

Review of Investment Performance for the Quarter to 31st December 2020

1. Somerset County Council (Passive Global Equity)

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

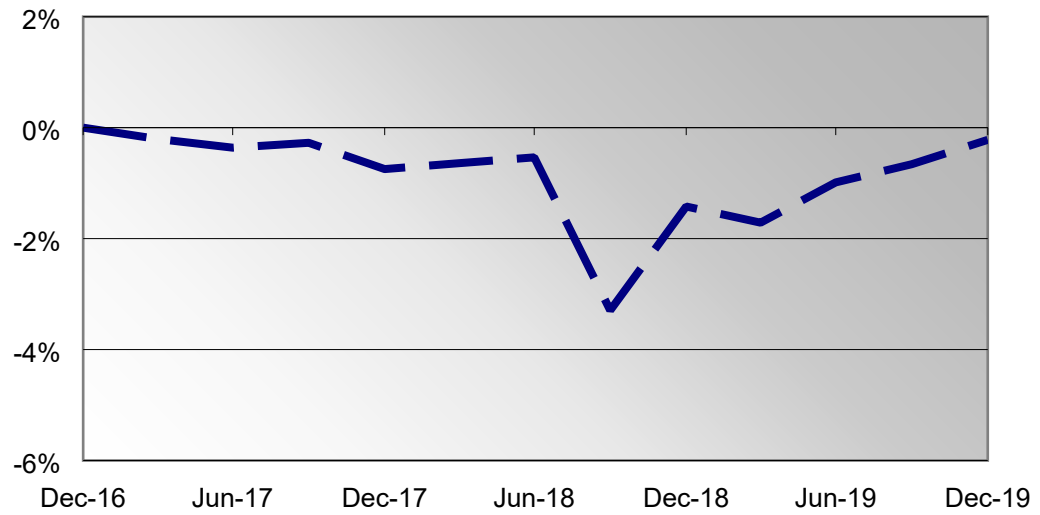
Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
33.6	Global equities	1.6	1.2	+0.4
0.0	Cash			
33.6	Total	1.6	1.2	+0.4

1.2 The majority of the stock was transferred to a LGIM managed passive pooled fund in July 2018. 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 outperformed 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 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	24.5	23.0	+1.5
3 years	10.5	10.5	+0.0
5 years	12.9	13.0	-0.1
10 years	12.2	12.2	+0.0

2. Brunel - LGIM (Passive Global Equity)

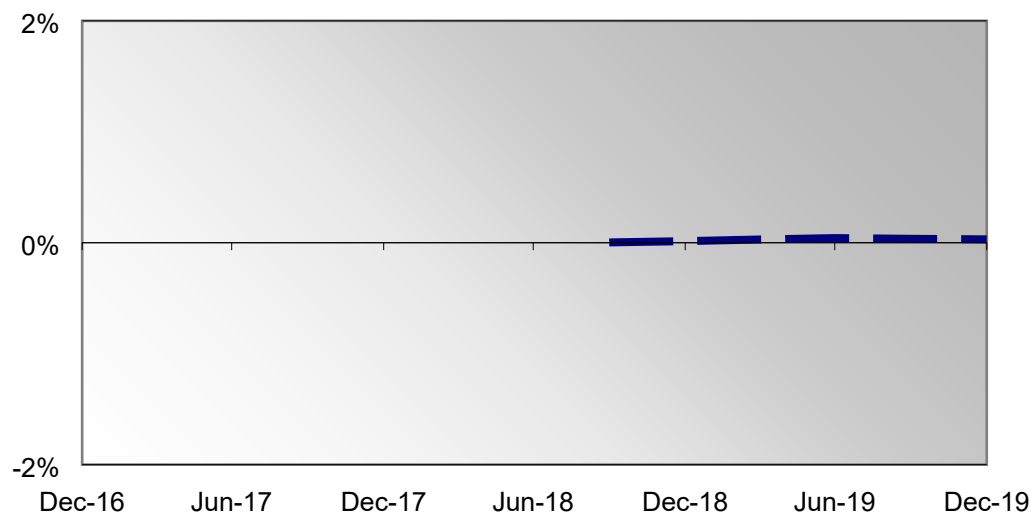
2.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
579.5 Global equities	1.2	1.2	+0.0

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

2.3

Brunel performance Vs Benchmark



2.4 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	23.1	23.0	+0.1
3 years	Initial investment in July 2018		

3. Brunel - (Global High Alpha Equity)

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

Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
272.7 Global equities	1.5		

3.2 The Brunel Global High Alpha portfolio is managed by a combination of Alliance Bernstein, Baillie Gifford, Fiera Capital, Harris Associates and Royal London Asset Management.

3.3 The fund incepted in mid-November and slightly outperformed in December. As the ceding funds were regional equity funds it is not sensible to offer an overview of performance of the quarter combining the ceding funds and the Brunel fund.

