

## Review of Investment Performance for the Quarter to 30th September 2022

1. Brunel - LGIM (Passive Global Equity)

1.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

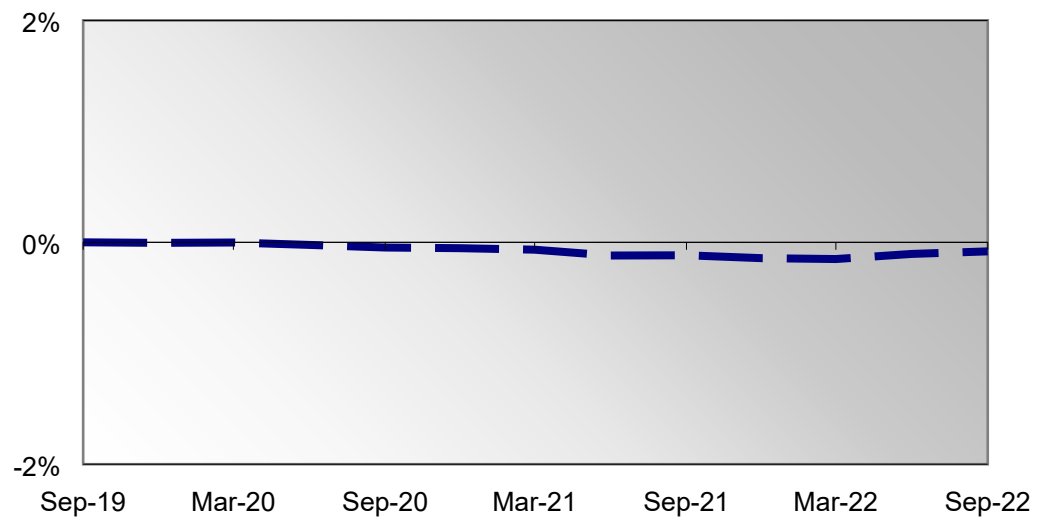
<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>541.0</b>	<b>Global equities</b>	<b>1.6</b>	<b>1.5</b>
			<b>+0.1</b>

1.2 During the quarter to 30<sup>th</sup> June 2022 passive equity was switched from the standard FTSE Developed Equity benchmark to the Paris aligned FTSE Carbon Transition Benchmark (CTB) in accordance with the new Investment Strategy Statement approved by the Committee at its March 2022 meeting.

1.3 The portfolio marginally outperformed the benchmark during 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:

	<b>Fund</b> <b>% p.a.</b>	<b>Benchmark</b> <b>% p.a.</b>	<b>Relative to</b> <b>Benchmark</b> <b>% p.a.</b>
<b>1 year</b>	<b>-3.3</b>	<b>-3.6</b>	<b>+0.3</b>
<b>3 year</b>	<b>8.2</b>	<b>8.1</b>	<b>+0.1</b>
<b>5 years</b>	Initial investment in July 2018		

2. Brunel - (Global High Alpha Equity)

2.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

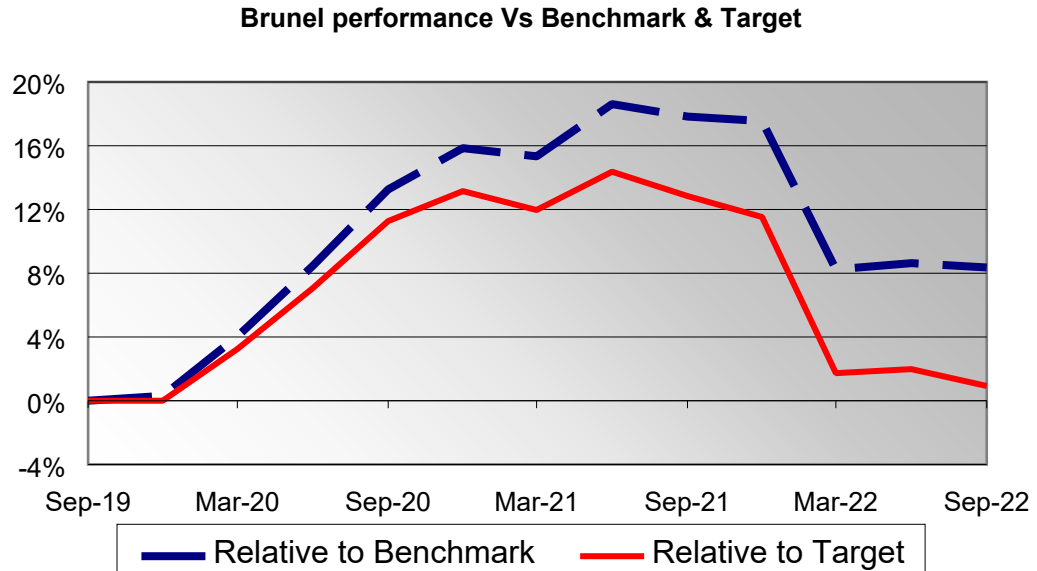
<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>724.2 Global equities</b>	<b>1.8</b>	<b>2.2</b>	<b>-0.4</b>

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 portfolio underperformed the benchmark during the quarter. Absolute performance was positive.

