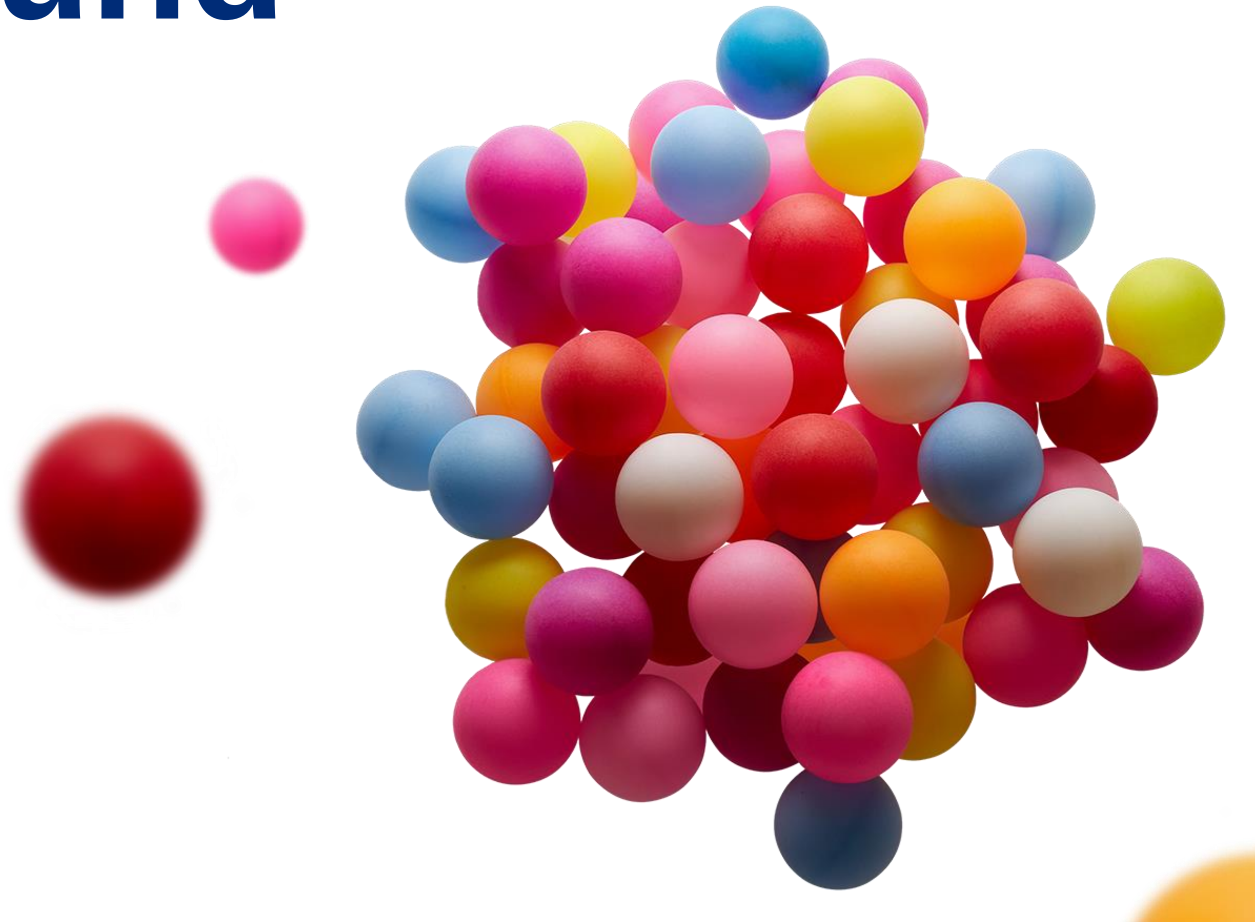
Avon Pension Fund

Committee Investment Report

Quarter to 30 June 2023



September 2023

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Executive Summary

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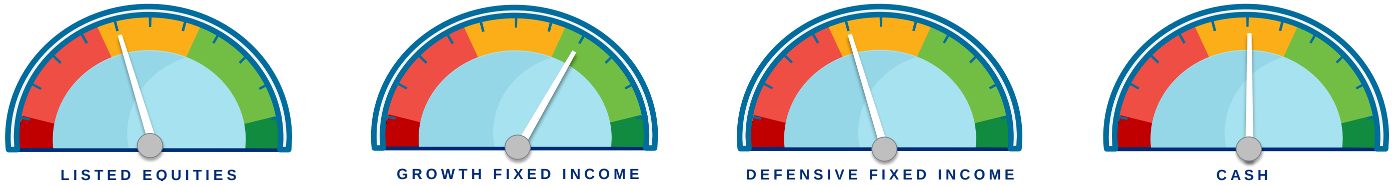
Executive Summary

Market background

- Continued economic resilience and declining inflation (in most regions apart from the UK) led to investor optimism and thus positive performance for risk assets.
- In the UK, market-implied inflation expectations rose over the quarter, and nominal yields generally rose.

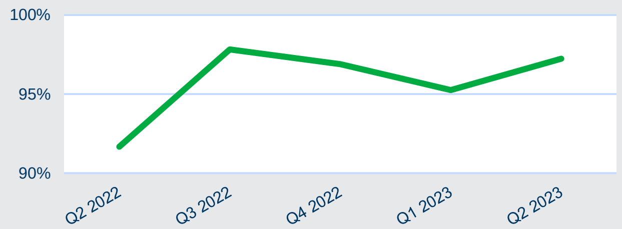
Mercer market views

- Our medium term outlook (as at July 2023) is mixed.
- We remain slightly negative on equities due to expectations for flat or negative corporate profit growth in 2023.
- We continue to a have a modestly positive view on growth fixed income markets (e.g. Multi Asset Credit) due to attractive credit spreads and yields.

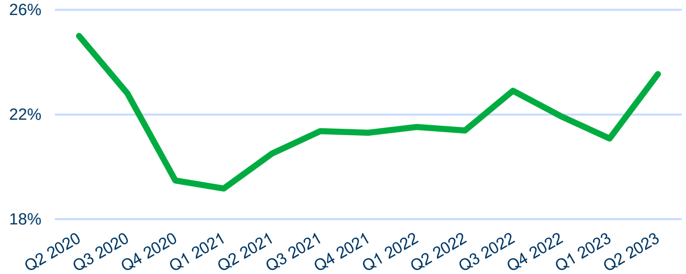


Funding level and risk

- The funding level is estimated to have increased over the quarter to c. 97%, as the decrease in the estimated value of the liabilities and impact of contributions outweighed the slight negative performance from the assets.
- It is estimated to be c. 6% higher over the year to 30 June 2023 (as illustrated to the right).



- The Value-at-Risk increased over the quarter to £1,321m, and rose as a percentage of liabilities to 23.5%.
- A key driver of this was a rise in underlying forward-looking volatility assumptions for most major asset classes over the period.
- The reduction in risk that can be seen in 2020 was due to the move from a static to dynamic equity protection strategy. Levels have gradually increased since 2020 due to market movements and changes in forward-looking assumptions.



Executive Summary

Performance

- The marginal negative return of Fund assets over the quarter was driven by the Protection assets, although this was largely offset by positive performance from all Growth assets, with the exception of Property. The Secured Income portfolio has also underperformed its benchmark mainly due to the challenges seen in Property markets.
- The Currency Hedge added to returns over the period due to a strengthening of Sterling.

- Underperformance relative to the strategic benchmark over the one year period to 30 June 2023 is mainly due to the underperformance of Property and Secured Income mandates, and the Equity Protection (though performance is in line with expectations).
- The main detractors over the three year period were the Equity Protection, Overseas Property and Secured Income.

	3 Months (%)	1 Year (%)	3 Years (% p.a.)
Total Fund **(1)**	-0.1	-0.3	3.2
Strategic Benchmark **(2)** (ex currency hedge)	1.4	6.4	7.7
Relative **(1 - 2)**	**-1.5**	**-6.7**	**-4.5**

- The Currency Hedge overlay had positive returns over the one year period, but the impact has been neutral over three years. It should be noted that the benchmark does not make allowance for the currency hedge.

- Absolute returns compared to the strategic returns modelled at the strategy review in 2023 have been mostly positive among Equity and the Liquid Growth assets, given that these markets have seen a strong year-to-date, whilst they have been generally negative within the Illiquid Growth assets.
- A key point underpinning these is that it is comparing only a six-month period compared to expectations derived per annum, as the expectations derived from the strategy review were with effect from 31 December 2022.

Asset allocation and strategy

- A net amount of c. £125m was drawn down to the Brunel private market portfolios during the quarter, including the first drawdown to Secured Income – Cycle 3 to the magnitude of c. £107m.
- There were large transitions within the Equity portfolio to implement the agreed tilt towards passively-managed mandates, and the creation of synthetic exposure to the MSCI Paris-Aligned Index was completed during the period.