4. Aberdeen Standard Investments (UK Equities)

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

Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
11.1 UK	14.9	4.2	+10.7

4.2 The transfer of the majority of this mandate to the equivalent Brunel offering took place in November 2018. The residual holding is in a smaller companies fund and will be used as a source of cash as necessary.

4.3 Aberdeen Standard had an excellent quarter relative to their benchmark. Absolute returns were strongly positive. Smaller companies significantly outperformed during the quarter and the Aberdeen Standard fund outperformed the smaller companies benchmark.

5. Brunel (UK Equities)

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

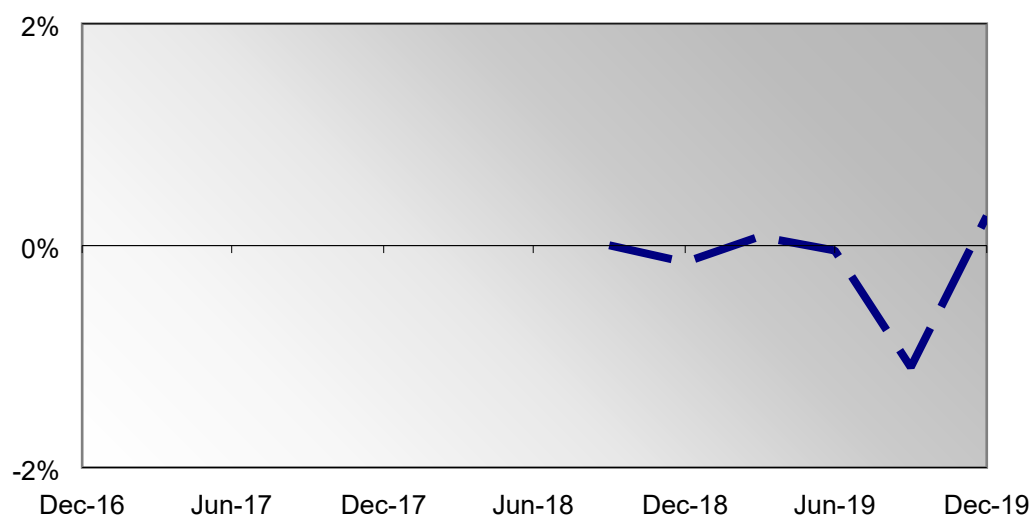
Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
481.6 UK	5.5	4.2	+1.3

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

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

5.4

Brunel performance Vs Benchmark



5.5 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	19.6	19.2	+0.4
3 years	Initial investment in November 2018		

6. Somerset County Council (North American Equities)

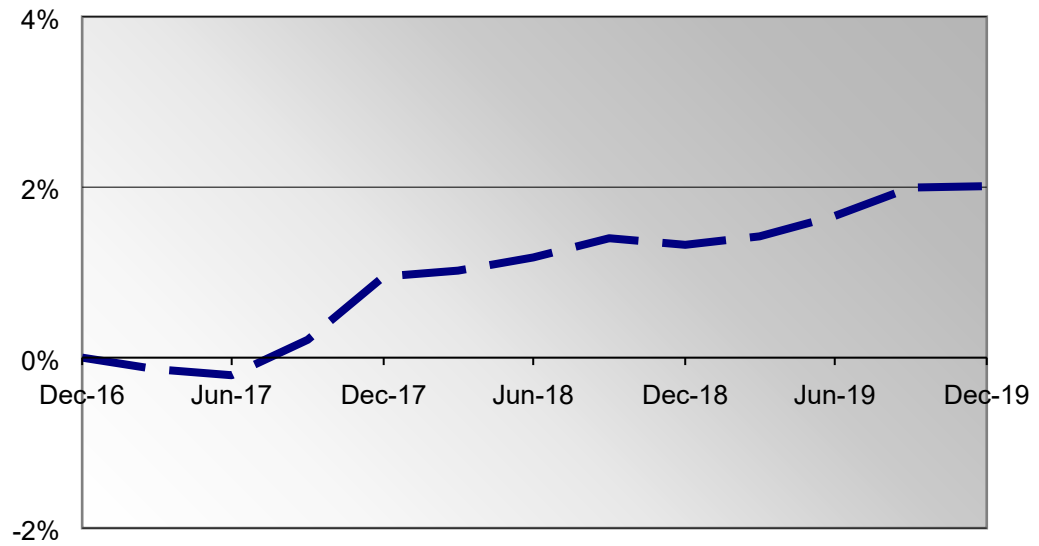
6.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
85.3	North America	1.6	1.5	+0.1
0.5	Cash			
85.8	Total	1.5	1.5	+0.0

