Portfolio Specifications

May 2018

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Contents

Important Information

Please read this page before proceeding, as it explains certain restrictions imposed by law on the distribution of this information and the countries in which the portfolios described in this document are authorised for sale.

The portfolios described in the following pages are managed by Brunel Pension Partnership Ltd (**Brunel**) and can only be marketed to professional clients (as defined in the FCA Handbook) and in certain jurisdictions. Brunel is a company established under the laws of England (company no. 10429110)[1] and is authorised and regulated by the Financial Conduct Authority (reference no. 790168).

This does not constitute an offer or solicitation to sell investments in any of the portfolios referred to in this document, by anyone in any jurisdiction in which such offer, solicitation or distribution would be unlawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

It is your responsibility to be aware of and to comply with all applicable laws and regulations of any relevant jurisdiction that apply to making an investment in any of the portfolios.

Specifically, the portfolios described are not available for distribution to, or investment by, any United States citizen or any corporation, partnership, or other organization organized under the laws of the United States (a **US Person**). Interests in the portfolios will not be registered under the US Securities Act of 1933, as amended (the **Securities Act**), the US Investment Company Act 1940 or the securities laws of any of the States of the United States of America. Investments in the portfolios may not be offered or sold in the United States of America or to or for the benefit of a US Person except in a transaction which does not violate the Securities Act or any other applicable US securities laws (including without limitation any applicable law of any of the States of the United States of America).

Applications to invest in any portfolio referred to in this document, must only be made on the basis of the offering document relating to the specific investment (e.g. prospectus, simplified prospectus or other applicable terms and conditions). The portfolios may be constituted in a number of different ways and may be operated by third parties, in conjunction with Brunel. You should refer to the relevant offering document for further details.

As a result of money laundering regulations, additional documentation for identification purposes may be required before you make your investment. Details are contained in the relevant offering document.

[1] Brunel has its registered office at 5th Floor 101 Victoria Street, Bristol, United Kingdom, BS1 6PU.

No information in this document constitutes investment, tax, legal or any other advice. You should take your own professional advice on such matters before making any decisions to invest in any of the portfolios.

- Past performance is no guarantee of future performance.
- The value of investments and the income from them may go down as well as up and are not guaranteed.
- You may not get back the amount you invested.
- The favourable tax treatment of any investment product is subject to government legislation and as such may not be maintained.
- The levels and bases of, and reliefs from, taxation changed in the last Budget and may change in the future.
- Currency fluctuations may cause the value of investments to go up or down.
- Fluctuation may be particularly marked in the case of a higher volatility portfolio or fund and the value of an investment may fall suddenly and substantially.
- For your protection and to comply with its regulatory obligations, telephone calls between Brunel and its clients are recorded.

This document contains forward-looking statements, which are based on current plans, targets or projections. These are subject to inherent risks, including those described in the offering documents for the portfolio(s), which could cause actual results to differ materially from those expressed or implied by such statements.

Introduction

This document provides the specifications of portfolios to be used by Brunel in delivering its investment services to the Client Funds of Brunel. Each specification covers the high-level strategic aspects of the portfolio such as its objectives, benchmark, performance target, investment strategy, risk and liquidity, with the intention that clients should have enough information to make their strategic allocations to the portfolios.

Brunel will be developing and maintaining additional criteria to help it in the management of the portfolios, such as risk controls around number of holdings, sector and country variations from benchmark etc. These controls will be disclosed with the Client Group and used in reporting, but will remain at the discretion of Brunel and do not form part of these specifications.

Certain portfolios are marked as Draft. These are portfolios where the substance of the portfolio appears broadly agreed but certain details have yet to be finalised (e.g. exact benchmark). However, sufficient details should be provided to enable clients to provisionally allocate to these portfolios. No investments or transitions will be made by Brunel until the portfolios are finalised and confirmed.

There are 24 portfolios at present. This excludes cash which is not regarded as a portfolio, and also potential investment overlays which are expected to include: LDI strategies, currency hedging and equity risk management. Variants of portfolios such as currency hedged or income distributing are not regarded as separate portfolios unless they involve separate management. (Note Brunel will ensure clients have the ability to hedge currency risk, potentially either through hedged sub-portfolios or broader hedging overlay) The process for creating, amending or deleting portfolios is defined in the Creation, Amendment and Deletion Policy (CAD), as part of our overall product governance framework, the policy forming a schedule to the Client Agreement.

Where there is consensus between those clients investing in a particular portfolio and Brunel on changes to the specification of that portfolio, or a client(s) and Brunel agree on a new portfolio, the document will be updated directly by Brunel. Other more general changes (or any changes prior to establishing a portfolio) will require Client Group approval. Note also that while creating new portfolios is generally a significant step, the policy also recognises that new passive portfolios are less onerous for Brunel to establish and so the requirements to add passive portfolios are less onerous, particularly for options such as currency hedged versions of passive portfolios.

A summary table of portfolios is provided for convenience. This does not form part of the formal portfolio specifications, and in particular, target costs are provided, but these are only broad indications at this stage to help in portfolio planning.

Definitions.

Portfolio Objective:

This summarises the key return and risk drivers behind the portfolio. Where reference is made to risks or liquidity, see the more detailed definitions below. Where reference is made to costs, low cost means costs towards the lower end of the range for mandates of that broad type. Specifically, for active equity, this means costs roughly in the range of 15-25bp.

Performance Target:

This provides a numeric outperformance target for portfolio against the benchmark. The intention is to select managers with a good prospect of achieving the target, but it cannot be guaranteed. In many cases, individual mandates will have slightly higher targets.

Benchmark:

The benchmark is the baseline performance indicator. Managers underperforming against the benchmark over the medium to long term will be regarded as failing.

Benchmarks have been chosen to be the most common benchmarks used for each particular mandate. Technical considerations, and the rising licensing costs of benchmarks, may provide reasons to review these benchmarks in time, although replacement benchmarks would be expected to be very closely correlated with these common benchmarks.

With some portfolios, Brunel may internally use a secondary benchmark to give additional indication of performance, particularly as a shorter-term indicator when the portfolio performance may vary significantly from the primary benchmark. The main benchmark is still the primary long-term performance indicator, typically over a full market cycle. Specific mandates may also be appointed on a benchmark that differs from that of the portfolio.

Investment Strategy and key drivers:

This section provides a quick overview of:

(1) The type of investments being made

(2) A brief overview of some of the broad investment reasons for considering the strategy generally

(3) A brief overview of the particular approach being taken, for example why active management is appropriate here.

Risk/Volatility

The table below shows how we have classified risk.

