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Pension Fund Committee

Date: Tuesday, 25 June 2024
Time: 1.30 pm
Venue: Meeting Room 1, County Hall, Dorchester, DT1 1XJ

Membership: (Quorum 3)
Cllr Andy Canning (Chair), Cllr Andy Todd (Vice-Chair), Cllr John Beesley (BCP), Cllr David Brown (BCP), Cllr Will Chakawhata, Adrian Felgate, Cllr Felicity Rice (BCP), Cllr Andy Skeats and Cllr Gary Suttle

Chief Executive: Matt Prosser, County Hall, Dorchester, Dorset, DT1 1XJ

For more information about this agenda please contact Democratic Services
Meeting Contact joshua.kennedy@dorsetcouncil.gov.uk

Members of the public are welcome to attend this meeting, apart from any items listed in the exempt part of this agenda.

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Agenda

Page No

1. APOLOGIES

To receive any apologies for absence.

2. MINUTES

To confirm the minutes of the meeting held on 5 March 2024.

3. DECLARATIONS OF INTEREST

To disclose any pecuniary, other registrable or personal interest as set out in the adopted Code of Conduct. In making their decision councillors are asked to state the agenda item, the nature of the interest and any action they propose to take as part of their declaration.

If required, further advice should be sought from the Monitoring Officer in advance of the meeting.

4. PUBLIC PARTICIPATION

Representatives of town or parish councils and members of the public who live, work, or represent an organisation within the Dorset Council area are welcome to submit either 1 question or 1 statement for each meeting. You are welcome to attend the meeting in person or via MS Teams to read out your question and to receive the response. If you submit a statement for the committee this will be circulated to all members of the committee in advance of the meeting as a supplement to the agenda and appended to the minutes for the formal record but will not be read out at the meeting. The **first 8 questions and the first 8 statements received from members of the public or organisations for each meeting will be accepted on a first come first served basis in accordance with the deadline set out below.** Further information read [Public Participation - Dorset Council]

All submissions must be emailed in full to Joshua.kennedy@dorsetcouncil.gov.uk by 08:00am on Thursday 20 June 2024.

When submitting your question(s) and/or statement(s) please note that:

- You can submit 1 question or 1 statement.
- A question may include a short pre-amble to set the context.
- It must be a single question and any sub-divided questions will not be permitted.
- Each question will consist of no more than 450 words, and you will be given up to 3 minutes to present your question.
- When submitting a question please indicate who the question is for (e.g., the name of the committee or Portfolio Holder).
- Include your name, address, and contact details. Only your name will be published but we may need your other details to contact you about your question or statement in advance of the meeting.
- Questions and statements received in line with the council's rules for public participation will be published as a supplement to the agenda.
- All questions, statements and responses will be published in full within the minutes of the meeting.

5. QUESTIONS FROM COUNCILLORS

To receive questions submitted by councillors.

Councillors can submit up to two valid questions at each meeting and sub divided questions count towards this total. Questions and statements received will be published as a supplement to the agenda and all questions, statements and responses will be published in full within the minutes of the meeting.

The submissions must be emailed in full to Joshua.kennedy@dorsetcouncil.gov.uk by 08:30am on Thursday 20 June 2024.

Dorset Council Constitution – Procedure Rule 13

6. URGENT ITEMS

To consider any items of business which the Chairman has had prior notification and considers to be urgent pursuant to section 100B (4) b) of the Local Government Act 1972. The reason for the urgency shall be recorded in the minutes.

7. PENSION FUND INVESTMENTS 5 - 100

To consider the quarterly report on the value and performance of the pension fund's investments.

8. BRUNEL GOVERNANCE / SCHEME ADVISORY BOARD UPDATE

To receive a verbal update from Cllr John Beesley in his capacity as the Committee's representative on the Brunel Oversight Board and as a member of the Scheme Advisory Board (SAB) for the Local Government Pension Scheme (LGPS).

9. PENSIONS ADMINISTRATION 101 - 106

To consider the quarterly report on pension fund administration.

10. DATES OF FUTURE MEETINGS

To confirm the dates for the meetings of the Committee in 2024/25:

1.30 pm Tuesday 17 September 2024 - County Hall, Dorchester.
1.30 pm Tuesday 26 November 2024 - County Hall, Dorchester.
1.30 pm Tuesday 18 March 2025 - County Hall, Dorchester.

All meetings to be preceded by training for committee members 10am to 12.45pm.

11. EXEMPT BUSINESS

To move the exclusion of the press and the public for the following item in view of the likely disclosure of exempt information within the meaning of paragraph 3 of schedule 12 A to the Local Government Act 1972 (as amended).

The public and the press will be asked to leave the meeting whilst the item of business is considered.

There is no exempt business scheduled for this meeting.

PENSION FUND COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 26 MARCH 2024

Present: Cllr Andy Canning (Chairman), Cllr David Brown (BCP), Cllr Simon Christopher, Adrian Felgate, Cllr Howard Legg, Cllr Mark Roberts and Cllr Gary Suttle

Present remotely: Cllrs John Beesley (BCP) and Felicity Rice (BCP)

Also present: Tim Dickson and Simon Wood (Brunel Pension Partnership), and Steve Tyson (Independent Investment Advisor, Apex Group)

Officers present (for all or part of the meeting):
Aidan Dunn (Executive Director - Corporate Development S151), Karen Gibson (Service Manager for Pensions) and David Wilkes (Service Manager for Treasury and Investments)

260. **Apologies**

No apologies for absence were received.

261. **Minutes**

The minutes of the meeting held on 5 March 2024 were confirmed and signed.

262. **Declarations of Interest**

No declarations of disclosable pecuniary interests were made at the meeting.

263. **Public Participation**

No questions or statements from members of the public were made at the meeting.

264. **Questions From Councillors**

No questions or statements from Councillors were made at the meeting.

265. **Urgent items**

There were no urgent items.

266. **Pensions Administration**

Performance against Key Performance Indicators (KPIs) continued to be generally good despite difficulties with the McCloud remedy.

The new McCloud regulations came into place on 1 October 2023. There had been further delay in the software delivery needed for the implementation of the McCloud remedy and this was now not expected until the end of the year. The pension fund’s data was in good condition ready for the McCloud remedial work and the 2025 valuation. Local Government Pension Scheme (LGPS) funds are expected to issue annual benefit illustrations in compliance with the new McCloud regulations for the first time next year. This would not be possible until the software had been delivered.

The possibility of moving to a different software provider was discussed and it was noted that the other main software provider was further ahead in implementing the McCloud remedial work compared to the Dorset’s provider. Discussions had taken place between officers and the provider, and the provider was due to attend the next Local Pension Board meeting where software delivery progress would be monitored.

New Government Actuary Department (GAD) guidance was issued on 24 January 2024. This covered technical areas such as interfund transfers and provided details of additional calculations required in respect of the McCloud remedy.

267. **Pension Fund Investments**

The value of the pension fund’s assets at 31 December 2023 was £3.8 billion with just under 80% of assets by value now under the management of Brunel.

Employer contribution rates would be reviewed by the actuary at the next triennial valuation based on assets and estimated liabilities as at 31 March 2025. The actuary was expected to take a cautious approach if the funding position had improved as they would not want to reduce rates and then subsequently have to increase rates at a later date.

The total return from the pension fund’s investments over the quarter to 31 December 2023 was 5.0%, compared to the combined benchmark return of 4.5%. The total return for the 12 months to 31 December 2023 was 9.7% compared to the benchmark return of 8.8%. Annualised returns for three years were 4.5% compared to the benchmark return of 6.0% and for five years were 5.8% compared to the benchmark of 6.4%.

The quarter to 31 December 2023 saw global falls in inflation at a faster pace than previously expected, which lead to expectations that interest rates might start to fall faster than expected and in turn a rally across most asset classes. This had continued into the first quarter of 2024. The backdrop for Brunel’s portfolios was more positive due to stabilising interest rates and lower energy prices.

A key theme in markets was the performance of the so-called Magnificent Seven mega-cap stocks - Apple, Amazon, Alphabet, Meta, Nvidia, Microsoft and Tesla. The potential for social media and anti-trust legislation could have impact on the valuations of some of these companies. Brunel's active portfolios were generally underweight these companies and their underlying managers would be aware of and managing these risks.

Brunel were investigating with FTSE the reported increase for the quarter in Weighted Average Carbon Intensity (WACI) for the Paris Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB) passive equities products. The results of the investigation would be shared with client funds but it was believed that these products were meeting their targets.

David Vickers, Brunel's Chief Investment Officer, had accepted an invitation to sit on a Green Finance Initiative (GFI) taskforce to deliver independent recommendations to the Shadow Chancellor regarding mechanisms to encourage greater private investment in the UK's net zero economy. Brunel is not party-political and engages with the UK government and shadow government, and with other mainstream political parties, on an independent basis where it considers such engagement useful.

Brunel agreed to provide a more detailed analysis of the geographical exposure of its Emerging Markets equities portfolio.

268. **Brunel Governance / Scheme Advisory Board Update**

Cllr John Beesley, the pension fund's representative on the Brunel Oversight Board (BOB), and also a member of the LGPS Scheme Advisory Board (SAB), updated the Committee on governance matters relating to investment pooling.

Brunel's budget for 2024/25 had been agreed by the shareholders. It had also been agreed by the ten shareholders that the threshold for approval of Special Reserved Matters (SRM) would be reduced from 100% to 75% therefore ensuring that one fund could not exercise a veto over the wishes of the majority of shareholders. A replacement for Brunel's retiring chair had been agreed subject to confirmation. It was agreed that Brunel's Chief Investment Officer should be invited to a forthcoming meeting of the Committee.

SAB wanted to ensure that any legislation or guidance resulting from the proposals for the LGPS in the spring budget was compatible with fiduciary duty. The McCloud remedy was still occupying a lot of the SAB's time.

269. **Pension Fund Treasury Management Strategy 2024/25**

The Committee considered a report by officers setting out the Treasury Management Strategy (TMS) for 2024-25.

Although the pension fund had no strategic allocation to cash, cashflows needed to be managed to ensure there was sufficient liquidity to meet liabilities as they fell due and to invest any surplus balances appropriately. The TMS provided the framework within which officers must manage these cashflows and cash investments.

The TMS for 2024-25 was unchanged from 2023-24 and broadly followed the TMS for Dorset Council, the administering authority for the pension fund, where applicable.

Decision

That the Treasury Management Strategy for 2024-25 be approved.

270. **Dates of Future Meetings**

1.30 pm Tuesday 25 June 2024 - County Hall, Dorchester.
1.30 pm Tuesday 17 September 2024 - County Hall, Dorchester.
1.30 pm Tuesday 26 November 2024 - County Hall, Dorchester.
1.30 pm Tuesday 18 March 2025 - County Hall, Dorchester.

All meetings to be preceded by training for committee members 10am to 12.45pm.

271. **Exempt Business**

Decision

That the press and the public be excluded for the following item(s) in view of the likely disclosure of exempt information within the meaning of paragraph 3 of schedule 12 A to the Local Government Act 1972 (as amended).

272. **Investment Management Changes**

The Committee were updated on progress made implementing changes to investment management arrangements agreed previously by the Committee.

At its meeting 29 November 2023, the Committee approved the transition of the pension fund's holdings in the RLPPC Over 5 Year Corporate Bond Fund managed by Royal London Asset Management (RLAM) to the Sterling Corporate Bonds portfolio managed by Brunel Pension Partnership. This transition was approximately 95% complete and expected to be fully complete within weeks.

At its meeting 5 March 2024, the Committee approved the transfer of the pension fund's holdings in Climate Transition Benchmark (CTB) passive equities to Paris Aligned Benchmark (PAB) passive equities. This transition was now fully complete.

Duration of meeting: 10.00 am - 12.45 pm

Chairman

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Pension Fund Committee

25 June 2024

Pension Fund Investments

For Decision

Local Councillor(s): All

Executive Director: A Dunn, Executive Director, Corporate Development

Report Author: David Wilkes
Title: Service Manager (Treasury and Investments)
Tel: 01305 224119
Email: david.wilkes@dorsetcouncil.gov.uk

Report Status: Public

Brief Summary:

The estimated value of the pension fund's assets at 31 March 2024 was £3,918m compared to £3,517m at the start of the financial year, an increase of £401m.

The total return from the pension fund's investments over the quarter to 31 March 2024 was 4.9%, compared to the combined benchmark return of 4.9%. The total return for the 12 months to 31 March 2024 was 11.4% compared to the benchmark return of 12.5%. Annualised returns for three years were 5.4% compared to the benchmark return of 6.8% and for five years were 5.5% compared to the benchmark of 6.2%.

The quarter to 31 March 2024 saw inflation continue to fall but at a slower pace than expected, leading in turn to expectations that interest rates would fall more slowly than previously expected. Most markets remained positive as economic indicators were generally more positive than expected previously reducing fears of stagnation or recession.

A key aspect driving markets continues to be the performance of the so-called Magnificent Seven mega-cap stocks - Apple, Amazon, Alphabet, Meta, Nvidia, Microsoft and Tesla.

As at 31 March 2024, approximately 83% of the pension fund's assets were under the management of Brunel Pension Partnership (Brunel), the pension fund's Local Government Pension Scheme (LGPS) investment pooling manager.

Dorset's holdings in Brunel's listed portfolios reflected the strong markets and were all up in absolute terms. Global High Alpha and Global Sustainable equities, Dorset's largest Brunel holdings, both saw absolute returns for the quarter above 9%, broadly in line with their benchmarks.

The investment environment for Brunel's general bias towards growth and quality styles is anticipated to be more favourable in 2024 than it was for 2022 and much of 2023. A period of stable or falling interest rates should be favourable for Brunel, as would stable or falling oil prices.

Recommendation:

That the Committee review and comment upon the activity and overall performance of the pension fund's investments.

Reason for Recommendation:

To ensure that the pension fund has the appropriate management and monitoring arrangements in place, and to ensure that asset allocation in line with agreed strategic targets.

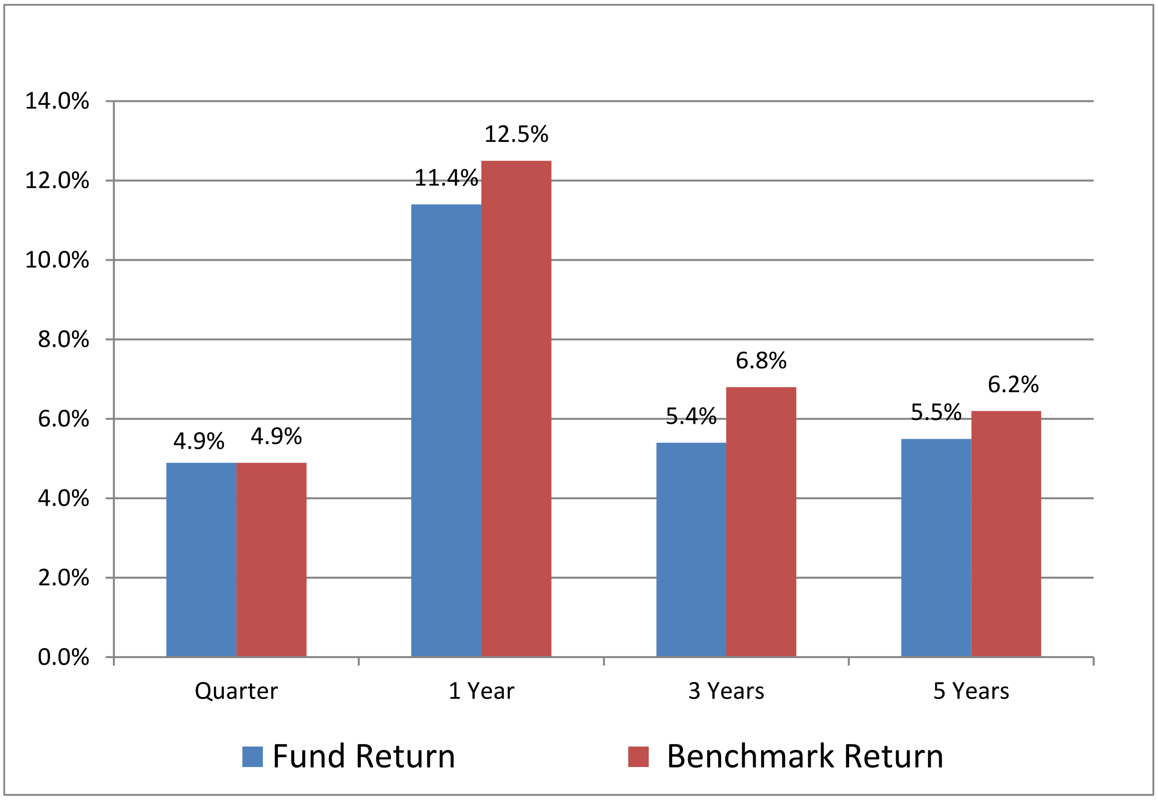
1. Asset Valuation Summary

1.1 The table below shows the pension fund's asset valuation by asset class at the beginning of the financial year and as at 31 March 2024, compared with the target allocation agreed by the Committee June 2023. There were no significant variances between actual and target allocations.

	31-Mar-23		**31-Mar-24**		**Target Allocation**	
Asset Class	**£M**	**%**	**£M**	**%**	**£M**	**%**
UK Equities	310.0	8.8%	339.9	8.7%	352.6	9.0%
Global Equities	1,567.5	44.6%	1,826.2	46.6%	1,763.2	45.0%
Emerging Markets Equities	142.2	4.0%	147.8	3.8%	156.7	4.0%
Total Listed Equities	***2,019.7***	***57.4%***	***2,313.9***	***59.1%***	***2,272.5***	***58.0%***
Corporate Bonds	229.1	6.5%	256.4	6.5%	254.7	6.5%
Multi Asset Credit	232.4	6.6%	269.7	6.9%	254.7	6.5%
Diversified Returns	236.5	6.7%	262.2	6.7%	274.3	7.0%
Infrastructure	276.2	7.9%	290.4	7.4%	313.5	8.0%
Private Equity	135.8	3.9%	138.4	3.5%	195.9	5.0%
Property	302.8	8.6%	307.2	7.8%	352.6	9.0%
Liability Driven Investment	19.0	0.5%	0.0	0.0%	-	0.0%
Cash	58.8	1.7%	82.7	2.1%	-	0.0%
F/X Hedging	7.1	0.2%	- 2.8	-0.1%	-	0.0%
Total Asset Valuation	**3,517.4**	**100.0%**	**3,918.1**	**100.0%**	**3,918.1**	**100.0%**

2. Investment Performance Summary

2.1 The overall performance of the pension fund's investments to 31 March 2024 is summarised below (returns for three and five years are annualised figures).



2.2 Appendix 1 summarises by investment manager and investment vehicle the value of Assets Under Management (AUM) as at 31 March 2024 plus each investment's return compared to its benchmark for the quarter, one, three and five years, and 'Since Initial Investment' (SII). All percentages quoted for periods over one year are annualised returns.

3. Economic and Market Background

3.1 The quarter to 31 March 2024 saw inflation continue to fall but at a slower pace than expected, leading in turn to expectations that interest rates would fall more slowly than previously expected. Most markets (except government bonds) remained positive as in general economic indicators were more positive than expected reducing fears of stagnation or recession. US equities in particular performed strongly, lagged by the UK and emerging markets.

3.2 A major influence on the performance of world benchmarks and market participants continues to be the performance of the so-called Magnificent

Seven mega-cap US technology stocks - Apple, Amazon, Alphabet (Google, YouTube, Android mobile operating system), Meta (Facebook, Instagram, WhatsApp), Nvidia, Microsoft and Tesla. As of January 2024, these seven stocks in total represented nearly 30% of the S&P 500's market capitalisation.

3.3 Further information relating to the economic and market background relevant to the pension fund's investments can be found in the independent investment adviser's quarterly report (Appendix 2).

4. Investment Pooling

4.1 In accordance with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, Dorset participates with nine other LGPS funds to pool investment assets through the Brunel Pension Partnership. Brunel is wholly owned in equal shares by the ten administering authorities that participate in the pool and is authorised by the Financial Conduct Authority (FCA).

4.2 As at 31 March 2024, approximately 83% of the pension fund's assets were under the management of Brunel.

4.3 Brunel's performance report for the quarter ending 31 March 2024 is included as Appendix 3 to this report. This report includes market summaries from Brunel's investment officers and an overall performance summary for the pension fund, together with more detailed information in relation to Dorset's assets under Brunel's management.

4.4 Brunel's listed portfolios reflected the strong markets and were all up in absolute terms, except for the two UK gilt portfolios (not held by Dorset), which were hindered by the "higher for longer" outlook. Global High Alpha and Global Sustainable equities, Dorset's largest Brunel holdings, both saw absolute returns for the quarter above 9%, broadly in line with their benchmarks.

4.5 The investment environment for Brunel's general bias towards growth and quality styles is anticipated to be more favourable in 2024 than it was for 2022 and much of 2023. A period of stable or falling interest rates should be favourable for Brunel, as would stable or falling oil prices. Another significant factor effecting the relative performance of each of Brunel's portfolios continues to be the exposure to the 'magnificent seven' relative to benchmark.

5. Private Markets

5.1 The pension fund has investments in private equity funds managed by two external managers, HarbourVest and Patria (formerly managed by Abrdn), and Brunel.

5.2 Private Equity is an asset class that takes several years for commitments to be fully invested. The table below summarises the pension fund's commitments, drawdowns, distributions received and closing valuations by manager as at 31 March 2024.

	Commitment	Drawdown		Distributions	Valuation
	£m	£m	%	£m	£m
HarbourVest	110.2	100.5	91%	131.7	63.1
Patria	77.7	69.6	90%	98.2	13.9
Brunel	120.0	44.3	37%	3.8	61.3
Total	**307.9**	**214.4**	**70%**	**233.8**	**138.3**

5.3 The pension fund has two external infrastructure managers, Federated Hermes and IFM. The target for each manager is a 10% absolute annual return and this is used at the benchmark for these investments. In addition to the assets under the management of Federated Hermes and IFM, the pension fund also has holdings in infrastructure funds under the management of Brunel.

5.4 The performance of the pension fund's property investments managed by CBRE is detailed in Appendix 4. In addition to the assets under the management of CBRE, the pension fund also has holdings in secured long income property funds under the management of Brunel.

6. Financial Implications

6.1 The Local Government Pension Scheme (LGPS) is a national pension scheme administered locally. Dorset Council is the administering authority for the LGPS in Dorset which provides pensions and other benefits for employees of the Council, other councils and a range of other organisations within the county.

6.2 The LGPS is a 'defined benefit' scheme which means that benefits for scheme members are calculated based on factors such as age, length of membership and salary. Member benefits are not calculated on the basis of investment performance as they would be in a 'defined contribution' scheme.

6.3 Administering authorities are required to maintain a pension fund for the payment of benefits to scheme members funded by contributions from scheme members and their employers, and from the returns on contributions invested prior to benefits becoming payable.

6.4 Contribution levels for scheme members are set nationally, and contribution levels for scheme employers are set locally by actuaries engaged by administering authorities. As scheme member rates cannot be changed locally and benefits are defined, the risk of investment underperformance is effectively borne by scheme employers.

6.5 The pension fund's actuary, Barnett Waddingham, undertakes a full assessment of the funding position every three years. The results of the latest full assessment as at 31 March 2022 were that the pension fund had a funding level of 96% i.e. assets were estimated to be 96% of the value that they would have needed to be to pay for the expected benefits accrued to that date, based on the assumptions used, compared to 92% at the last valuation as at 31 March 2019.

7. Natural Environment, Climate & Ecology Implications

7.1 The pension fund's Investment Strategy Statement requires all external investment managers to consider and manage all financially material risks arising from environmental issues, including those associated with climate change.

7.2 At its meeting in September 2020, the Committee agreed to a strategy of decarbonisation meaning a reduction in allocations of investment to companies which are high carbon emitters and looking to influence the demand for fossil fuels and their financing, not just their supply.

7.3 Significant decarbonisation has been and will continue to be achieved through the transition of assets to the management of Brunel. Approximately 10% of the pension fund's assets are invested in Brunel's global sustainable equities fund, with all other actively managed Brunel funds are committed to a policy of a 7% year on year reduction in their carbon footprint, and approximately 7% invested in passive equites funds tracking 'Paris Aligned' or 'Climate Transition' benchmarks.

7.3 The pension fund no longer has any direct investments in individual companies, including 'fossil fuel' companies, but it does have indirect exposure to such companies through its holdings in pooled investment vehicles. As at 31 March 2024, the value of the pension fund's investments in companies primarily involved in the exploration, production, mining and/or refining of fossil fuels was estimated at approximately £68M (1.7% of total investment assets).

8. Well-being and Health Implications

8.1 None.

9. Other Implications

9.1 None.

10. Risk Assessment

10.1 The risks associated with the pension fund's investments are assessed in detail and considered as part of the strategic asset allocation. The pension fund's Investment Strategy Statement requires all external investment managers to consider and manage all financially material risks.

11. Equalities Impact Assessment

11.1 None.

12. Appendices

Appendix 1: Performance summary by investment manager
Appendix 2: Independent Investment Adviser's quarterly report
Appendix 3: Brunel's quarterly report
Appendix 4: CBRE Quarterly Investment Report 31 March 2024

13. Background Papers

Funding Strategy Statement (dorsetpensionfund.org)
10-1-investment-strategy-statement-iss-november-2023.pdf (dorsetpensionfund.org)

Appendix 1

Performance by Investment Manager

The following tables summarise by investment manager and investment vehicle the value of Assets Under Management (AUM) as at 31 March 2024 plus each investment's return compared to its benchmark for the quarter, one, three and five years, and 'Since Initial Investment' (SII). All percentages quoted for periods over one year are annualised returns.

