quarter for global equities, outperforming the benchmark by 1.6%. Stock selection was particularly strong in Health Care and Financials.

An exceptional quarter saw the Sustainable Equities sub-fund return 8.5%, ahead of the benchmark return of 7.4%. Among the managers, RBC benefited from stock selection in Communication Services and among IT large caps, while Ownership's Health Care holdings performed strongly.

Total Fund Valuation

	Total (GBPm)
31 Mar 2021	5,301
30 Jun 2021	5,571
Net cash inflow (outflow)	43

Assets Transitioned to Brunel



GBP 3,804m | GBP 4,372m

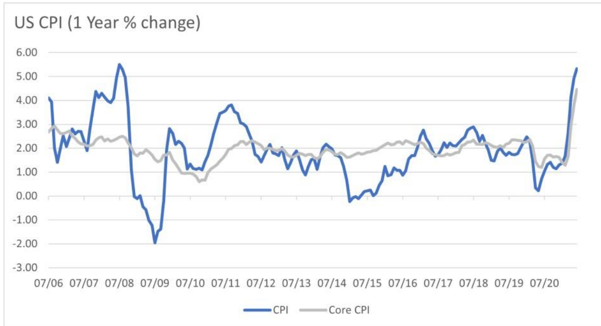
Market Summary – Listed Markets

Future expectations of inflation dominated much of the financial press and the market movements we saw over the quarter.

In terms of global equity, April saw a resurgence in Growth/Quality stocks after the Value rally that had characterised much of Q1. The value rally earlier in the year was largely due to the re-opening of the parts of the economy most affected by the Covid pandemic and resulting lockdowns.

As we moved into May, we saw investors err on the side of caution as they debated a potential rise in inflation and, more importantly, if inflation was a longer-term market trend that would see an increase in interest rates from their current all-time lows. We saw a pickup in the yield of the US 10-year Treasury as an increase in inflation devalues bonds. We also saw de-risking in the global equity markets as the MSCI All Country World Index (ACWI) returned -1.03% for the month of May, led lower by Growth stocks, which suffer more than their Value counterparts in a rising interest rate environment. This dynamic was covered in depth in the 'Value vs Growth' paper the Brunel team published late last year. On the other hand, we saw gains in the commodity markets and precious metals: Brent crude and gold increased in price by 3.5% and 7.6%, respectively. Gold is often seen as a safe haven asset in times of inflation.

June confirmed the validity of Inflation expectations, as US year-on-year consumer price inflation (CPI) reached 5%, the highest it has been for 13 years. If we look more closely at the headline CPI figures, we can see that they started from a relatively low base. The price of a barrel of crude oil was $41 last year compared with $75 today. There have also been secondary effects in sectors affected during the pandemic, notably used cars and trucks, where the decline in new car production has increased the price of the secondary market. These technicalities led the Federal Reserve (Fed) to describe the current effects as "transitory". This suggested interest rates would remain low for the foreseeable future, which encouraged investors to return to the market. Through June, we saw an increase in the performance of large cap/Growth stocks, driven mostly by the IT sector, which provided a total return of 9.1% for the month, while the MSCI ACWI returned 4.29%.



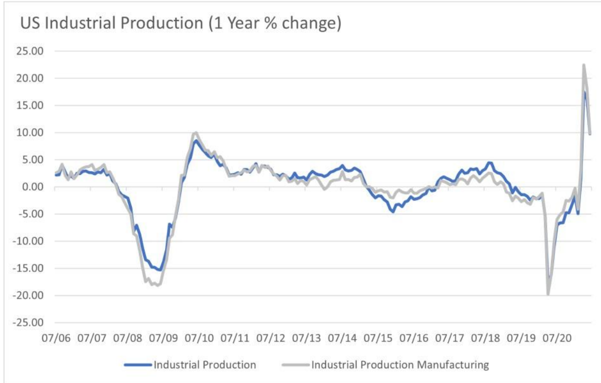
After an interesting few months, in which inflation expectations dominated headlines, the MSCI ACWI returned 7.4% in GBP terms over the quarter; the MSCI Growth index returned 9.9%; and the equivalent Value index returned 4.9%. Over a one-year period, the MSCI ACWI has returned 25.1%, while the Growth index and Value index have returned 25.2% and 24.6%, respectively. The rally in cyclical Value stocks, year to date, has been enough to put Value on an equal footing with Growth stocks over the 12-month period to the end of June.

Market Summary – Listed Markets

On a regional basis, much of the MSCI ACWI performance can be attributed to the US, albeit with a weight of 60% of the index, it provided a total return of 8.8%. The MSCI Emerging markets index returned 5% over the quarter and the FTSE All Share returned 5.8%

As discussed previously, the argument for transitory inflation assumes that the economic markers used in the CPI calculation were adversely affected by the pandemic and that, as the economy re-opens, the effect will decline over time. However, we should, for balance, discuss the opposing argument.

The last year-and-a-half has seen a huge amount of stimulus enter the market; unlike in the aftermath of the Great Financial Crisis, this stimulus has benefitted households directly, rather than shoring up the capital requirements of retail banks. At the time of writing, the June CPI numbers for the US have just been released at 5.4% and the core inflation rate, which excludes volatile goods such as oil, has risen 4.5%. The stimulus currently also shows no sign of abating, the US is still on course to deliver its $1.9 trillion stimulus package. There have been discussions around the potential for central banks to control any rise in inflation by easing back on their bond purchasing schemes. However, bond purchasing still remains significant in the US, UK and Europe.



With all this additional capital, many believe prices will continue to rise. A data provider, EPFR, noted that global equity funds saw inflows of $580bn in the first six months of this year at that rate, equity funds in 2021 will record more inflows than the last 20 years combined.

Last quarter, we mentioned that predicting the path of inflation, policy withdrawal and eventual rate tightening is difficult under the current environment. This is likely to be a debate that will continue over the next few months; the market is certainly not behaving as one would expect. An increase in inflation historically led to an increase in yields; however, at the time of writing, the 5.4% increase in US inflation has perversely led to a decrease in yields, leading to further debate over the nature of the current market and whether inflation really could be transitory.

Market Summary – Head of Private Markets

Overview

The continuing concern around the rapid spread of the Delta variant of Covid, as well as the supply chain challenges facing manufacturers around the world, tempered investors' enthusiasm in the last quarter. As Covid infection rates started to climb again, even in countries where the vaccine rollout is well underway, investors grew more fearful of further economically-damaging regional restrictions and a slow reopening of international travel.

Economic indicators continue to show clear signs of recovery, but the supply issues caused by the pandemic have made life particularly difficult for manufacturers in Europe and North America, slowing production and pushing up costs. Accessing labour has also proved an inflationary factor in some regions.

Central banks continue to view these problems as temporary, recognising that the post-pandemic recovery may cause a temporary spike in inflation. However, they remain confident that prices are not set to rise permanently, which would necessitate a tightening of global monetary policy.

Infrastructure

As investors looked beyond the pandemic, market conditions improved. The aggregate value of deals in Q2 of 2021 ($98bn) represented a rise of 71% compared to Q2 2020 ($57bn). Renewable Energy was again by far the largest contributing sector, based on the number of deals – a consistent trend dating back to 2016, if not earlier. Interest in the asset class is being fuelled by politics and regulation, prompting expectations of the re-emergence of inflation; Infrastructure has historically served as a partial hedge against inflation. It remains to be seen whether returns can hold up under intense competition for assets and given supply chain constraints are pushing up key raw material costs globally.

$32 billion of capital was raised by all private infrastructure funds closed in Q2 2021. The total number of unlisted infrastructure funds seeking to raise new capital as of July 2021 is up 25% from the start of the year, with a record 328 funds targeting $238bn. The US and Europe remained the dominant geographic focus.

Noteworthy events and trends during the quarter included the IEA publishing its Net-Zero Energy (NZE) Scenario analysis and the Biden administration in the United States continuing to push for an Infrastructure plan. Biden's government, which has committed to an energy transition and to rapid decarbonisation, managed to gain bi-partisan agreement for a $1 trillion package to upgrade roads, bridges and broadband networks over the next eight years. The IEA issued a stark warning in its report. To keep the world from catastrophic overheating, a new clean energy revolution must take place at breakneck speed, involving unprecedented co-operation. Its NZE scenario looks a tall order on every front: political, technical, financial and, mostly important of all, behavioural.

Market Summary – Head of Private Markets

Private Equity

Investment sentiment and activity remained strong in Q2 2021. The valuation of assets remained high. Hence, GPs focused more on operational improvements to create value in their portfolio companies, as well as on finding pockets of opportunities in niche sectors. In addition, some GPs are executing more add-on acquisitions at lower prices to bring down the blended average acquisition multiple. Interest in technology companies remained strong and there is a trend towards GPs digitising their portfolio companies in order to improve efficiency and to achieve higher multiples as they position for exit.

The fundraising market is bifurcated into a market between the "haves" and "have nots". Fundraising for established platforms is moving quickly, while less proven GPs are struggling to gain the attention of the investor community. In addition, sector expertise has become increasingly important for GPs as the market continues to evolve.

Private Debt

Q2 was another record-breaking quarter for private equity activity, driven by continued economic recovery and ample dry powder. Private debt activity is expected to mirror private equity activity and initial signs from bellwether managers seem to support that assertion. Dealmaking was particularly frenetic in sectors such as software, cyber security and healthcare.

High yield bond and leveraged loan spreads continued to compress through Q2, continuing the same trend seen in Q1. We did not see the same compression of pricing for new loans in the direct lending market. The pricing of senior and unitranche middle market loans remained relatively stable through the first half of 2021.

There were several notable large fund raisings achieved by leading European direct lending managers. ICG raised €9bn, Ares €11bn and Arcmont is on track to raise €6bn.

Property

Direct investment in industrial assets remained strong, with occupier demand for last-mile delivery hubs particularly acute. A shortage of labour and a sharp increase in construction costs has slowed development supply this year, applying further upward pressure to rental levels.

Some pricing in the UK retail market recovered over the quarter, as investors looked to acquire retail parks anchored by supermarkets or discount operators. Retail rents overall, however, continued to be negotiated downwards by tenants.

Offices, where rent payments have been solid throughout the pandemic, began to see employees returning and initial projections for much lower space requirements by occupiers have moderated over the last few months, though biased towards sustainable buildings which promote employees' wellbeing.

Paris-Aligned Benchmarks
Following extensive work with several index providers, we supported the launch of a new suite of climate benchmarks that will form FTSE Russell's Paris-aligned climate benchmarks for global equity markets.