Executive Summary

Equity option mandate	• The equity protection strategy detracted from performance due to a rise in equity markets, exhibiting negative performance of c. 1.2%. • The minimum premium condition on the upside in place with each of the counterparty banks is currently being met across all markets.
Liability hedging mandate	• BlackRock were in compliance with their investment guidelines over the quarter. • Following a sharp rise in gilt yields over September/October 2022, a number of interest rate triggers were achieved, and the trigger framework temporarily suspended. • Before the suspension, the interest rate hedge ratio rose from c. 10% as at 30 June 2022 to c. 30% as a percentage of assets. • As at 30 June 2023, the Fund's hedge ratios were 29% for interest rates and 24% for inflation as a proportion of assets. • The trigger framework was discussed as part of the wider risk management framework review, and it has been agreed that the triggers to attain up to 40% hedge ratios are to be reinstated.
Collateral position	• Following the gilt market volatility experienced in October 2022, the collateral adequacy monitoring and the notification thresholds for the Fund were updated. • In February 2023, c. £212m of equities were synthesised to bring collateral headroom within the target 3-4% range, and in May 2023, the remaining pooled equities within the BlackRock portfolio were sold (c. £159m) and the exposure was replaced with the synthetic positions in the MSCI Paris Aligned Index. • Post-quarter end, a further £200m of physical equities are to be synthesised, from the Brunel Paris-Aligned mandate, and replaced with exposure to the MSCI Paris Aligned Index. • Including assets within the collateral waterfall and physical equity that could be synthesised, there was a total interest rate buffer of 5.3% as at 30 June 2023.

Market Background

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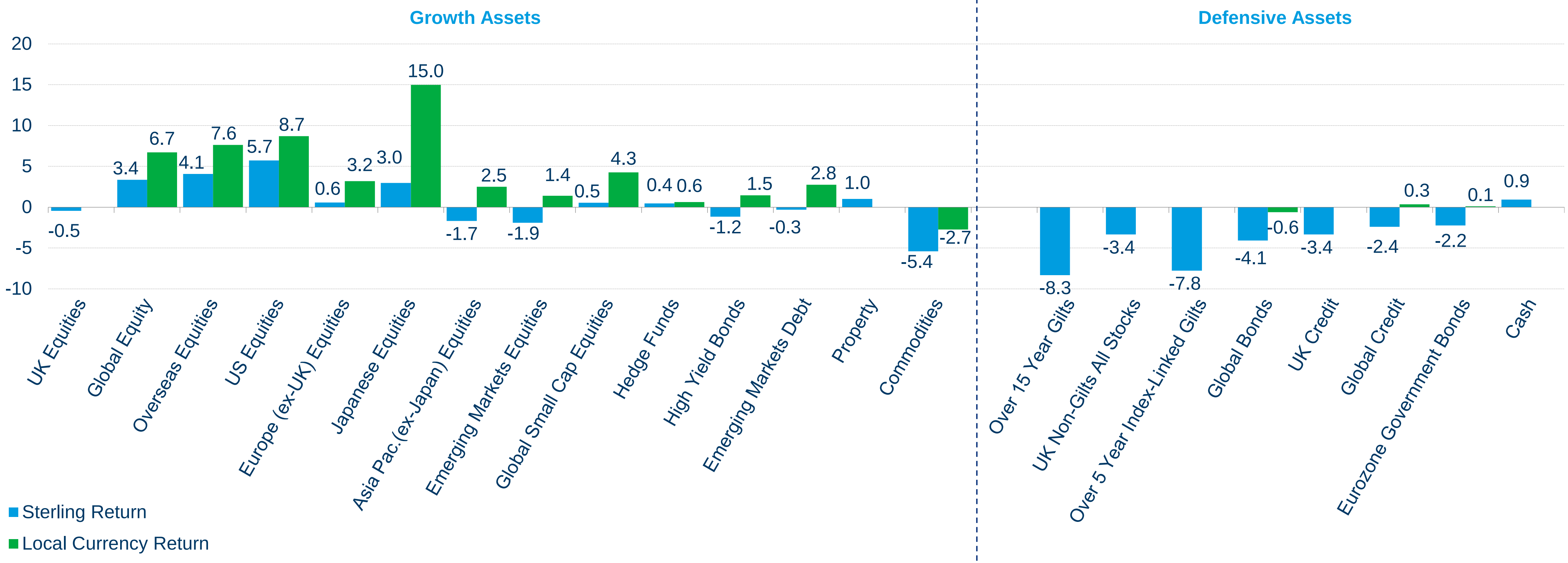
Market Background

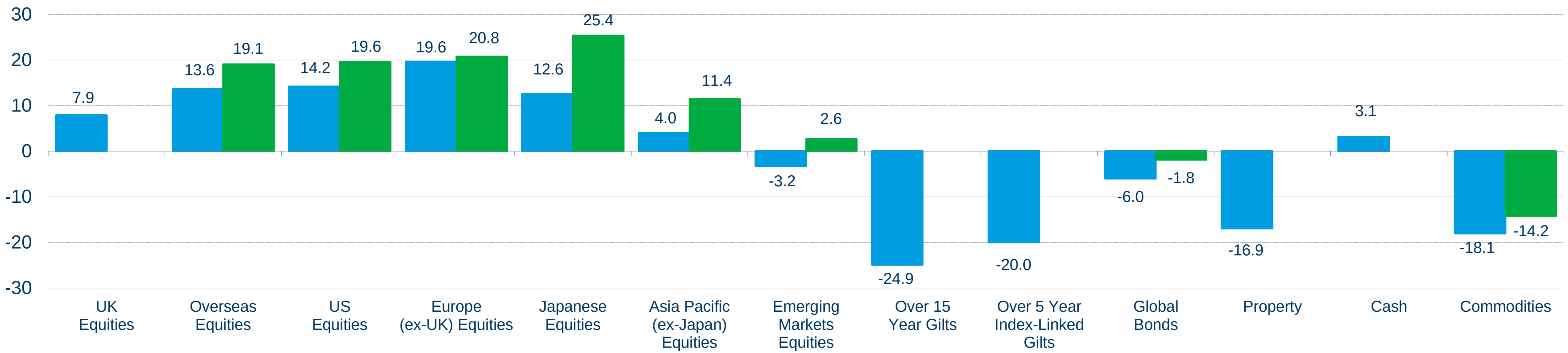
Return over 3 months to 30 June 2023 (%)



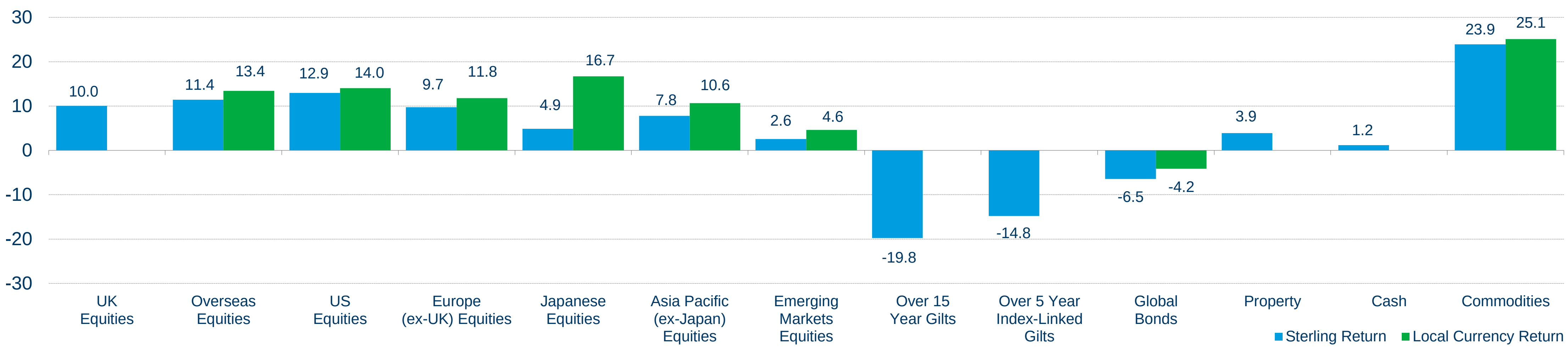
The second quarter of 2023 saw the orderly resolution of the second largest bank failure in US history and further distress among US regional banks, ongoing economic resilience, declining inflation, an equity rally led by eight stocks, and increased geopolitical tensions, including an attempted coup in Russia. Developed market central bank actions were mixed over the quarter, with some deciding to pause hiking interest rates, and others continuing to increase the policy rate, but rhetoric remained hawkish. Headline inflation continued to slow and core inflation fell in most regions apart from the UK. Inflation expectations also continued to decline over the quarter. Overall, this led to investor optimism and thus positive performance for risk assets whereas government bond performance was negative because of increasing rates.

Market Background – 1 & 3 Years

Return over 12 months to 30 June 2023 (%)



Return over 3 years to 30 June 2023 (% p.a.)