6.2 The in-house fund performed in line with the benchmark for the quarter.

6.3 Absolute levels of performance during the quarter were positive.

In-House Performance Vs Benchmark



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	26.7	26.4	+0.4
3 years	13.2	12.6	+0.6
5 years	15.9	15.4	+0.5
10 years	Initial investment in December 2011		

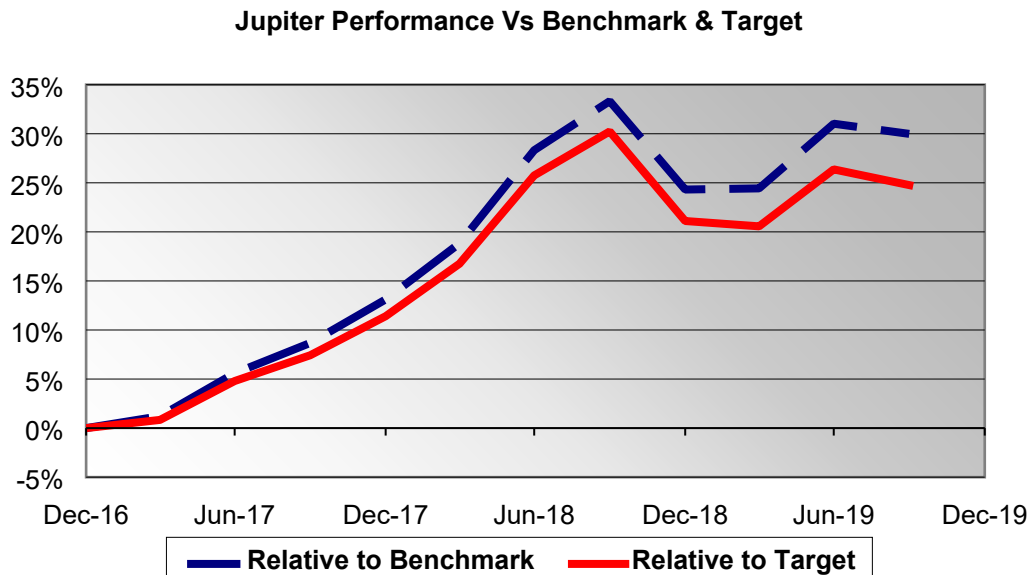
7. Jupiter (Continental European Equities)

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

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
0.0	Europe			
0.0	Cash			
0.0	Total	-1.1		

7.2 The performance above reflects the period from the start of the quarter until disinvestment in mid-November. Assets were moved to the Brunel Global High Alpha portfolio. The Fund's relationship with Jupiter Asset management has been formally terminated.

7.3 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.



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	18.8	20.4	-1.6
3 years	15.8	8.6	+7.2
5 years	15.4	10.1	+5.3
10 years	13.4	8.0	+5.4

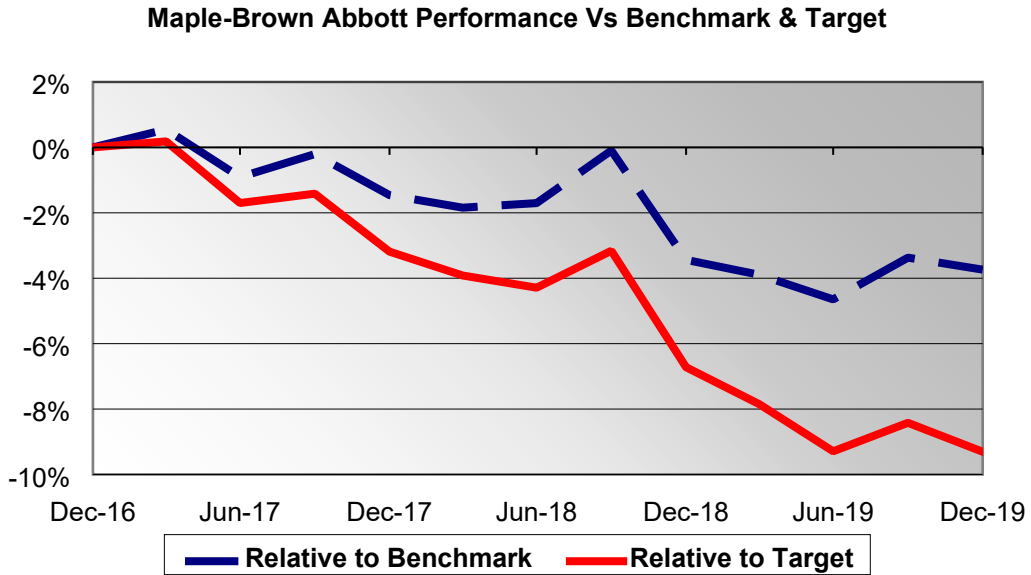
8. Maple-Brown Abbott (Far-East Equities ex-Japan)

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

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
35.4	Pacific (ex Japan)	1.2	0.6	+0.6
0.3	Cash			
35.7	Total	0.3	0.6	-0.3

8.2 Maple-Brown Abbott had a poor quarter relative to their benchmark, although this was largely due to an fx loss on the partial disinvestment to fund the Brunel Global High Alpha portfolio. Absolute returns were slightly positive.