The launch will help us offer clients the Net Zero-aligned portfolios they have asked for and provide a path for the wider industry. We placed great emphasis on developing indices that not only met current needs, but also have scope to evolve in response to rapid industry developments, so that we continue to deliver on our clients' investment objectives.

The new index series reflects both FTSE Russell's expertise in index design and Brunel's expertise in climate investing. The framework provides a tilt exposure. Exposure to any given index constituent rises or falls according to several exposure objectives, covering fossil fuel reserves, carbon reserves and green revenues, as well as forward-looking alignment with Paris goals. The tilt is designed to ensure that the fund is on track to achieve Paris alignment.

The Paris-aligned Benchmark series meets the minimum requirement of the EU's Paris-aligned benchmarks by achieving a 50% reduction in carbon emissions over a ten-year period. It also integrates the Transition Pathway Initiative's analysis of how the world's largest and most carbon-exposed companies are managing the climate transition.

"Brunel Pension Partnership brings a huge amount of expertise in climate investing and were consulted on the construction of FTSE Russell's new EU Climate Benchmarks Index Series," said Aled Jones, Head of Sustainable Investment, EMEA, FTSE Russell. "This led to the inclusion of recently-issued guidance from the IIGCC Net Zero Investment Framework to limit investor exposure to Thermal Coal and Oil Sands. Other features involved limiting the active weight of banking sector constituents to no more than their underlying index weight, a move that reflects the sector's funding role for large carbon emitters as a contributory factor to climate change."

More details are available on the **FTSE Russell website**. In the next section, we consider two educational RI initiatives that Brunel has recently been involved in.

Bath University Practice Track - Biodiversity

Brunel participated in Bath University's Practice Track initiative to provide a consultancy project for MSc students. The project allows students to increase their experience by working for UK businesses, whilst applying their knowledge, skills and research experience to deliver recommendations on a real business issue. We asked students to research biodiversity and posed the following question:

How can Brunel Pension Partnership integrate the findings of *The Economics of Biodiversity: The Dasgupta Review*) into their investment decisions? Topics to consider include:

- What are the first steps pension funds should take when considering biodiversity?
- Which Sectors should be prioritised?
- What challenges remain?
- What are the key questions which we should be posing to companies?

Following four weeks of research, students presented their findings to Brunel and members of the RI subgroup. The research was a useful foundation to build from. The feedback from the students was overwhelmingly positive. For many, it was their first exposure to the investment industry, and several commented that they now have a greater appreciation and understanding of sustainability to take into their future careers. We will continue to work with the University of Bath and to explore future project opportunities to inspire the next generation.

The Skills Workshop

Covid-19 and lockdown offered us all a stark reminder of the social and economic inequalities that continue to blight our society, not least racial inequality. Finance has a particular problem. Research published by KPMG in 2019 showed that some 41% of financial services employees had parents working in the same sector – against a national average of 12% across other sectors.

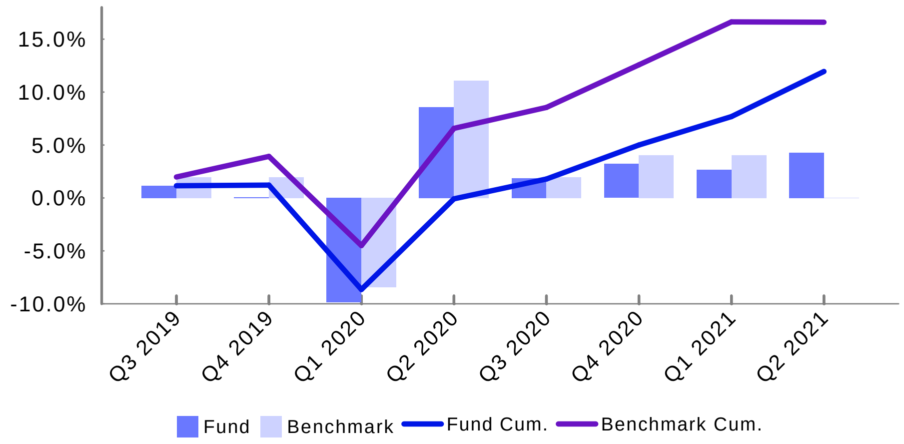
The diversity project, in partnership with #TalkAboutBlack and the CFA UK, launched a new programme: 'The Skills Workshop'. This is a six-month programme of virtual workshops that aims to help university-aged students with financial literacy, application preparation, workplace confidence, access to organisations and networking. It will provide students with the insight, knowledge and direction to help start their financial careers. Brunel is one of sixty launch firms involved in the initiative, which is open to all students with a particular interest in increasing social mobility and tackling the underrepresentation of ethnic minorities in the industry. We will be providing insight into what asset owners do at the **virtual careers fair on 28 October**.

Summary of Pension Fund Performance

Performance of Fund Against Benchmark (Annualised Performance)

Period	Fund	Strategic BM	Excess
3 Month	4.3%	3.9%	0.4%
Fiscal YTD	4.3%	3.9%	0.4%
1 Year	12.6%	14.7%	-2.1%
3 Years	5.5%	9.0%	-3.4%
5 Years	7.2%	9.5%	-2.2%
10 Years	7.3%	8.7%	-1.4%
Since Inception	8.3%		

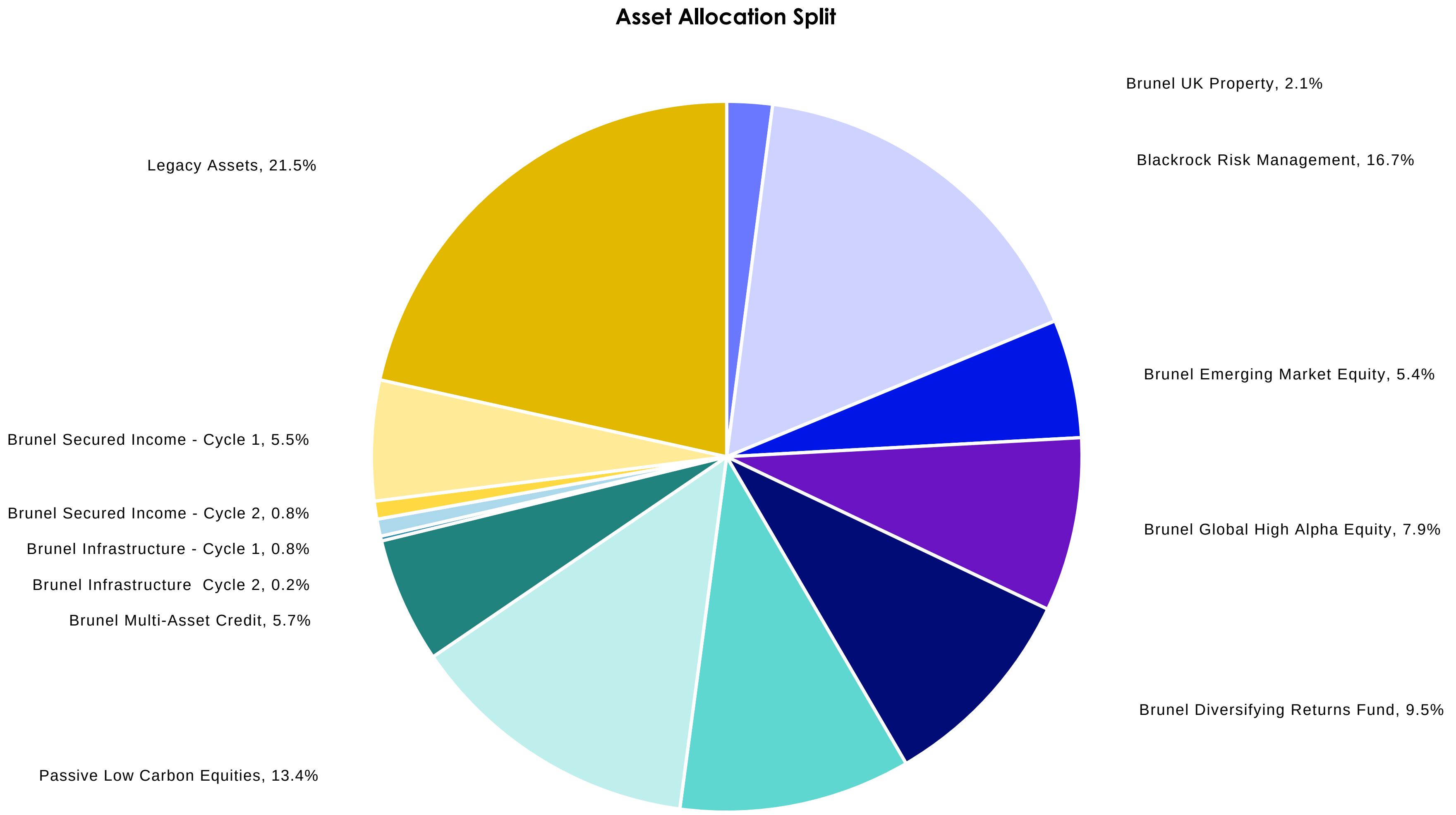
Rolling Quarter Total Fund (Net of Manager Fees)



