

Review of Investment Performance **for the Quarter to 31st March 2019**

1. Somerset County Council (Global Equity)

1.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

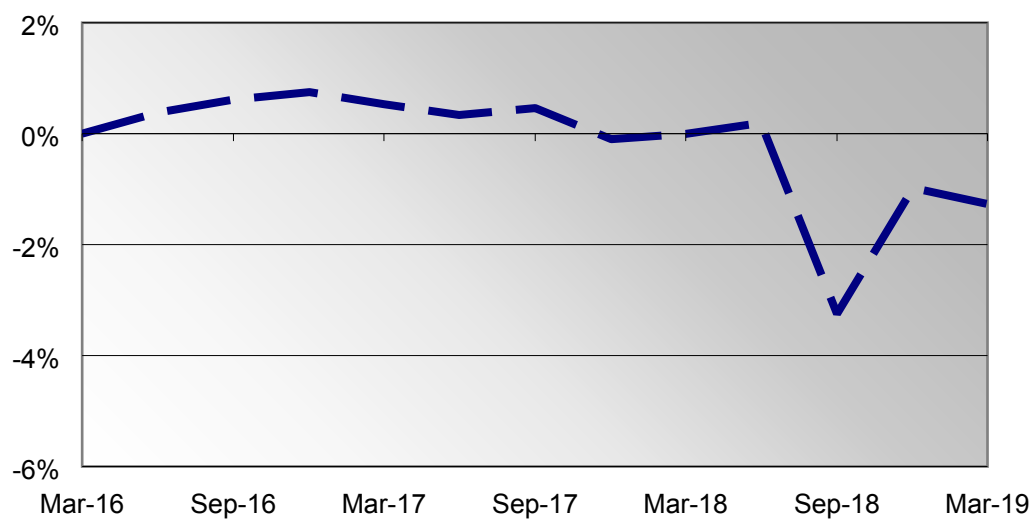
Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
32.8	Global equities	9.7	9.8	-0.1
0.1	Cash			
32.9	Total	9.7	9.8	-0.1

1.2 The majority of the stock was transferred to a LGIM managed passive pooled fund in July. The LGIM funds are the pooled solution chosen by Brunel. We have held on to a small residual position to use as a source of cash in the short term and to help manage the overall transition to Brunel managed funds.

1.3 The fund underperformed the benchmark during the quarter. As part of significantly reducing the size of the portfolio we have reduced the number of assets held and this may give rise to greater volatility of relative returns.

1.4 Absolute returns for the quarter were strongly positive.

In-House Fund performance Vs Benchmark



1.5

The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	10.8	11.8	-1.0
3 years	14.6	15.0	-0.4
5 years	12.5	12.7	-0.2
10 years	13.7	14.0	-0.3

2. Brunel - LGIM (Global Equity)

2.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
517.1	Global equities	9.8	9.8	+0.0

2.2 The LGIM passive fund matched the performance of the benchmark for the quarter. Absolute performance was strongly positive.

3. Aberdeen Standard Investments (UK Equities)

3.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
9.5	UK	9.3	9.4	-0.1
0.0	Cash			
9.5	Total	9.3	9.4	-0.1

3.2 The transfer of the majority of this mandate to the equivalent Brunel offering took place in November. The residual holding is in a smaller companies fund and will be used as a source of cash as necessary.

3.3 Aberdeen Standard had a poor quarter relative to their benchmark. Absolute returns were strongly positive. Smaller companies significantly under performed during the quarter and the Aberdeen Standard fund outperformed the smaller companies benchmark.