8.3 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.



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	13.0	12.9	+0.1
3 years	6.6	7.7	-1.1
5 years	8.8	9.6	-0.8
10 years	Initial investment in July 2014		

9. Nomura (Japanese Equity)

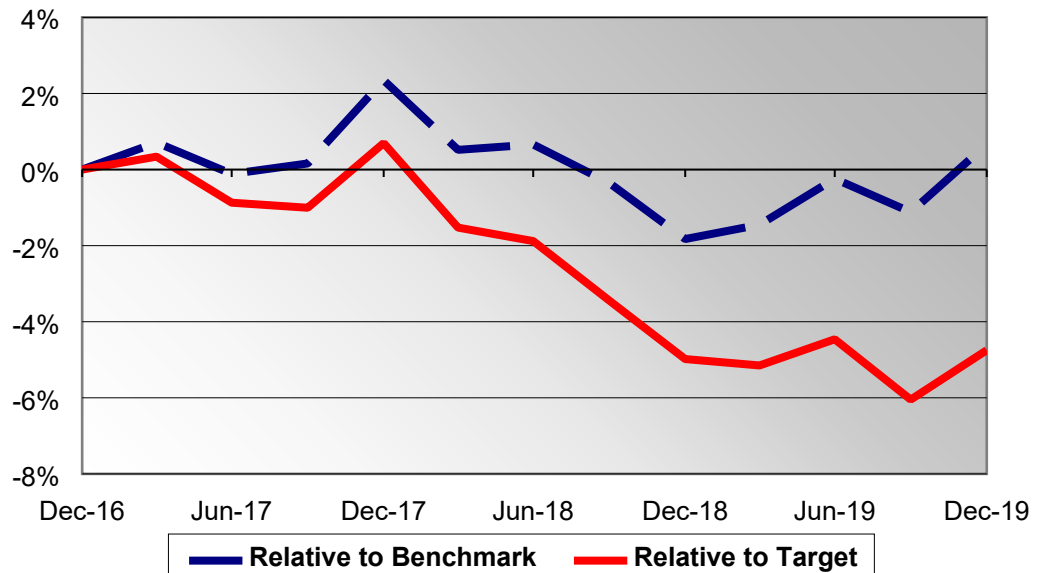
9.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
40.0 Japan	2.0	0.5	+1.5

9.2 Absolute performance was strongly positive. Relative performance was positive. Good stock selection in Financials (Banks, Insurance, etc.) was a significant contributor to the outperformance.

9.3 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.

Nomura Performance Vs Benchmark & Target



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	17.3	14.6	+2.7
3 years	6.9	6.7	+0.2
5 years	11.0	12.1	-1.1
10 years	Initial investment in March 2010		

10. Amundi (Emerging Market Equity)

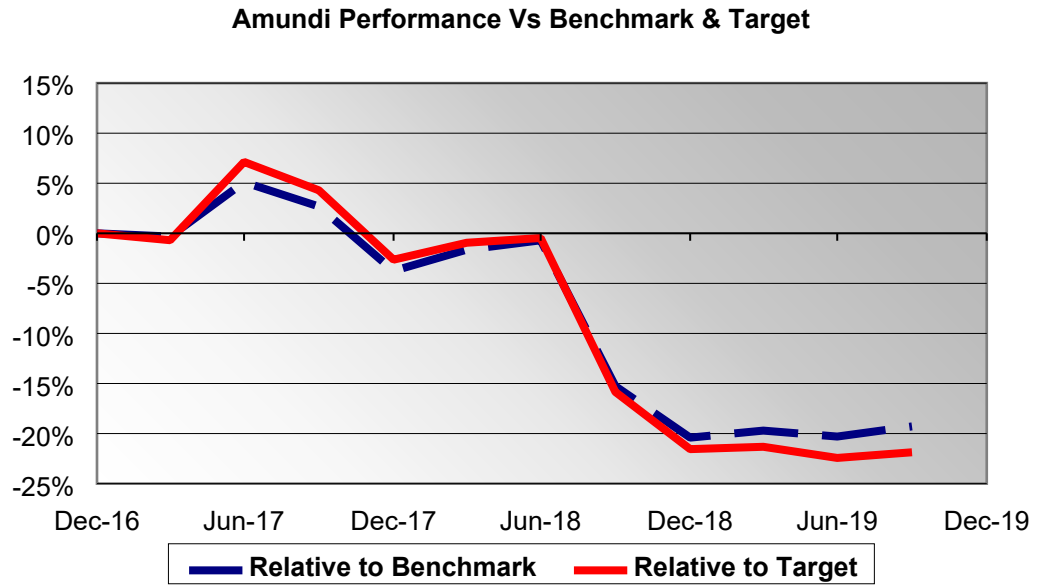
10.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
0.0	Emerging Market	-0.1	

10.2 The Amundi fund was transitioned to the equivalent Brunel emerging market equity fund in mid-October. The Fund's relationship with Amundi has been formally terminated.

