

Review of Investment Performance for the Quarter to 30th September 2021

1. Brunel - LGIM (Passive Global Equity)

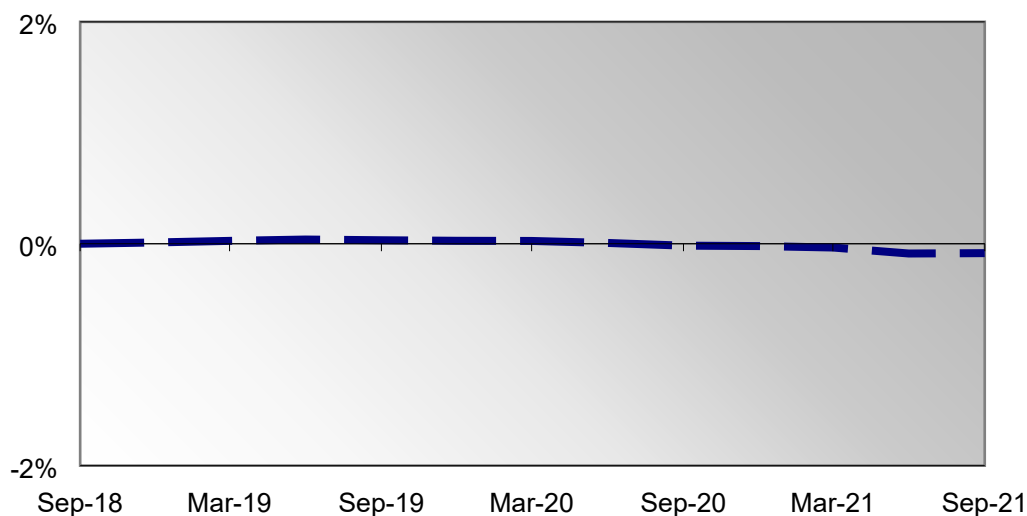
1.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021			
Value as at 30 Sept £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
749.2 Global equities	2.2	2.2	+0.0

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

1.3

Brunel (LGIM) performance Vs Benchmark



1.4 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	23.8	23.8	-0.1
3 year	12.2	12.2	+0.0
5 years	Initial investment in July 2018		

2. Brunel - (Global High Alpha Equity)

2.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

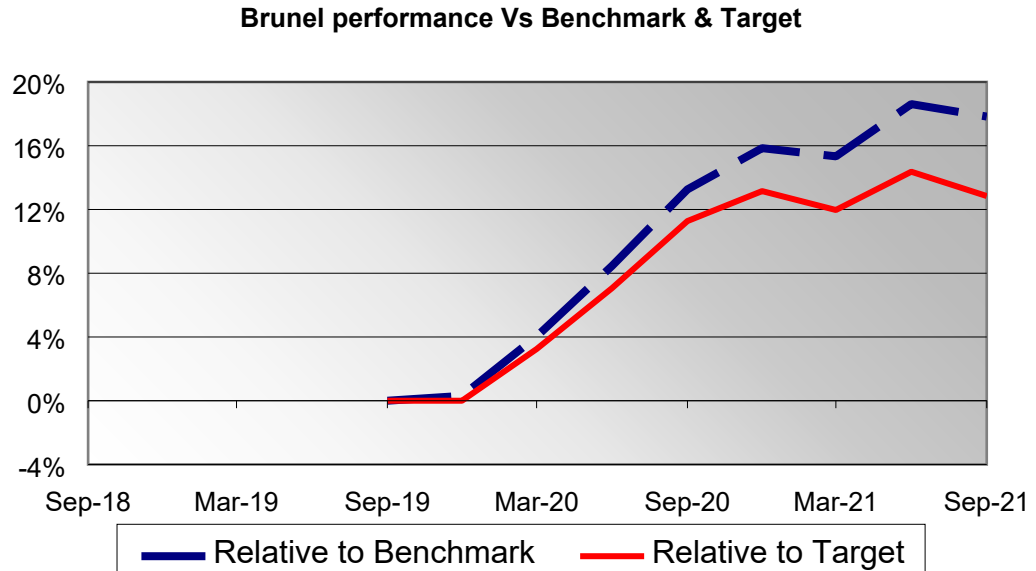
Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
401.2	Global equities	1.7	2.6	-0.9

2.2 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.