2.4

The Brunel GHA portfolio'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:

	<b>Fund % p.a.</b>	<b>Benchmark % p.a.</b>	<b>Relative to Benchmark % p.a.</b>
<b>1 year</b>	<b>-8.6</b>	<b>-2.5</b>	<b>-6.1</b>
<b>3 years</b>	Initial investment in November 2019		

3. Aberdeen Standard Investments (UK Equities)

3.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>9.1 UK</b>	<b>-14.6</b>	<b>-3.5</b>	<b>-11.1</b>

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 a very poor quarter relative to their benchmark. Absolute returns were strongly negative. Smaller companies underperformed during the quarter, and the Aberdeen Standard fund underperformed the smaller companies' benchmark.

4. Brunel (UK Equities)

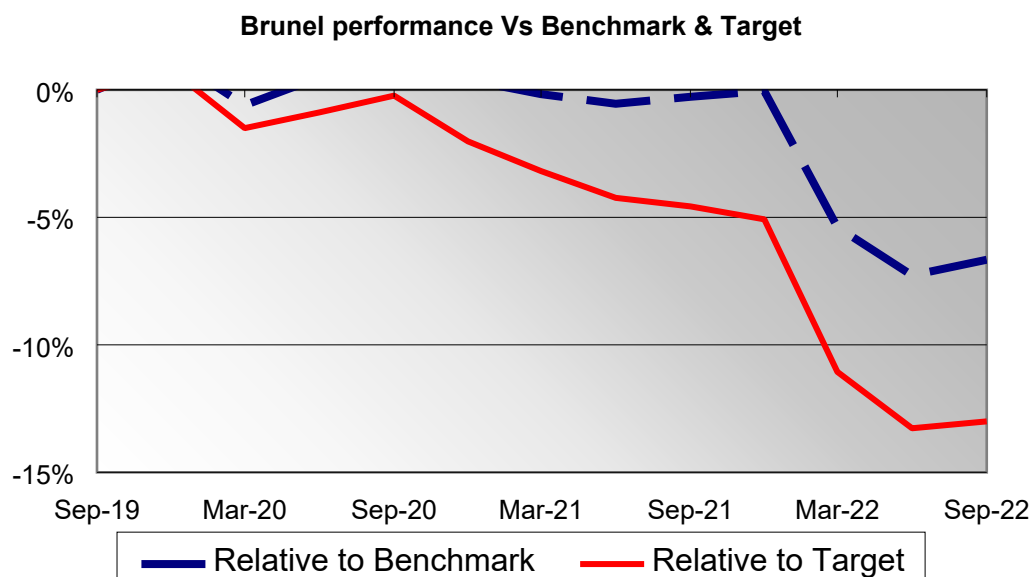
4.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>283.1 UK</b>	<b>-3.4</b>	<b>-3.6</b>	<b>+0.2</b>

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 negative.

4.4 The Brunel UK portfolio'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:

	<b>Fund</b> % p.a.	<b>Benchmark</b> % p.a.	<b>Relative to Benchmark</b> % p.a.
<b>1 year</b>	<b>-9.0</b>	<b>-3.0</b>	<b>-6.0</b>
<b>3 years</b>	<b>-1.1</b>	<b>1.1</b>	<b>-2.2</b>
<b>5 years</b>	Initial investment in November 2018		

5. Brunel (Global Smaller Companies Equity)

5.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

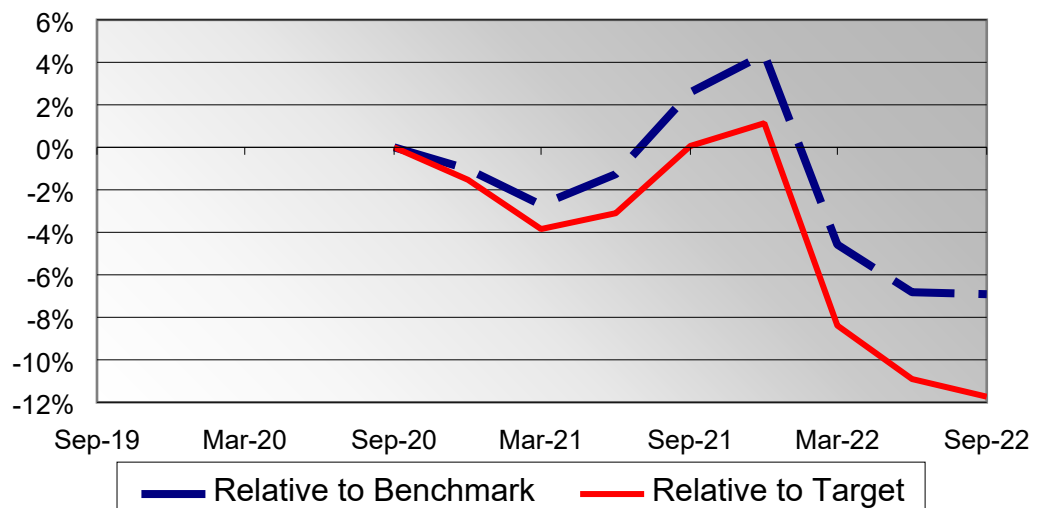
<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>171.0</b>	<b>Smaller Companies</b>	<b>3.2</b>	<b>3.1</b>
			<b>+0.1</b>

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 marginally outperformed the benchmark during the quarter. Absolute performance was positive.