Mercer

Source: Refinitiv

Funding Level and Risk

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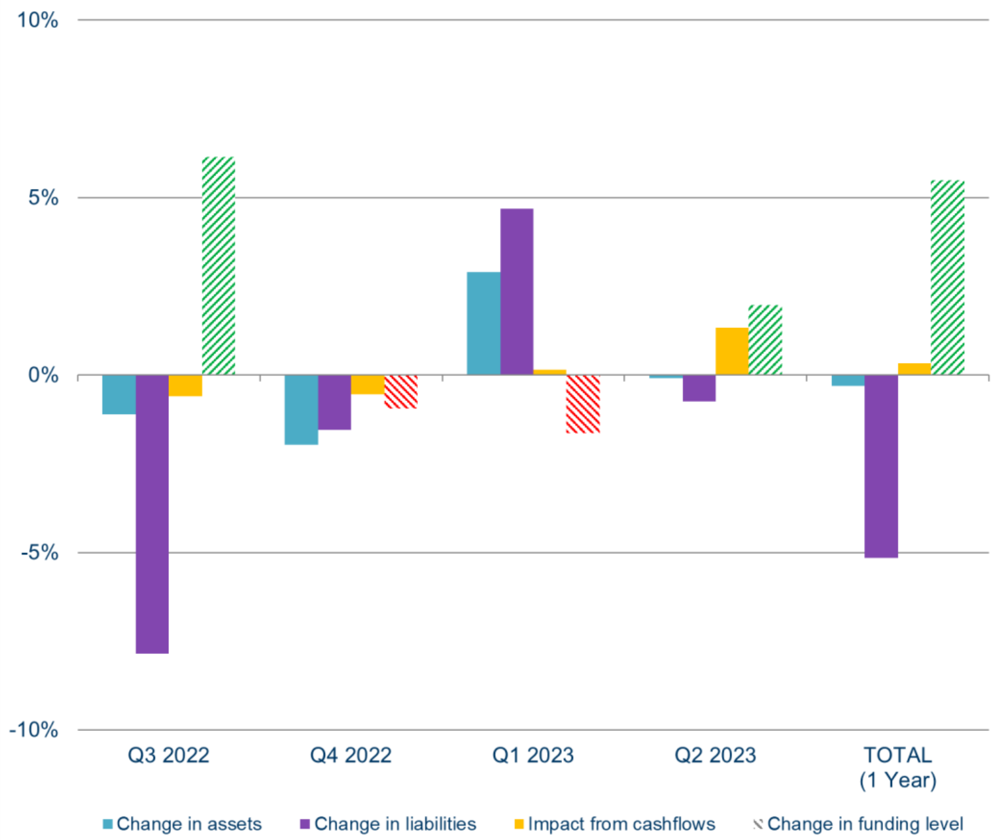
Funding Level and Deficit

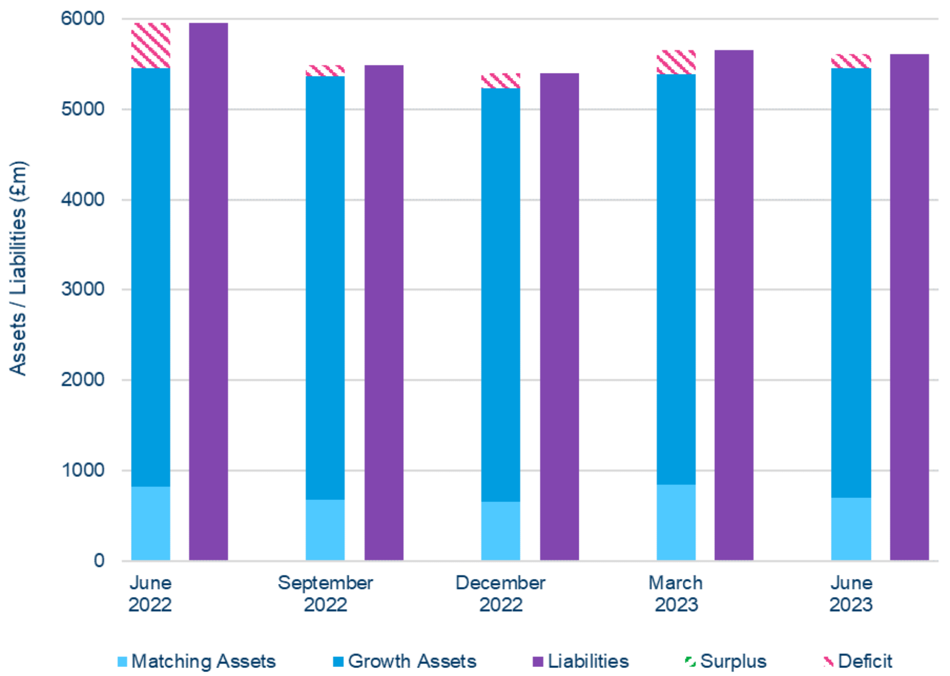
The Fund's assets returned -0.1% over the quarter, whilst the liabilities are estimated to have decreased by c. 0.7% due to the rise in nominal yields.

The combined effect of this, also allowing for expected cashflow over the period, saw the estimated funding level increase to c. 97%.

The funding level is estimated to be c. 6% higher over the year to 30 June 2023.



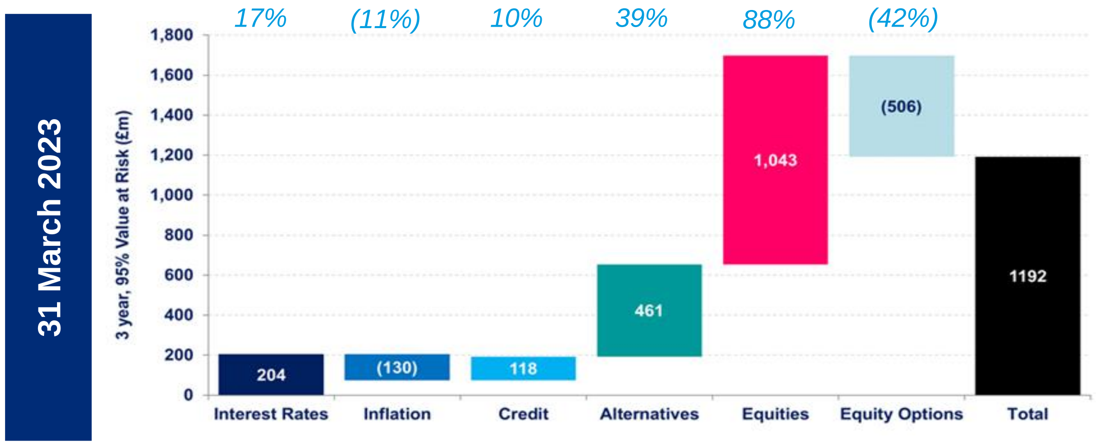
The deficit was estimated to have decreased over Q2 to c. £155m:

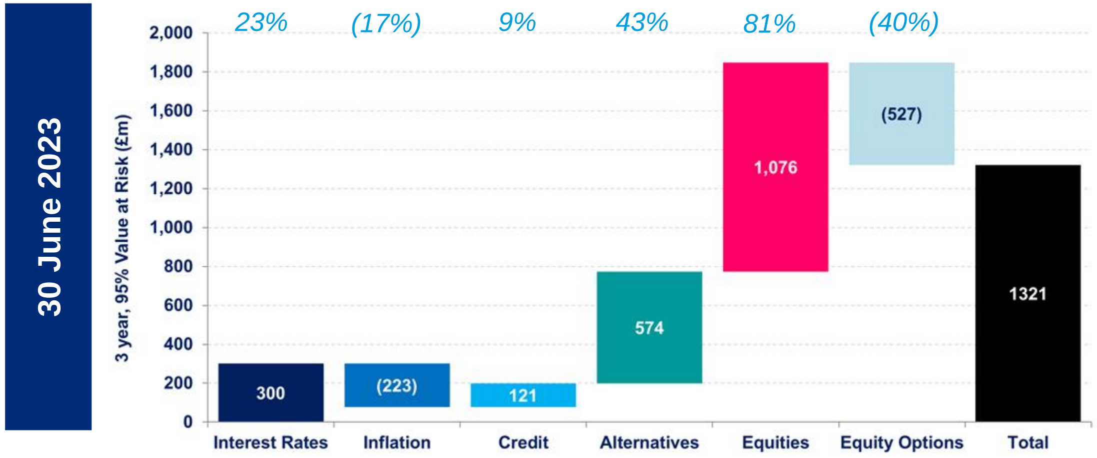


Liability values are estimated by Mercer. They are based on the actuarial valuation assumptions as at 31 March 2022 and the 'CPI plus' discount basis.
Impact figures are estimated by Mercer.

Risk Decomposition – 3 Year Value at Risk

- The two charts below illustrate the main risks that the Fund is exposed to, and the size of these risks in the context of the change in the deficit position.
- The purpose of showing these is to ensure there is an awareness of the risks faced and how they change over time, and to initiate debate on an ongoing basis around how to best manage these risks, so as not to lose sight of the 'big picture'.
- The final columns show the estimated 95th percentile Value-at-Risk (VaR) over a one-year period. In other words, if we consider a downside scenario which has a 1-in-20 chance of occurring, what would be the impact on the deficit relative to our 'best estimate' of what the deficit would be in three years' time.





- As at 30 June 2023, if a 1-in-20 'downside event' occurred over the next three years, the funding position could deteriorate by at least an additional **£1.3bn**.
- Each bar to the left of the total represents the contribution to this total risk from the primary underlying risk exposures (interest rates and inflation, changes in credit spreads, volatility of alternative assets and equity markets, and the benefit from equity options).
- Overall **the VaR increased by £129m over the quarter**. A key driver of this was a rise in underlying forward-looking assumptions for volatility (and return) for most major asset classes over the period. Moreover, updating for the 2022 actuarial valuation cashflows and SAA together reinforced the upward movement.
- VaR rose as as a percentage of liabilities from 21.1% to 23.5%.