2.3 The fund underperformed during the quarter. Absolute returns were positive.

2.4

The Brunel GHA Fund's target is to outperform the benchmark by an annualised return of 2%-3% over continuous three to five-year periods after fees have been deducted. The graph below shows performance against 2%.



2.5

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	25.2	24.1	+1.1
3 years	Initial investment in November 2019		

3. Aberdeen Standard Investments (UK Equities)

3.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021			
Value as at 30 Sept £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
15.7 UK	7.3	2.2	+5.1

3.2 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.

3.3 Aberdeen Standard had an excellent quarter relative to their benchmark. Absolute returns were strongly positive. Smaller companies slightly outperformed 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 30th September 2021 is summarised in the following table:

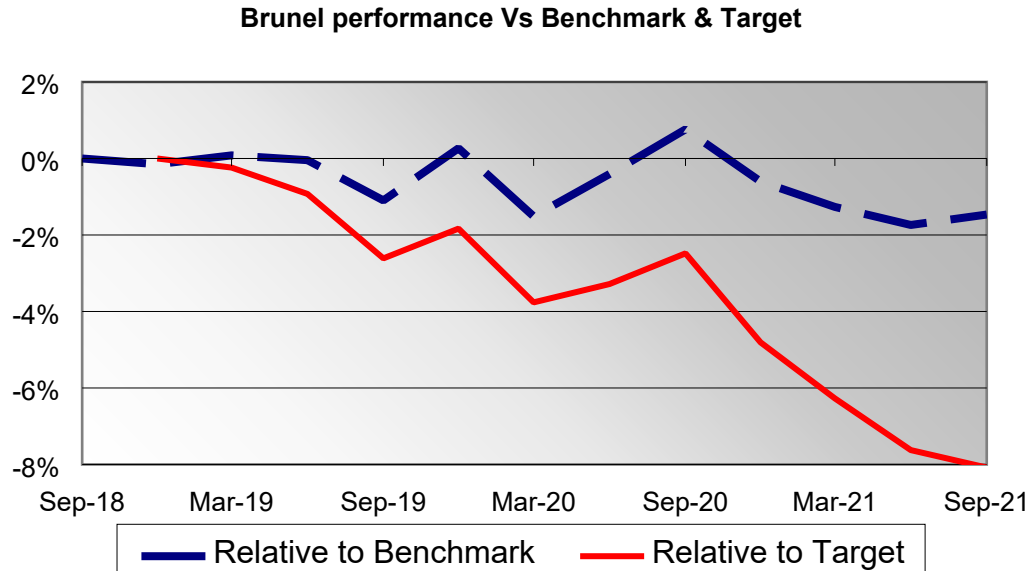
Quarter to 30 September 2021			
Value as at 30 Sept £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
485.8 UK	2.5	2.3	+0.2

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

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

4.4

The Brunel UK Fund’s target is to outperform the benchmark by an annualised return of 2% over continuous three to five-year periods after fees have been deducted.



4.5

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	25.2	27.9	-2.7
3 years	Initial investment in November 2018		

5. Brunel (Global Smaller Companies Equity)

5.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

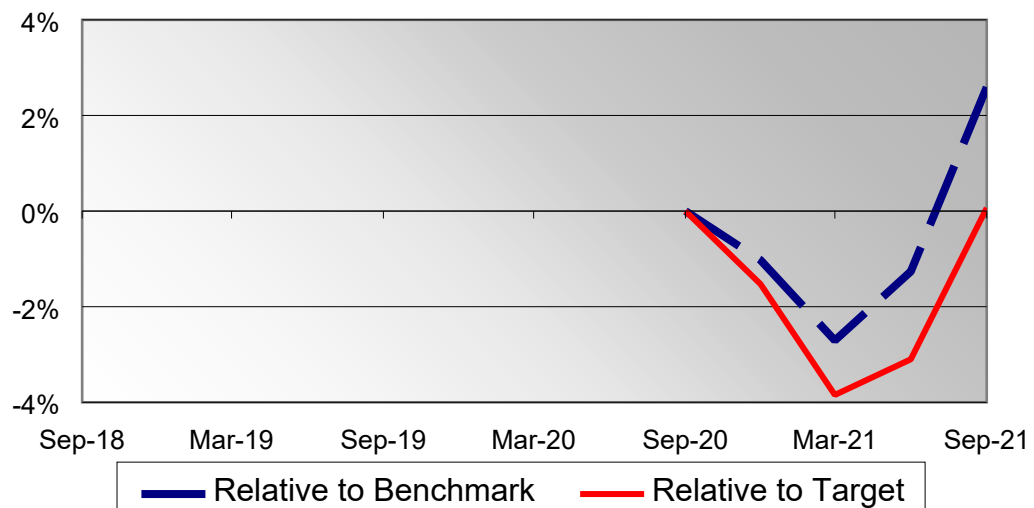
Quarter to 30 September 2021			
Value as at 30 Sept £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
204.0	Smaller Companies	3.9	1.0
			+2.9

