

Appendix 3: Legacy Mandates

1. Partners Group

Partners Group, a global private markets manager with approximately \$152 billion in assets under management, has overseen a real estate portfolio on behalf of Avon Pension Fund since 2009. The initial allocation target was 5% of assets, with the Fund committing to later funds to maintain the target allocation.

Since 2020, no further commitments have been made to Partners Group, and the portfolio is in wind down, distributing proceeds of portfolio exits. Partners Group have indicated that no outstanding commitments will be called, and therefore, no further drawdown notices will be issued. During the programme, distributions were used to meet capital calls in the newer funds.

The portfolio currently comprises 10 remaining funds, as detailed in the table below. Of these, the first five are in liquidation and distributing small residual values. The remaining five funds are in the realisation phase and are actively disposing of their remaining assets.

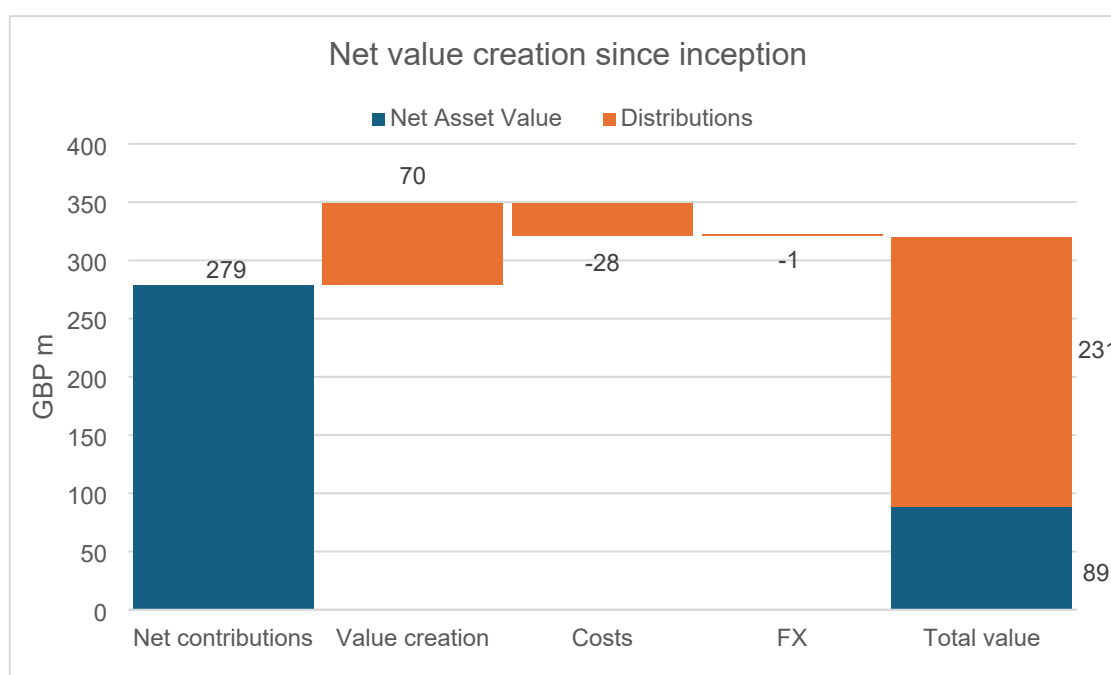
Program / Vintage	Currency	Commitments (£'m)	Net Contributions (£'m)	Distributions (£'m)	Net Asset Value (local ccy)	Net IRR (local ccy)	Maturity Date
Asia-Pacific & EM 2009	USD	30.0	27.5	28.2	0.2	0.70%	Aug-21
Distressed US 2009	USD	25.0	22.5	31.0	-	7.40%	Sep-21
Global RE 2008	EUR	40.0	35.7	43.8	-	3.80%	Dec-21
Secondary RE 2009	EUR	25.0	23.5	33.9	1.5	7.30%	Aug-22
Income RE 2014	EUR	30.0	27.1	30.0	0.1	2.60%	Dec-22
Global RE 2011	EUR	20.0	29.8	36.7	2.7	5.70%	Dec-23
Direct RE 2011	USD	20.0	18.0	20.0	1.4	3.50%	Jun-24
Asia-Pacific RE 2016	USD	30.0	23.2	9.1	12.7	- 1.40%	Dec-28
Secondary RE 2013	EUR	20.0	14.4	15.1	5.6	8.10%	Sep-29
Global RE 2013	EUR	185.0	132.2	40.1	81.9	- 1.20%	Oct-29