4. Brunel (UK Equities)

4.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
441.5	UK	9.7	9.4	+0.3

4.2 The Brunel UK portfolio is managed by a combination of Invesco, Baillie Gifford and Aberdeen Standard.

4.3 The portfolio outperformed the benchmark during the quarter. Absolute performance was strongly positive

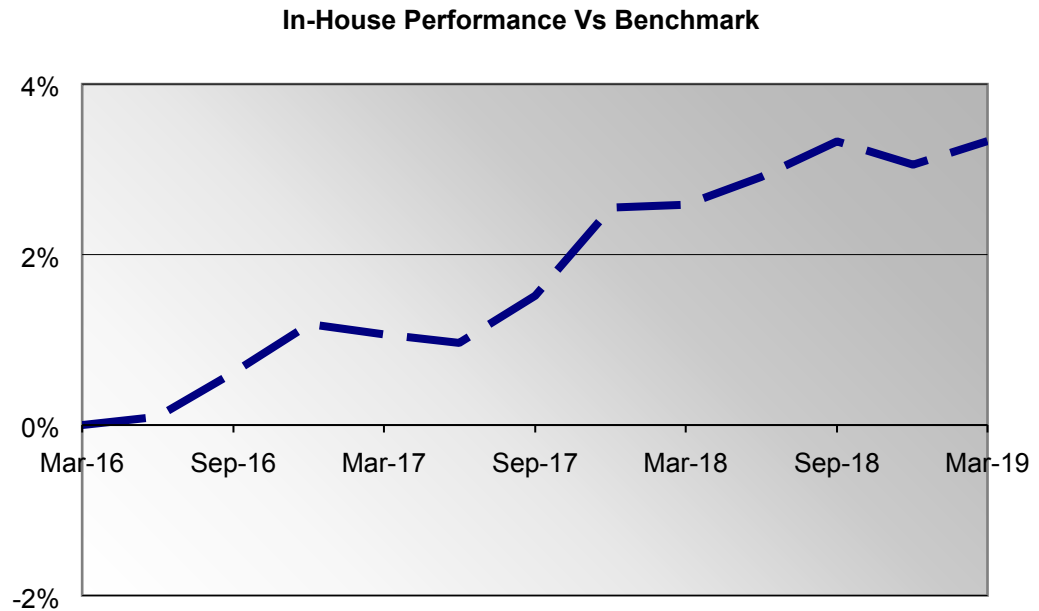
5. Somerset County Council (North American Equities)

5.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
114.7	North America	11.0	11.1	-0.1
0.1	Cash			
114.8	Total	11.0	11.1	-0.1

5.2 The in-house fund marginally underperformed the benchmark for the quarter.

5.3 Absolute levels of performance during the quarter were strongly positive.



5.4 The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	18.1	17.9	+0.2
3 years	18.1	17.3	+0.8
5 years	16.9	16.5	+0.4
10 years	Initial investment in December 2011		

6. Jupiter (Continental European Equities)

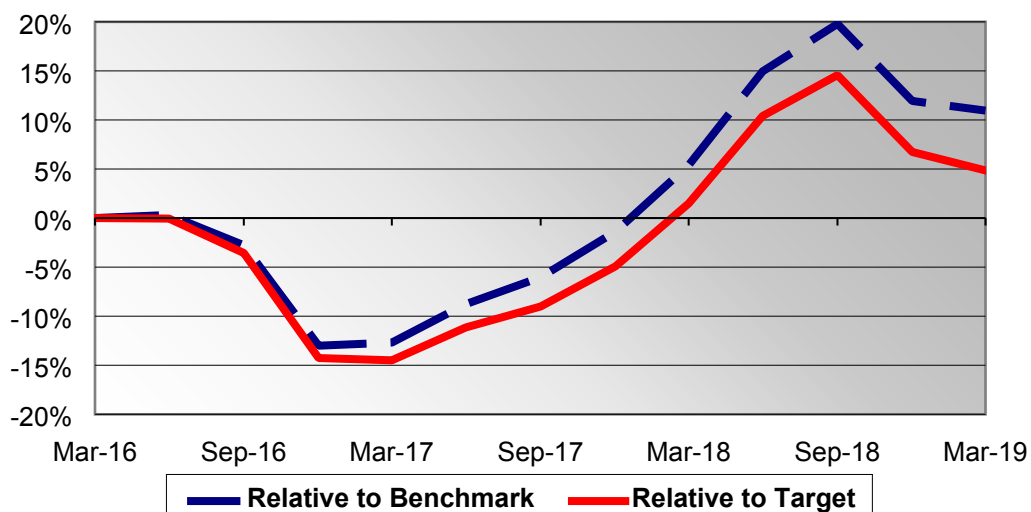
6.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
151.3	Europe	6.8	8.0	-1.2
2.2	Cash			
153.5	Total	6.6	8.0	-1.4

6.2 Jupiter had a poor quarter relative to the benchmark, with under performance of 1.2%. Absolute performance was strongly positive. Performance relative to benchmark continues to be very volatile from one month to the next.