5.2 The Brunel Smaller Companies Market portfolio is managed by a combination of Montanaro Asset Management, American Century and Kempen Capital Management.

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

5.4 The Brunel Smaller Companies Fund's target is to outperform the benchmark by an annualised return of 2% over continuous three to five-year periods after fees have been deducted.

Brunel performance Vs Benchmark & Target



4.5 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	37.0	34.5	+2.5
3 years	Initial investment in September 2020		

6. Brunel (Emerging Market Equity)

6.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

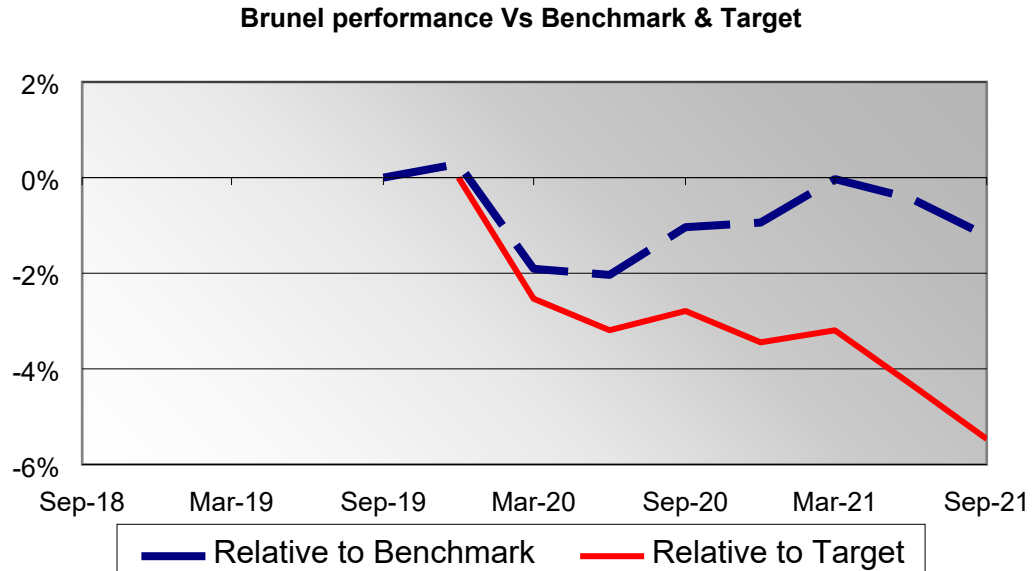
Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
119.4	Emerging Market	-6.5	-5.8	-1.3

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

6.3 The Brunel portfolio underperformed during the quarter. Absolute performance was strongly negative.

6.4

The Brunel Emerging Market Fund’s target is to outperform the benchmark by an annualised return of 2%-3% over continuous three to five-year periods after fees have been deducted. The graph below shows performance against 2%.



6.5

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	13.3	13.3	+0.0
3 years	Initial investment in November 2018		

7. Brunel (Passive Gilts)

7.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
67.3	UK Gilts	-2.8	-2.8	+0.0

7.2 The Blackrock managed passive UK Gilts Fund matched the performance of the benchmark for the quarter. Absolute performance was negative.

8. Brunel (Passive (index-Linked Gilts)

8.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
82.0	UK Index-Linked Gilts	2.3	2.3	+0.0

8.2 The Blackrock managed passive UK Index-Linked Gilts Fund matched the performance of the benchmark for the quarter. Absolute performance was positive.

