BRUNEL
Pension Partnership

Dorset County Pension Fund

administered by **Dorset Council**

Performance Report for Quarter Ending 31 March 2022

Contents

Brunel News

The first quarter was marked by Russia's invasion of Ukraine, which sparked a succession of major sanctions. We took the view, in light of these developments, that the investment outlook for Russia had changed materially. We decided to prohibit further investments in Russia and to unwind the small exposure we already held. As David Vickers, our Chief Investment Officer, explained at the time: "We believe that this position firmly sits within our fiduciary duty to our clients and has been reached based on investment considerations."

Brunel staff were back in the office in force, with all desks pre-booked on several days.

The busy period around COP 26 also saw us transfer our passive funds to the new Paris-aligned benchmarks (co-developed with FTSE Russell). In the first quarter, the total funds transferred to these benchmarks rose from £3 billion to £4 billion. We also added a new theme to our RI reporting: biodiversity.

Brunel appointed two new managers (Jupiter and Mirova) to the Sustainable Equities portfolio. This launched in 2020 with £1.2 billion in AUM; it has since grown to £2.5 billion. The portfolio continues to place ESG considerations at the forefront of the investment process, such that managers *positively pursue* companies that will provide a benefit to society.

Over the period, Brunel also appointed Opus Nebula to take over our extensive client reporting responsibilities, one of our core services. Opus will enable Brunel to report separately to each client on a quarterly basis, across listed and private markets.

Several Brunel figures made their presence felt in the market over the period. In February, David Cox, Head of Listed Markets, published a blog for FTSE Russell on making Paris goals a reality – the blog was republished by Portfolio Institutional. Following some public attacks on stakeholder capitalism, the FT published a letter signed by fifty senior investment professionals in its defence – Faith Ward was the lead signatory on the letter.

Brunel continued its RI work in both advocacy and in reviewing our own processes, too. On the former, Brunel co-filed a resolution calling for the introduction of the Living Wage at Sainsbury's, which directly employs 189,000 people. The coalition comprised ten institutional investors, representing £2.2 trillion and 108 individual shareholders.

"This was already an urgent issue – and current global events mean that urgency is increasing by the week," said Laura Chappell, CEO. "Food prices and energy bills are increasingly unsustainable for many of the lowest-paid employees, but companies like Sainsbury's have the wherewithal to appropriately compensate a large number of key workers –providing an example for others to follow. "

In reviewing our own processes, our Climate Stocktake gained momentum, and interviews were initiated with a range of key stakeholders – these are ongoing at time of writing, but those we have contacted have generally shown a strong desire to participate.

In March, we published our Annual Report & Financial Statements, which demonstrated major cost savings across our portfolio offering. We would encourage you to read further about an exceptional year.

Executive Summary

BRUNEL
Pension Partnership

High-Level Performance of Pension Fund

• The fund delivered absolute performance of -2.6% over the quarter in GBP terms. This was 2.3% behind the benchmark return of -0.3%
• Total fund return for the 12 months to end-March 2022 was 10.1%, which was 1.2% behind the benchmark return of 11.3%

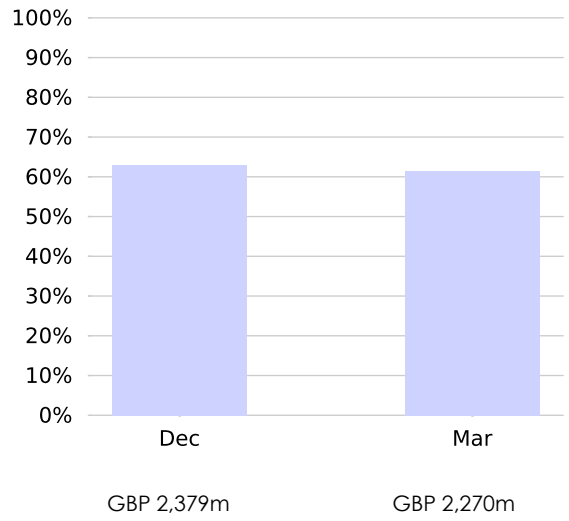
Key points from last quarter

• A number of equity funds had a difficult quarter due to exposure to sectors which performed poorly.

Total Fund Valuation

	Total (GBPm)
31 Dec 2021	3,780
31 Mar 2022	3,694
Net cash inflow (outflow)	12

Assets Transitioned to Brunel



Market Summary – Listed Markets

It goes without saying the Russian invasion of Ukraine had a big impact on markets in the first quarter of 2022. However, it's important to remember the economic backdrop that preceded this tragedy, which is, sadly, ongoing at the time of writing.

As noted in previous updates, the belief that rising inflation, in part caused by increasing commodity prices, would be transitory had started to give way to the belief it would become persistent. The removal of Omicron restrictions early in the year gave central bankers the confidence to be more hawkish in their rhetoric, leading to negative returns in January for both equities and fixed income.

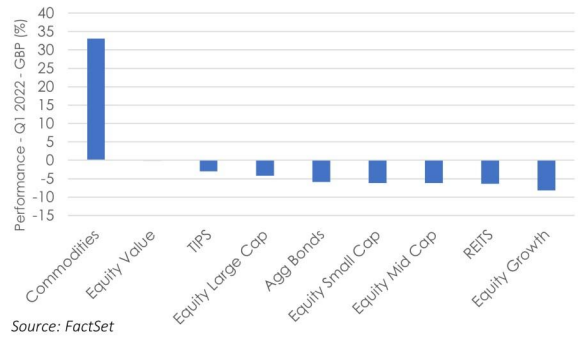
From an economic standpoint, the Russian invasion of Ukraine in February has only accentuated the pre-existing condition of rising commodity prices contributing to inflation.

Russia and Ukraine are large producers of energy, metals and food. Combined, they produce 29% of the world's wheat and 12% of global calories in 2021, with Ukraine among the top four global suppliers of corn. Russia is the third largest producer of oil, and second largest producer of natural gas, accounting for around 40% of Europe's supply. Russia is also among the top five global producers of steel, nickel and aluminium.

Given the proportion of global commodities produced across the two countries, it is no surprise that tough sanctions applied to Russian exports, combined with a significant reduction in Ukraine's output, has seen commodity prices rise further. To give a flavour of the extent of price increases over the quarter, the Bloomberg Commodity Index returned 29%, Brent crude oil prices rose 35%, wheat was up 31% and nickel prices increased by 64%. Brunel funds with commodity exposure have benefitted from this positive performance; the Diversifying Returns portfolio generated positive returns over the period. However, rising commodity prices impacted other asset classes negatively.

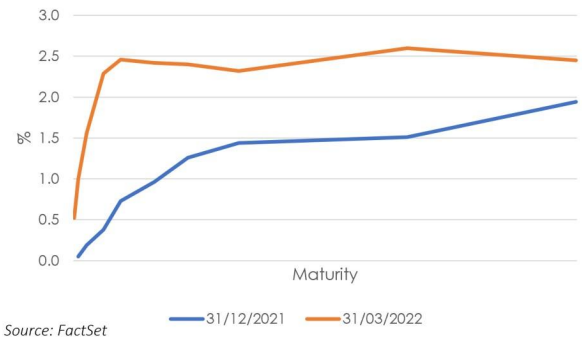
There was a brief compression in sovereign bond yields in the days following the invasion. However, if markets thought central banks would identify war as a reason to hold off monetary tightening, they were to be disappointed. For the most part, the world's central bankers emphatically confirmed their intention to tame inflation, with a number increasing policy rates. The Federal Reserve approved the first increase in the Federal Funds rate in three years on 16 March, whilst the Bank of England raised the base rate in both February and March. Yields increased significantly over the quarter and there was a large compression in the 2-year & 10-year Treasury spreads.

US Asset Class Returns - Q1



Source: FactSet

US Yield Curve



Source: FactSet

Market Summary – Listed Markets

Over the period, Treasuries, as measured by the Bloomberg US Treasury (3-10Y) Index, returned -3.0%. The Bloomberg Barclays Global Aggregate returned -5.0% on a GBP hedged basis and the iBoxx Sterling Gilts (1-10Y) index returned -2.7%.

The US dollar Index was up 5.4% over the quarter, benefitting from both risk aversion and from investors revising their expectations of the magnitude and speed of rate rises.