VaR figures shown are based on approximate liability data rather than actual Fund cashflows, and are based on the strategic asset allocation at the time. They are therefore illustrative only and should not be used as a basis for taking any strategic decisions.
31 March cashflows are from the 2019 actuarial valuation; scaled to more closely reflect the 2022 valuation cashflows, whilst 30 June uses cashflows from the 2022 valuation. 30 June reflects the new SAA.

Performance Summary

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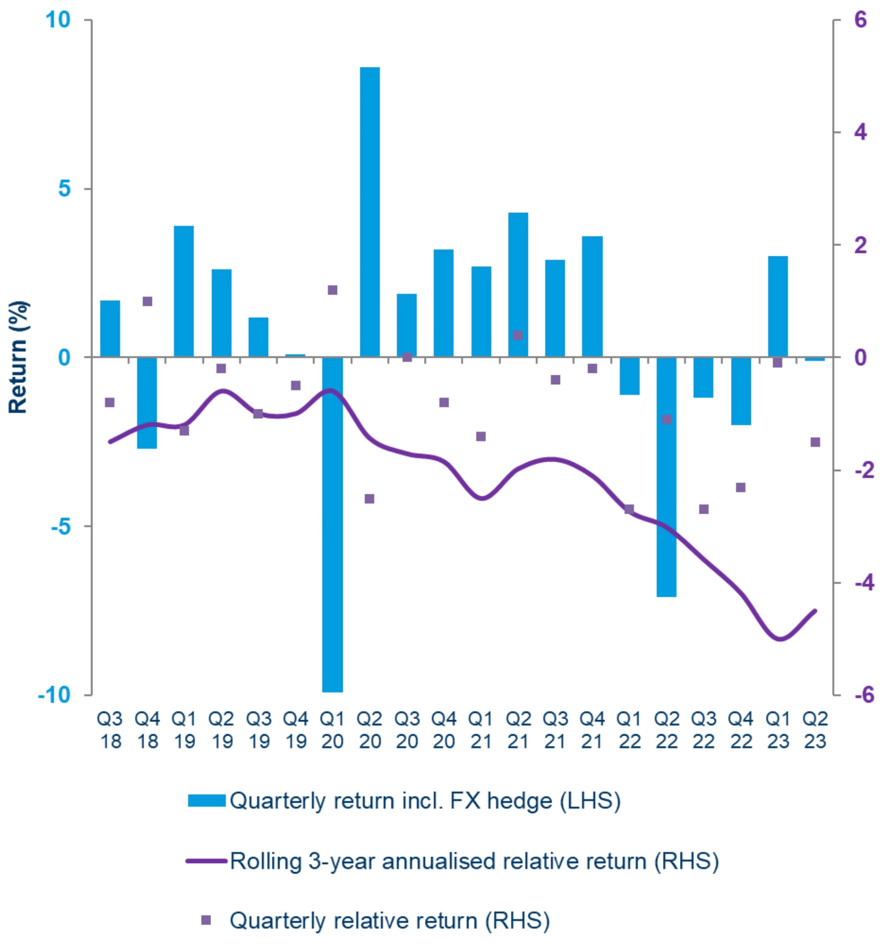
Total Fund Performance



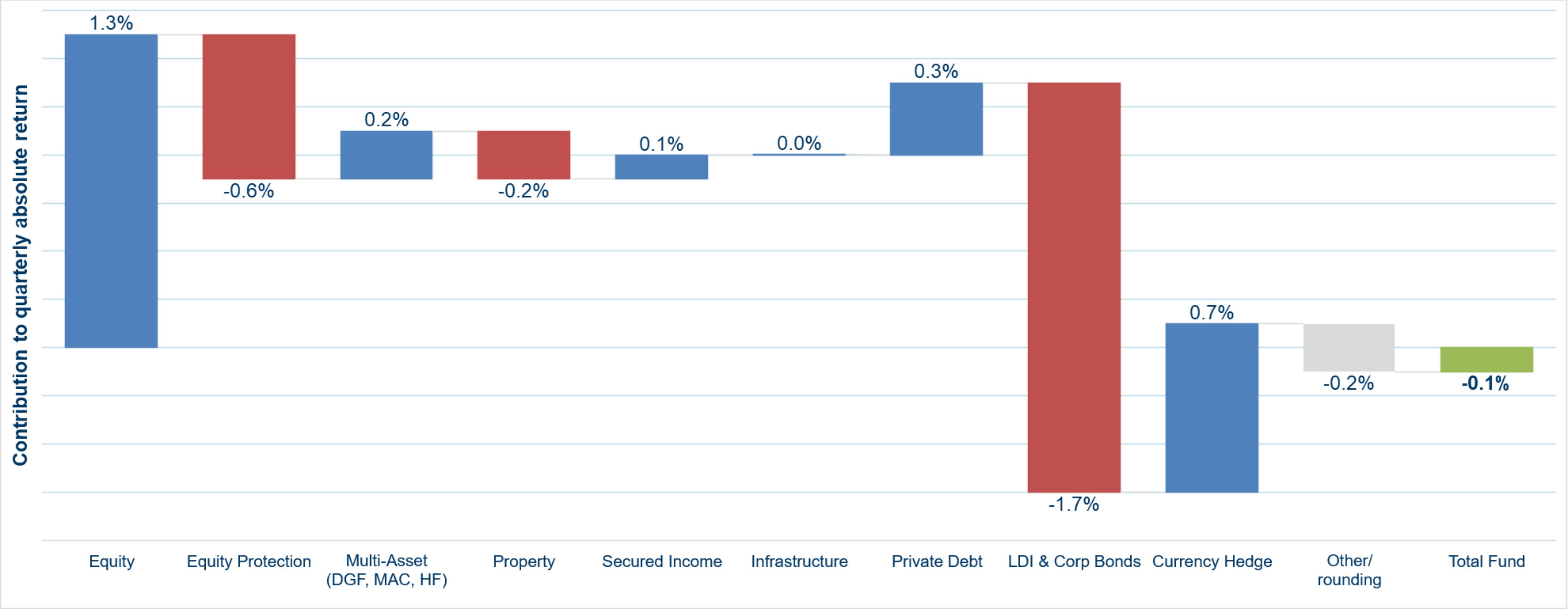
	3 Months (%)	1 Year (%)	3 Years (% p.a.)
Total Fund **(1)**	-0.1	-0.3	3.2
Total Fund (ex currency hedge)	-0.8	-1.1	2.9
Strategic Benchmark **(2)** (ex currency hedge)	1.4	6.4	7.7
Relative (1 - 2)	**-1.5**	**-6.7**	**-4.5**

Source: Custodian, Mercer estimates. Returns are net of fees.

Commentary

- As illustrated on the next slide, the marginal negative return of Fund assets over the quarter was driven by the Protection assets, although this was largely offset by positive returns from all Growth assets with the exception of Property.
- Relative performance in Q2 was mostly negative. Sustainable Equity suffered from an underweight to the few large cap companies in which a lot of the equity market rally was concentrated. The Liquid and Illiquid Growth assets underperformed their cash/inflation-plus benchmarks with the Secured Income portfolio underperforming its benchmark mainly due to the challenges seen in Property markets. The only exception was the Private Debt, .
- The main drivers of underperformance over three years include the Equity Protection strategy (as we would expect given the positive performance from the physical equity holdings), Overseas Property and the Secured Income portfolio.
- The Currency Hedge has added to returns over the period shown due to a strengthening of Sterling.