5.4 The Brunel Smaller Companies portfolio'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**



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

	<b>Fund</b> <b>% p.a.</b>	<b>Benchmark</b> <b>% p.a.</b>	<b>Relative to</b> <b>Benchmark</b> <b>% p.a.</b>
<b>1 year</b>	<b>-16.2</b>	<b>-9.4</b>	<b>-6.8</b>
<b>3 years</b>	Initial investment in September 2020		

6. Brunel (Emerging Market Equity)

6.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as</b> <b>at 30 Sept</b> <b>£m</b>	<b>Fund for</b> <b>quarter</b> <b>%</b>	<b>Performance</b> <b>Benchmark</b> <b>for quarter</b> <b>%</b>	<b>Relative to</b> <b>Benchmark</b> <b>%</b>
<b>97.8 Emerging Market</b>	<b>-4.8</b>	<b>-3.8</b>	<b>-1.0</b>

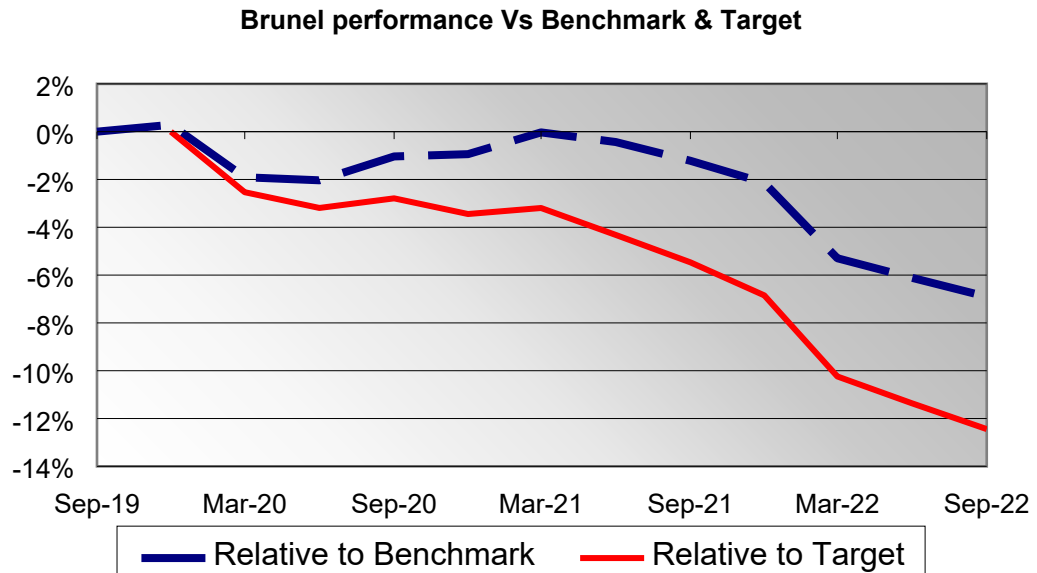
6.2 The Brunel Emerging Market portfolio is managed by a combination of Genesis Investment Management, Wellington Management and Investec Asset Management.

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



6.4

The Brunel Emerging Market portfolio'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:

	<b>Fund % p.a.</b>	<b>Benchmark % p.a.</b>	<b>Relative to Benchmark % p.a.</b>
<b>1 year</b>	<b>-18.1</b>	<b>-13.2</b>	<b>-4.9</b>
<b>3 years</b>	Initial investment in October 2019		

7. Brunel (Passive Gilts)

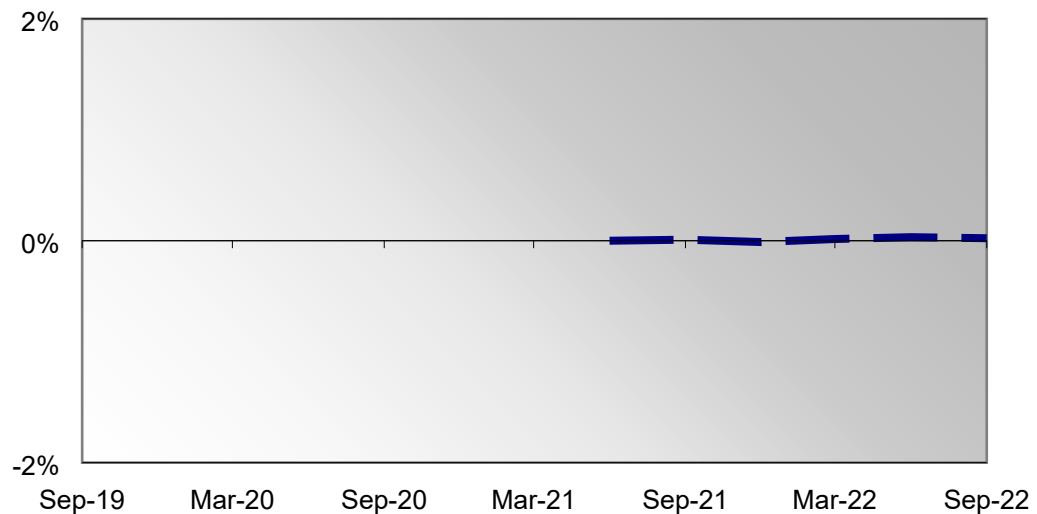
7.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>43.4 UK Gilts</b>	<b>-18.8</b>	<b>-18.8</b>	<b>+0.0</b>

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

7.3

**Brunel (Blackrock) performance Vs Benchmark**



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

	<b>Fund % p.a.</b>	<b>Benchmark % p.a.</b>	<b>Relative to Benchmark % p.a.</b>
<b>1 year</b>	<b>-35.5</b>	<b>-35.5</b>	<b>+0.0</b>
<b>3 years</b>	Initial investment in June 2021		