Classification	Description	Volatility	Examples
Low	Assets unlikely to experience material capital losses	<5%	Cash* Index-linked gilts*
Low to Moderate	Assets unlikely to experience significant capital losses in the short to medium term	5-10%	Corporate bonds
Moderate	Assets where some capital losses can be experienced	8-10%	Secured income Private debt
Moderate to High	Assets typically with some risk of capital loss particularly short term, but less risky than global equities	10-15%	Property Low volatility equities
High	Assets roughly as risky as global equities, with a significant risk of capital loss short term, which reduces over longer time periods	15-20%	Global Equities
High to Very High	Assets typically riskier than the global equities market	18-28%	Smaller companies Most private equity Emerging markets
Very High	Assets significantly riskier than global equities. Includes leveraged funds. Must be used with care, and should only be considered as part of an overall portfolio	25%+	Leveraged equities Venture capital

*depends on starting point for risk analysis see text

Examples refer to entire portfolios not individual assets, which may be much riskier or more volatile. Diversification within portfolios should significantly reduce individual asset risk, but portfolios will still be subject to broader risk considerations – such as increased defaults from an economic slowdown, or changing valuations due to moves in the markets used to value assets.

Note that perception of risk can be affected by the investors starting point (what they consider risk free), this is particularly relevant for lower risk assets. So, for an investor who considers their liabilities as their starting point, and these liabilities are valued using index linked gilts, cash is not really a low risk asset. In contrast, a matching portfolio of Index linked gilts can be considered low risk, as it should track liabilities closely, even though its cash value will move. Similar, short dated US treasuries may be low risk for a US investor, but for a UK investor there is significant currency risk unless this is hedged.

Timescales have an influence on risk, as over the longer term, return can become more significant compared to risk levels, making higher risk return assets more appealing. The table focuses on short to medium term risk considerations, of up to the three years between valuations, as this time frame is relevant to Client Funds reporting and budgeting cycles.

The measure of Volatility is an indication of the sort of number that may be used to characterise risk in a risk model. Technically it is a measure of one standard deviation of returns over a year. Put another way, roughly 1 year in 6 actual returns will be reduced by at least the risk number compared to their expected value. Note measures of historic volatility vary over time and are in any case retrospective rather than forward looking. The figures above are indicative, and it is not intended to update them based on market movements.

With private markets, valuations may be done only infrequently, which may give an impression of relative stability in value. The risk estimates given above reflect an estimate of underlying risk more relevant to assessing the short-term impact of trying to deal in these instruments.

Relative or Active risk is the risk of variation against benchmark (also known as tracking error with index funds). Measured as volatility above, low active risk portfolios would have a tracking error of 2% or less, moderate tracking error portfolios would have relative risk of 2-5% and high relative risk portfolios of 6% or more. Very Low is used here for index tracking

Liquidity

The following table summarises the different classifications used for liquidity within the various portfolios. The classification considers various factors:

- Costs (dealing spreads, transaction taxes, brokerage etc.) of a normal transaction (which for Brunel would be typically involve a size of a few £10s million)
- Time needed to implement a normal transaction
- Additional time/cost implications of large scale liquidations (£100m+)
- Whether a sale can be relatively easily reversed, without excess costs
- The practicality of dealing in relatively small scale (a few million £).

All liquidity observations refer to normal market conditions and dealing may become much harder with higher costs in difficult conditions. Note dealing spreads are indicative only, and may be higher, particularly at times of high market volatility. Brunel will seek to reduce transaction costs when possible, which will be helped by advance notice of dealing intentions, but cannot guarantee any particular level of dealing spread.

With certain portfolios liquidity may be asymmetric: with some equity portfolios it may be possible to sell but not buy back at low cost, because of taxes or closed funds, conversely with private markets investments can be made at low cost (albeit with an uncertain timeframe) but exiting these investments can be problematic.

All dealing will be in accordance with the Order Execution Policy, unless otherwise specified.

No.	Name	Notes	Portfolios
0	Cash	Callable at short notice with no cost implications.	Cash
1	High Liquidity	Dealing in any size at fairly low spread within a few days. Large scale liquidations can be achieved quickly with modest cost implications.	Passive Global Passive Low Carbon Passive Gilts
2	Reasonable Liquidity	Dealing possible in reasonable size with modest spreads (~15-25bp), but preferred on dealing days. Large Scale liquidations can be achieved reasonably quickly at some cost. Small transactions (<5m) likely to be somewhat restricted, large transactions (>£50m) will normally be managed.	Global Core Low Volatility Passive Smart Beta Passive UK equities*
3	Managed Liquidity	Dealing possible but spreads may be somewhat higher on typical transactions (around 30-50bp). Dealing should take place on Brunel dealing days. Large scale liquidations can be achieved reasonably quickly but potentially at significant cost and may not be reversible. These portfolios are generally unsuitable for small transactions which will be restricted. Large transactions will be carefully managed.	Global High Alpha Emerging Markets Smaller Companies Sustainable Equities UK High Alpha Diversified Growth Funds £ Corporate Bonds Multi Asset Credit
4	Limited Liquidity	Some limited options for liquidity – quarterly or yearly dealing days, other redemption facilities, trading platforms. However, dealing cannot be guaranteed. Transaction costs likely to exceed 1%.	Many property funds, Some other private market funds. Some hedge funds
5	Illiquid	Limited scope for sales, except by bespoke private transaction, which cannot be guaranteed and may take several months. Any forced transactions may involve costs of over 5%.	Limited partnership interests in private equity, debt, Infrastructure, other closed fund vehicles.

* Sales only. Purchases expensive because of Stamp duty.

Income

The approach to income is indicated. With some portfolios income may be monitored as a risk control measure. In some cases it may be possible to create an index tracking sub-portfolio in due course if demand exists.

Investment Styles

Styles or factors can have a significant impact on performance and Brunel will watch and monitor style exposures. In some cases, we expect that a portfolio may have reasonably material and permanent style biases, and these are indicated in this section of the specification.

For listed equities, the key styles usually considered and referred to are:

Style/factor	Explanation
Value	The tendency for "cheap" companies, as measured by metrics such as book to value, to outperform over the long term, possibly explained by their higher risk or by investment rotation.
Size	The tendency for smaller size companies to outperform long term, possibly justified by information and dealing inefficiencies.
Low Volatility	The anomaly whereby low volatility companies appear to perform as well as other companies over the long term but with lower levels of risk short term. Low volatility is attractive for pension funds interested in moderating risk, although it can become expensive at times.
Quality	A focus on companies with low debt and good return on capital, which seems to be under-recognized by the market.
Growth	Companies that exhibit higher than expected growth rates. Sometimes seen as the opposite as of value. Has a more mixed long term performance record and is not seen as a rewarded factor.
Momentum	The tendency for share price performance to trend for a period, normally measured over a 12 month timeframe.

Responsible Investment

This section gives an overview of our approach to responsible investment and in particular, any additional considerations that will be applied in selecting and/or monitoring managers.

Reporting:

This section gives any additional or specific reporting requirements.

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Private Markets structure

Because of the illiquid nature of investments in the private markets, they will operate in a different way to the other portfolios. Each portfolio will be implemented through a single defined investment strategy. However, this will not be via a formal vehicle, instead each Client will effectively have a separate account. Brunel will act as a discretionary manager, providing a complete solution from investment origination to negotiation and post-investment monitoring. New money and/or reinvestment of distributions from existing investments will be committed to suitable new investments pro rata by Brunel's Private Markets Team. Commitments to investments will be in the Client Fund name, not Brunel's. Different investments will not be sought for different Clients. As far as possible investments will be similar across clients in a portfolio but there will be scope for Brunel to (a) tailor future investments to existing holdings (a holistic portfolio view), (b) opt Clients out of particular investments to reflect individual Client fund predetermined guidelines, concerns or conflicts of interest.