Total Fund Performance Attribution – Quarter

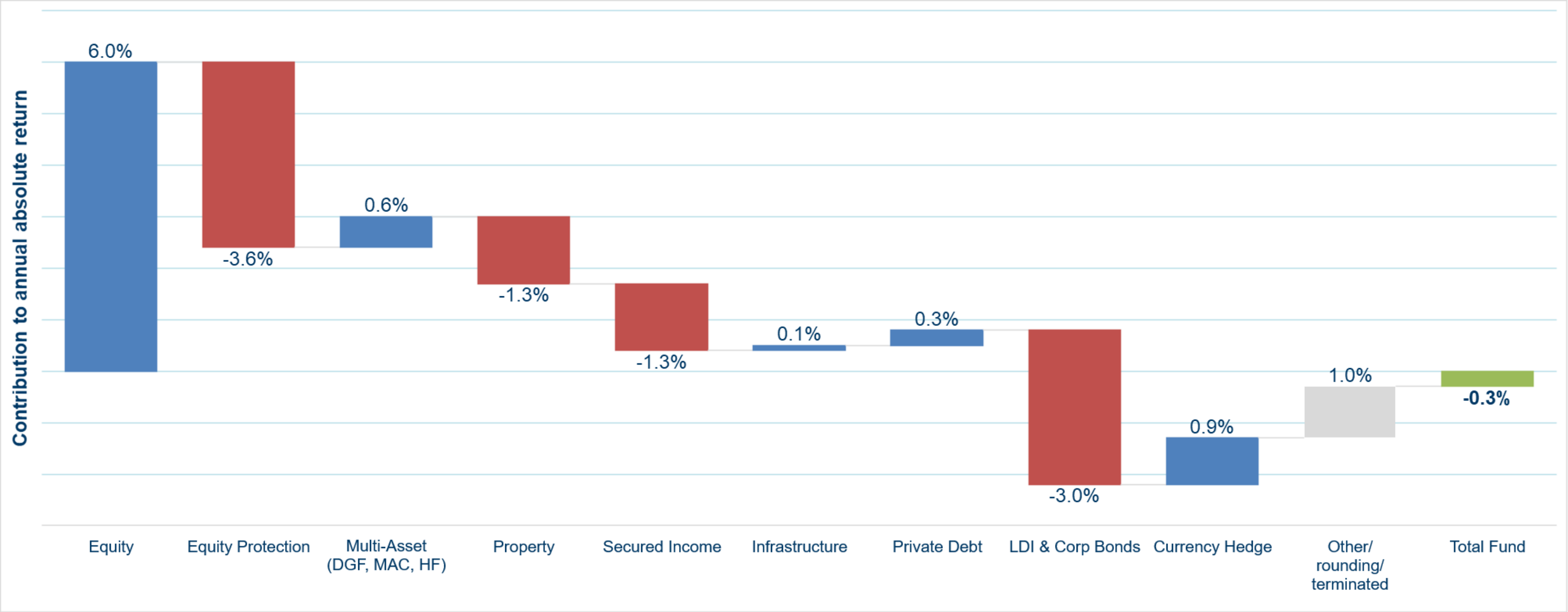


Source: Custodian and Mercer estimates
‘Other’ contributions to the total can include the relatively small holdings in the ETF, cash, the impact of cashflows and terminated mandates, as well as rounding.

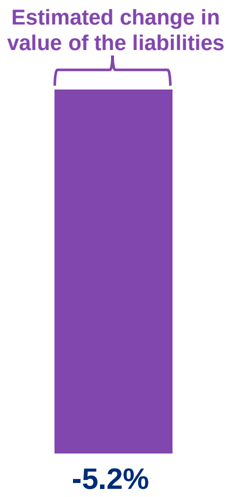
The marginal negative return on the Fund assets over the quarter was driven mainly by the decline in value of the LDI portfolio as nominal yields rose. The Equity Protection detracted, in line with expectations as the underlying physical equity holdings posted positive returns.

All of the broad Growth asset categories contributed to return, except for Property. The Currency Hedge contribution was positive due to the strengthening of Sterling.

Total Fund Performance Attribution – 1 Year



Source: Custodian and Mercer estimates
'Other' contributions to the total can include the relatively small holdings in the ETF, cash, the impact of cashflows and terminated mandates, as well as rounding.



The negative returns from LDI and the Equity Protection were the main detractors over the 1 year period.

Property and Secured Income have also had a difficult year, though all other Growth asset categories contributed positively, especially Equity.

The Currency Hedge contribution was positive due to the strengthening of Sterling.

Mandate Performance to 30 June 2023

Manager / Asset Class	3 Months Fund (%)	B'mark (%)	Relative (%)	1 Year Fund (%)	B'mark (%)	Relative (%)	3 Year Fund (% p.a.)	B'mark (% p.a.)	Relative (% p.a.)	3 Year Performance Target (% p.a.)**	3 Year Performance vs Target
Brunel Global High Alpha Equity	3.9	4.1	-0.2	16.3	13.8	+2.2	11.1	11.6	-0.4	+2-3	Target not met
Brunel Global Sustainable Equity	0.1	3.4	-3.2	10.2	11.9	-1.5	N/A	N/A	N/A	+2	N/A
Brunel Passive Global Equity Paris-Aligned	5.3	5.3	0.0	16.7	16.7	0.0	N/A	N/A	N/A	-	N/A (p)
Brunel Diversified Returns Fund	1.0	1.8	-0.8	1.1	6.2	-4.8	N/A	N/A	N/A	-	N/A
Brunel Multi-Asset Credit	1.8	2.0	-0.2	7.6	7.3	+0.3	N/A	N/A	N/A	-	N/A
Brunel UK Property	0.4	0.3	+0.1	-19.0	-17.1	-2.3	N/A	N/A	N/A	-	N/A
Partners Overseas Property*	-3.5	2.5	-5.9	-8.9	10.0	-17.2	0.5	10.0	-8.6	-	Target not met
Brunel Secured Income - Cycle 1	0.0	2.0	-2.0	-14.4	8.0	-20.7	0.4	6.6	-5.8	+2	Target not met
Brunel Secured Income - Cycle 2	0.1	2.0	-1.9	-12.7	8.0	-19.2	N/A	N/A	N/A	+2	N/A
IFM Core Infrastructure	0.5	2.3	-1.7	6.1	8.3	-2.0	11.4	6.3	+4.8	-	Target met
Brunel Renewable Infrastructure - Cycle 1	-1.8	2.0	-3.7	5.4	8.0	-2.4	5.1	6.6	-1.4	+4	Target not met
Brunel Renewable Infrastructure - Cycle 2	-2.5	2.0	-4.4	15.7	8.0	+7.1	N/A	N/A	N/A	+4	N/A
Brunel Private Debt - Cycle 2	11.7	2.0	+9.5	16.5	7.2	+8.7	N/A	N/A	N/A	-	N/A
BlackRock Corporate Bonds	-4.1	-4.1	0.0	-16.0	-16.0	0.0	-11.4	-11.4	0.0	-	N/A (p)
BlackRock LDI	-8.0	-8.0	0.0	-17.4	-17.4	0.0	1.9	1.9	0.0	-	N/A (p)
Equity Protection Strategy	-1.2	N/A	N/A	-6.8	N/A	N/A	-5.6	N/A	N/A	-	N/A

Source: Investment Managers, Custodian, Mercer estimates. Returns are net of fees. Returns are in GBP terms
Relative returns have been calculated geometrically (i.e. the portfolio return is divided by the benchmark return) rather than arithmetically.
A summary of the benchmarks for each of the mandates is given in the Appendix.
Green = mandate exceeded target. Red = mandate underperformed target. Black = mandate performed in line with target (mainly reflecting passive mandates).

Performance for Partners in IRR terms. Performance for IFM is in TWR terms.
Performance of the Equity Protection Strategy is estimated by Mercer based on the change in market value of the options over time, accounting for realised profit/loss upon rolling of the strategy.
*Partners performance is to 31 March 2023, as this is the latest data available.
**Where the outperformance target has not already been incorporated into the benchmark returns shown. See Appendix for further details.
Performance is not yet illustrated for Private Market Cycle 3 investments, which will become more meaningful with the passage of time.

Asset Allocation

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Valuations by Asset Class

Asset Class	Start of Quarter (£'000)	End of Quarter (£'000)	Start of Quarter (%)	End of Quarter (%)	Benchmark (%)	Ranges (%)			Relative (%)
Global Equity*	1,416,993	635,125	26.3	11.6	10.5	5.5	-	15.5	+1.1
Global Sustainable Equity	792,531	589,576	14.7	10.8	10.5	5.5	-	15.5	+0.3
Paris-Aligned Equity*	278,856	1,346,330	5.2	24.7	20.5	12.5	-	28.5	+4.2
Diversified Returns Fund	336,583	339,865	6.3	6.2	6.0	3	-	9	+0.2
Fund of Hedge Funds**	32,638	22,335	0.6	0.4	-	No set range			+0.4
Multi-Asset Credit	304,609	310,208	5.7	5.7	6.0	3	-	9	-0.3
Property	342,961	332,948	6.4	6.1	7.0	No set range			-0.9
Secured Income	435,092	543,334	8.1	10.0	9.0	No set range			+1.0
Core Infrastructure	313,207	314,803	5.8	5.8	4.0	No set range			+1.8
Renewable Infrastructure	163,699	168,655	3.0	3.1	5.0	No set range			-1.9
Private Debt	128,903	158,685	2.4	2.9	4.5	No set range			-1.6
Local / Social Impact	-	-	-	-	3.0	No set range			-
Corporate Bonds	170,711	163,667	3.2	3.0	2.0	No set range			+1.0
LDI & Equity Protection	983,979	1,023,496	18.3	18.8	12.0	No set range			+6.8
*Synthetic Equity Offset**	*-562,614*	*-733,621*	*-10.4*	*-13.4*	-	-			-
Other***	245,723	239,340	4.6	4.4	-	0	-	5	+4.4
Total	**5,383,885**	**5,454,760**	**100.0**	**100.0**	**100.0**				

Source: Custodian, Investment Managers, Mercer. Red numbers indicate the allocation is outside of tolerance ranges.
Totals may not sum due to rounding.
*Global Equity (at the start of the quarter) and Paris-Aligned (at the end of the quarter) includes synthetic exposure via the BlackRock QIF; Synthetic Equity Offset reflects an offsetting value to account for the difference between the exposure to equity markets and the actual mark to market value of the holding.
**Mandate due to be terminated.
***Valuation includes internal cash, the ETF and currency instruments.