8. Brunel (Passive (index-Linked Gilts))

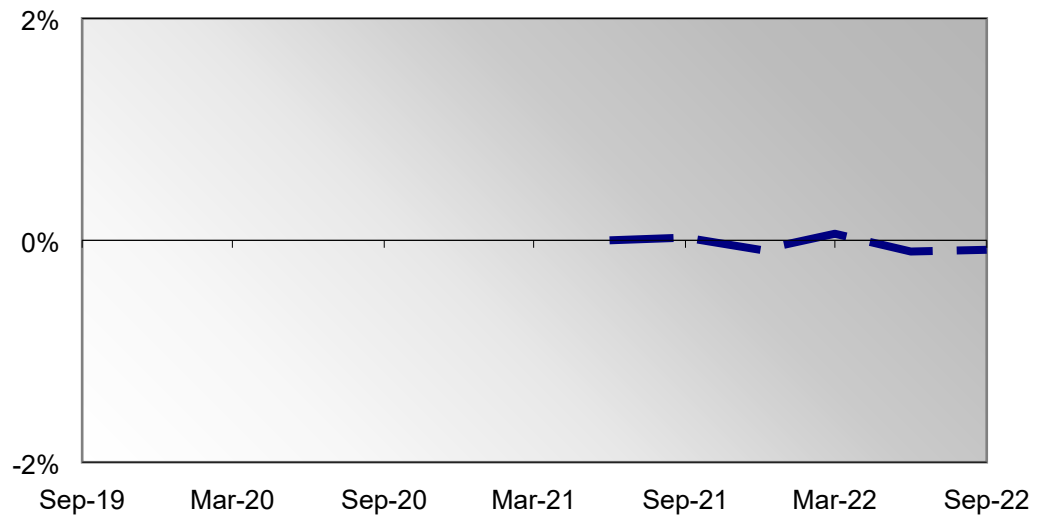
8.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>				
<b>Value as at 30 Sept £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>57.9</b>	<b>UK Index-Linked Gilts</b>	<b>-10.6</b>	<b>-10.6</b>	<b>+0.0</b>

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

8.3

**Brunel (Blackrock) performance Vs Benchmark**



8.4

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

	<b>Fund</b> <b>% p.a.</b>	<b>Benchmark</b> <b>% p.a.</b>	<b>Relative to</b> <b>Benchmark</b> <b>% p.a.</b>
<b>1 year</b>	<b>-29.4</b>	<b>-29.3</b>	<b>-0.1</b>
<b>3 years</b>			

Initial investment in June 2021

9. Brunel (Sterling Corporate Bonds)

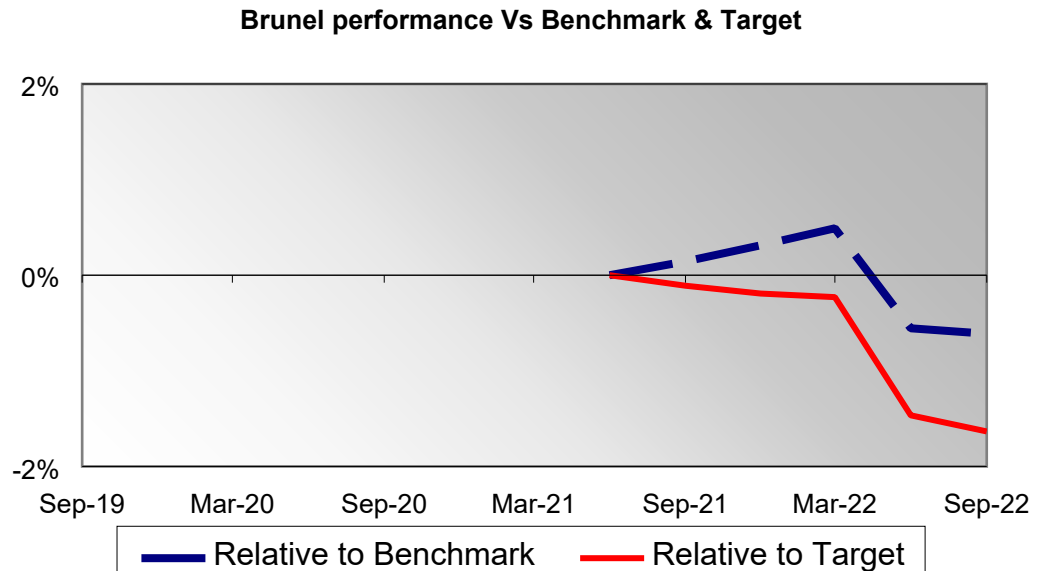
9.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>161.3</b>	<b>£ Corporate Bonds</b>	<b>-11.1</b>	<b>-10.9</b>
			<b>-0.2</b>

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 strongly negative.

9.4 The Brunel Sterling Corporate Bond portfolio's target is to outperform the benchmark by an annualised return of 1% over continuous three to five-year periods after fees have been deducted.