To manage the process Brunel will ask clients for commitments of amounts to invest in the various private market portfolios over a set period, typically two years. Initial allocations are for the period April 2018 to March 2020. Such allocations should reflect changes in strategic allocation, underweighted allocations and expected distributions. Brunel can provide advice on appropriate allocations if required to meet particular strategic objectives.

Property

The property portfolio offers somewhat different opportunities. Although initially new allocations will be handled as above, there is greater opportunity to address legacy assets. The existing manager of manager strategies can be brought in house to save significant sums, using the proposed structure. Subsequently, the intention is that these assets can then be developed into a pooled vehicle of funds, with the potential for further development into building up exposure to direct assets.

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Additional considerations monitored by Brunel

The following considerations will be monitored and disclosed by Brunel. They do not form part of the formal specifications and are listed here for information only. In many cases they will determined after market research.

Portfolio holdings

Brunel will specify the eligible holdings for the portfolios, including what non-benchmark stocks are allowed. With more active higher return target portfolios, managers will be permitted greater flexibility. Another consideration will be whether derivatives are to be used and for what purpose (normally only for efficient portfolio management).

Underlying Managers

Brunel will have discretion to determine the number of primary managers a portfolio may have. The number of managers will be influenced by portfolio size as well as portfolio objectives. Individual mandates will need to be large enough to achieve economies of scale, but small enough to avoid problem of being too large and inflexible for many managers, and to support diversification and resilience. As a result, should a portfolio reduce in size significantly then the number of managers is likely to be reduced, while should a portfolio increase substantially Brunel may seek additional managers.

Portfolio Structure

Brunel will provide an indication of how the portfolio will be constructed across managers. In some cases, the managers may be fairly similar in approach, but in other cases Brunel may deliberately choose managers with complementary processes. In some cases, this may be explicit at the mandate selection stage. Brunel will also be mindful that it is important that different managers do not cancel each other out.

Occasionally Brunel may introduce an extra pooled fund or mandate into the portfolio for rebalancing purposes, typically where Brunel considers the existing portfolio has deviated excessively from its benchmark and the portfolio's overall market exposure can be brought back closer to the benchmark by adding an appropriate fund.

Cash

Brunel will specify indicative limits on holdings of cash, breach of which will trigger further investigation. These will generally be at a fairly low level to avoid cash drag on performance. Where derivative use is permitted, limits to cash net and gross of derivative exposure will be used.

Risk Controls

Brunel will develop a set of risk controls for the portfolio, both at high level (model estimated *absolute risk*, *relative risk* and *beta*) and structurally, so considering metrics such as the *effective number of stocks*, *active share*, occasionally *income* targets, *limits on country/region exposure* against the benchmark, and similarly *sector controls* on exposure relative to the benchmark. Such controls will typically will be indicative and be monitored to prompt action, rather than strict controls.

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Summary Table of Portfolios

	Portfolio	Code	Benchmark	Performance Target p.a.	Absolute Risk	Relative Risk	Liquidity
Passive Equities	Passive UK Equities	EPU	FTSE All Share	match	High	V.low	1/2
	Passive Developed Equities	EPD EPD.H	FTSE Developed	match	High	V.low	1
	Passive Emerging Market equities	EPE	FTSE Emerging Mkts	match	High to very high	V.low	2/3
	Passive Low Carbon Equities	EPL	MSCI World (Long term)	Match with lower carbon	High	L	1
	Passive Smart Beta Equities	EPS	MSCI World	+ 0.5% to 1%	High	L/M	1/2
Active Equities	UK Equities	EUK	FTSE All Share	+2%	High	M	3
	Core Global Equities	EGC	MSCI ACWI	+1% to 2%	High	M	2
	High Alpha Developed Equities	EDH	MSCI World	+2% to 3%	High	M/H	3
	Low Volatility Global Equities	ELV	MSCI ACWI	Exceed with lower vol.	Moderate to high	H	2
	Sustainable Global Equities	ESG	MSCI ACWI	+2%	High	H	3
	Smaller Companies Equities	ESC	MSCI Smaller Cos World	+2%	High to very high	M/H	3
	Emerging Market Equities	EEM	MSCI Emerging Mkts	+2% to 3%	High to very high	M/H	3
Fixed Interest	Passive Index Linked Gilts	BPI	FTSE-A over 15 yrs IL Gilts	match	Low	V.low	1
	Passive Leveraged Index Linked Gilts	BPI	3 x ILGs (tbc)	match	See text	L	1/2
	Sterling Corporate Bonds	BSC	iBoxx Sterling Non Gilt x	+1%	Moderate	L/M	3
	Global Bonds	BGB	BB Global Agg Bond £ hgd	+ 0.5% to 1%	Low to moderate	L/M	2
	Multi Asset Credit*	BMA	Composite	+1% to 2%	Moderate	M/H	3
Other	Diversified Growth Fund	DGF	GBP 3M LIBOR	+4% to 5%	Moderate	M	2
	Hedge Funds*	DHF	GBP 3M LIBOR	+3% to 5%	Moderate to high	M	4
	Property	PPY	AREF/IPD UK All Balc'd Fund	+0.5%	Moderate to high	M	4
	Infrastructure	PIN	CPI	+4.0%	Moderate to high	M	5
	Secured Income	PSI	CPI	+2.0%	Moderate to high	M	5(4)
	Private Debt	PPD	GBP 3M LIBOR	+4.0%	Moderate	M	5(4)
	Private Equity	PPE	MSCI ACWI	+3.0%	High to very high	H	5

EP# Passive Equity Portfolios

Code	Name	Benchmark	Absolute Risk	Liquidity
EPU	Passive UK Equities	FTSE All Share.	High.	High/Reasonable (possible stamp duty on buying).
EPD **EPD.H**	Passive Developed Equities	FTSE Developed World Index TR UKPD (i.e. excluding emerging markets). FTSE Developed £ hedged	High.	High (likely preferred choice for short term dealing).
EPE	Passive Emerging Markets Equities	FTSE Emerging Markets Index TR UKPD.	High to very high.	Reasonable/managed. EM securities less liquid than developed.

Note: additional portfolios may be added to the above list, including currency hedged versions, based on client need and the CAD policy.

