Avon Pension Fund Performance Report

Quarter ending 30 June 2023

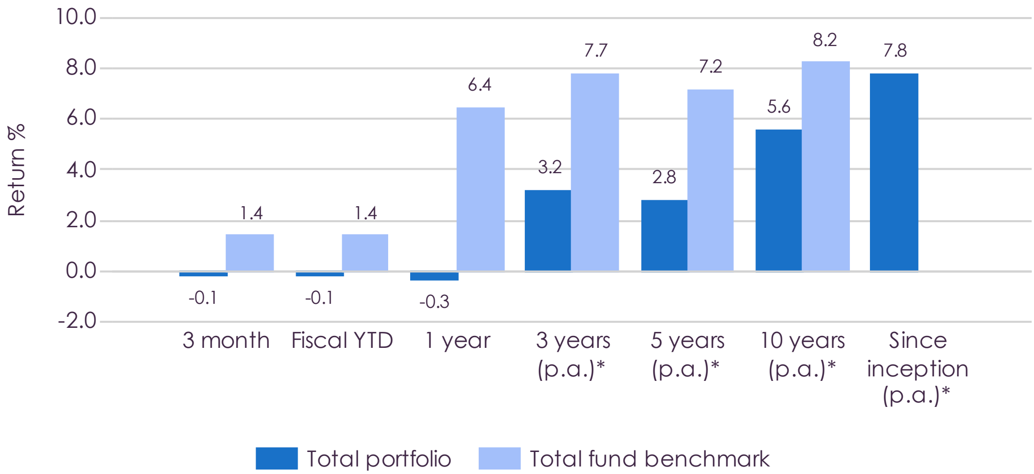
AVON PENSION FUND

BRUNEL Pension Partnership

Contents

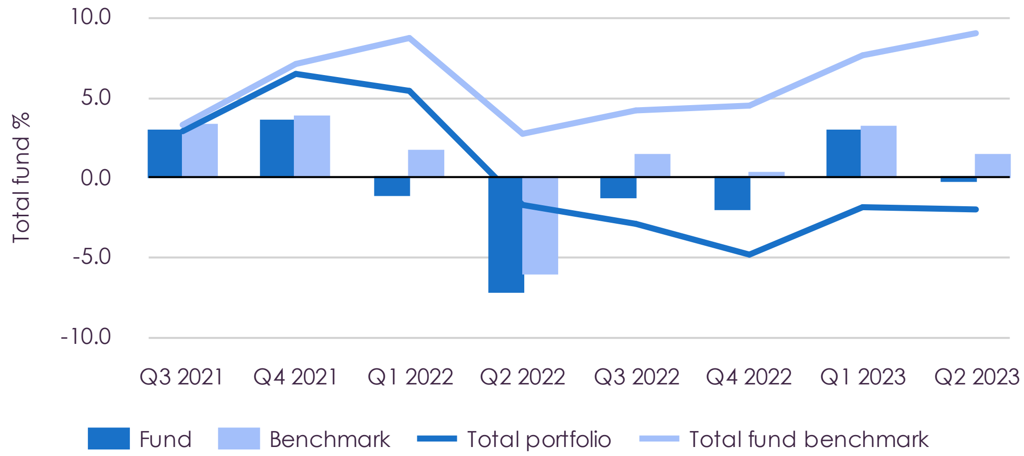
Pension Fund performance

Performance (annualised)



Source: State Street Global Services
*per annum. Net of all fees.

Quarterly performance



Source: State Street Global Services. Net of all fees.

Key events

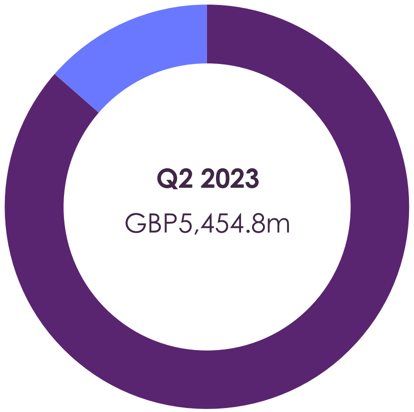
Quarter 2 was another good quarter for developed market global equities. However, if the so-called magnificent seven of Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla are excluded, global equities actually fell by 2.4%. Apple now represents c5% of global equity indices and therefore is a key determinant of portfolio performance relative to a global index. Emerging Markets and UK equities declined over the period.

The total portfolio dropped 0.1% in the quarter, whilst the benchmark was up by 1.4%. It also lagged the benchmark over 1 year (-0.3% vs 6.4%).

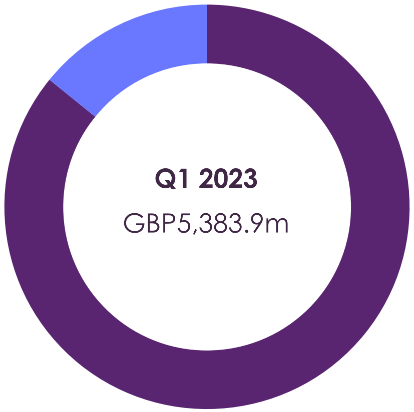
The performance of Brunel's equity portfolios was broadly flat during the quarter thought Global Sustainable Equities lagged its benchmark by 3.4% In Fixed Income, Multi-Asset Credit continued to show positive returns, rising 1.8% to beat its index by 2%..

Asset summary

Assets transitioned to Brunel



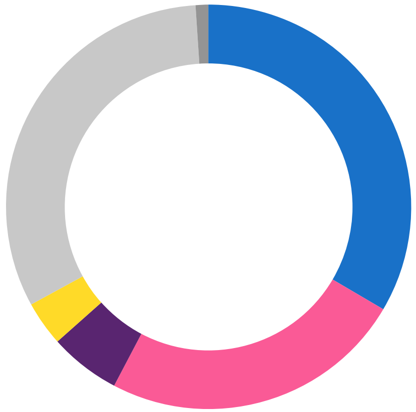
Transitioned	86.41%
Legacy assets	13.59%



Transitioned	85.82%
Legacy assets	14.18%

Source: State Street Global Services. Net of all fees.

Asset allocation breakdown



Key:

Equities	33.45%
Private markets	24.27%
Fixed income	5.69%
Property	3.56%
Other	32.00%
Cash	1.03%

Source: State Street Global Services. Net of all fees.
Data includes legacy assets

Overview of assets

Detailed asset allocation

Equities	£1,824.49m	33.45%
Global High Alpha Equities	£621.44m	11.39%
PAB Passive Global Equities	£612.71m	11.23%
Global Sustainable Equities	£589.58m	10.81%
Legacy Assets	£0.76m	0.01%

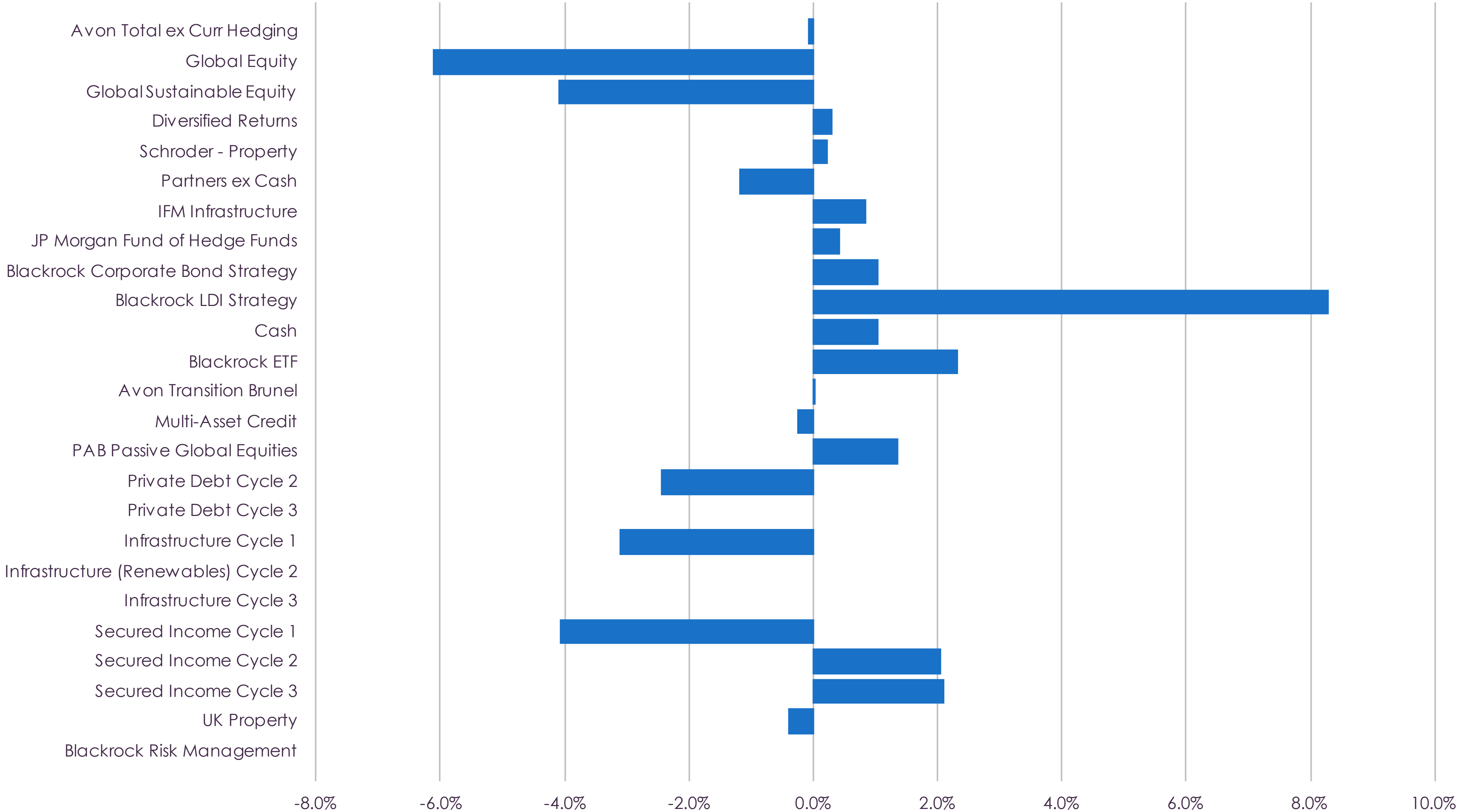
Fixed income	£310.21m	5.69%
Multi-Asset Credit	£310.21m	5.69%