Brunel Pension Partnership

Investment	AUM	Qtr	1 Yr	3 Yr	5 Yr	SII
	£m	%	%	%	%	%
Global Equities:						
Brunel Global Sustainable Equities	**393.6**	9.2	13.2	6.6	-	6.8
MSCI AC World GBP Index		9.3	21.2	10.7	-	10.7
Excess		-0.1	-8.0	-4.1	-	-3.9
Brunel Global High Alpha Equity	**325.3**	9.9	20.5	9.6	-	13.9
MSCI World TR Index		10.0	23.1	12.4	-	12.7
Excess		-0.1	-2.6	-2.8	-	1.2
Brunel Smaller Companies Equities	**247.5**	6.5	9.8	2.9	-	3.3
MSCI World Small Cap		5.5	14.0	4.8	-	5.3
Excess		1.0	-4.2	-1.9	-	-2.0
Brunel Emerging Market Equity	**147.8**	2.8	3.9	-4.4	-	1.2
MSCI Emerging Markets		3.4	6.3	-1.8	-	3.1
Excess		-0.6	-2.4	-2.6	-	-1.9
LGIM Passive Developed Equities	**120.0**	9.7	22.6	11.9	-	11.9
FTSE World Developed		9.8	22.7	11.9	-	11.9
Excess		-0.1	-0.1	0.0	-	0.0
LGIM Passive Dev. Equities (Hedged)	**123.1**	10.2	26.4	9.6	-	11.6
FTSE World Developed Hedged		10.3	26.4	9.7	-	11.7
Excess		-0.1	0.0	-0.1	-	-0.1
LGIM Passive Dev. Equities PAB	**131.9**	7.6	21.3	-	-	17.9
FTSE Developed Paris Aligned Net Index		7.6	21.3	-	-	18.0
Excess		0.0	-	-	-	-0.1
LGIM Passive Dev. Equities PAB (Hedged)	**135.8**	7.9	24.7	-	-	22.7
FTSE Developed Paris Aligned Net Index (hdgd)		8.0	24.8	-	-	22.9
Excess		-0.1	-0.1	-	-	-0.2

Investment	AUM	Qtr	1 Yr	3 Yr	5 Yr	SII
	£m	%	%	%	%	%
LGIM Passive Dev. Equities CTB	**0.0**	7.5	21.4	-	-	20.9
FTSE Developed Climate Transition Index		8.0	22.0	-	-	21.4
Excess		-0.5	-0.6	-	-	-0.5
LGIM Passive Dev. Equities CTB (Hedged)	**0.0**	8.0	25.0	-	-	22.7
FTSE Developed Climate Transition Index (hdgd)		8.3	25.4	-	-	23.2
Excess		-0.3	-0.4	-	-	-0.5
LGIM Passive Smart Beta	**173.9**	8.2	15.6	10.6	10.3	9.5
SciBeta Multifactor Composite		8.1	15.0	10.0	9.8	9.1
Excess		0.1	0.6	0.6	0.5	0.4
LGIM Passive Smart Beta (Hedged)	**174.9**	8.6	19.1	8.3	9.5	8.7
SciBeta Multifactor Hedged Composite		8.5	18.5	7.8	9.0	8.3
Excess		0.1	0.6	0.5	0.5	0.4
UK Equities:						
Brunel UK Active Equity	**204.1**	3.9	10.4	7.0	4.6	5.4
FTSE All Share ex Investment Trusts		3.7	8.4	8.6	5.3	6.1
Excess		0.2	2.0	-1.6	-0.7	-0.7
LGIM Passive UK Equities	**135.8**	3.6	8.5	8.2	5.6	4.2
FTSE All Share		3.6	8.4	8.0	5.4	4.1
Excess		0.0	0.1	0.2	0.2	0.1
Fixed Income:						
Brunel Multi Asset Credit	**269.8**	2.2	11.7	-	-	2.2
SONIA + 4%		2.3	9.2	-	-	6.7
Excess		-0.1	2.5	-	-	-4.5
Brunel Sterling Corporate Bonds	**256.4**	1.2	8.8	-	-	7.2
iBoxx Sterling Non Gilts Overall Return		0.1	6.1	-	-	5.5
Excess		1.1	2.7	-	-	1.7
Other:						
Brunel Diversifying Returns Fund	**262.2**	4.3	10.9	5.0	-	4.2
SONIA + 3%		2.0	8.1	5.5	-	5.1
Excess		2.3	2.8	-0.5	-	-0.9
Private Markets:						
Brunel Private Equity Cycle 1	**57.7**	3.2	7.2	23.6	18.8	20.9
MSCI AC World Index		9.3	21.2	10.7	12.1	12.6
Excess		-6.1	-14.0	12.9	6.7	8.3
Brunel Private Equity Cycle 3	**3.6**	0.0	-	-	-	2.1
MSCI AC World Index		9.3	-	-	-	21.3
Excess		-9.3	-	-	-	-19.2
Brunel Secured Income Cycle 1	**52.8**	-0.6	-3.2	-1.4	0.4	0.6
CPI		0.6	3.2	6.7	4.4	4.2
Excess		-1.2	-6.4	-8.1	-4.0	-3.6
Brunel Secured Income Cycle 3	**25.8**	-0.6	-	-	-	3.2
CPI		0.6	-	-	-	1.3
Excess		-1.2	-	-	-	1.9
Brunel Infrastructure Cycle 3	**20.9**	1.7	-0.7	-	-	-0.5
CPI		0.6	3.2	-	-	5.0
Excess		1.1	-3.9	-	-	-5.5

Other Managers

Manager / Investment	AUM	Qtr	1 Yr	3 Yr	5 Yr	SII
	£m	%	%	%	%	%
Royal London / Corporate Bonds	**0.0**	-0.5	6.7	-3.9	0.1	6.0
iBoxx Sterling Non Gilts > 5 Years		-0.5	6.7	-5.5	-1.4	5.5
Excess		0.0	0.0	1.6	1.5	0.5
CBRE / Property	**253.0**	1.2	1.9	2.2	1.5	6.6
MSCI UK All Properties (Quarterly)		0.6	3.0	1.1	0.6	6.3
Excess		0.6	-1.1	1.1	0.9	0.3
HarbourVest / Private Equity	**63.1**	0.7	-1.8	19.6	18.6	12.9
FTSE All Share		3.6	8.4	8.0	5.4	5.7
Excess		-2.9	-10.2	11.6	13.2	7.2
Patria / Private Equity	**13.9**	-1.8	1.4	13.6	10.4	5.1
FTSE All Share		3.6	8.4	8.0	5.4	6.0
Excess		-5.4	-7.0	5.6	5.0	-0.9
Federated Hermes / Infrastructure	**83.7**	-1.5	-7.7	3.1	3.7	5.6
10% Absolute Return		2.4	10.0	10.0	10.0	10.0
Excess		-3.9	-17.7	-6.9	-6.3	-4.4
IFM / Infrastructure	**161.4**	0.0	4.6	14.5	10.8	12.9
10% Absolute Return		2.4	10.0	10.0	10.0	10.0
Excess		-2.4	-5.4	4.5	0.8	2.9

Market Review

Quarterly Report

Q1 2024

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Contacts

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APEX

Key Indicators at a Glance

Index (Local Currency)		Q1 2024	Q1	2023
Equities			Total Return	
UK Large-Cap Equities	FTSE 100	7,953	3.98%	7.68%
UK All-Cap Equities	FTSE All-Share	4,338	3.56%	7.70%
US Equities	S&P 500	5,254	10.55%	26.26%
European Equities	EURO STOXX 50 Price EUR	5,083	12.94%	23.21%
Japanese Equities	Nikkei 225	40,369	21.43%	31.01%
EM Equities	MSCI Emerging Markets	1,043	2.41%	10.20%
Global Equities	MSCI World	3,438	9.01%	24.44%
Government Bonds				
UK Gilts	FTSE Actuaries UK Gilts TR All Stocks	3,079	-1.62%	3.69%
UK Gilts Over 15 Years	FTSE Actuaries Uk Gilts Over 15 Yr	3,621	-3.56%	1.65%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	3,965	-1.81%	0.93%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	4,218	-3.44%	-4.28%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	222	-0.65%	7.12%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	2,255	-0.96%	4.05%
EM Gov Bonds (Local)	JP. Morgan Government Bond Index Emerging Markets Core Index	134	-2.24%	10.91%
EM Gov Bonds (Hard/USD)	JP. Morgan Emerging Markets Global Diversified Index	911	2.04%	11.09%
Bond Indices				
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	362	0.19%	9.63%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	233	0.56%	8.84%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	447	1.81%	12.78%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	3,208	-0.40%	8.52%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2,517	1.47%	13.45%
Commodities				
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	87	13.55%	-10.32%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	1.76	-29.87%	-43.82%
Gold	Generic 1st Gold, USD/toz	2,217	7.03%	13.45%
Copper	Generic 1st Copper, USD/lb	401	2.99%	2.10%
Currencies				
GBP/EUR	GBPEUR Exchange Rate	1.17	1.40%	2.12%
GBP/USD	GBPUSD Exchange Rate	1.26	-0.85%	5.36%
EUR/USD	EURUSD Exchange Rate	1.08	-2.26%	3.12%
USD/JPY	USDJPY Exchange Rate	151	7.31%	7.57%
Dollar Index	Dollar Index Spot	104	3.11%	-2.11%
USD/CNY	USDCNY Exchange Rate	7.22	1.72%	2.92%
Alternatives				
Infrastructure	S&P Global Infrastructure Index	2,738	1.36%	6.82%
Private Equity	S&P Listed Private Equity Index	225	7.26%	40.75%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	19,823	5.53%	7.21%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	3,704	-0.39%	3.59%
Volatility			Change in Volatility	
VIX	Chicago Board Options Exchange SPX Volatility Index	13	4.50%	-42.55%

Source: Bloomberg. All return figures quoted are total return, calculated with gross dividends/income reinvested.

Executive Summary

- **Inflation (including core inflation) fell slightly in Q1**, but less than expected, driven by persistent wage and services prices, causing central banks to revise the more dovish stances they took in Q4 2023. Annual CPI fell to 3.4% in UK (February), compared to 3.4% for the US and 2.4% for Eurozone (March). **All major Central Banks held their current rates in Q1**, though the prevailing direction is still downward, albeit at a slower pace. Generally, economic indicators proved more positive than expectations, reducing some fears of stagnating growth and recessionary risk, but the UK and Europe are still showing declining GDP growth (with the UK entering a technical recession). China, whilst beginning to recover, is doing so slowly and is still struggling with its property crisis. The US once again led the way with a resilient domestic job market (unemployment at 3.8%) and a healthy consumer market leading to steady GDP growth.
- **Q1 was positive for most markets except government bonds**, in keeping with the largely positive trend of the 2023. **Global equities (MSCI World) rose sharply by 9.0%** in local currency terms over the quarter, with Growth (+10.0%) rising more sharply than Value (+6.9%). **Emerging Market and UK equities notably lagged** behind other markets, with Emerging Markets returning 2.4% in local currency and UK equities returning 3.6%. Following a strong 2023, **Japanese equities** had a spectacular quarter (returning c.20%) as optimism over positive economic indicators and the BoJ's monetary overhaul signalling a departure from negative rates drove foreign investment. UK equities suffered slightly from a value bias as well as the lack of rate cuts as the UK entered a technical recession. **US equities performed strongly** (+10.5%), as Q4 GDP growth was revised up and economic indicators improved. Bonds had weaker performance this quarter, as rate cuts were held across the major markets. **Longer-dated Government bonds (and index-linked) showed the biggest fall**, particularly in the UK. Shorter-dated credit did better, with credit spreads tightening, and investment grade credit underperformed high yield.

It is worth highlighting the following themes, impacting investment markets:

- **Core inflation continues stubbornly high – is c.4% rates the "new" (and old!) normal?** It is likely that rates may stay elevated through much of 2024, and Central Banks will need to see evidence of weakening demand (e.g. recession) to cut them, i.e. a traditional "cycle"!

- Global equities rose in Q1 on the back of good corporate earnings, positive economic data (particularly in the US) and increasing enthusiasm over AI.
  - In the US, the S&P 500 and NASDAQ rose by 10.6% and 8.7%, respectively. Market consensus expects still predicts three interest rate cuts for the year.
  - UK equities increased by 3.6% but continued to underperform global equities. Since the end of Q1, UK equities have been performing notably better.
  - The Euro Stoxx 50 rose by 12.9%, with the IT sector leading returns over AI enthusiasm.).
  - Japanese equities returned 20% in Q1 (Nikkei: 21.4%, TOPIX: 18.0%). Optimism over wage growth and positive economic indicators drove foreign investment with the Nikkei reaching 40,000 Yen for the first time.
  - Emerging market equities rose by 2.4% in Q1, with Asian Markets returning slightly better as China began to recover (although slowly), Indian Manufacturing grows due to relocations from China and Taiwan enjoys the AI boom.
- In Fixed Income, yields generally rose over the quarter, dovish stances taken by central banks last quarter were tempered, resulting in mildly negative performance for most government bonds.
  - The US 10-year Treasury yield rose from 3.88% to 4.20%, while the 2-year yield rose from 4.25% to 4.62%.
  - The UK 10-year Gilt yield rose from 3.53% to 3.93% while 2-year yields rose from 3.95% to 4.17%. The BoE held rates this quarter as despite its continued fall, the inflation rate (particularly core inflation) remains above its peers as does wage growth.
  - Corporate bonds outperformed Government bonds, with high yield leading but all returns were muted. US and European high yield returned 1.5% and 1.8%, while US, UK and European investment grade credit returned -0.4%, 0.2% and 0.6% respectively.

Fund Performance and Investment Strategy

Q1 Dorset performance was in line with benchmark following a better quarter in Q4 2023. However, it is clear that since Dorset delegated the manager selection to the Brunel Pool, there have been more negative periods than positive ones. To be fair to Brunel, this has been a period of "headwinds" for Brunel so it is not totally surprising that Dorset performance now finds itself lagging benchmarks over 3 and 5 year periods, and this has now filtered through into the 10 year comparisons. So what are these “headwinds”? Principally the Ukraine War has been positive for energy stocks which Brunel is underinvested in and rising interest rates has been bad for Growth/Quality stocks, which Brunel have been overweight in. Responsible Investing – which is the mandate adopted by Dorset and that has also been given to Brunel by each of their client base – has been troubling for investment returns. Why did this happen and is it temporary or permanent? It is my belief that the whole ESG investing theme got overblown and overpriced in 2020/2021, just at the time when Brunel was launching most of the funds for their clients. Consequentially, we may have inadvertently and unintentionally lost some investment performance, and at the same time, had very little collective impact on climate change. Will this performance be recouped? Not quickly in my view. The headwinds are now beginning to slacken in 2024, and we have described before how as the headwinds disappear, we expect Brunel’s performance to be no worse than benchmarks. The jury is out.

The other recent factor that I have described before is the performance of the “Magnificent Seven” mega-cap US technology stocks which have been the almost sole driver of US and hence Global Equity performance recently. These stocks are hugely weighted in indices and highly successful, for example Nvidia is becoming well known and has just overtaken Apple as the second largest company in the world. But cracks are starting to appear, for example in Tesla. Are these stocks at their peak? If they are, then it will be much easier for Brunel’s appointed managers to outperform and that will be very good for Dorset’s relative performance versus benchmark. It is worth remembering that at the end of the film The Magnificent Seven, only three of them are alive. Distinguishing between the winners and losers is important, and not a straightforward task. Technology and AI will no doubt continue to be highly important industries driving economic and stockmarket growth, but it is quite possible that the winners of today will not be the same companies that will be the winners of tomorrow. In summary, I have some sympathy with underperformance that derives from not being fully weighted in these very expensive stocks.

Despite these challenges, Dorset is benefitting from a high weighting to equities, and performance in absolute terms is above the discount rate. It wouldn't be surprising if we get a pullback in equities at some point. However, Dorset has to play the long term investment game consistent with the long term nature of our liabilities.

Charts and Data

Economic Indicators

Table 1: Quarterly GDP Growth Rate and Monthly CPI

%	GDP		CPI		
	Q4 2023	Q1 2024	Jan	Feb	Mar
UK	-0.3	N/A*	4	3.4	N/A*
US	0.8	N/A*	3.1	3.2	3.4**
Eurozone	0	N/A*	2.8	2.6	2.4
Japan	0.1	N/A*	2.2	2.8	N/A*

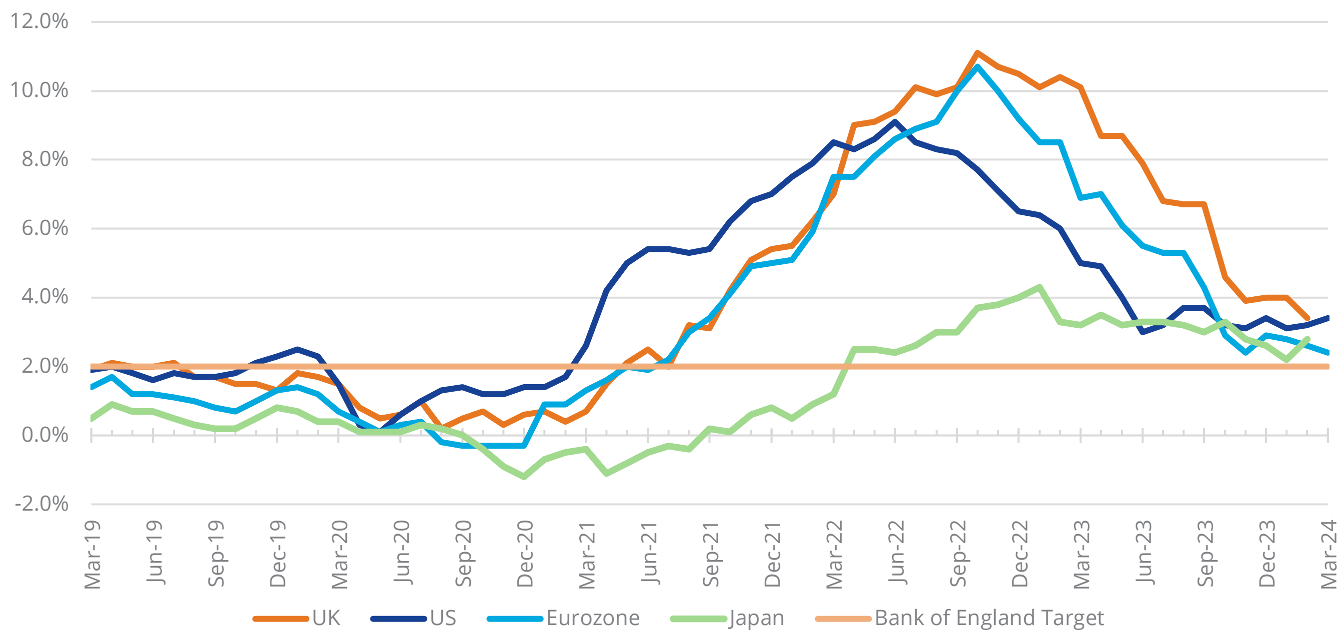
Source: Bloomberg; Trading Economics.

Notes: * Not available at time of publication; ** Forecasts based on leading indicators (*not available at time of publication this quarter*)

CPI: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index)

GDP: UK Real GDP (Ticker: UKGRABIQ Index), US Real GDP (Ticker: GDP CQOQ Index) de-annualised, Eurozone Real GDP (Ticker: EUGNEMUQ Index), Japan Real GDP (Ticker: JGDPQGDP)

Chart 1: CPI – Annual rate of Inflation - Five Years to March 2024

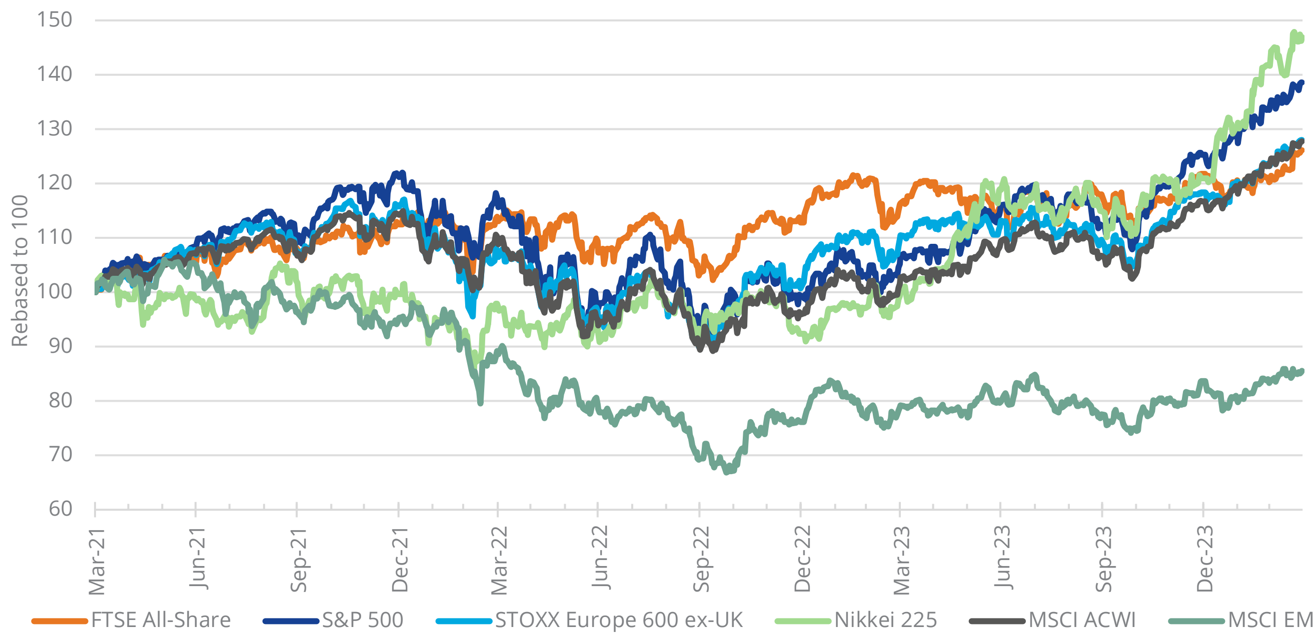


Source: Bloomberg

Notes: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index)

Equities

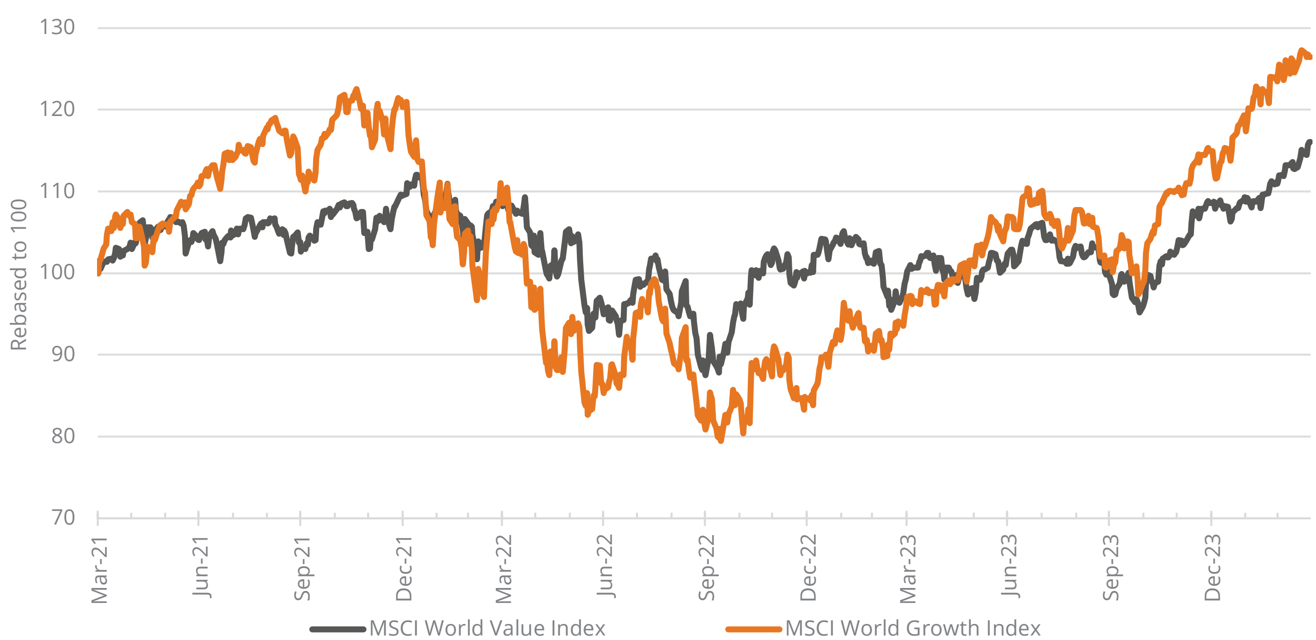
Chart 2: Global Equity Markets Performance



Source: Bloomberg. All in local currencies

Notes: FTSE All-Share Index (Ticker: ASXTR Index); S&P 500 Index (Ticker: SPXT Index); STOXX Europe 600 (Ticker: SXXG Index); Nikkei 225 Index (Ticker: NKYTR Index); MSCI World Index (Ticker: DLEACWF Index); MSCI Emerging Markets (Ticker: M1EF Index)

Chart 3: Global Equity Markets, Growth vs Value



Source: Bloomberg

Notes: MSCI World Value Index (Ticker: MXWO000V Index); MSCI World Growth Index (Ticker: MXWO000G Index)

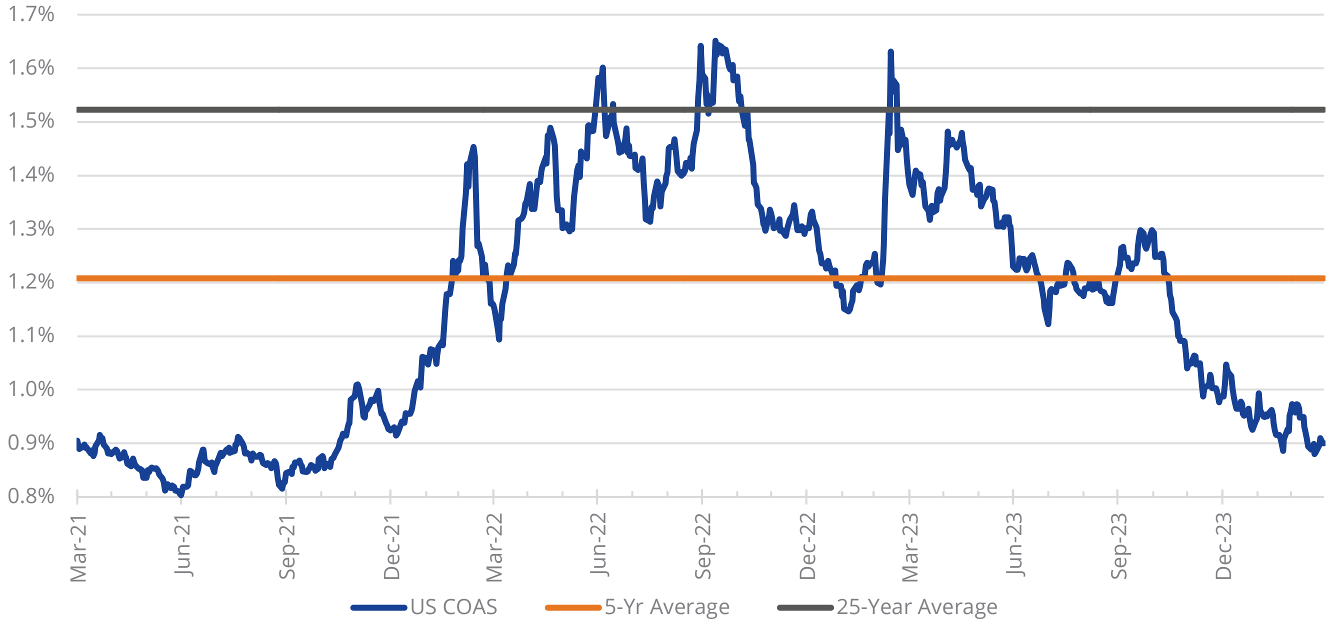
Table 2: MSCI ACWI Composition

Region	Q4 2023 (%)	Q1 2024 (%)
US	62.5	63.7
UK	3.6	3.4
Europe (ex-UK)	12.2	11.9
Japan	5.4	5.5
Developed Asia-Pacific	2.8	2.5
Emerging Markets	10.5	10.0
Other	3.1	2.9

Source: iShares MSCI ACWI ETF

Fixed Income

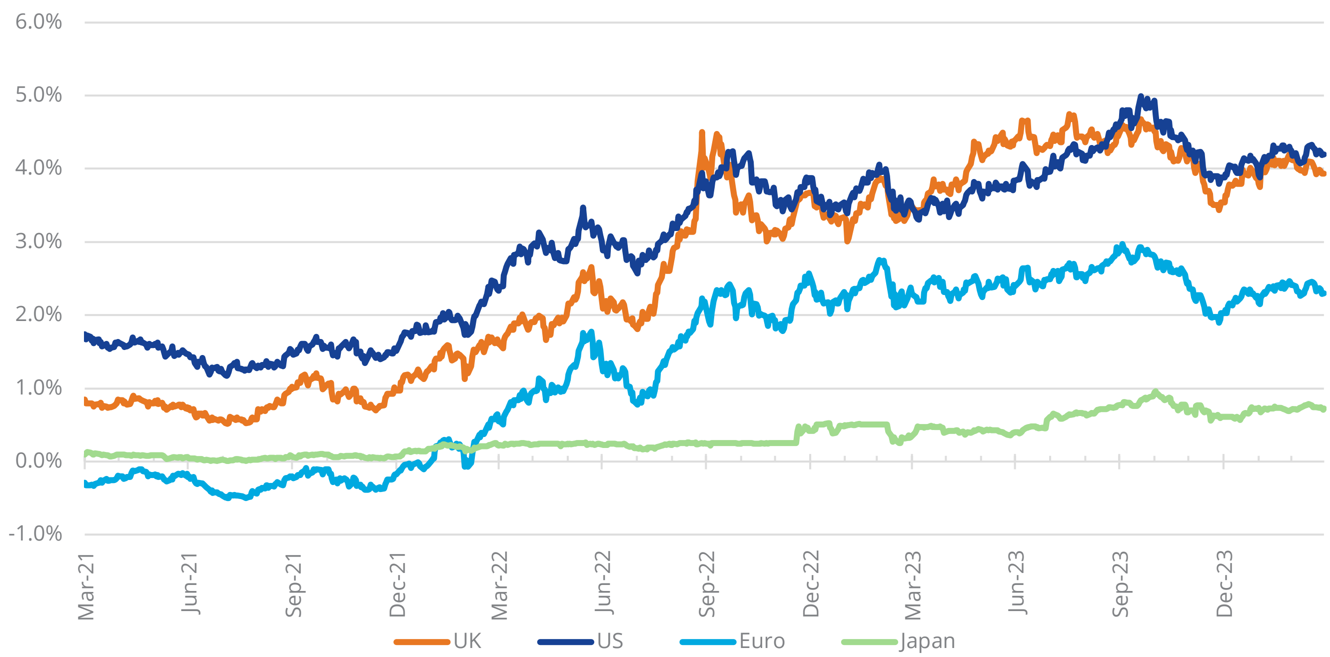
Chart 4: US Corporate Bond Spreads



Source: Bloomberg

Notes: Bloomberg Barclays US Corporate Option Adjusted Spread (Ticker: LUACSTAT Index); Option-Adjusted Spreads (OAS) represent the difference between the index yield and the yield of a comparable maturity treasury

Chart 5: Government Bond Yields

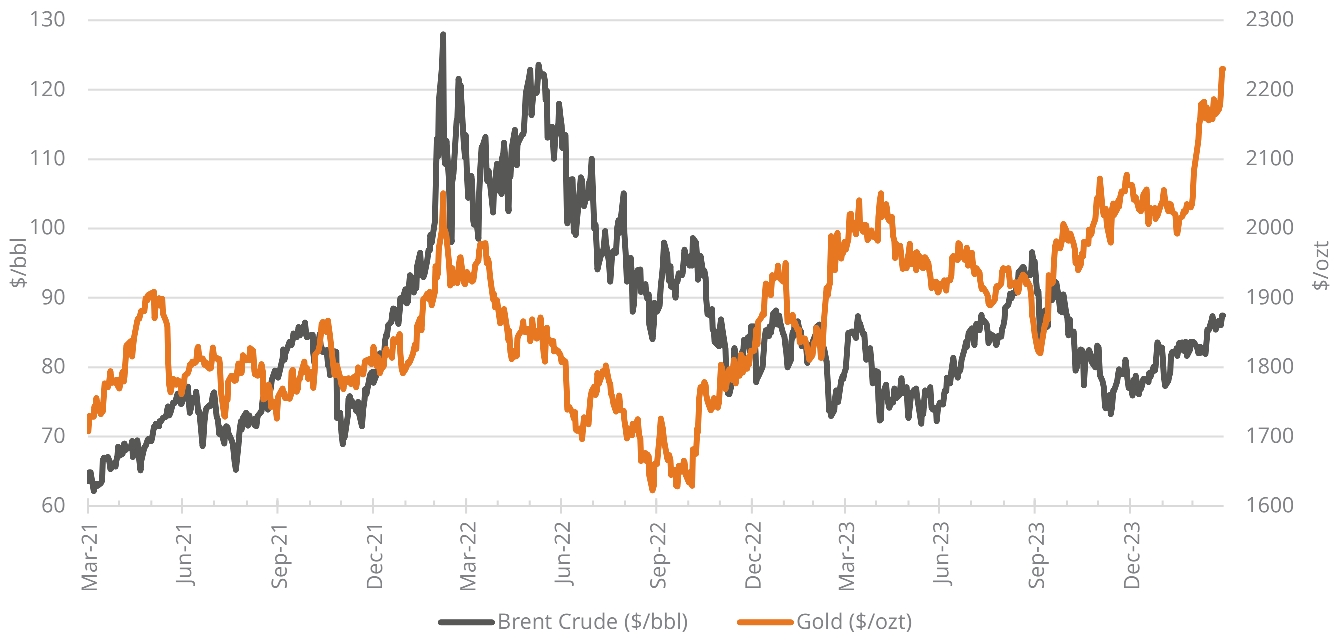


Source: Bloomberg

Notes: US Generic Govt 10 Year Yield (Ticker: USGG10YR Index); UK Govt Bonds 10 Year Note Generic Bid Yield (Ticker: GUKG10 Index); Euro Generic Govt Bond 10 Year (Ticker: GECU10YR Index); Japan Generic Govt Bond 10 Year Yield (Ticker: GJGB10 Index)

