

Investment Dashboard at 30 June 2022

1. Investment Strategy

	Objective	Commentary	RAG	Trend
1	Funding level	<ul style="list-style-type: none"> 92% (£462m deficit) Behind existing recovery plan by c.3% 		↓
2	Investment Performance	<ul style="list-style-type: none"> Behind strategic benchmark over 1 and 3 years (1yr attribution on p14 of Mercer report) 		↓
	Qtr return	<ul style="list-style-type: none"> Negative quarter of -7.1% due to equity sell off, FX hedge & LDI portfolio detracting due to rising gilt yields 		↓
	1 Year return	<ul style="list-style-type: none"> Behind funding objective at -2.0% p.a. 		↓
	3 Year return	<ul style="list-style-type: none"> Behind funding objective at 3.0% p.a. 		↓
	Social/Impact investing	<ul style="list-style-type: none"> Framework for Social/Impact portfolio to be considered by Panel in September (to feed into 2022/23 strategic review) 		↔
3	Risk Management			
	LDI	<ul style="list-style-type: none"> Inflation protection in place. Interest rate triggers breached post Qtr end. Mandate performing as expected. Manager in compliance with investment guidelines Trigger framework under review by FRMG 		↔
	EPS	<ul style="list-style-type: none"> Dynamic EPS has added +2.9% since inception (May-21) as markets have trended downwards Overall EPS has detracted -2.9% since inception 		↑
	FX	<ul style="list-style-type: none"> Sterling weakness detracts from return. Cost c. 1.9% over 12 months 		↓
	Collateral adequacy	<ul style="list-style-type: none"> Panel approved Collateral Plan in May 2022 		↔
4	Rebalancing/cashflow	<ul style="list-style-type: none"> JPM Hedge Fund wind down on track, funding PM calls 		↔
5	Investment Panel activity	September Panel cancelled and not yet held		

2. Portfolios

	Objective	Commentary	RAG	Trend
1	Brunel Listed Market portfolios	<ul style="list-style-type: none"> Equity portfolios underperforming due to their bias towards growth/quality stocks and underexposure to 		↑

		commodity, materials and energy stocks. Long term rationale for portfolio positioning unchanged. • Post Qtr end has seen greater opportunity for underlying managers to generate alpha, hence upward trend		
2	Private Markets Portfolios			
	Infrastructure (Brunel)	Performance: n/a - portfolio in build-up New commitments: 2 (Energy transition fund and solar fund) Capital deployment: • Cycle 1: 64% • Cycle 2: 21%		↑
	Secured Income (Brunel)	Performance: • Positive performance attributed to inflation linkage in underlying assets and renewables infrastructure exposure benefitting from high valuations New commitments: None. Cycles 1 & 2 fully committed Capital deployment: • Cycle 1: 100% • Cycle 2: 86%		↔
	Private Debt (Brunel)	Performance: n/a – portfolio in build-up New Commitments: Cycle 2 fully committed Capital deployment: • Cycle 2: 26% • Committed capital is expected to be fully deployed over the next 12-36 months.		↔
	UK Property (Brunel)	Performance: • Outperformed over the quarter due to overweight in industrials. New commitments: • 4% allocations to life sciences and social & environmental impact funds		↔
3	Legacy portfolios			
	IFM (infra)	• Mercer supportive of continuing to hold given portfolio's decarbonisation plan. • Currently overweight (7% vs 5% allocation) so will rebalance dependent on cashflow requirements.		↔
	JPM Hedge Funds	• Orderly liquidation with c.90% liquidated by end 2022.		↔
	Partners (Intl Property)	• Majority of funds in realisation phase. c.70% of unrealised value held in fund with 2029 contractual expiry.		↔
	Schroder (UK Property)	• Single closed end debt fund (£12m) due to expire in 2025		↔

3. Responsible investing

	Objective	Commentary	RAG	Trend
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1	Climate change targets			
	43% reduction in absolute emissions by 2025	<ul style="list-style-type: none"> Fund has decarbonised by 41.6% versus baseline (updated annually). Further 2% reduction in absolute emissions to 2025. 		↑
	30% of total assets in sustainable and Paris-aligned investments by 2025	<ul style="list-style-type: none"> 25% made up of: 23% invested in sustainable and Paris-aligned equities and 2% capital currently invested in Brunel renewable infrastructure portfolio 		↑
2	Voting activity (active equity portfolios)	<ul style="list-style-type: none"> Voting recommendations at 475 meetings (6,832 resolutions). At 311 meetings recommended opposing one or more resolutions. 64% of the issues voted against management on comprised board structure and remuneration. 		↔
3	Engagement activity (active equity portfolios)	<ul style="list-style-type: none"> Engaged with 323 companies across 967 ESG issues in Qtrr Environmental 26% Social 18% Governance 45% 		↔
4	Progress on engagement and selective divestment policy	<ul style="list-style-type: none"> Brunel 2022 Stocktake is on track for agreeing a new Brunel climate policy in early 2023 (to feed into Avon's strategic review) 		↔
5	Equity fund held in in Risk Management QIF	<ul style="list-style-type: none"> Panel to review options to replace with net zero transition solution in Nov 2022 (to feed into strategic review) 		↔
8	Capability to measure SDG impact across portfolios	<ul style="list-style-type: none"> Work progressing on reporting against SDGs, expect update late 2022. Brunel want to progress this but the issue is availability and consistency of the data. Brunel are currently piloting 'green revenues' reporting on sustainable equity portfolio. 		↔