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

	<b>Fund</b> <b>% p.a.</b>	<b>Benchmark</b> <b>% p.a.</b>	<b>Relative to</b> <b>Benchmark</b> <b>% p.a.</b>
<b>1 year</b>	<b>-22.5</b>	<b>-21.8</b>	<b>-0.7</b>
<b>3 years</b>	Initial investment in July 2021		

10. Brunel (Multi Asset Credit)

10.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

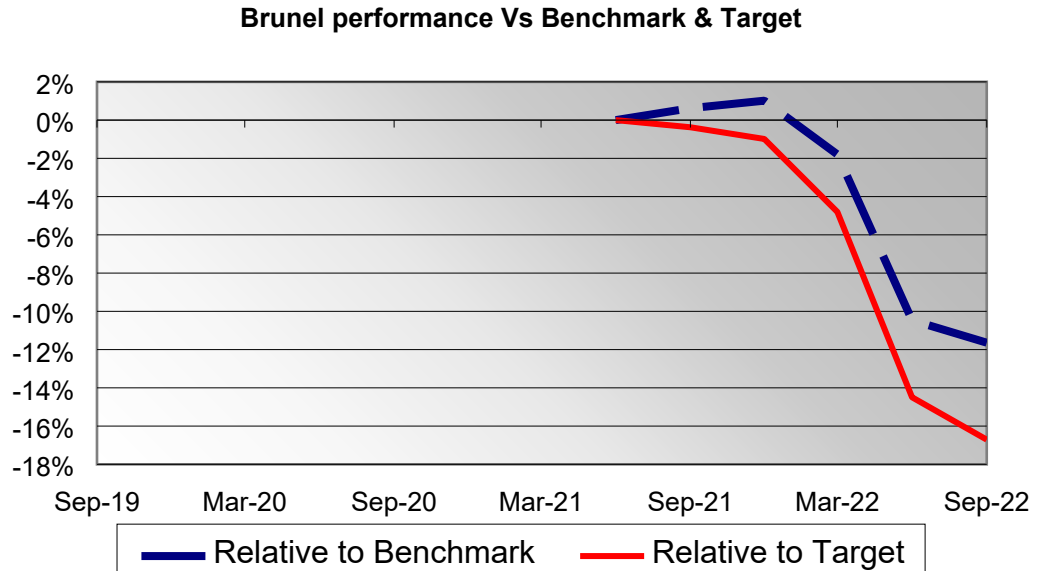
<b>Quarter to 30 September 2022</b>			
<b>Value as</b> <b>at 30 Sept</b> <b>£m</b>	<b>Fund for</b> <b>quarter</b> <b>%</b>	<b>Performance</b> <b>Benchmark</b> <b>for quarter</b> <b>%</b>	<b>Relative to</b> <b>Benchmark</b> <b>%</b>
<b>70.4 Multi Asset Credit</b>	<b>-0.9</b>	<b>0.4</b>	<b>-1.3</b>

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

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

10.4

The Brunel Multi Asset Credit portfolio's target is to outperform the benchmark by an annualised return of 4% to 5% over continuous three to five-year periods after fees have been deducted. The graph below shows performance against 4%.



10.5

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

	<b>Fund</b> % p.a.	<b>Benchmark</b> % p.a.	<b>Relative to</b> <b>Benchmark</b> % p.a.
<b>1 year</b>	<b>-11.5</b>	<b>0.7</b>	<b>-12.2</b>
<b>3 years</b>	Initial investment in June 2021		

11. LaSalle/Brunel (Property Fund of Funds)

11.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>				
<b>Value as at 30 Sept £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>238.1</b>	<b>UK Property</b>	<b>-2.6</b>	<b>-4.0</b>	<b>+1.4</b>
<b>12.6</b>	<b>Cash</b>			
<b>250.7</b>	<b>Total</b>	<b>-2.5</b>	<b>-4.0</b>	<b>+1.5</b>

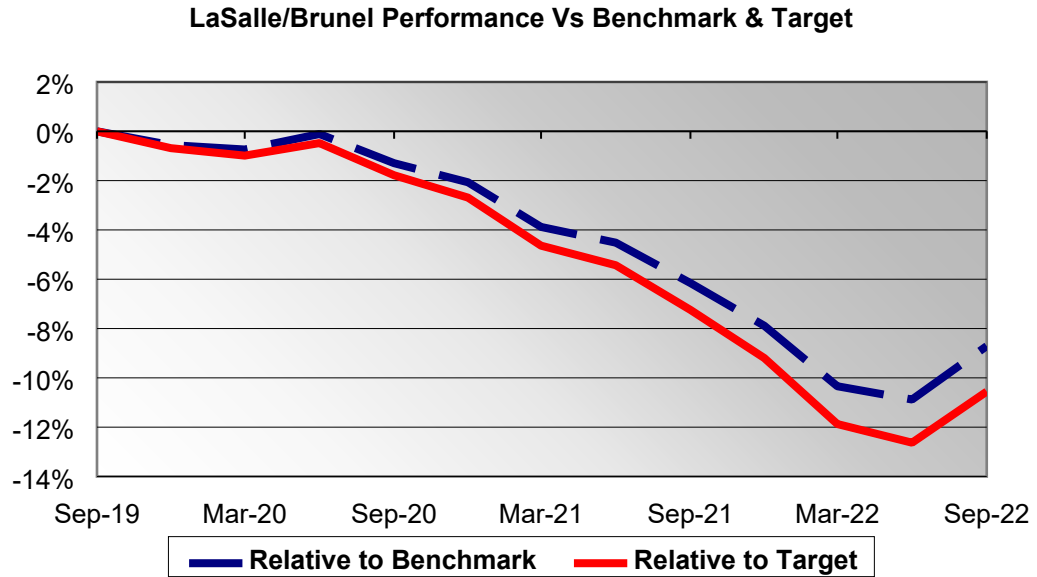
11.2 Management of the property portfolio moved from LaSalle to Brunel on 1st November 2020. Unlike other asset classes Brunel simply took over management with no underlying change in holdings. Going forward performance records will report the full history of this portfolio.

11.3 The portfolio outperformed the benchmark for the quarter. Absolute performance was negative.



11.4

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.