Commodities

Chart 6: Gold and Brent Crude Oil Prices

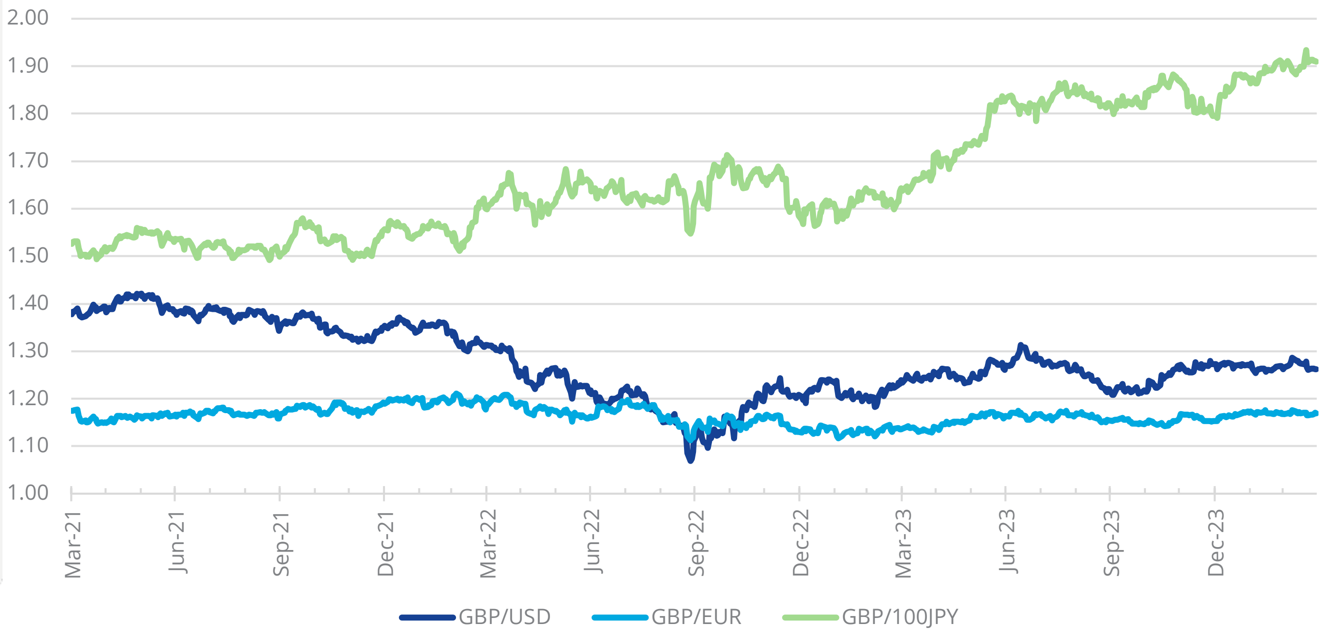


Source: Bloomberg

Notes: Gold USD Spot (Ticker: XAU Currency); Generic 1st Brent Crude Oil (Ticker: CO1 Commodity)

Currencies

Chart 7: Three-Year Currency Rates of Major Currencies vs Pound Sterling



Source: Bloomberg

Notes: GBPEUR Spot Exchange Rate (Ticker: GBPEUR Currency); GBPUSD Spot Exchange Rate (Ticker: GBPUSD Currency); GBPJPY Spot Exchange Rate (Ticker: GBPJPY Currency)

Table 3: Currency Rates as of 31 March 2024

Pair	Q1 Value	% Change Over Quarter
GBP/EUR	1.1697	1.40%
GBP/USD	1.2623	-0.85%
EUR/USD	1.079	-2.26%
USD/JPY	151.35	7.31%

Source: Bloomberg

Notes: GBPEUR Spot Exchange Rate (Ticker: GBPEUR Currency); GBPUSD Spot Exchange Rate (Ticker: GBPUSD Currency); EURUSD Spot Exchange Rate (Ticker: EURUSD Currency); USDJPY Spot Exchange Rate (Ticker: USDJPY Currency)

Dorset County Pension Fund Performance Report

Quarter ending 31 March 2024

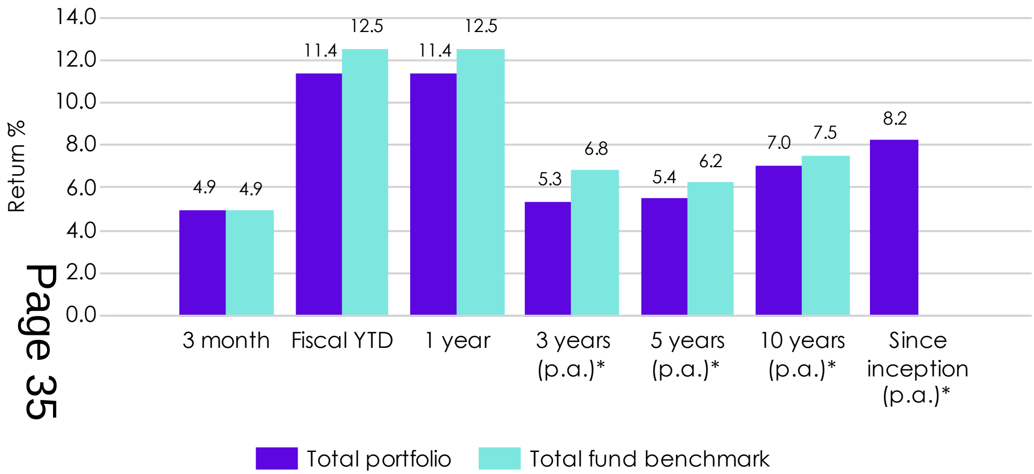
Dorset County Pension Fund
administered by Dorset Council

Brunel Pension Partnership

Contents

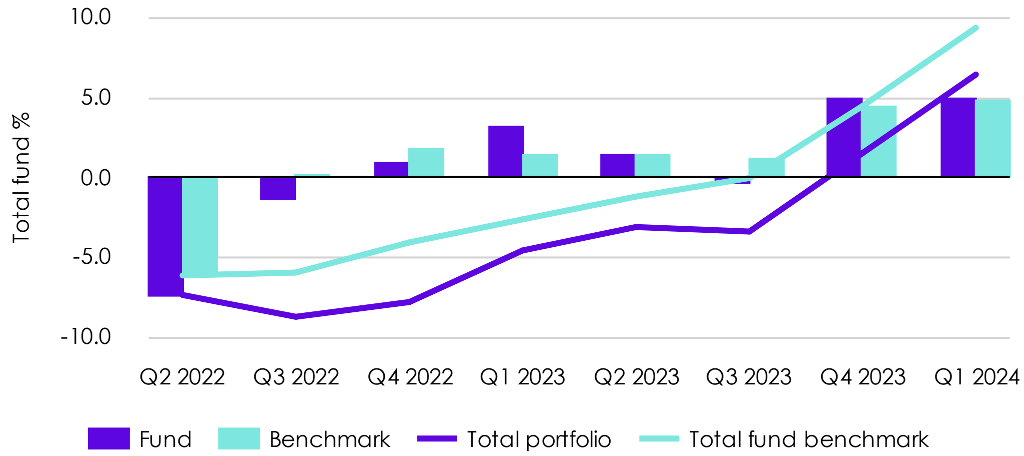
Pension Fund performance

Performance (annualised)



Source: State Street Global Services
*per annum. Net of all fees.

Quarterly performance



Source: State Street Global Services. Net of all fees.

Key events

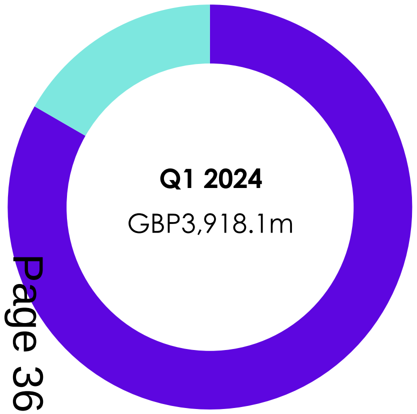
Markets enjoyed a strong first quarter, as global equities rose around 10% (GBP). US equities were strong, whilst the UK and emerging markets lagged. China remained a drag on the latter, although the market staged a slight recovery towards the end of the quarter. Credit markets also had a good quarter, and spreads in High Yield and sub-Investment Grade markets ended the quarter arguably quite tight. Gains in asset markets reflected a more positive outlook on growth and earnings. This led to expectations that interest rates would not fall as rapidly as previously expected. In Private Markets, fundraising in Private Equity remained tricky and deals to exit were thin on the ground.

The total fund increased by 4.9% during the quarter, matching the benchmark. Over twelve months to quarter-end, the portfolio increased by 11.4%, against a 12.5% rise in the benchmark.

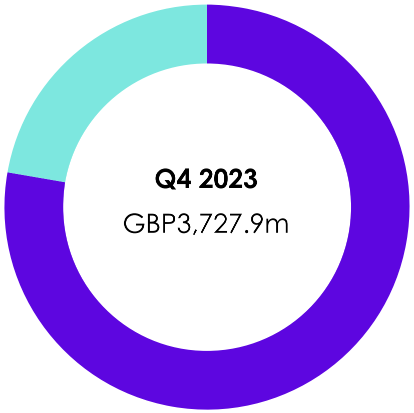
Brunel's listed portfolios reflected the strong markets and were all up in absolute terms, except for the two UK gilt portfolios (not held by Dorset), which were hindered by the "higher for longer" outlook. Global High Alpha and Global Sustainable both saw rises in excess of 9%.

Asset summary

Assets transitioned to Brunel



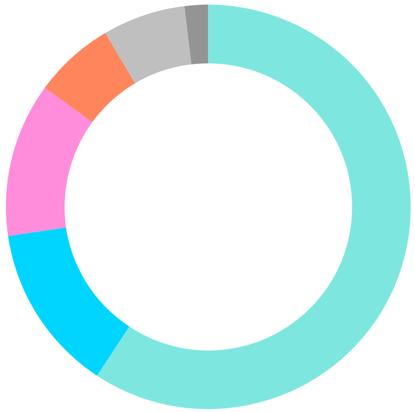
Transitioned	83.28%
Legacy assets	16.72%



Transitioned	77.77%
Legacy assets	22.23%

Source: State Street Global Services. Net of all fees.

Asset allocation breakdown



Key:

Equities	59.27%
Fixed income	13.43%
Private markets	12.34%
Property	6.46%
Other	6.62%
Cash	1.88%

Source: State Street Global Services. Net of all fees.
Data includes legacy assets

Overview of assets

Detailed asset allocation

Equities	£2,322.35m	59.27%
Global Sustainable Equities	£393.60m	10.05%
Global High Alpha Equities	£325.32m	8.30%
Global Small Cap Equities	£247.53m	6.32%
UK Active Equities	£204.13m	5.21%
Passive Smart Beta (Hedged)	£174.95m	4.47%
Passive Smart Beta	£173.93m	4.44%
Emerging Markets Equities	£147.80m	3.77%
PAB Passive Global Equities (Hedged)	£135.83m	3.47%
Passive UK Equities	£135.77m	3.47%
PAB Passive Global Equities	£131.88m	3.37%
Passive Developed Equities (Hedged)	£123.07m	3.14%
Passive Developed Equities	£119.98m	3.06%
CTB Passive Global Equities	£0.00m	0.00%
CTB Passive Global Equities (Hedged)	£0.00m	0.00%
Legacy Assets	£8.55m	0.22%

Fixed income	£526.13m	13.43%
Multi-Asset Credit	£269.76m	6.88%
Sterling Corporate Bonds	£256.37m	6.54%

Private markets (incl. property)	£736.50m	18.80%
Private Equity Cycle 1	£57.75m	1.47%
Secured Income Cycle 1	£52.83m	1.35%
Secured Income Cycle 3	£25.84m	0.66%
Infrastructure Cycle 3	£20.92m	0.53%
Private Equity Cycle 3	£3.62m	0.09%
Legacy Assets	£575.54m	14.69%

Other	£259.41m	6.62%
Diversifying Returns Fund	£262.20m	6.69%
Legacy Assets	-£2.79m	-0.07%

Cash not included

Overview of assets

Top 10 Equity Holdings at Pension Fund

ISIN	Security Name	Sector	Sub-sector	Country	Market Value (£)	% of Pension fund	ESG Score
US5949181045	MICROSOFT CORP	Information Technology	Systems Software	UNITED STATES	57,107,521.98	1.46%	15.21
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	41,523,662.96	1.06%	30.20
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	27,376,646.93	0.70%	13.45
US57636Q1040	MASTERCARD INC - A	Financials	Transaction & Payment	UNITED STATES	25,170,170.45	0.64%	16.56
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	24,524,501.76	0.63%	24.09
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	23,426,265.71	0.60%	16.72
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	22,746,940.96	0.58%	22.03
GB00BP6MXD84	SHELL PLC	Energy	Integrated Oil & Gas	UNITED KINGDOM	22,236,816.56	0.57%	33.68
GB00B10RZP78	UNILEVER PLC	Consumer Staples	Personal Care Products	UNITED KINGDOM	18,416,116.69	0.47%	23.57
DK0062498333	NOVO NORDISK A/S-B	Health Care	Pharmaceuticals	DENMARK	18,003,875.53	0.46%	23.06

Table excludes cash and legacy assets. This is an estimated aggregate position using Brunel Portfolios.

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Aberdeen Standard	13,928	0.4%	2.50%	-2.1%	-1.8%	-0.0%
Cash	73,708	1.9%	-	1.9%	0.3%	0.0%
CBRE	253,029	6.5%	10.00%	-3.5%	0.9%	0.1%
Harbourvest	63,088	1.6%	2.50%	-0.9%	0.7%	0.0%
Hermes	83,652	2.1%	4.00%	-1.9%	-1.5%	-0.0%
IFM	161,422	4.1%	4.00%	0.1%	-0.0%	-0.0%
Insight	29	0.0%	-	0.0%	-	-
Internally Managed UK Equities	7,857	0.2%	-	0.2%	1.3%	0.0%
Investec	404	0.0%	-	0.0%	0.2%	0.0%
Wellington	292	0.0%	-	0.0%	-1.0%	-0.0%
Global High Alpha Equities	325,323	8.3%	7.50%	0.8%	9.9%	0.8%
Global Sustainable Equities	393,596	10.0%	10.00%	0.0%	9.2%	0.9%
UK Active Equities	204,132	5.2%	5.00%	0.2%	3.9%	0.2%
Emerging Markets Equities	147,803	3.8%	5.00%	-1.2%	2.8%	0.1%
Global Small Cap Equities	247,530	6.3%	6.00%	0.3%	6.5%	0.4%
Diversifying Returns Fund	262,203	6.7%	6.00%	0.7%	4.3%	0.3%

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Multi-Asset Credit	269,759	6.9%	7.50%	-0.6%	2.2%	0.2%
Sterling Corporate Bonds	256,367	6.5%	6.50%	0.0%	1.2%	0.0%
PAB Passive Global Equities	131,881	3.4%	3.00%	0.4%	7.6%	0.1%
PAB Passive Global Equities (Hedged)	135,830	3.5%	3.00%	0.5%	7.9%	0.1%
Passive Developed Equities	119,976	3.1%	2.50%	0.6%	9.7%	0.3%
Passive Developed Equities (Hedged)	123,072	3.1%	2.50%	0.6%	10.2%	0.3%
Passive UK Equities	135,774	3.5%	5.00%	-1.5%	3.6%	0.1%
Passive Smart Beta	173,930	4.4%	3.75%	0.7%	8.2%	0.4%
Passive Smart Beta (Hedged)	174,946	4.5%	3.75%	0.7%	8.6%	0.4%
Private Equity Cycle 1	57,750	1.5%	-	1.5%	N/M	N/M
Private Equity Cycle 3	3,625	0.1%	-	0.1%	N/M	N/M
Infrastructure Cycle 3	20,923	0.5%	-	0.5%	N/M	N/M
Secured Income Cycle 1	52,829	1.3%	-	1.3%	N/M	N/M
Secured Income Cycle 3	25,839	0.7%	-	0.7%	N/M	N/M

Private Markets 3 month performance is not material.

Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
Global High Alpha Equities	**78**	**79**	**1.6**	**1.5**	**2.5**	**2.4**
MSCI World*	164	160	4.9	4.8	8.2	8.0
Global Sustainable Equities	**155**	**160**	**2.2**	**2.0**	**4.8**	**5.1**
MSCI ACWI*	201	197	4.9	4.8	8.3	8.1
UK Active Equities	**79**	**82**	**7.4**	**6.8**	**11.4**	**10.4**
FTSE All Share ex Inv Tr*	145	131	9.7	8.3	19.4	18.5
Emerging Markets Equities	**193**	**179**	**1.9**	**2.1**	**4.3**	**4.6**
MSCI Emerging Markets*	515	531	5.8	6.0	8.3	8.4
Global Small Cap Equities	**90**	**92**	**2.4**	**1.3**	**1.6**	**1.2**
MSCI Small Cap World*	211	208	3.8	3.9	5.7	5.9
PAB Passive Global Equities	**120**	**118**	**1.4**	**1.2**	**3.6**	**3.5**
FTSE Dev World TR UKPD*	168	163	4.7	4.6	8.5	8.3
PAB Passive Global Equities (Hedged)	**120**	**118**	**1.4**	**1.2**	**3.6**	**3.5**
CTB Passive Global Equities	**148**	**148**	**2.3**	**2.1**	**5.1**	**5.0**
CTB Passive Global Equities (Hedged)	**148**	**148**	**2.3**	**2.1**	**5.1**	**5.0**
FTSE Dev World TR UKPD*	168	163	4.7	4.6	8.5	8.3
Passive Developed Equities	**168**	**163**	**4.1**	**4.0**	**8.5**	**8.3**
Passive Developed Equities (Hedged)	**168**	**163**	**4.1**	**4.0**	**8.5**	**8.3**
Passive UK Equities	**137**	**132**	**7.4**	**7.5**	**18.8**	**18.3**
Passive Smart Beta	**313**	**304**	**3.4**	**3.3**	**11.1**	**10.9**
Passive Smart Beta (Hedged)	**313**	**304**	**3.4**	**3.3**	**11.1**	**10.9**

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

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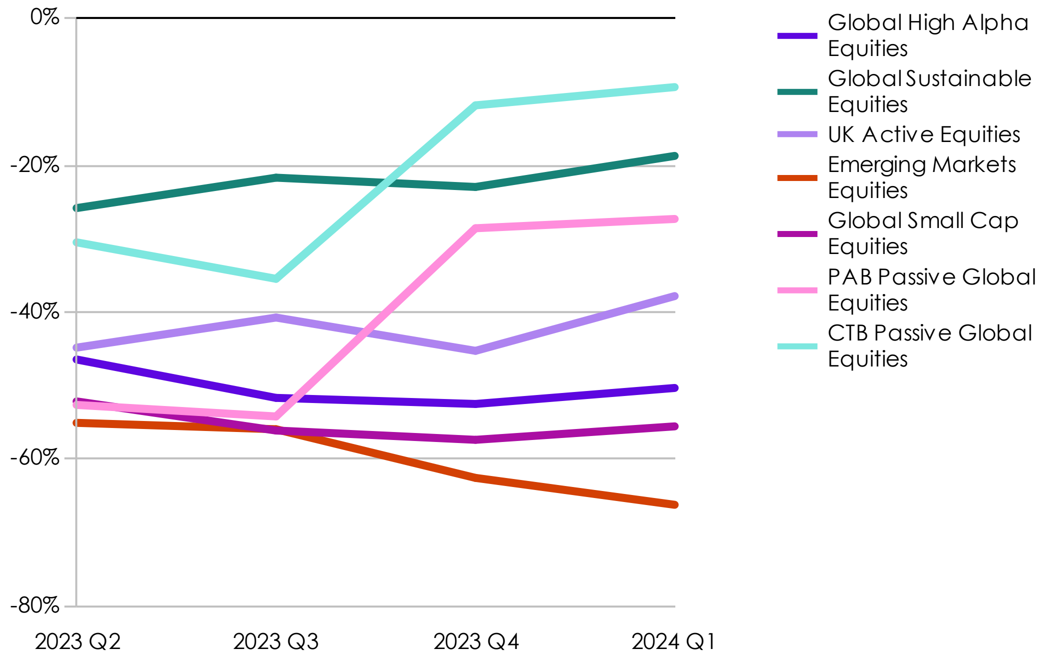
Weighted Average Carbon Intensity relative to benchmark



Stewardship reporting links

Engagement records
www.brunelpensionpartnership.org/stewardship/engagement-records/
Holdings records
www.brunelpensionpartnership.org/stewardship/holdings-records/
Voting records
www.brunelpensionpartnership.org/stewardship/voting-records/

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Global High Alpha Equities	9.6%	13.5%	12.4%	11.7%
Global Sustainable Equities	6.6%	14.7%	10.7%	11.3%
UK Active Equities	7.0%	11.9%	8.6%	11.0%
Emerging Markets Equities	-4.4%	13.9%	-1.8%	13.9%
Global Small Cap Equities	2.9%	15.9%	4.8%	14.3%
Passive Developed Equities	11.8%	11.6%	11.9%	11.6%
Passive Developed Equities (Hedged)	9.6%	15.5%	9.7%	15.4%
Passive UK Equities	8.2%	10.9%	8.0%	10.9%
Passive Smart Beta	10.5%	9.9%	10.0%	9.9%
Passive Smart Beta (Hedged)	8.3%	13.9%	7.8%	13.9%
Other				
Diversifying Returns Fund	5.0%	4.4%	5.5%	0.6%

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Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Private markets (incl. property)				
Private Equity Cycle 1	17.2%	12.6%	10.7%	11.3%
Secured Income Cycle 1	-1.7%	5.3%	6.7%	2.1%

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Risk and return summary

Legacy manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Aberdeen Standard	13.6%	13.0%	8.0%	10.9%
Brunel PM Cash	51.2%	-	-	-
Cash	0.9%	-	-	-
CBRE	2.3%	11.1%	1.4%	9.4%
Harbourvest	19.6%	20.0%	8.0%	10.9%
Hermes	2.4%	7.2%	9.9%	0.1%
IFM	14.5%	8.1%	9.9%	0.1%
Insight	-5.1%	15.0%	-4.7%	14.9%
Royal London	-3.9%	11.6%	-5.5%	12.8%
Dorset County Pension Fund	5.3%	8.0%	6.8%	6.9%

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess+ 3 month	Perf. 1 year	Excess+ 1 year	Perf. 3 year	Excess+ 3 year	Perf. SII*	Excess+ SII*	Initial investment
Equities (59.05%)			**2,313.79**									
Global High Alpha Equities	MSCI World	+2-3%	325.32	9.9%	-0.1%	20.5%	-2.5%	9.6%	-2.8%	13.9%	1.2%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	393.60	9.2%	-0.1%	13.2%	-8.0%	6.6%	-4.1%	6.8%	-3.9%	01 Dec 2020
UK Active Equities	FTSE All Share ex Inv Tr	+2%	204.13	3.9%	0.2%	10.4%	2.0%	7.0%	-1.6%	5.4%	-0.7%	21 Nov 2018
Emerging Markets Equities	MSCI Emerging Markets	+2-3%	147.80	2.8%	-0.6%	3.9%	-2.4%	-4.4%	-2.6%	1.2%	-1.9%	09 Oct 2019
Global Small Cap Equities	MSCI Small Cap World	+2%	247.53	6.5%	1.0%	9.8%	-4.2%	2.9%	-1.9%	3.3%	-2.0%	03 Mar 2021
PAB Passive Global Equities	FTSE Dev World PAB	Match	131.88	7.6%	-0.1%	21.2%	-	-	-	17.9%	-0.2%	23 Nov 2022
PAB Passive Global Equities (Hedged)	FTSE Dev World PAB	Match	135.83	7.9%	-0.1%	24.7%	-0.1%	-	-	22.7%	-0.2%	15 Dec 2022
CTB Passive Global Equities	FTSE Dev World CTB	Match	-	7.5%	-0.5%	21.4%	-0.6%	-	-	20.9%	-0.5%	15 Dec 2022
CTB Passive Global Equities (Hedged)	FTSE Dev World CTB	Match	-	8.0%	-0.3%	25.0%	-0.4%	-	-	22.7%	-0.5%	15 Dec 2022
Passive Developed Equities	FTSE Developed	Match	119.98	9.7%	-	22.6%	-0.1%	11.8%	-0.1%	11.8%	-0.1%	24 Jan 2020
Passive Developed Equities (Hedged)	FTSE Developed	Match	123.07	10.2%	-	26.4%	-0.1%	9.6%	-0.1%	11.5%	-0.1%	31 Jan 2020
Passive UK Equities	FTSE All Share	Match	135.77	3.6%	0.1%	8.5%	0.1%	8.2%	0.1%	4.2%	0.1%	11 Jul 2018
Passive Smart Beta	SciBeta Multifactor Composite	+0.5-1%	173.93	8.2%	0.1%	15.5%	0.5%	10.5%	0.5%	9.4%	0.3%	25 Jul 2018
Passive Smart Beta (Hedged)	SciBeta Multifactor Hedged Composite	+0.5-1%	174.95	8.6%	0.1%	19.0%	0.6%	8.3%	0.5%	8.6%	0.2%	25 Jul 2018

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess+ 3 month	Perf. 1 year	Excess+ 1 year	Perf. 3 year	Excess+ 3 year	Perf. SII*	Excess+ SII*	Initial investment
Fixed income (13.43%)			**526.13**									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	269.76	2.2%	-0.1%	11.7%	2.6%	-	-	2.2%	-4.6%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	256.37	1.2%	1.1%	8.8%	2.7%	-	-	7.2%	1.8%	14 Dec 2022
Private markets (incl. property) (4.11%)			**160.97**									
Private Equity Cycle 1	MSCI ACWI	+3%	57.75	N/M	N/M	5.5%	-15.7%	17.2%	6.5%	14.6%	1.9%	26 Mar 2019
Private Equity Cycle 3	MSCI ACWI	+3%	3.62	N/M	N/M	-	-	-	-	-58.1%	-79.4%	28 Apr 2023
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	20.92	N/M	N/M	-2.6%	-5.8%	-	-	-3.3%	-8.3%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	52.83	N/M	N/M	-3.2%	-6.4%	-1.7%	-8.4%	-1.0%	-5.3%	15 Jan 2019
Secured Income Cycle 3	CPI	+2%	25.84	N/M	N/M	-	-	-	-	-	-1.3%	01 Jun 2023
Other (6.69%)			**262.20**									
Diversifying Returns Fund	SONIA +3%	0% to +2.0%	262.20	4.3%	2.2%	10.9%	2.8%	5.0%	-0.5%	4.3%	-0.8%	31 Jul 2020
Total Brunel assets (excl. cash) (83.28%)			**3,263.09**									

*Since initial investment
+ Excess to benchmark, may not include outperformance
Private Markets 3 month performance is not material.

Portfolio overview

Legacy assets

Portfolio	AUM (GBPm)	Perf. 3 month	Excess[+] 3 month	Perf. 1 year	Excess[+] 1 year	Perf. 3 year	Excess[+] 3 year	Perf. SII*	Excess[+] SII*	Initial investment
Fixed income (0.00%)			**-**							
Royal London	-	-0.5%	-	6.7%	-	-3.9%	1.6%	6.0%	0.6%	01 Jul 2007
Private markets (incl. property) (14.69%)			**575.54**							
CBRE	253.03	0.9%	2.1%	1.6%	3.1%	2.3%	0.9%	6.5%	0.2%	01 Jan 2000
Aberdeen Standard	13.93	-1.8%	-5.4%	1.4%	-7.0%	13.6%	5.5%	5.1%	-0.9%	01 Jun 2006
Harbourvest	63.09	0.7%	-2.9%	-1.8%	-10.3%	19.6%	11.6%	12.9%	7.2%	01 May 2006
Hermes	83.65	-1.5%	-3.9%	-7.7%	-17.6%	2.4%	-7.5%	5.0%	-5.0%	01 Feb 2015
IFM	161.42	-	-2.4%	4.6%	-5.3%	14.5%	4.5%	12.9%	2.9%	01 Apr 2016
Brunel PM Cash	0.42	10.4%	10.4%	81.3%	81.3%	51.2%	51.2%	37.7%	-	01 Jun 2020
Other (1.88%)			**73.74**							
Insight	0.03	-	-	-11.3%	-	-5.1%	-0.4%	2.9%	0.4%	01 Jul 2012
Cash	73.71	0.3%	0.3%	1.3%	1.3%	0.9%	0.9%	0.5%	-	01 Jan 2009
Total legacy assets (excl. cash) (16.57%)	**649.27**									

*Since initial investment
[+] Excess to benchmark, may not include outperformance

Chief Investment Officer commentary

Risk assets began the year as they finished the last – in fine form, with global equities up close to 10% in sterling terms. The US market was the clear leader, up over 11%, while emerging markets and the FTSE All-Share brought up the rear, with returns under 4%. The former was dragged down again by China, where the market ended the quarter in negative territory. However, the China index did finish the quarter strongly, rebounding from its January lows as the People's Bank of China announced an easing of policy. Despite the risk-on nature of the market, small cap stocks underperformed their large-cap brethren. Credit also benefited in the rally, albeit to a more muted extent, given spreads were already tight - but loans, and High Yield and other sub-investment grade markets made good headway. All returns, however, paled in comparison to the return of bitcoin and other associated digital assets. I mention this in passing to highlight the role that demand has on financial assets – eleven Bitcoin ETFs were approved and launched in January in the US and they saw inflows of $12bn.