Against the backdrop of war and rising interest rates, it could be argued the MSCI ACWI held up reasonably well, falling 2.4% over the period. But the headline figure masks high dispersion in the performance of the underlying securities. It is not surprising Energy was the best-performing sector, returning 26.7%. The Materials, Utilities and Financial sectors returned 6.3%, 4.3% and 2.7% respectively, while all other sectors posted negative returns.

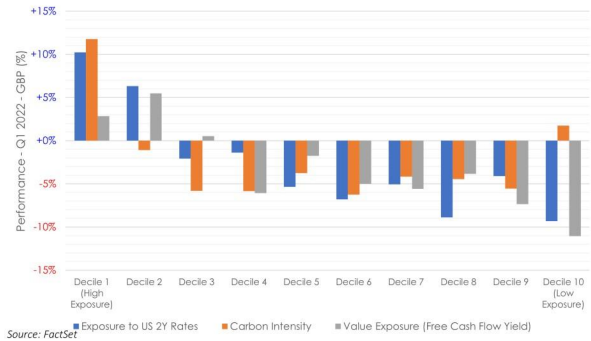
Our analysis – as highlighted in the table right – demonstrates that the best performing companies had high carbon intensity, positive sensitivity to higher interest rates, or were in traditional "value" areas (defined as high free cash flow yield).

Positive exposure to the Value factor helped the Brunel Low Volatility portfolio to markedly outperform its benchmark. However, below-benchmark exposure to carbon-intensive companies (which we associate with higher levels of long-term risk), does generally result in stylistic tilts, and thus acted as a headwind for other Brunel active equity portfolios over the period.

Looking ahead, policymakers are likely to find the economic landscape challenging. The US economy is at risk of overheating. Consumer-price inflation is 7.9% and wages are 5.6% higher (both YoY). There are nearly twice as many job openings as there are unemployed workers. Short-term rates are expected to rise to 2.5% by the end of 2022 and to more than 3% in 2023. Whether the Federal Reserve can control high inflation without tipping the economy into recession remains to be seen. It doesn't have a great track record of doing so, and markets are pricing a reduction in rates after 2023, reflecting an expectation the economy may then be flagging and need support.

Europe subject to cost push inflation resulting from rising energy prices, also has an inflation problem. Economists expect Europe's economy to grow in 2022 but this assertion would be challenged should Europe decide to stop importing Russian gas, or if Russia stops selling it.

Global Equity Markets Performance - Rates, Carbon & Value



Source: FactSet

Market Summary – Listed Markets

The most immediate threat to global growth comes from the outbreak of Omicron in China. Several major cities, including Shanghai, are under lockdown. Lower output and further disruption to global trade associated with lockdowns is likely to add to the inflationary pressures the world is grappling with.

Market Summary – Head of Private Markets

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Overview
Q1 was undoubtedly marred by the situation in Ukraine. Following prolific fund activity and a sustained recovery in Q4 2021, economic activity largely remained positive in Q1, but slowed from the peak of last year, while the Ukraine crisis impacted growth expectations further. Commodity prices soared, since Russia is a key producer of oil, gas and wheat. This contributed further to the surge in inflation, alongside continued supply chain disruption. Central bank rhetoric turned more hawkish, with the Fed and the Bank of England implementing hikes, and the ECB indicating a rise this year was no longer ruled out.

Preqin's Q1 2022 report showed infrastructure funds raised $70bn in the quarter, 42% higher than the previous peak (in Q4 2019). North America was the main focus, possibly driven by anticipated deployment opportunities created by the recently signed *Infrastructure Investment and Jobs Act* in the US.

In the same report, Preqin calculated an IRR return of 8.5% over the 10-year period to Q3 2021. Preqin predicts investors will continue to be attracted to the asset class, with the prospect of defensive inflation protection in many assets.

The war in Ukraine reinforced the market interest in renewables, now with the additional impetus of energy security adding to the demand for sustainability. Nuclear energy benefited from the same interest.

Energy transition funds designed to decarbonize industry, heating, transport and agriculture continued to proliferate, and the first materially significant hydrogen infrastructure investments were made in the quarter.

Private Equity
2021 was a record year for private equity in terms of investment activity and exits. Both investment activity and portfolio company performance showed signs of recovery from the pandemic. Following this record-breaking year, private equity activity slowed down in the first quarter of 2022. Both the number and value of deals dropped, compared with Q1 2021. In addition, exits and PE-backed IPOs recorded their lowest value in recent quarters. The Russian invasion of Ukraine caused a global shock in commodity prices, which contributed to a further increase in inflation fears and supply chain disruptions – even as inflation and supply chain issues caused by Covid are yet to subside. Higher interest rates and recession worries are the key issues that the market is monitoring – and private equity firms are assessing the effects on deal activity and portfolio performance. It is expected that the Federal Reserve will continue to raise rates through 2022 and there are calls for more aggressive hikes.

The fundraising market is strong, with major mega-funds expected to come back to market in 2022. Asset valuations are likely to be affected by rate hikes and investors are being cautious with Tech companies. PE firms have further increased their focus on ESG and ways to embed it in their processes to drive value within their portfolio investments. In addition, General Partners (GPs) are raising Impact-focused funds; this will be a key theme in the new investment cycle.

Market Summary – Head of Private Markets

VC fundraising continues to show strength and has persisted despite market uncertainty. VC-backed companies are still attracting capital, with larger funding rounds. Due to the uncertainty facing public markets, investors are increasingly allocating to private markets to find attractive returns.

The fundraising market is still expected to have a strong year. Mega-funds continue to dominate the market with Buyout, Growth, and Venture the main strategies of interest. However, the fundraising period is expected to be longer to accommodate Limited Partners. In addition, GPs are indicating a shorter investment period to deploy capital.

Private Debt
Credit spreads in the public market have fully recovered from the spike caused by Russia's initial military advance into Ukraine. High yield bond spreads finished the quarter at ~350bps and ~400bps in the US and Europe, respectively. Primary market activity has been muted, with new issue volume significantly lower compared with the same period last year. This plays into the hands of the private debt market, with an increasing number of managers able to take advantage of a stuttering, broadly syndicated market by offering opportune financing solutions to upper-middle market and large-cap borrowers. This has been one of the key trends over the last 12-18 months.

Short-term rates increased over the quarter. The Secured Overnight Financing Rate (SOFR), which is the US replacement for LIBOR, increased from 0.05 to 0.3. The Sterling Overnight Index Average (SONIA), which is the UK replacement for LIBOR, increased from 0.19 to 0.69.

Q1 is typically a seasonal soft point for deal making activity as participants pause for breath after a hectic year-end. The Russian invasion of Ukraine caused volatility to spike across capital markets. Private equity sponsors put new deals on hold in the face of difficult valuation and price discovery. Deal-making activity is expected to pick up again through Q2.

US and European private debt managers have been carefully monitoring the Russia/Ukraine situation. Whilst direct exposure tends to be close to zero, managers have been conducting broader portfolio reviews of the implications of increased energy prices, capital markets volatility, supply chain shocks and the increasing risk of cyber-attacks. Given the focus on sectors such as healthcare, services and technology, direct exposure to raw material costs and energy prices tends to be limited. The main concerns cited by managers are the second and third order impacts and their influences on labour costs and wage inflation.

Property
UK monthly investment volumes rebounded in February in the industrial sector, after a slow start to 2022, with that sector accounting for three of the four largest deals. Hotels, Residential and Student Accommodation also attracted investor interest this quarter. Concerns over the economic outlook are yet to affect annual performance returns, with end-March figures still well above trend. Retail warehousing yields compressed further in Q1 and even shopping centres delivered a small positive return at the start of 2022. However, enthusiasm for UK property may

falter over the summer months, as consumer confidence wanes and rising UK interest rates influence investors' asset selection decisions. UK commercial property does provide some defence against rising inflation, so the positive element of holding real assets, often with index-linked income returns, may outweigh legitimate concerns around narrowing yield differentials.

Real estate markets globally moved away from the pandemic and back to themes of affordability, regulation, ESG and digitalisation. Geopolitical tensions are high, with military conflict between Russia and Ukraine. The polarisation between the primary and secondary/peripheral sectors, regions and locations strengthened again. The most popular sectors continued to include residential, healthcare and logistics.