11.5

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

	<b>Fund</b> % p.a.	<b>Benchmark</b> % p.a.	<b>Relative to</b> <b>Benchmark</b> % p.a.
<b>1 year</b>	<b>11.7</b>	<b>13.3</b>	<b>-1.6</b>
<b>3 years</b>	<b>5.1</b>	<b>7.6</b>	<b>-2.6</b>
<b>5 years</b>	<b>5.0</b>	<b>6.7</b>	<b>-1.7</b>
<b>10 years</b>	<b>6.3</b>	<b>8.1</b>	<b>-1.8</b>

12. Neuberger Berman (Global Private Equity)

12.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>92.3 Private Equity</b>	<b>30.6</b>	<b>0.4</b>	<b>+30.2</b>

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.

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:

	<b>Fund % p.a.</b>	<b>Benchmark % p.a.</b>	<b>Relative to Benchmark % p.a.</b>
<b>1 year</b>	<b>41.9</b>	<b>-3.6</b>	<b>+45.5</b>
<b>3 years</b>	<b>27.1</b>	<b>8.1</b>	<b>+19.0</b>
<b>5 years</b>	<b>24.0</b>	<b>9.4</b>	<b>+14.6</b>
<b>10 years</b>	<b>20.1</b>	<b>12.5</b>	<b>+7.6</b>

13. Brunel (Global private equity)

13.1 The performance for the quarter to 30th September 2022 is summarised in the following table:

<b>Quarter to 30 September 2022</b>			
<b>Value as at 30 Sept £m</b>	<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
<b>15.4 Private Equity</b>	<b>-4.0</b>	<b>0.4</b>	<b>-4.4</b>

13.2 Brunel have invested in a number of private equity funds on the Fund's behalf and just over 23.9% of our cycle 2 commitment has been drawn. The portfolio is still very immature but appears to be making good progress at generating positive returns.

13.3 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:

	<b>Fund % p.a.</b>	<b>Benchmark % p.a.</b>	<b>Relative to Benchmark % p.a.</b>
<b>1 year</b>	<b>25.4</b>	<b>-3.6</b>	<b>+29.0</b>
<b>3 years</b>	Initial investment in December 2020		

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 2022 is summarised in the following table:

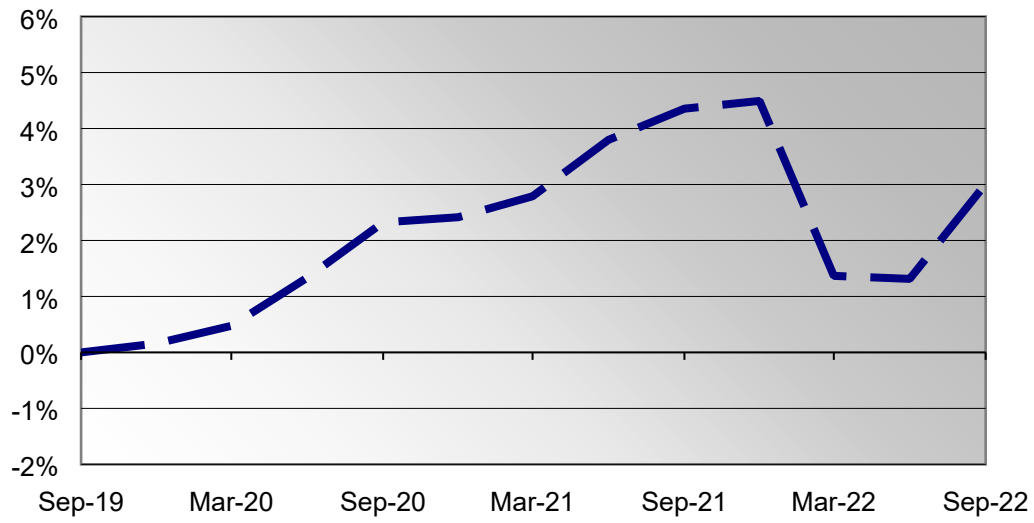
<b>Quarter to 30 September 2022</b>				
<b>Value as at 30 Sept £m</b>		<b>Fund for quarter %</b>	<b>Performance Benchmark for quarter %</b>	<b>Relative to Benchmark %</b>
541.0	Brunel (Passive GI Eq)	1.6	1.5	+0.1
724.2	Brunel (GHA Eq)	1.8	2.2	-0.4
9.1	ASI (UK Eq)	-14.6	-3.5	-11.1
283.1	Brunel (UK Eq)	-3.4	-3.6	+0.2
171.0	Brunel (Small Cap Eq)	3.2	3.1	+0.1
97.8	Brunel (EM Eq)	-4.8	-3.8	-1.0
43.4	Brunel (Passive Gilts)	-18.8	-18.8	+0.0
57.9	Brunel (Passive I-L)	-10.6	-10.6	+0.0
161.3	Brunel (£ Corporate)	-11.1	-10.9	-0.2
70.4	Brunel (MAC)	-0.9	0.4	-1.3
250.7	Brunel (Property)	-2.5	-4.0	+1.5
1.6	SWRVF	0.0	0.4	-0.4
92.3	Neuberger Berman	30.6	0.4	+30.2
15.4	Brunel (Private Eq)	-4.0	0.4	-4.4
0.8	Brunel (holding in Co)	0.0	0.0	+0.0
117.5	Cash	0.4	0.4	+0.0
2,637.5	<b>Whole Fund</b>	<b>-0.5</b>	<b>-2.0</b>	<b>+1.5</b>