9. Brunel (Sterling Corporate Bonds)

9.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
208.2	£ Corporate Bonds	-0.9	-1.0	-0.1

9.2 The Brunel Sterling Corporate Bond portfolio is managed by Royal London Asset Management.

9.3 The portfolio underperformed the benchmark during the quarter. Absolute performance was negative.

10. Brunel (Multi Asset Credit)

10.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
79.6	Multi Asset Credit	0.6	0.0	+0.6

10.2 The Brunel Sterling Corporate Bond portfolio is managed by a combination of CQS, Neuberger Berman and Oaktree.

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

11. LaSalle/Brunel (Property Fund of Funds)

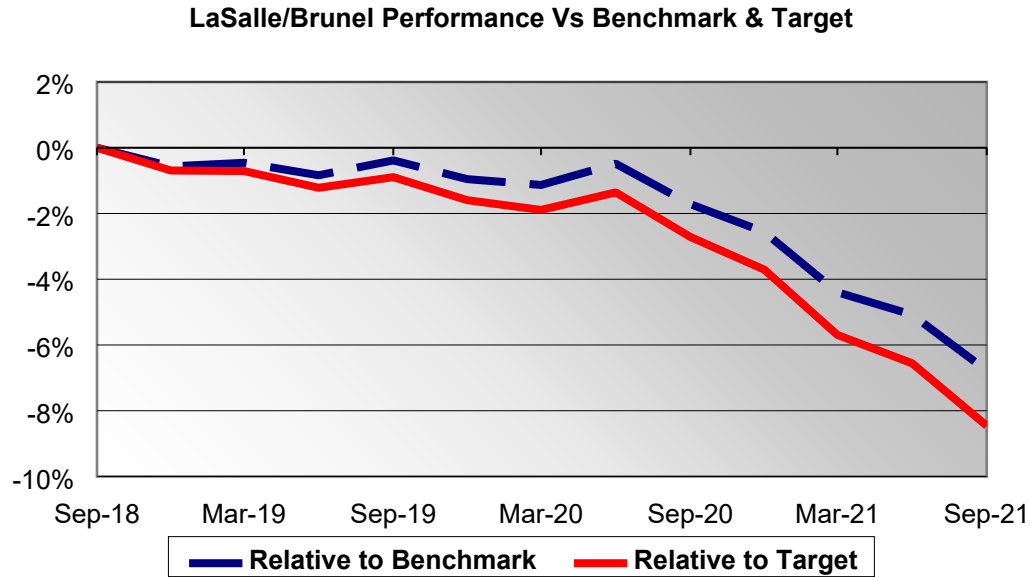
11.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
201.5	UK Property	3.4	4.5	-1.1
0.0	European Property	0.0		
21.8	Cash			
223.3	Total	3.1	4.5	-1.4

11.2 Management of the property portfolio moved from LaSalle to Brunel on 1st November 2020. Unlike other asset classes Brunel simply took over management with no underlying change in holdings. Going forward performance records will report the full history of this portfolio.

11.3

Brunel’s target is to outperform the benchmark by an annualised return of 0.5% over continuous five to seven year periods after all 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	8.2	13.2	-5.0
3 years	1.8	4.0	-2.2
5 years	3.4	4.9	-1.5
10 years	5.4	7.1	-1.7

12. Neuberger Berman (Global Private Equity)

12.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
81.6	Private Equity	8.8	0.0	+8.8

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 There is a delay in the reporting of returns on private equity of about a quarter and this needs to be considered when looking at returns on individual funds.

12.4 The 2010 fund continues to make good progress. The underlying return on this fund for the quarter, excluding currency movements, was 9.2%. This fund is due to wind up within the next year or so.

12.5 The Neuberger Berman Crossroads XX fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 29.2%.

12.6 The Crossroads XXI fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 13.7%.

12.7 The Crossroads XXII fund is still relatively young. The return for the quarter, excluding currency movements, was 12.9%.

12.8 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	42.5	23.8	+18.7
3 years	20.9	12.2	+8.7
5 years	16.4	14.7	+1.7
10 years	15.3	14.8	+0.5

13. Brunel (Global private equity)

13.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021			
Value as at 30 Sept £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
4.2 Private Equity	12.2	0.0	+12.2

13.2 Brunel have invested in a number of private equity funds on the Fund's behalf and a small amount of money has been drawn. The portfolio is still very immature.