Private markets (incl. property)	£1,518.42m	27.84%
Secured Income Cycle 1	£319.83m	5.86%
UK Property	£181.69m	3.33%
Private Debt Cycle 2	£138.57m	2.54%
Secured Income Cycle 3	£113.53m	2.08%
Secured Income Cycle 2	£109.97m	2.02%
Infrastructure Cycle 1	£102.77m	1.88%
Infrastructure (Renewables) Cycle 2	£58.43m	1.07%
Private Debt Cycle 3	£20.12m	0.37%
Infrastructure Cycle 3	£7.46m	0.14%
Legacy Assets	£466.06m	8.54%

Other	£1,745.71m	32.00%
Blackrock Risk Management	£1,187.17m	21.76%
Diversifying Returns Fund	£339.87m	6.23%
Legacy Assets	£218.68m	4.01%

Cash not included

Strategic asset allocation



Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Avon Total ex Curr Hedging	**5,397,030**	**99.9%**	**100.00%**	**-0.1%**	**-0.8%**	**-0.8%**
Global Equity	560,733	10.4%	16.50%	-6.1%	1.1%	0.1%
Global Sustainable Equity	589,576	10.9%	15.00%	-4.1%	0.1%	-0.1%
Diversified Returns	339,865	6.3%	6.00%	0.3%	1.0%	0.1%
Schroder - Property	12,750	0.2%	-	0.2%	-2.1%	-0.0%
Partners ex Cash	138,506	2.6%	3.75%	-1.2%	-6.7%	-0.2%
IFM Infrastructure	314,803	5.8%	5.00%	0.8%	0.5%	0.0%
JP Morgan Fund of Hedge Funds	22,335	0.4%	-	0.4%	4.6%	0.0%
Blackrock Corporate Bond Strategy	163,667	3.0%	2.00%	1.0%	-4.1%	-0.1%
Blackrock LDI Strategy	1,094,560	20.3%	12.00%	8.3%	-8.0%	-1.6%
Cash	55,925	1.0%	-	1.0%	0.3%	0.0%
Blackrock ETF	125,687	2.3%	-	2.3%	-1.1%	-0.0%
Avon Transition Brunel	5	0.0%	-	0.0%	-2.3%	-0.0%
Multi-Asset Credit	310,208	5.7%	6.00%	-0.3%	1.8%	0.1%
PAB Passive Global Equities	612,709	11.4%	10.00%	1.4%	5.3%	0.6%
Private Debt Cycle 2	138,568	2.6%	5.00%	-2.4%	N/M	N/M

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Private Debt Cycle 3	20,117	0.4%	0.37%	-	N/M	N/M
Infrastructure Cycle 1	102,773	1.9%	5.00%	-3.1%	N/M	N/M
Infrastructure (Renewables) Cycle 2	58,427	1.1%	1.07%	-	N/M	N/M
Infrastructure Cycle 3	7,456	0.1%	0.14%	-	N/M	N/M
Secured Income Cycle 1	319,833	5.9%	10.00%	-4.1%	N/M	N/M
Secured Income Cycle 2	109,972	2.0%	-	2.0%	N/M	N/M
Secured Income Cycle 3	113,528	2.1%	-	2.1%	N/M	N/M
UK Property	181,693	3.4%	3.75%	-0.4%	N/M	N/M
Blackrock Risk Management	1,187,170	21.8%	21.76%	-	-8.7%	-2.2%

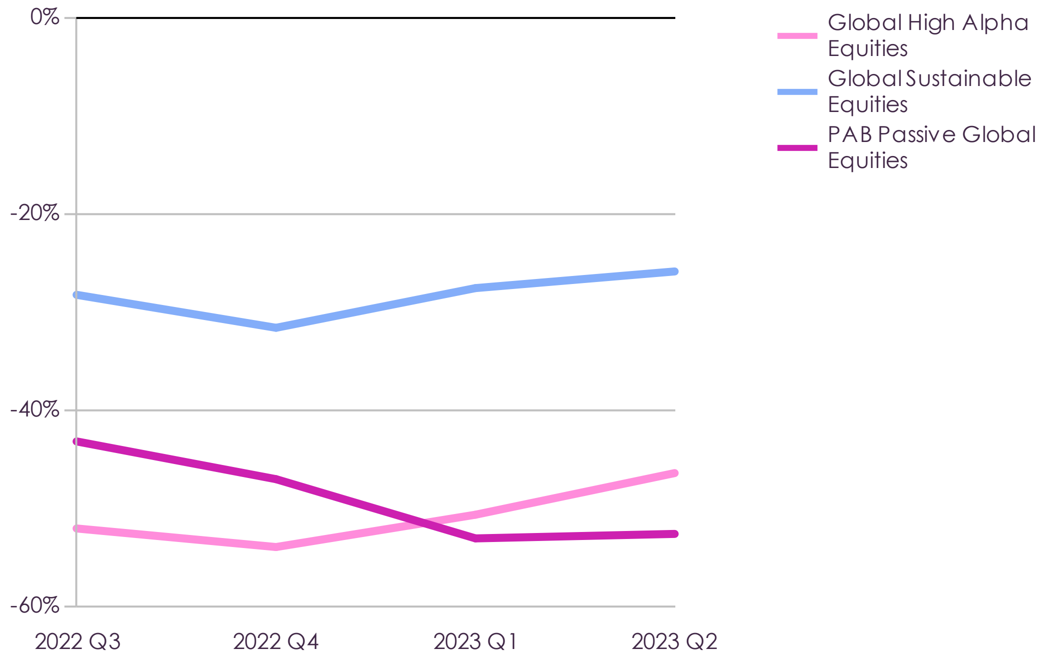
Private Markets 3 month performance is not material.

Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q1	2023 Q2	2023 Q1	2023 Q2	2023 Q1	2023 Q2
Global High Alpha Equities	**82**	**84**	**1.2**	**1.2**	**3.6**	**2.9**
MSCI World*	166	157	3.3	3.1	9.2	8.4
Global Sustainable Equities	**140**	**138**	**2.6**	**1.6**	**5.6**	**5.0**
MSCI ACWI*	193	186	3.3	3.1	9.1	8.3
PAB Passive Global Equities	**79**	**76**	**0.6**	**0.6**	**3.4**	**3.2**
FTSE Dev World TR UKPD*	168	160	3.1	3.0	9.4	8.6

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

Weighted Average Carbon Intensity relative to benchmark



Stewardship reporting links

Engagement records
www.brunelpensionpartnership.org/stewardship/engagement-records/
Holdings records
www.brunelpensionpartnership.org/stewardship/holdings-records/
Voting records
www.brunelpensionpartnership.org/stewardship/voting-records/

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Global High Alpha Equities	11.1%	13.9%	11.6%	12.6%
Infrastructure Cycle 1	5.1%	5.4%	6.6%	2.1%
Secured Income Cycle 1	0.4%	5.2%	6.6%	2.1%

Since portfolio inception

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Equities (33.43%)			**1,823.73**									
Global High Alpha Equities	MSCI World	+2-3%	621.44	3.9%	-0.1%	16.3%	2.5%	11.1%	-0.5%	12.3%	2.0%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	589.58	0.1%	-3.4%	10.2%	-1.7%	-	-	5.9%	-4.2%	30 Sep 2020
PAB Passive Global Equities	FTSE Dev World PAB	Match	612.71	5.3%	-	16.7%	-	-	-	3.5%	-0.1%	29 Oct 2021
Fixed income (5.69%)			**310.21**									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	310.21	1.8%	-0.2%	7.6%	0.3%	-	-	-1.5%	-7.3%	02 Jun 2021
Private markets (incl. property) (19.29%)			**1,052.37**									
Private Debt Cycle 2	SONIA	+4%	138.57	N/M	N/M	13.4%	6.2%	-	-	12.4%	6.4%	17 Sep 2021
Private Debt Cycle 3	SONIA	+4%	20.12	N/M	N/M	-	-	-	-	4.6%	0.3%	20 Dec 2022
Infrastructure Cycle 1	CPI	+4%	102.77	N/M	N/M	4.5%	-3.4%	5.7%	-0.9%	6.3%	1.7%	02 Jan 2019
Infrastructure (Renewables) Cycle 2	CPI	+4%	58.43	N/M	N/M	12.7%	4.7%	-	-	10.0%	2.9%	12 Oct 2020
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	7.46	N/M	N/M	-	-	-	-	-5.7%	-11.9%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	319.83	N/M	N/M	-14.4%	-22.4%	-0.5%	-7.1%	-0.4%	-5.1%	15 Jan 2019
Secured Income Cycle 2	CPI	+2%	109.97	N/M	N/M	-12.6%	-20.6%	-	-	-0.9%	-9.3%	01 Mar 2021
Secured Income Cycle 3	CPI	+2%	113.53	N/M	N/M	-	-	-	-	-	-0.2%	01 Jun 2023
UK Property	MSCI/AREF UK	+0.5%	181.69	N/M	N/M	-18.8%	-1.7%	-	-	3.3%	1.1%	04 Jan 2021

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Other (6.23%)			**339.87**									
Diversifying Returns Fund	SONIA +3%	0% to +2.0%	339.87	1.0%	-0.8%	1.1%	-5.2%	-	-	1.8%	-2.3%	27 Jul 2020
Total Brunel assets (excl. cash) (64.64%)			**3,526.17**									

*Since initial investment
Table above excludes Blackrock Risk Management
Private Markets 3 month performance is not material.

Chief Investment Officer commentary

Following another strong quarter, Apple now has a market capitalisation above $3 trillion. It is the first company to pass this mark, it was also the first stock to close above $1 trillion, which it did in August 2018. It is now bigger than Microsoft and Alphabet combined, two behemoths in their own right, and it is valued more highly than the entire FTSE 100. More pertinently it is now close to a 5% weighting in the MSCI All Countries World Index. Why is this important? Well, how much you owned of Apple and indeed if you owned Apple was the biggest contributor to your performance this year.