Key Drivers of Performance

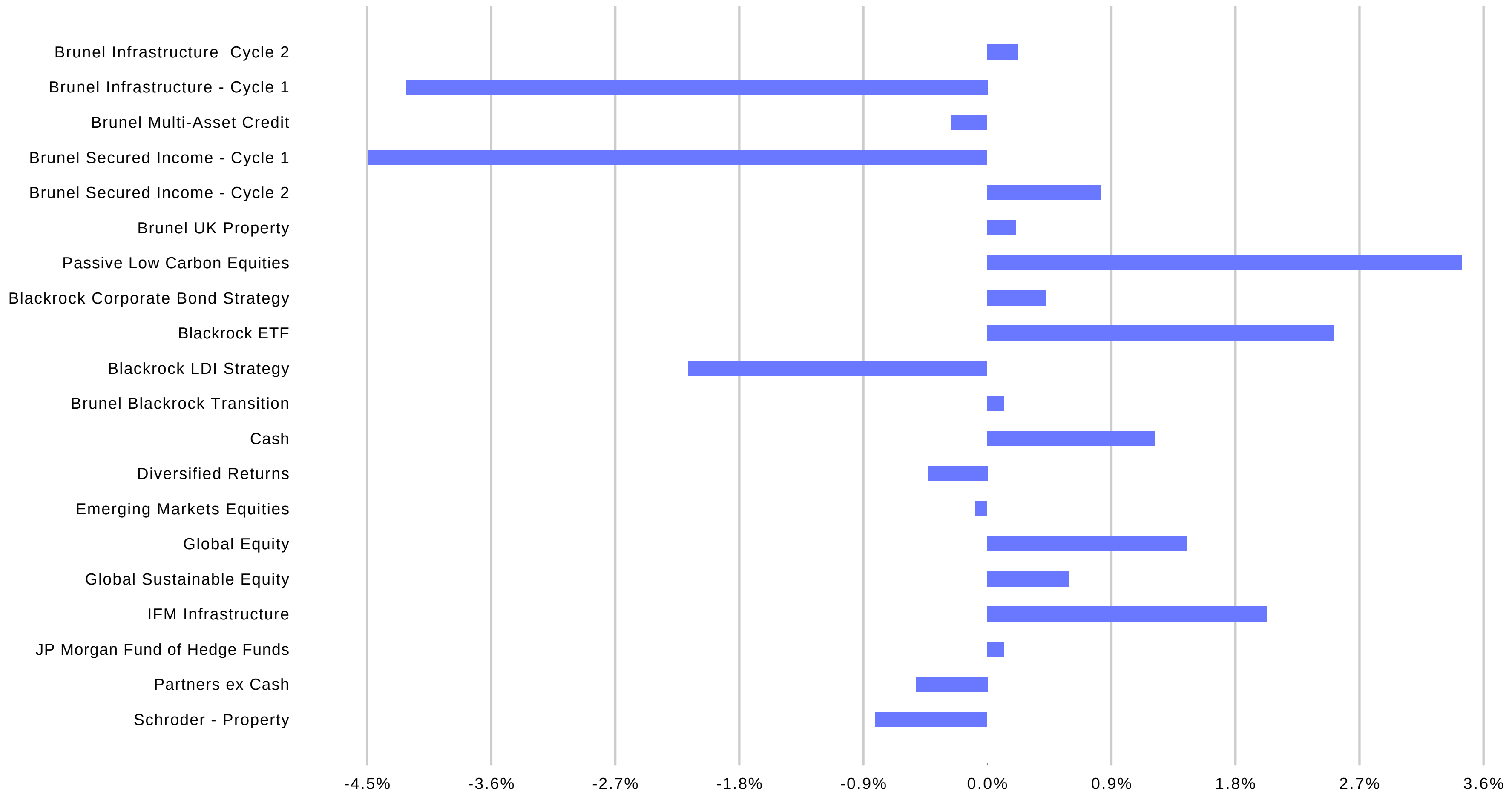
Reviewing the performance of Brunel portfolios, the highlights were:
- The Diversified Return Fund returned 5.8% for the quarter, which was broadly in line with its benchmark SONIA.
- Global Emerging Markets added 4.6% over the quarter and 28.7% over the one-year period; one-year performance was ahead of benchmark by 2.3%.
- Global High Alpha returned 9.3% during the quarter, taking one-year performance to 32.2%; this was 7.2% ahead of the MSCI World TR benchmark
- Global Sustainable Equities returned 8.4% for the quarter, exceeding its benchmark by 1.1%.

Asset Allocation of Pension Fund



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	530	5.8%	5.7%							5.9%	5.9%	27 Jul 2020
Brunel Emerging Market Equity	MSCI EM TR Gross	300	4.6%	-0.4%	28.7%	2.3%					14.5%	-0.5%	09 Oct 2019
Brunel Global High Alpha Equity	MSCI World TR Gross	441	9.3%	1.6%	32.2%	7.2%					26.7%	10.1%	15 Nov 2019
Brunel Global Sustainable Equities	MSCI AC World GBP Index	587	8.4%	1.1%							18.8%	-2.1%	30 Sep 2020
Brunel Multi-Asset Credit	SONIA +4%	318									0.2%	-0.1%	02 Jun 2021
Passive Low Carbon Equities	MSCI World Low Carbon Target	745	7.7%	-0.0%	24.9%	-0.2%					13.6%	-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

Passive Low Carbon Equities

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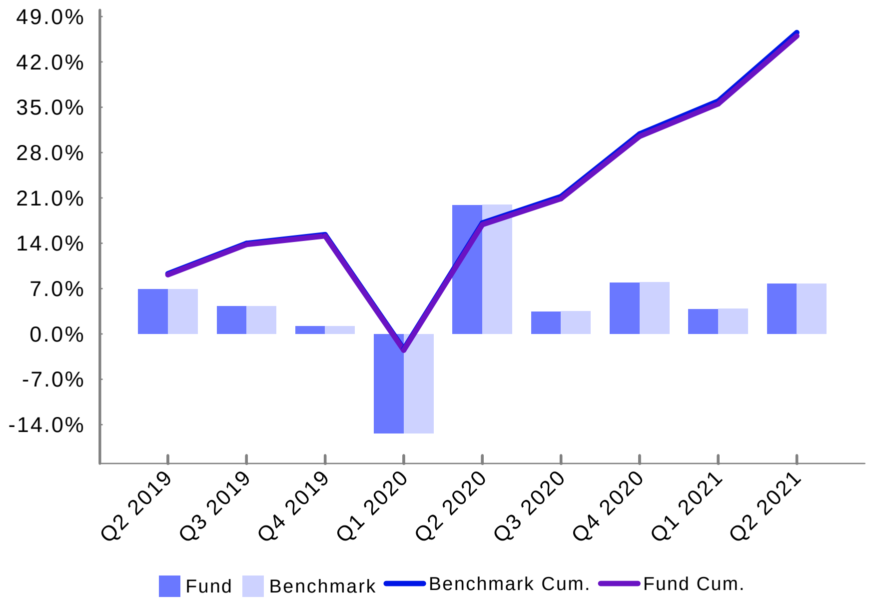
Overview

	Description
Portfolio Objective:	Provide exposure to equity returns and global economy with low exposure to carbon emissions and fossil fuels.
Investment Strategy & Key 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:	£1,289,795,379

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	7.7%	7.8%	0.0%
Fiscal YTD	7.7%	7.8%	0.0%
1 Year	24.9%	25.1%	-0.2%
3 Years			
5 Years			
10 Years			
Since Inception	13.6%	13.7%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

• The Passive Low Carbon portfolio recorded a return of 7.74% during Q2 2021, in line with the MSCI World Low Carbon Target Index, which returned 7.79%.

• The MSCI World Low Carbon Target performed in line with the MSCI World index, which returned 7.74% over the quarter. On a sectoral basis, there was a small positive contribution from a relative underweight to the Utilities sector, mostly offset by small detractions across other sectors.

• Over the previous 12 months, the Passive Low Carbon portfolio returned 24.9%.

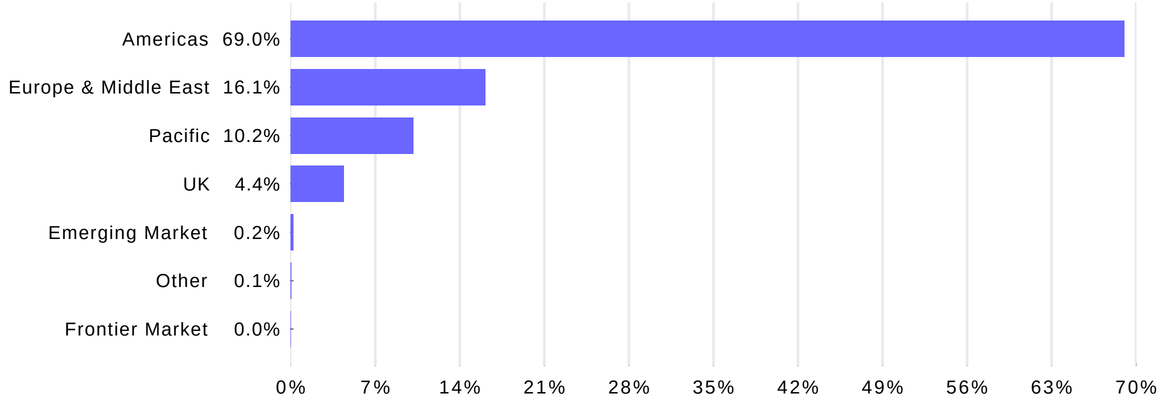
• The MSCI Low Carbon Index performed in line with the MSCI World Index, rising 24.9% over the 12-month period. Positive contributions from Energy stocks, an underweight to the Utilities sector and an overweight to the Financials sector were mostly offset by poorly-performing stocks in the Materials sector.

Passive Low Carbon Equities – Region & Sector Exposure

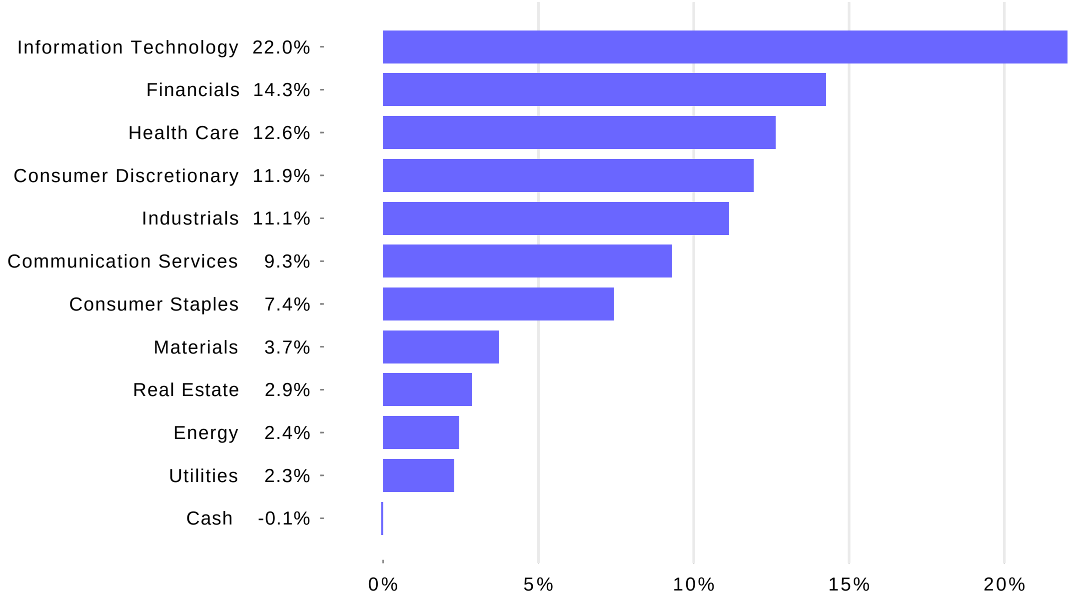
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	75,320,140
MICROSOFT CORP	63,318,543
AMAZON.COM INC	48,349,285
FACEBOOK INC-CLASS A	27,433,310
ALPHABET INC-CL C	24,217,201
ALPHABET INC-CL A	23,880,659
TESLA INC	17,278,309
NVIDIA CORP	16,328,361
JPMORGAN CHASE & CO	15,321,316
JOHNSON & JOHNSON	14,615,349
VISA INC-CLASS A SHARES	13,452,296
BERKSHIRE HATHAWAY INC-CL B	12,395,961
UNITEDHEALTH GROUP INC	12,309,289
NESTLE SA-REG	11,869,673
PROCTER & GAMBLE CO/THE	11,451,313
HOME DEPOT INC	11,267,975
MASTERCARD INC - A	10,821,746
PAYPAL HOLDINGS INC	10,438,190
BANK OF AMERICA CORP	10,416,728
WALT DISNEY CO/THE	10,249,909