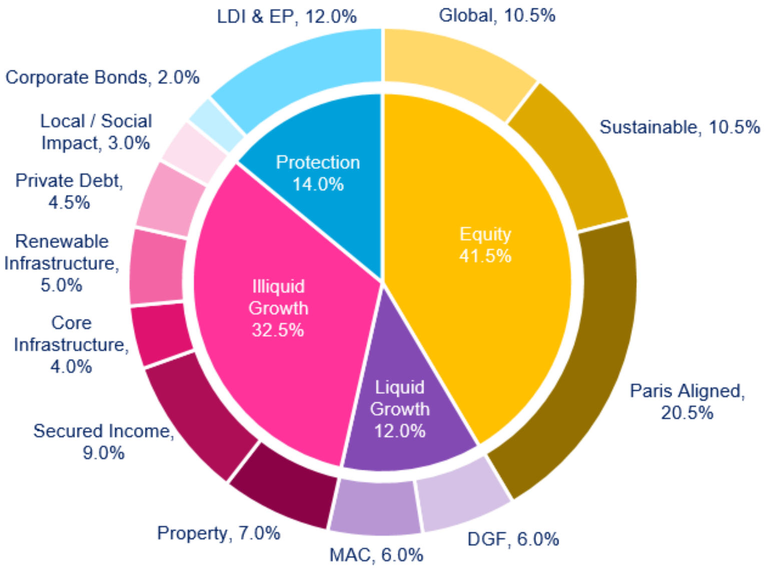
Valuations by Manager

Manager	Asset Class	Start of Quarter (£'000)	Cashflows (£'000)	End of Quarter (£'000)	Start of Quarter (%)	End of Quarter (%)
BlackRock	Global Equity*	708,487	-148,208	-	13.2	0.0
Brunel	Global High Alpha Equity	698,860	-99,930	621,442	13.0	11.4
Brunel	Global Sustainable Equity	792,531	-199,880	589,576	14.7	10.8
Brunel	Passive Global Equity Paris Aligned	278,856	299,993	612,709	5.2	11.2
BlackRock	MSCI Paris-Aligned (Synthetic)*	-		733,621	-	13.4
Brunel	Diversified Returns Fund	336,583		339,865	6.3	6.2
JP Morgan	Fund of Hedge Funds	32,638	-12,038	22,335	0.6	0.4
Brunel	Multi-Asset Credit	304,609		310,208	5.7	5.7
Brunel	UK Property	180,699	-72	181,693	3.4	3.3
Schroders	UK Property	13,018		12,750	0.2	0.2
Partners	Overseas Property	149,245	-798	138,506	2.8	2.5
Brunel	Secured Income – Cycle 1	323,868	-4,123	319,833	6.0	5.9
Brunel	Secured Income – Cycle 2	111,224	-1,422	109,972	2.1	2.0
Brunel	Secured Income – Cycle 3	-	107,034	113,528	-	2.1
IFM	Core Infrastructure	313,207		314,803	5.8	5.8
Brunel	Renewable Infrastructure – Cycle 1	98,180	6,281	102,773	1.8	1.9
Brunel	Renewable Infrastructure – Cycle 2	57,901	1,843	58,427	1.1	1.1
Brunel	Renewable Infrastructure – Cycle 3	7,618	-41	7,456	0.1	0.1
Brunel	Private Debt – Cycle 2	114,081	10,727	138,568	2.1	2.5
Brunel	Private Debt – Cycle 3	14,821	4,979	20,117	0.3	0.4
BlackRock	Corporate Bonds	170,711		163,667	3.2	3.0
BlackRock	LDI & Equity Protection	983,979	148,208	1,023,496	18.3	18.8
BlackRock	*Synthetic Equity Offset*	-562,614		-733,621	-10.4	-13.4
Record	Currency Hedging (incl. collateral)	25,681	10,000	70,650	0.5	1.3
BlackRock	ETF	127,088		125,687	2.4	2.3
Internal Cash	Cash	101,839	-46,349	55,925	1.9	1.0
Total		**5,383,885**	**76,200**	**5,454,760**	100.0	100.0

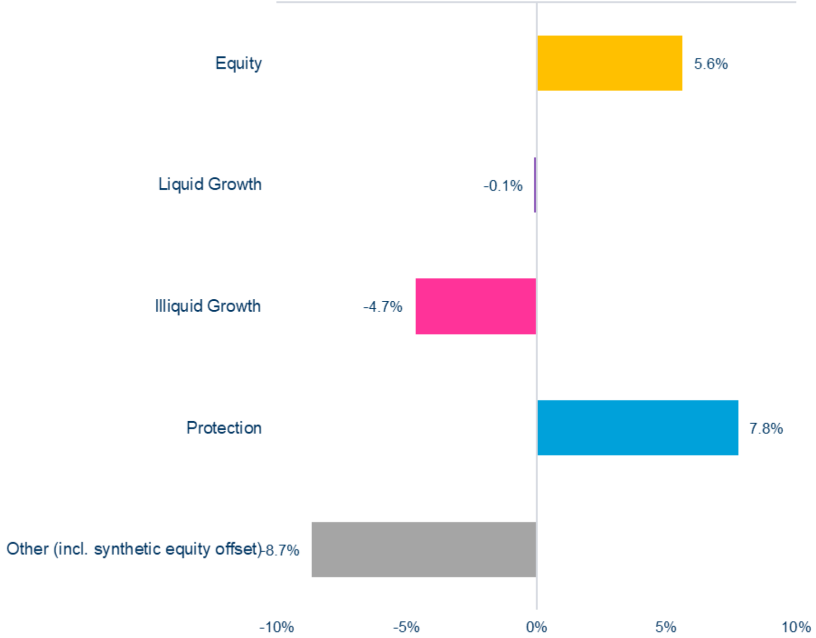
Source: Investment Managers, Mercer. Totals may not sum due to rounding.
The cashflow column shows only the cash movements within the asset portfolio. It does not include non-investment cash movements such as employer contributions or pension payments made, however these amounts are included in the 'Internal Cash' start and end balance to reflect the asset value position of the total Fund. *Global Equity (at the start of the quarter) and MSCI World PAB includes synthetic exposure via the BlackRock QIF; Synthetic Equity Offset reflects an offsetting value to account for the difference between the exposure to equity markets and the actual mark to market value of the holding.

Positioning relative to target

Strategic Asset Allocation (“SAA”)



Relative positioning



Commentary

- The Plan updated its Strategic Asset Allocation as part of the 2023 Investment Strategy Review. Among other things, specific to the SAA this included agreements to:
  - Tilt the active/passive split for equities from 67/33 to 50/50
  - Introduce an initial target allocation of 3% for a Local/Social Impact portfolio; being funded strategically from the other existing components of the Illiquid Growth portfolio
- The right hand side chart displays the actual relative weights of the key portfolio building blocks compared to the SAA:
  - The overweight to Equity reflects strong recent absolute performance
  - The underweight to Illiquid Growth reflects the fact that most of the portfolios are still drawing down capital, and in particular the plans to fund the new allocation to a Local / Social Impact portfolio are still being developed.
  - The overweight to Protection reflects the collateral boost provided by the synthesising of some of the Equity allocation; meaning that in practice an overweight to this building block is likely persist and is unlikely to trigger any consideration for action, which would continue to be driven more specifically by collateral adequacy requirements.

Appendix

Q2 2023 Equity Market Review

Global equity markets exhibited extremely narrow leadership over the second quarter. Nvidia was the catalyst for a rally in technology stocks. Fewer than 10 stocks made up most of the S&P 500 return through Q2.

Equity markets in the US have looked through the regional banking distress during the quarter. Earnings remained resilient, but analyst expectations point to a decline in the coming quarter.

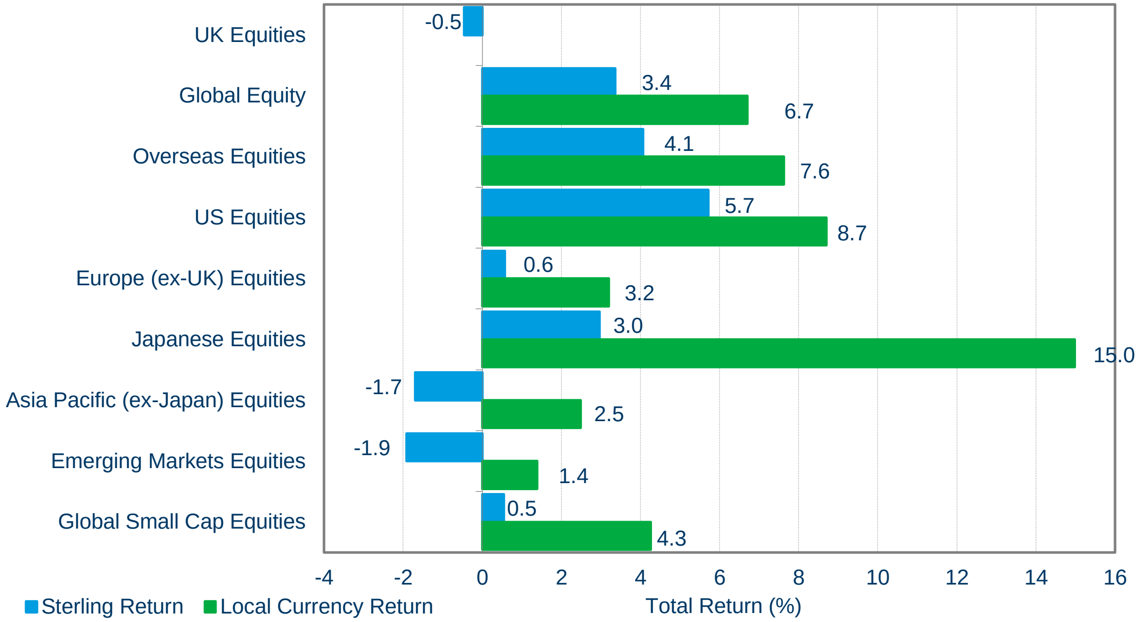
Global equities returned 3.4% in sterling terms and 6.7% in local currency terms as the dollar depreciated versus sterling.