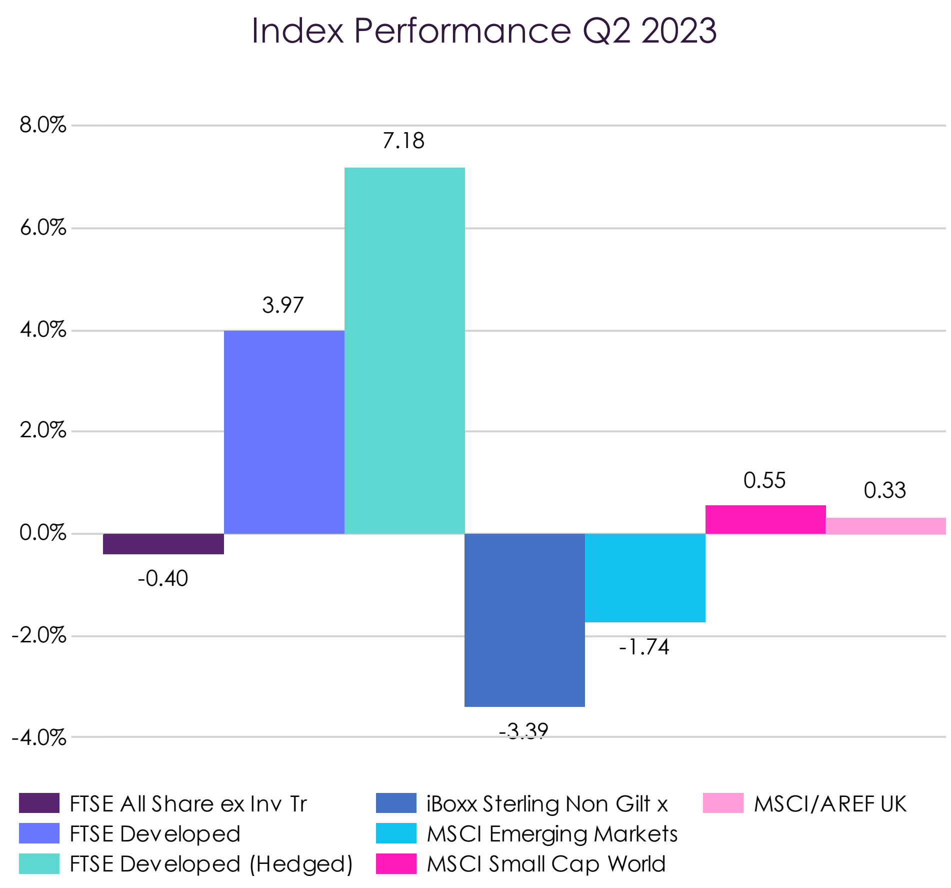
But it isn't just Apple to which this issue relates. The stock market has not been this concentrated since the 1970s when the so-called Nifty 50 stocks dominated the landscape. This quarter the performance of the top seven names, the so-called magnificent 7; Apple, Microsoft, Amazon, Nvidia, Alphabet, Tesla and Meta accounted for 85% of the total gains made by world equities.

Driven by these stocks the second quarter was another strong period for developed market equities, at least optically. An equally weighted index of world equities actually fell by 2.4%. This narrowness of the market was more obvious when looking at the performance of regional markets with Emerging Markets equities and UK equities declining over the period. Small cap equities posted only a marginal gain.

Government bonds also fell, as, apart from Japan, interest rate rises continued, albeit the US central bank did not raise rates in June. This has been coined “a hawkish pause”, implying that this is not likely to be the end of the hiking cycle but a pause to allow the effects of previous rises to feed through to the economy. This pause was driven by “better” data, showing that US Inflation not only declined in absolute terms to an annual rate of 4% but also came in lower than expectations. It is worth remembering that oil peaked last year in June and so a decline was to be mathematically expected. The soft-landing narrative also gained more traction given continued robust economic data, particularly wage growth which whilst slowing was still strong enough to support retail sales. Unemployment was also low and as such recessionary forecasts were pushed into 2024 by the remaining bears.

In the UK investors were faced not with a pause but with a reacceleration of interest rate rises culminating in a 50bp increase in June as inflation data suggested that inflation is not yet under control. This initially drove government bond yields back to levels last seen during the aftermath of the budget crisis last year, increasing the spectre of a more severe house price correction as many banks pulled their mortgage offerings.

Chief Investment Officer commentary



Source: State Street

The impact of rising rates was also felt in Private Markets as this directly fed through to an increase in the cost of capital, most obviously in debt funding costs. This in turn has led to a significant decrease in deal activity. Added to this was the denominator effect impact on fund raising – which started in 2022 and has very much continued into 2023. The immediate implication being that marque funds failed to raise as much capital as they targeted or simply paused their fund-raising activities. The silver lining of the liquidity squeeze that many investors are experiencing is an increase in the attractiveness of secondary deals, where we stand ready to participate opportunistically.

Elsewhere commodities led by metals fell for the second quarter in a row, albeit natural gas, cocoa and soyabeans bucked the trend. This led energy and mining companies to also broadly underperform the wider indices which provided a small tailwind for our equity franchise.

Whilst a soft landing is still very plausible, the eye of the needle has narrowed; a slowdown is needed that both tames inflation and so limits the need for further rate rises but is mild enough not to create economic pain. The fact that this Goldilocks scenario appears to be increasingly consensual means that any negative surprise and reversal of this view would see a larger decline in asset prices. Equity valuations specifically have risen, the US market trades on a forward price earnings ratio of 19x, at a time when earnings look harder to come by. That said ex the afore mentioned 7 large US names that metric falls to a more manageable 15x.

The outlook for earnings therefore remains the key to medium term returns. The US earnings season begins in August and consensus expects a 9% year over year decline, driven by flat revenues and decreasing margins. This looks like a low bar to step over, however the forecast for next year is for growth of 11% which looks optimistic if the much-predicted recession does land.

Global High Alpha Equities

Investment strategy & key drivers

High conviction, unconstrained global equity portfolio

Liquidity

Managed

Benchmark

MSCI World

Outperformance target

+2-3%

Total fund value

£4,059m

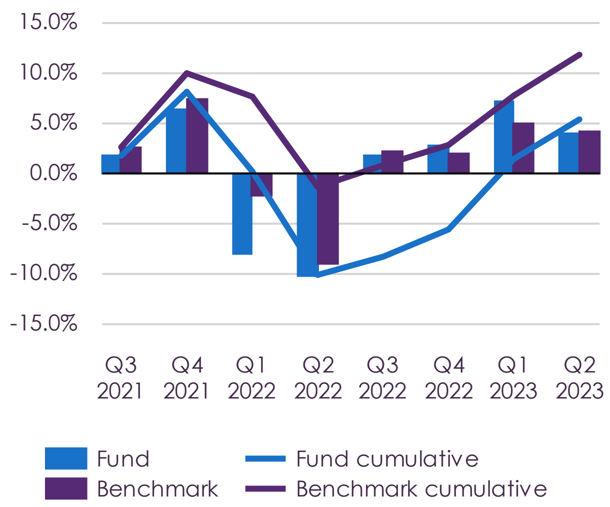
Risk profile

High

Avon's Holding:

GBP621m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	Since inception *
Fund	3.9	16.3	13.0
Benchmark	4.1	13.8	11.0
Excess	-0.1	2.5	2.0

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 4.1% in GBP terms over the quarter. This strong performance was once again driven by a small number of the very largest technology names in an environment where concerns regarding financial instability receded and enthusiasm for AI gained further traction. Indeed, the seven largest names in the index (Apple, Microsoft, Amazon, NVIDIA, Tesla, Alphabet and Meta - dubbed the 'magnificent seven') returned 2.75%, a contribution of over 65% of total index returns. This concentration of returns masked the more muted performance by the broader index hampered by fears about a potential recession negatively impacting earnings.

The portfolio returned 3.9% during the period, marginally underperforming the benchmark by 0.1%.

The portfolio owned six of the 'magnificent seven' but was underweight these names in aggregate, which detracted 0.5% from relative performance. Managers were able to find pockets of performance outside of these names to offset this, with positive contributions from overweight holdings in names such as Eli Lilly (returned 33%, driven by improved potential for their new diabetes drug Mounjaro), and Delta Airlines (returned 32%, as it benefitted from falling fuel prices and strong second quarter demand).

Sector attribution shows a positive impact from allocation driven by an overweight to the Consumer Discretionary sector and underweights to the two poorest performing sectors, Utilities and Energy. Selection was negative overall and weakest in the Consumer Discretionary sector where the underperformance of Chinese names versus their developed market peers was a material detractor (Alibaba, PinDuoDuo and Meituan).

Two of the five managers outperformed this quarter with a particularly strong relative performance by RLAM (+3.9%). RLAM's differentiated approach was again in evidence this quarter with several names not held elsewhere in the portfolio doing particularly well (Eli Lily, Thor Industries, Lithia Motors). Harris was the poorest performer this quarter following two quarters of outperformance. Their value approach resulted in them holding companies less appreciated by the market as value underperformed growth and quality.

Since inception the portfolio has outperformed the benchmark by 2% p.a.

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	6.03	4.24	37,480,591
AMAZON.COM INC	3.38	2.12	20,981,433
ALPHABET INC	2.61	2.40	16,230,385
MASTERCARD INC	2.54	0.59	15,758,027
UNITEDHEALTH GROUP INC	2.16	0.79	13,400,463

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.54	0.59
TAIWAN SEMICONDUCTOR	1.83	-
MICROSOFT CORP	6.03	4.24
UNITEDHEALTH GROUP INC	2.16	0.79
MOODY'S CORP	1.47	0.10

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	1.03	5.40
META PLATFORMS INC	-	1.12
EXXON MOBIL CORP	-	0.77
JPMORGAN CHASE & CO	-	0.75
BERKSHIRE HATHAWAY INC	0.12	0.78

Largest contributors to ESG risk

	ESG risk score* Q1 2023	ESG risk score* Q2 2023
AMAZON.COM INC	30.28	30.53
MICROSOFT CORP	15.00	15.32
ALPHABET INC-CL A	24.60	24.50
NESTLE SA-REG	27.37	27.29
MASTERCARD INC - A	17.02	17.07

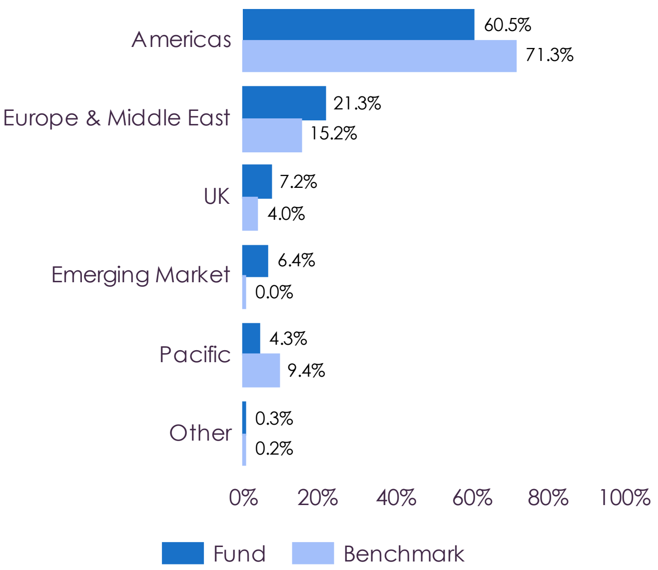
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