Regional Exposure



Sector Exposure



Passive Low Carbon Equities – Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ASML HOLDING NV	66.0	81.2
2. NEXTERA ENERGY INC	70.3	38.7
3. TEXAS INSTRUMENTS INC	64.9	82.2
4. ACCENTURE PLC	63.3	71.0
5. HONEYWELL INTERNATIONAL INC	64.8	50.0
6. NESTLE SA	58.9	43.2
7. SCHNEIDER ELECTRIC SE	71.7	46.2
8. NVIDIA CORP	57.5	32.4
9. SIEMENS AG	65.0	70.9
10. PROCTER & GAMBLE CO/THE	58.4	65.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. NETFLIX INC	44.9	67.2
2. AT&T INC	44.4	46.8
3. VISA INC	48.1	33.9
4. JPMORGAN CHASE & CO	48.6	68.2
5. JOHNSON & JOHNSON	43.7	81.7
6. AMAZON.COM INC	50.2	60.9
7. FACEBOOK INC	42.7	63.2
8. ALPHABET INC	46.0	59.8
9. MICROSOFT CORP	47.8	32.0
10. APPLE INC	47.1	51.4

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

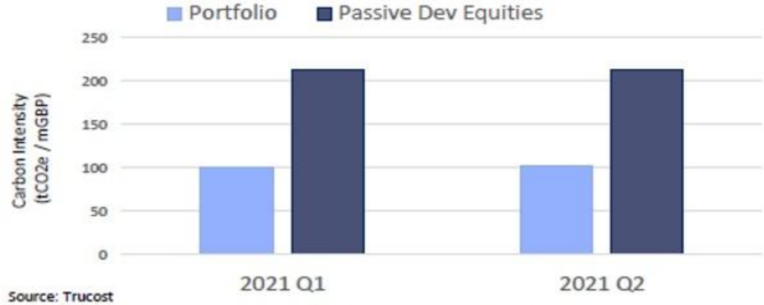
* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	53.5	54.1
Passive Dev Equities	53.7	54.2

TruValue Labs & SASB

Weighted Average Carbon Intensity (WACI)



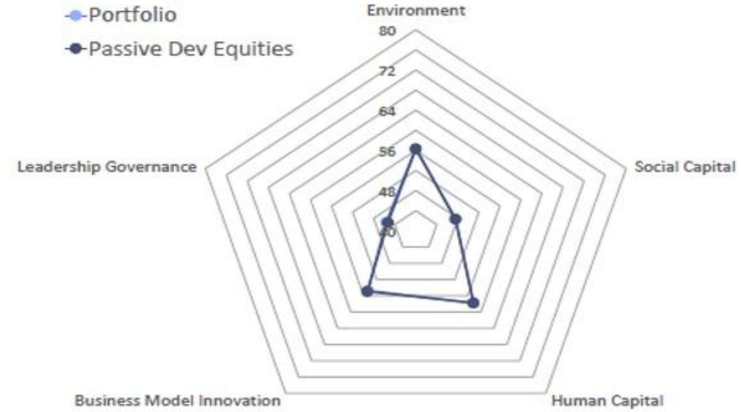
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.4	2.0	4.3	4.3
Passive Dev EQ	2.9	2.6	7.6	7.2

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

Brunel Assessment:

- **Texas Instruments** (Semiconductors) has introduced a new automotive battery monitor and balancer that reports high-accuracy voltage measurements to the microcontroller of Electric Vehicles (EV), helping to revolutionise EV battery technology.
- **Visa** (Software & IT services) are facing a new lawsuit from small business owners claiming Visa and Mastercard have been engaging in price-fixing. Visa announced a commitment to reach net-zero emissions by 2040.
- **Microsoft** (Technology) was victim to several sophisticated widespread hacks, the U.S. government and Western allies claim these have originated from Russia and China. Microsoft launched a new product, Cloud for Sustainability, to help companies track their carbon emissions.
- **Alphabet** (Technology & Communications) is facing its fifth government antitrust lawsuit, as governments continue their crackdown into Big-Tech competition.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The benchmark is the MSCI Developed World so that carbon reductions achieved to create the Brunel Passive Low Carbon Portfolio can be monitored. Carbon intensity of the Portfolio is half that of the MSCI Developed World Index.

Brunel Diversifying Returns Fund

BRUNEL Pension Partnership

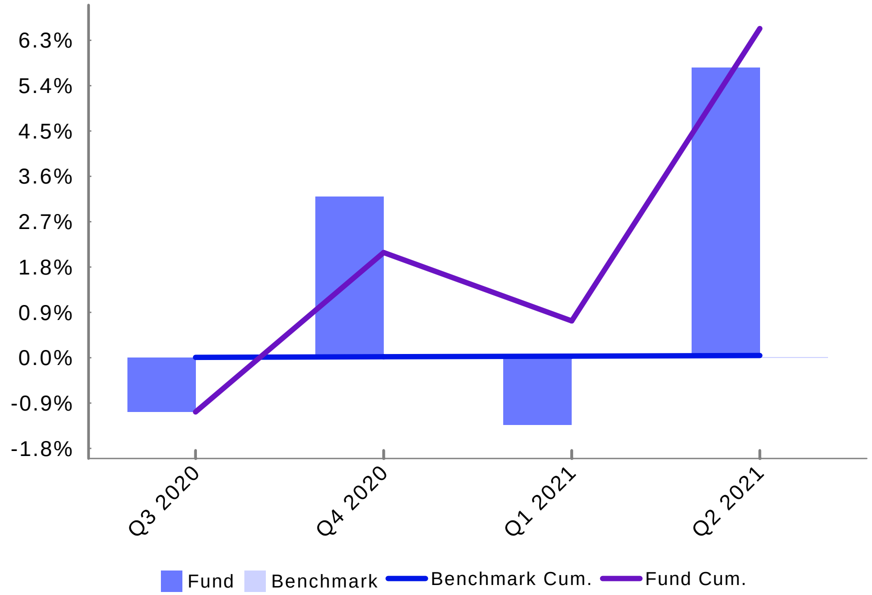
Overview

	Description
Portfolio Objective:	Provide exposure to a range of alternative return drivers and a degree of downside protection from equity risk.
Investment Strategy & Key Drivers:	Actively managed to achieve growth at moderate absolute risk, diversified between asset classes and by geography.
Liquidity:	Managed Liquidity.
Risk/Volatility:	Moderate absolute risk against cash.
Total Fund Value:	£1,468,929,629

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	5.8%	0.0%	5.7%
Fiscal YTD	5.8%	0.0%	5.7%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	6.5%	0.0%	6.5%

Rolling Performance*



* Partial returns shown in first quarter

Over Q2 2021, the DRF fund returned 5.8%. Since the performance inception date of 12 August 2020, the fund has returned 6.5%. vs a performance target return (SONIA +3% p.a.) of 2.7% for the same period.

• The UBS currency strategy returned 8.9% over the second quarter. A long position in the Brazilian real, a high conviction portfolio position, made a large positive contribution to returns as the Brazilian central bank raised interest rates in June and indicated that a further 75 basis point hike is likely in August.
• The quarter saw volatility in markets but ultimately lower US Treasury yields and positive returns from global equity markets. Beta exposure to both asset classes in the Lombard Odier and William Blair portfolios helped each return in excess of 5% for the quarter.
• JPMorgan generated a positive return of 3% over the second quarter. Carry in sovereign bond markets made the largest contribution to return. Credit carry, fixed income carry and equity trend also made positive contributions to returns. The fixed income trend following signal made a negative contribution to returns over the quarter.

Brunel Emerging Market Equity

BRUNEL
Pension Partnership

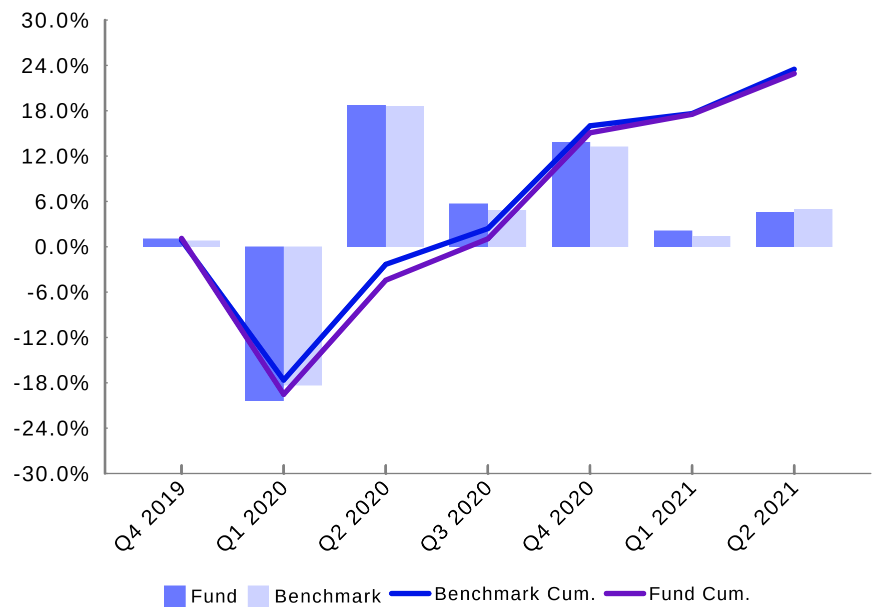
Overview

	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:	£1,604,019,874

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	4.6%	5.0%	-0.4%
Fiscal YTD	4.6%	5.0%	-0.4%
1 Year	28.6%	26.4%	2.2%
3 Years			
5 Years			
10 Years			
Since Inception	13.4%	13.7%	-0.3%

Rolling Performance*



* Partial returns shown in first quarter

It was another positive quarter of performance for emerging market equities. MSCI Emerging Markets, a proxy for emerging equities, returned +5.0% in GBP terms. This capped an impressive year for emerging markets, with trailing year returns of +26.4%.