The largest exposures within the Partners Group real estate portfolio are the Asia-Pacific Real Estate 2016 and the Global Real Estate 2013 funds. Notable assets held in these portfolios include 80 Fenchurch Street, a 250,000sq ft Grade A office development located in a prime area of the City of London. A significant recent development has been the receipt of proceeds from the sale of Annington Homes, a large residential portfolio comprising homes, sold to the UK Ministry of Defence for a total cash consideration of £6.0 billion. Avon Pension Fund's share of the proceeds totals c.£20 million, approximately £10m of which has already been distributed.

Proceeds from the wind-down of the Partners Group real estate portfolio have been earmarked for reallocation to local and natural capital investments. Development of a

natural capital portfolio has paused and will recommence under new pooling arrangements. Proceeds in the meantime will continue to be invested in the Fund's cash management strategy for deployment in other private market portfolios.

Partners Group reports performance using the Internal Rate of Return (IRR), which is an appropriate measure for this (private market) asset class, given the irregular cashflows and the fact capital is drawn down and returned over time. However, the custodian measures performance on a time weighted basis which does not take account of the cashflows, which does not reflect the true value add from the portfolio. Since inception the aggregate portfolio has delivered a net IRR of 2.1%. The value creation drivers are set out in the below chart.



As the Partners Group portfolio now represents <2% of total AUM it no longer has a material impact on the overall Fund performance, together with the measurement issue, officers have instructed the Fund's custodian (State Street) to remove the Partners Group portfolio from performance reporting against the portfolio's strategic benchmark. The overall return will still be included in the aggregate fund return. Instead, Officers will monitor the distributions and report progress periodically to the Panel. The last underlying Fund is due to terminate in 2028/9.

2. JP Morgan Hedge Fund

APF Absolute Return Strategies was incorporated in July 2015 as a Luxembourg open-ended investment fund. Portfolio management responsibilities were delegated to JP Morgan Alternative Asset Management, Inc. and the fund operated as a fund of hedge funds. The Fund entered liquidation in October 2022 (following asset allocation review), and the manager is currently in the process of liquidating the underlying holdings and returning capital in an orderly fashion. Based on current projections, the

liquidation strategy is expected to conclude by the end of 2026 under a best-case scenario.

As of 31 March 2025, the net asset value of the remaining investments stood at £15.2 million. In the past year the Fund has received distributions totalling USD \$4.4 million. Given the size of this fund in relation to overall Fund assets and that it is not being actively managed, it too will be removed from quarterly performance reporting.

3. Schroder Property

The Schroder Property Fund is a legacy holding from the Avon Pension Fund's original property portfolio. All other property investments have either transferred to Brunel to be managed within the Brunel UK Property portfolio or have been fully liquidated. The remaining asset within the Schroder mandate is the closed ended Income Plus Real Estate Debt L.P. which had a net asset value of £13.1 million as at 31 March 2025 which is in the realisation phase. It is anticipated that this holding will be redeemed by the end of 2025 and following a final payment of any fund fees due to the manager, this agreement will then terminate.

Distributions have increased recently with £2.5 million returned to the Fund over the past 12 months. Given the size of this fund in relation to overall Fund assets and that it is not being actively managed, it too will be removed from quarterly performance reporting.