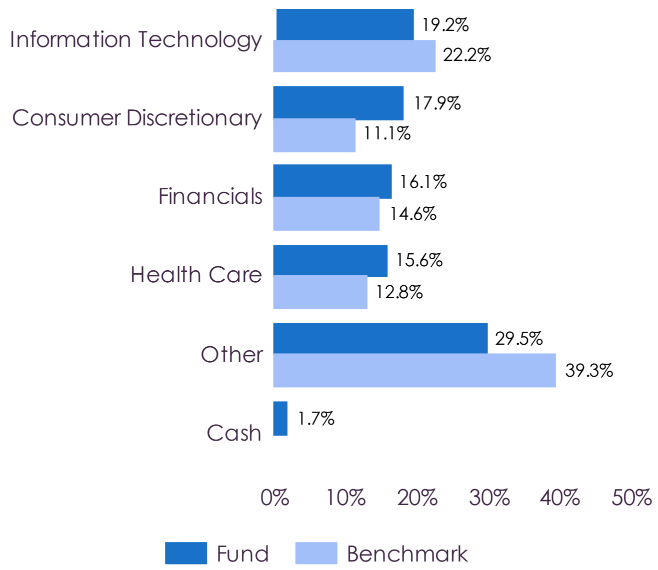
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q1	2023 Q2	2023 Q1	2023 Q2	2023 Q1	2023 Q2
Global High Alpha	82	84	1.19	1.24	3.60	2.89
MSCI World*	166	157	3.26	3.07	9.22	8.36

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

Regional exposure



Sector exposure



Global Sustainable Equities

Investment strategy & key drivers

Global equity exposure concentrating on ESG factors

Liquidity

Managed

Benchmark

MSCI ACWI

Outperformance target

+2%

Total fund value

£3,120m

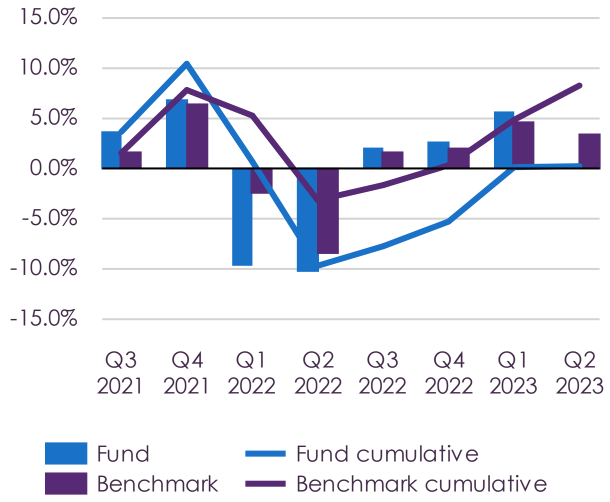
Risk profile

High

Avon's Holding:

GBP590m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	Since inception *
Fund	0.1	10.2	5.3
Benchmark	3.4	11.9	9.5
Excess	-3.4	-1.7	-4.3

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The fund returned 0.1% over the quarter on a net basis, a relative underperformance of 3.4% against the MSCI ACWI benchmark. Over the 1-year period the fund has returned 10.2% on a net basis, underperforming the MSCI ACWI by 1.7%, due to the performance of the most recent quarter.

As discussed in the CIO commentary, this quarter can be characterised by the outperformance of a small number of stocks, which occupy the Very Large Cap end of the market cap spectrum. Whilst the portfolio does have some exposure to the 7 names, which contributed 85% of market return, the fund is still relatively underweight. This is largely due to Valuation considerations but also Sustainable considerations when considering the investment case for Meta and Tesla. Altogether the 9% underweight in these 7 names cost the fund 100bps of relative performance over the quarter, notably 50bps from the 4.5% underweight in Apple.

The outperformance of a handful of stocks has continued to drive market concentration within the MSCI ACWI. We highlighted in the CIO commentary that the equally weighted return of the MSCI ACWI was -2.4%, which highlights the affect that the weighting structure is having within the index. If we think about proportional Stock outperformance, this quarter saw only 30% of MSCI ACWI names outperform the index, which implies that 2100 stocks underperformed the MSCI ACWI, the largest proportion of stock underperformance in over a decade of quarterly returns.

If we were to see a reversal in the trend of market concentration driven by the very narrow outperformance of a handful of mega-cap stocks we should hopefully see outperformance within the Sustainable Equity Fund. We have worked with managers over the most recent quarters to gain assurance that the fundamental analysis of the underlying stocks remain attractive and that the underperformance is largely due to short-term market sentiment, which is not reflecting the true value of these sustainable positions.

Since Inception, we have seen managers providing Alpha in different market scenarios and continue to be comfortable with the diversification exhibited. Ownership and Mirova have demonstrated significant outperformance year to date, whilst Jupiter provided defensiveness through 2022. The ability for managers to outperform in different environments should hopefully translate into long term outperformance.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	2.74	3.79	16,133,920
MASTERCARD INC	2.55	0.53	15,043,971
ANSYS INC	2.29	0.05	13,497,927
ADYEN NV	2.24	0.06	13,203,492
VISA INC	1.79	0.61	10,580,175

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
ANSYS INC	2.29	0.05
ADYEN NV	2.24	0.06
MASTERCARD INC	2.55	0.53
SYNOPSYS INC	1.76	0.10
INTUIT INC	1.74	0.20

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	-	4.84
TESLA INC	-	1.18
ALPHABET INC	0.97	2.15
MICROSOFT CORP	2.74	3.79
META PLATFORMS INC	-	1.00

Largest contributors to ESG risk

	ESG risk score*	
	Q1 2023	Q2 2023
MASTERCARD INC - A	17.02	17.07
MICROSOFT CORP	15.00	15.32
ADYEN NV	16.23	16.23
ANSYS INC	13.05	15.53
FORTIVE CORP	34.76	34.76

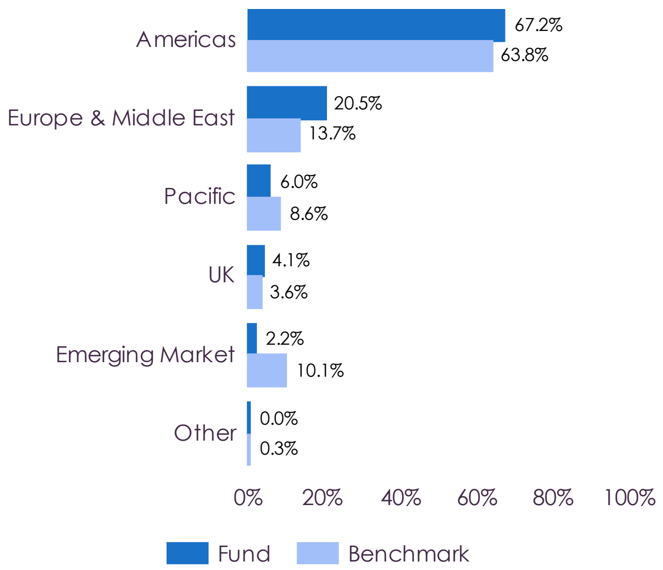
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

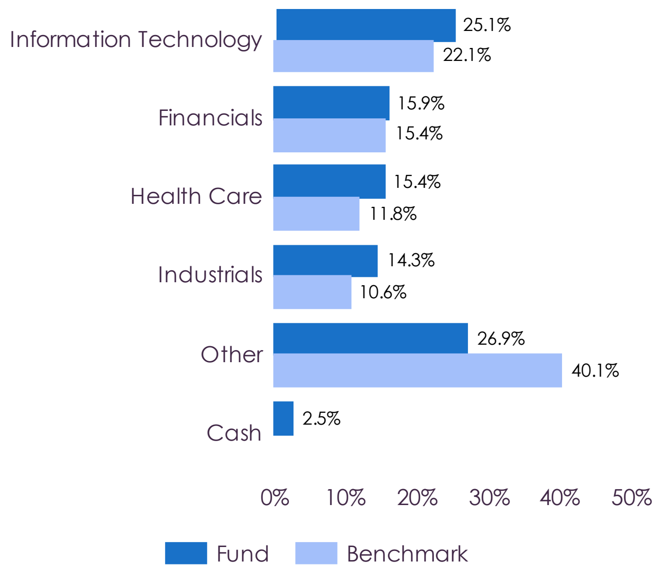
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q1	2023 Q2	2023 Q1	2023 Q2	2023 Q1	2023 Q2
Global Sustainable	140	138	2.64	1.55	5.64	4.99
MSCI ACWI*	193	186	3.27	3.07	9.06	8.33

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

Regional exposure



Sector exposure



Diversifying Returns Fund

Investment strategy & key drivers

Strategy utilising currencies, credit, rates and equities

Liquidity

Managed

Benchmark

SONIA +3%

Outperformance target

0% to +2.0%

Total fund value

£1,257m

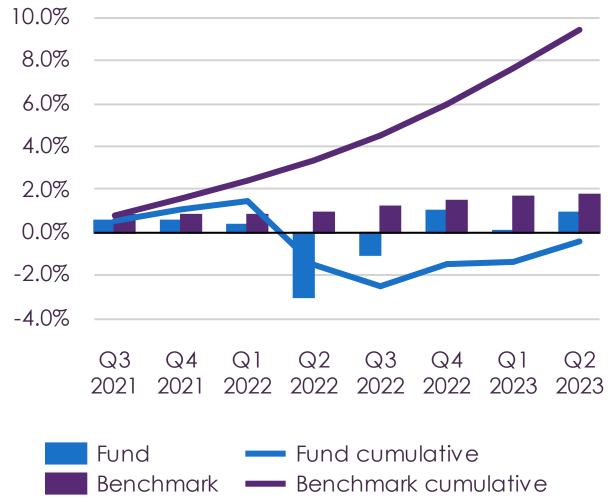
Risk profile

Moderate

Avon's Holding:

GBP340m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	Since inception *
Fund	1.0	1.1	2.1
Benchmark	1.8	6.2	4.3
Excess	-0.8	-5.1	-2.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The Diversifying Returns Fund returned 1.0% over the second quarter of 2023. The cash plus 3% benchmark return was 1.8%. The portfolio returned 1.1% for the year ending 30th June 2023, underperforming the benchmark which returned 6.2%.