US equities returned 8.7% in local currency terms, whilst European (ex-UK) equities returns 3.2%, and Japanese equities returned 15.0%.

Emerging markets ('EM') equities returned 1.4% in local terms.

Global small cap stocks returned 4.3% in local terms. Small caps underperformed global equities due to their lack of exposure to the large cap tech stocks which were the main driver of global equity returns this quarter.

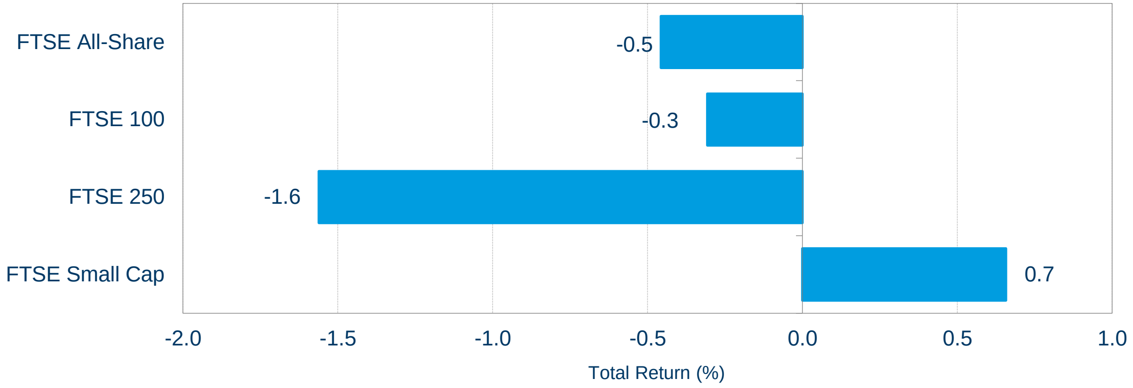
Equity Performance



The **FTSE All Share** index returned -0.5% over the quarter with the large cap **FTSE 100** index returning -0.3%. Large cap equities (All-Share and FTSE 100) produced negative returns whilst smaller, more domestically focused, equities (**FTSE 250**) produced worse negative returns. However, the **small cap** index produced a positive 0.7% return.

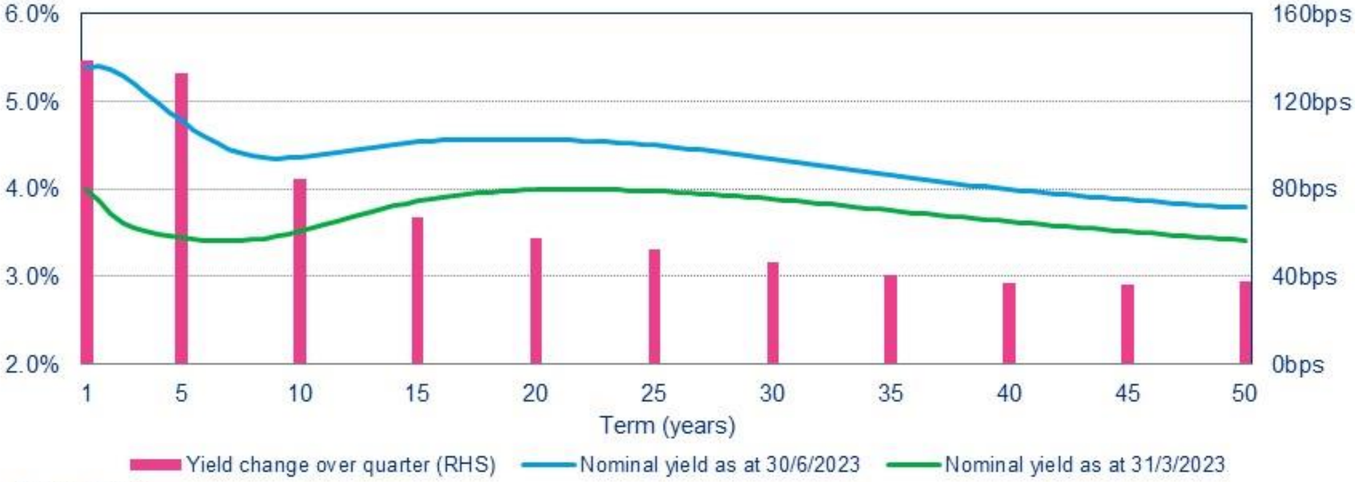
Poor performance in the basic materials and telecoms sectors were a drag on UK performance relative to global equities.

FTSE Performance by Market Cap



Q2 2023 Bond Market Review

Source: Mercer and Bloomberg



Source: Mercer

Government Bond Yields

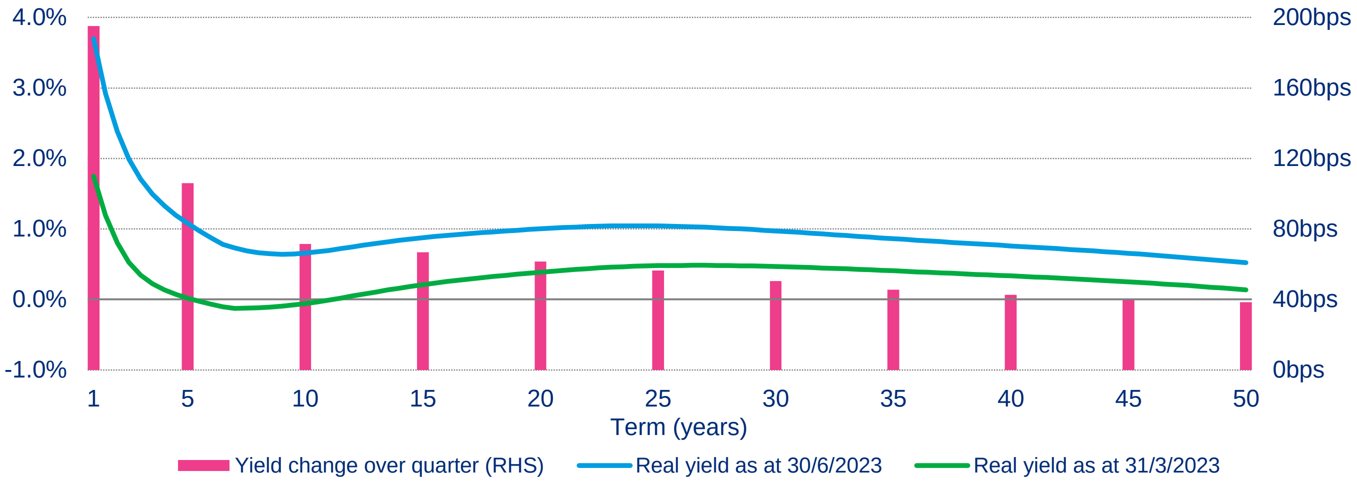
10-year global government bond yields rose over the quarter. In the UK, short- dated gilts rose sharply, further inverting the curve from short-dated to 10-year tenors. The UK is now back at yield levels witnessed during the gilt crisis in September 2022 but the market is considerably less disorderly than in September.

The US, like the UK, saw a further inverting of the curve, as the front end rose more than the long end. 5-year yields rose 130bps in the UK and 58bps in the US. 20-year yields rose by around 69bps in the UK and 27bps in the US.

