Appendix 2

Investment Dashboard at 31 March 2023

1. Investment Strategy

	Objective	Commentary	RAG	Trend
1	**Funding level**	• 95% (97% in Q422) • £268m deficit (£141m in Q422)		⇩
2	**Investment Performance**	• Behind strategic benchmark over 1 and 3 years		⇩
	Qtr return	• Strong absolute and relative performance from listed growth assets (particularly Brunel equity portfolios) offset negative impact of illiquid portion of portfolio.		⇧
	1 Year return	• Behind funding objective at -7.3% p.a.		⇔
	3 Year return	• Behind funding objective at 6.1% p.a.		⇔
3	**Risk Management**			
	LDI	• Trigger framework currently suspended • Interest rate hedge ratio c. 30% • Inflation hedge ratio c. 30% • Manager in compliance with investment guidelines		⇔
	EPS	• Since inception the dynamic EPS has detracted value (c. £75.7m in net returns foregone at 31 March 2022) • Strategy reducing volatility by c.25% compared to underlying equity returns since inception		⇔
	FX	• Detracting from returns over 1 year, flat over 3 years		⇔
	Collateral adequacy	• New collateral framework compliant with TPR and BoI guidance • Current collateral buffer of c. 5%		⇔
4	**Rebalancing/ cashflow**	• JPM Hedge Fund wind down on track • (Post Qrtr end) Passive/active equity rebalance complete		⇔

2. Portfolios

	Objective	Commentary	RAG	Trend
1	Brunel Listed Market portfolios	• In Equity portfolios, stock selection beginning to play a larger role than style		⇧
2	**Private Markets Portfolios**			
	Infrastructure (Brunel)	Performance: n/a - portfolio in build-up Capital deployment: • Cycle 1: 73% • Cycle 2: 31% • Cycle 3: 14%		⇔

	Secured Income (Brunel)	Performance: • Underperformed due to underlying movements in gilt prices causing a softening of values. Direction of travel moved to negative • Portfolio still well positioned for current environment with high quality tenant base and inflation linked leases. Capital deployment: • Cycle 1: 100% • Cycle 2: 100% • Cycle 3: 0% (n.b. 24% called in June)		⇩
	Private Debt (Brunel)	Performance: n/a – portfolio in build-up Capital deployment: • Cycle 2: 47% • Cycle 3: 9%		⇔
	UK Property (Brunel)	Performance: • Declining property values driven by higher borrowing costs. NAVs stabilised during Q123		⇩
3	**Legacy portfolios**			
	IFM (infra)	• Mercer supportive of continuing to hold given portfolio's decarbonisation plan. • Currently overweight by ~2%		⇔
	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
1	**Climate change targets**	• Fund currently reviewing climate targets with recommendations to be presented at Dec-23 Committee		n/a
2	**Equity fund held in Risk Management QIF**	• To replace equities in QIF with transition aligned solution. Panel delegate implementation to Officers Nov 22. ***COMPLETE***		n/a
3	**Local Impact Portfolio**	• Governance framework in development • Officers progressing multiple opportunities to deploy capital		⇧