The sterling hedged 50/50 equity/bond index we monitor returned 3.2% over the quarter, driven by strong equity market returns of 6.6%, but diluted by bond market performance of -0.2%.

Fulcrum lost -0.4% over the quarter. The strategic equities component of the strategy made a positive contribution to returns. This was offset by negative returns from tactical positioning in currencies, where long Japanese Yen and short Euro positions dented returns. Long commodity exposure, held as a hedge against geopolitical risks and to offer diversification if the persistent strength of the US economy continues to drive inflation, also suffered weak performance.

JPM returned 3.3% for the quarter. Strong performance was underpinned by carry signals, with FX carry making the biggest contribution to return. There were also positive contributions from equity value and trend signals. Fixed income trend was the only signal to make a negative contribution to return over the quarter as markets re-assessed when interest rates are likely to peak.

Lombard Odier generated a return of 1.1%. Exposure to developed market (DM) equities made the largest contribution to return with DM credit also contributing positively. Exposure to sovereign bonds has been reduced because of high asset class volatility but still detracted 70bps from performance. Commodity exposure also made a negative contribution to return.

UBS returned -0.9% over the three-month period. Long positions in Norwegian Kroner and Japanese Yen weighed on performance. These positions remain the largest in the portfolio as UBS consider the undervaluation of these currencies to be at extreme levels. Losses from these positions were somewhat offset by long exposure to Latam currencies and short exposure to the US dollar, New Zealand dollar and Chinese Renminbi, which UBS considers overvalued in the face of a weakening Chinese economy that has not benefitted from the 're-opening trade' to the extent some market participants had expected.

Multi-Asset Credit

Investment strategy & key drivers

Exposure to higher yield bonds with moderate credit risk

Liquidity

Managed

Benchmark

SONIA +4%

Outperformance target

0% to +1.0%

Total fund value

£2,656m

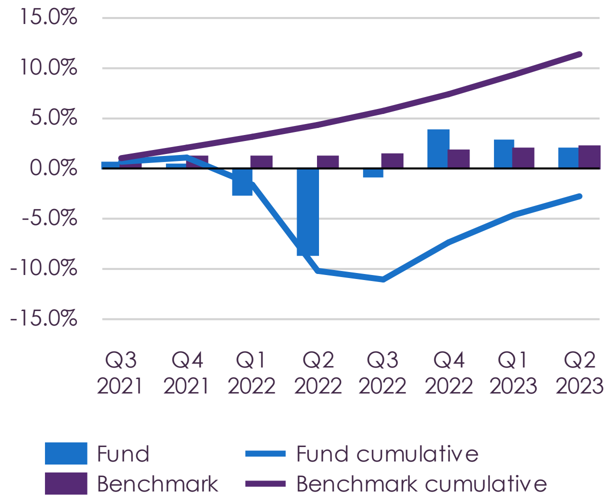
Risk profile

Moderate

Avon's Holding:

GBP310m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	Since inception *
Fund	1.8	7.6	-1.7
Benchmark	2.0	7.2	5.8
Excess	-0.2	0.3	-7.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

It was a positive but volatile quarter in leveraged finance. Positive economic data in the US caused fixed rate debt to reprice in June. The most notable drivers were favourable non-farm payrolls, retail sales and inflation releases for the month of May. The positive data releases provided further capacity for the Federal Reserve to hike interest rates to curb inflation without significantly damaging the economy.

Ultimately, this caused US Treasuries to sell off aggressively in the second quarter, with the policy sensitive 2yr yield increasing to 487bps, an increase of 80bps. Spread tightening was observed across credit because of reduced recession fears. High Yield spreads – proxied by Bloomberg Global High Yield – ended the period at +491bps, a decrease of 56bps.

All areas of leveraged finance produced positive returns, mostly due to strong carry and reduced spreads offsetting the impact of rising interest rates. High Yield and Leveraged Loans – which make up the majority of the leveraged finance universe – both posted strong returns of +2.6% and +2.4% respectively. The best performing asset class by far was Convertible Bonds, which returned +5.3% in local terms.

The portfolio returned +1.8% over the quarter, which was 0.2% behind the primary benchmark of SONIA +4%. The secondary benchmark, comprised of 50% Bloomberg Global High Yield and 50% Morningstar LSTA US Leveraged Loan Index, returned +2.4%. Manager performance was once again mixed. Neuberger Berman, CQS & Oaktree returned +113, +375 & +229bps respectively. Neuberger hold the largest amount of Investment Grade Bond exposure, which drove the underperformance vs other managers due to the higher duration. They are happy to hold investment grade as it offers attractive risk adjusted returns in higher rate environments.

Since inception performance is -1.7%, which lags the primary benchmark by 7.5%. The composite benchmark has returned approximately -1.0% over the same period.

All three managers maintain a cautiously optimistic outlook. All-in yields remain over 9% for the Multi-Asset Credit portfolio with a duration of 2.4 years. However, the recent contraction in spreads – which are now below 500bps in High Yield – have now pushed assets to expensive levels. A resurgence in recession fears could potentially cause a repricing in risk assets and it is unclear whether will be offset by falling rates.

PAB Passive Global Equities

Investment strategy & key drivers

Passive global equity exposure aligned to Paris Agreement climate goals

Liquidity

High

Benchmark

FTSE Dev World PAB

Outperformance target

Match

Total fund value

£2,328m

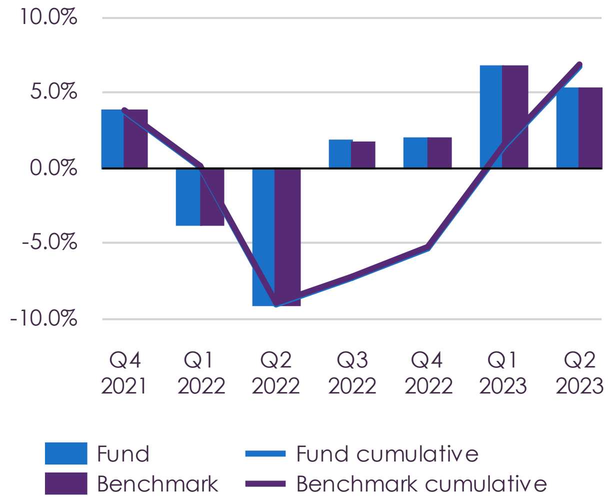
Risk profile

High

Avon's Holding:

GBP613m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	Since inception *
Fund	5.3	16.7	3.5
Benchmark	5.3	16.7	3.6
Excess	-	-	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Paris Aligned index (PAB) performed strongly over Q2 2023, up 5.3%. The PAB Passive Global Equities product closely replicated the performance of the benchmark over this period. The product outperformed the market capitalisation parent benchmark which returned 3.9%.

This outperformance was largely a result of the PAB product having a greater allocation to the Consumer Discretionary companies that have delivered strong performance over the period. Tesla, which made the largest contribution to returns, is held at a larger weight than in the market cap index as a result of positive scoring on emissions, carbon performance and a very high green revenues tilt. Amazon also made strong positive contributions to returns and is held at a larger weight than in the parent index due to positive tilt scoring on scope 3 emissions and green revenues.

The largest negative contribution to returns, relative to the market cap parent benchmark, came from AbbVie, held overweight because of positive tilt scores on emissions, and Nike which is also held overweight as a result of positive tilting on scope 1 and 2 emissions, green revenues and TPI management quality scoring.

At portfolio level, the PAB index has greater exposure to the Consumer Discretionary and Health Care sectors and less exposure to Energy, the Consumer Staples and Financials sectors than the market cap index. The PAB also has a higher level of exposure to the US and companies at the top end of the cap spectrum.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
TESLA INC	6.57	40,281,462
APPLE INC	6.20	38,018,176
MICROSOFT CORP	6.08	37,262,766
ALPHABET INC	5.34	32,724,552
AMAZON.COM INC	5.24	32,122,381

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q1 2023	Q2 2023
TESLA INC	28.82	27.25
AMAZON.COM INC	30.28	30.53
APPLE INC	16.91	16.43
MICROSOFT CORP	15.00	15.32
ALPHABET INC-CL A	24.60	24.50

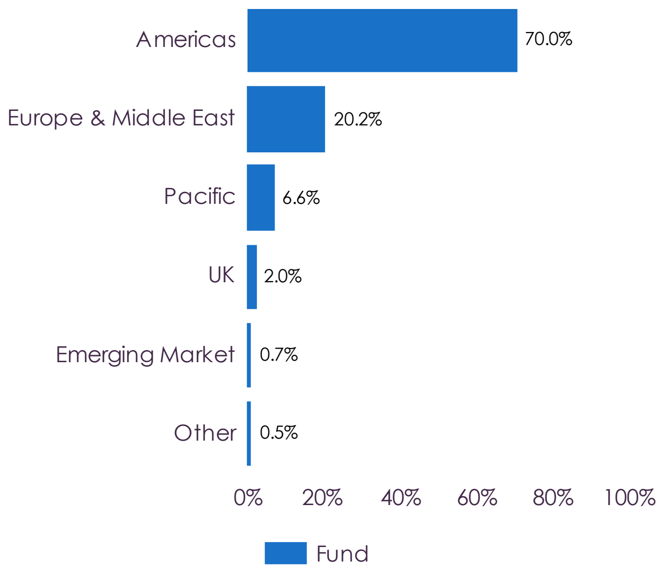
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