6.3 Jupiter’s target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Jupeter Performance Vs Benchmark & Target



6.4 The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	6.5	2.6	+3.9
3 years	14.0	11.0	+3.0
5 years	13.0	7.1	+5.9
10 years	16.2	10.7	+5.5

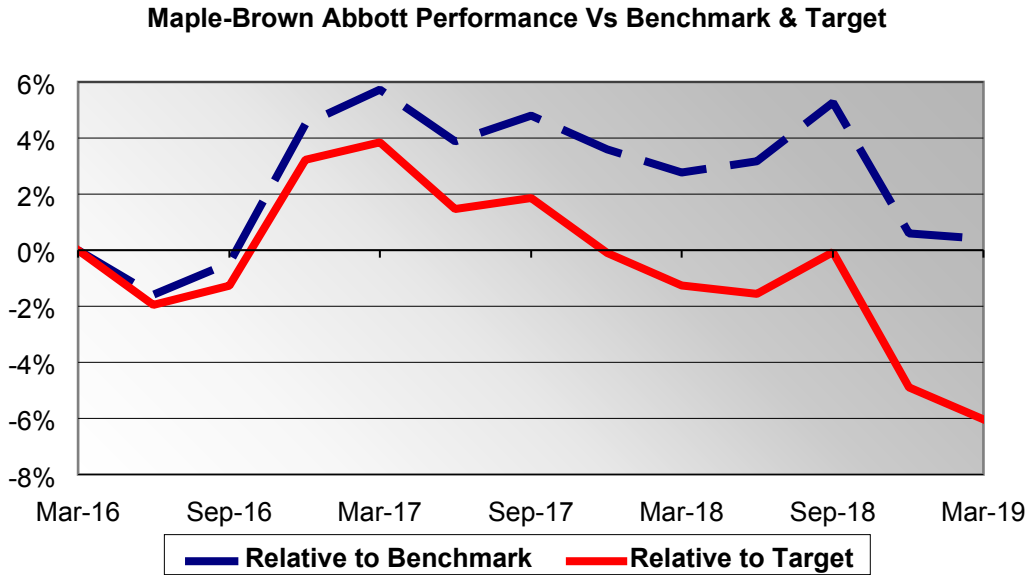
7. Maple-Brown Abbott (Far-East Equities ex-Japan)

7.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
62.0	Pacific (ex Japan)	7.7	7.8	-0.1
0.7	Cash			
62.7	Total	7.6	7.8	-0.2

7.2 Maple-Brown Abbott had a poor quarter relative to their benchmark. Absolute returns were strongly positive. The under-performance was due to poor stock selection in Hong Kong.

7.3 Maple-Brown Abbott’s target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.



7.4 The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	3.1	4.8	-1.7
3 years	13.8	13.6	+0.2
5 years	Initial investment in July 2014		
10 years			

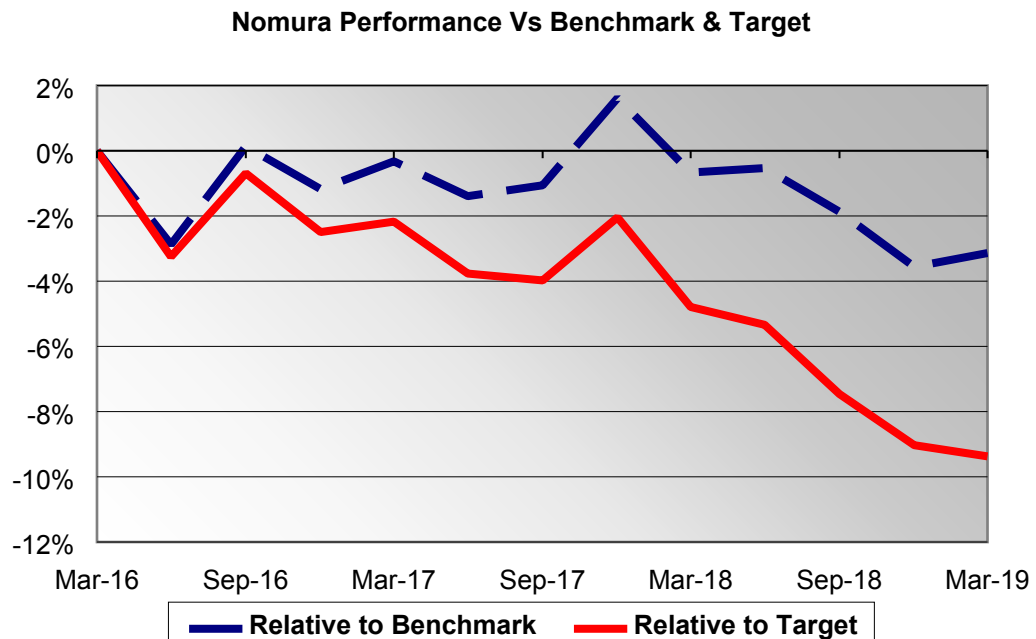
8. Nomura (Japanese Equity)