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

15.3 Both asset allocation and fund manager performance was positive for the quarter.

15.4

**Whole Fund Performance Vs Benchmark**



15.5

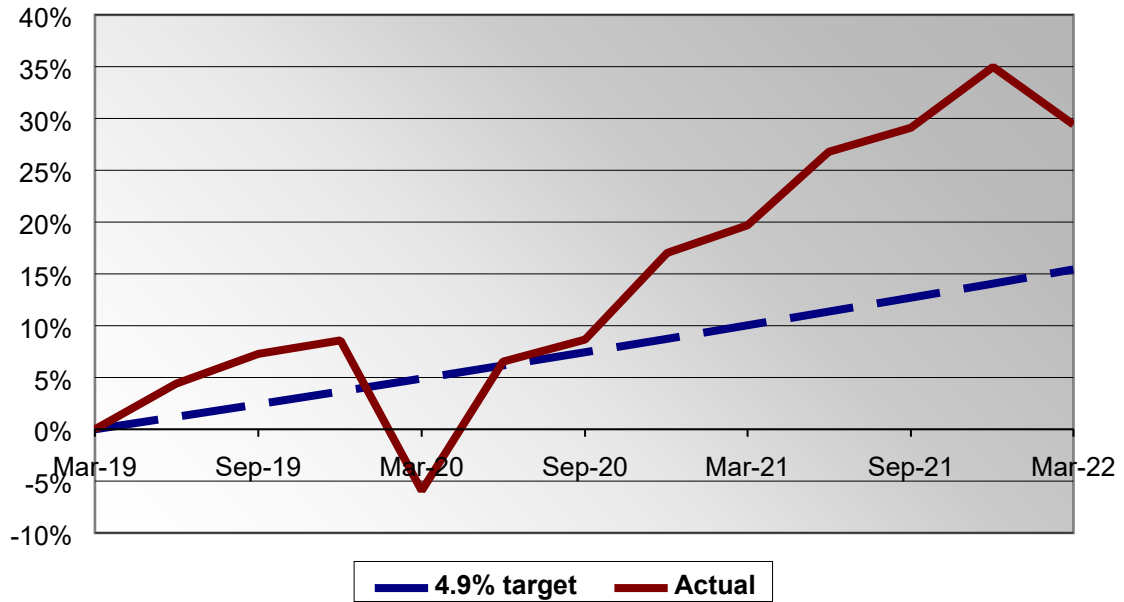
The table below shows annualised performance over a range of time periods:

	<b>Fund % p.a.</b>	<b>Benchmark % p.a.</b>	<b>Relative to Benchmark % p.a.</b>
<b>1 year</b>	<b>-6.9</b>	<b>-6.0</b>	<b>-0.9</b>
<b>3 years</b>	<b>3.9</b>	<b>2.9</b>	<b>+1.0</b>
<b>5 years</b>	<b>5.0</b>	<b>4.6</b>	<b>+0.4</b>
<b>10 years</b>	<b>8.3</b>	<b>7.8</b>	<b>+0.4</b>

15.6

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.

**Performance of Fund Vs. 4.9% absolute return target**



15.7

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
					%
<b>Brunel (Passive GI Eq)</b>	<b>532.7</b>	20	<b>541.0</b>	21	<b>20</b>
<b>Brunel (GHA Eq)</b>	<b>711.1</b>	27	<b>724.2</b>	27	<b>25</b>
<b>ASI (UK Eq)</b>	<b>10.7</b>	0	<b>9.1</b>	0	<b>0</b>
<b>Brunel (UK Eq)</b>	<b>292.6</b>	11	<b>283.1</b>	11	<b>10</b>
<b>Brunel (Small Cap Eq)</b>	<b>165.8</b>	6	<b>171.0</b>	6	<b>5</b>
<b>Brunel (EM Eq)</b>	<b>102.7</b>	4	<b>97.8</b>	4	<b>5</b>
<b>Brunel (Passive Gilts)</b>	<b>53.4</b>	2	<b>43.4</b>	2	<b>4</b>
<b>Brunel (Passive I-L)</b>	<b>64.7</b>	2	<b>57.9</b>	2	<b>4</b>
<b>Brunel (Corp bonds)</b>	<b>181.4</b>	7	<b>161.3</b>	6	<b>8</b>
<b>Brunel (MAC)</b>	<b>71.0</b>	3	<b>70.4</b>	3	<b>3</b>
<b>Brunel/LaSalle (Prop)</b>	<b>254.8</b>	10	<b>250.7</b>	10	<b>10</b>
<b>SWRVF</b>	<b>1.6</b>	0	<b>1.6</b>	0	<b>0</b>
<b>Neuberger Berman</b>	<b>72.5</b>	3	<b>92.3</b>	3	<b>0</b>
<b>Brunel (Private Eq)</b>	<b>14.6</b>	1	<b>15.4</b>	1	<b>5</b>
<b>Brunel (holding in Co)</b>	<b>0.8</b>	0	<b>0.8</b>	0	<b>0</b>
<b>Cash</b>	<b>114.3</b>	4	<b>117.5</b>	4	<b>1</b>
<b>Whole Fund</b>	<b>2,644.7</b>	100	<b>2,637.5</b>	100	<b>100</b>