Portfolio Objective	To provide exposure to relevant benchmarks in a low cost and highly liquid approach.
Performance Target (net of fees)	To match the performance of the relevant benchmark.
Investment Strategy and key drivers	The portfolio will invest passively in the securities underlying the relative market. Managers may achieve small out performance through the timing of transactions to maintain consistency with the index. The aim is to provide long term growth, with income re-invested in the portfolio.
Risk/Volatility	Relative/active risk: very low.
Liquidity	Generally high to reasonable – see table. When dealing, the manager is expected to facilitate significant crossing opportunities.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed to provide income.
Investment Styles	Passive.
Responsible Investment	In accordance with Brunel policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

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EPL Passive Low Carbon Equites

Portfolio Objective	To provide exposure to equity returns and the global economy with lower exposure to carbon emissions and fossil fuels, while still low cost and liquid.
Performance Target (net of fees)	Short term, to match the performance of the low carbon benchmark. Longer term, to track closely the global equity benchmark while significantly reducing exposure to carbon emissions and fossil fuels.
Benchmark	MSCI World Low Carbon Target Index TR GD (in GBP) – or similar. MSCI World Index TR GD (long term).
Investment Strategy and key drivers	This portfolio is invested in global equities, predominantly those that are constituents of the underlying index. Climate change is significant long-term risk to investments. This portfolio seeks to mitigate this risk by investing in accordance with a low carbon index which aims for a reduced exposure to carbon emissions by c. 80% and fossil fuel reserves by circa 90% (relative to the standard MSCI World index). The portfolio is designed to closely track (c.30 bps tracking error) the MSCI World Index limiting non-carbon risks to the portfolio. Managers may achieve small outperformance through the timing of transactions to maintain consistency with the index.
Risk/Volatility	Absolute risk/volatility: High, with value moving in line with the market. Relative/Active risk: very low against Low Carbon benchmark, Low against standard index.
Liquidity	High: This portfolio is highly liquid, with assets able to be added/withdrawn minimal at short notice. Due to lower crossing opportunities it may be slightly less liquid that Developed equities (EPD).
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed to provide income.
Investment Styles	Generally neutralised except for low carbon tilt integrated into index construction.
Responsible Investment	In accordance with Brunel policy, with following specifics: • Robust process to identify carbon and fossil fuel data inputs • Transparency on assumptions and modelling used to support tilts • Continual review of methodology to ensure it is efficient, optimal and reflects best practice.
Reporting	In accordance with the Reporting and Monitoring Framework plus additional information to be provided by the index provider/manager: • Tracking against the benchmark over various periods • Disclosure of emission and stranded assets exposure and changes.

EPS Passive Smart Beta Equities

Portfolio Objective	To provide exposure to equity markets and a combination of smart beta factors with the aim of outperforming the comparable market cap index for a low fee,
Performance Target (net of fees)	Over the long term to outperform the benchmark net of fees by 0.5-1% per annum
Benchmark	The MSCI World Index TR GD.
Investment Strategy and key drivers	The portfolio will invest passively in equities via alternative indices (i.e. not solely focused on market capitalisation). Significant investment research points to the persistence of factors or styles able deliver excess long-term returns, such as value, small size and low volatility. This portfolio will seek to capitalise on these factors. The portfolio will be managed on a passive basis for low cost, but the manager may achieve a small out performance against the underlying smart beta indices through the timing of transactions to maintain consistency with the index.
Risk/Volatility	Absolute risk/volatility: High, with value largely moving in line with the general market. Potentially, the portfolio may be slightly less volatile than the standard market benchmark. Relative/Active risk: low to medium in relation to the comparable market cap index.
Liquidity	Reasonable/ High. This portfolio is seen to be generally highly liquid, but the slightly more complex and specialist nature of the portfolio means that use of dealing days and proper notice is preferred.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income.
Investment Styles	The portfolio will have significant exposure to a number of equity factors or styles, particularly value, low volatility and quality. Brunel will have discretion to select the specific indices to track and the allocation to these indices.
Responsible Investment	In accordance with Brunel policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

EUK UK Equities

Portfolio Objective	To provide exposure to UK equities, together with enhanced returns from manager skill.
Performance Target (net of fees)	To outperform the benchmark by 2% per annum over a rolling 3-5 year period.
Benchmark	FTSE All Share TR.
Investment Strategy and key drivers	The portfolio will comprise a diversified range of UK equities across sectors. Investing in the UK equity market avoids direct currency risk, benefits from the high standards of governance and transparency in the UK, and provides access to a wide range of companies with UK and global exposure. However, the market is somewhat imbalanced from a sector perspective and concentrated in a relatively small number of leading names. However, these aspects of the UK market create opportunities for skilled managers to add long term value through better portfolio construction and stock selection. Managers may invest in an "unconstrained" fashion paying little or no attention to the benchmark constituents or weights.
Risk/Volatility	Absolute risk/volatility: High (the risks of the UK market are similar to or perhaps slightly lower than the global market – reduced direct currency risk is offset by the sector and stock concentration of the UK market). Relative/Active risk: Moderate (around 4%).
Liquidity	Managed. Although liquidity of most of the underlying equities is sufficient, material exposure to smaller companies may create dealing issues at scale. Stamp duty also imposes a material cost in buying UK equities.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically for income.
Investment Styles	Given the nature of the benchmark, a tilt towards smaller size companies exposure can be expected by active managers. Style biases will be generally monitored and managed.
Responsible Investment	In accordance with Brunel policy. Governance and stewardship code compliance will be critical given the nature of this mandate.
Reporting	In accordance with the Reporting and Monitoring Framework.

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EGC Core Global Equities

Portfolio Objective	To provide global equity market exposure and some excess returns from manager skill, with moderate fees and reasonable liquidity.
Performance Target (net of fees)	To outperform the benchmark by 1 – 2% per annum over a rolling 3-5 year period.
Benchmark	MSCI All Country World Index (ACWI) TR GD (i.e. with emerging markets).
Investment Strategy and key drivers	The portfolio will comprise global equities, diversified by sector and geography. The portfolio will use active management to achieve the performance target in a risk-controlled manner.
Risk/Volatility	Absolute risk/volatility: High, dominated by the equity market. Relative/Active risk: Moderate.
Liquidity	Reasonable: assets can be added/withdrawn at short notice, but using agreed dealing days will be preferable. Liquidity will be a consideration in portfolio construction and fund selection.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income, expected levels of income are likely to be broadly in line with the benchmark but may vary.
Investment Styles	The portfolio is not expected to exhibit strong style biases overall. On average, modest positive biases to established styles can be expected, particularly quality and low volatility, but this may vary from time to time.
Responsible Investment	In accordance with Brunel policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

EDH High Alpha Developed Equities

Portfolio Objective	To provide global equity market exposure together with excess returns from accessing leading managers.
Performance Target (net of fees)	To outperform the benchmark by 2-3% per annum over a rolling 3-5 year period.
Benchmark	MSCI World Index TR GD.
Investment Strategy and key drivers	The portfolio will comprise global equities (primarily developed), diversified by sector and geography. The portfolio will seek the best managers, based on available research and evidence. Based on this, the chosen managers are likely to have high conviction, concentrated portfolios, and to invest in an "unconstrained" fashion paying little or no attention to the benchmark constituents or weights. Managers will be allowed sufficient latitude to find the best opportunities, so may have significant active risk and hold some non-benchmark stocks.
Risk/Volatility	Absolute risk/volatility: High, dominated by the equity market, but with potential for some material variation due to manager selections. Relative/Active risk: medium-high for the portfolio as a whole.
Liquidity	Managed. Although the liquidity of the underlying equities in this portfolio should be sufficient for our dealing needs, the structure and relations with managers will mean that in most cases a managed approach to liquidity will be appropriate. Some managers may also be closed to new business.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income.
Investment Styles	Some individual managers are likely to have strong style/factor biases, and the overall portfolio may exhibit material style biases. Positive factor exposures will generally be preferred and a material tilt overall away from quality or low volatility would be a concern. Style exposure will be monitored and managed by Brunel.
Responsible Investment	In accordance with Brunel policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