8.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
63.1	Japan	4.8	4.4	+0.4

8.2 Absolute performance was strongly positive. Relative performance was positive. Good stock selection in Construction and Chemicals were significant contributors to the outperformance.

8.3 Nomura's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.



8.4 The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	-3.5	-1.8	-1.7
3 years	11.4	12.2	-0.8
5 years	10.7	11.9	-1.2
10 years	Initial investment in March 2010		

9. Amundi (Emerging Market Equity)

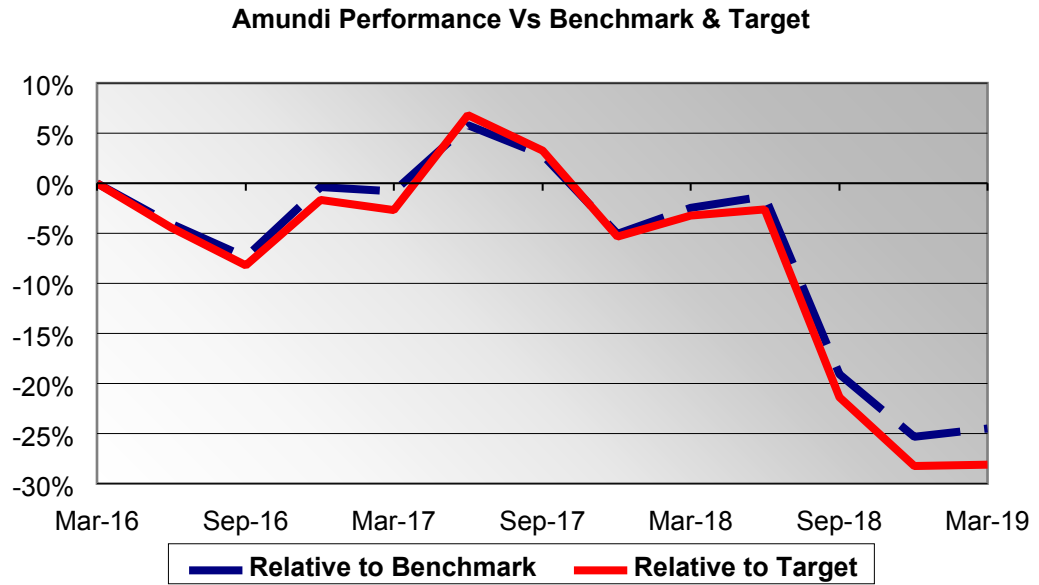
9.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019			
Value as at 31 Mar £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
81.5 Emerging Market	9.8	7.4	+2.4

9.2 Relative performance for the quarter was very good, absolute returns were strongly positive. Strong stock selection in Financials, Industrials and IT contributed to the outperformance for the quarter.

9.3

Amundi's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.