Gains across all asset classes could largely be attributed to a US economy that proved more resilient than had been predicted, and to a collective shrug at the implication that higher-than-expected growth would lead to interest rates being higher for longer as a result of stickier inflation. Corporate earnings also came in positively, with even Nvidia beating its own, very lofty expectations. In terms of US economic data: Q4 GDP was revised up; employment data was strong; manufacturing data moved back into expansion territory; and positive consumer spending was sustained. The upshot was that inflation increased in February when measured year-on-year, halting the recent disinflationary trend. Whilst the Federal Reserve kept its ‘dot plot’ forecast at three interest rate cuts for the year, markets jettisoned their December forecast for seven cuts, and, by the end of March, were forecasting just two.

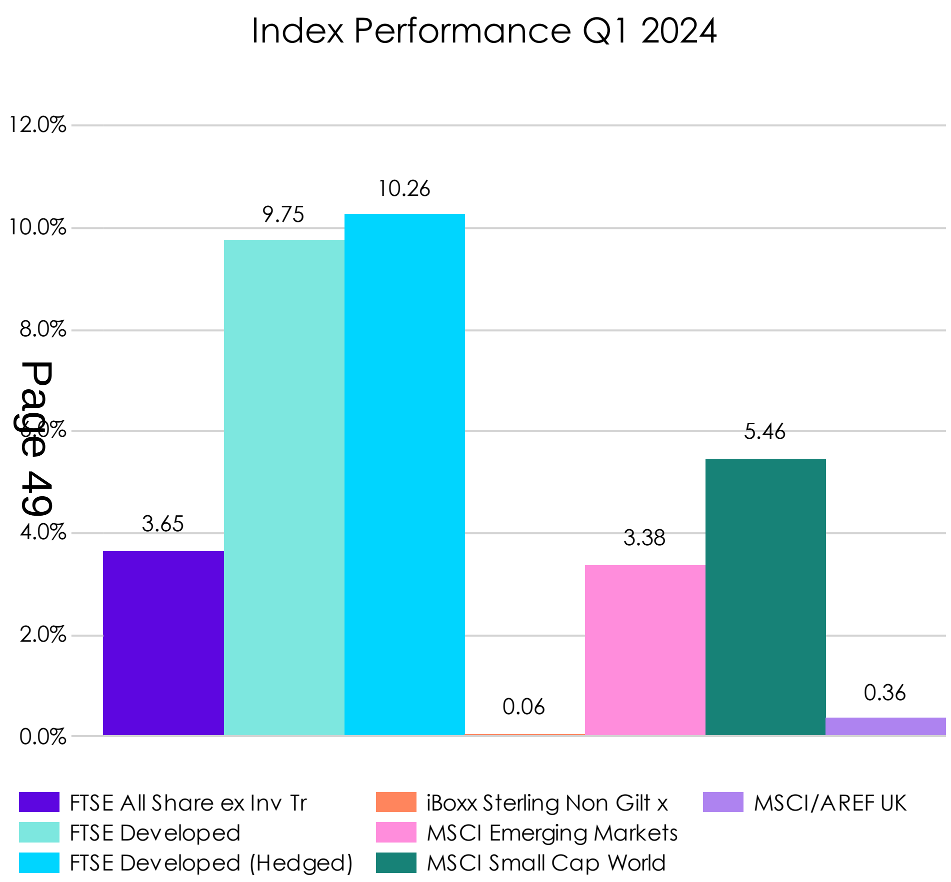
Unsurprisingly, government bonds adjusted to the change in expectation. UK 10-year government bond yields rose from 3.5% to 3.9% as prices fell. Interestingly, the move didn’t derail growth stocks or the market, as it might have done previously, although the ‘magnificent seven’ became the ‘magnificent five’, as Tesla and Apple underperformed!

The tightening of corporate credit spreads meant that borrowers could refinance debt that had been originated at much higher financing costs. As such, Issuance in the US and European leveraged loan and high-yield markets skyrocketed, as investors’ risk appetite improved materially. Demand was also strong in the CLO market, as previously warehoused loans overhanging from 2023 were sold. The continued expansion of the private credit market led to significant personnel changes and, indeed, whole team lift-outs, as new players seek to enter the market – quite reminiscent of bull market behaviour of old.

Fund raising in private equity broadly remained challenging, as end-investors still face liquidity concerns from previous overcommitments. Venture capital and growth funds looked most depressed at quarter-end, raising the smallest amount since 2017. On the exit side of the equation, deal activity remained muted and, although there were tentative green shoots in the IPO market (which had been shut for most of 2023), the recovery looks fragile.

In other macro news, Donald Trump was confirmed as the US presidential Republican candidate, but the more significant development after quarter-end was the missile attack by Iran on Israel - whilst little damage was done and the current market thesis is that this may be the end of hostilities, it certainly increased the risks in the region and elsewhere.

Chief Investment Officer commentary



Source: State Street

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Global High Alpha Equities

Launch date
6 December 2019

Investment strategy & key drivers
High conviction, unconstrained global equity portfolio

Liquidity
Managed

Benchmark
MSCI World

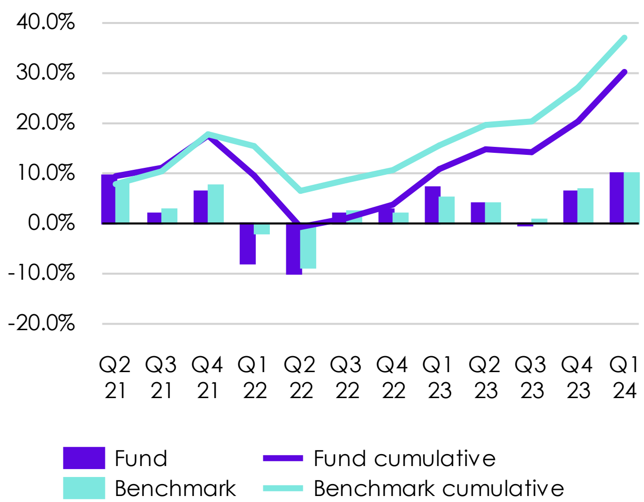
Outperformance target
+2-3%

Total fund value
£4,448m

Risk profile
High

Dorset's Holding:
GBP325m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.9	20.5	9.6	14.5
Benchmark	10.0	23.1	12.4	13.3
Excess	-0.1	-2.5	-2.8	1.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 10% in GBP terms over the quarter. The strong return was delivered against a backdrop of a resilient US economic growth outlook, rebounding oil prices, and continued positive sentiment around Artificial Intelligence and interest rate cuts. (It should be noted, however, that expectations for those cuts were pared back over the quarter). Cyclical sectors generally outperformed defensive. Communications Services, IT and Financials were the best-performing sectors. Broad style indices showed that Quality outperformed Growth, and both outperformed Value.

The portfolio captured the strong market performance, returning 9.9% during the period, just 0.1% below-benchmark.

Sector attribution showed allocation and selection were neutral overall. Selection was strong in IT, where an overweight to TSMC added 0.4% and an underweight to Apple added 0.8%, which more than offset the negative impact of an underweight holding in Nvidia, costing 0.5%. TSMC (a large Taiwanese semiconductor company) was the largest single contributor to relative returns. The company returned 26% after reporting strong revenue and guidance that lived up to its lofty consensus expectations for AI-driven growth. Selection was weak in Communications Services, largely due to an underweight to Meta, which performed strongly. It was also weak in Financials, driven by overweight holdings in HDFC and Moody's - the latter underperformed after reporting quarterly earnings that missed consensus estimates.

Underlying manager performance varied widely for the quarter. RLAM and Baillie Gifford outperformed, whilst Fiera and AB, two managers with more of a quality focus, moderately underperformed - despite the MSCI Quality index outperforming the broader index. Their underperformance partly reflected the fact that neither manager holds Nvidia or Meta, thereby missing out on 2.3% from relative returns versus the MSCI World index. (The companies are also among the largest three holdings in the MSCI Quality index - thus the latter's very strong quarter). Unsurprisingly, Harris was the weakest performer, as Value stocks in general were not well-rewarded during the quarter.

From inception to quarter-end, the portfolio outperformed the benchmark by 1.2% p.a.

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	6.28	4.57	20,441,701
AMAZON.COM INC	4.37	2.58	14,232,457
MASTERCARD INC	2.86	0.62	9,308,596
ALPHABET INC	2.71	2.58	8,807,989
TAIWAN SEMICONDUCTOR	2.24	-	7,299,629

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
TAIWAN SEMICONDUCTOR	2.24	-
MASTERCARD INC	2.86	0.62
AMAZON.COM INC	4.37	2.58
MICROSOFT CORP	6.28	4.57
UNITEDHEALTH GROUP INC	2.06	0.70

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	0.75	3.88
META PLATFORMS INC	-	1.66
NVIDIA CORP	2.08	3.44
BROADCOM INC	-	0.91
JPMORGAN CHASE & CO	-	0.89

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	30.61	30.20
MICROSOFT CORP	15.21	15.21
ALPHABET INC-CL A	24.09	24.09
MASTERCARD INC - A	16.56	16.56
NOVO NORDISK A/S-B	23.06	23.06

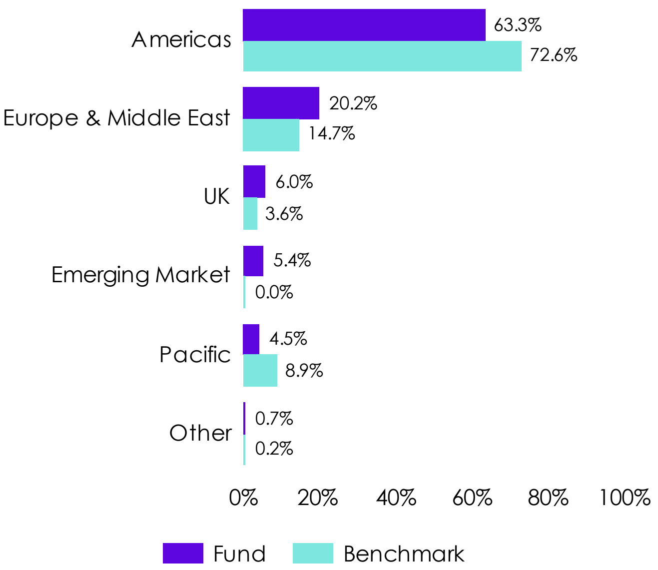
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

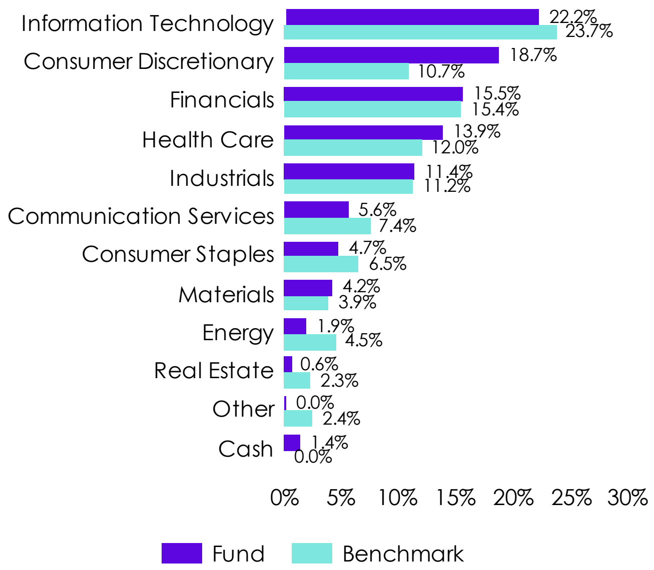
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
Global High Alpha	78	79	1.55	1.54	2.52	2.44
MSCI World*	164	160	4.87	4.80	8.24	8.05

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Global Sustainable Equities

Launch date
20 October 2020

Investment strategy & key drivers
Global equity exposure concentrating on ESG factors

Liquidity
Managed

Benchmark
MSCI ACWI

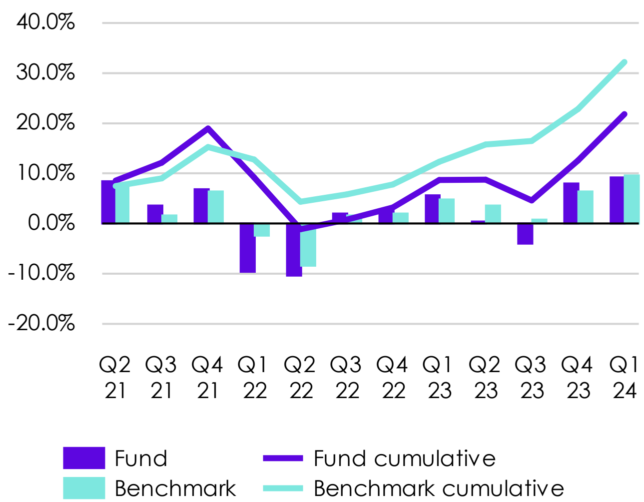
Outperformance target
+2%

Total fund value
£[illegible]817m

Risk profile
High

Dorset's Holding:
GBP394m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.2	13.2	6.6	7.9
Benchmark	9.3	21.2	10.7	12.4
Excess	-0.1	-8.0	-4.1	-4.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The portfolio returned 9.2% over the quarter, while the MSCI ACWI benchmark returned 9.3%. Over the year to quarter-end, the fund returned 13.2%, short of the MSCI ACWI's 21.2%. One-year underperformance could be attributed to a spike in market concentration in Q2 and to a subsequent rally for Energy stocks in Q3. However, as noted in the previous quarterly commentary, the market environment then shifted to favour sustainable investing. The portfolio notably outperformed in Q4 2023 and, in Q1 2024, captured all of the upside in one of the strongest market rallies this century - the 9th strongest ACWI quarter out of 97.

Over the quarter, there was a drop in the number of rate cuts the market anticipated for 2024. This came on the back of inflation numbers that were stickier than first expected. The anticipation of imminent rate cuts had acted as a tailwind for the portfolio's Quality/Growth style of investing in Q4 2023 - relative negative underperformance is therefore to be expected when that sentiment reverses. However, the strength of the Quality names in the portfolio, coupled with positive quarterly earnings for the underlying companies, meant that the portfolio sustained its strong performance momentum despite the revised rate expectations.

Stock selection was the main driver of relative performance at a sector level. The portfolio added notable performance through the Health Care sector, largely through the equipment and technology sub-sectors. Edwards Lifesciences, for example, returned 26% over the quarter.

Meanwhile, the "magnificent 7" stocks continued to exert a major impact. In 2023, their strength had caused a relative drag on portfolio performance - but that strength dimmed somewhat in Q1 2024. The portfolio has no exposure to Apple and Tesla, and both declined over the quarter, returning -10% and -30% respectively. Of the remaining five, however, it had exposure to four: Microsoft, Nvidia, Amazon and Alphabet. Each of these contributed positively to absolute return over the period, most notably Nvidia, which returned 84%.

Whilst fund underperformance over the year is disappointing, it is notable that the majority of sustainable manager peers also failed to outperform the MSCI ACWI.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MASTERCARD INC	2.80	0.56	11,033,506
MICROSOFT CORP	2.39	4.12	9,397,015
INTUIT INC	2.36	0.25	9,284,092
ANSYS INC	2.06	0.04	8,089,530
ASML HOLDING NV	2.05	0.54	8,066,977

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	Q1 2024
MASTERCARD INC - A	16.56	16.56
INTUIT INC	17.95	17.95
WASTE MANAGEMENT INC	19.58	19.58
AMAZON.COM INC	30.61	30.20
EDWARDS LIFESCIENCES CORP	23.88	23.88

*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Global Sustainable	155	160	2.21	1.96	4.83	5.06
MSCI ACWI*	201	197	4.89	4.82	8.25	8.08

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

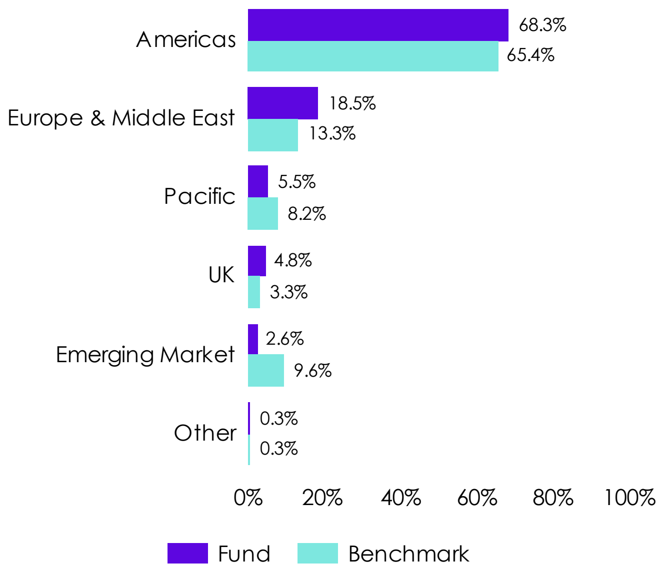
Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.80	0.56
INTUIT INC	2.36	0.25
ANSYS INC	2.06	0.04
WASTE MANAGEMENT INC	2.03	0.12
ADYEN NV	1.57	0.05

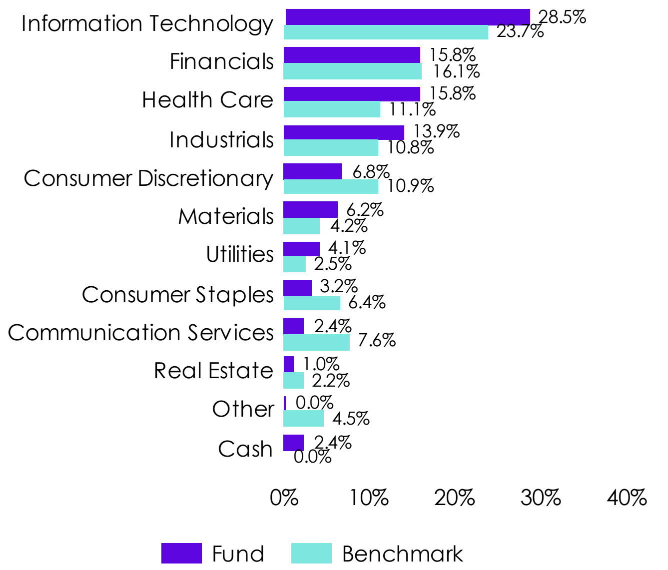
Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	-	3.49
MICROSOFT CORP	2.39	4.12
META PLATFORMS INC	-	1.49
ALPHABET INC	1.01	2.32
NVIDIA CORP	1.96	3.09

Regional exposure



Sector exposure



UK Active Equities

Launch date
1 December 2018

Investment strategy & key drivers
Active stock and sector exposure to UK equity markets

Liquidity
Managed

Benchmark
FTSE All Share ex Inv Tr

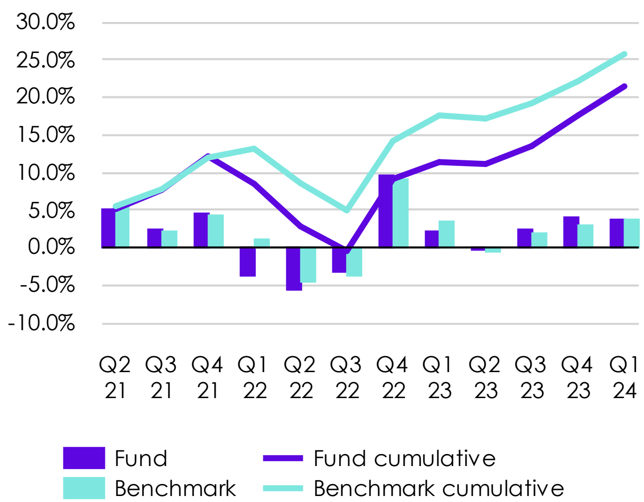
Outperformance target
+2%

Total fund value
£1,287m

Risk profile
High

Dorset's Holding:
GBP204m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.9	10.4	7.0	5.3
Benchmark	3.7	8.4	8.6	6.1
Excess	0.2	2.0	-1.6	-0.8

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE All-Share Index excluding Investment Trusts returned 3.7% over the quarter, underperforming the developed market index (MSCI World) by over 6% in GBP terms. In a reversal of the previous quarter, the FTSE 100 outperformed the FTSE 250. The portfolio returned 3.9% during the period, outperforming the benchmark by 0.2%, and delivering a fourth consecutive quarter of outperformance.

Sector attribution shows that allocation was the main driver of outperformance. The main contributors were an overweight to Industrials (the best-performing sector) and underweight to the Utilities. Selection was negative over the quarter and was weakest in the Consumer Discretionary sector, where overweights in Taylor Wimpey and Persimmon were among the detractors. Other major detractors in the portfolio included an overweight holding in St James's Place (SJP), the UK wealth manager, which fell 32% after the company reported taking a provision of £426 million for potential client refunds due to complaints about an insufficient level of service from their advisers.

The largest positive contributor to relative returns was the overweight holding in Babcock, which participated strongly in the rally in defence-related names over the quarter. Market cap allocation was a headwind over the quarter, detracting 0.5% from relative returns - driven by the portfolio's overweight to the smallest quintile of companies (which was also the worst-performing quintile).

On a manager-by-manager basis, Invesco outperformed the index by 1.8%, building on strong relative performance over the prior two quarters. The reporting quarter's outperformance was driven by the positive contribution from the Momentum factor, particularly in March. Of the other targeted factors, Value also contributed positively, whilst Quality was flat. Baillie Gifford underperformed by 2% over the quarter, giving up the 2% outperformance made the previous quarter. Sector allocation was positive, driven largely by the overweight in Industrials. However, this was more than offset by negative stock selection, which was weakest in the Financials sector: overweight holdings in SJP, Prudential and Close Brothers all impacted negatively.

From inception to quarter-end, the portfolio underperformed the benchmark by 0.8% per annum.

UK Active Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ASTRAZENECA PLC	5.33	7.11	10,885,328
UNILEVER PLC	4.92	4.49	10,036,220
SHELL PLC	4.13	7.82	8,432,394
HSBC HOLDINGS PLC	3.27	5.44	6,671,591
GLENCORE PLC	2.70	2.42	5,513,916

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
LEGAL & GENERAL GROUP PLC	2.48	0.68
MARKS & SPENCER GROUP PLC	1.87	0.23
HOWDEN JOINERY GROUP PLC	1.76	0.22
INFORMA PLC	1.98	0.52
BUNZL PLC	1.74	0.46

Top 5 active underweights

	Weight %	Benchmark weight %
SHELL PLC	4.13	7.82
HSBC HOLDINGS PLC	3.27	5.44
BP PLC	1.83	3.73
ASTRAZENECA PLC	5.33	7.11
NATIONAL GRID PLC	-	1.77

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
SHELL PLC	33.68	33.68
ASTRAZENECA PLC	21.81	22.03
UNILEVER PLC	23.57	23.57
GLENCORE PLC	38.56	38.56
HSBC HOLDINGS PLC	24.98	24.95

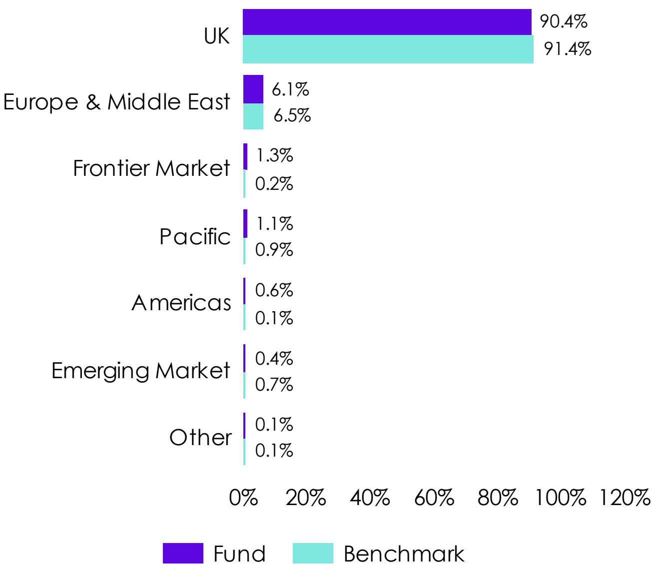
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

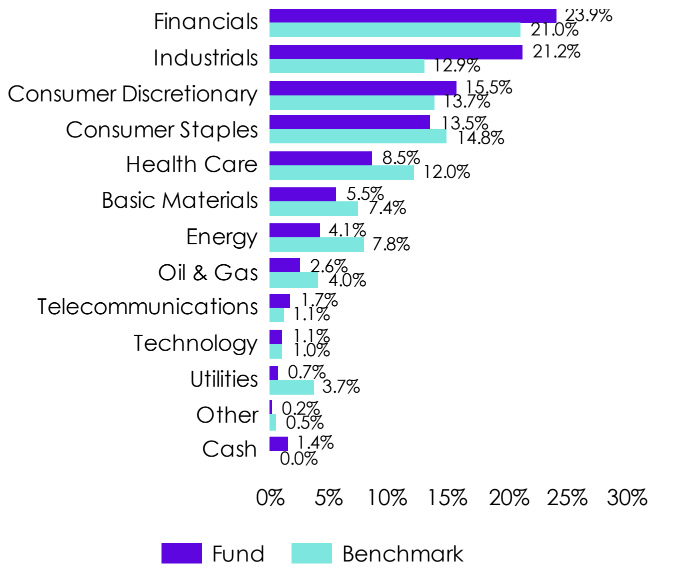
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
UK Active Equities	79	82	7.40	6.80	11.39	10.39
FTSE All Share ex Inv	145	131	9.74	8.32	19.40	18.55

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Emerging Markets Equities

Launch date
8 November 2019

Investment strategy & key drivers
Equity exposure to emerging markets

Liquidity
Managed

Benchmark
MSCI Emerging Markets

Outperformance target
+2-3%

Total fund value
£1,029m

Risk profile
High

Dorset's Holding:
GBP148m

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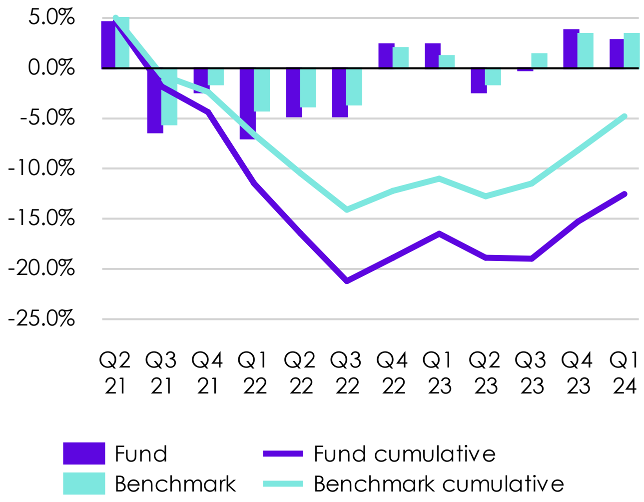
Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	2.7	3.9	-4.5	0.6
Benchmark	3.4	6.3	-1.8	2.5
Excess	-0.6	-2.4	-2.6	-1.9

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Emerging Markets produced a modest return during the quarter, returning +3.4%. In a strikingly similar fashion to the previous quarter, most emerging economies continued to make positive gains (16 out of 24 countries were positive). China continued to be a drag, with the market down 1.4%.

The Emerging Markets portfolio returned +2.7%, which was behind the benchmark return of +3.4%. Ninety-One beat the benchmark by +1.1%. Genesis underperformed by -1.9%, which was mostly due to underexposure in Taiwan and Energy. Wellington was in line with benchmark. Since-inception portfolio performance remained behind the benchmark. At quarter-end, the portfolio had made an annualised return of 0.6%, lagging the benchmark by 1.9%.

At stock level, holdings in the Financials sector weighed most heavily on relative performance. AIA Group – a life insurer – performed poorly and fell by 22% due to elevated medical claims. AIA is an example of financialization in emerging markets, which is a common theme adopted by the managers.

Country allocation was very significant during the quarter. Total impact on relative performance from country allocation was almost 150 negative basis points. Some markets produced a strong return; Taiwan, for example, returned +12.4%. The fund remains biased towards faster-growing economies, which often leads to an underweight in Taiwan, which is considered more developed than several Western European economies. Sector allocation was also significant.

The allocation impact on relative performance from sectors was approximately -60 basis points. This was driven almost entirely by the underweight to Energy and overweight to Consumer Staples. These sectors returned +7.8% and -3.6% respectively. The fund is typically underweight Energy, given the lack of companies with potential to align to Net Zero. The overexposure to consumers is a result of Genesis' bias towards the emerging consumer.

The outlook for EM remains cautiously optimistic. All three managers had been actively adding to companies, which at quarter-end were cheap enough to own due to recent share price weakness. However, investors should still be mindful of the slowdown in China, which could have worldwide repercussions on asset prices.