Country dispersion was mixed over the quarter. China continued to lag other emerging markets after minor relapses in Covid cases, returning a modest +2.2% in Q2 2021. Brazil and Russia were amongst the most impressive over the quarter, returning +22.8% and +14.2% respectively. Both countries saw significant currency appreciation vs the US dollar; the Russian rouble was particularly successful as a result of rate rise expectations and stronger oil prices – the currency rose 13%. The quarter's country laggards included smaller Latin America countries like Chile and Peru, which fell by 13.8% and 8.9% respectively. Chile's stock market dived after voters backed hard-left independent candidates to write the country's new constitution, which represented a radical change from the traditional parties of the left and right.

Most sectors made positive returns in Q2 2021, the only exception was Real Estate, which depreciated 6%. Energy continued to outperform most sectors, mostly due to supportive oil prices. WTI Oil appreciated by an impressive 24% in GBP terms, mainly due to a significant shift in supply and demand dynamics.

Continued Commentary

Increased demand was a direct result of progress in global Covid vaccine rollout. Furthermore, prices were stimulated by Opec+ producers agreeing to only release a very modest amount of supply, which was not anticipated by the market.

Investment styles diverged significantly over the quarter. The most successful style was defensive securities, proxied by MSCI Emerging Markets Defensive Sectors, which outperformed the broader market index by +3.6%. On the flip side, prime value - which represents high quality companies trading at cheap valuations - struggled; this style underperformed the broader market by -2.5% over the quarter. Common styles like broad Value, Growth and Quality were largely in line with the market over Q2 2021.

The portfolio made a positive return over the quarter but lagged the benchmark on a relative basis. Total return was 4.6%, which was 0.4% behind the benchmark on a net-of-fees basis. Managers experienced very mixed performance; Genesis, Wellington and Ninety-One had relative returns of -0.1%, +0.5% and -1.3% respectively. It could be argued that allocations to sectors and countries were material last quarter, in particular, the underweight positioning in Energy and India were detrimental to relative performance. Stock selection remains the driving force behind returns in the longer term.

• Relative performance was impacted by un-held names over the quarter. High-growth names bounced significantly from mid-May onwards. Examples include NIO, an electric vehicle producer, which appreciated by over 30%. The portfolio does not hold NIO, but the benchmark has a weighting of 0.6%. which resulted in a significant detraction from the portfolio's relative performance. Chinese education stocks also detracted from performance, as the Chinese government announced a crackdown on outside-hours education companies to rein in unfair pricing and bad practices. Companies like TAL Education and New Oriental suffered significantly, falling by 53% and 42% respectively. The portfolio maintains a collective overweight position of +0.42% vs benchmark in these two companies.

• Country allocation detracted significantly, accounting for almost all of the portfolio's relative under performance. The 6% underweight to India caused a drag on performance after the country returned 6.9%, almost 2% more than the benchmark. Brazil was also a significant detractor; it had a hugely impressive quarter, rallying 22.8%, partially driven by currency appreciation after its central bank raised interest rates to 4.25% to combat runaway inflation. The fund is currently 2% underweight. On the positive side, the underweight to China benefited the portfolio once again. Relapses in Covid cases in China caused it to underperform the benchmark by 2.7%; the 5% underweight resulted in a positive impact on relative performance.

• Sector allocation also hindered relative performance last quarter. Overall sector allocation impacts were more than the total underperformance. Energy was responsible for 50% of this alone. Oil price rises caused Energy to return 12.4% last quarter, comfortably in excess of the 5.0% broader market return. The fund has been underweight Energy since inception, with a current underweight of 3% causing a drag on performance.

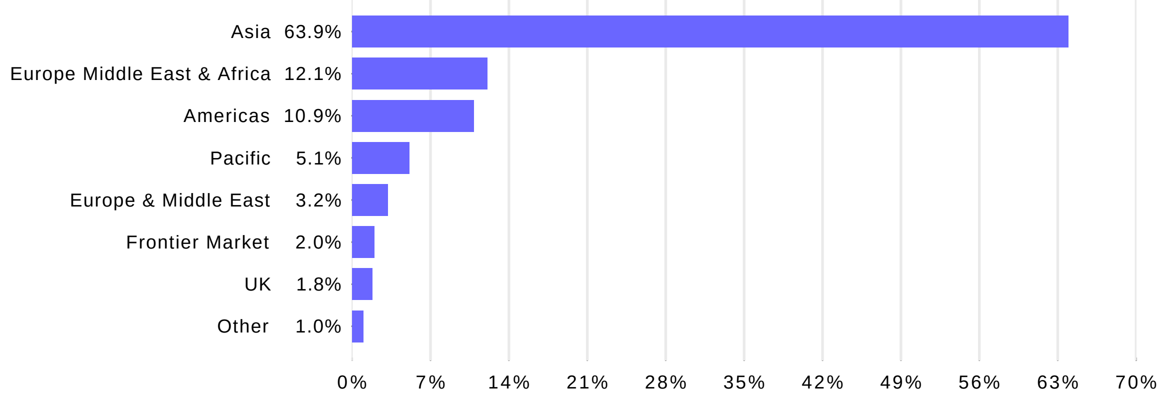
• Since-inception performance has slipped further behind benchmark as a result of the latest quarter's performance. Net-of-fees annualised portfolio return is now 13.4%, which is 0.3% behind benchmark. The portfolio remains ahead of benchmark on a gross-of-fees basis, with an annualised return of 14.0%, which is 0.3% ahead of benchmark.

Brunel Emerging Market Equity – Region & Sector Exposure

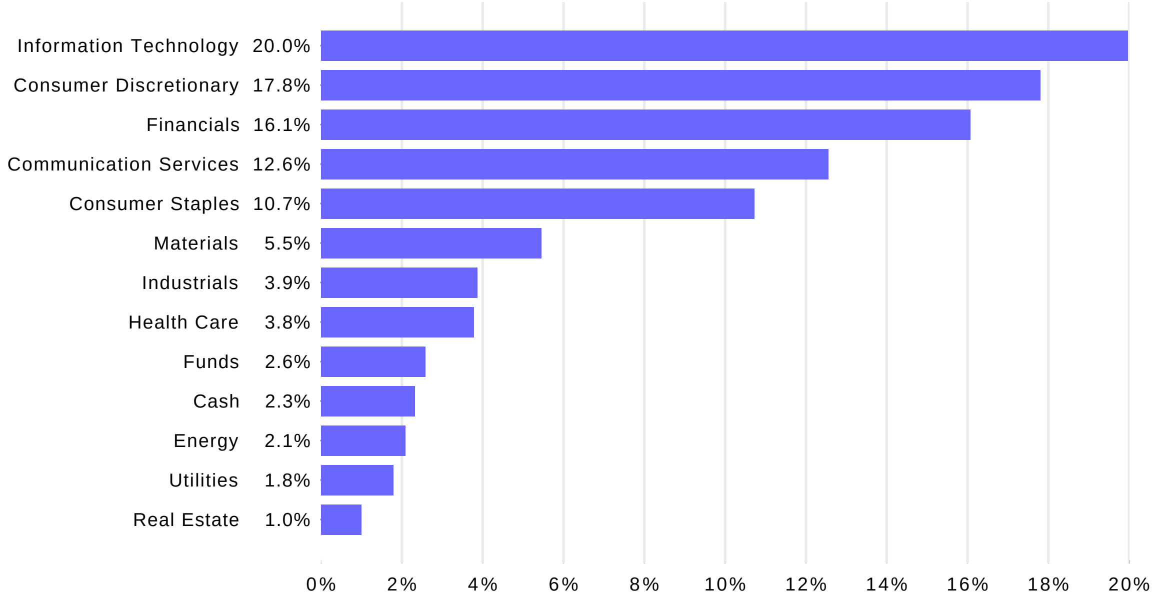
Top 20 Holdings

	Mkt. Val.(GBP)
TAIWAN SEMICONDUCTOR MANUFAC	115,011,938
TENCENT HOLDINGS LTD	101,004,205
SAMSUNG ELECTRONICS CO LTD	63,018,219
ALIBABA GROUP HOLDING-SP ADR	48,395,454
ISHARES MSCI INDIA ETF	40,457,588
SBERBANK PJSC -SPONSORED ADR	35,396,528
ALIBABA GROUP HOLDING LTD	28,897,984
AIA GROUP LTD	28,203,267
INFOSYS LTD-SP ADR	25,638,661
NASPERS LTD-N SHS	20,479,209
HDFC BANK LTD-ADR	18,347,400
SAMSUNG ELECTRONICS-PREF	16,736,292
MEDIATEK INC	16,605,278
WULIANGYE YIBIN CO LTD-A	16,364,822
YANDEX NV-A	15,959,412
BID CORP LTD	15,913,003
COUNTRY GARDEN SERVICES HOLD	14,928,172
CHINA CONSTRUCTION BANK-H	14,623,158
CHINA LONGYUAN POWER GROUP-H	14,240,562

Regional Exposure



Sector Exposure



Brunel Emerging Market Equity – Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. TAIWAN SEMICONDUCTOR MANUFACTURIN	59.0	29.2
2. CHINA LONGYUAN POWER GROUP CORP LTD	69.2	43.6
3. AIA GROUP LTD	60.1	83.2
4. CONTEMPORARY AMPEREX TECHNOLOGY CC	66.2	46.3
5. MEDIATEK INC	62.7	65.7
6. DELTA ELECTRONICS INC	74.6	24.9
7. OTP BANK NYRT	67.7	78.7
8. INFOSYS LTD	58.1	79.5
9. HEINEKEN NV	61.7	70.9
10. XPENG INC	63.7	19.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. ICICI BANK LTD	45.6	63.7
2. REALTEK SEMICONDUCTOR CORP	28.7	69.0
3. PETROLEO BRASILEIRO SA	39.0	61.3
4. NETEASE INC	43.7	75.2
5. NEW ORIENTAL EDUCATION & TECHNOLOGY	25.1	78.8
6. YANDEX NV	42.4	19.2
7. ANTA SPORTS PRODUCTS LTD	36.5	21.1
8. SAMSUNG ELECTRONICS CO LTD	49.4	73.3
9. ALIBABA GROUP HOLDING LTD	47.2	24.3
10. TENCENT HOLDINGS LTD	46.6	35.8

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	53.6	54.2
MSCI EM	53.7	54.4