14. South West Ventures Fund

14.1 The fund continues to make reasonable progress.

15. Combined Fund

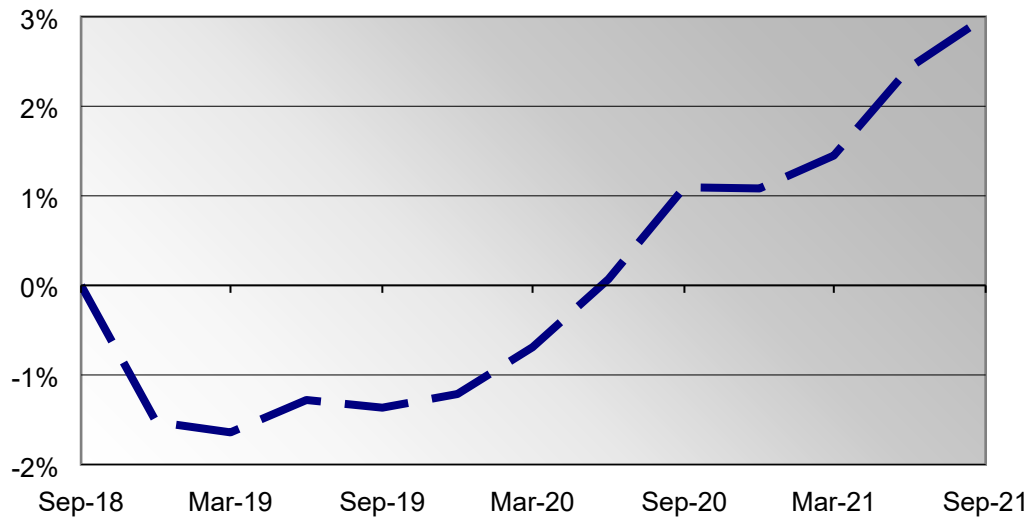
15.1 The performance for the quarter to 30th September 2021 is summarised in the following table:

Quarter to 30 September 2021				
Value as at 30 Sept £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
749.2	Brunel (Passive GI Eq)	2.2	2.2	+0.0
401.2	Brunel (GHA Eq)	1.7	2.6	-0.9
15.7	ASI (UK Eq)	7.3	2.2	+5.1
485.8	Brunel (UK Eq)	2.5	2.3	+0.2
204.0	Brunel (Small Cap Eq)	3.9	1.0	+2.9
119.4	Brunel (EM Eq)	-6.5	-5.8	-1.3
2.8	Transition (FI)			
67.3	Brunel (Passive Gilts)	-2.8	-2.8	+0.0
82.0	Brunel (Passive I-L)	2.3	2.3	+0.0
208.2	Brunel (£ Corporate)	-0.9	-1.0	-0.1
79.6	Brunel (MAC)	0.6	0.0	+0.6
223.3	LaSalle/Brunel (Prop)	3.1	4.5	-1.4
1.6	SWRVF	0.0	0.0	+0.0
81.6	Neuberger Berman	8.8	0.0	+8.8
4.2	Brunel (Private Eq)	12.2	0.0	+12.2
0.8	Brunel (holding in Co)			
93.2	Cash	0.1	0.0	+0.1
2,819.9	Whole Fund	1.8	1.4	+0.4

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

15.3 Outperformance was caused by a positive from asset allocation, being overweight global equity. Overall stock selection by managers was also positive.