The two largest economies whilst tracking back well, face significant challenges. China is being impacted by a strict zero-Covid strategy and was also shaken by a liquidity crunch in its domestic real estate market. The US is facing the risks of rising interest rates, continued supply side shortages and price increases in the near term. Globally, real estate yields continued to trend lower for longer, despite concerns over tightening monetary policy.

CEO Perspective - RI at the heart of Brunel

Over the reporting period, we saw the extreme shake-up in social and working practices – caused by lockdowns – as an opportunity for staff to review our values statement and ensure it truly describes Brunel – we were very pleased with the result and will keep our people strategy under review as the market evolves in 2022.

Reviewing our approach also meant a more decisive focus on mental health. Internally, we reviewed our own support mechanisms and ensured we were talking about mental health. We tried to normalise the subject externally, too – in an Op-Ed in Professional Pensions, I argued that a focus on mental health doesn't just make ethical sense for companies, but makes business sense too.

Other challenges were less specific to the year, reflecting systemic realities. One such focus was cost savings – our **Annual Report** demonstrated our achievements in that area. On diversity and inclusion, we know we still have some way to go, but we were particularly proud when Helen Price, in her role as co-Chair of the Asset Owner Diversity Working Group, launched the Diversity Charter, with signatories representing more than £1 trillion in AUM – signatories make a number of commitments to improving, monitoring and reporting on diversity in their companies.

Our work on climate change, most specifically the new Paris Aligned Benchmarks, as well as our approach to manager selection were recognised in Brunel winning three Europe-wide categories at the IPE Awards in Innovation, Climate Related Risk Management, and Portfolio Construction & Diversification. These awards reflect our RI and investment acumen and commitment.

Our approach must continue to evolve if we are to continue to set an industry leading example. Our updated infographic (below) outlines our RI priorities. We have taken the opportunity to update the headings of the themes to better reflect the breadth and depth and to make it clearer we are reflecting client priorities.

The most important change is that we have moved biodiversity from behind our Supply Chain theme and it is now a priority; it now has a set of specific objectives. Biodiversity is a theme close to my own heart and one which has major implications across both climate change and investing.

Summary of Pension Fund Performance

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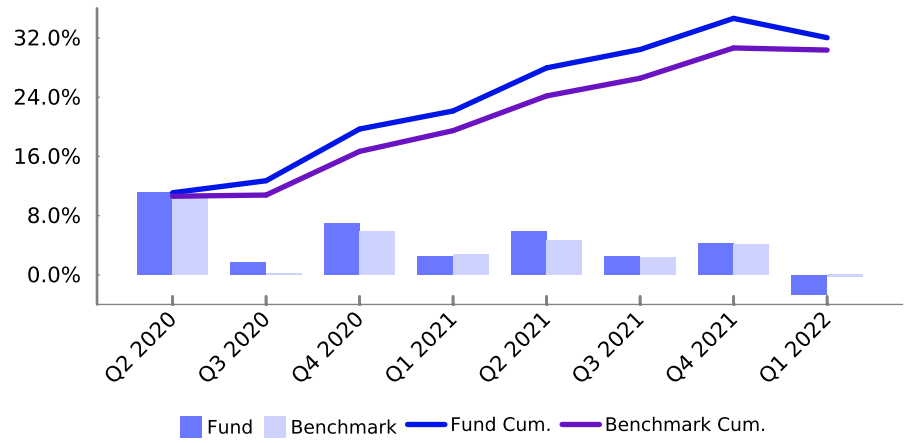
Pension Partnership

Performance of Fund Against Benchmark (Annualised Performance)

Period	Fund	Strategic BM	Excess
3 Month	-2.6%	-0.3%	-2.3%
Fiscal YTD	10.1%	11.3%	-1.2%
1 Year	10.1%	11.3%	-1.2%
3 Years	7.1%	7.3%	-0.2%
5 Years	6.1%	6.6%	-0.5%
10 Years	8.9%	8.8%	0.1%
Since Inception	8.5%		

Rolling Quarter Total Fund (Net of Manager Fees)