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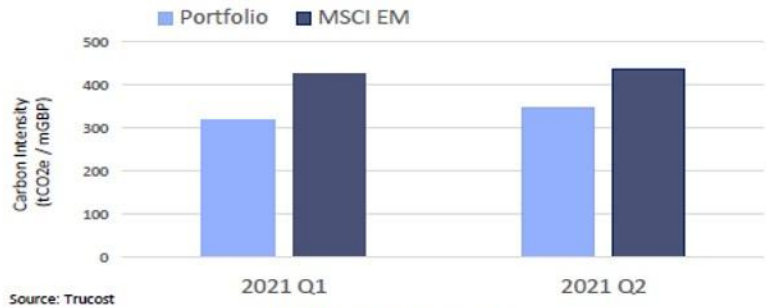
Weighted Average Carbon Intensity (WACI)



Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.3	2.2	3.8	5.2
MSCI EM	3.4	3.7	8.2	8.6

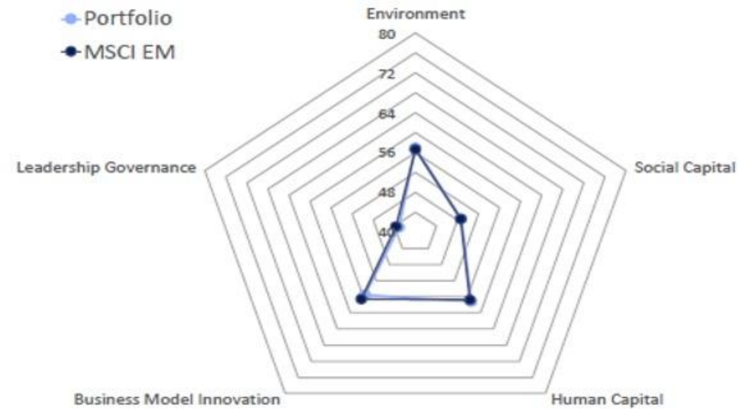
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **Taiwan Semiconductor Manufacturing** (Semiconductors) production production continues to be impacted by the country's worst drought in 56 years. No significant rain has fallen in more than 360 days, causing resevoirs to run dangerously low and water to be rationed.
- **Anta Group** (Sportswear) has announced its 24-month 'Lead to Win' plan, which involves investing ¥4bn in R&D and launching more high-end products. The plan will aim to grow the business by 18-25% over the next five years.
- **Heineken** (Food & Beverage) announced new ESG commitments as part of its 'Providing a Better World' strategy. The company aims to become carbon neutral in production by 2025 and across its entire value chain by 2040.
- **Alibaba** (E-commerce) has been hit by multiple fines as China's State Administration for Market Regulation (SAMA) tackles antitrust behaviour. Earlier this year, SAMA fined 12 companies, including Tencent, for pricing irregularities. A deeper investigation into Alibaba resulted in a record $2.75 billion anti-monopoly fine from China.

70% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The weighted average carbon intensity of the portfolio saw a slight uptick over the quarter, as a position in Gazprom was added to. The portfolio remains below its benchmark, the MSCI Emerging Markets, for both extractives revenue exposures and extractive industries value of holdings.

Absolute Weighted ESG Scores



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Brunel Global High Alpha Equity

BRUNEL
Pension Partnership

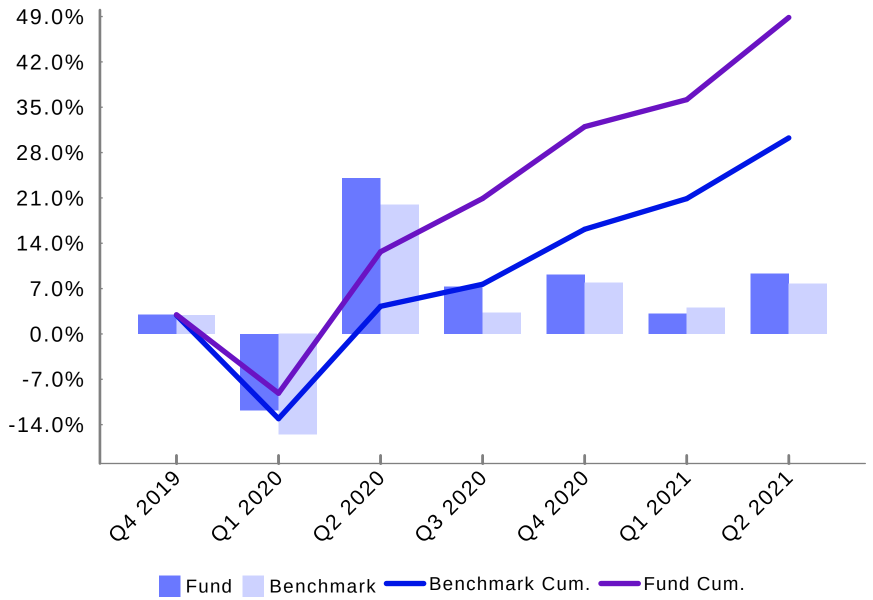
Overview

	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:	£3,565,795,616

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	9.3%	7.8%	1.6%
Fiscal YTD	9.3%	7.8%	1.6%
1 Year	32.1%	24.9%	7.2%
3 Years			
5 Years			
10 Years			
Since Inception	28.9%	18.4%	10.5%

Rolling Performance*



* Partial returns shown in first quarter

This quarter witnessed the continuance of the global equity rally, with US and global indices hitting new highs, despite short-lived hiatuses in May and June. Global developed equities (as proxied by the MSCI World index) delivered a 7.8% return, outperforming the MSCI Emerging Markets index by 2.8% in GBP terms. Within developed markets, the US and Europe ex UK outperformed, while Japan lagged. On a style basis, Quality and Growth outperformed Value over the quarter, whilst on a sector basis the best performers were IT, Real Estate and Consumer Services, with Utilities the poorest-performing sector.

The portfolio returned 9.3% over the quarter, outperforming the benchmark by 1.6%, almost entirely driven by stock selection.
• Stock selection was particularly strong in Health Care, with overweights in the likes of BioNTech, Moderna and Genmab (which returned 104%, 79% and 24% respectively). Other overweights to add strongly to relative performance included quality Financials names such as MSCI and Moody's, which performed well after underperforming last the previous quarter. In contrast, the second quarter saw challenges to some of the off-benchmark Chinese names, in particular, Tal Education (-53%), KE Holdings (-17%), and Pinduoduo (-5%) – see further comments on China below.
• Sector allocation was marginally beneficial over the quarter, mainly as a result of a zero allocation to Utilities, the worst-performing sector over the quarter.
• On a country allocation basis, the portfolio's overweight to China detracted (0.4%) whilst the underweight to the US had a small negative impact.

Brunel Global High Alpha Equity

Continued Commentary

Four of the five managers outperformed the index this quarter. Harris underperformed following a significant outperformance over the previous two quarters. Fiera provided the largest contribution to fund returns, reflecting its large allocation within the fund and their strong outperformance (+2.6%) during the quarter. Baillie Gifford was the highest performing manager this quarter, as its growth style was rewarded. Manager performance continues to reflect the different investment styles of the managers.

Since inception, the portfolio has outperformed the index by 10.5% on an annualised basis, outperforming in five of the six full quarters. Attribution analysis shows that this outperformance was largely a result of positive stock selection, which reflects the approach of employing fundamental managers chosen for their ability to select concentrated portfolios of high conviction names.

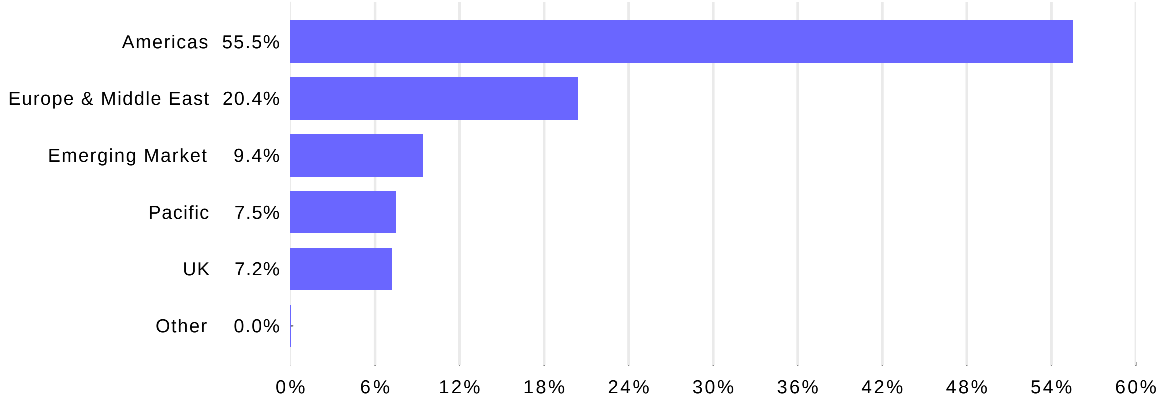
As a developed market portfolio, exposure to China is limited as part of the off-benchmark allowance, and the allocation to China currently stands at 5%. Nevertheless, the growing influence of China (both through direct investment and, indirectly, through complex global supply chains), offers a source of opportunity and risk for global managers. As noted above, the quarter saw some China-related governance risks play out, as Tal Education was among the private education sector companies impacted by the Chinese government's decision to cap fees and operating times of the private education sector, citing the pressure on children. After quarter-end, China's cyber security regulator clamped down on three Chinese tech companies (not held in the portfolio) that had listed in the US in June, launching investigations and, in some cases, stopping them registering new users. Both instances are examples of regulatory risks that can be greater when investing in Chinese companies. Whilst the direct allocation to China remains a small part of the fund, Brunel is working with our investment managers to understand their approaches to China, and how they will continue to seek to address the related opportunities and risks.

During the quarter, £67m was redeemed from the portfolio.