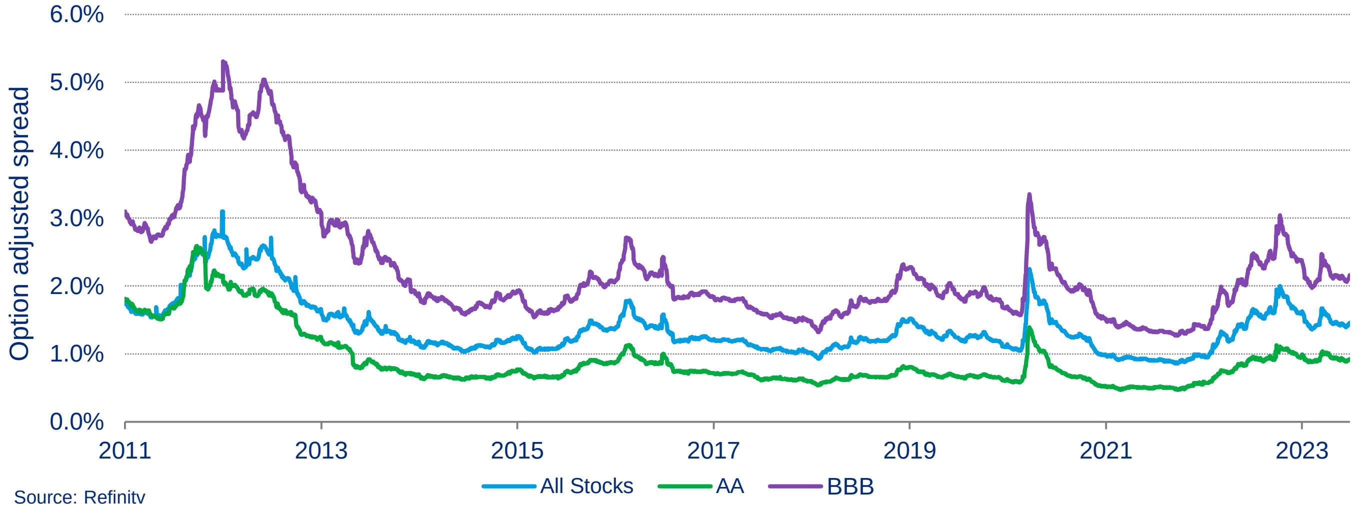
Both the Federal Reserve and the Bank of England raised interest rates over the quarter, while the Fed paused rate hikes at their June meeting but are expected to hike again at their next meeting.

The German 10-year yield rose around 10bps; the European Central Bank raised rates twice over the quarter and continue to reiterate hawkish guidance that they remain committed to increase rates further.

Q2 2023 Bond Market Review



Source: Mercer



Source: Refinitv

UK Index-Linked Gilt Yields

UK real yields rose across the curve, led by the short end as the Bank of England remained in its hiking cycle. UK inflation remains considerably above target. Real yields, for all maturities remain in positive territory. Market based measures of inflation expectations, in the form of breakeven inflation, rose over the quarter. The UK 10-year breakeven rate rose to 3.9%, ~9bps higher than at the end of last quarter. However, this masks some of the volatility witnessed in the quarter, as 10yr breakeven rates fell to 3.5% intra quarter. Market based measures of inflation expectations for the US fell over the quarter.

Corporate bonds

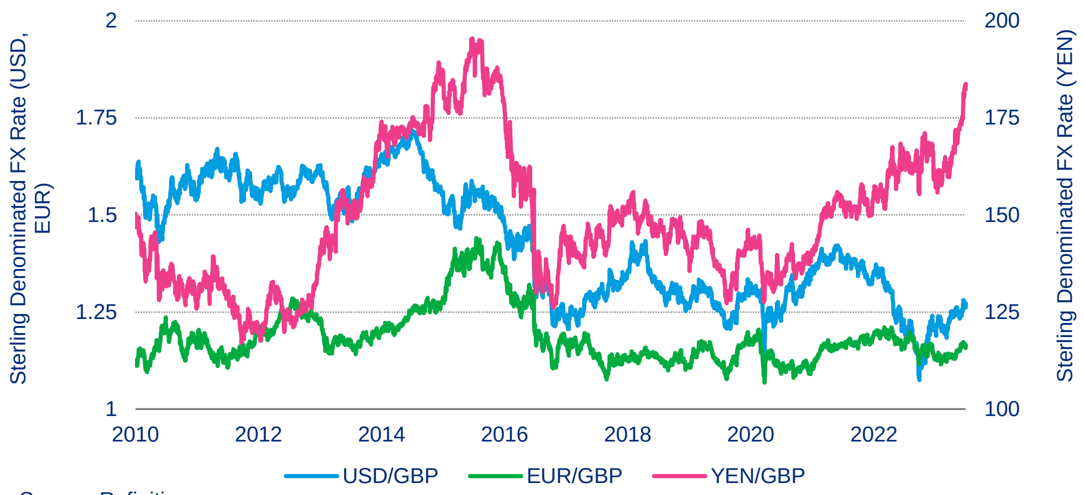
Spreads on UK investment grade credit tightened marginally over the quarter, with spreads on lower rated credit tightening more than for higher rated credit. UK credit outperformed equivalent duration government bonds. This was at odds with the negative performance we saw for UK equities.

Q2 2023 Currency Market Review

Sterling's performance over the quarter was positive, appreciating versus the US dollar, euro and yen. Sterling strength was driven by a combination of a weak US dollar, economic weakness in the Eurozone, in addition to rising UK rates supporting Sterling versus other currencies, most notably yen.

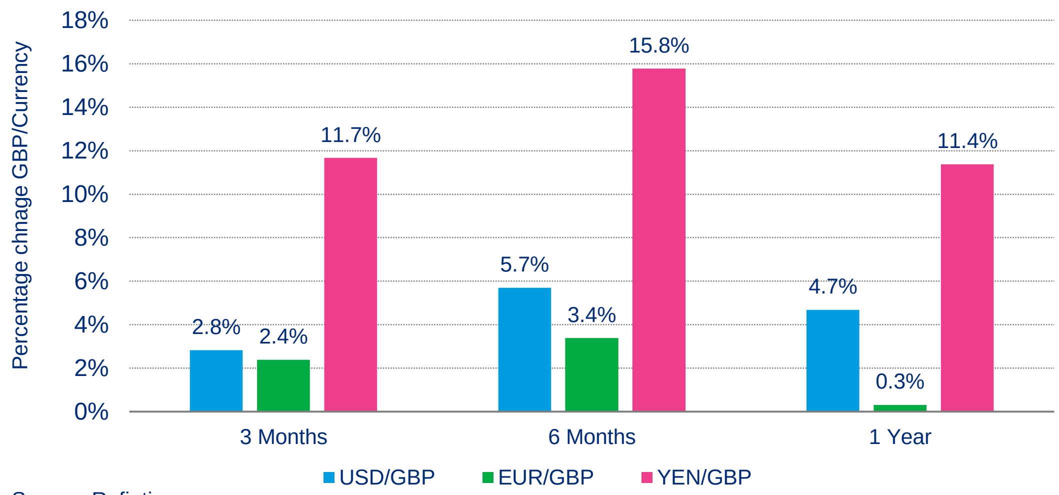
On a 12-months basis, sterling has appreciated considerably versus US dollar and yen but is flat versus euro.

Sterling Denominated FX Rate



Source: Refinitiv

Change in sterling against foreign currencies



Source: Refintiv

Q2 2023 Property

UK property as measured by the MSCI Index increased by 1.0% over the quarter.

Summary of Mandates

Manager	Mandate	Benchmark/Target	Outperformance Target (p.a.)	Inception Date
BlackRock	Passive Paris-Aligned Equity (Synthetic Exposure)	MSCI Paris-Aligned Benchmark	-	May 2023
Brunel	Global High Alpha Equity	MSCI World	+2-3%	November 2019
Brunel	Global Sustainable Equity	MSCI AC World	+2%	September 2020
Brunel	Passive Global Equity Paris Aligned	FTSE Developed World PAB Index	-	October 2021
Brunel	Diversified Returns Fund	SONIA +3-5% p.a.	-	July 2020
Brunel	Multi-Asset Credit	SONIA +4-5% p.a.	-	June 2021
Brunel	UK Property	MSCI/AREF UK Quarterly Property Fund Index	-	January 2021
Partners	Overseas Property	Net IRR of 10% p.a. (local currency)	-	September 2009
Brunel	Secured Income (Cycles 1-3)	CPI	+2%	January 2019
IFM	Core Infrastructure	SONIA +5% p.a.	-	April 2016
Brunel	Renewable Infrastructure (Cycles 1-3)	CPI	+4%	January 2019
Brunel	Private Debt (Cycles 2-3)	SONIA + 4% p.a.	-	September 2021
BlackRock	Buy-and-Maintain Corporate Bonds	Return on bonds held	-	February 2016
BlackRock	Matching (Liability Driven Investing)	Return on liabilities being hedged	-	February 2016
Record	Passive Currency Hedging	N/A	-	March 2016
BlackRock	Exchange-Traded Fund (ETF)	Bespoke benchmark to reflect total Fund allocation	-	March 2019
Cash	Internally Managed	-	-	-

Market Background Indices

Asset Class	Index
UK Equity	FTSE All-Share
Global Equity	FTSE All-World
Overseas Equity	FTSE World ex-UK
US Equity	FTSE USA
Europe (ex-UK) Equity	FTSE World Europe ex-UK
Japanese Equity	FTSE Japan
Asia Pacific (ex-Japan) Equity	FTSE World Asia Pacific ex-Japan
Emerging Markets Equity	FTSE Emerging
Global Small Cap Equity	MSCI World Small Cap
Hedge Funds	HFRX Global Hedge Fund
High Yield Bonds	ICE BofAML Global High Yield
Emerging Market Debt	JP Morgan GBI EM Diversified Composite
Property	MSCI UK Monthly Total Return: All Property
Commodities	S&P GSCI
Over 15 Year Gilts	FTA UK Gilts 15+ year
Sterling Non Gilts	ICE BofAML Sterling Non Gilts
Over 5 Year Index-Linked Gilts	FTA UK Index Linked Gilts 5+ year
Global Bonds	ICE BofAML Global Broad Market
Global Credit	Bloomberg Capital Global Credit
Eurozone Government Bonds	ICE BofAML EMU Direct Government
Cash	SONIA

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