Emerging Markets Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
TAIWAN SEMICONDUCTOR	9.18	8.33	13,569,443
SAMSUNG ELECTRONICS CO LTD	5.11	4.64	7,557,694
TENCENT HOLDINGS LTD	4.26	3.57	6,303,438
HDFC BANK LTD	1.90	0.68	2,811,093
PDD HOLDINGS INC	1.78	0.96	2,625,733

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
AIA GROUP LTD	1.56	-
HDFC BANK LTD	1.90	0.68
NETEASE INC	1.71	0.56
INNER MONGOLIA YILI INDUSTRIAL	1.13	0.02
KIMBERLY-CLARK DE MEXICO SAB	1.05	0.05

Top 5 active underweights

	Weight %	Benchmark weight %
CHINA CONSTRUCTION BANK CORP	-	0.81
HON HAI PRECISION INDUSTRY CO	-	0.81
ALIBABA GROUP HOLDING LTD	1.26	2.03
PETROLEO BRASILEIRO SA	0.17	0.89
AL RAJHI BANK	-	0.60

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
TENCENT HOLDINGS LTD	19.32	19.50
SAMSUNG ELECTRONICS CO LTD	19.41	18.03
RELIANCE INDUSTRIES LTD	-	40.19
PDD HOLDINGS INC	29.23	29.27
HDFC BANK LIMITED	30.77	30.77

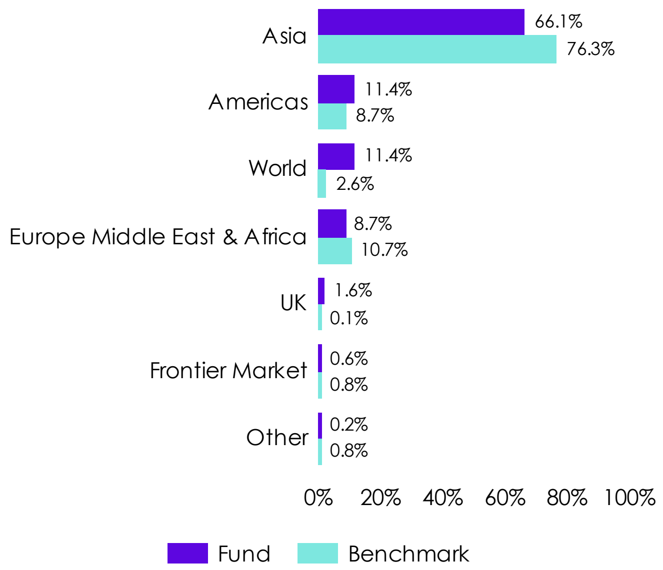
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

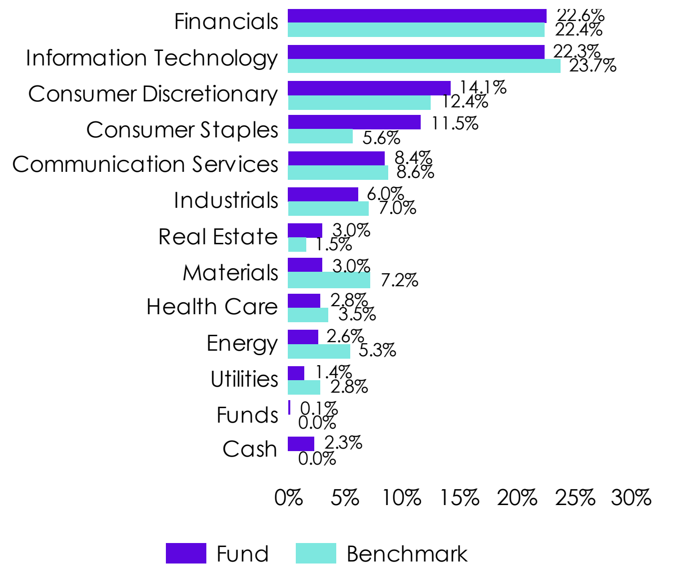
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Emerging Markets	193	179	1.89	2.15	4.31	4.60
MSCI Emerging	515	531	5.84	5.96	8.34	8.40

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Global Small Cap Equities

Launch date
2 October 2020

Investment strategy & key drivers
Global equity exposure to smaller capitalisation companies

Liquidity
Managed

Benchmark
MSCI Small Cap World

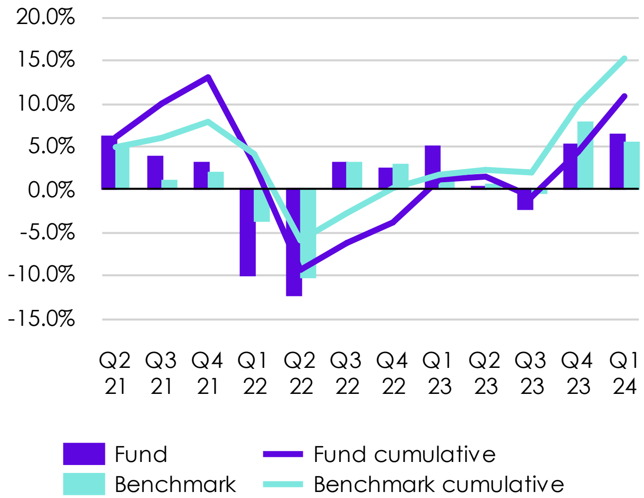
Outperformance target
+2%

Total fund value
£8[illegible]4m

Risk profile
High

Dorset's Holding:
GBP248m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.5	9.8	2.9	8.7
Benchmark	5.5	14.0	4.8	11.0
Excess	1.0	-4.2	-1.8	-2.4

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Over the quarter, global small cap equity markets rallied, amid hopes for resilient economic growth and that moderating inflation could lead central banks to reduce interest rates. Energy and Industrials were the best-performing sectors within the MSCI World Small Cap index, whilst the Real Estate sector lagged.

The Global Small Cap Equity portfolio returned 6.5% over the quarter, outperforming the benchmark by 1.0%.

Stock selection was the main driver of relative returns over the quarter. Whilst stock selection in Industrials was negative, stock selection in Communication Services and Financials contributed to relative returns. Overall, sector allocation effects were broadly neutral, with the underweight to Energy detracting, whilst the underweight to Real Estate contributed to relative returns.

In terms of the managers, performance was mixed. American Century returned 9.7% over the quarter, significantly outperforming the benchmark (by 4.2%). Outperformance was driven by strong stock selection, particularly in Healthcare and Consumer Discretionary. Within the Consumer Discretionary sector, resilient consumer demand and increased travel-related spending supported strong results for a number of holdings.

Kempen returned 4.2% in absolute terms, modestly underperforming the benchmark by 1.3%. Stock selection in Industrials and Healthcare sectors detracted, whilst stock selection in Financials and Communication Services was positive. The lack of Energy exposure also detracted from relative returns.

Montanaro returned 6.6% over the quarter, outperforming the benchmark by 1.1%. Relative returns were driven by positive stock selection, particularly in Communication Services, whilst stock selection in Technology and Materials detracted from relative returns. The lack of exposure to Real Estate also added to relative returns.

At a stock level, 4imprint Group, a UK supplier of promotional merchandise, was the largest contributor to relative returns.

We expect continued volatility over the coming period, as markets grapple with the outlook for inflation and interest rate expectations.

Global Small Cap Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
BAWAG GROUP AG	1.37	0.06	3,385,885
4IMPRINT GROUP PLC	1.36	0.03	3,357,790
BRUNSWICK CORP/DE	1.28	0.09	3,164,940
PRO MEDICUS LTD	1.23	0.05	3,035,432
TREX CO INC	1.21	0.14	2,987,288

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
4IMPRINT GROUP PLC	1.36	0.03
BAWAG GROUP AG	1.37	0.06
BRUNSWICK CORP/DE	1.28	0.09
PRO MEDICUS LTD	1.23	0.05
THERMON GROUP HOLDINGS INC	1.19	0.01

Top 5 active underweights

	Weight %	Benchmark weight %
MICROSTRATEGY INC	-	0.33
EMCOR GROUP INC	-	0.22
PURE STORAGE INC	-	0.20
SAIA INC	-	0.20
NUTANIX INC	-	0.20

Largest contributors to ESG risk

	ESG risk score*	
	Q4 2023	Q1 2024
FUJITEC CO LTD	29.88	29.88
WINTRUST FINANCIAL CORP	-	26.71
HOULIHAN LOKEY INC	26.14	26.14
THERMON GROUP HOLDINGS	23.59	23.59
MTU AERO ENGINES AG	27.14	27.26

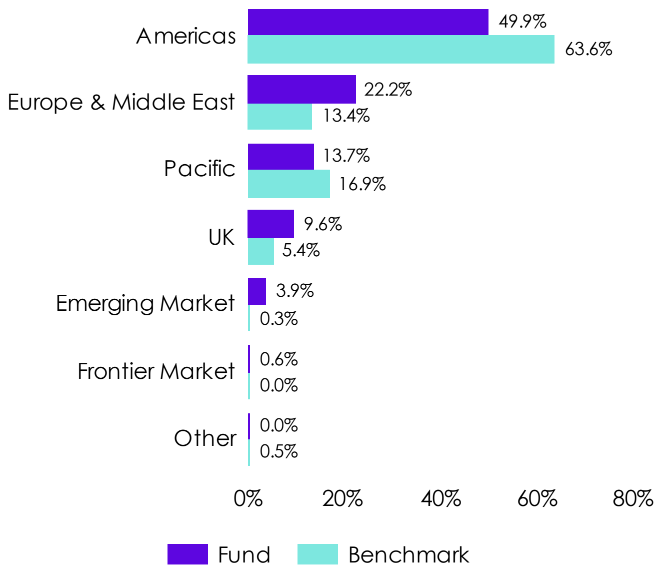
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

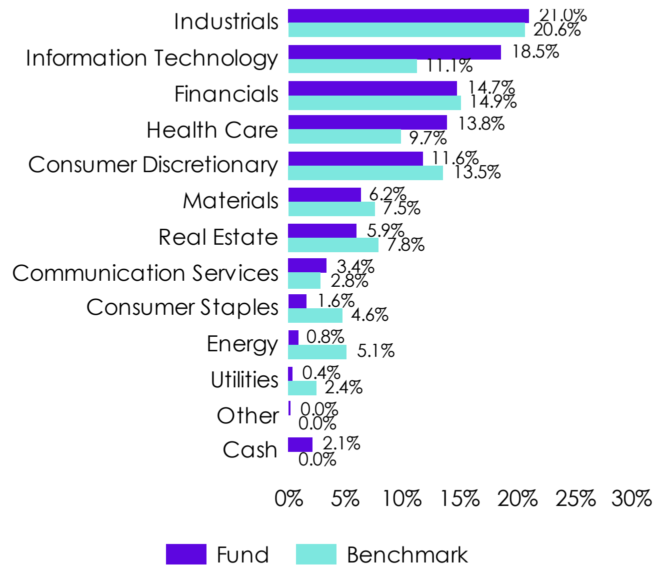
Portfolio	WACI		Total Extractive Exposure¹		Extractive Industries (VOH)²	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
Global Small Cap	90	92	2.43	1.28	1.62	1.16
MSCI Small Cap	211	208	3.79	3.93	5.75	5.87

*Benchmark. ¹ Extractive revenue exposure as share (%) of total revenue. ² Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Diversifying Returns Fund

Launch date
12 August 2020

Investment strategy & key drivers
Strategy utilising currencies, credit, rates and equities

Liquidity
Managed

Benchmark
SONIA +3%

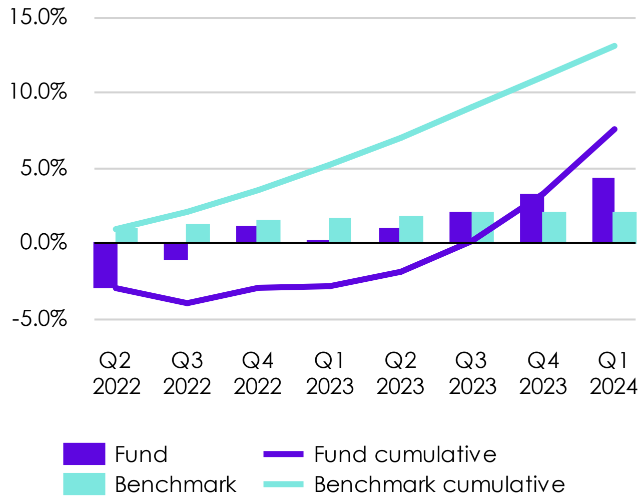
Outperformance target
0% to +2.0%

Total fund value
£978m

Risk profile
Moderate

Dorset's Holding:
GBP262m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	4.3	10.8	4.9	4.3
SONIA +3%	2.0	8.1	5.5	5.1
Excess	2.2	2.7	-0.6	-0.9

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The Diversifying Returns Fund returned 4.3% over the first quarter of 2024. The benchmark return was 2.0%. The sterling-hedged 50/50 equity/bond index we monitor returned 4.8% over the quarter, as equities performed well.

Increasing exposure to equities over the six months to quarter-end enabled the portfolio to benefit from the 2024 market rally and to decrease the level of underperformance vs the cash-plus benchmark. However, the portfolio remained behind the cash-plus benchmark, both since inception and over a three-year period. This benchmark has been hard to beat in an environment where interest rates have risen aggressively, raising the benchmark return whilst simultaneously hampering the performance of risk assets.

Exposure to traditional asset classes held through Fulcrum and Lombard Odier benefited performance; exposure to equities and commodities made a positive contribution to returns. Exposure to sovereign bonds held through these managers detracted from performance, but not enough to negate the significant positive returns gained from exposure to other traditional asset classes. Over the quarter, Lombard Odier returned 4.9% and Fulcrum 5.6%.

Fulcrum also benefitted from alternative return streams, with positive contributions coming from the long/short thematic equities book and from discretionary macro positioning in Japanese equities and commodities.

J. P. Morgan also performed well over the quarter, returning 9.3%. Following a disappointing end to 2023, relative value equity momentum was the best-performing signal. Other equity signals also performed well with Value, Quality and Trend making positive contributions to returns.

UBS returned -7.0% for the period. Its largest positions, long Norwegian Kroner and Japanese Yen, each played a large part in its negative returns. In particular, the yen was weak. Despite the removal of negative interest rates by the Bank of Japan, increasing US yields resulted in the large rate differential between the yen and dollar persisting.

There were positive contributions from a short position in the New Zealand dollar and long exposure to the Colombian peso. There was also a positive contribution from the short position in the Chinese renminbi, as Chinese monetary policy was eased.

Multi-Asset Credit

Launch date
7 July 2021

Investment strategy & key drivers
Exposure to higher yield bonds with moderate credit risk

Liquidity
Managed

Benchmark
SONIA +4%

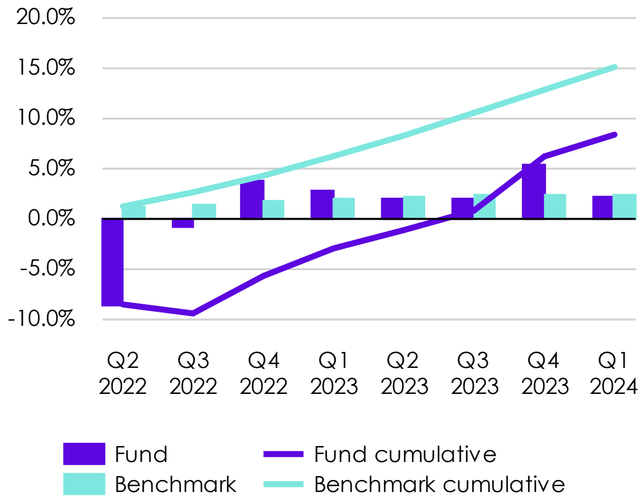
Outperformance target
0% to +1.0%

Total fund value
£2,968m

Risk profile
Moderate

Dorset's Holding:
GBP270m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	2.2	11.8	-	2.2
SONIA +4%	2.3	9.2	-	6.8
Excess	-0.1	2.6	-	-4.6

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Sub-investment grade started the year in positive fashion against a backdrop of rising interest rates and tightening credit spreads. Investors started to pull back from the aggressive pivot mentality, causing a rise in US Treasury yields. Many market participants are assuming two or fewer rate cuts in the US this year - a significant reversal from the six-cuts narrative that dominated last year. US and UK 2-year yields rose by 37 basis points (bps) and 21bps respectively.

Credit spreads tightened over the quarter, with High Yield Bonds – proxied by Bloomberg Global High Yield – tightening by 41bps to 382bps at quarter-end. A wider acceptance of a soft landing - or of none at all - along with strong technical factors, such as excess cash with asset managers, had fuelled the contraction.

All areas of sub-Investment Grade posted a positive return despite the rising interest rate environment. This was driven by spread compression and carry. Collateralised Loan Obligations (CLOs) were the primary beneficiaries, given their floating rate and higher carry; sub-IG CLO tranches returned in excess of 3%. High Yield Bonds and Leveraged Loans posted local returns of +2.1% and +1.6% respectively. The only notable outlier across the broader credit spectrum was Investment Grade, which fell by approximately 75bps in local terms.

The portfolio returned +2.2% over the quarter, which was in line with both the primary and composite benchmarks. Neuberger Berman, CQS and Oaktree returned +1.6%, +3.2% and +2.9% respectively. Neuberger Berman posted a weaker return due to its rate-sensitive allocation to Investment Grade corporates and its lack of exposure to CLOs. Oaktree and CQS saws strong opportunities in CLOs, given their higher carry and stronger structural protection against default.

Since-inception performance reached +2.2%, lagging the primary benchmark by 4.6%. The composite benchmark had returned approximately +2.6% over the same period.

All three managers maintained a cautiously optimistic outlook. All-in yields had fallen to 7.8% (at quarter-end) for the Multi-Asset Credit portfolio with a duration of 2.8 years. Investors should remain wary of the reduced amount of compensation for credit risk. Our managers remain heavily focused on the quality of their issuers, leaving them well-positioned to outperform versus market default rates.

Sterling Corporate Bonds

Launch date
2 July 2021

Investment strategy & key drivers
Managed credit selection to generate excess sterling yield returns

Liquidity
Managed

Benchmark
iBoxx Sterling Non Gilt x

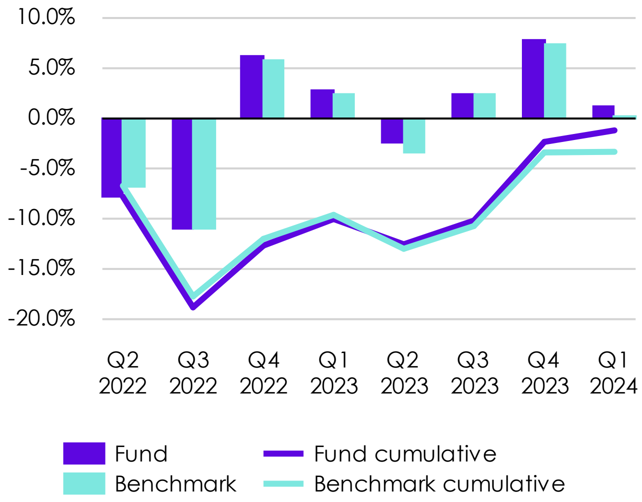
Outperformance target
+1%

Total fund value
£2,796m

Risk profile
Moderate

Dorset's Holding:
GBP256m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	1.2	8.8	-	-3.3
Benchmark	0.1	6.1	-	-4.3
Excess	1.1	2.7	-	0.9

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Markets recalibrated their pricing for expected central bank cuts over the year, contributing to negative returns for government bond markets over the quarter.

The sterling Investment Grade credit market (non-gilt) returned 0.1% over the quarter, as the effect of higher yields was mitigated by tighter credit spreads and higher carry. The shorter duration of the credit market index also helped offset some of the government-induced market headwinds. Given the rise in yields, sectors with a greater proportion of long-dated bonds performed poorly, including utilities and social housing. Supranationals was the worst-performing sector, while the bank and insurance sectors performed well.

Over the period, the Sterling Corporate Bonds portfolio returned 1.2%, outperforming the benchmark by 1.1%.

The main drivers of positive relative performance over the quarter were stock selection and sector allocation. Stock selection in bank and insurance bonds significantly contributed to relative returns. Within banks, the portfolio's bias towards subordinated bonds was helpful, particularly AT1s, which continued to outperform the wider market. At a sector level, the portfolio's underweight position in supranationals and overweight in insurance both contributed to relative returns.

In terms of credit rating bands, the allocation to BB-rated bonds contributed most to relative returns, whilst the significant underweight allocation to AAA-rated bonds was also positive.

The holding in Thames Water was a detractor over the quarter. RLAM continues to believe that liquidity in the operating company remains satisfactory and that valuations remain attractive on a fundamental basis.

Bond yields are generally higher than they had been at the start of the year and interest rate cuts are now closer. RLAM therefore believes that overall government bond yields look attractive, and that credit spreads continue to compensate credit investors for the risk of default. Whilst yields are expected to remain sensitive to economic data, the portfolio is highly diversified, with a bias towards bonds with greater security and downside protection relative to the benchmark.

PAB Passive Global Equities

Launch date
1 November 2021

Investment strategy & key drivers
Passive global equity exposure aligned to Paris Agreement climate goals

Liquidity
High

Benchmark
FTSE Dev World PAB

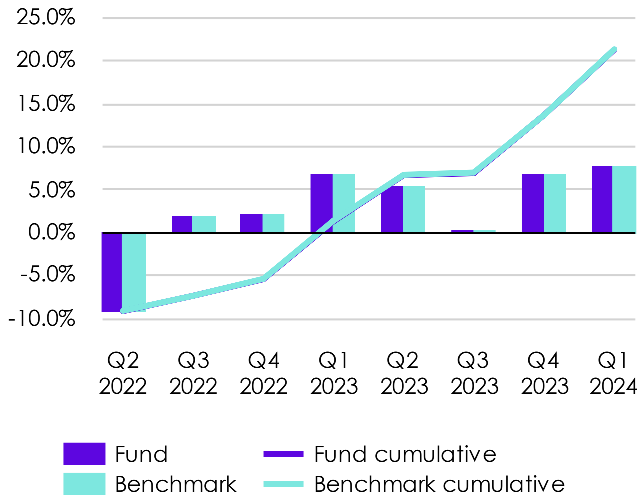
Outperformance target
Match

Total fund value
£2,711m

Risk profile
High

Dorset's Holding:
GBP132m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.6	21.3	-	8.5
Benchmark	7.6	21.3	-	8.6
Excess	-	-	-	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Paris Aligned Index (GBP Hedged) (PAB) returned 7.9% over Q1 2024.

The PAB's holding in Tesla made a large negative contribution to returns. Tesla is a significant position in the portfolio, owing to its strong Green Revenue score and a positive tilt score for Scope 3 carbon emissions intensity. Tesla suffered a significant fall in share price over the quarter, driven by falling demand, production halts, rumours of staff layoffs, growing pressure to cut prices, and increasing pressure from competitors - particularly Chinese EV manufacturers.

Among the 'Magnificent 7', Tesla suffered the worst performance over the quarter. Overweights to Microsoft and Alphabet meant that both made positive contributions to returns over the quarter. However, the portfolio had underweight positions in Nvidia and Meta, and these stocks both had strong performance over the quarter. The main driver of performance for Meta was strong earnings results, while Nvidia continued to benefit from the surging interest in AI.

At quarter-end, the PAB had 4 holdings in the Energy sector, each of which made a negative contribution to portfolio returns over the quarter: Vestas Wind Systems A/S, First Solar, Enphase Energy and SolarEdge Technologies. Each of these stocks was held overweight due to Green Revenue and TPI Management Quality scores. The broader Energy sector, including companies with significant oil & gas exposure, performed strongly over the quarter. Stocks held by the market-weighted index but not held at all in this portfolio included Exxon Mobil, Chevron, Shell, BP and ConocoPhillips. Each of these delivered positive returns over the quarter, benefiting from significant increases in the price of crude oil.

The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilises EVIC rather than revenue in its decarbonisation calculations.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	**5.80**	**7,651,973**
MICROSOFT CORP	**5.44**	**7,170,279**
ALPHABET INC	**4.60**	**6,069,380**
APPLE INC	**4.06**	**5,352,702**
TESLA INC	**2.83**	**3,726,311**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score*	
	Q4 2023	Q1 2024
AMAZON.COM INC	**30.61**	**30.20**
MICROSOFT CORP	**15.21**	**15.21**
TESLA INC	**25.23**	**25.26**
APPLE INC	**17.22**	**16.72**
ALPHABET INC-CL A	**24.09**	**24.09**

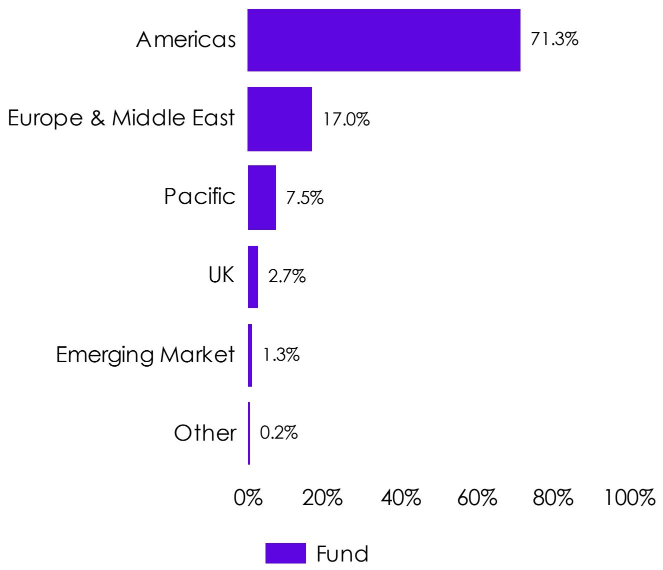
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

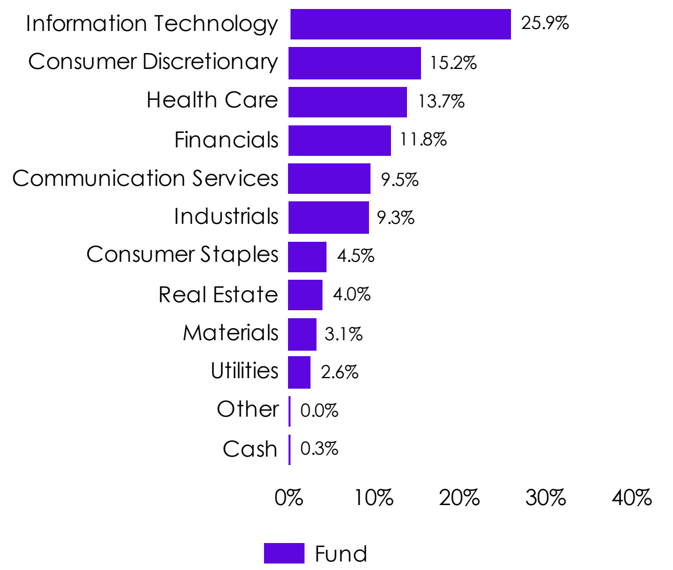
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
PAB Passive Global	**120**	**118**	1.39	1.21	3.57	3.48
FTSE Dev World TR	**168**	**163**	4.69	4.60	8.45	8.34

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



PAB Passive Global Equities (Hedged)

Launch date

1 November 2021

Investment strategy & key drivers

Passive global equity exposure aligned to Paris Agreement climate goals - hedged

Liquidity

High

Benchmark

FTSE Dev World PAB

Outperformance target

Match

Total fund value

£1,424m

Risk profile

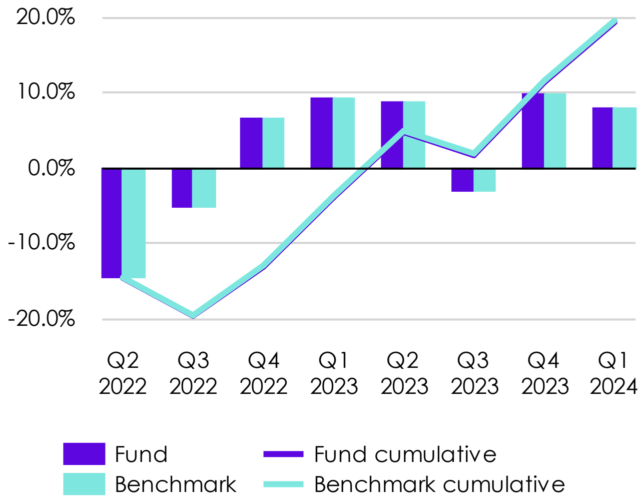
High

Dorset's Holding:

GBP136m

Page 65

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.9	24.7	-	5.7
Benchmark	8.0	24.8	-	5.8
Excess	-0.1	-0.1	-	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Paris Aligned Index (GBP Hedged) (PAB) returned 7.9% over Q1 2024.

With a large amount of the fund invested in the US, the GBP/USD exchange rate generally has a large bearing on the performance differential between the hedged and unhedged products. The US dollar only weakened slightly against sterling over the quarter, resulting in a small outperformance in the hedged product.

PAB's holding in Tesla made a large negative contribution to returns. Tesla is a significant position in the portfolio owing to its strong Green Revenue score and a positive tilt score for Scope 3 Carbon Emissions Intensity. Tesla saw significant falls in share price in the first quarter, driven by falling demand, , production halts, rumours of staff layoffs, growing pressure to cut prices, and increasing pressure from competitors, particularly Chinese EV manufacturers.

Of the "Magnificent 7" stocks, it was Tesla that performed worst over the quarter. Microsoft and Alphabet are held at a larger weight than in the market cap weighted index and each made positive contributions to return over the quarter. However, the portfolio had underweight positions in Nvidia and Meta, and both stocks performed strongly over the quarter. The main driver of performance for Meta was strong earnings results, while Nvidia continued to benefit from the surging interest in AI.

The PAB had 4 holdings in the Energy sector, which each made a negative contribution to portfolio return over the quarter: Vestas Wind Systems A/S, First Solar, Enphase Energy and SolarEdge Technologies. Each of these stocks was held at a weight above the market cap weighted index due to Green Revenue scoring and positive TPI Management Quality scores. The broader Energy sector, including companies with significant oil & gas exposure, performed strongly over the quarter. Stocks held by the market-weighted index, but not held at all in this portfolio, included Exxon Mobil, Chevron, Shell, BP and ConocoPhillips. Each of these four posted positive returns over the quarter, benefitting from significant increases in the price of crude oil.

The portfolio decarbonisation trajectory remained in line with the requirements of EU regulations for Paris-aligned benchmarks - and thus the portfolio is shaped by EVIC rather than Revenue in decarbonisation calculations.