ELV Low Volatility Global Equities

Portfolio Objective	To provide exposure to global equities in a way which seeks to moderate the expected high levels of risk in equities without reducing long term returns, through exposure to the low volatility factor and manager skill, at moderate cost with reasonable liquidity.
Performance Target (net of fees)	To exceed the benchmark return over the long term (measured on a rolling three year or longer basis), but with lower volatility than the underlying market (80% or less), and in particular, attempting to protecting value in falling markets. (Volatility here is standard deviation of monthly returns).
Benchmark	MSCI All Countries World Index (ACWI) TR GD (longer term).
Investment Strategy and key drivers	The portfolio will consist of a diversified range of global equities and should achieve its low volatility objective largely through portfolio construction and stock selection (rather than e.g. trading or option overlays). The low volatility anomaly is an observation that the return from different equities is not related to their risk levels, and so in particular low volatility equities are attractive from long term risk return perspective. It can be explained through behavioural finance considerations. Although passive approaches can be used, an active approach can help mitigate against occasional overvaluation of low volatility equities. There is likely to be a preference for low cost quantitative/systematic approaches which seek to add value and reduce risk through integration of other factors.
Risk/Volatility	Absolute risk/volatility: Moderate to high, dominated by equity risks. However, in falling markets, the portfolio is expected to fall in value less than 90% of the market, and more typically 80%. Relative/Active risk: High, due to construction away from the benchmark.
Liquidity	Reasonable: assets can be added/withdrawn at short notice, but using agreed dealing days will be preferable. Liquidity will be a consideration in portfolio construction and fund selection.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically for income.
Investment Styles	The portfolio will have a strong bias to the low volatility factor. Depending on portfolio construction it may have some exposure to the quality and smaller size factors as a result of seeking to reduce volatility. Exposure away from the value factor should be monitored, and some managers may include some positive exposure to value and momentum.
Responsible Investment	In accordance with Brunel policy. In addition, the manager will be expected to integrate appropriate ESG risks as part of their reduction of volatility, including a tilt away from high carbon risks.
Reporting	In accordance with the Reporting and Monitoring Framework.

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ESG Sustainable Global Equities

Portfolio Objective	To provide exposure to global sustainable equities markets, including excess returns from manager skill and ESG considerations.
Performance Target (net of fees)	To outperform the benchmark by 2% per annum over the medium to longer term (3-5 years).
Benchmark	MSCI All Country World Index (ACWI) TR GD (i.e. with emerging markets)
Investment Strategy and key drivers	The portfolio will comprise global sustainable equities, diversified by sector and geography (although sector weights may vary significantly from the benchmark). The sustainable equities portfolio will use a broader strategy consideration of environmental and social sustainability to identify companies and investment themes able to succeed long term through contributing to society. It will build on but go beyond most "Responsible Investment" approaches. Thus, it will still include an active approach to corporate governance, and consideration of environmental and social factors, particularly when they represent potential risks to investor capital. Sustainable equities does not automatically include traditional "ethical approaches", where companies are screened out on "ethical" grounds – involvement in arms manufacture or tobacco for example. However, it should be noted that sustainable equities may implicitly exclude certain areas which are considered incompatible with sustainability (e.g. coal mining), and some sustainable funds may include some explicit screening. The portfolio will use active management to achieve the performance target. Although ESG indices and quantitative approaches are improving, identifying strategic change and underlying ESG risks calls on considerable manager skill. Done well however, there is growing evidence that it can enhance a robust investment process.
Risk/Volatility	Absolute risk/volatility: High, broadly similar to the general equity market, but preferably slightly lower, particularly long term. Relative/Active risk: High: individual mandates likely to be benchmark agnostic and absolute return focused. Diversification between managers may be lower than in e.g. High alpha.
Liquidity	Managed. Underlying liquidity will be reasonable, but the long-term nature and structure of the portfolio makes less frequent dealing preferred. WARNING: Once established, the portfolio is likely to be closed to new investment as it will likely involve significant allocation to managers who are closed. Clients then wishing to invest will need to discuss options with Brunel, e.g. a new vintage of portfolio. Client Funds should notify Brunel of any interest in this portfolio at start up.

Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income.
Investment Styles	The portfolio is likely to have quality, small cap and growth biases but these should be managed (particularly growth). It may also be prone to an anti-value bias which again will be managed if possible.
Responsible Investment	Managers should integrate ESG factors throughout company analysis and portfolio construction and take a long-term view of the business implications. Typically, managers will know and engage with companies extensively. Managers will be alert to new opportunities, risks and changing ESG dynamics.
Reporting	In accordance with the Reporting and Monitoring Framework but with ESG enhanced specific requirements • ESG factor exposure (e.g. carbon tilts) and analytics • Sustainability review and analysis • An engagement report, including integration into investments.

ESC Smaller Companies Equities

Portfolio Objective	To provide exposure to global smaller company equities together with excess returns from manager skill.
Performance Target (net of fees)	To outperform the benchmark by 2% per annum over a rolling 3-5 year period.
Benchmark	MSCI Smaller Companies World Index TR GD (i.e. excl. EM).
Investment Strategy and key drivers	The portfolio will comprise a geographically diversified range of smaller company equities. Smaller companies will be as defined by the relevant index provider. Some investment in medium sized stocks will be permitted, as will in non-benchmark smaller companies. The smaller companies effect is well established and demonstrates that smaller companies offer higher long-term returns. It may reflect higher risk, and also the practical issues of investing in smaller companies. Information and market inefficiencies with smaller companies should create opportunities for managers so we will use active management to achieve the performance target. However, understanding manager skill in the area will be important. Mandates are likely to be quite focused.
Risk/Volatility	Absolute risk/volatility: High to very high (higher than the standard global equity benchmark). Relative/Active risk: Moderate to high (around 5%).
Liquidity	Managed. Underlying liquidity in smaller companies is lower with high dealing spreads.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income.
Investment Styles	On average, modest positive biases to established styles can be expected, particularly quality and growth, but this may vary over time.
Responsible Investment	In accordance with Brunel policy. A high level of competence in governance and stewardship will be expected.
Reporting	In accordance with the Reporting and Monitoring Framework.