9.4

The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	-15.3	-0.3	-15.0
3 years	7.7	14.4	-6.6
5 years	4.5	8.9	-4.4
10 years	6.2	10.0	-3.8

10. Aberdeen Standard Investments (Fixed Interest)

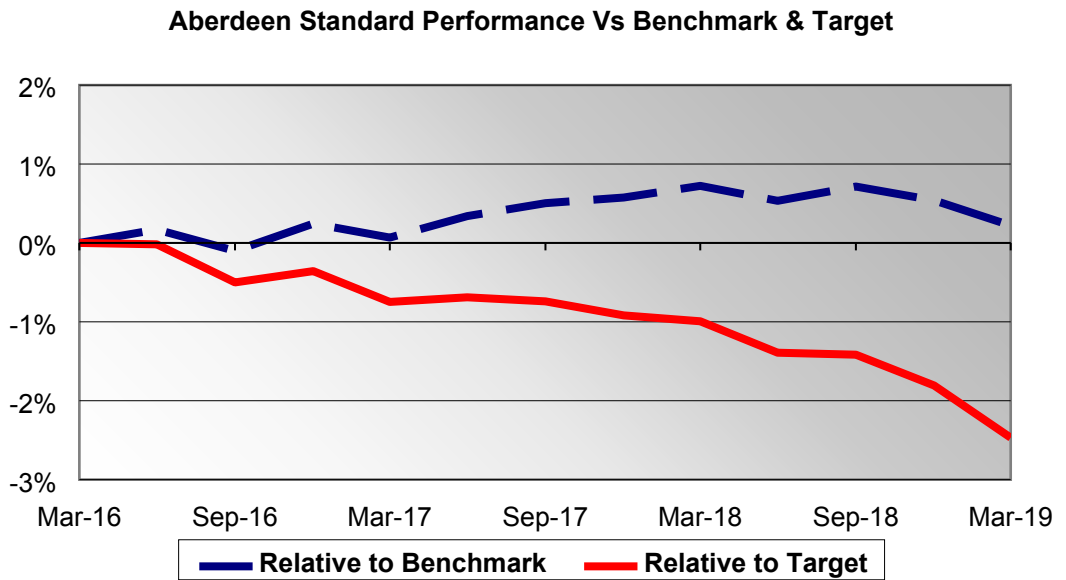
10.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
52.4	UK Gilts	3.8	3.4	+0.4
73.7	Index Linked	6.0	5.9	+0.1
160.8	Corporate Bonds	6.6	6.8	-0.2
37.7	High Yield Debt	0.4	1.4	-1.0
-5.4	Foreign Gov't Bonds			
1.9	F Gov't Index Linked			
-0.4	Currency Instruments			
22.8	Cash			
343.5	Total	5.3	5.6	-0.3

10.2 Aberdeen Standard underperformed their benchmark for the quarter. Absolute returns were strongly positive. Underperformance in the corporate bond and High yield areas and being overweight cash were the main contributors to the underperformance.

10.3

Aberdeen Standard's target is to outperform the benchmark by an annualised return of 0.75% over continuous three-year periods after their fees have been deducted.



10.4

The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	4.2	4.7	-0.5
3 years	6.4	6.3	+0.2
5 years	7.0	7.1	-0.1
10 years	8.8	8.8	+0.0

11. LaSalle (Property Fund of Funds)

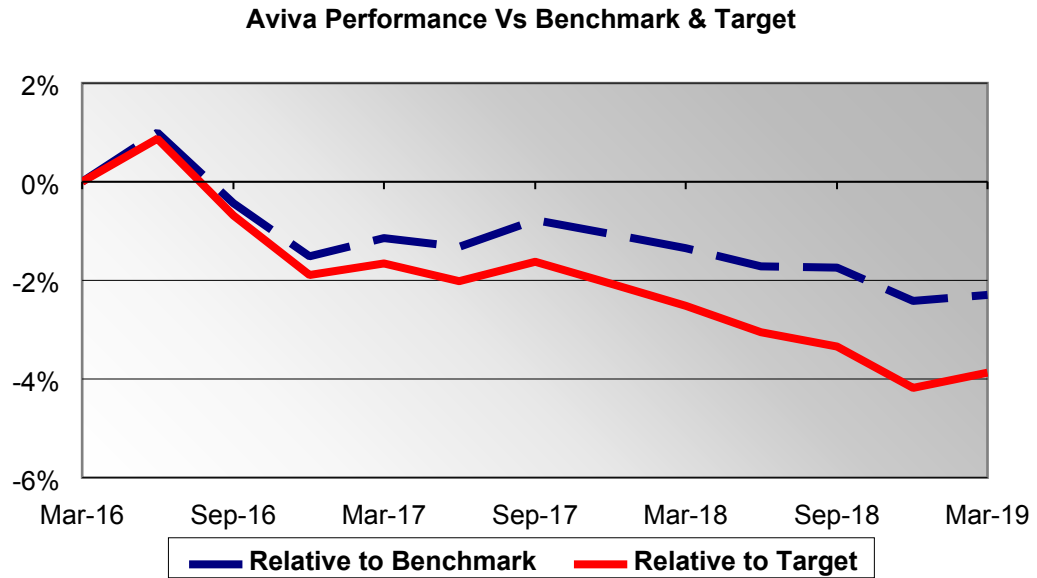
11.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
184.3	UK Property	0.5	0.3	+0.2
0.1	European Property	-3.2		
0.0	Currency Instruments			
29.0	Cash			
213.4	Total	0.4	0.3	+0.1