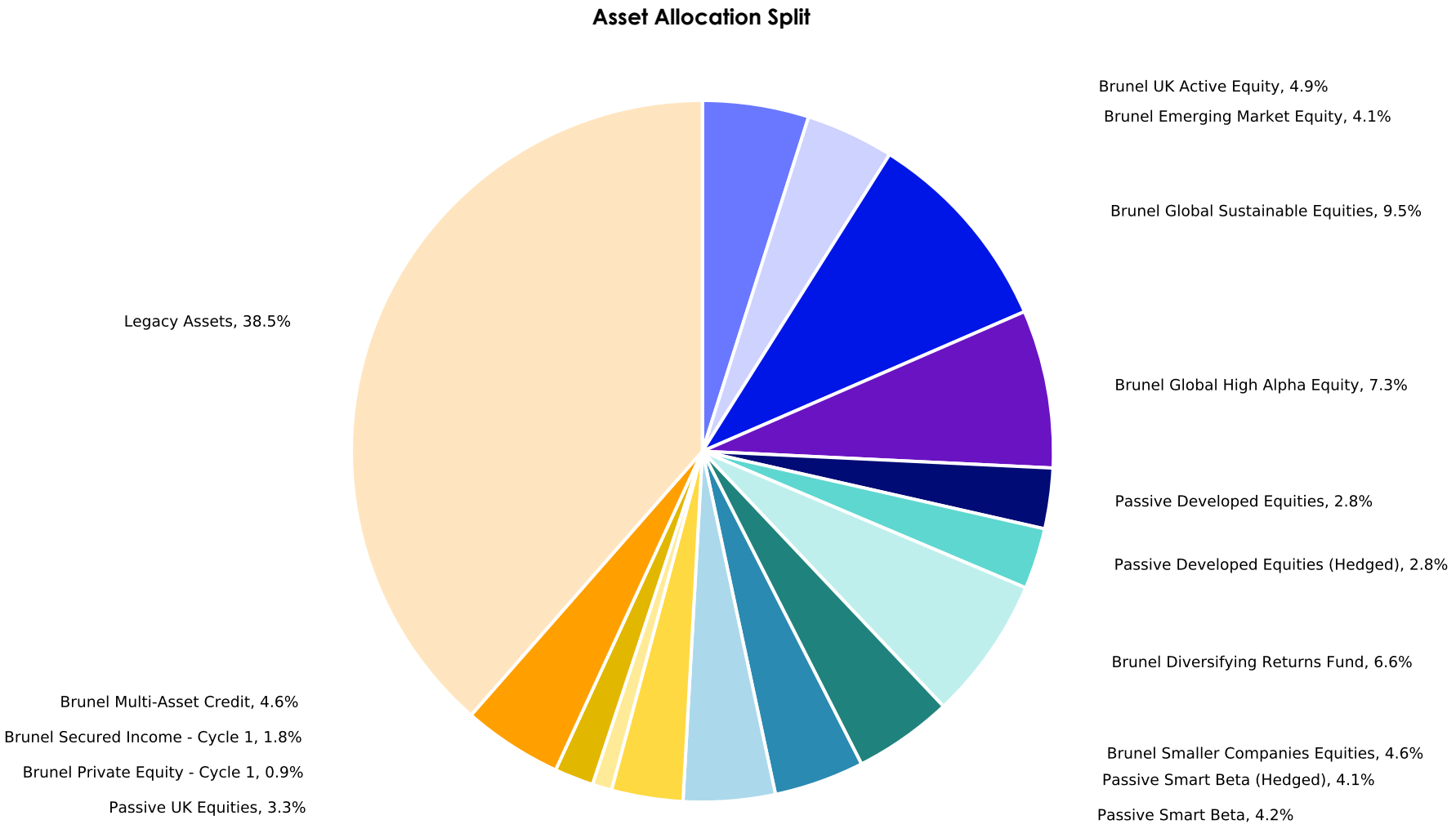


Key drivers of performance

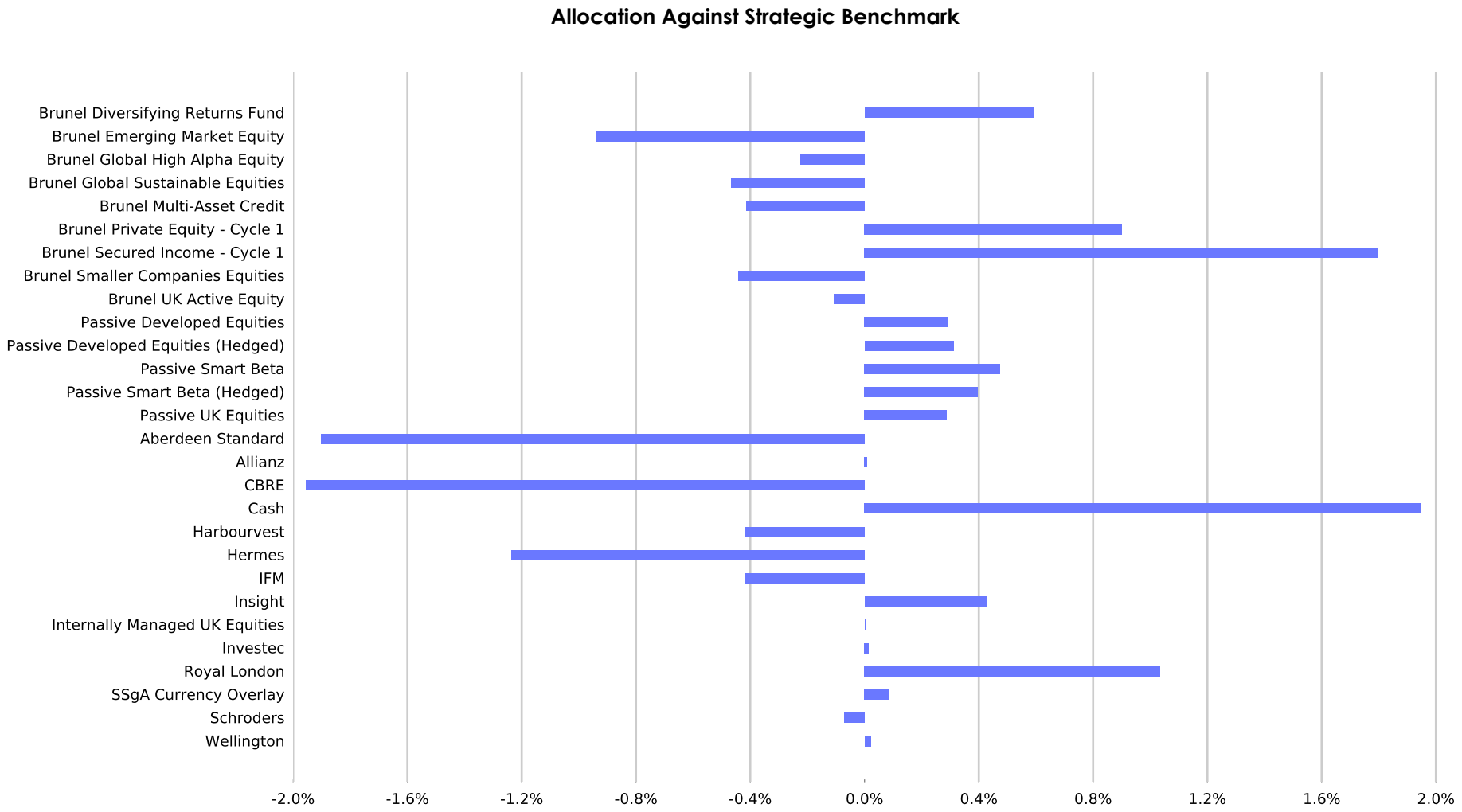
Portfolio performance during the quarter

- Global Sustainable Equities portfolio generated a negative return of -9.8%, underperforming the benchmark by 7.2%.
- Global High Alpha Equity portfolio generated a negative return of -8.0%, underperforming the benchmark by 5.6%.
- The Diversifying Returns Fund produced a positive return of 0.4%, which was 0.4% behind the return of the benchmark of 0.8%.
- UK Active Equities generated a negative return of -3.6% which was 4.8% behind the return of the benchmark.

Asset Allocation of Pension Fund



Asset Allocation of Pension Fund



Legacy Manager Performance

BRUNEL Pension Partnership

Legacy Manager Performance – 3 Year

	Annualised Return	Risk (Standard Deviation)	Benchmark Return	Benchmark Standard Deviation
Aberdeen Standard	13.7%	16.7%	5.3%	15.6%
CBRE	6.7%	6.3%	4.9%	4.9%
Harbourvest	34.9%	21.8%	5.3%	15.6%
Hermes	5.5%	7.6%	10.1%	0.1%
IFM	11.0%	9.0%	10.1%	0.1%
Insight	4.6%	15.8%	4.8%	15.4%
Royal London	3.0%	7.9%	1.0%	8.6%
Schroders	11.0%	23.9%	11.3%	24.0%
Wellington	10.7%	13.1%	14.6%	14.2%
Dorset County Pension Fund	7.1%	9.9%	7.3%	8.6%

Brunel Portfolios Overview

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Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SII*	Excess SII*	Initial Investment
Brunel Global High Alpha Equity	MSCI World TR Gross	269	-8.0%	-5.6%	8.8%	-7.1%					17.3%	2.8%	15 Nov 2019
Brunel Global Sustainable Equities	MSCI AC World GBP Index	352	-9.8%	-7.2%	8.2%	-4.6%					8.5%	-3.9%	01 Dec 2020
Brunel UK Active Equity	FTSE All Share ex Investment Trusts	181	-3.6%	-4.8%	8.5%	-5.3%	3.5%	-1.4%			4.9%	-1.2%	21 Nov 2018
Brunel Emerging Market Equity	MSCI EM TR Gross	150	-7.1%	-2.9%	-11.5%	-4.6%					2.7%	-2.3%	09 Oct 2019
Brunel Smaller Companies Equities	MSCI World Small Cap	168	-10.0%	-6.3%	2.2%	-1.8%					3.3%	-2.2%	03 Mar 2021
Brunel Diversifying Returns Fund	SONIA +3% Benchmark	243	0.4%	-0.4%	7.4%	4.3%					4.9%	1.8%	31 Jul 2020
Brunel Multi-Asset Credit	SONIA + 4%	169	-2.7%	-3.8%							-1.5%	-5.1%	01 Jun 2021
Passive Developed Equities	FTSE World Developed	103	-2.4%	-0.0%	14.8%	-0.1%					13.2%	-0.1%	24 Jan 2020

*Since Initial Investment

Performance based on tradeable NAV

Where there are disparities between returns quoted above and returns provided for the same fund and period in the following pages, this is because the fund-specific pages reflect the posttransition phase, important for monitoring the performance of selected managers, while those given above reflect the Clients' actual experience from the point of initial investment, which in some cases includes the shared impact of transition costs.

Tradeable NAV performance reflects NET performance. The following product pages reflect the portfolio's NET performance

Brunel Portfolios Overview

BRUNEL
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Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SII*	Excess SII*	Initial Investment
Passive Developed Equities (Hedged)	FTSE World Developed Hedged	104	-4.4%	-0.0%	11.0%	-0.1%					14.1%	-0.2%	31 Jan 2020
Passive UK Equities	FTSE All Share	121	0.5%	0.1%	13.2%	0.2%	5.4%	0.1%			3.4%	0.1%	11 Jul 2018
Passive Smart Beta	SciBeta Multifactor Composite	156	-0.9%	-0.1%	14.3%	0.2%	11.3%	-0.1%			9.8%	-0.2%	25 Jul 2018
Passive Smart Beta (Hedged)	SciBeta Multifactor Hedged Composite	153	-2.9%	-0.1%	10.5%	0.0%	10.9%	-0.1%			9.3%	-0.3%	25 Jul 2018

*Since Initial Investment

Performance based on tradeable NAV

Where there are disparities between returns quoted above and returns provided for the same fund and period in the following pages, this is because the fund-specific pages reflect the posttransition phase, important for monitoring the performance of selected managers, while those given above reflect the Clients' actual experience from the point of initial investment, which in some cases includes the shared impact of transition costs.