10.3

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.



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	12.6	13.8	-1.3
3 years	1.7	9.0	-7.3
5 years	5.1	9.1	-4.0
10 years	1.8	5.8	-4.0

11. Brunel (Emerging Market Equity)

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

Quarter to 31 December 2019			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
86.9 Emerging Market	3.8	4.0	-0.2

11.2 The Brunel Emerging Market portfolio is managed by a combination of Genesis Investment Management, Wellington Management and Investec Asset Management.

11.3 The Brunel portfolio slightly underperformed during the quarter. This was to be expected as this includes the transition period.

11.4 If the Amundi and Brunel portfolios are combined to provide a single return figure for the quarter the results are as per the following table:

Quarter to 30 September 2018			
Value as at 30 Sept £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
86.9 Emerging Markets (combined)	3.7	4.0	-0.3

12. Aberdeen Standard Investments (Fixed Interest)

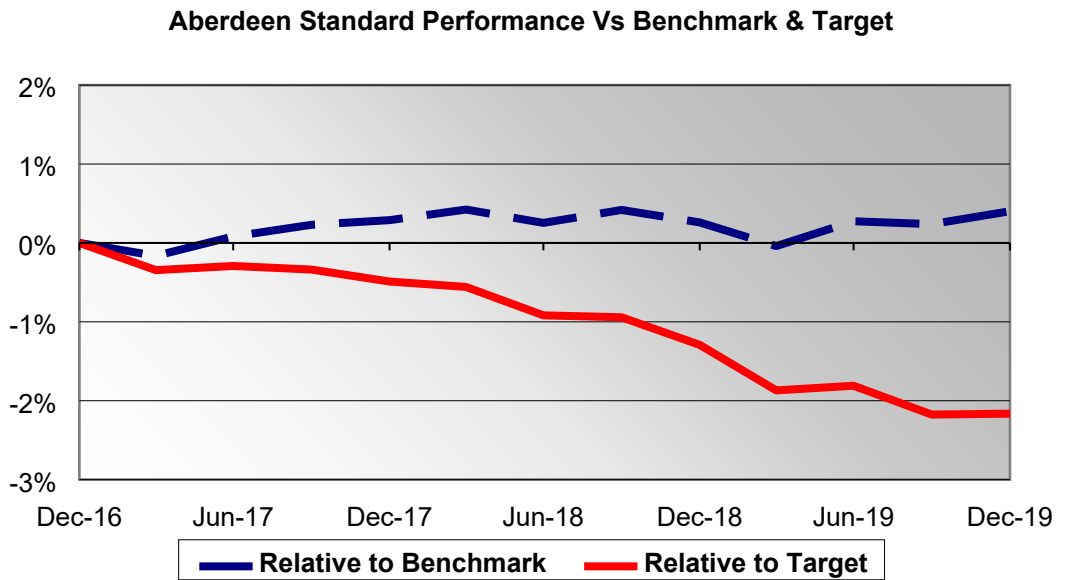
12.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
58.3	UK Gilts	-3.9	-3.9	+0.0
71.6	Index Linked	-8.8	-8.5	-0.2
179.1	Corporate Bonds	-1.4	-1.6	+0.2
39.4	High Yield Debt	-1.5	-1.8	+0.3
2.6	Foreign Gov't Bonds			
3.2	F Gov't Index Linked			
0.4	Currency Instruments			
7.5	Cash			
362.1	Total	-2.9	-3.0	+0.1

12.2 Aberdeen Standard outperformed their benchmark for the quarter. Absolute returns were strongly negative. Outperformance in the Corporates and high yield and being overweight corporate bonds were positive contributors to performance.

12.3

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.



12.4

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	11.1	11.0	+0.1
3 years	4.6	4.5	+0.1
5 years	5.9	5.7	+0.2
10 years	7.5	7.5	+0.0