PAB Passive Global Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	**5.80**	**7,881,122**
MICROSOFT CORP	**5.44**	**7,385,003**
ALPHABET INC	**4.60**	**6,251,136**
APPLE INC	**4.06**	**5,512,996**
TESLA INC	**2.83**	**3,837,901**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	**30.61**	**30.20**
MICROSOFT CORP	**15.21**	**15.21**
TESLA INC	**25.23**	**25.26**
APPLE INC	**17.22**	**16.72**
ALPHABET INC-CL A	**24.09**	**24.09**

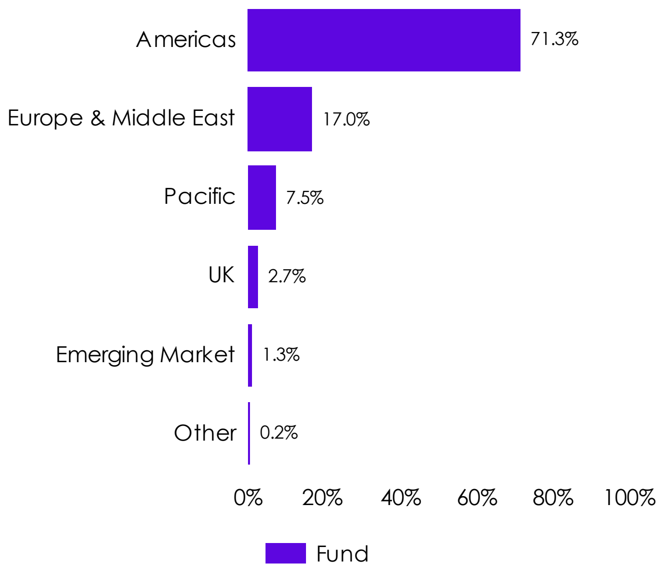
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

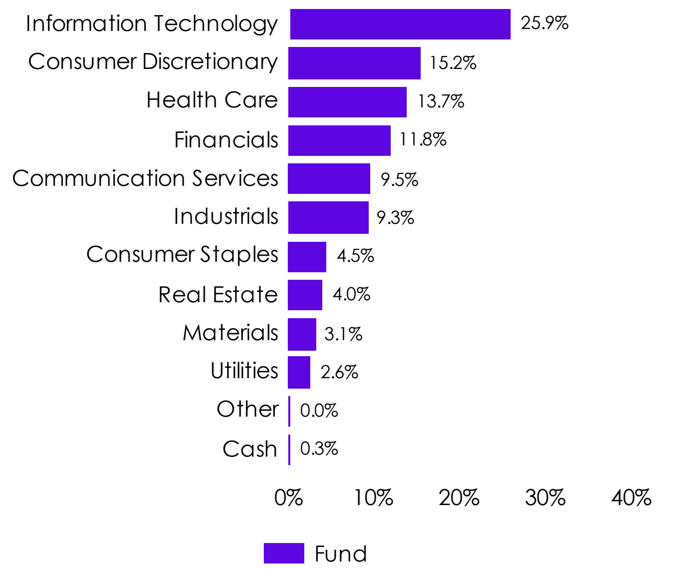
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
PAB Passive Global	**120**	**118**	1.39	1.21	3.57	3.48

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



CTB Passive Global Equities

Launch date
1 May 2022

Investment strategy & key drivers
Passive global equity exposure aligned to Climate Transition goals

Liquidity
High

Benchmark
FTSE Dev World CTB

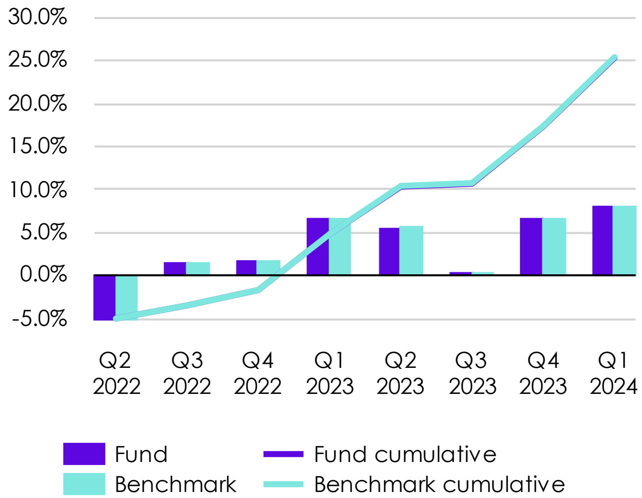
Outperformance target
Match

Total fund value
£673m

Risk profile
High

Dorset's Holding:
GBP-m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.9	21.9	-	14.2
Benchmark	8.0	22.0	-	14.2
Excess	-0.1	-0.1	-	-0.0

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Climate Transition Index (GBP) (CTB) returned 8.0% over Q1 2024. The CTB Passive Global Equities (GBP Hedged) product closely replicated the performance of the benchmark over the period, returning 7.9%.

Nvidia was the single largest contributor to positive returns in the portfolio, as the continuing 'AI boom' drove the company share price significantly higher. However, the position was held at an underweight compared to the broader index.

Amazon was held at an overweight relative to the broader index. This contributed positively to performance over the quarter. Amazon's strong stock price performance was buoyed by increasing revenues, driven in part by new advertisements on the company's video platform.

Tesla was the single largest contributor to the underperformance of the CTB portfolio versus the broader index. Tesla is a significant position in the portfolio owing to its strong Green Revenue score and a positive tilt score for Scope 3 carbon emissions intensity. Tesla's share price suffered significant falls in the first quarter, due to falling demand, production halts, rumours of staff layoffs & growing pressure to cut prices.

The Energy sector contributed the least to portfolio performance. Positions held at an overweight, including Vestas Wind Systems A/S, First Solar, Enphase Energy and SolarEdge Technologies, performed poorly. These holdings perform well on both Green Revenue and positive TPI Management Quality scores. Other Energy sector companies, with significant oil & gas exposure, performed strongly over the quarter. These are underweight positions in this portfolio relative to the broader index.

Technology sector companies made the largest positive contribution to performance, despite shifting expectations on interest rate cuts.

The portfolio decarbonisation trajectory remained in line with the requirements of EU regulations for Paris-aligned benchmarks - these utilise EVIC rather than Revenue in decarbonisation calculations.

CTB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
MICROSOFT CORP	**5.44**	-
AMAZON.COM INC	**4.78**	-
ALPHABET INC	**4.62**	-
APPLE INC	**4.05**	-
TESLA INC	**2.60**	-

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	**30.61**	**30.20**
MICROSOFT CORP	**15.21**	**15.21**
APPLE INC	**17.22**	**16.72**
TESLA INC	**25.23**	**25.26**
ALPHABET INC-CL A	**24.09**	**24.09**

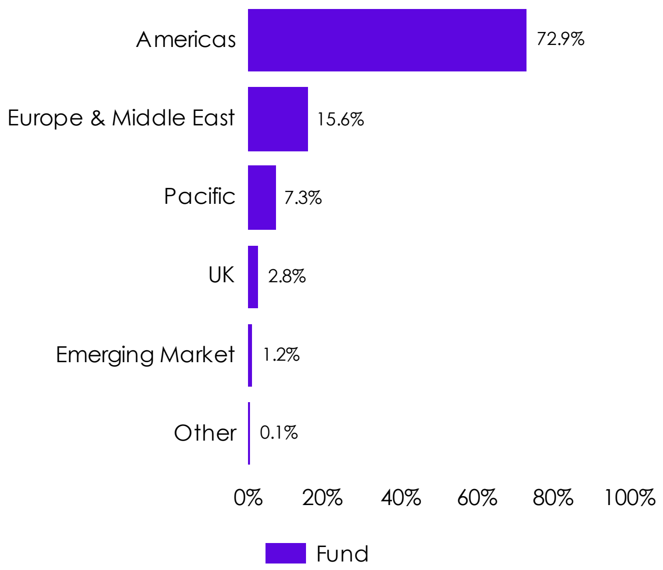
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

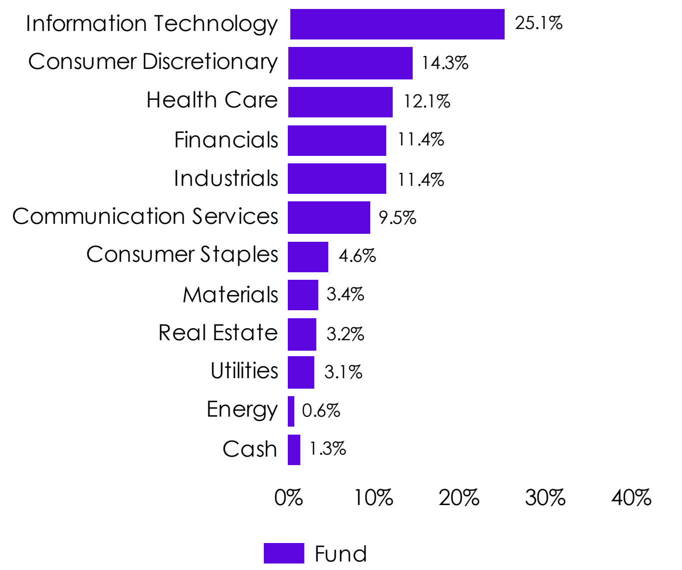
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
CTB Passive Global	**148**	**148**	2.26	2.05	5.09	5.02
FTSE Dev World TR	**168**	**163**	4.69	4.60	8.45	8.34

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



CTB Passive Global Equities (Hedged)

Launch date
1 May 2022

Investment strategy & key drivers
Passive global equity exposure aligned to Climate Transition goals - hedged

Liquidity
High

Benchmark
FTSE Dev World CTB

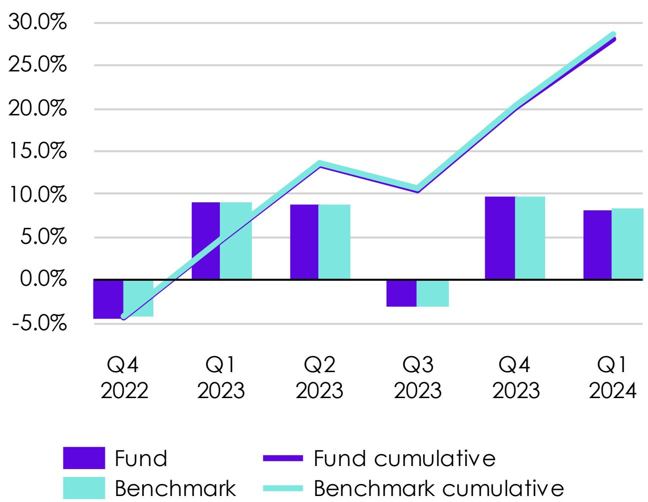
Outperformance target
Match

Total fund value
£0m

Risk profile
High

Dorset's Holding:
GBP-m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	8.0	25.0	-	22.7
Benchmark	8.3	25.4	-	23.2
Excess	-0.3	-0.4	-	-0.5

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

The FTSE Developed Climate Transition Index (GBP Hedged) (CTB) returned 8.3% over Q1 2024. The CTB Passive Global Equities (GBP Hedged) product closely replicated the performance of the benchmark over this period.

There was a small outperformance in the hedged product relative to the unhedged.

Nvidia was the single largest contributor to positive returns in the portfolio, as the continuing 'AI boom' drove the company share price significantly higher. However, the position was held at an underweight compared to the broader index.

Amazon was held at an overweight relative to the broader index. This contributed positively to performance over the quarter. Amazon's strong stock price performance was buoyed by increasing revenues, driven in part by new advertisements on the company's video platform.

Tesla was the single largest contributor to the underperformance of the CTB portfolio versus the broader index. Tesla is a significant position in the portfolio owing to its strong Green Revenue score and a positive tilt score for Scope 3 carbon emissions intensity. Tesla's share price suffered significant falls in the first quarter, due to falling demand, production halts, rumours of staff layoffs & growing pressure to cut prices.

The Energy sector contributed the least to portfolio performance. Positions held at an overweight, including Vestas Wind Systems A/S, First Solar, Enphase Energy and SolarEdge Technologies, performed poorly. These holdings perform well on both Green Revenue and positive TPI Management Quality scores. Other Energy sector companies, with significant oil & gas exposure, performed strongly over the quarter. These are underweight positions in this portfolio relative to the broader index.

Technology sector companies made the largest positive contribution to performance, despite shifting expectations on interest rate cuts.

The portfolio decarbonisation trajectory remained in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilise EVIC rather than revenue in decarbonisation calculations.

CTB Passive Global Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
MICROSOFT CORP	5.44	-
AMAZON.COM INC	4.78	-
ALPHABET INC	4.62	-
APPLE INC	4.05	-
TESLA INC	2.60	-

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	30.61	30.20
MICROSOFT CORP	15.21	15.21
APPLE INC	17.22	16.72
TESLA INC	25.23	25.26
ALPHABET INC-CL A	24.09	24.09

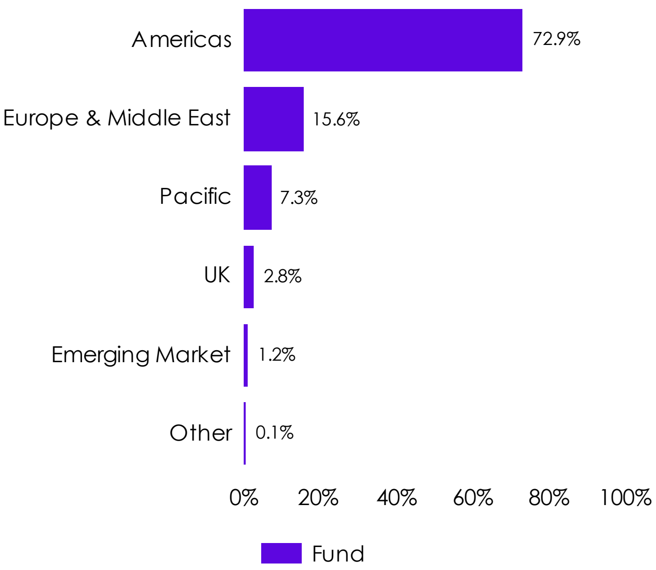
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

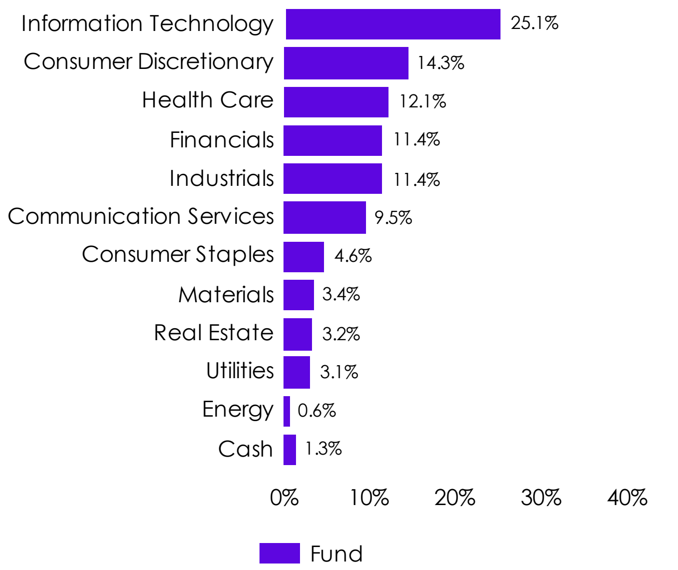
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
CTB Passive Global	148	148	2.26	2.05	5.09	5.02

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Passive Developed Equities

Launch date
11 July 2018

Investment strategy & key drivers
Passive global equity exposure

Liquidity
High

Benchmark
FTSE Developed

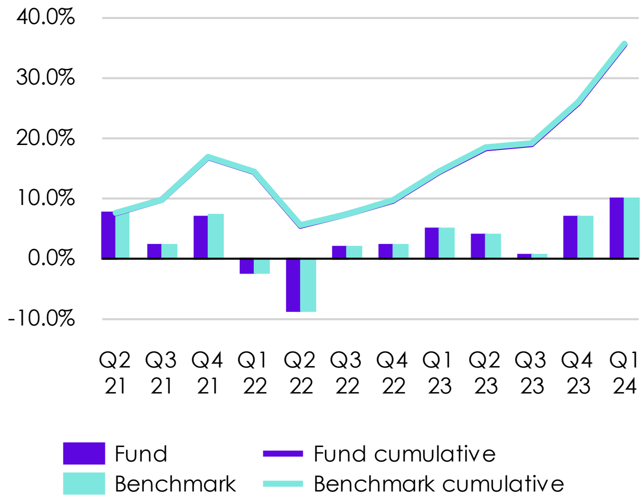
Outperformance target
Match

Total fund value
£7[illegible]9m

Risk profile
High

Dorset's Holding:
GBP120m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.7	22.6	11.9	11.7
Benchmark	9.8	22.7	11.9	11.7
Excess	-0.0	-0.1	-0.1	-0.0

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Passive Developed Equities returned 9.7% in the first quarter of 2024 and 22.6% over the year to quarter-end. The portfolio closely replicated the FTSE Developed World Index.

The continued resilience of the US economy and strong performance by companies linked to AI technology, helped the US and the Technology sector to perform well over the quarter. The US market returned 11.4% for sterling-denominated investors. The Technology sector returned 14.2%; hardware and equipment manufacturers, particularly in the semiconductor space, outperformed software and services companies. The Japanese stockmarket also benefited from this trend, returning 11.6% for sterling investors.

The quarter saw the outperformance of the 'Magnificent 7' begin to dilute. Nvidia was again a standout performer, returning 84.1% over the period, with Microsoft, Meta and Alphabet making strong contributions to returns. However, Apple and Tesla were among the worst performers in the index. Apple was overtaken by Microsoft as the company with the largest global market capitalisation, as sales in China fell and its app store came under regulatory scrutiny in both Europe and the US. Tesla's share price declined, as it delivered fewer vehicles in Q1 2024 than in Q1 2023.

The Financials sector was a strong performer, returning 11.6%, supported by diminishing expectations for interest rate cuts. The Energy sector also performed well, returning 10.3%, as oil prices rebounded over the quarter.

Weakness in the price of some industrial metals contributed to the weak performance of the Basic Materials sector. The Real Estate sector was the weakest-performing over the quarter, returning 0.5%.

Passive Developed Equities

Top 5 holdings

	Weight %	Client value (GBP)*
MICROSOFT CORP	4.67	5,597,335
APPLE INC	3.73	4,470,715
NVIDIA CORP	3.20	3,838,095
ALPHABET INC	2.48	2,969,555
AMAZON.COM INC	2.42	2,905,140

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	Q1 2024
AMAZON.COM INC	30.61	30.20
MICROSOFT CORP	15.21	15.21
APPLE INC	17.22	16.72
META PLATFORMS INC-CLASS A	33.69	33.80
NVIDIA CORP	13.45	13.45

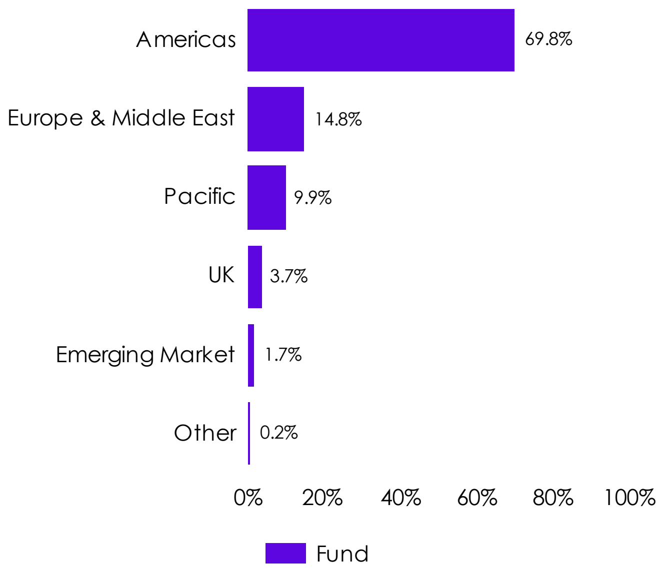
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

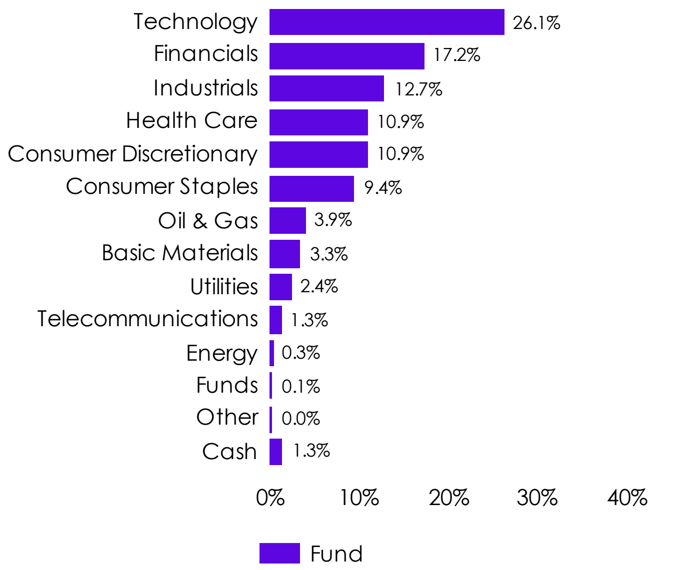
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Passive Developed	168	163	4.06	4.03	8.48	8.31

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Passive Developed Equities (Hedged)

Launch date
11 July 2018

Investment strategy & key drivers
Passive global equity exposure - hedged

Liquidity
High

Benchmark
FTSE Developed

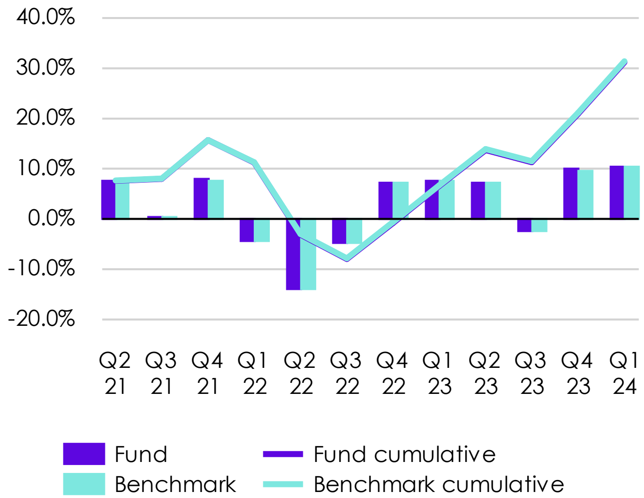
Outperformance target
Match

Total fund value
£123m

Risk profile
High

Dorset's Holding:
GBP123m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	10.2	26.4	9.6	10.4
Benchmark	10.3	26.4	9.7	10.5
Excess	-0.0	-0.1	-0.1	-0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

Passive Developed Equities (GBP Hedged) returned 10.2% in the first quarter of 2024, and 26.4% over the last year. The fund replicated the FTSE Developed Index (GBP Hedged) in line with expectations.

Although sterling weakened against the US dollar over the quarter, it strengthened against a number of other currencies. The net effect was that the hedged product outperformed the unhedged product.

It was a good quarter for Technology stocks, particularly those associated with the manufacture of hardware used for Artificial Intelligence. The Financials sector was a strong performer through the period, supported by diminishing expectations for interest rate cuts. The Energy sector also performed well, as oil prices rebounded.

Weakness in the prices of some industrial metals led to weak performance in the Basic Materials sector. The Real Estate sector was the weakest-performing over the quarter.

In local currency terms, Japan was the best-performing of the major developed markets, returning 18.7%. The US returned 10.3%, while Europe (excluding the UK) and the UK market returned 8.3% and 4.0% respectively.

Nvidia was again a standout performer, with Microsoft, Meta and Alphabet making strong contributions to returns. However, Apple and Tesla were among the worst performers. Apple was overtaken by Microsoft as the company with the largest global market capitalisation, as sales in China fell and its app store came under scrutiny in both Europe and the US.

Tesla's share price declined, as it delivered fewer vehicles in Q1 2024 than it had done in Q1 2023.

Passive Developed Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
MICROSOFT CORP	4.67	5,741,795
APPLE INC	3.73	4,586,099
NVIDIA CORP	3.20	3,937,152
ALPHABET INC	2.48	3,046,195
AMAZON.COM INC	2.42	2,980,118

*Estimated client value

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Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
AMAZON.COM INC	30.61	30.20
MICROSOFT CORP	15.21	15.21
APPLE INC	17.22	16.72
META PLATFORMS INC-CLASS A	33.69	33.80
NVIDIA CORP	13.45	13.45

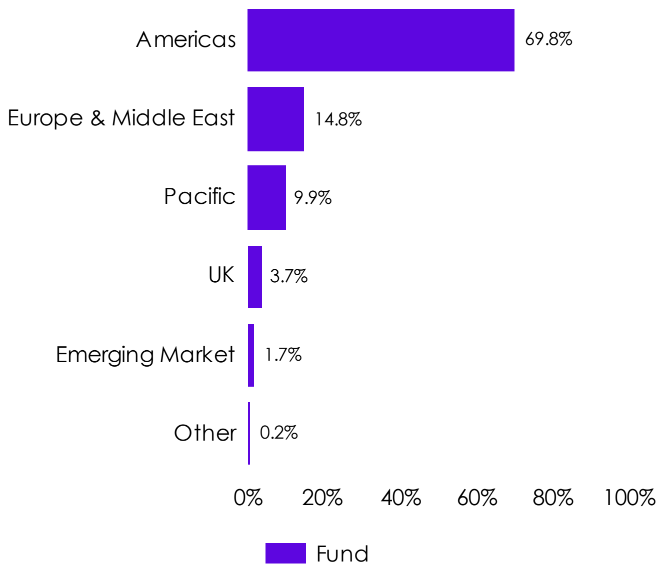
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

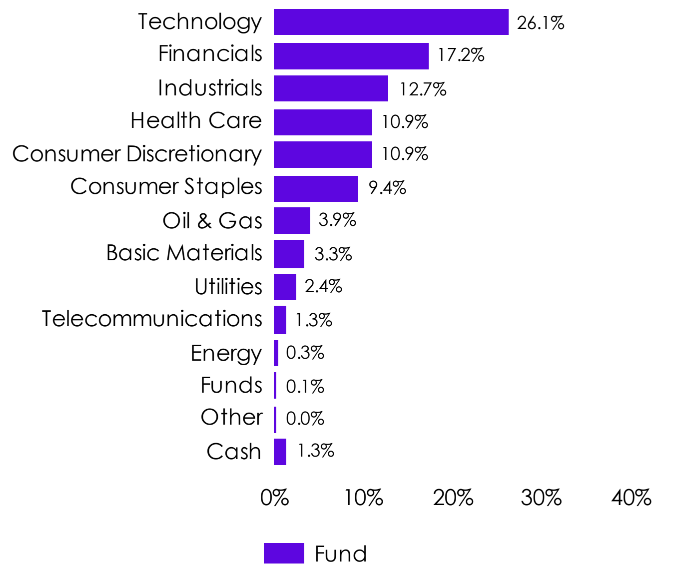
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q4	2024 Q1	2023 Q4	2024 Q1	2023 Q4	2024 Q1
Passive Developed	168	163	4.06	4.03	8.48	8.31

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Passive UK Equities

Launch date
11 July 2018

Investment strategy & key drivers
Passive UK equity exposure

Liquidity
High

Benchmark
FTSE All Share

Outperformance target
Match

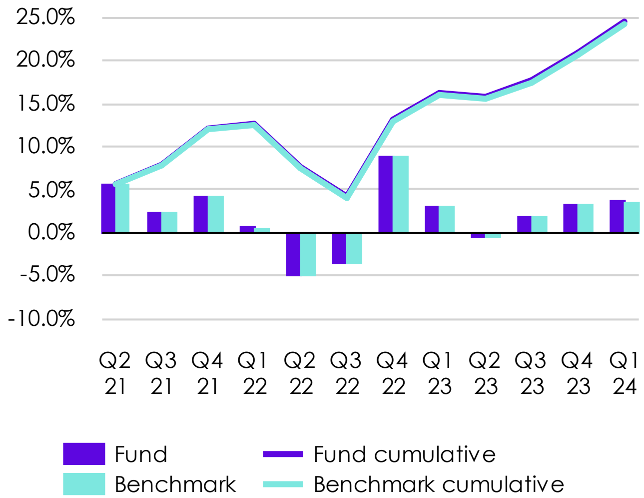
Total fund value
£136m

Risk profile
High

Dorset's Holding:

GBP136m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.6	8.5	8.2	4.2
FTSE All Share	3.6	8.4	8.0	4.1
Excess	0.1	0.1	0.1	0.1

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

In the first quarter of 2024, Passive UK Equities returned 3.6%, while it returned 8.5% over the 12 months to quarter-end. The product tracked the FTSE All-Share Index in line with expectations.

The UK market underperformed the global index, which returned 9.8% over the period. Technology stocks, a large part of the global market and small part of the UK market, performed well, contributing to the performance differential. The Energy and Financial sectors enjoyed good performance, but returns were stronger for global stocks in these sectors than for their UK equivalents.

The UK Industrials sector enjoyed a second consecutive quarter of strong performance. Rolls Royce rose 42.4%, as a return to profit in 2023 and increase in flight hours was further augmented by the announcement of a cost-cutting programme and an ambitious set of financial targets. BAE systems also performed well, returning 21.5%.

The Basic Materials sector was the weakest-performing in the UK market, down 5.9% over the quarter. Rio Tinto and Glencore, both large index constituents, reported a fall in earnings which weighed on their share prices. A reduction in the UK energy price cap was detrimental to the Utilities sector, which provided a negative return of 3.8%.