Tradeable NAV performance reflects NET performance. The following product pages reflect the portfolio's NET performance

Brunel Global High Alpha Equity

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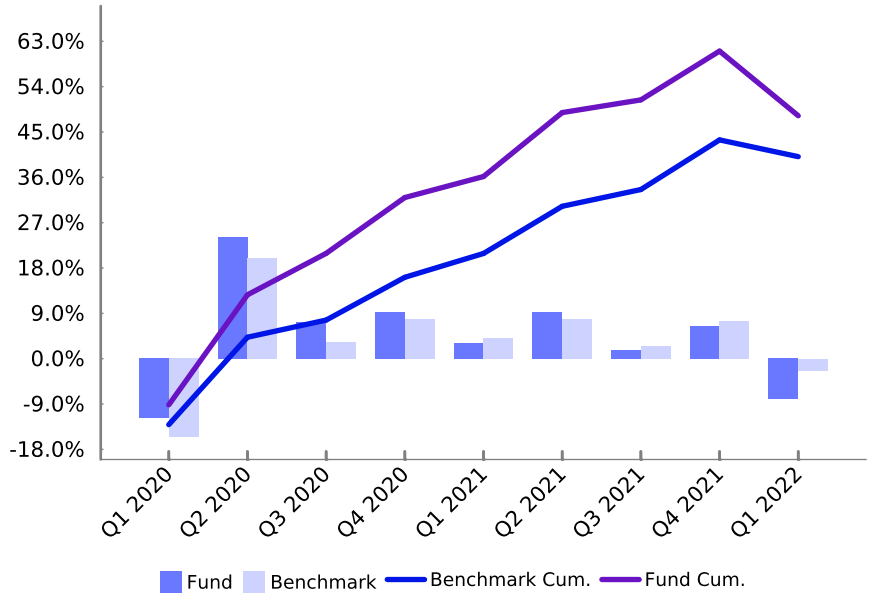
Overview

	Description
Portfolio Objective:	Provide global equity market exposure together with excess returns from accessing leading managers.
Investment Strategy & Key Drivers:	High conviction, concentrated portfolios with strong style/factor biases invested in a unconstrained manner.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5-6% tracking error.
Total Fund Value:	£3,307,742,119

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-8.0%	-2.3%	-5.7%
Fiscal YTD	8.9%	15.9%	-7.0%
1 Year	8.9%	15.9%	-7.0%
3 Years			
5 Years			
10 Years			
Since Inception	18.5%	15.7%	2.8%

Rolling Performance*



* Partial returns shown in first quarter

Global developed equities (as proxied by the MSCI World index) returned -2.3% over the quarter. This was the first negative quarterly performance since the onset of the covid pandemic in Q1 2020 and was characterised by a particularly high dispersion in the performance of underlying securities.

The portfolio returned -8.0% over the quarter, underperforming the benchmark by 5.7%. The portfolio's consistent style tilts to Growth and Quality and away from Value, alongside a lower exposure to carbon-intensive companies than the benchmark, were all headwinds to relative performance. Brunel analysis (highlighted in the listed markets commentary) showed that, unless you were invested in companies with the highest levels of carbon exposure, positive sensitivity to short-term interest rates, or Value exposure, it was very difficult to outperform equity markets in the quarter.

Attribution analysis shows negative stock selection as the main driver of quarterly relative performance. A number of the largest contributors support the narrative around the impact of the market environment and external factors impacting individual stock performance.

• Two of the largest detractors were Aptiv and Nidec (both suppliers of components to the auto industry), which are overweight in the portfolio and fell 25%

and 30%, respectively. Both companies suffered from concerns that supply-chain disruptions would curtail current sales and increase costs, and that rising interest rates may curb future demand.

• The four largest contributors to relative return included three materials companies – Steel Dynamics, Anglo American and Reliance Steel – and Suncor Energy, which returned 39%, 36%, 17% and 36% respectively, as commodities and energy prices soared.

Sector allocation also detracted due to the portfolio's largest active sector positions both working against the portfolio. Energy was the largest underweight in the portfolio and was the best-performing sector, whilst Consumer Discretionary was the worst-performing sector and the largest sector overweight. Both relative sector positions have been consistent since the launch of the portfolio and largely an outcome of the ESG integration and Growth / Quality style tilt of the portfolio.

The extreme style environment is also reflected in the divergent performance of the underlying managers. Those with a Growth style (Baillie Gifford and AB) both underperformed significantly whilst Harris and RLAM, two managers with a strong Value focus, outperformed.

Looking back further, the quarter completed a challenging 12 months for the portfolio, a period over which the prior trend in favour of Growth stocks reversed, as economies reopened and as the likelihood of rising rates increased. The portfolio returned 8.9%, underperforming the benchmark by 7.0%. From inception to quarter-end, the portfolio outperformed the benchmark by 2.8% p.a., in line with the performance target.

During the quarter, £54m was redeemed from the portfolio by two clients to meet drawdowns for private market investments. The outflows were used to rebalance the underlying manager allocations back towards target.

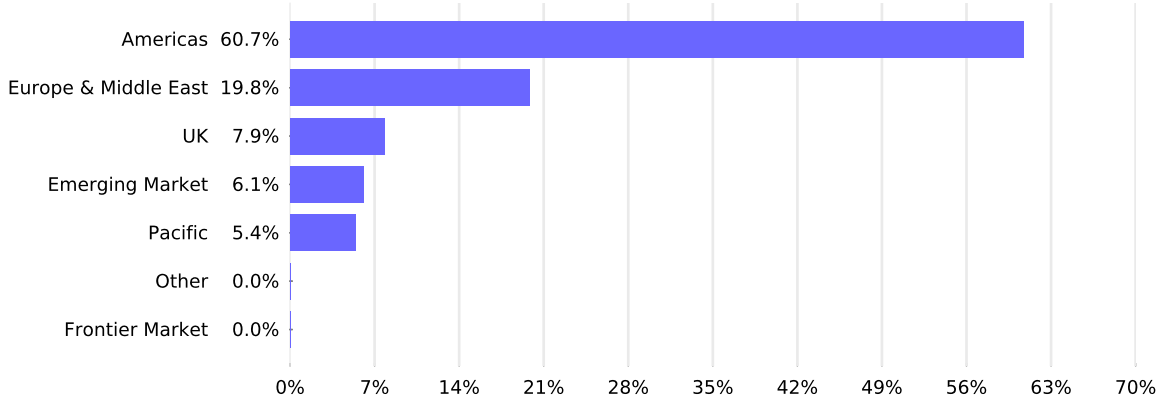
Brunel Global High Alpha Equity – Region & Sector Exposure

BRUNEL Pension Partnership

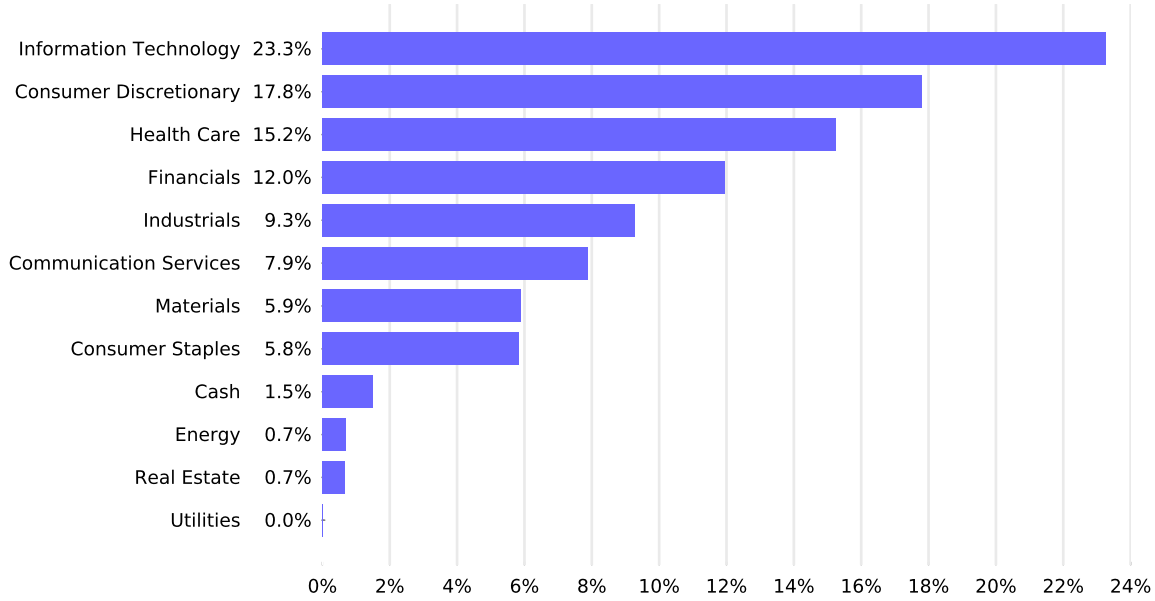
Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	168,099,682
ALPHABET INC-CL A	122,571,772
AMAZON.COM INC	104,656,842
MASTERCARD INC - A	95,325,943
NESTLE SA-REG	65,453,561
MOODY'S CORP	64,339,626
TAIWAN SEMICONDUCTOR-SP ADR	58,780,021
UNITEDHEALTH GROUP INC	58,022,082
NIKE INC -CL B	53,280,283
ASML HOLDING NV	53,081,374
SCHWAB (CHARLES) CORP	52,691,126
TJX COMPANIES INC	52,562,356
AUTOZONE INC	42,833,101
JOHNSON & JOHNSON	40,880,383
META PLATFORMS INC-CLASS A	39,144,725
AUTOMATIC DATA PROCESSING	38,387,282
CAPGEMINI SE	38,020,924
NVIDIA CORP	36,476,138
IQVIA HOLDINGS INC	33,909,694
ROCHE HOLDING AG-GENUSSCHEIN	33,132,607