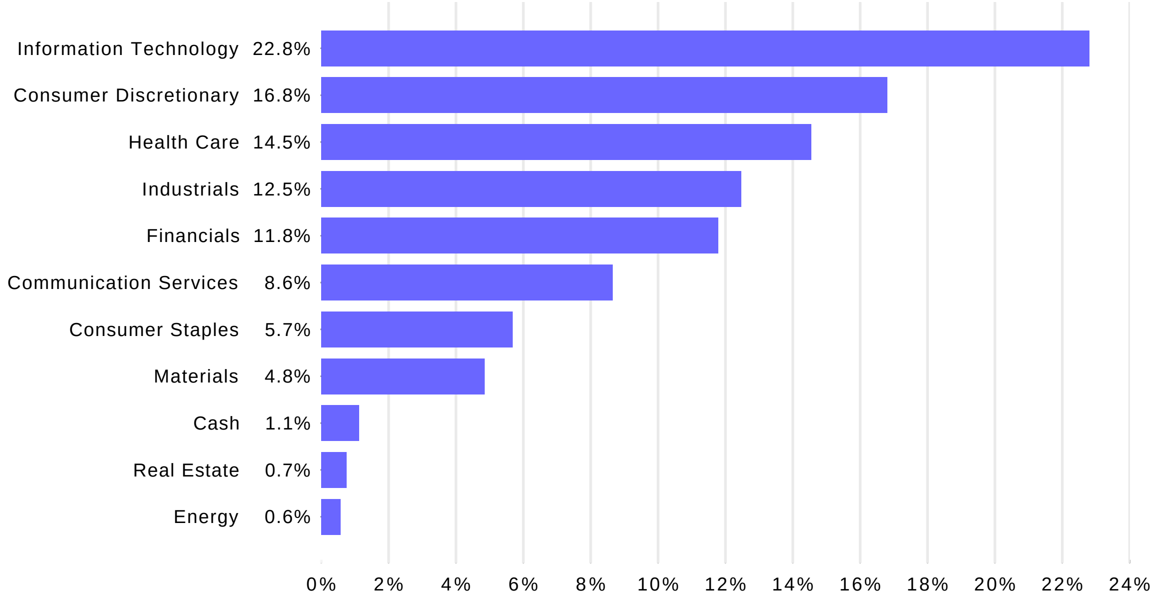
Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	145,188,069
ALPHABET INC-CL A	108,567,447
MASTERCARD INC - A	95,644,378
MOODY'S CORP	79,409,003
AMAZON.COM INC	73,886,972
TAIWAN SEMICONDUCTOR-SP ADR	71,442,281
NESTLE SA-REG	66,356,776
KEYENCE CORP	65,088,729
TJX COMPANIES INC	59,311,455
ASML HOLDING NV	58,462,807
SCHWAB (CHARLES) CORP	54,437,895
NIKE INC -CL B	54,395,377
ALIBABA GROUP HOLDING-SP ADR	52,910,748
CAPGEMINI SE	45,092,602
TENCENT HOLDINGS LTD	44,722,333
APTIV PLC	43,705,376
FACEBOOK INC-CLASS A	42,833,176
UNITEDHEALTH GROUP INC	40,851,148
JOHNSON & JOHNSON	38,592,347
MSCI INC	38,370,340

Regional Exposure



Sector Exposure



Brunel Global High Alpha Equity – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ASML HOLDING NV	66.0	81.2
2. RECRUIT HOLDINGS CO LTD	65.8	50.0
3. CAPGEMINI SE	62.1	49.5
4. EUROFINS SCIENTIFIC SE	67.7	81.0
5. METTLER-TOLEDO INTERNATIONAL INC	65.6	76.1
6. TAIWAN SEMICONDUCTOR MANUFACTURIN	59.0	29.2
7. CARRIER GLOBAL CORP	65.7	83.4
8. MURATA MANUFACTURING CO LTD	65.0	77.3
9. NESTLE SA	58.9	43.2
10. ADMIRAL GROUP PLC	73.2	12.1

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. TENCENT HOLDINGS LTD	46.6	35.8
2. AUTOZONE INC	43.6	84.7
3. CHARLES SCHWAB CORP/THE	47.0	68.2
4. ALIBABA GROUP HOLDING LTD	47.2	24.3
5. JOHNSON & JOHNSON	43.7	81.7
6. FACEBOOK INC	42.7	63.2
7. NIKE INC	44.7	45.2
8. ALPHABET INC	46.0	59.8
9. MICROSOFT CORP	47.8	32.0
10. TJX COS INC/THE	35.9	13.9

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data.*
Please see supplementary note on the Client portal for more detail.

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	54.1	54.4
MSCI World	53.7	54.2

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Source: Trucost

Extractive Exposure

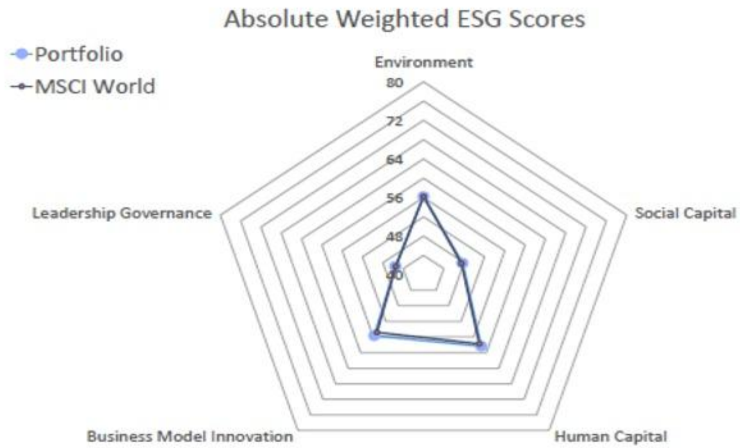
	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	1.5	1.4	3.2	3.0
MSCI World	3.0	2.8	7.6	7.1

1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **Taiwan Semiconductor Manufacturing (Semiconductors)** production continues to be impacted by the country's worst drought in 56 years. No significant rain has fallen in more than 360 days, causing resevoirs to run dangerously low and water to be rationed.
- **Alibaba** (E-commerce) has been hit by multiple fines as China's State Administration for Market Regulation (SAMA) tackles antitrust behaviour. Earlier this year, SAMA fined 12 companies, including Tencent, for pricing irregularities. A deeper investigation into Alibaba resulted in a record $2.75 billion anti-monopoly fine from China.
- **TJX** (Consumer goods) is facing a lawsuit for breaching California's Consumer Privacy Act by sharing customers' data with third-party software firms. The suit claims arbitration terms were buried in hard-to-find fine print on their website.
- **Mettler-Toledo** (Health Care) has partnered with Everything Product Cloud to further the digitalisation of food safety. Their software tracks inspection data in real time, providing enhanced transparency and traceability of products manufactured.

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 than its benchmark. Revenues from extractive activity and the extractives value of holdings are half that of its benchmark.



TruValue Labs & SASB

Brunel Global Sustainable Equities

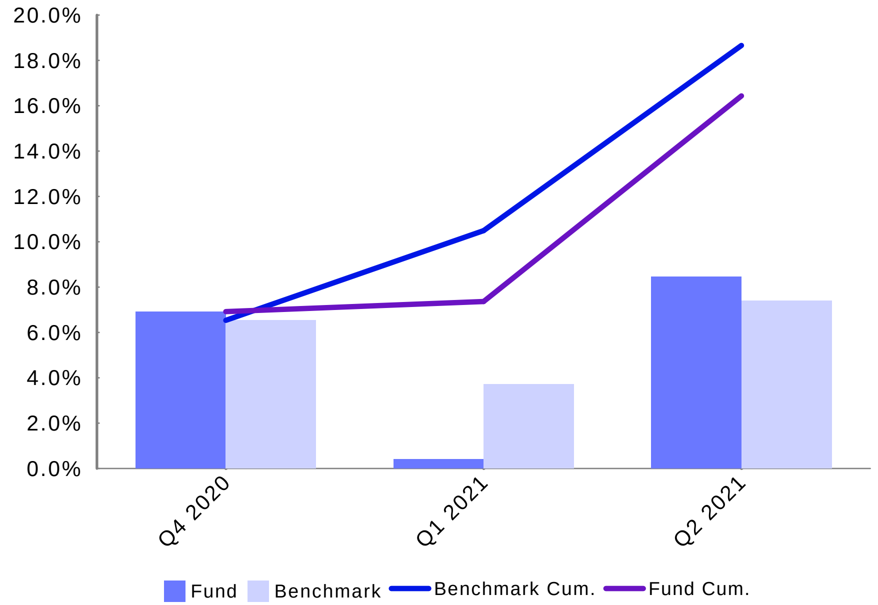
Overview

	Description
Portfolio Objective:	To provide exposure to global sustainable equities markets, including excess returns from manager skill and ESG considerations.
Investment Strategy & Key Drivers:	Actively managed, diversified by sector and geography. Consideration for a companies Environmental & Social sustainability.
Liquidity:	Managed Liquidity.
Risk/Volatility:	High, representing an equity portfolio.
Total Fund Value:	£2,022,059,559

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	8.4%	7.4%	1.1%
Fiscal YTD	8.4%	7.4%	1.1%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	16.4%	18.7%	-2.2%

Rolling Performance*



* Partial returns shown in first quarter

The Global Sustainable Equity portfolio launched on 19 October. Since the inception of the fund, the MSCI ACWI index has returned 18.6%, whilst the portfolio has returned 16.4% on a net-of-fees basis. Over the quarter, the fund returned 8.5% on a net basis, outperforming the MSCI ACWI, which returned 7.4%.

• During the quarter, there was a resurgence for Growth and Quality stocks after the Value rally of Q1 2021. However, the market did cool slightly through May, as inflation fears led investors to err on the side of caution and take some risk off the table. The ACWI returned -1% over the month, with the Growth index returning -2.6% for the month. Investors took a more optimistic view throughout June after the US Fed described the current inflation figures as “transitory”, expressing a desire not to increase interest rates for the time being. This led the market to finish the quarter up 7.3% – the Brunel Global Sustainable Equity fund outperformed by 1.1%.

• Since the launch of the portfolio, there have been notable Value headwinds, as the economy began to reopen and give renewed optimism to the Cyclical Value parts of the market. However, we take comfort in the fact that all three managers have been able to provide differing sources of alpha since

BRUNEL Pension Partnership

Continued Commentary

the inception of the portfolio.

• Over the quarter, we have seen the broad sustainable managers outperform the market, RBC and Ownership returning 9.5% and 8.8% respectively. However, Nordea's Climate & Environment thematic strategy provided a return of 6.5%, underperforming the MSCI ACWI. Nordea's underperformance can be largely attributed to performance in June, when we saw Large Cap/Growth/technology stocks, outperform the other sections of the market. This was particularly notable in Nordea's smmall/midcap stock selection in the IT sector and overweight to the Industrials sector. However, over the quarter, we saw RBC add value through the selection of Communication Services and large cap IT holdings, whilst Ownership was able to add value through Health Care stock selection. The stock selection exhibited by Ownership and RBC led to an overall outperformance from the fund.

• The fund continues to demonstrate the characteristics that were outlined during the original construction phase of the portfolio. The Sustainalytics scores remain superior to that of the MSCI ACWI benchmark and we continue to see a carbon intensity reduction of 26% in comparison to the broader index.