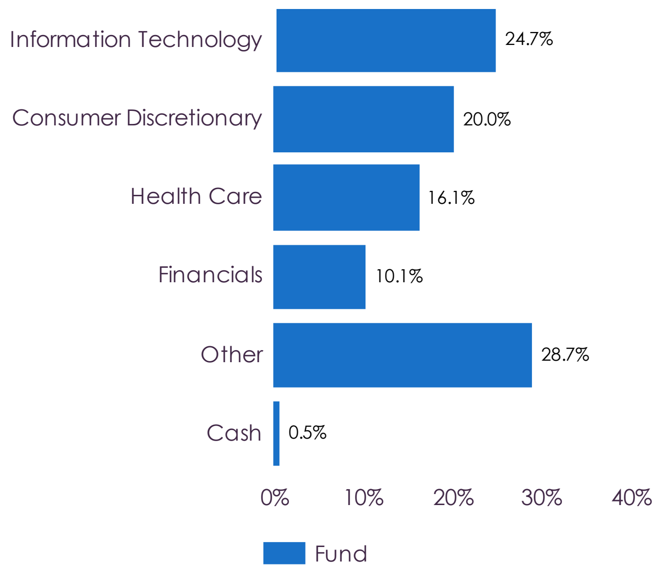
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q1	2023 Q2	2023 Q1	2023 Q2	2023 Q1	2023 Q2
PAB Passive Global	79	76	0.61	0.61	3.42	3.21
FTSE Dev World TR	168	160	3.10	2.99	9.44	8.64

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

Regional exposure



Sector exposure



Private Debt Cycle 2

Investment objective
Global portfolio of senior direct loans, predominantly to PE-sponsored companies

Benchmark
SONIA

Outperformance target
+4%

Launch date
1 May 2020

Commitment to portfolio
£245.00m

The fund is denominated in GBP

Commitment to Investment
£245.00m

Amount Called
£135.48m

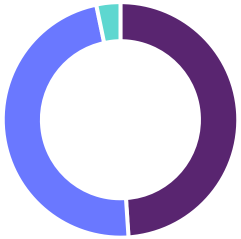
% called to date
55.30

Number of underlying funds
1

Avon's Holding:
GBP138.57m

Country

Invested in underlying investments



Europe	48.9%
North America	47.8%
Asia Pacific	3.3%
Other	-

Source: Aksia and underlying managers
Country data is lagged by one quarter

Sector

GICs level 1

Health Care	28.0%
Information Technology	22.2%
Industrials	17.8%
Consumer Discretionary	15.7%
Financials	7.8%
Other	8.5%

Source: Aksia and underlying managers
Sector data is lagged by one quarter

Performance commentary

Deal Activity has remained depressed due to the continued pressure of macro-economic headwinds. Central Banks continue to raise rates as June 2023 saw the Bank of England increase interest from 4.5% to 5%. Thus, forcing GPs to continue funding deals in an environment of scarcer debt financing. Whilst headline inflation is beginning to level out and come down in some instances, wage inflation has become a far more persistent problem as both US and UK labour markets tighten. Lenders are prioritising focus on margin pressure/inflation with strong focus on sustained ability to pass through costs to keep cashflow levels/interest coverage intact as debt becomes more expensive. Preference for businesses which are both asset light and have wages with a lower share of cost bases are preferred.

With respect to Brunel's private debt portfolio, the current climate has created an attractive environment for the high-quality lenders that we allocate to. Thus, benefitting from better pricing, less leverage and better terms which means the current market is suited to lenders, however the caveat is reduced deal flow, therefore lenders are relying on strong relationships and existing portfolio companies to drive portfolio activity.

The portfolio is over 50% called. All managers have now called investor capital and some managers are coming towards the end of their investment periods. Portfolio performance has been positive, reflecting the fact that higher interest rates are accretive to portfolio performance.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
138.6	13.4%	12.4%	21,329,047	10,208,297	11,120,750	13,366,400		0.3%	0.0%

*Money weighted return. Net of all fees.

Private Debt Cycle 3

Investment objective
Global portfolio of senior direct loans, predominantly to PE-sponsored companies

Benchmark
SONIA

Outperformance target
+4%

Launch date
1 April 2022

Commitment to portfolio
£170.00m

The fund is denominated in GBP

Commitment to Investment
£67.00m

Amount Called
£20.35m

% called to date
30.38

Number of underlying funds
2

Avon's Holding:
GBP20.12m

Performance commentary

Deal Activity has remained depressed due to the continued pressure of macro-economic headwinds. Central Banks continue to raise rates as June 2023 saw the Bank of England increase interest from 4.5% to 5%. Whilst headline inflation is beginning to level out and come down in some instances, wage inflation has become a far more persistent problem as both US and UK labour markets tighten. Lenders are prioritising focus on margin pressure/inflation with strong focus on sustained ability to pass through costs to keep cashflow levels/interest coverage intact as debt becomes more expensive. Preference for businesses which are both asset light and have wages with a lower share of cost bases are preferred.

With respect to Brunel's private debt portfolio, the current climate has created an attractive environment for the high-quality lenders that we allocate to. Thus, benefitting from better pricing, less leverage and better terms which means the current market is suited for lenders, however the caveat is reduced deal flow, therefore lenders are relying on strong relationships and existing portfolio companies to drive portfolio activity.

The portfolio has made commitments to two funds, one of which has called capital. Portfolio performance has shown a minor deterioration but at this point performance measures are not yet meaningful. Additional progress has been made regarding additional manager allocations as the portfolio expects to close ~5-7 manager allocations by the end of 2023.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
20.1	-	4.6%	5,398,484	171,421	5,227,063	68,251		0.0%	0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 1

Investment objective
Portfolio of predominantly European sustainable infrastructure assets

Benchmark
CPI

Outperformance target
+4%

Launch date
1 October 2018

Commitment to portfolio
£115.00m

The fund is denominated in GBP

Commitment to Investment
£114.57m

Amount Called
£100.81m

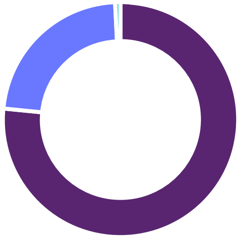
% called to date
87.98

Number of underlying funds
5

Avon's Holding:
GBP102.77m

Country

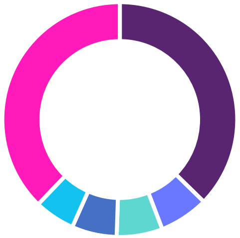
Commitment in underlying investments



Europe (incl. UK)	76.5%
North America	22.8%
Rest Of World	0.7%

Source: Stepstone
Country data is lagged by one quarter

Sector



Wind & Solar	37.3%
Distributed Energy	6.8%
Rail	6.3%
Diversified Renewables	6.2%
Diversified Social	5.6%
Other	37.8%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

The fundraising environment for Private Markets has experienced a significant slowdown in 2023 relative to 2022. During 2022, $168bn was committed to infrastructure funds, yet by the end of Q1 2023 only $3.6bn had been raised, representing a 94% year on year drop and the worst since 2009. No real pick up was observed in Q2 2023. This appears to be a wider Private Markets theme and not an infrastructure specific issue, highlighting the importance of selecting top-performing managers with strong franchise appeal that will assist strong fund raises and therefore reduce strategy risk.

In June 2023 the Bank of England surprised many investors by raising interest rates half a percentage from 4.5% to 5%, following stickier inflation and wage growth than they had predicted. The European Central Bank followed suit and raised rates by a quarter-point to 3.5%. Despite headline inflation falling across the developed world in recent months, driven by declining goods inflation, services inflation remains strong, particularly in the UK.

As reported in previous commentary a higher rate environment presents several challenges driven primarily by the impact of higher discount rates. Market recovery continues to be inconsistent, with the increase in market volatility highlighting the importance of well-structured infrastructure investments with downside protection, strong inflation linkage and inherent mission-critical objectives. Brunel's co-investment portfolio has thus far demonstrated resilience in an environment of rising inflation given its defensive attributes thanks to: (1) high visibility of revenues,

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
102.8	4.5%	6.3%	7,410,716	1,077,092	6,333,624	-1,740,420		0.1%	0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 1

(2) low GDP exposure / high barriers to entry, and (3) inelastic demand.

In Q1 2023 it was reported that an investment into an operating UK offshore wind project had been approved by Brunel. The project has now been approved by Stepstone's Investment Committee and is in closing but subject to various anti-trust clearances expected in October. If concluded, this project completes Cycle 1 and will bring it to ~100% committed.

As at the end of Q2 2023, Cycle 1 Infrastructure remained c.93% committed with overall deployment increasing to c.82% invested. Brunel is pleased with the deployment of Cycle 1 and the overall development of the Portfolio. Focus is shifting from deployment to portfolio performance and monitoring. Early benchmarking metrics for Cycle 1 infrastructure are positive with a caveat that it is too early to be truly meaningful.

Infrastructure (Renewables) Cycle 2

Investment objective
Global portfolio of renewable energy and associated infrastructure assets

Benchmark
CPI

Outperformance target
+4%

Launch date
1 May 2020

Commitment to portfolio
£120.00m

The fund is denominated in GBP

Commitment to Investment
£120.00m

Amount Called
£56.70m

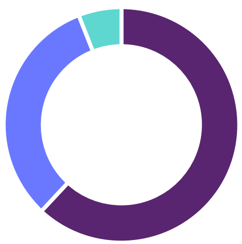
% called to date
47.25

Number of underlying funds
1

Avon's Holding:
GBP58.43m

Country

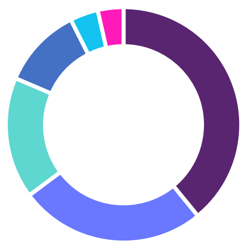
Commitment in underlying investments



Europe (incl. UK)	61.9%
North America	32.2%
Rest Of World	5.9%

Source: Stepstone
Country data is lagged by one quarter

Sector



Solar	39.1%
Wind	25.7%
Diversified Renewables	16.7%
Energy Efficiency	11.1%
Energy Storage	3.9%
Other	3.5%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

The fundraising environment for Private Markets has experienced a significant slowdown in 2023. While in 2022 $168bn was committed to infrastructure funds, by the end of Q1 2023 only $3.6bn had been raised, representing a 94% year on year drop and the worst since 2009. No real pick up was observed in Q2 2023. and not an infrastructure specific issue, highlighting the importance of selecting top-performing managers with strong franchise appeal that will assist strong fund raises and therefore reduce strategy risk. Renewable managers and in particular Energy Transition strategies have seen a slightly healthier fundraising environment due to strong appetite from investors to gain exposure to these sectors, driven by an increasing flight to greener assets as well as capitalising on the market tailwinds created by ambitious government targets and need for energy security.

While this is positive for renewables managers, gaining exposure to good renewable deals continues to be challenging for a number of reasons. Competition for operating renewables is high and therefore returns are lower than the cycle 2 hurdle, particularly on a real basis. This forces investors higher up the risk curve. We remain aware of several global headwinds such as grid infrastructure, supply chain and availability of talent. Despite this, Brunel and Stepstone have created a well-diversified portfolio across geographies and renewable technologies including wind, solar, batteries and transmission to name a few of the core exposures.