Regional Exposure



Sector Exposure



Brunel Global High Alpha Equity – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. RECRUIT HOLDINGS CO LTD	72.7	76.0
2. ASML HOLDING NV	61.6	29.3
3. NESTLE SA	59.8	60.9
4. CAPGEMINI SE	63.7	50.0
5. TAIWAN SEMICONDUCTOR MANUFACTURIN	59.6	31.6
6. DIAGEO PLC	63.2	73.2
7. MSCI INC	63.0	78.3
8. CARRIER GLOBAL CORP	66.3	59.9
9. SAP SE	63.5	45.3
10. ADMIRAL GROUP PLC	76.1	77.7

Bottom 10 ESG Detractors to Overall Score

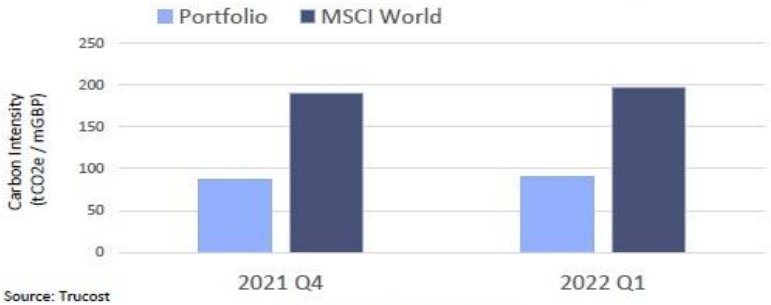
	Insight	Momentum
1. BECTON DICKINSON AND CO	43.3	41.6
2. PROGRESSIVE CORP/THE	40.7	18.3
3. AUTOZONE INC	45.6	81.5
4. AMAZON.COM INC	50.4	59.8
5. NIKE INC	46.5	44.1
6. META PLATFORMS INC	42.4	52.1
7. JOHNSON & JOHNSON	36.3	21.6
8. ALPHABET INC	45.7	59.5
9. TJX COS INC/THE	32.8	19.6
10. MICROSOFT CORP	46.1	31.6

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	54.7	54.2
MSCI World	54.6	54.5

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

Weighted Average Carbon Intensity (WACI)



Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	0.9	0.6	1.8	2.0
MSCI World	2.6	2.6	5.1	6.5

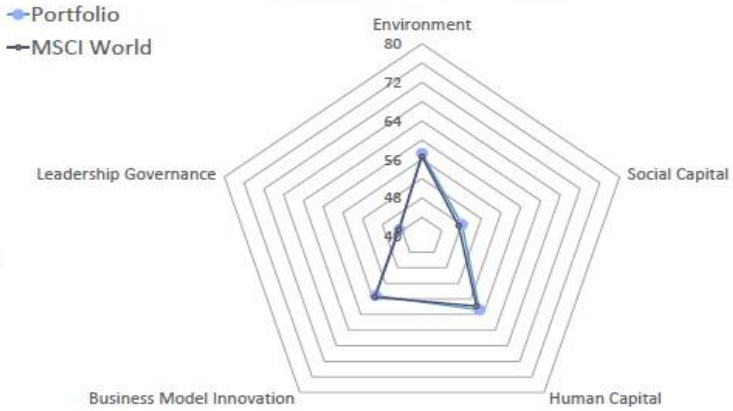
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **Amazon** (Consumer goods) has increased its renewable capacity in Spain to 1.4GW with five new projects. The E-commerce giant has also launched its first ever electric heavy goods vehicle fleet in the UK as it continues to work towards Amazon Fresh being the first Net-Zero carbon grocery store.
- **Johnson and Johnson** (Pharmaceuticals) has settled a litigation by West Virginia for $99 million to settle claims that it helped fuel an opiod addiction crisis in the state.
- **Nestle's** (Food and beverage) health science division is buying a majority stake in Orgain, a maker of protein powders, shakes and bars, for an undisclosed amount. nestle has undergone a transformation in recent years to increase growth in healthier food and products.
- **Diageo** (Food and beverage) ramps up investment into production of packaging plants. An additional £40 million investment to expand two of its existing plants is to commence immediately in order to meet demand for canned Guinness in both the domestic and export markets.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The portfolio continues to have a carbon intensity significantly lower than its benchmark. Revenues from extractive activity and the extractives value of holdings are less than half that of its benchmark.

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Global Sustainable Equities

BRUNEL
Pension Partnership

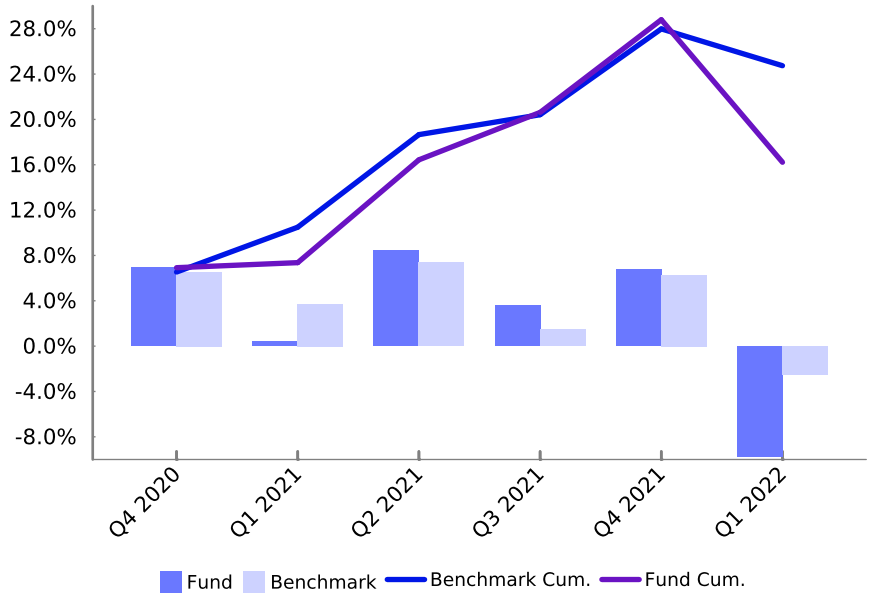
Overview

	Description
Portfolio Objective:	To provide exposure to global sustainable equities markets, including excess returns from manager skill and ESG considerations.
Investment Strategy & Key Drivers:	Actively managed, diversified by sector and geography. Consideration for a companies Environmental & Social sustainability.
Liquidity:	Managed Liquidity.
Risk/Volatility:	High, representing an equity portfolio.
Total Fund Value:	£3,132,478,438

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-9.8%	-2.5%	-7.2%
Fiscal YTD	8.2%	12.9%	-4.6%
1 Year	8.2%	12.9%	-4.6%
3 Years			
5 Years			
10 Years			
Since Inception	11.0%	16.5%	-5.6%

Rolling Performance*



* Partial returns shown in first quarter

As per the listed markets commentary, this quarter was defined by the expectation of increased rate rises and by the Russian invasion of Ukraine, leading to consequential sanctions and a decreasing supply of oil and commodities. This market environment favours a Value style of strategy, as the decreasing supply of commodities increases the value of the 'old economy' Energy companies. Moreover, Value companies have a smaller proportion of their cash flows discounted from the future. The increase in interest rates has meant the future growth in cash flows for a growth company are now being valued as less in the present. The Sustainable Fund naturally has a bias towards the Growth/Quality parts of the market, as the Value style is heavily influenced by unsustainable companies.