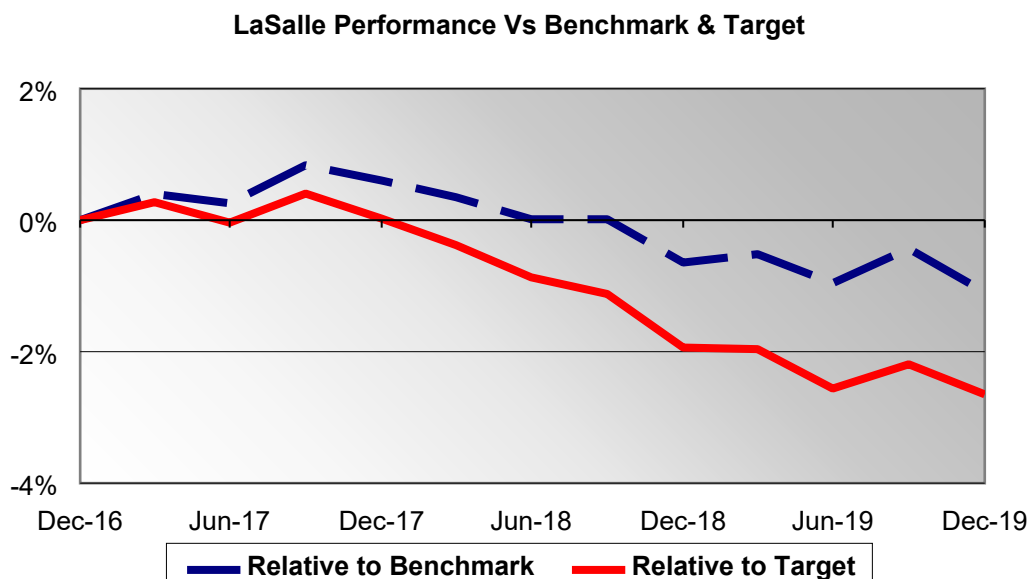
13. LaSalle (Property Fund of Funds)

13.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
201.5	UK Property	-0.2	0.3	-0.5
0.0	European Property			
0.0	Currency Instruments			
13.1	Cash			
214.6	Total	-0.3	0.3	-0.6

13.2 Property returns from the UK market were just positive for the quarter. The fund underperformed relative to the benchmark.

13.3 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.



13.4 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	1.2	1.6	-0.4
3 years	5.6	6.0	-0.4
5 years	5.4	6.6	-1.2
10 years	6.8	7.9	-1.1

14. Neuberger Berman (Global Private Equity)

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

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
57.3	Private Equity	-4.0	0.2	-3.8

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

14.3 The 2010 fund continues to make good progress. The underlying return on this fund for the quarter, excluding currency movements, was 15.2%.

14.4 The Neuberger Berman Crossroads XX fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 4.3%.

14.5 The Crossroads XXI fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 2.4%.

14.6 The Crossroads XXII fund is still very young. The return for the quarter, excluding currency movements, was 0.2%. The fund is showing a profit overall.

14.4

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	15.8	23.0	-7.2
3 years	11.2	10.5	+0.7
5 years	14.6	13.0	+1.6
10 years	7.9	12.2	-4.3

15. South West Ventures Fund

15.1 The fund continues to make reasonable progress.

16. Combined Fund

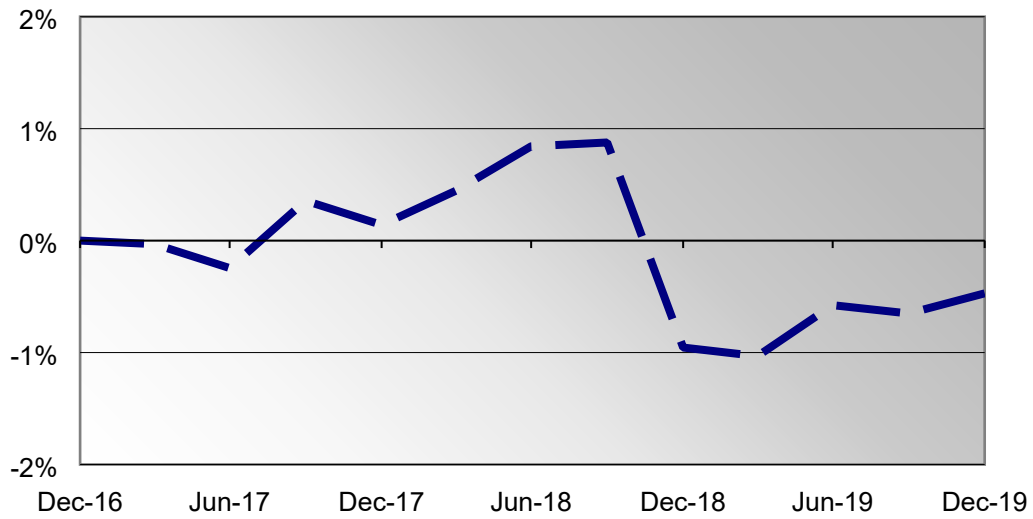
16.1 The performance for the quarter to 31st December 2019 is summarised in the following table:

Quarter to 31 December 2019				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
33.6	In-House (Global Eq)	1.6	1.2	+0.4
579.5	Brunel (Passive GI Eq)	1.2	1.2	+0.0
272.7	Brunel (GHA Eq)	1.5		
11.1	ASI (UK Eq)	14.9	4.2	+10.7
481.6	Brunel (UK Eq)	5.5	4.2	+1.3
85.8	In-House (US Eq)	1.5	1.5	+0.0
0.0	Jupiter	-1.1		
35.7	Maple-Brown Abbott	0.3	0.6	-0.3
40.0	Nomura	2.0	0.5	+1.5
0.0	Amundi	-0.1		
86.9	Brunel (EM Eq)	3.8	4.0	-0.2
362.1	ASI (FI)	-2.9	-3.0	+0.1
214.6	LaSalle	-0.3	0.3	-0.6
1.6	SWRVF	0.0	0.2	-0.2
57.3	Neuberger Berman	-4.0	0.2	-3.8
0.8	Brunel	0.0	0.0	+0.0
92.3	Cash	0.2	0.2	+0.0
2,355.6	Whole Fund	1.2	1.1	+0.1

16.2 The fund, as a whole, outperformed its benchmark during the quarter. The level of absolute return was positive.

16.3 Outperformance was generated by good stock selection by the managers within the fund. Within asset allocation the underweight to UK equity and Emerging Markets were the key contributors to underperformance.

Whole Fund Performance Vs Benchmark



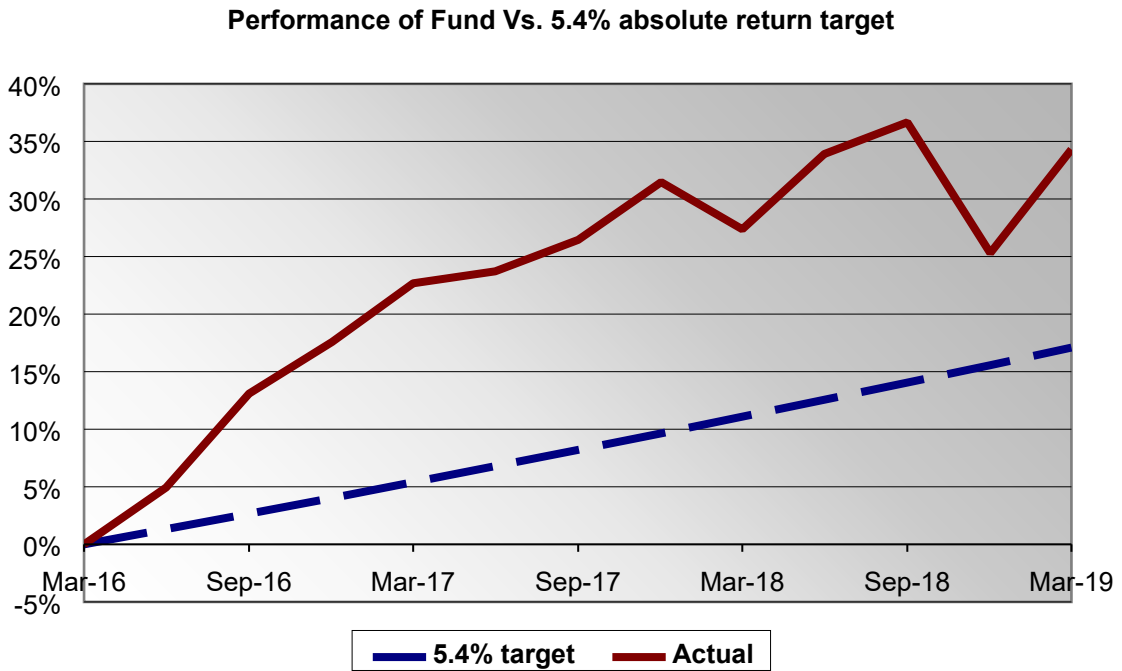
16.4

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	16.4	15.8	+0.6
3 years	7.4	7.6	-0.2
5 years	9.0	9.0	+0.0
10 years	9.1	9.1	+0.0

16.5

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.



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

	Value as at 30 Sept		Value as at 31 Dec		Strategic
	£m	%	£m	%	Weighting
In-House (Global Eq)	33.4	1	33.6	1	0
Brunel (Passive GI Eq)	572.4	25	579.5	25	23
Brunel (GHA Eq)	0.0	0	272.7	12	0
ASI (UK Eq)	9.6	0	11.1	0	0
Brunel (UK Eq)	456.7	20	481.6	20	23
In-House (US Eq)	127.8	6	85.8	4	5
Jupiter	173.3	7	0.0	0	5
Maple-Brown Abbott	65.7	3	35.7	2	3
Nomura	69.3	3	40.0	2	3
Amundi	83.8	4	0.0	0	0
Brunel (EM Eq)	0.0	0	86.9	5	5
ASI (FI)	374.0	16	362.1	15	19
Aviva	215.3	9	214.6	9	10
SWRVF	1.6	0	1.6	0	0
Neuberger Berman	50.4	2	57.3	2	3
Brunel	0.8	0	0.8	0	0
Cash	100.9	4	92.3	4	1
Whole Fund	2,335.0	100	2,355.6	100	100