Whole Fund Performance Vs Benchmark



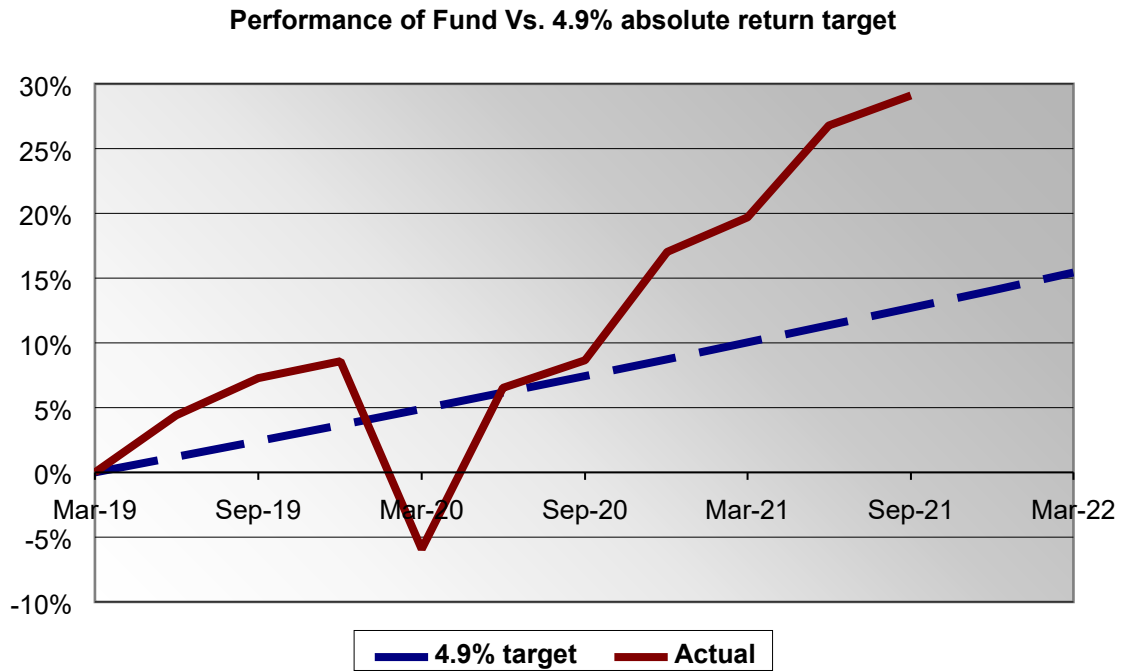
13.4

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	18.8	17.2	+1.6
3 years	8.3	7.4	+0.9
5 years	10.2	9.2	+1.0
10 years	10.6	9.9	+0.7

15.5

At the June 2020 committee meeting the committee adopted an absolute return target of 4.9% for the fund as this is consistent with the fund becoming fully funded within the timescales indicated by the actuary as part of the 2019 valuation. Progress against this target for the 2019 to 2022 actuarial cycle is shown in the graph below.



15.6

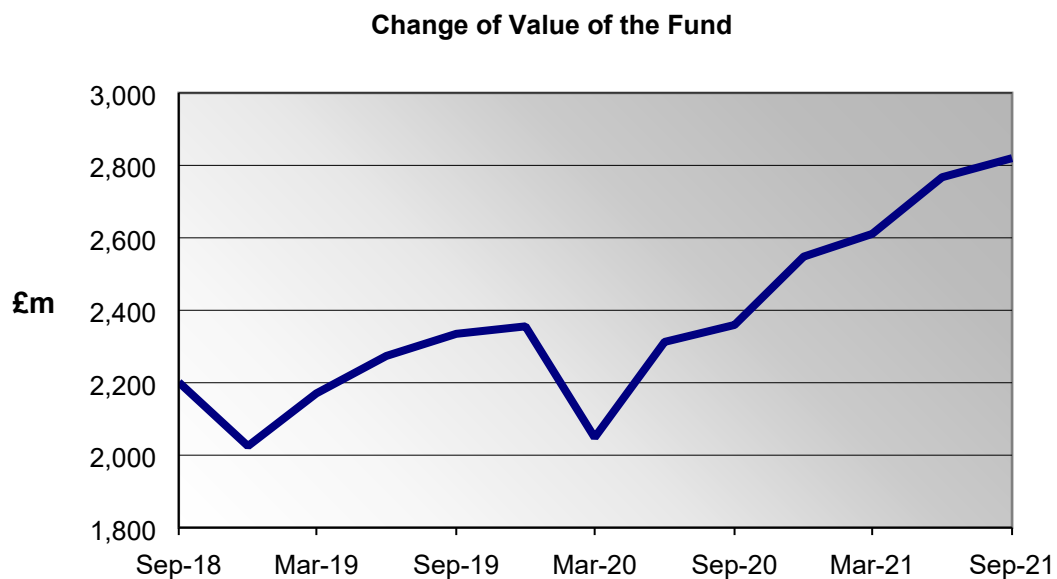
The movement in the value of the fund over the quarter is summarised in the table below.