Global equities (as proxied by the MSCI All Countries World Index) returned -2.5% this quarter. The Sustainable Equity fund returned -9.7%, underperforming the benchmark by 7.2% (MSCI All Countries World Index).

• Much of this quarter's underperformance (-6.2%) can be attributed to the month of January. We saw the first signs of a rate rise to combat inflation, and saw a huge disparity between sectoral returns, favouring Value Sectors, notably Energy.

Brunel Global Sustainable Equities

• From a country perspective, the underperformance was almost exclusively driven by stock selection in the US. The underlying US Style attribution shows underperformance being driven by the allocation and the selection to the US Growth parts of the market. Being underweight the top decile of Value had a negative effect on performance, as it returned 15% over the quarter.

• Four of the five managers underperformed the index over the quarter. Jupiter, the only manager to outperform, was brought into the fund on 17 February 2022 and has therefore only been measured on a part of the period. Whilst it is disappointing that the managers have underperformed the benchmark, it is in line with the sustainable peer group. 90% that applied for the EOI stage of the process and have data available in Morningstar underperformed the benchmark. Those that did outperform had a high exposure to the Value style (as defined by Morningstar) and contained holdings that would not align to what we believe to be a sustainable company.

• From inception to end-March, the portfolio underperformed the benchmark by -5.6% on an annualised basis. All of which can be attributed to this most recent quarter.

• The Sustainalytics and TruValue Labs ESG scores for the Sub-Fund remain superior to that of the MSCI ACWI benchmark, and we continue to see a carbon intensity reduction in comparison to the benchmark.

• There were a number of client trades over the quarter and a net inflow of £710m. The inflows allowed the portfolio to meet the target allocation specified in our 2021 portfolio construction update.

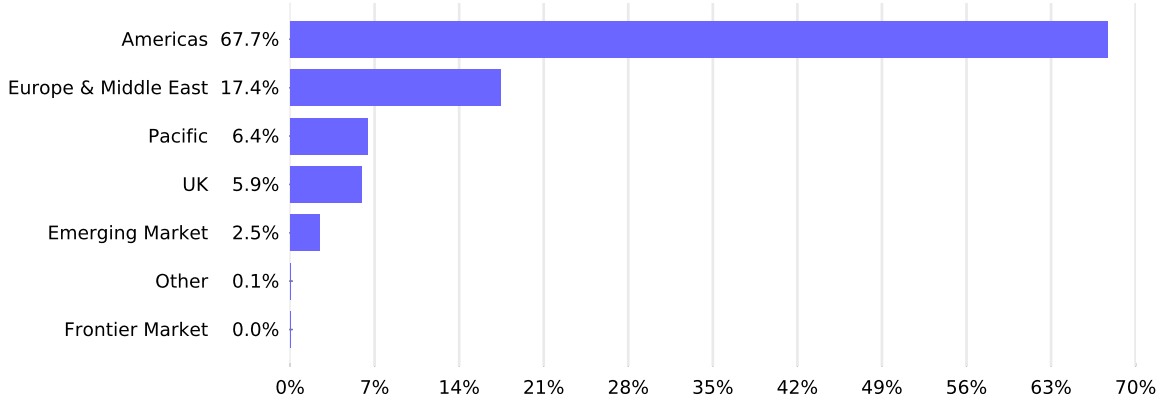
Brunel Global Sustainable Equities – Region & Sector Exposure

BRUNEL Pension Partnership

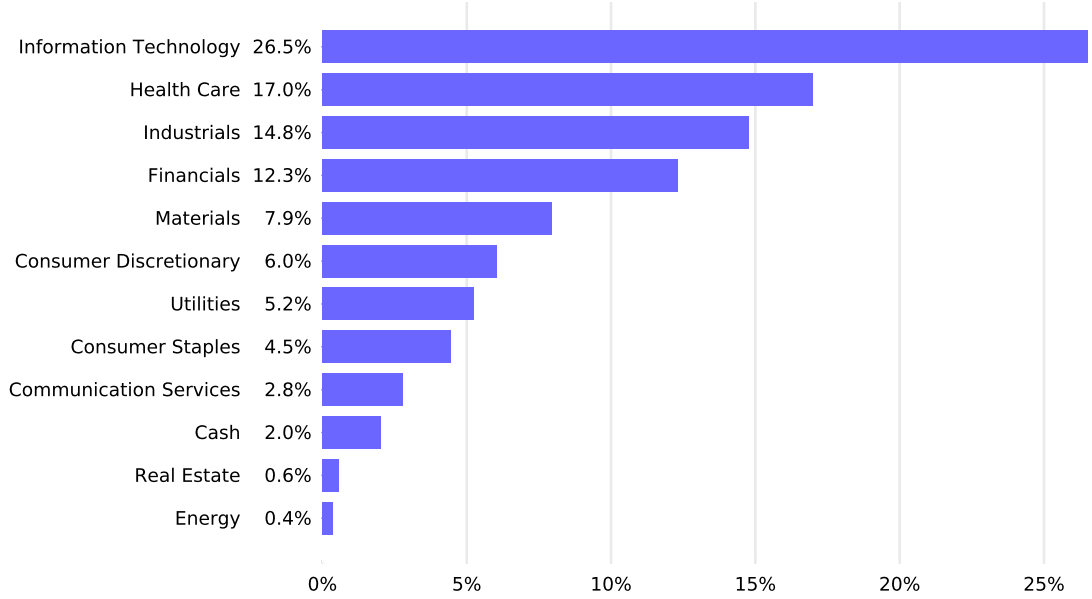
Top 20 Holdings

	Mkt. Val.(GBP)
MASTERCARD INC - A	82,162,302
MICROSOFT CORP	78,532,998
ADYEN NV	60,409,723
ANSYS INC	55,999,131
DANAHER CORP	55,660,147
WORKDAY INC-CLASS A	52,869,995
MARKETAXESS HOLDINGS INC	52,866,356
ALPHABET INC-CL A	50,894,827
EDWARDS LIFESCIENCES CORP	49,850,871
INTUIT INC	48,921,358
TRADEWEB MARKETS INC-CLASS A	48,915,888
UNITEDHEALTH GROUP INC	47,124,418
TAIWAN SEMICONDUCTOR-SP ADR	45,514,040
ROCHE HOLDING AG-GENUSSCHEIN	43,968,641
ASML HOLDING NV	43,871,772
AIA GROUP LTD	43,026,435
TYLER TECHNOLOGIES INC	41,475,883
NVIDIA CORP	40,585,826
SYNOPSYS INC	39,824,425
ILLUMINA INC	38,227,529

Regional Exposure



Sector Exposure



Brunel Global Sustainable Equities – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ABIOMED INC	80.3	86.4
2. ANSYS INC	67.6	79.4
3. ORSTED AS	73.7	65.5
4. WORKDAY INC	66.3	25.2
5. ECOLAB INC	69.2	32.9
6. FORTIVE CORP	70.8	76.3
7. KERRY GROUP PLC	68.6	35.6
8. ZEBRA TECHNOLOGIES CORP	76.1	75.0
9. ASPEN TECHNOLOGY INC	70.5	40.0
10. LINDE PLC	66.8	72.7

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. MUENCHENER RUECKVERSICHERUNGS-GESEI	42.8	68.6
2. CIA DE SANEAMENTO BASICO DO ESTADO DE	37.7	17.0
3. CENTRAL JAPAN RAILWAY CO	34.4	17.8
4. ADOBE INC	41.9	17.5
5. T-MOBILE US INC	45.2	32.9
6. ROCHE HOLDING AG	50.4	50.0
7. ILLUMINA INC	46.4	20.8
8. ALPHABET INC	45.7	59.5
9. MARKETAXESS HOLDINGS INC	42.1	8.9
10. MICROSOFT CORP	46.1	31.6

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	59.7	58.9
MSCI ACWI	54.9	54.8

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

Weighted Average Carbon Intensity (WACI)