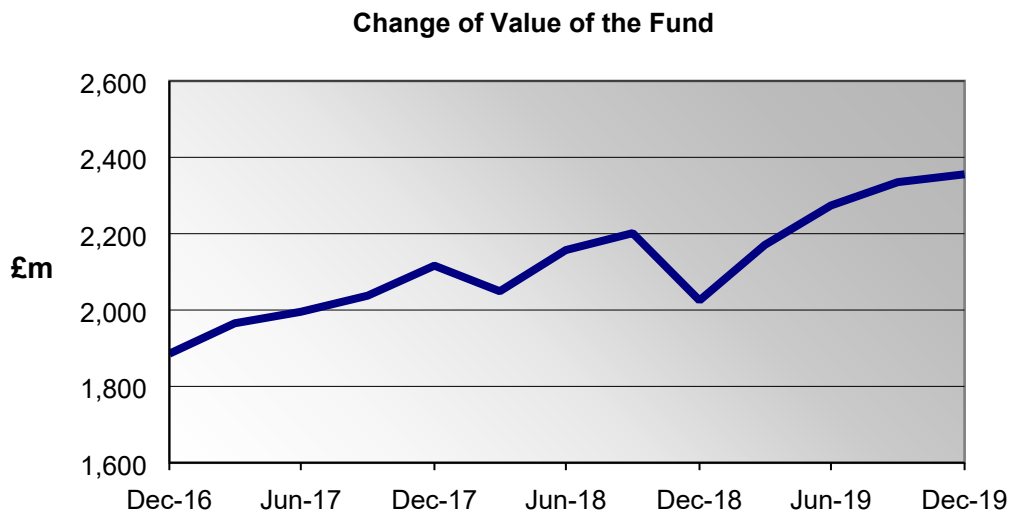
16.7 During the quarter the following movements of cash between funds took place:

- £0.3m was withdrawn from the in-house global equity fund during the quarter. This broadly represents dividend income on this fund during the quarter.
- £43.8m was withdrawn from the in-house US equity fund during the quarter. £0.2m broadly represents dividend income on this fund during the quarter. The rest was transferred to the Brunel GHA fund.

- £171.5m was withdrawn from the Jupiter fund during the quarter. £164.5m was transferred to the Brunel GHA fund and the remaining £7m was cash that was moved to the Cash fund.
- £29.9m was withdrawn from the Maple-Brown Abbott fund and transferred to the Brunel GHA fund.
- £30.7m was withdrawn from the Nomura fund and transferred to the Brunel GHA fund.
- £83.7m was withdrawn from the Amundi fund and transferred to the Brunel EM fund.
- A total of £268.7m was invested in the Brunel GHA fund.
- £9.0m was invested in the Neuberger Berman's Private equity mandate as funds called down capital.

16.8

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

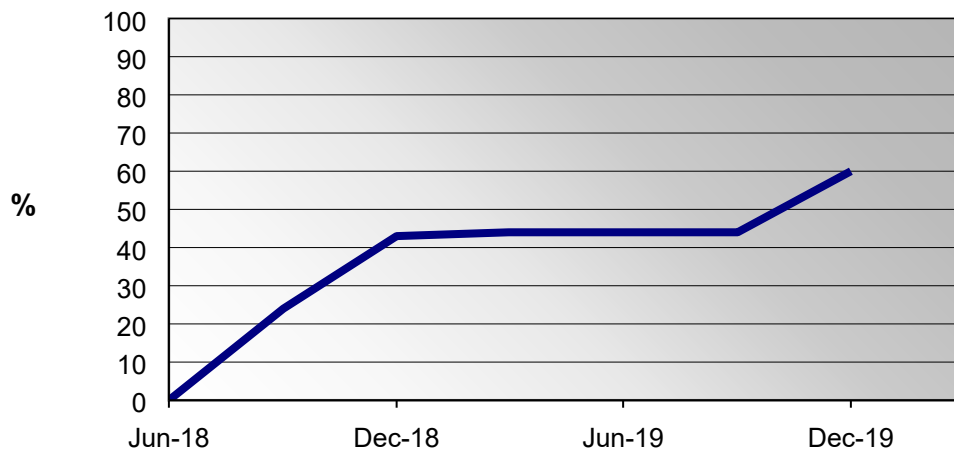


16.9

Progress on moving to pooling can be seen in the table and graph below

	Value as at 30 Sept		Value as at 31 Dec	
	£m	%	£m	%
Pooled assets	1029.1	44	1,420.7	60
Retained assets	1305.9	56	934.9	40
Whole Fund	2,335.0	100	2,355.6	100

% of Fund managed within Brunel Pool



16.10

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