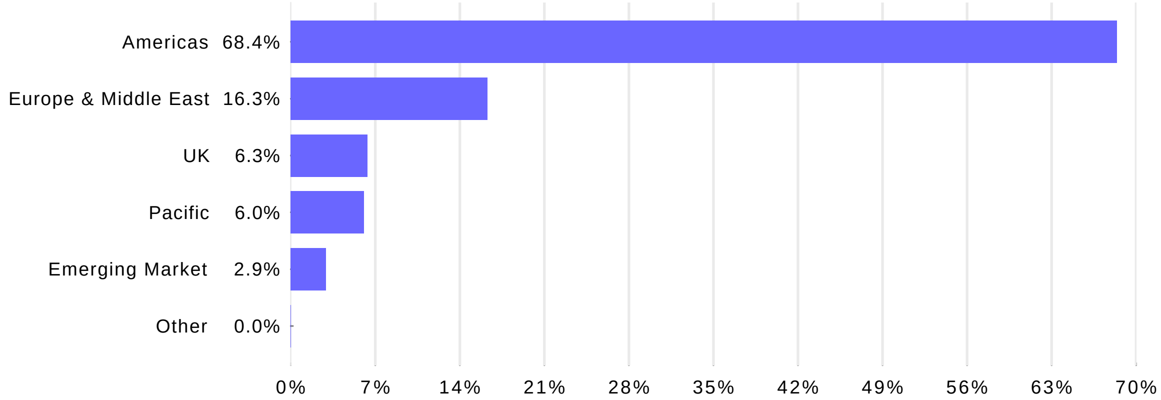
Brunel Global Sustainable Equities – Region & Sector Exposure

BRUNEL Pension Partnership

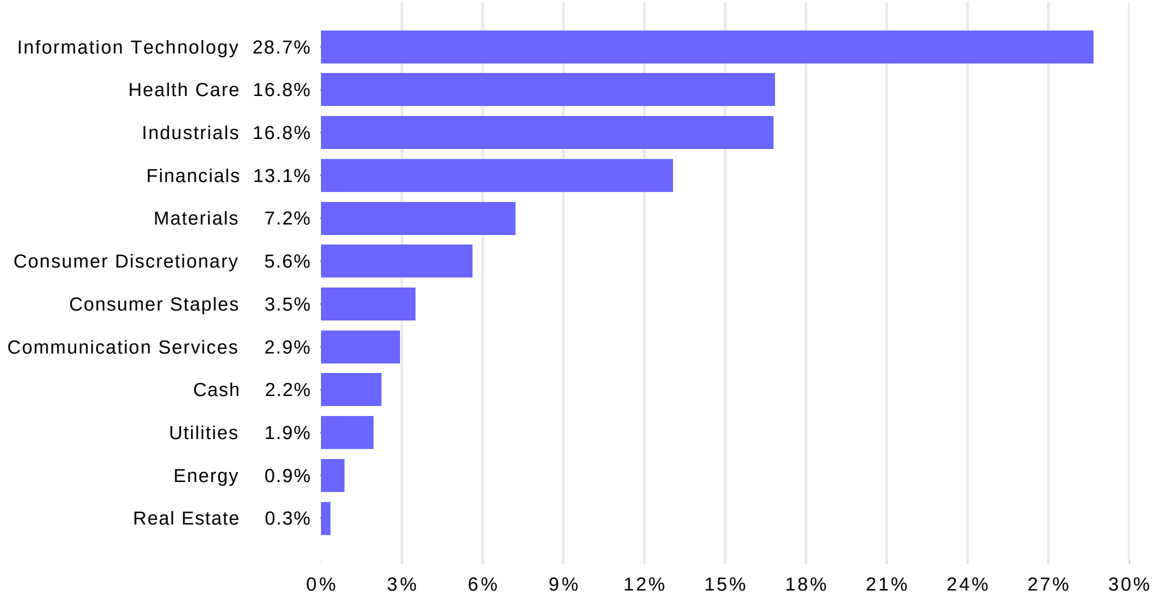
Top 20 Holdings

	Mkt. Val.(GBP)
MARKETAXESS HOLDINGS INC	58,392,271
MASTERCARD INC - A	52,263,467
ADYEN NV	51,815,371
ANSYS INC	46,513,735
MICROSOFT CORP	41,951,109
INTUIT INC	41,908,850
WORKDAY INC-CLASS A	40,905,482
ALPHABET INC-CL A	40,375,041
EDWARDS LIFESCIENCES CORP	38,937,217
PAYPAL HOLDINGS INC	37,767,704
BIO-TECHNE CORP	37,661,022
TRADEWEB MARKETS INC-CLASS A	37,431,474
ILLUMINA INC	37,341,461
MASIMO CORP	36,167,707
ECOLAB INC	35,329,866
ROCHE HOLDING AG-GENUSSCHEIN	34,778,508
PTC INC	32,877,045
DEUTSCHE POST AG-REG	31,852,742
UNITEDHEALTH GROUP INC	30,340,639
INTERCONTINENTAL EXCHANGE IN	29,178,205

Regional Exposure



Sector Exposure



Brunel Global Sustainable Equities – Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ECOLAB INC	71.5	55.9
2. MASIMO CORP	68.1	65.9
3. ORSTED AS	72.3	38.1
4. FORTIVE CORP	67.9	24.6
5. CRODA INTERNATIONAL PLC	71.3	36.6
6. PTC INC	65.3	38.0
7. EDWARDS LIFESCIENCES CORP	64.1	81.3
8. FIRST REPUBLIC BANK/CA	65.3	82.6
9. WORKDAY INC	63.3	18.1
10. TERADYNE INC	74.1	38.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. BLACKSTONE GROUP INC/THE	51.0	35.9
2. AMAZON.COM INC	50.2	60.9
3. INTERCONTINENTAL EXCHANGE INC	49.5	72.9
4. ROCHE HOLDING AG	50.5	40.5
5. ILLUMINA INC	51.0	44.9
6. PAYPAL HOLDINGS INC	49.7	70.2
7. INTUIT INC	50.4	24.5
8. MICROSOFT CORP	47.8	32.0
9. ALPHABET INC	46.0	59.8
10. TJX COS INC/THE	35.9	13.9

**From Q4 onwards we have moved to the latest and enhanced version of Truvalue Labs data. Please see supplementary note on the Client portal for more detail.*

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q1	2021 Q2
Portfolio	59.2	59.2
MSCI ACWI	53.7	54.2

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Weighted Average Carbon Intensity (WACI)

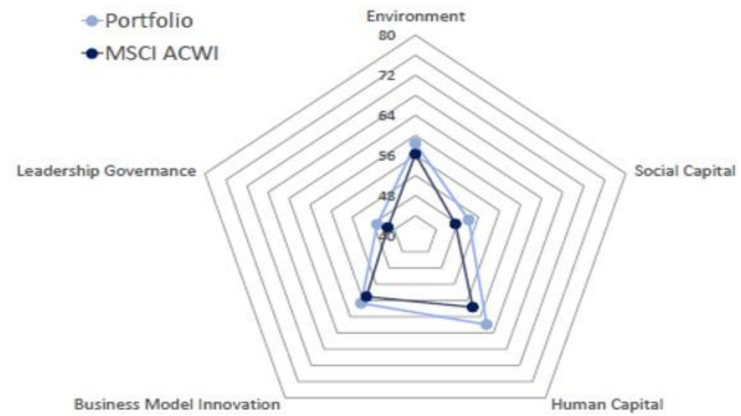
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.9	3.0	3.8	3.7
MSCI ACWI	3.0	2.8	7.7	7.3

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

Brunel Assessment:

- **Microsoft** (Technology) was victim to several sophisticated widespread hacks, the U.S. government and Western allies claim these have originated from Russia and China. Microsoft launched a new product, Cloud for Sustainability, to help companies track their carbon emissions.
- **TJX** (Consumer goods) are facing a lawsuit for breaching California's Consumer Privacy Act by sharing customer data with third-party software firms. The suit claims arbitration terms were buried in hard-to-find fine print on their website.
- **Croda International** (Chemicals) has committed to Net Zero and having a 1.5°C Science Based Target. Croda has committed to reduce Scope 1 and 2 emissions by 46% from a 2018 baseline. as well as reduce its upstream Scope 3 emissions by 13.5% through collaboration within its supply chain.
- **Workday** (IT & Software Services) has introduced a new enterprise cloud application for HR leaders to advance belonging and diversity initiatives. The offering will measure relative performance and outcomes across talent acquisition and development to identify the highest opportunities for positive change.

80% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
As expected from this Sustainable Portfolio, the carbon intensity and exposure to extractive industries are significantly below benchmark. The Portfolio has considerably higher ESG scores compared to its Benchmark across Environment, Social and Human Capital categories.

Glossary of Terms

BRUNEL
Pension Partnership

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 **(Brunel)**		One of the eight LGPS Pools in England & 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. Brunel Pension Partnership [c£30bn: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, Wiltshire]
Chief Finance Officer **(CFO)**		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 **(CLO)**		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 **(CIS)**		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 **(CAD policy)**		Brunel procedure for creation, amendment and deletion of portfolios
Cross Pool Collaboration Group **(CPCG)**		A collaborative group across the eight UK LGPS pools

Glossary of Terms

BRUNEL
Pension Partnership

Term	Previously referred as	Meaning
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 **(ESG)**		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 **(FBC)**		Strategic, financial, economic, commercial and management case.
Finance and Legal Assurance Group **(FLAG)**		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 **(FCA)**		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 **(FOI)**		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: ((capital gain/loss + income) / 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

Term	Previously referred as	Meaning
Institutional Investors Group on Climate Change **(IIGCC)**		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 **(IMA)**		The contract with a fund manager
Investment Strategy Statement **(ISS)**	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 **(KYC)**		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 **(LGIM)**		Investment management firm
Local Government Association **(LGA)**		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 **(LAPF)**		A magazine for local authority pension investment specialists.
Local Authority Pension Fund Forum **(LAPFF)**		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 **(LGPS)**		This is a nationwide scheme and is a valuable part of the pay and rewardpackage for employees working in local government or working for otheremployers participating in the Scheme and for some councillors.

Glossary of Terms

Term	Previously referred as	Meaning
Local Government Pension Scheme **(LGPS)**		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 **(MiFID II)**	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 board 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.

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Dorset County Pension Fund
administered by Dorset Council

Gloucestershire County Council

Environment Agency Pension Fund

Buckinghamshire Council
Buckinghamshire Pension Fund

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Somerset County Council

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Avon Pension Fund

Wiltshire Pension Fund

Cornwall Pension Fund

Devon County Council