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EEM Emerging Market Equities

Portfolio Objective	To provide exposure to emerging market equities, together with excess returns and enhanced risk control from accessing leading managers.
Performance Target (net of fees)	To outperform the benchmark by 2-3% per annum over a rolling 3-5 year period.
Benchmark	MSCI Emerging Markets TR GD
Investment Strategy and key drivers	The portfolio will comprise a geographically diversified range of emerging markets equities, with a small element of frontier markets. Emerging and frontier economies typically are expected to achieve higher long-term growth rates than developed economies, and, in many cases, are seeing the emergence of a middle class, rising education and improving institutions and infrastructure. This higher growth rate provides a positive backdrop for investing in emerging market equities. Rapid change also creates a range of specific opportunities for businesses and investors. Information and market inefficiencies with emerging markets should create opportunities for active managers. Opportunities can arise at both a macro and micro (company) level. Good managers, however, also need to be able to manage the increased risk and challenges of emerging markets.
Risk/Volatility	Absolute risk/volatility: High to very high (higher than the standard global equity benchmark.). In particular, emerging markets can suffer from significant political and macroeconomic risks, which can affect equity markets and exchange rates. Relative/Active risk: Moderate to high (around 5%).
Liquidity	Managed. Liquidity of the underlying equities in emerging markets is lower with high dealing spreads. Some managers may also be closed to new business.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically for income.
Investment Styles	Risk control is important so managers with an absolute return mindset are likely to be preferred, and a tilt to low volatility can be expected. A quality tilt is also quite likely. Value as a factor will need to be monitored.
Responsible Investment	In accordance with Brunel policy. The manager(s) will be expected to analyse and consider the addition ESG risks involved in emerging and frontier markets, and be active in stewardship.
Reporting	In accordance with the Reporting and Monitoring Framework.

BP# Passive Bond Portfolios

Code	Name	Benchmark	Absolute Risk	Liquidity
BPI	Passive Index Linked Gilts	FTA over 15 year index linked gilts.	Low (against liabilities) Moderate (against cash)	High
BPL	Leveraged Index Linked Gilts	FTA over 15 year index times 3 less funding costs (or similar)	Low (against liabilities if leverage is considered) High (against cash)	High/Reasonable

Note: additional portfolios may be added to the above list, including different durations, based on client need and the CAD policy.

Portfolio Objective	To provide exposure to relevant benchmarks in a low cost and highly liquid approach.
Performance Target (net of fees)	To match the performance of the relevant benchmark.
Investment Strategy and key drivers	The portfolio will invest passively in the securities underlying the relative market. Managers may achieve small out performance through the timing of transactions to maintain consistency with the index. The aim is to provide long term growth, with all income re-invested in the portfolio.
Risk/Volatility	Relative/active risk: very low.
Liquidity	Generally high to reasonable - see table. When dealing, the manager is expected to facilitate significant crossing opportunities.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed to provide income.
Investment Styles	Passive.
Responsible Investment	In accordance with Brunel policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

BSC Sterling Corporate Bonds

Portfolio Objective	Exposure to sterling bond markets and the credit risk premium, with additional returns from manager skill.
Performance target (net of fees)	The performance objective of the portfolio is to seek an excess return of 1.0 % per annum over the Benchmark over rolling 3 to 5 year periods.
Benchmark	iBoxx Sterling Non-Gilt All Maturities Bond Index (or similar broad index of bond market performance).
Investment Strategy and key drivers	The portfolio consists of Sterling denominated bonds (fixed income securities) issued by a range of entities other than the UK government (this include UK and overseas public companies, international agencies, housing charities, private companies (in e.g. infrastructure) etc.) and securitised debt. The aim is to provide some return over gilts by exploiting the credit risk premium: the fact that credit spreads are generally more than adequate compensation for default risks. An active approach with enhanced credit analysis and sensible portfolio construction should provide additional returns over the benchmark. Some exposure to unrated and non-benchmark bonds will allow further return enhancements. The portfolios are expected to be highly diverse with >250 holdings). This is because with bonds, risks are asymmetric and so diversification reduces risks without limiting return.
Risk/Volatility	Absolute risk/volatility: moderate against cash. Portfolio returns should be reasonably correlated with liabilities. However, risks against liabilities will probably still be moderate (but the other direction – so in a falling interest rate environment this fund may perform well but not as well as liabilities). Relative/ active risk: low to moderate, around 2-4%. Various limits provide risk controls on the mandate.
Liquidity	Managed: While corporate bonds can be traded readily, dealing spreads can be significant particularly in adverse market conditions.
Investment Styles	There is likely to be a focus on credit research as the way to add value, and hence a somewhat positive exposure to credit risks compared to the benchmarks.
Responsible Investment	In accordance with Brunel policy. We expect the manager's process to include covenant analysis, to understand protection against downside ESG risks.
Reporting	In accordance with the Reporting and Monitoring Framework. In addition, the following bond specific information will be sought: • Duration, Sector, Maturity and Performance • Credit rating analysis • Default experience

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BGB Global Bonds

Portfolio Objective	Exposure to global bond markets and credit markets, with additional returns from manager skill.
Performance Target (net of fees)	To out-perform the benchmark by 0.5 – 1.0% per annum over a rolling 3-5 year period.
Benchmark	Bloomberg Barclays Global Aggregate Bond Index Hedged to GBP
Investment Strategy and key drivers	The portfolio will include a geographically diversified range of investment grade debt, including treasury and government related bonds, securitised debt and corporate bonds. Assets will be denominated in a range of currencies, but the portfolio will be hedged to GBP. The portfolio will be actively managed – with a wide range of available markets the managers are expected to exploit relative value opportunities around the world. Although managers will be allowed reasonably flexibility, controls will limit overall interest rate and credit exposures.
Risk/Volatility	Absolute risk/volatility: this portfolio is expected to be low to moderate risk again cash. It is likely to reasonable positively correlated with liabilities but will not typically have the same interest rate sensitivity as liabilities. Relative active risk: Low to moderate.
Liquidity	Reasonable. This portfolio is seen to be generally liquid, although the level of credit exposure may reduce liquidity, particularly in adverse market conditions when a managed approach to liquidity may be more appropriate.
Investment Styles	Active management. The portfolio is not expected to have a strong style or specific approach.
Responsible Investment	In accordance with Brunel policy.
Reporting	in accordance with the Reporting and Monitoring Framework. In addition, the following bond specific information will be sought: • Duration, Sector Allocation, Maturity Breakdown, Country Breakdown • Credit Rating analysis • Default experience

BMA Multi Asset Credit - DRAFT

Portfolio Objective	To gain exposure to a diversified portfolio of enhanced credit opportunities with modest exposure to interest rate risk.
Performance Target (net of fees)	To outperform the benchmark by 1-2% per annum over a rolling 3-5 year period.
Benchmark	Composite bond benchmark. E.g. 40% global corporate bonds, 30% high yield bonds, 30% emerging market debt. A cash (or short-dated bond) benchmark could be used but would involve a higher return target.
Investment Strategy and key drivers	Portfolio will invest in a variety of specialist bond sectors, such as corporate bonds, high yield, bank loans, emerging market debt etc. The intention is to gain exposure to range of more specialised, higher return bond sectors which individually do not merit explicit allocation, but collectively provide a diversifying, moderately high return portfolio. Some of the fund managers are likely to be chosen to invest dynamically to maximise exposure to best value opportunities. Other managers may be chosen more as specialists in a particular area.
Risk/Volatility	Absolute risk/volatility: Moderate, significantly lower than equities. Relative/active risk Against a composite benchmark moderate to high (4-8%?), against cash high active risk. This portfolio should have some bond exposure (duration 2-5 years) so have some modest correlation with bonds, but extensive specific risks will limit this correlation (and so fairly high risk against liabilities Similarly, the high level of credit exposure may create some correlation with equity returns, but overall correlation with equities should be fairly low.
Liquidity	Managed. Underlying Funds are typically likely to have weekly dealing but with some spread costs.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income.
Investment Styles	The portfolio will have significant positive exposure to credit risk, and modest interest rate exposure. Other specific exposures are likely to be actively manged and may change.
Responsible Investment	In accordance with Brunel Policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