Passive UK Equities

Top 5 holdings

	Weight %	Client value (GBP)*
SHELL PLC	**7.14**	**9,698,866**
ASTRAZENECA PLC	**6.60**	**8,956,466**
HSBC HOLDINGS PLC	**4.95**	**6,720,469**
UNILEVER PLC	**4.13**	**5,605,328**
BP PLC	**3.46**	**4,695,506**

*Estimated client value

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Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
SHELL PLC	**33.68**	**33.68**
ASTRAZENECA PLC	**21.81**	**22.03**
BP PLC	**35.97**	**35.97**
HSBC HOLDINGS PLC	**24.98**	**24.95**
UNILEVER PLC	**23.57**	**23.57**

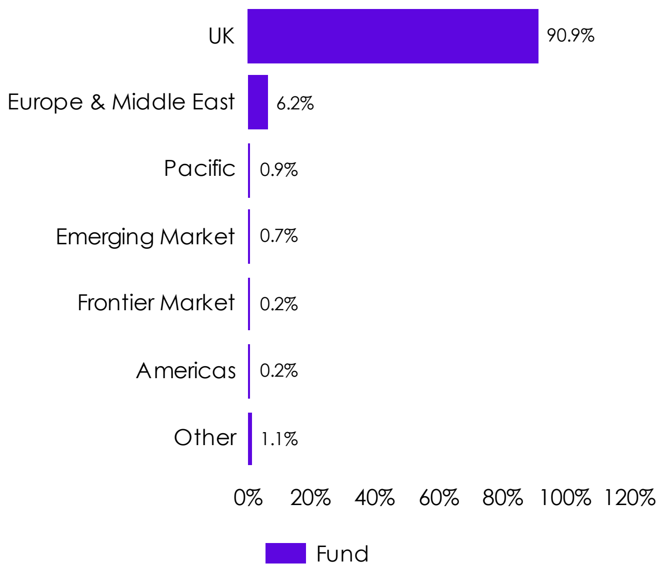
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

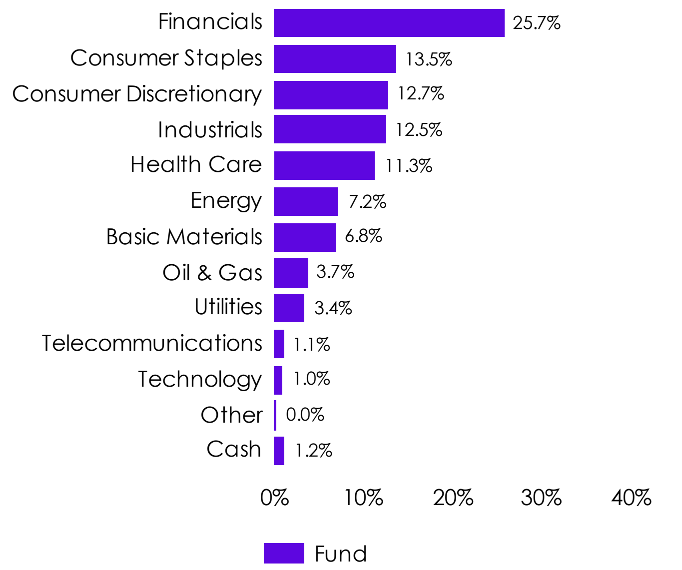
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Passive UK Equities	**137**	**132**	7.41	7.45	18.84	18.34

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Passive Smart Beta

Launch date
18 July 2018

Investment strategy & key drivers
Passive equity exposure utilising alternative smart beta indices

Liquidity
Reasonable

Benchmark
SciBeta Multifactor Composite

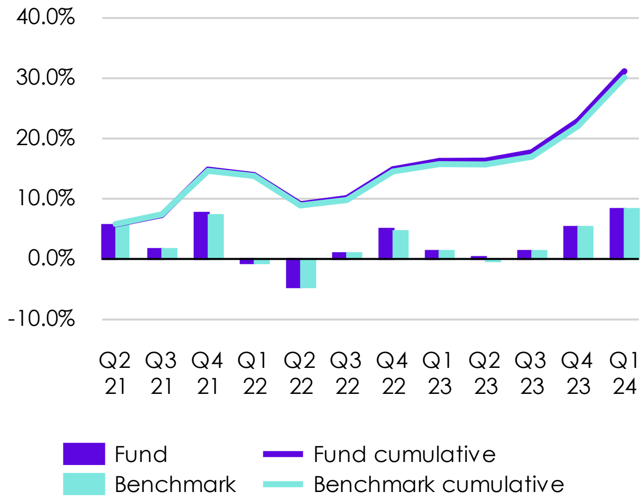
Outperformance target
+0.5-1%

Total fund value
£174m

Risk profile
High

Dorset's Holding:
GBP174m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	8.2	15.5	10.5	9.4
Benchmark	8.1	15.0	10.0	9.1
Excess	0.1	0.5	0.5	0.3

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

In the first quarter of 2024, Passive Smart Beta Equities returned 8.2%, underperforming the MSCI World Index, which returned 10.0%. The portfolio tracked the Scientific Beta Index in line with expectations. Over the prior 12 months, the product returned 15.5%. For the same period, the MSCI World Index returned 23.1%.

Over the quarter, the Low Volatility and 'high investment' components of the Quality signal made positive contributions to returns relative to the market cap index. Value and the 'profitability' component of the Quality signal marginally underperformed the broader market. The product does not explicitly target size as a factor, but does have a tilt towards smaller companies as a result of the product's portfolio construction methodology, which aims to reduce levels of concentration compared to the market capitalisation index. The quarter saw larger companies outperform their smaller counterparts and this played a large part in the relative underperformance of the product. The negative impact of size was also felt over the 12-month period (to quarter-end), as the product was underweight the large companies that make up a large portion of the MSCI Index.

Sector attribution shows there was a negative allocation impact from being underweight the Technology sector and a negative selection effect from being underweight the larger companies within the Technology sector (the best-performing over the quarter).

The largest single-stock contributors to return were Marathon Petroleum and Meta Platforms. Marathon Petroleum performed well after reporting earnings and revenues that significantly beat analysts' expectations. Meta also performed well, as the market reacted positively both to the company's announcement that it would return more capital to shareholders and to positive developments in its use of artificial intelligence.

The biggest negative contribution was from Intel. The firm's share price has struggled since it reported an operating loss of $7bn within its chip manufacturing division, as it looks to increase internal levels of chip manufacturing.

Passive Smart Beta

Top 5 holdings

	Weight %	Client value (GBP)*
BOSTON SCIENTIFIC CORP	**0.72**	**1,248,743**
JOHNSON & JOHNSON	**0.65**	**1,139,122**
WALMART INC	**0.65**	**1,123,547**
ALLSTATE CORP/THE	**0.64**	**1,121,684**
T-MOBILE US INC	**0.62**	**1,081,374**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q4 2023	Q1 2024
3M CO	**40.98**	**40.98**
MARATHON PETROLEUM CORP	**-**	**30.49**
META PLATFORMS INC-CLASS A	**-**	**33.80**
BOSTON SCIENTIFIC CORP	**23.25**	**23.25**
WALMART INC	**25.26**	**25.26**

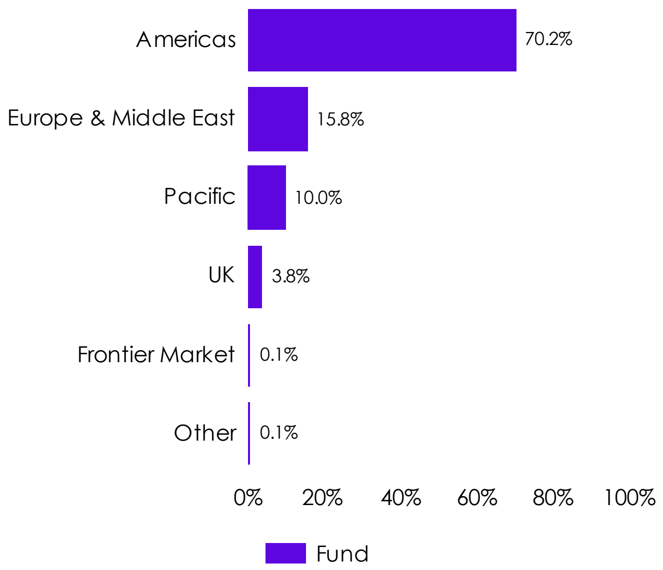
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

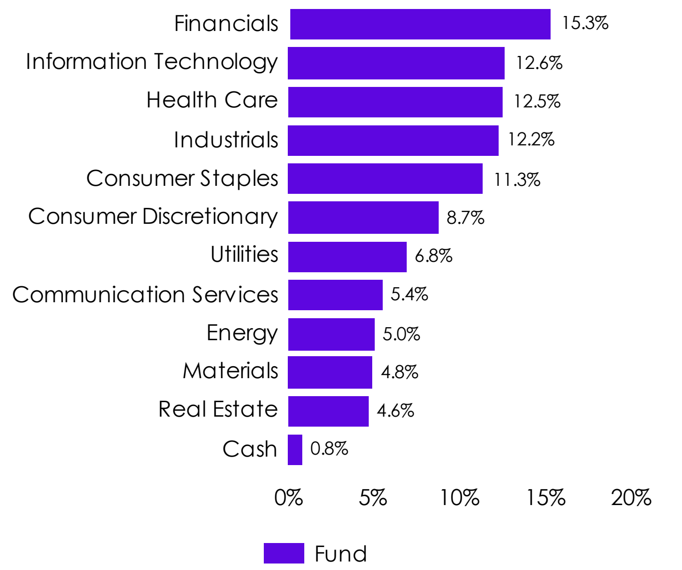
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Passive Smart Beta	**313**	**304**	3.37	3.33	11.08	10.86

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Passive Smart Beta (Hedged)

Launch date
25 July 2018

Investment strategy & key drivers
Passive equity exposure utilising alternative smart beta indices - hedged

Liquidity
Reasonable

Benchmark
SciBeta Multifactor Hedged Composite

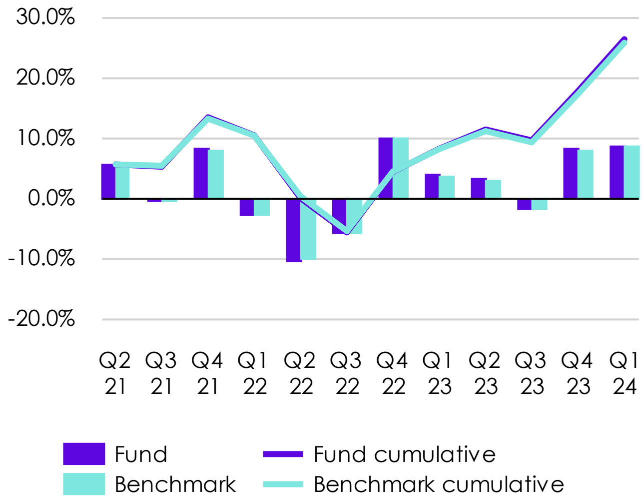
Outperformance target
+0.5-1%

Total fund value
£175m

Risk profile
High

Dorset's Holding:
GBP175m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	8.6	19.0	8.3	8.6
Benchmark	8.5	18.5	7.8	8.3
Excess	0.1	0.6	0.5	0.2

Source: State Street Global Services
*per annum. Net of all fees.

Performance commentary

In the first quarter of 2024, Passive Smart Beta Equities GBP Hedged returned 8.6%, outperforming the unhedged Smart Beta product. The product tracked the Scientific Beta index in line with expectations and underperformed the market cap-based Passive Developed Equities GBP-hedged product, which returned 10.2%. Over the 12 months to quarter-end, the product returned 19.0%. For the same period, the Passive Developed Equities GBP-hedged product returned 26.4%.

Over the quarter, the Low Volatility and 'high investment' component of the Quality signal made positive contributions to returns relative to the market cap index. Value and the 'profitability' component of the quality signal marginally underperformed the broader market. The product does not explicitly target size as a factor. However, it does have a tilt towards smaller companies as a result of the product's portfolio construction methodology, which aims to reduce levels of concentration versus the market capitalisation index. The quarter saw larger companies outperform their smaller counterparts and this played a major part in the relative underperformance of the product. The negative impact of size was also felt over the one-year period, as the product was underweight the large companies that make up a large portion of the MSCI Index.

Sector attribution shows there was a negative allocation impact from being underweight the Technology sector. There was also a negative selection effect from being underweight the larger companies within the Technology sector, since these were the best performing over the quarter.

The largest single stock contributors to return were Marathon Petroleum and Meta Platforms. Marathon Petroleum performed well after reporting earnings and revenues that significantly beat analysts' expectations. Meta also performed well, as the market reacted positively both to the company's announcement that it would return more capital to shareholders, and to positive developments in its use of artificial intelligence. The biggest negative contribution was from Intel. The firm's share price has struggled since it reported an operating loss of $7bn within its chip manufacturing division, as it looks to increase internal levels of chip manufacturing.

Passive Smart Beta (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
BOSTON SCIENTIFIC CORP	**0.72**	**1,256,039**
JOHNSON & JOHNSON	**0.65**	**1,145,777**
WALMART INC	**0.65**	**1,130,111**
ALLSTATE CORP/THE	**0.64**	**1,128,237**
T-MOBILE US INC	**0.62**	**1,087,691**

*Estimated client value

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Largest contributors to ESG risk

	ESG risk score* Q4 2023	ESG risk score* Q1 2024
3M CO	**40.98**	**40.98**
MARATHON PETROLEUM CORP	**-**	**30.49**
META PLATFORMS INC-CLASS A	**-**	**33.80**
BOSTON SCIENTIFIC CORP	**23.25**	**23.25**
WALMART INC	**25.26**	**25.26**

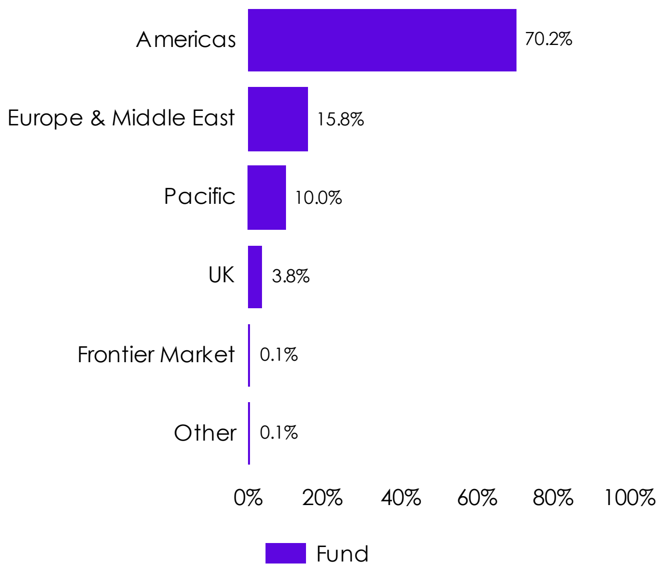
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

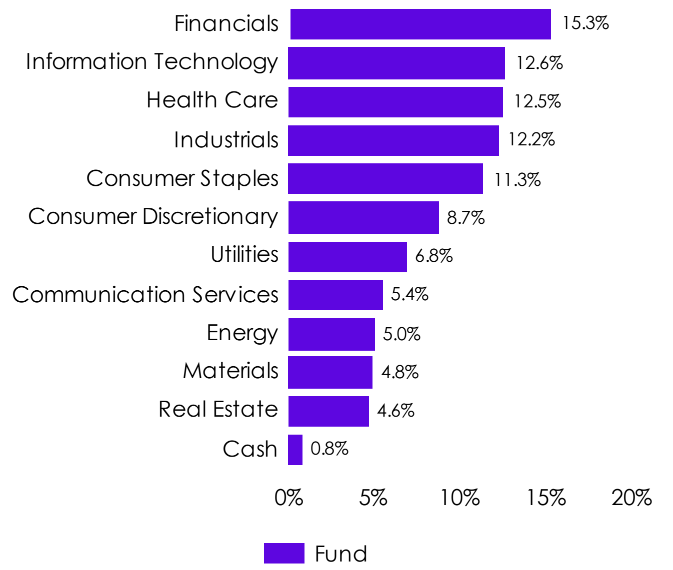
Portfolio	WACI 2023 Q4	WACI 2024 Q1	Total Extractive Exposure[1] 2023 Q4	Total Extractive Exposure[1] 2024 Q1	Extractive Industries (VOH)[2] 2023 Q4	Extractive Industries (VOH)[2] 2024 Q1
Passive Smart Beta	**313**	**304**	3.37	3.33	11.08	10.86

*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Regional exposure



Sector exposure



Private Equity Cycle 1

Investment objective
Global portfolio of private equity investments

Benchmark
MSCI ACWI

Outperformance target
+3%

Launch date
1 October 2018

Commitment to portfolio
£60.00m

The fund is denominated in GBP

Commitment to Investment
£60.69m

Amount Called
£46.84m

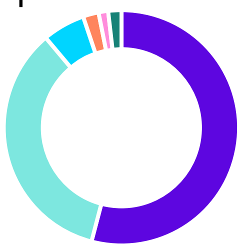
% called to date
77.18

Number of underlying funds
7

Dorset's Holding:
GBP57.75m

Country

Invested in underlying investments

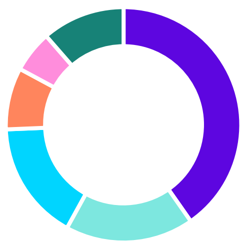


North America	54.1%
Western Europe	34.8%
Asia Pacific	5.8%
Global	2.2%
Middle-East/North Africa	1.3%
Other	1.8%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Financials	40.3%
Information Technology	17.7%
Health Care	16.4%
Industrials	8.5%
Telecommunication	5.7%
Other	11.4%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity continued to show signs of picking up, largely reflecting sellers' adjusting pricing expectations (although some high-quality technology assets continued to attract high purchase multiples from buyers).

GPs remained focused on operational improvements as a driver for EBITDA growth vs a pure increase in top-line revenue. Select portfolio companies were showing some signs of underperformance due to a combination of wage inflation pressures (experienced over the ~12 months to quarter-end) alongside some instances of 'de-stocking', whereby companies grew to meet pent-up and outsized demand in 2021/2022 (driven by COVID-related supply issues) which then fell away to a greater degree than expected.

Outside of the Brunel portfolios, liquidity continued to cause challenges for GPs and LPs in older funds, which had expected to be realizing/harvesting returns - but an exit environment failed to materialise (IPO markets remained especially closely watched - but were still muted).

Portfolio deployment stood at c.~76% invested, 100% committed. Portfolio performance remained positive and was flat vs the prior quarter.

Pipeline:

The Cycle 1 portfolio is now fully committed, so no new investments are being considered.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
57.7	5.5%	14.6%	2,278,456	819,302	1,459,154	1,483,420	1.36	0.1%	0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 3

Investment objective
Global portfolio of private equity investments

Benchmark
MSCI ACWI

Outperformance target
+3%

Launch date
1 April 2022

Commitment to portfolio
£70.00m

The fund is denominated in GBP

Commitment to Investment
£70.00m

Amount Called
£4.41m

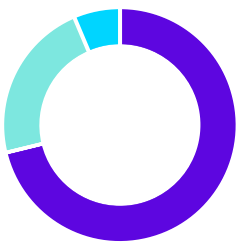
% called to date
6.30

Number of underlying funds
1

Dorset's Holding:
GBP3.62m

Country

Invested in underlying investments

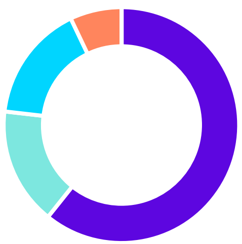


North America	71.2%
Europe	22.4%
Rest of the World	6.4%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Information Technology	60.8%
Health Care	16.1%
Industrials	16.1%
Consumer Discretionary	7.1%
Other	-0.1%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity continued to show signs of picking up, largely reflecting sellers adjusting pricing expectations (although some high-quality technology assets continued to attract high purchase multiples from buyers).

GPs remained focused on operational improvements as a driver for EBITDA growth vs a pure increase in top-line revenue. Select portfolio companies showed some signs of underperformance due to a combination of wage inflation pressures experienced over the ~12 months to quarter-end, and some instances of 'de-stocking', whereby companies grew to meet pent-up and outsized demand in 2021/2022 (driven by COVID-related supply issues) which then fell away to a greater degree than expected.

Outside of the Brunel portfolios, liquidity continued to cause challenges for GPs and LPs in older funds, which had expected to be realizing/harvesting returns - but an exit environment failed to materialise. (IPO markets remained especially closely watched, but were still muted).

The Cycle 3 PE portfolio developed tremendously in the short space of time from Neuberger Berman's selected to establish and manage the Clifton vehicle (to quarter-end), helping Brunel to filter one of the busiest and richest fundraising environments in memory.

Pro-forma for the pending approved investments mentioned in the pipeline below, the Cycle 3 PE portfolio stood as follows:

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
3.6	-	-58.1%	2,180,511	0	2,180,511	-67,130	0.82	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 3

- 14 fund commitments made, representing 88% of total committed capital

- 31% impact funds (vs 40% ambition at outset)

- 49% small-/mid-cap, 32% large-cap, 8% growth/VC

- 55% primary, 17% coinvest, 16% secondary

- 39% North America, 36% Europe, 13% RoW

- only 12% remains uncommitted, but with suitable opportunities close to being identified

Pipeline:

Two high-conviction small-/mid-cap European buyout funds were approved by Brunel during the quarter and both closed in early Q2. Both are considered ESG leaders, focusing on founder- and family-owned companies in the DACH and Northwest Europe regions, respectively. These will be presented at the next ISG.

A climate-focused primary impact fund is currently in due diligence by Neuberger Berman, with Brunel yet to receive a formal veto pack. One final primary fund remains to be selected, with several candidates being reviewed - likely a US small-/mid-cap buyout fund to round out the portfolio construction process.

Infrastructure Cycle 3

Investment objective
Global portfolio of infrastructure assets, mainly focussed on climate solutions, energy transition and efficiency

Benchmark
n/a - absolute return target

Outperformance target
net 8% IRR

Launch date
1 April 2022

Commitment to portfolio
£80.00m

The fund is denominated in GBP

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Commitment to Investment
£80.00m

Amount Called
£21.53m

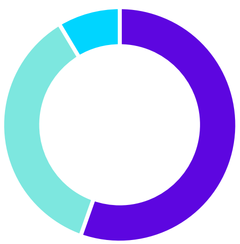
% called to date
26.92

Number of underlying funds
1

Dorset's Holding:
GBP20.92m

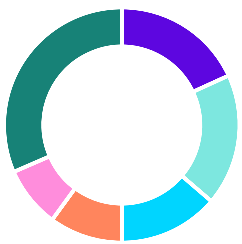
Country

Commitment in underlying investments



Source: Stepstone.
Country data is as of latest available Q3 23

Sector



Source: Stepstone.
Country data is as of latest available Q3 23

Performance commentary

Despite continued volatility in political, economic and investment landscapes, Infrastructure as an asset class remained broadly resilient and an attractive option for investors during more turbulent times.

The consensus remained that most major developed economies would see positive, but sluggish growth throughout 2024 and that the Fed, ECB and BoE would start cutting rates in 2024, lowering the discount rate used by managers for their valuations. However, given the “higher for longer” consensus, we do not forecast any significant short-term impacts.

Global Infrastructure remained key in the execution of government agendas to boost economic growth, bring down energy consumption, and increase the production of renewable energy. The ability to build diversified portfolios with medium-to-long-term investment horizons, low exposures to cyclical sectors, the capacity to work closely with portfolio company management teams, and an emphasis on investing in companies with strong recurring cashflows, should combine to continue providing downside protection and strong competitive advantages.

At the end of Q1 2024, Cycle 3 was ~58% committed and ~28% invested. At the end of Q4 2023, Cibus Fund II closed - the European agriculture-focused primary fund. Cibus held final close in Q1 2024 at $510m. In addition, There were also Q1 closures for Mirova Energy Transition 6, a Europe-focused renewables, and energy transition infrastructure primary fund, and DIF Infrastructure VII, a global primary fund focused on

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
20.9	-2.6%	-3.3%	2,490,428	0	2,490,428	237,819	0.97	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 3

brownfield and greenfield infrastructure assets. Mirova held its first close at the end of Q1 2024.

Pipeline:

During Q1, three tactical investments were approved by Brunel and are subject to further StepStone due diligence:

1. ~£28m follow-on co-investment opportunity into a platform which invests in sustainable infrastructure, innovative technologies & essential assets arising from Cycle 2G

2. ~£28m co-investment opportunity into a US renewable energy developer

3. ~£32m secondaries fund consisting of 7-8 secondary investments.

StepStone will be responsible for sourcing high-quality secondary opportunities and writing smaller tickets across both LP-led and GP-led strategies, capitalising on the tailwinds created by the supply-demand imbalance in the secondary market, as both GP and LP appetite for liquidity solutions increases.

Secured Income Cycle 1

Investment objective
Portfolio of long-dated income streams, a majority of which are UK inflation-linked

Benchmark
CPI

Outperformance target
+2%

Launch date
1 October 2018

Commitment to portfolio
£60.00m

The fund is denominated in GBP

Commitment to Investment
£60.00m

Amount Called
£59.94m

% called to date
99.90

Number of underlying funds
3

Dorset's Holding:
GBP52.83m

Performance commentary

Despite hopes that the UK had reached the top of the interest rate cycle, further volatility was expected as the market continued to find new pricing levels.

Open-ended long lease property funds suffered redemptions by investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors and those concerned about the outlook for the property asset class.

Deferring payments, both funds made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making excellent progress and faster payments than Abrdn Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals. Rent collection was at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. As at quarter-end, M&G SPIF had no vacancy, while Abrdn LLP was working hard to reduce its one void in the portfolio, leasing up the majority of the remaining floorspace over Q4, albeit on a multi-tenant as opposed to single-tenant basis.

The portfolio is fully drawn into Greencoat Renewable Income (GRI). Over final months of 2023, the fund deployed into a number of strategies, including further top-ups into Solar II. New investments were made into the Green Hydrogen Energy Company (GHECO), a JV to develop ready-to-build hydrogen electrolyser projects, and Equans, the largest owner of district heating assets in the UK. Furthermore, Greencoat finalised the acquisition of Project Toucan, and is now de-aggregating the solar assets across multiple SMAs and unitised vehicles, including the vehicle in which the portfolio will be invested. It is hoped this re-structuring will be completed over the summer.

Pipeline

There is no fund pipeline, with the portfolio fully committed and invested.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
52.8	-3.2%	-1.0%	229,524	643,513	-413,988	-346,091	0.97	-0.1%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 3

Investment objective
Portfolio of long-dated income streams, a majority of which are UK inflation-linked
Benchmark
CPI
Outperformance target
+2%
Launch date
1 April 2022
Commitment to portfolio
£30.00m
The fund is denominated in GBP

Commitment to Investment
£29.68m
Amount Called
£25.23m
% called to date
85.01
Number of underlying funds
3
Dorset's Holding:
GBP25.84m

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Performance commentary

Despite the hopes that the UK has reached the top of the interest rate cycle, further volatility is expected as the market continues to find new pricing levels. Open-ended long lease property funds have suffered redemptions from investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors. Deferring payments, both funds are making selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making excellent progress and faster payments than Abrdn Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds are showing strong fundamentals. Rent collection is at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. M&G SPIF has no vacancy, while Abrdn LLP has been working hard to reduce their one void in the portfolio, leasing up the majority of the remaining floorspace over Q4 albeit on a multi-tenant as opposed to single tenant basis.

Post the period end a draw down into Greencoat Renewable Income (GRI) was made which took the cycle 3 portfolio to being fully drawn. Over the last few months of 2023, GRI invested into a number of strategies, including further top ups into Solar II. New investments were made into the Green Hydrogen Energy Company (GHECO), a JV to develop ready to build hydrogen electrolyser projects, and Equans, the largest owner of district heating assets in the UK. Furthermore, Greencoat finalised the acquisition of Project Toucan, and are now de-aggregating the solar assets across multiple SMAs and unitised vehicles, including the vehicle in which the portfolio will be invested. It is hoped this re-structuring will be completed over the Summer.

Pipeline

There is no fund pipeline, with the portfolio fully committed.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
25.8	-	-	5,560,819	105,790	5,455,028	-155,386	1.02	0.0%	0.0%

*Money weighted return. Net of all fees.