Activity has ticked up during H1 2023, in line with expectations and identified pipeline opportunities. The Fund offers an

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
58.4	12.7%	10.0%	2,504,621	476,423	2,028,198	-1,502,320		0.1%	0.0%

*Money weighted return. Net of all fees.

Infrastructure (Renewables) Cycle 2

opportunity for investors to gain exposure to the renewables sector across operating, ready to build and development assets, seeking a stable cash yield, and contribution to climate change mitigation. Two further Tactical deals were approved by Brunel in Q2, both Solar opportunities with one being headquartered in Somerset and the other located in the US. Both deals are in final Stepstone DD stages. As at the end of Q2 and not including the recently approved deals, Cycle 2 R is c.46% invested and c.72% committed across 6 primary funds and 8 Tacticals.

Infrastructure Cycle 3

Investment objective
Global portfolio of infrastructure assets, mainly focussed on climate solutions, energy transition and efficiency

Benchmark
n/a - absolute return target

Outperformance target
net 8% IRR

Launch date
1 April 2022

Commitment to portfolio
£55.00m

The fund is denominated in GBP

Commitment to Investment
£55.00m

Amount Called
£7.79m

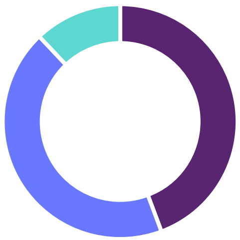
% called to date
14.17

Number of underlying funds
1

Avon's Holding:
GBP7.46m

Country

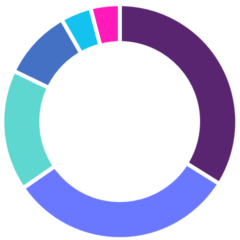
Commitment in underlying investments



Europe (incl. UK)	44.3%
North America	43.6%
Rest Of World	12.1%

Source: Stepstone
Country data is lagged by one quarter

Sector



Timber	33.9%
Utilities	31.5%
Renewables	16.7%
Agriculture	9.7%
Fibre	4.2%
Rail	4.0%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

The fundraising environment for Private Markets has experienced a significant slowdown in 2023 relative to 2022. During 2022, $168bn was committed to infrastructure funds, yet by the end of Q1 2023 only $3.6bn had been raised, representing a 94% year on year drop and the worst since 2009. No real pick up was observed in Q2 2023. This appears to be a wider Private Markets theme and not an infrastructure specific issue, highlighting the importance of selecting top-performing managers with strong franchise appeal that will assist strong fund raises and therefore reduce strategy risk.

In June 2023 the Bank of England surprised many investors by raising interest rates half a percentage from 4.5% to 5%, following stickier inflation and wage growth than they had predicted. The European Central Bank followed suit and raised rates by a quarter-point to 3.5%. Despite headline inflation falling across the developed world in recent months, driven by declining goods inflation, services inflation remains strong, particularly in the UK.

As reported in previous commentary a higher rate environment presents several challenges driven primarily by the impact of higher discount rates. Market recovery continues to be inconsistent, with the increase in market volatility highlighting the importance of well-structured infrastructure investments with downside protection, strong inflation linkage and inherent mission-critical objectives. Brunel's co-investment portfolio has thus far demonstrated resilience in an environment of rising inflation given its defensive attributes thanks to: (1) high visibility of revenues,

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
7.5	-	-5.7%	132,161	111,929	20,232	-182,943		-0.0%	-0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 3

(2) low GDP exposure / high barriers to entry, and (3) inelastic demand.

Following the closing of Copenhagen Infrastructure Partners Fund V, Cycle 3 is c.31% committed and c.15% deployed across 4 Primaries and 4 Tacitcals. One further Primary investment was approved in Q2, Blackstone Energy Transition Partners IV (BETP), a close is expected in August subject to final DD and side letter negotiations. BETP will be an Energy Transition Fund. The pipeline of primary funds is strong and we expect to be reviewing at least 2 more funds during Q3. A more challenging fundraising environment allows the team to be more selective and push negotiations harder with managers to ensure best possible outcomes for Brunel Clients.

Tactical investments include Project Appellation, a US forestry investment focused on income from carbon credits; Project Ardor, an investment in an operating Indian renewables portfolio and IPP; Suez, the international water and waste company; and Havfram, an offshore wind installation vessel company. The Tactical opportunity alongside Blackstone into a renewables developer in the US mentioned in Q1, failed to progress from final DD stages due to concerns over pipeline valuation.

Secured Income Cycle 1

Investment objective
Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark
CPI

Outperformance target
+2%

Launch date
1 October 2018

Commitment to portfolio
£345.00m

The fund is denominated in GBP

Commitment to Investment
£345.00m

Amount Called
£344.71m

% called to date
99.92

Number of underlying funds
3

Avon's Holding:
GBP319.83m

Performance commentary

For both the long lease property funds, the continued gilt yield volatility, caused by higher than expected inflation numbers, is impacting valuations. However, this negative performance seems to have moderated since the considerable repricing towards the start of the year. Both funds have sales programmes to fund investor redemptions. These assets are selected strategically; some are at the end of their business plans, or in a sector the team no longer views favourably, or the asset has poor ESG and will require high capital expenditure to improve to an acceptable standard and in line with regulations. It is worth noting that both funds have an extended redemption process in the current environment, so neither fund has been under time pressure to sell assets. During the Quarter, M&G SPIF, with unitholder permission, amended its redemption process in an investor friendly way.

For GRI, investor commitments are now up to £1.1bn in total, with £838m drawn down to date. GRI called over the quarter, to fund solar and bio-energy from waste projects and the Schroders Greencoat team expect the fund to be fully drawn down by the end of the calendar year. The forecast hold-to-life IRR is estimated to be 8.4% (May 2023). The Fund is well diversified across technologies, projects, locations, revenue streams and subsidy mechanisms, with further pipeline opportunities executable over the next 18 months.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
319.8	-14.4%	-0.4%	48,972	4,172,311	-4,123,339	88,979		-1.0%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 2

Investment objective
Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark
CPI

Outperformance target
+2%

Launch date
1 May 2020

Commitment to portfolio
£120.00m

The fund is denominated in GBP

Commitment to Investment
£120.00m

Amount Called
£120.00m

% called to date
100.00

Number of underlying funds
3

Avon's Holding:
GBP109.97m

Performance commentary

For both the long lease property funds, the continued gilt yield volatility, caused by higher than expected inflation numbers, is impacting valuations. However, this negative performance seems to have moderated since the considerable repricing towards the start of the year. Both funds have sales programmes to fund investor redemptions. These assets are selected strategically; some are at the end of their business plans, or in a sector the team no longer views favourably, or the asset has poor ESG and will require high capital expenditure to improve to an acceptable standard and in line with regulations. It is worth noting that both funds have an extended redemption process in the current environment, so neither fund has been under time pressure to sell assets. During the Quarter, M&G SPIF, with unitholder permission, amended its redemption process in an investor friendly way.

For GRI, investor commitments are now up to £1.1bn in total, with £838m drawn down to date. GRI called over the quarter, to fund solar and bio-energy from waste projects and the Schroders Greencoat team expect the fund to be fully drawn down by the end of the calendar year. The forecast hold-to-life IRR is estimated to be 8.4% (May 2023). The Fund is well diversified across technologies, projects, locations, revenue streams and subsidy mechanisms, with further pipeline opportunities executable over the next 18 months.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
110.0	-12.6%	-0.9%	13,894	1,436,190	-1,422,296	170,108		-0.3%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 3

Investment objective
Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark
CPI

Outperformance target
+2%

Launch date
1 April 2022

Commitment to portfolio
£240.00m

The fund is denominated in GBP

Commitment to Investment
£154.18m

Amount Called
£58.18m

% called to date
37.74

Number of underlying funds
2

Avon's Holding:
GBP113.53m

Performance commentary

For both the long lease property funds, the continued gilt yield volatility, caused by higher than expected inflation numbers, is impacting valuations. However, this negative performance seems to have moderated since the considerable repricing towards the start of the year. Both funds have sales programmes to fund investor redemptions. These assets are selected strategically; some are at the end of their business plans, or in a sector the team no longer views favourably, or the asset has poor ESG and will require high capital expenditure to improve to an acceptable standard and in line with regulations. It is worth noting that both funds have an extended redemption process in the current environment, so neither fund has been under time pressure to sell assets. During the Quarter, M&G SPIF, with unitholder permission, amended its redemption process in an investor friendly way.

In June, Brunel used the secondary market to buy £80m abrdn LLP on a pro-rata basis across clients at a 10% discount to the fund's June NAV. This leaves approximately £19m to commit to the fund in Cycle 3, either via a primary subscription or a further secondary market trade, should the opportunity arise.

For GRI, investor commitments are now up to £1.1bn in total, with £838m drawn down to date. GRI called over the quarter, to fund solar and bio-energy from waste projects and the Schroders Greencoat team expect the fund to be fully drawn down by the end of the calendar year. The forecast hold-to-life IRR is estimated to be 8.4% (May 2023). The Fund is well diversified across technologies, projects, locations, revenue streams and subsidy mechanisms, with further pipeline opportunities executable over the next 18 months.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter		Contribution to return: 1 year	Contribution to return: since inception
113.5	-	-	107,037,749	4,175	107,033,574	-		0.1%	0.0%

*Money weighted return. Net of all fees.

UK Property

Investment strategy & key drivers

Portfolio of active UK property funds seeking capital & income returns

Liquidity

Illiquid

Benchmark

MSCI/AREF UK

Outperformance target

+0.5%

Commitment to portfolio

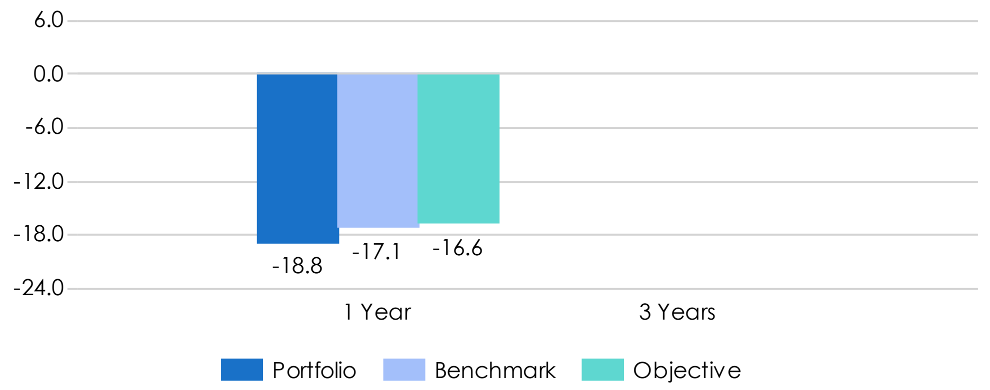
£210.0m

Amount Called

£165.6m

Number of portfolios

13



Performance commentary

Despite a weak start to 2023, UK commercial property performance recorded a marginally positive return in Q1 2023 of +0.2%. The first positive performance for eight months occurred in March, as the transactional market re-opened and valuers started to gain evidence of anticipated trends. Whereas, in 2022, declines affected interest rate-sensitive sectors with very little quality consideration, investors are now narrowly focused on best-in-class assets, particularly on prime industrial, retail park and supermarket assets.