DGF Diversified Growth Funds

Portfolio Objective	Portfolio will invest in a diversified range of asset classes to provide a broad exposure to a range of return drivers and achieve equity like returns with reduced volatility over a 5 year period. The portfolio will seek to provide diversification from equity risk.
Performance Target (net of fees)	To outperform the benchmark by 4-5% per annum over a rolling 3-5 year period.
Benchmark	GBP 3 Month LIBOR.
Investment Strategy and key drivers	The portfolio will comprise multi-asset funds which allocate between a wide range of asset classes including equity and fixed income, together with alternative strategies such as real estate, commodities and currency. The portfolio will be actively managed to achieve growth at low absolute risk. Investments will be diversified between asset classes and by geography.
Risk/Volatility	Absolute risk/volatility: moderate against cash. The portfolio aims to have 50% to 66% of equity market risk and volatility of less than 10%. Relative/ active risk: moderate, around 4%.
Liquidity	Managed. Funds offer a range of liquidity with most offering daily or weekly dealing achieving this by managing underlying liquidity accordingly.
Income	Income will be reinvested in the portfolio but will be accounted for separately. The portfolio will not be managed specifically to provide income.
Investment Styles	Different DGFs operate in different ways. The portfolio will diversify between funds taking different approaches, including predominantly long only asset allocation and funds with significant ability to go short. Funds may also differ in the extent to which they dynamically allocate across asset classes or seek broad diversification across asset classes.
Responsible Investment	In accordance with Brunel policy. The ability to apply all aspects of Brunel policies may be limited in some instances by the nature of these products.
Reporting	In accordance with the Reporting and Monitoring Framework.

DHF Hedge Funds - DRAFT

Portfolio Objective	To provide exposure to a portfolio of leading hedge funds capable of delivering reasonable returns through manager skill with moderate risk and largely uncorrelated to bonds and equity.
Performance Target (net of fees)	To outperform the benchmark by 3-5% per annum over a rolling 3-5 year period.
Benchmark	GBP 3M LIBOR.
Investment Strategy and key drivers	Hedge funds comprise a wide range of investment strategies, which seek to generate returns through manger skill in range of difference ways, generally with limited correlation to market risk. Hedge fund returns have generally fallen in recent years as other market participants have adopted some the strategies and reduced the opportunities, but skilful managers can still add value through continuing thought leadership and innovation, so the right mechanism to access the best funds will be important. A degree of diversification is also important. Costs are a key challenge with hedge funds, and will need to be managed carefully, with a focus on transparency as much as possible.
Risk/Volatility	Absolute risk/volatility: Moderate to high Relative/Active risk: Moderate.
Liquidity	Limited. Hedge funds vary in liquidity with some offering reasonably frequent dealing. Others can be less liquid, with only occasional dealing and subject to gating and other controls.
Income	Generally none, any income will be reinvested in the portfolio.
Investment Styles	The portfolio is expected to have limited equity market and interest rate exposure, but may have exposure to factors such as credit risks and market volatility.
Responsible Investment	In accordance with Brunel policy.
Reporting	In accordance with the Reporting and Monitoring Framework.

PPY Property

Portfolio Objective	To provide exposure to a portfolio of property investments, offering reasonable returns from a combination of income and capital with some diversification from equities.
Performance Target (net)	To outperform the benchmark by 0.5% p.a. over a rolling 5 – 7 year period.
Benchmark	AREF / IPD UK All Balanced Property Fund index.
Investment Strategy and key drivers	Property is one of the most established of the investment classes and provides some diversification from equity and bond markets, although returns and valuations are somewhat dependent on economic growth. Traditionally focused on the domestic market, many investors are becoming more international in their allocations to improve diversification. The portfolio will predominantly invest in UK commercial property but may provide some diversification by investing up to 30% in overseas commercial property and/or UK residential property. The portfolio will be actively managed to achieve the fund objective.
Risk/Volatility	Absolute risk/volatility: Moderate to high. The illiquid nature of the investment may create an illusion of lower short-term volatility, but values can be subject to significant falls over the medium term. Relative/Active risk: Moderate. Manager skill can vary, and the various market sectors perform differently.
Liquidity	Limited. Investments will be fundamentally illiquid in nature, and dealing costs are high. However, the property market is well serviced and active. Many funds may have dealing facilities but when redemption requests are received a period of notice or delay may be imposed and spread costs will be charged to protect the interest of other investors in the portfolio. At periods of market distress redemptions may be suspended. There may also be a secondary market for some of the assets in the portfolio.
Income	Income is a considerable factor in returns and could be provided separately, although usually it is reinvested. The portfolio will provide an option for investing funds to either receive or reinvest distributions.
Investment Styles	Diversified; the Portfolio will consist of a range of funds with different styles including 'Core', 'Core+', 'Value Added' and 'Opportunistic'. The fund is likely to include a tilt away from retail and towards more niche 'other' sectors at present. Over time, a direct property manager will be appointed to transition the portfolio away from indirect funds.
Responsible Investment	In accordance with Brunel's policy, managers will be expected to consider ESG risks when evaluating and monitoring investments. This will be aided by a move towards a more direct investment model.
Reporting	In accordance with the Reporting and Monitoring Framework.

PIN Infrastructure

Portfolio Objective	To provide exposure to a portfolio of infrastructure investments, generating long term, relatively predictable returns, from a combination of capital and income.
Performance Target (net)	To outperform the benchmark by 4.0% p.a. over a rolling 7 – 10 year period.
Benchmark	CPI.
Investment Strategy and key drivers	The portfolio will invest in a range of assets with a skew towards renewable technologies and sustainable infrastructure. Investments in economic and social infrastructure funds capable of achieving the performance target may also be included. As an asset class, infrastructure equity has a good linkage with pension fund liabilities and cash flows. The focus will be on investments with asset backing, contractual or otherwise secure cash flows (with some inflation correlation) and limited economic or operating exposure. Leverage will be kept to moderate levels. Some controlled development and construction risk will be permitted, allowing investment in new build ("greenfield") projects where returns are higher.
Risk/Volatility	Absolute risk/volatility: Moderate to high. Some positive correlation to economic factors and equity markets will exist, as well as bond markets and discount rates, but returns should be fairly independent of both. The illiquid nature of the investment may create an illusion of lower short-term volatility, but values can be subject to significant moves over the medium term. Relative/Active risk: Moderate. Manager skill can vary, and the various market sectors perform differently.
Liquidity	Illiquid. Investments will be fundamentally illiquid in nature. There may be a secondary market for some of the assets in the portfolio, aided by the income generating nature of the asset but realisations may be slow or at significant discounts.
Income	Income will form a proportion of total returns and could be provided separately, although usually it is reinvested. Given the higher return objective of this portfolio and potential exposure to development projects / assets, the focus will be more on capital appreciation than income. Income focused infrastructure investments will be made as part of Brunel's Secured Income Portfolio.
Investment Styles	Diversified; the Portfolio will consist of a range of funds with different styles including 'Core', 'Core+', 'Value Added' and to a limited extent 'Opportunistic'. A mix of overseas and domestic investments will be sought. Co-Investments & co-investment platforms/JVs will be considered.
Responsible Investment	In accordance with Brunel's policy. Managers will be expected to consider ESG risks when evaluating and monitoring investments. Where