	Value as at 30 June		Value as at 30 Sept		Strategic
	£m	%	£m	%	Weighting
Brunel (Passive GI Eq)	733.0	26	749.2	27	25
Brunel (GHA Eq)	394.5	14	401.2	14	10
ASI (UK Eq)	14.6	1	15.7	1	0
Brunel (UK Eq)	473.8	17	485.8	17	20
Brunel (Small Cap Eq)	196.3	7	204.0	7	5
Brunel (EM Eq)	127.7	5	119.4	4	5
Transition (FI)	213.4	8	2.8	0	0
Brunel (Passive Gilts)	69.2	2	67.3	3	4
Brunel (Passive I-L)	80.1	3	82.0	3	4
Brunel (Corp bonds)	0.0	0	208.2	7	8
Brunel (MAC)	78.5	3	79.6	3	3
Brunel/LaSalle (Prop)	216.6	8	223.3	8	10
SWRVF	1.6	0	1.6	0	0
Neuberger Berman	77.7	3	81.6	3	0
Brunel (Private Eq)	1.0	0	4.2	0	5
Brunel (holding in Co)	0.8	0	0.8	0	0
Cash	88.5	3	93.2	3	1
Whole Fund	2,767.3	100	2,819.9	100	100

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

- £209m was withdrawn from the ASI fixed income portfolio.
- £210m was provided to the Brunel Sterling Corporate Bond portfolio.
- £2.7m was withdrawn from the Neuberger Berman's Private equity mandate as cash was returned to us.
- £0.5m was added to the Brunel private equity fund as the underlying investments started to drawdown on commitments.

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

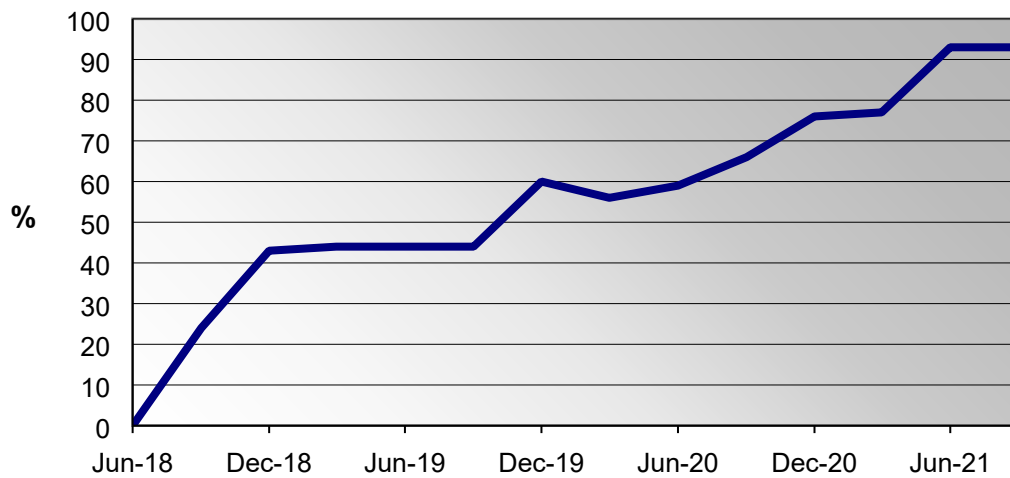


15.9

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

	Value as at 30 June		Value as at 30 Sept	
	£m	%	£m	%
Pooled assets	2,584.1	93	2,624.2	93
Retained assets	183.2	7	195.7	7
Whole Fund	2,767.3	100	2,819.9	100

% of Fund managed within Brunel Pool



15.10

The Fund's Actuary, Barnett Waddingham, have provided the following update.

"The results of our assessment indicate that:

- The current projection of the smoothed funding level as at 30 September 2021 is 88.7% and the average required employer contribution would be 28.9% of payroll assuming the deficit is to be paid by 2039.
- This compares with the reported (smoothed) funding level of 85.7% and average required employer contribution of 24.3% of payroll at the 2019 funding valuation.

It should be borne in mind that the nature of the calculations is approximate and so the results are only indicative of the underlying position."