However, in terms of volume, investment activity to April 2023 was still 57% lower than the volume transacted a year earlier, with Industrial assets accounting for 42% of all activity by value which is noteworthy given Industrial value declines were the steepest of all sectors in the 2022 albeit from high levels.

The concern for the future of the retail sector has been overshadowed this year by investors' worries about the outlook for the UK office sector. Office occupiers continue to target accommodation which meets their ESG and Wellness requirements, both in London and in the regional cities. This space represents a small proportion of the market and is commanding rental value growth. However, overall occupational demand in the office sector appears to be falling, as the impact of less optimistic business sentiment and flexible working weighs on employer occupiers. Demand for secondary office accommodation is expected to weaken further, with concomitant negative rental growth forecast.

Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 3 month	Perf. FYTD	Perf. 1 year	Perf. 3 year	Perf. 5 year	Inception Date
Brunel UK Property	118.7	181.7	0.4%	0.4%	-18.8%	-	-	Jan 2021

Glossary

Term	Comment
absolute risk	Overall assessment of the volatility that an investment will have
ACS	Authorised Contractual Scheme - a collective investment arrangement that holds and manages assets on behalf of a number of investors
active risk/weight	A measure of the percentage of a holding that differs from the benchmark index; can relate to an equity, a sector or a country/region
amount called	In private investments, this reflects the actual investment amount that has been drawn down
amount committed	In private investments, this is the amount that a client has committed to an investment - it will be drawn down (called) during the investment period
annualised return	Returns are quoted on an annualised basis, net of fees
asset allocation	Performance driven by selecting specific country, sector positions or asset classes as applicable
basis points (BP)	A basis point is 0.01% - so 100bps is 1.0%. Often used for fund performance and management fees
CTB	Climate Transition Benchmark - targets 30% lower carbon exposure from 2020 and then a 7% annual reduction
DLUHC	Department for Levelling Up, Housing & Communities; the government body with oversight of pooling
DPI	Distributed to Paid In; ratio of money distributed to Limited Partners by the Fund, relative to contributions. Used for private markets investments
duration	A measure of bond price sensitivity to changes in interest rates. A high duration suggests a bond's price will fall by relatively more if interest rates increase than a bond with a low duration

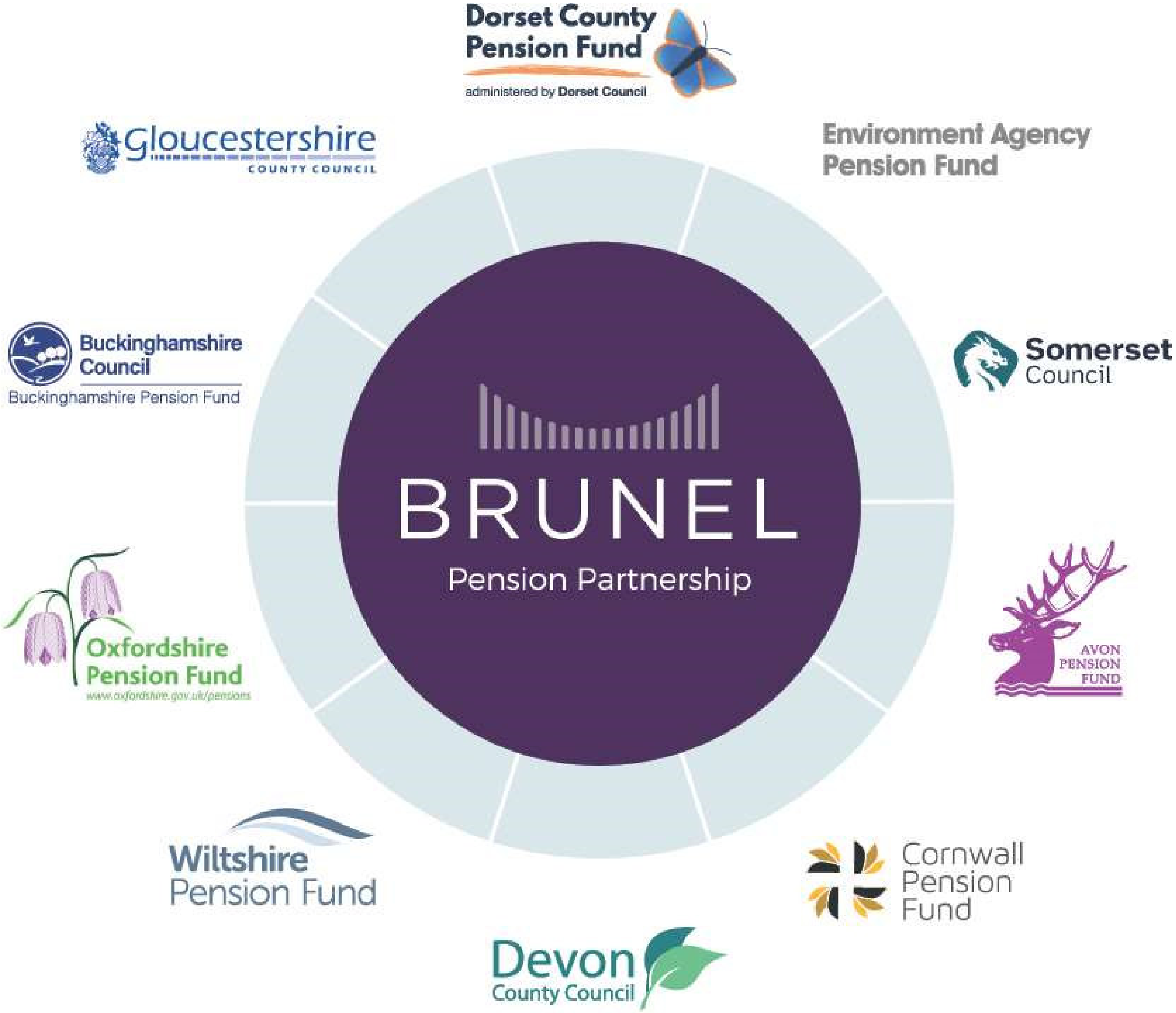
Term	Comment
EBITDA margin	An EBITDA margin is a profitability ratio that measures how much in Earnings a company is generating Before Interest, Taxes, Depreciation, and Amortization, as a percentage of revenue.
ESG	ESG is an umbrella term to capture the various environmental, social and governance risks investors factor into their assessment of a company's sustainability profile. Brunel views assessing ESG factors as a central part of our fiduciary duty
ESG Score	MSCI (Morgan Stanley Capital International) score based on its assessment of the ESG credentials of an underlying investment. If the portfolio score is below the index, the portfolio is assessed by MSCI to be investing in companies with a better ESG score
extractive exposures VOH	Value of Holdings of invested companies which derive revenues from extractive industries
GP or general partner	In Private Equity, the GP is usually the firm that manages the fund
gross performance	Performance before deduction of fees
Growth	Growth stocks typically exhibit faster long term growth prospects and are often valued at higher price multiples
IRR	Internal Rate of Return - a return that takes account of actual money invested
legacy assets	Client assets not managed via the Brunel Pension Partnership
Low Volatility	Low Volatility is a strategy that attempts to minimise the return volatility.
LP or limited partner	In private equity, an LP is usually a third party investor in the fund
M&A	Mergers and acquisitions

Glossary

Term	Comment
Momentum	An investment strategy that aims to capitalize on the continuance of existing trends in the market
Money-weighted return	A performance measure that takes into account the timing and size of cash flows, including contributions and withdrawals.
MWR	Money weighted return - similar to an IRR - it reflects the actual investment return taking into account cashflows
NAV	Net asset value
net performance	Performance after deduction of all fees
PAB	Paris-Aligned Benchmark - targets a 50% lower carbon exposure from 2020 and then a 7% annual reduction
Quality	Quality stocks typically have a high Return on Equity, a very consistent profit outcome and exhibit higher and stable margins
relative risk	Relative volatility when compared with a benchmark
sector/stock selection	Performance driven by the selection of individual investments within a country or sector
since inception	Period since the portfolio was formed
since initial investment	Period since the client made its first investment in the fund
SONIA	Sterling Overnight Index Average - Overnight interbank interest rate - replacement for LIBOR
source of performance data	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated

Term	Comment
standard deviation	Standard deviation is a measure of volatility for an investment using historical data. Volatility is used as a measure of investment risk. A higher number may indicate a more volatile (or riskier) investment but should be taken in context with other measures of risk
time-weighted return	A performance measure that eliminates the impact of cash flows, focussing solely on the investment's rate of return over a specific time period. It does not account for the timing and size of contributions and withdrawals.
total extractive exposure	Revenue derived from extractive operations as a % of total corporate revenue
total return (TR)	Total Return - including price change and accumulated dividends
tracking error	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error
transitioned assets	Client assets that have been transferred to the Brunel Pension Partnership
TVPI	Total Value to Paid In; ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid in
Value	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
WACI	Weighted Average Carbon Intensity; measures the carbon intensity of businesses rather than total carbon emissions. It is expressed as tonnes of CO2 equivalent per million GBP of investment exposure
yield to worst	Lowest possible yield on a bond portfolio assuming no defaults

Disclaimer


Dorset County Pension Fund
administered by Dorset Council
Gloucestershire
COUNTY COUNCIL
Environment Agency Pension Fund
Buckinghamshire Council
Buckinghamshire Pension Fund
Somerset Council
BRUNEL
Pension Partnership
Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions
AVON PENSION FUND
Wiltshire Pension Fund
Cornwall Pension Fund
Devon County Council