	possible, carve-outs or exclusions will be sought to reflect individual client fund guidelines, concerns or conflicts of interests.
Reporting	In accordance with the Reporting and Monitoring Framework.

PSI Secured Income

Portfolio Objective	To provide a higher yield than Index-Linked Gilts and Corporate Bonds with the added benefit of this yield rising with inflation or being subject to fixed uplifts over time.
Performance Target (net)	To outperform the benchmark by 2.0% p.a. over a rolling 5 – 7 year period.
Benchmark	CPI.
Investment Strategy and key drivers	The Brunel Secured Income Portfolio is designed to provide Clients with exposure to a portfolio of private market physical assets where the majority of the value is derived from long-dated cash flows, not rising residual asset values. The focus of the portfolio will be on generating predictable returns, almost entirely from running yield, typically derived from: • Assets with collateral backing that have limited economic exposure; • Initially with 15 – 25 year, contractually secure cash flows with robust counterparties; • A minimum 60% inflation-linked or correlated income uplifts; • Uplifts via annual indexation or every 5 years. The portfolio will invest primarily in funds, but some direct investment may be considered.
Risk/Volatility	Absolute risk/volatility: Moderate to high. Some positive correlation to bond markets and discount rates is expected and intended. The illiquid nature of the investment may create an illusion of lower short-term volatility, but values can be subject to large moves over the medium term. Relative/Active risk: Moderate. Manager skill can vary, and the various market sectors perform differently.
Liquidity	Illiquid (possible limited liquidity in some cases). Investments will be fundamentally illiquid in nature. There may be a secondary market for some of the assets in the portfolio, aided by the relatively low risk, income generating nature of the assets, but realisations may be slow or at significant discounts.
Income	Income is a key component of returns and is expected to be largely distributed.
Investment Styles	A diversified portfolio consisting of a range of funds. A substantial percentage will be in UK domiciled long-lease property, with the balance typically consisting of real asset debt and/or operational infrastructure equity investments. A majority of domestic investments will be sought but some overseas opportunities may be included in the mix. Currency exposure in overseas investments will be hedged where possible.
Responsible Investment	In accordance with Brunel's policy. Managers will be expected to consider ESG risks when evaluating and monitoring investments.
Reporting	In accordance with the Reporting and Monitoring Framework.

PPD Private Debt

Portfolio Objective	To provide exposure to a portfolio of private debt instruments, offering reasonably attractive returns, primarily in the form of income, based on credit risks and the illiquidity premium.
Performance Target (net)	To outperform the benchmark by 4% p.a. over a rolling 3 – 5 year period.
Benchmark	GBP 3M LIBOR.
Investment Strategy and key drivers	The portfolio will comprise a diversified set of private debt investments, aimed at providing moderately high returns primarily through income. Increasing regulation on banks has led to them withdrawing from significant sections of their traditional corporate lending markets, focusing on more secure lending. This has created an opportunity to provide direct lending to these companies at attractive rates, as long as investors are prepared to accept the lower liquidity and the more significant costs involved in finding and checking suitable private lending opportunities. The portfolio will primarily be invested with specialist managers to achieve the fund objective. Managers will be selected to cover a range of market niches. Investments will be diversified by geography and by sector and may be denominated in a range of currencies. Currency exposure is likely to be hedged if possible.
Risk/Volatility	Absolute risk/volatility: Moderate. Relative/Active risk: Moderate.
Liquidity	Illiquid. Investments are likely to be fundamentally illiquid in nature, with no ability to request early realisation. Some cash returns may come from the relatively rapid payback period of many loans (c. 3 years). There is likely to be some secondary market assuming the loans are performing as expected.
Income	Income could potentially be paid out, although income and capital are often combined in fund distributions.
Investment Styles	The portfolio is likely to have significant exposure to the credit cycle, although actual return experience will be driven by specific default experience. The portfolio is expected to have limited interest rate sensitivity ("Duration"). Senior and/or secured loans will make up a significant proportion of the portfolio, although there will be scope to invest in more junior parts of the capital structure.
Responsible Investment	In accordance with Brunel's policy. Managers will be expected to consider ESG risks (to the extent possible) when evaluating and monitoring investments.
Reporting	In accordance with the Reporting and Monitoring Framework.

PPE Private Equity

Portfolio Objective	To provide exposure to a portfolio of private equity investments, offering potentially exceptional net returns, albeit with high risk, illiquidity and high costs. Impact investment will be considered, subject to meeting the return objective.
Performance Target (net)	To outperform the benchmark by 3% p.a. over a rolling 7 – 10 year period.
Benchmark	MSCI ACWI Index.
Investment Strategy and key drivers	Private equity historically has offered very good returns, benefitting from the illiquidity premium and active long-term governance. Costs however, can significantly undermine long-term returns. Private Equity will be broadly defined and may include higher risk return investments in areas such as infrastructure and property (development). Investments will include a mix of Private Equity investment strategies (Co-Investment, Secondary and Primary funds) and stages (including but not limited to 'Buyout', Growth', 'Venture' and 'Turnaround'). The portfolio will be global in outlook in search of a diversified set of opportunities, with an average lifecycle of 10 – 15 years. New opportunity sets will be identified at least annually. The aim is to provide significant capital growth for the investor with funds returned over the lifecycle of the investments. Currency is unlikely to be hedged.
Risk/Volatility	Absolute risk/volatility: High to very high. The illiquid nature of the investment may create an illusion of lower short-term volatility, but values are significantly influenced by the equity market. Relative/Active risk: High. Manager skill can vary substantiality, and good outcomes depend on finding the best managers.
Liquidity	Illiquid. Investments will be fundamentally illiquid in nature and should be expected to be held for the 10 -15 years life of the investment with no ability to request early realisation. There is likely to be some secondary market for some of the assets in the portfolio.
Income	Income is not expected to be a major part of the returns and usually combined in fund distributions.
Investment Styles	Diversified.
Responsible Investment	In accordance with Brunel's policy. Managers will be expected to consider ESG risks when evaluating and monitoring investments. Where possible, carve-outs or exclusions will be sought to reflect individual client fund guidelines, concerns or conflicts of interests.
Reporting	In accordance with the Reporting and Monitoring Framework.

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