Glossary

Term	Comment
absolute risk	Overall assessment of the volatility that an investment will have
ACS	Authorised Contractual Scheme - a collective investment arrangement that holds and manages assets on behalf of a number of investors
active risk/weight	A measure of the percentage of a holding that differs from the benchmark index; can relate to an equity, a sector or a country/region
amount called	In private investments, this reflects the actual investment amount that has been drawn down
amount committed	In private investments, this is the amount that a client has committed to an investment - it will be drawn down (called) during the investment period
annualised return	Returns are quoted on an annualised basis, net of fees
asset allocation	Performance driven by selecting specific country, sector positions or asset classes as applicable
basis points (BP)	A basis point is 0.01% - so 100bps is 1.0%. Often used for fund performance and management fees
CTB	Climate Transition Benchmark - targets 30% lower carbon exposure from 2020 and then a 7% annual reduction
DLUHC	Department for Levelling Up, Housing & Communities; the government body with oversight of pooling
DPI	Distributed to Paid In; ratio of money distributed to Limited Partners by the Fund, relative to contributions. Used for private markets investments
duration	A measure of bond price sensitivity to changes in interest rates. A high duration suggests a bond's price will fall by relatively more if interest rates increase than a bond with a low duration

Term	Comment
EBITDA margin	An EBITDA margin is a profitability ratio that measures how much in Earnings a company is generating Before Interest, Taxes, Depreciation, and Amortization, as a percentage of revenue.
ESG	ESG is an umbrella term to capture the various environmental, social and governance risks investors factor into their assessment of a company's sustainability profile. Brunel views assessing ESG factors as a central part of our fiduciary duty
ESG Score	MSCI (Morgan Stanley Capital International) score based on its assessment of the ESG credentials of an underlying investment. If the portfolio score is below the index, the portfolio is assessed by MSCI to be investing in companies with a better ESG score
extractive exposures VOH	Value of Holdings of invested companies which derive revenues from extractive industries
GP or general partner	In Private Equity, the GP is usually the firm that manages the fund
gross performance	Performance before deduction of fees
Growth	Growth stocks typically exhibit faster long term growth prospects and are often valued at higher price multiples
IRR	Internal Rate of Return - a return that takes account of actual money invested
legacy assets	Client assets not managed via the Brunel Pension Partnership
Low Volatility	Low Volatility is a strategy that attempts to minimise the return volatility.
LP or limited partner	In private equity, an LP is usually a third party investor in the fund
M&A	Mergers and acquisitions

Glossary

Term	Comment
Momentum	An investment strategy that aims to capitalize on the continuance of existing trends in the market
Money-weighted return	A performance measure that takes into account the timing and size of cash flows, including contributions and withdrawals.
MWR	Money weighted return - similar to an IRR - it reflects the actual investment return taking into account cashflows
NAV	Net asset value
net performance	Performance after deduction of all fees
PAB	Paris-Aligned Benchmark - targets a 50% lower carbon exposure from 2020 and then a 7% annual reduction
Quality	Quality stocks typically have a high Return on Equity, a very consistent profit outcome and exhibit higher and stable margins
relative risk	Relative volatility when compared with a benchmark
sector/stock selection	Performance driven by the selection of individual investments within a country or sector
since inception	Period since the portfolio was formed
since initial investment	Period since the client made its first investment in the fund
SONIA	Sterling Overnight Index Average - Overnight interbank interest rate - replacement for LIBOR
source of performance data	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated

Term	Comment
standard deviation	Standard deviation is a measure of volatility for an investment using historical data. Volatility is used as a measure of investment risk. A higher number may indicate a more volatile (or riskier) investment but should be taken in context with other measures of risk
time-weighted return	A performance measure that eliminates the impact of cash flows, focussing solely on the investment's rate of return over a specific time period. It does not account for the timing and size of contributions and withdrawals.
total extractive exposure	Revenue derived from extractive operations as a % of total corporate revenue
total return (TR)	Total Return - including price change and accumulated dividends
tracking error	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error
transitioned assets	Client assets that have been transferred to the Brunel Pension Partnership
TVPI	Total Value to Paid In; ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid in
Value	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
WACI	Weighted Average Carbon Intensity; measures the carbon intensity of businesses rather than total carbon emissions. It is expressed as tonnes of CO_2 equivalent per million GBP of investment exposure
yield to worst	Lowest possible yield on a bond portfolio assuming no defaults

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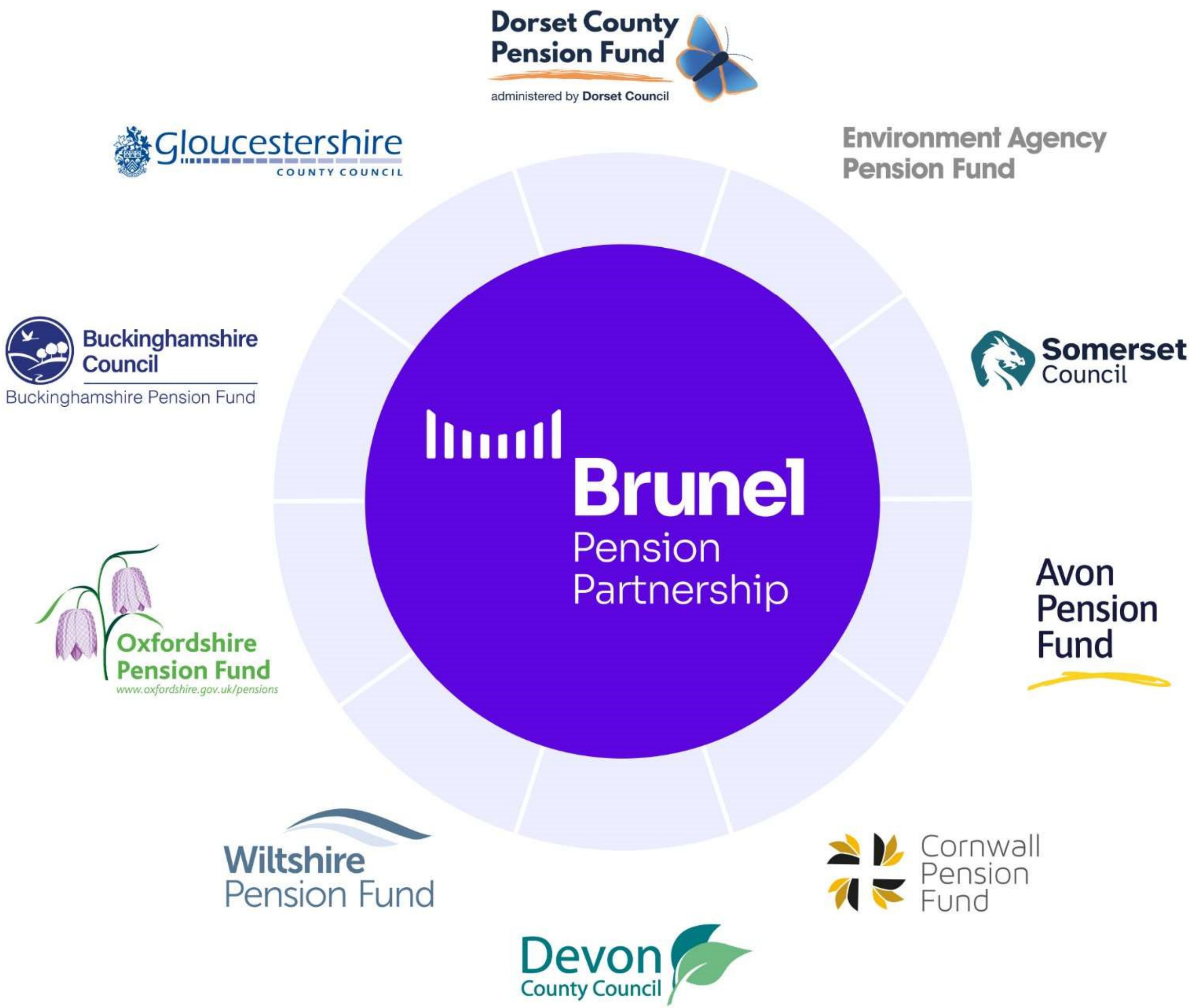
Dorset County Pension Fund
administered by Dorset Council
Environment Agency Pension Fund
Gloucestershire County Council
Buckinghamshire Council
Buckinghamshire Pension Fund
Somerset Council
Brunel Pension Partnership
Avon Pension Fund
Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions
Wiltshire Pension Fund
Cornwall Pension Fund
Devon County Council

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CBRE Investment Management

83 Clerkenwell Road, London EC1

Q1 Report

Dorset County Pension Fund

2024

Executive summary

Dorset County Pension Fund ("DCPF") provides diversified exposure to good quality real estate located throughout the UK, across a range of sectors including offices, industrial, retail and other. The allocation to property reflects 7.2% of DCPF's total assets,[1] which currently represents approximately £253m.

OVERVIEW

£253.0m		31
Capital value (Combined DCPF portfolio)		Assets
	Conventional	**SLI**
Mandate	Commenced 1993	Commenced 2017
Performance objective	MSCI Quarterly Universe over five years	LPI +2% per annum
Capital Value (Q3 2023)	£210.0m (83%)	£43.0m (17%)
Number of assets	21	10
Target portfolio size	£180m	£120m
Value of purchases during quarter	-	-
Value of sales during quarter	£0.2m	-
Net initial yield (p.a.)	4.5%	5.1%
Average unexpired lease term (to break)	10.7 years (8.8 years)	61.0 years (16.3 years)

Combined Valuation[2]	
Direct Property (Q1 2024)	£235.6m
Indirect Assets (Q1 2024)[3]	£17.4m
TOTAL PORTFOLIO VALUATION	**£253.0m**

CONVENTIONAL PORTFOLIO PERFORMANCE

	Q1 2024	12 months (%)	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.
Capital return	0.2	-2.3	-1.1	-2.2	-0.5
Income return	1.0	4.3	3.4	3.7	3.9
Total return	1.2	1.9	2.2	1.5	3.4
MSCI Quarterly Property Index	0.5	-1.0	1.1	0.8	2.6
Relative	0.6	3.0	1.1	0.6	0.7

[1] Based on Dorset County Pension Fund's total asset value as at the end of March 2023 (£3.5bn).
[2] See Appendix 2 for full property list and performance over the quarter by asset.
[3] See Appendix 1 for more information on the indirect holdings.

SLI PORTFOLIO PERFORMANCE

	Q1 2024	12 months (%)	3 years (%) p.a.	5 years (%) p.a.	7 years (%) p.a.
Capital return	-2.1	-5.3	-4.2	-2.5	-2.3
Income return	1.2	5.1	4.5	4.4	4.2
Total return	-0.9	-0.5	0.2	1.8	1.8
Target (LPI + 2.0% p.a.)	1.6	6.3	6.8	5.7	5.4
Relative	-2.5	-6.8	-6.6	-4.0	-3.6

Economic and property update

- Real gross domestic product (GDP) is estimated to have grown by 0.2% in the three months to February 2024, relative to the three months to November 2023. Services output was the main contributor, with a growth of 0.2% in this period, while production output rose by 0.7% and construction fell by 1.0%. Given both January and February recorded positive GDP growth, it is now likely the UK economy will exit a technical recession in Q1 2024. We expect economic growth to gain momentum through 2024, as both looser monetary policy and falling inflation provide tailwinds to economic activity. Our U.K. GDP growth expectation has improved since the end of last year (mostly in 2024 and 2025), with our five-year view at 1.4% p.a. over our forecast period.
- Inflation continued to decelerate in March, falling to 3.2% from 3.4% the previous month. The decline was smaller than market expectations and will feed into the expectation of fewer interest rate cuts in 2024. The largest downward contribution came from food prices, which saw a decline from 5.0% to 4.0% in March, the lowest annual increase since November 2021. There is a clear divergence between goods and services inflation, with goods inflation continuing to come down in contrast to services, which remained at 6.0% in March. This is partly on the back of continued rising labour costs, with vacancies, although falling, still above their pre-pandemic level.
- We are at or approaching the bottom of the cycle in most sectors. The March MSCI monthly index showed capital value declines at the All-Property level slowing to -0.2% from -0.4% in February. This was the smallest fall since May 2023, and second lowest fall since June 2022 (the peak of the market). Capital values have now fallen by 1% in the first three months of 2024.
- Total returns are expected to average 7.9% per annum over the forecast period, marginally down from 8.0% per annum in the previous round. Returns accelerate starting in Q2 2024. We believe that superior capital growth will lead to the logistics and residential sectors outperforming, alongside the healthcare and leisure sectors, which are mainly boosted by the strong income growth.

Conventional portfolio

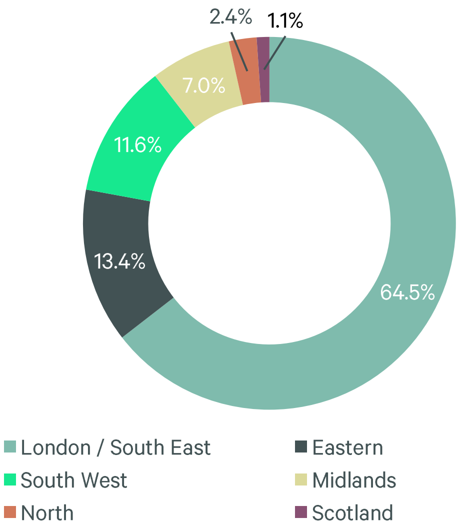
Portfolio information

KEY STATISTICS

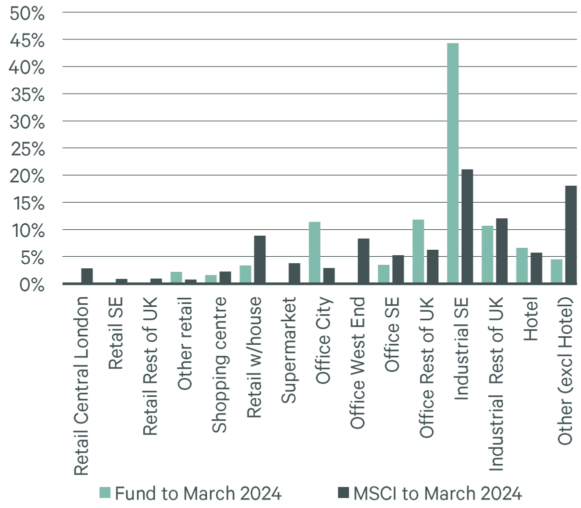
£192.7m Direct market value	**£17.4m** Indirect market value	**£210.0m** Total Conventional portfolio market value
21 (£11.7m) No. of direct assets (avg. value)	**75 (£2.6m)** No. of direct lettable units (avg. value)	**3** No. of indirect holdings
6.9% (8.2%) Vacancy rate (MSCI Quarterly Universe)	**10.4 yrs (8.5 yrs)** Avg. unexpired direct lease term (to break)	**4.8%** Direct net initial yield (p.a.)
8.9% % of income direct RPI / index linked	**14.2%** Rent with +10 years remaining (% of direct rent)	**9.5%** Rent with +15 years remaining (% of direct rent)

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown



Sector breakdown



Secure long income portfolio (SLI)

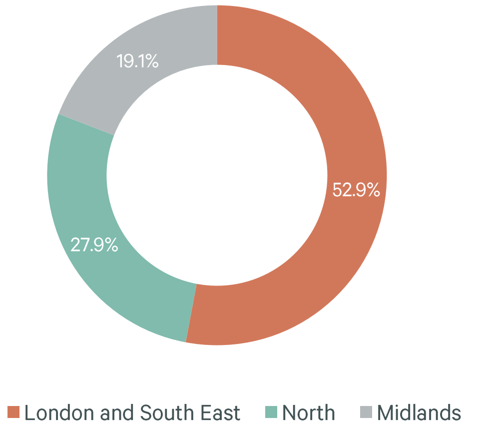
Portfolio information

KEY STATISTICS

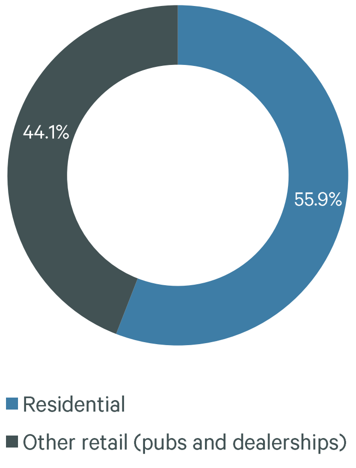
£43.0m Direct market value	£0.0m Indirect market value	£43.0m Total SLI portfolio market value
10 (£4.3m) No. of assets (avg. value)	14 (£3.1m) No. of lettable units (avg. value)[4]	0% Vacancy rate (% ERV)
61.0 yrs (16.3 yrs) Avg. unexpired lease term (to break)	5.1% Net initial yield (p.a.)	79.8% % of income index linked
46.5% Rent with >15 years remaining (% of contracted rent)		

GEOGRAPHICAL AND SECTOR EXPOSURE

Geographical breakdown (% of total value)



Sector breakdown (% of total value)



[4] Assumes each residential portfolio is treated as a single lettable unit.

Environmental, social, governance

DCPF’s ESG performance

Sustainability is fundamental to CBRE Investment Management’s (the “Firm”) value proposition where we seek to deliver sustainable investment solutions across real asset investing so that our clients, people and communities thrive.

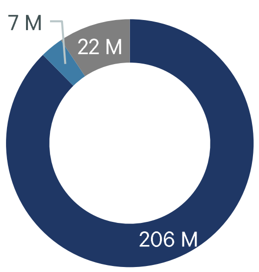
Key actions completed in Q1 2024

Action	Outcome	Climate	People	Influence
CRM Data Collection	The 2024 annual data collection process has begun, with data requests being sent out to CRM contacts to provide 2023 calendar year data.	x		x
PropTech Data Collection	The enhanced PropTech enabled data collection process targeting increased energy, water, and waste data coverage in 2024 has begun, with tenant contact details being requested from PMs required for LOAs.	x		
EPC	The portfolio has completed one EPC assessment in the last quarter.	x		

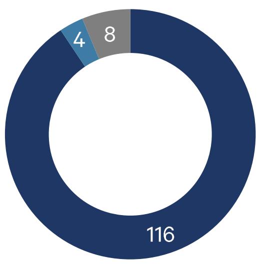
COMPLIANCE

A key part of the ESG strategy is the Energy Performance Risk Mitigation Program, where we seek to improve the sustainability performance of assets through improving the Energy Performance Certificate ratings. We have updated our approach to EPC risk to remove the distinction between “Short-Term” and “Long-Term” High Risk as the 1st April 2023 compliance date for “F” and “G” ratings on existing leases has passed. Units are included in the “High Risk” category if the “F” or “G” rating is draft, expired, or lodged. We expect to further update the definitions to respond to the expected EPC B by 2030 MEES requirements in England & Wales in the coming quarters.

EPC risk by value (m)



EPC risk by unit



MEES Risk Rating	Key	Criteria
High	■	F or G rated valid EPC
Medium	■	E rated valid EPC
Low	■	A+ to D rated valid EP
Exempt	■	MEES regulation exem
Unknown	■	Inaccurate or missing I

Action	Medium risk	High risk
High quality or modelled EPC	3	0
Action at lease end	1	0
Refurbishment	0	0
Planned redevelopment or considering sale	0	0
Review tenant fit-out	0	0

Green leases

Green leases support us in protecting the portfolio from future environmental risks, reflecting market practice, and improving the sustainability credentials of the portfolios. We group our green lease clauses into three categories:

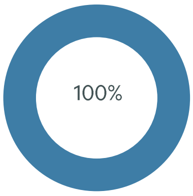
EPC compliance: clauses which support our compliance pillar, particularly regarding EPCs.

Data sharing: clauses which support the sharing of ESG data for reporting and facilitate performance improvement.

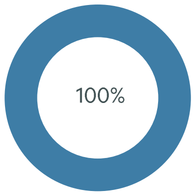
Collaboration: clauses in which we agree with the tenant to collaborate to improve a building's ESG performance.

% of leases completed since January 2019 incorporating green lease clauses

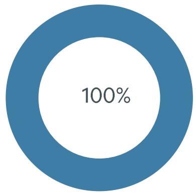
EPC Compliance



Data sharing

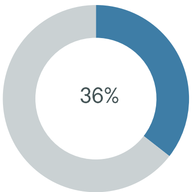


Collaboration

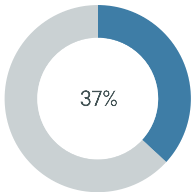


% of all portfolio leases which incorporate green lease clauses

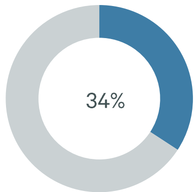
EPC Compliance



Data sharing



Collaboration



■ Green leases clause present in lease

Green lease tracking	
% of portfolio with a green lease tracker (excluding vacant units)	99%
Trackers received since Q1 2019	25
New trackers received in Q1 2024	2

TRANSPARENCY

Building certification strategy

CBRE Investment Management aim to acquire or forward fund buildings with certifications. Green Building Certifications are important for the Fund's GRESB Performance in the short term and achievement of its ESG Vision in the long term. Specifically, Green Building Certifications account for 10.5% of the GRESB Standing Investment score and by instructing new or renewing certifications, the portfolio aims to outperform the peer group in this category. The 'In progress & submitted certifications' table below includes any certifications that are currently ongoing and/or awaiting receipt of a final completion certificate. The 'Completed certifications' table below covers any certifications completed in the previous reporting year (2023) and in the current reporting year (2024).

In progress & submitted certifications

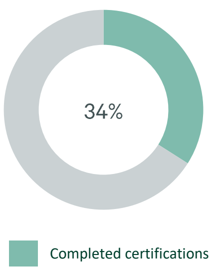
Property	Certification type	Rating	Status
Woolborough Lane IE, Crawley - (Unit A)	BREEAM Refurbishment	Very Good	Submitted – awaiting final certification from BRE
Astra House, Harlow	BREEAM In Use: Part 2	TBC	Submitted – awaiting re-submission to BRE

Completed certifications

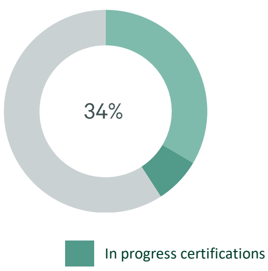
Property	Certification type	Rating	Status	Year Awarded
Brownhills Motorhomes, Newark	BREEAM In Use: Part 1	Pass	Complete	2023
270 Cambridge Science Park	BREEAM In Use: Part 2	Good	Complete	2023

% Portfolio with a building certification (by value)

2023 performance



2024 performance



STAR STANDARDS

Star Standards is a bespoke rating system that has been developed by CBRE ESG Consultancy to drive and track sustainable improvements delivered during refurbishment works. All refurbishments undertaking the Star Standard will seek to improve their operational performance, portfolio level targets, and GRESB reporting potential. Refurbishments will be assessed against the Star Standards and awarded a rating once all the sustainability improvements have been evidenced. The Star Standards methodology and guidance is currently being updated within the house team to ensure relevance with current best practice and potential incoming regulations changes.

Refurbs completed to Star Standards

		2022	2023	2024
★★★	Beyond best practice	2	1	0
★★	Best practice	0	0	0
★	Good practice	0	1	0
	Star Standards Lite – Small Projects	0	0	0

Asset	Unit	Targeted Star Standard	Estimated completion date	Project Notes
N/A – No Star Standards Undertaken				

CARBON

2023 calendar year data collection via CRM data requests and enhanced PropTech enabled data collection methods is in progress. Landlord energy data is being reviewed and inputted into the Fund's data management system (Measurabl). This data will be assured and submitted as part of the annual GRESB submission in June 2024, as per normal practice.

The 2023 utility data uploaded to the Measurabl platform will undergo a comprehensive audit to ensure data quality. Each assigned utility meter will be error-free, and all outliers investigated and addressed. Issues, if any, will be promptly raised with the utility provider and data platform manager. The resolution of each issue will be documented for full transparency. Furthermore, the audit of the Measurabl platform will include the portfolio's Projects, Audits, Ratings and Certifications (PARC) data, as well as valuations data and property-type assignment. The data will continue to be subjected to checks throughout the coming quarters ahead of the portfolio's GRESB 2024 submission.

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Pensions Fund Committee
25 June 2024
Pensions Administration

For Review and Consultation

Local Councillor(s): All

Executive Director: A Dunn, Executive Director, Corporate Development

Report Author: Karen Gibson
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Report Status: Public

Brief Summary:

This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:

- Key Performance Indicators
- McCloud Update
- End of year Processes 2024
- LGPS Gender Pensions Gap
- Payroll Migration Update
- Pensions Dashboard
- Staffing Update

Recommendation:

It is recommended that the Committee note and comment on the contents of the report.

Reason for Recommendation:

To update the Committee on aspects of Pensions Administration.

1 Background

1.1 This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

2 Key Performance Indicators

2.1 The key performance indicators are attached at Appendix 1. These are for the period 1 February 2024 to 30 April 2024. The previous quarter is included for reference.

3 McCloud Update

3.1 Engagement with the software providers continues, however there is no change to their proposed delivery schedule of September 2024, this would be into a test environment only. We continue to be concerned that there will be further delays.

3.2 HMRC has published further guidance on the treatment of interest payments in regard to McCloud recalculations, and the consequences of abolishing the Lifetime Allowance on the McCloud remedy.

4 End of Year Processes 2024

4.1 I am pleased to confirm that the end of year processes for 2024 are now nearly complete, with just a few outstanding employer queries remaining.

4.2 This is a huge task critical to the posting of annual CARE pension, the provision of annual benefit statements, the calculation of annual allowance and the maintenance of accurate data for future valuations and for our data quality scores.

4.3 Key statistics for the overall project are detailed below.

	2023	**2024**
Total number of returns processed	163	165
Total number of queries	5727	5868
Number of late returns	5	8
Number of employers with financial penalties	41	50
Total financial penalties (£)	£23,850.00	£43,750.00
Total CARE pay posted (£)	£502,135,219.86	£546,889,670.80

Gender	**Average CARE Pay Posted**
Female	£16,500.04
Male	£25,297.06

Total Members Posted to	29281
Total Members Left During Year	4756
Total Members with Additional Contributions	163
Total Members with AVCs	637

4.4 The outsourcing of payroll provision caused the most significant issues for the fund this year, with 61% of employers receiving financial penalties being schools or other education establishments.

4.5 CARE revaluation for 2024 of 6.7%, has also now been added to CARE pension totals, and pensions increases again at 6.7%, have been applied to deferred and pensioner members.

4.6 The provision of this data to the fund is not always easy for employers. We provide excellent support and training to our employers and work closely with them.

5 LGPS Gender Pensions Gap

5.1 The Scheme Advisory Board (SAB) has undertaken work to look at the gender pensions gap in the LGPS. This includes the commissioning of two reports from the Government Actuary's Department (GAD). Further details are contained in the administration report of 19 September 2023.

5.2 This work is continuing with the SAB setting up a dedicated working group of representatives from LGPS funds, employee, and employer representatives, as well as actuaries to consider next steps. I am pleased to confirm that Dorset is included in this working group and has contributed some significant data which has been of interest and assistance. Dorset Council has also assisted in the provision of this data.

5.3 The working group's action plan can be found here.

6 Payroll Migration Update

6.1 Work has now started to move the pensions payroll from Dorset Council SAP to the Dorset County Pension Fund's UPM payroll. This will result in one system, and negate the issues experienced over many years with having a separate payroll provision.

6.2 The project is being managed by the Systems and Operations Manager, who is working closely with Civica and Dorset Council to ensure a smooth transition. A draft plan has been created and scoping sessions have commenced, these will identify any issues that need to be addressed before a go live date can be agreed. A considerable amount of data cleansing work has already been completed and this will continue.

7 Pensions Dashboards

7.1 The National LGPS Framework for Integrated Service Provider (ISP) and Member Data Services is now live, and we have requested further details, and will use the Framework to select our provider.

7.2 We are in discussion with the Prudential, our AVC provider, to discuss options around the provision of data to the main dashboard.

7.3 The Pensions Regulator (TPR) has published a 'Check your connect by date' tool. This confirms that all public service pension schemes should connect to the dashboard ecosystem by 31 October 2025, and go live by October 2026 at the latest.

8 Staffing Update

8.1 As previously reported, we have concerns about the amount of work coming into the pensions technical team later this year and into next year. Because of this, we plan to recruit some additional staff which we hope will be able to support the team with the McCloud rectification work in 2025.

8.2 In addition, the team has limited staff at a senior level to check and authorise payments. We plan to implement changes, initially on a temporary basis, to address this issue which directly impacts the KPIs.

9 Financial Implications

N/A

10 Climate Implications

None

11 Well-being and Health Implications

None

12 Other Implications

N/A

13 Risk Assessment

13.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: N/A

Residual Risk: N/A

16. Equalities Impact Assessment

N/A

17. Appendices

Appendix 1 – KPIs (1 August 2023 to 31 October 2023)

18. Background Papers

LGPS Regulations 2013

The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 (legislation.gov.uk)

Public Service Pensions Act 2013 (legislation.gov.uk)

Gender Pension Analysis (lgpsboard.org)

LGPSGenderPensionsGapNextStepsReport22062023.pdf (lgpsboard.org)

Dorset County Pension Fund KPI Report

Period: February 2024 - April 2024

Top 10 detail - cases completed on time	Completed in period	Performance	KPI (days)	Cases completed on time or early	Total Processes Worked On	Average Working Time (Days)
Admissions	1117	100.00%	30	1117	1117	1.00
Interfunds in Quote	122	99.18%	15	121	589	5.64
Interfunds In Actual	109	55.96%	15	61	149	12.11
Interfunds Out Quote	47	97.87%	15	46	80	4.61
Interfunds Out Actual	44	38.64%	15	17	76	61.52
Transfers in Quote	53	98.11%	15	52	197	3.84
Transfers In Actual	40	100.00%	15	40	58	4.10
Transfers Out Actual	24	87.50%	15	21	75	10.24
Transfer Out Quote	111	98.20%	15	109	164	5.75
Estimates	272	97.43%	15	265	424	9.27
Retirements	301	86.05%	10	259	491	9.68
Retirements Quote	438	95.89%	10	420	1061	6.61
Deferred Benefits	412	92.72%	40	382	563	19.66
Refunds	153	100.00%	15	153	684	1.11
Refunds Quote	293	100.00%	15	293	711	1.14
Deaths (Initial Stage)	112	98.21%	5	110	254	2.03
Correspondance	1442	99.72%	15	1438	1323	1.92
Total	**5090**	**96.35%**		**4904**	**8016**	

Total Processes for period completed	14037
Total Processes worked on in period	17213
Total Phone Calls taken through Pensions Helpline	1861
Total Emails Received	7816
Total Emails Sent	7708
McCloud Processes Completed	1158

Period: November 2023 - January 2024

Top 10 detail - cases completed on time	Completed in period	Performance	KPI (days)	Cases completed on time or early	Total Processes Worked On	Average Working Time (Days)
Admissions	1092	100.00%	30	1092	1092	1.00
Interfunds in Quote	125	84.00%	15	105	596	9.65
Interfunds In Actual	130	82.31%	15	107	319	11.82
Interfunds Out Quote	94	88.30%	15	83	124	8.24
Interfunds Out Actual	60	16.67%	15	10	98	77.46
Transfers in Quote	33	93.94%	15	31	214	9.01
Transfers In Actual	81	98.77%	15	80	88	3.81
Transfers Out Actual	21	90.48%	15	19	82	10.87
Transfer Out Quote	102	93.14%	15	95	138	7.23
Estimates	368	99.18%	15	365	489	5.16
Retirements	349	98.28%	10	343	519	6.12
Retirements Quote	442	99.10%	10	438	1050	4.76
Deferred Benefits	1081	42.65%	40	461	1292	81.43
Refunds	188	100.00%	15	188	453	1.03
Refunds Quote	345	99.42%	15	343	974	1.87
Deaths (Initial Stage)	96	100.00%	5	96	214	1.75
Correspondance	1183	99.75%	15	1180	1134	2.37
Total	**5790**	**86.98%**		**5036**	**8876**	

Total Processes for period completed	17154
Total Processes worked on in period	21366
Total Phone Calls taken through Pensions Helpline	1674
Total Emails Received	6208
Total Emails Sent	6326
McCloud Processes Completed	4865

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