11.2 Property returns from the UK market were just positive for the quarter. The fund outperformed relative to the benchmark. Outperformance was achieved due to the purchase of new holdings at a discount to NAV and continued strong performance from specialist industrial holdings. Specialist retail funds continue to be a drag on performance.

11.3

LaSalle's target is to outperform the benchmark by an annualised return of 0.5% over continuous three-year periods after their fees have been deducted.



11.4

The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	3.9	4.8	-0.9
3 years	5.4	6.2	-0.8
5 years	7.7	9.1	-1.4
10 years	7.2	8.4	-1.2

12. Neuberger Berman (Global Private Equity)

12.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019			
Value as at 31 Mar £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
47.5 Private Equity	6.2	0.2	+6.0

12.2 The return indicated above is significantly affected by currency movements, specifically the change in the value of the US dollar against GBP.

12.3 The 2010 fund continues to make good progress. The underlying return on this fund for the quarter, excluding currency movements, was 29.1%.

12.4 The Neuberger Berman Crossroads XX fund is also making good progress. However, the underlying return on this fund for the quarter, excluding currency movements, a small negative -1.1%.

12.5 The Crossroads XXI fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 4.6%.

12.6 The Crossroads XXII fund is still very young. The return for the quarter, excluding currency movements, was 9.1%.

12.4

The table below shows annualised performance over a range of time periods, unlike in the table above a broad global equity index has been used as the benchmark as over long time periods this is more appropriate:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	17.3	11.8	+5.5
3 years	15.0	15.0	+0.0
5 years	15.5	12.7	+2.8
10 years	Initial investment in March 2010		

13. South West Ventures Fund

13.1 The fund continues to make reasonable progress.

14. Combined Fund

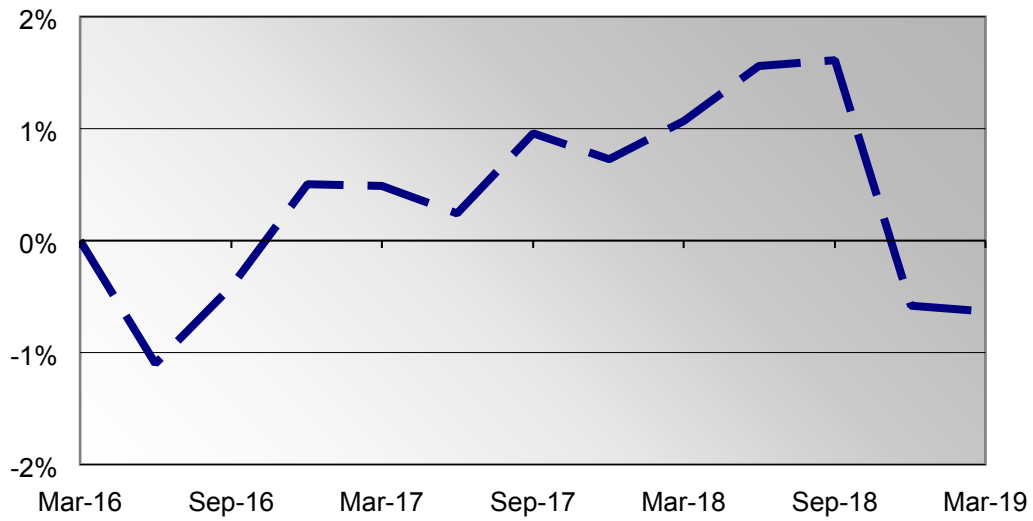
14.1 The performance for the quarter to 31st March 2019 is summarised in the following table:

Quarter to 31 March 2019				
Value as at 31 Mar £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
32.9	In-House (Global Eq)	9.7	9.8	-0.1
517.1	Brunel (Global Eq)	9.8	9.8	+0.0
9.5	ASI (UK Eq)	9.3	9.4	-0.1
441.5	Brunel (UK Eq)	9.7	9.4	+0.3
114.8	In-House (US Eq)	11.0	11.1	-0.1
153.5	Jupiter	6.6	8.0	-1.4
62.7	Maple-Brown Abbott	7.6	7.8	-0.2
63.1	Nomura	4.8	4.4	+0.4
81.5	Amundi	9.8	7.4	+2.4
343.5	ASI (FI)	5.3	5.6	-0.3
213.4	LaSalle	0.4	0.3	+0.1
1.6	SWRVF	0.0	0.2	-0.2
47.5	Neuberger Berman	6.2	0.2	+6.0
0.8	Brunel	0.0	0.0	+0.0
87.2	Cash	0.2	0.2	+0.0
2,170.6	Whole Fund	7.2	7.2	+0.0

14.2 The fund as a whole performed in line with its benchmark during the quarter. The level of absolute return was strongly positive. Amundi and Nomura produced performance ahead of their target for the quarter.

14.3 Underperformance due to asset allocation was negated by good stock selection by the managers within the fund. Within asset allocation the overweight to cash was the key contributor.

Whole Fund Performance Vs Benchmark



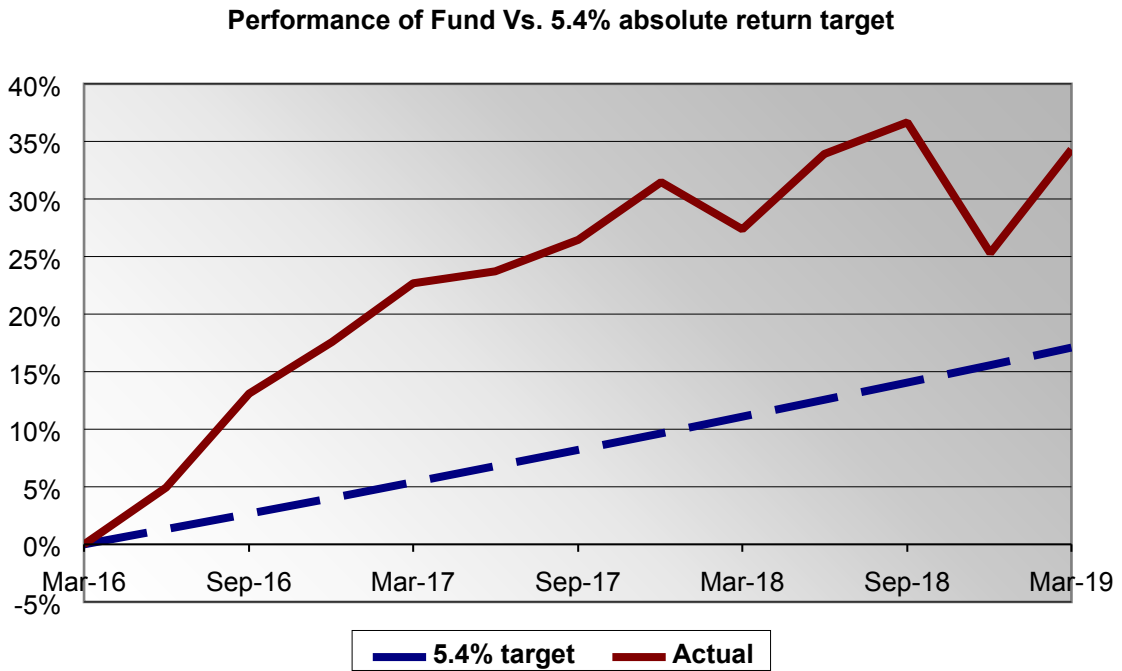
14.4

The table below shows annualised performance over a range of time periods:

	Fund % p.a.	Benchmark % p.a.	Relative to Benchmark % p.a.
1 year	5.4	6.8	-1.4
3 years	10.3	10.5	-0.2
5 years	8.7	9.0	-0.3
10 years	11.3	11.1	+0.2

14.5

At the March 2017 committee meeting the committee adopted an absolute return target of 5.4% for the fund as this is consistent with the fund becoming fully funded within the timescales indicated by the actuary as part of the 2016 valuation. Progress against this target for the 2016 to 2019 actuarial cycle is shown in the graph below.



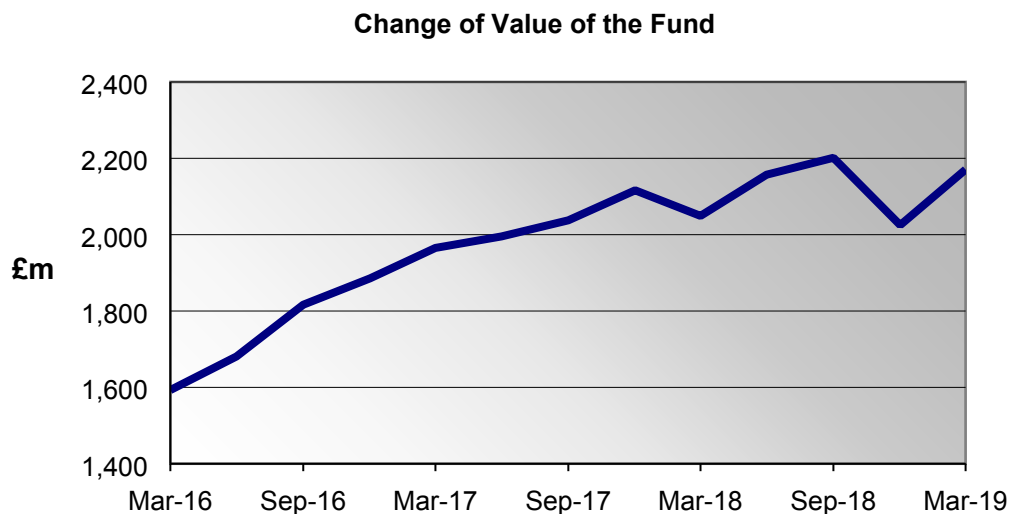
14.6 The movement in the value of the fund over the quarter is summarised in the table below.

	Value as at 31 Dec		Value as at 31 Mar		Strategic
	£m	%	£m	%	Weighting
In-House (Global Eq)	30.0	1	32.9	2	0
Brunel (Global Eq)	470.9	23	517.1	24	23
ASI (UK Eq)	8.7	0	9.5	0	0
Brunel (UK Eq)	402.6	20	441.5	20	23
In-House (US Eq)	105.0	5	114.8	5	5
Jupiter	144.0	7	153.5	7	5
M-BA (Pac Eq)	58.6	3	62.7	3	3
Nomura	60.2	3	63.1	3	3
Amundi	74.2	4	81.5	4	5
ASI (FI)	326.3	16	343.5	16	19
Aviva	212.5	11	213.4	10	10
SWRVF	1.6	0	1.6	0	0
Neuberger Berman	41.0	2	47.5	2	3
Brunel	0.8	0	0.8	0	0
Cash	88.7	5	87.2	4	1
Whole Fund	2,025.1	100	2,170.6	100	100

14.7 During the quarter the following movements of cash between funds took place:

- £1.3m was transferred from the Aberdeen Standard Investment's UK equity portfolio as the last remaining dividends were received.
- £1.8m was withdrawn from the in-house US equity fund during the quarter. This broadly represents dividend income on this fund during the quarter.
- £5.1m was moved to Neuberger Berman's Private equity mandate to fund capital calls.

14.8 The change in the value of the investment fund over the last three years can be seen in the graph below.



14.9 The Fund's Actuary, Barnett Waddingham, does not provide an update of funding during the period of calculating the results of a formal valuation.