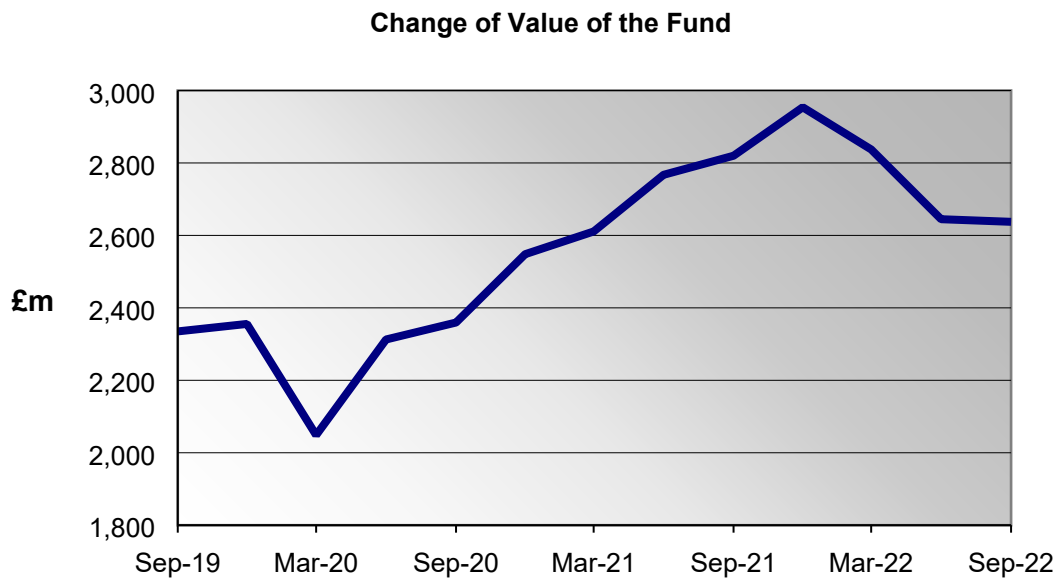
15.8

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

- £0.2m was withdrawn from the Brunel global high alpha equity portfolio. This represents surplus cash from the transitions undertaken in the previous quarter.
- £1.0m was added to the Brunel UK property fund to cover cash flow requirements.
- £1.8m was withdrawn from the Neuberger Berman's Private equity mandate as cash was returned to us by these funds.
- £1.4m was added to the Brunel private equity fund as the underlying investments continued to drawdown on commitments.

15.9

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





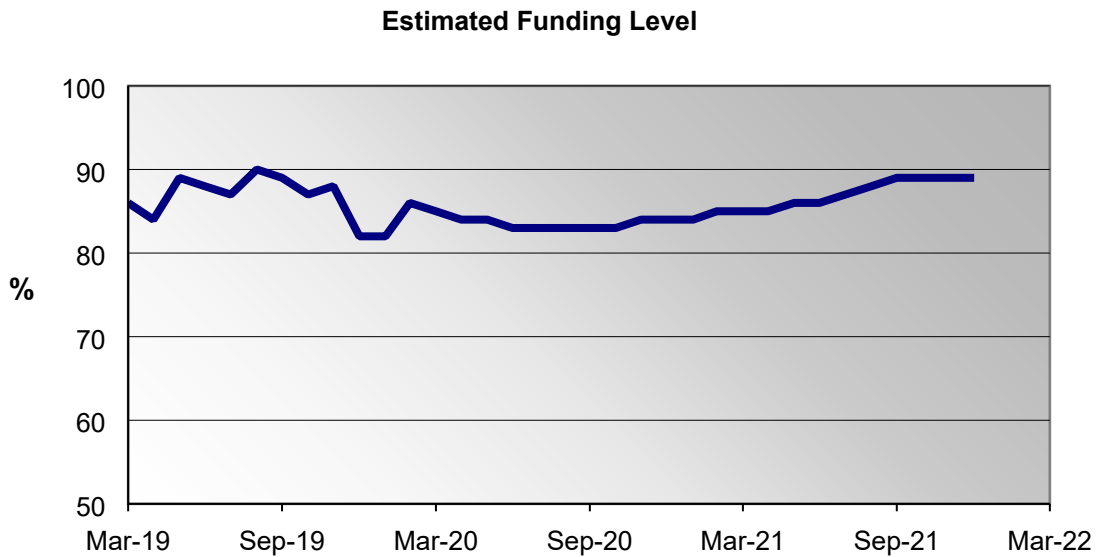
15.11

The Fund's Actuary, Barnett Waddingham, provided the following update to December 2021. We would not expect a further update until the valuation results are provided to committee in the autumn.

"The results of our assessment indicate that:

- The current projection of the smoothed funding level as at 31 December 2021 is 89.0% and the average required employer contribution would be 28.5% 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."



## Pooling Update

- 16.1 Under guidance published by the Government on “LGPS: Investment Reform Criteria and Guidance” in November 2015 we are required to work towards the pooling of the Fund’s investment assets with other LGPS funds with pooling beginning in April 2018.
- 16.2 For the purposes of pooling SCC has aligned itself with 9 other funds in South West England and is working with those funds to create an FCA regulated investment Company, Brunel Pension Partnership Ltd. (BPP).
- 16.3 Somerset largely completed its transition of assets to Brunel in summer 2021, with only some legacy private equity investments and cash not invested via the poll. 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	%
<b>Pooled assets</b>	<b>2,444.8</b>	92	<b>2,416.2</b>	92
<b>Retained assets</b>	<b>199.9</b>	8	<b>221.3</b>	8
<b>Whole Fund</b>	<b>2,644.7</b>	100	<b>2,637.5</b>	100