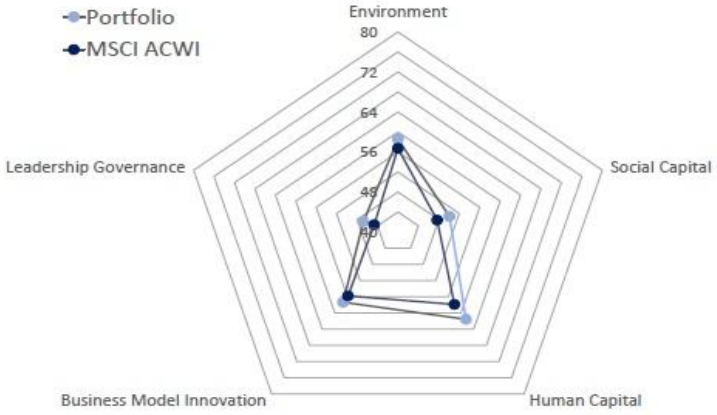
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	2.9	2.5	3.3	3.1
MSCI ACWI	2.6	2.6	5.4	6.6

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

Absolute Weighted ESG Scores



uValue Labs & SASB

Brunel Assessment:

- **Microsoft** (Technology) agreed to buy video game company, Activation Blizzard, in an all-cash deal valued at $68.7 billion. The acquisition will make it the world's third largest gaming company by revenue (behind Tencent and Sony Group).
- **Orsted** (Energy) has started construction on a 50-50 venture with Eversource on New York's first offshore wind farm. The site is set to be fully operational by 2023 and will comprise of 12 Siemans Games turbines, each with a 11 MW capacity.
- **Ecolab** (Chemicals) has agreed to acquire Purolite, a leading and fast-growing global provider of high-end ion exchange resins for the separation and purification of solutions. The resins are critical to safe, high quality drug production and biopharma product purification.
- **Alphabet** (IT) says it will replenish 120 percent of the water it consumes by 2030. In its efforts to replenish more water than it consumes, the company says it will also invest in community projects working to address local water and watershed challenges in places where the company has data centers and offices.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
As expected from this Sustainable Portfolio, the carbon intensity and exposure to extractive industries are significantly below benchmark. The Portfolio has considerably higher ESG scores compared to its Benchmark across Environment, Social and Human Capital categories.

Brunel UK Active Equity

BRUNEL
Pension Partnership

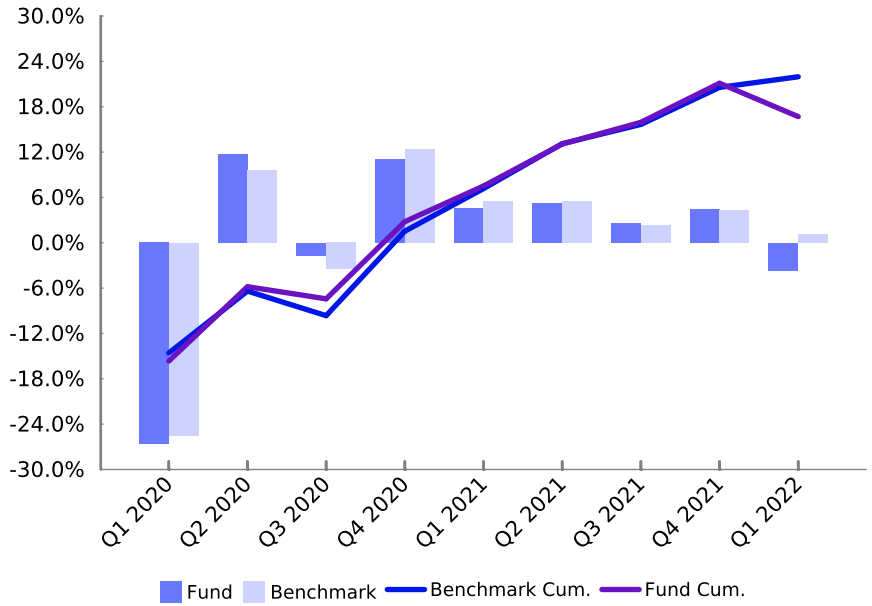
Overview

	Description
Portfolio Objective:	Provide exposure to UK Equities, together with enhanced returns from manager skill.
Investment Strategy & Key Drivers:	Skilled managers will create opportunities to add long term value through stock selection and portfolio construction.
Liquidity:	Managed level of liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate relative risk, around 4% tracking error.
Total Fund Value:	£1,560,892,257

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-3.6%	1.2%	-4.8%
Fiscal YTD	8.5%	13.8%	-5.3%
1 Year	8.5%	13.8%	-5.3%
3 Years	3.5%	5.0%	-1.5%
5 Years			
10 Years			
Since Inception	4.7%	6.1%	-1.4%

Rolling Performance*



* Partial returns shown in first quarter

The FTSE All-Share Index excluding Investment Trusts returned 1.2% over the quarter. UK equities outperformed developed global equities, which, measured by the MSCI World Index, returned -2.3%. This was in part due to the sector make-up of each market. The Technology, Consumer Discretionary and Communication Services sectors were the weakest performing from a global perspective and each accounts for a larger preportion of the global market. However, the Energy sector, which was a strong performer in the first quarter, accounts for a larger portion of the UK index.

Over the quarter, the portfolio returned -3.7%, underperforming the index by 4.8%. Attribution analysis shows both stock selection and allocation effects made negative contributions to relative returns.

• The Materials and Energy sectors were the strongest-performing in Q1. The portfolio's underweight allocation to these sectors contributed to the negative relative return from sector allocation. The portfolio is overweight in the Industrials sector, which further detracted from relative performance, as the sector underperformed over the quarter.

• Stock selection in the Financials sector made the largest negative contribution to relative performance. An underweight to HSBC, one of the largest

Brunel UK Active Equity

positions in the index, was the most significant negative stock contribution.

• The portfolio's tilt towards smaller companies made a negative contribution to relative performance.

At the manager level, Invesco moderately underperformed the index by 0.7%, whilst Baillie Gifford underperformed by 10.8%.
• The Value factor was the dominating driver for performance for Invesco, although the factor revised some of its earlier gains in late March. In contrast, the Momentum factor recovered in March to end the quarter flat. Contribution from Quality was slightly negative.

• Over the quarter, Baillie Gifford suffered significantly from its underweight to the Value factor and its overweight to smaller companies. A large overweight to the Industrials sector further detracted. Stock selection effects were negative in every sector other than Energy.

Over the 12 months to 31 March 2022, the portfolio delivered an absolute return of 8.5%, underperforming the FTSE All-Share excluding Investment Trusts Index by 5.3%. Since inception, the portfolio has returned 4.7% on an annualised basis, behind the benchmark, which returned 6.1% over the same period.

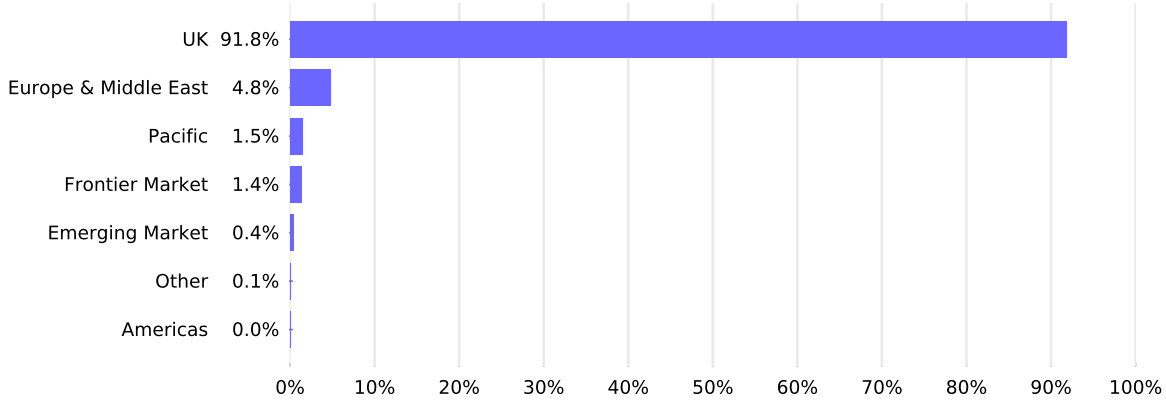
Brunel UK Active Equity – Region & Sector Exposure

BRUNEL
Pension Partnership

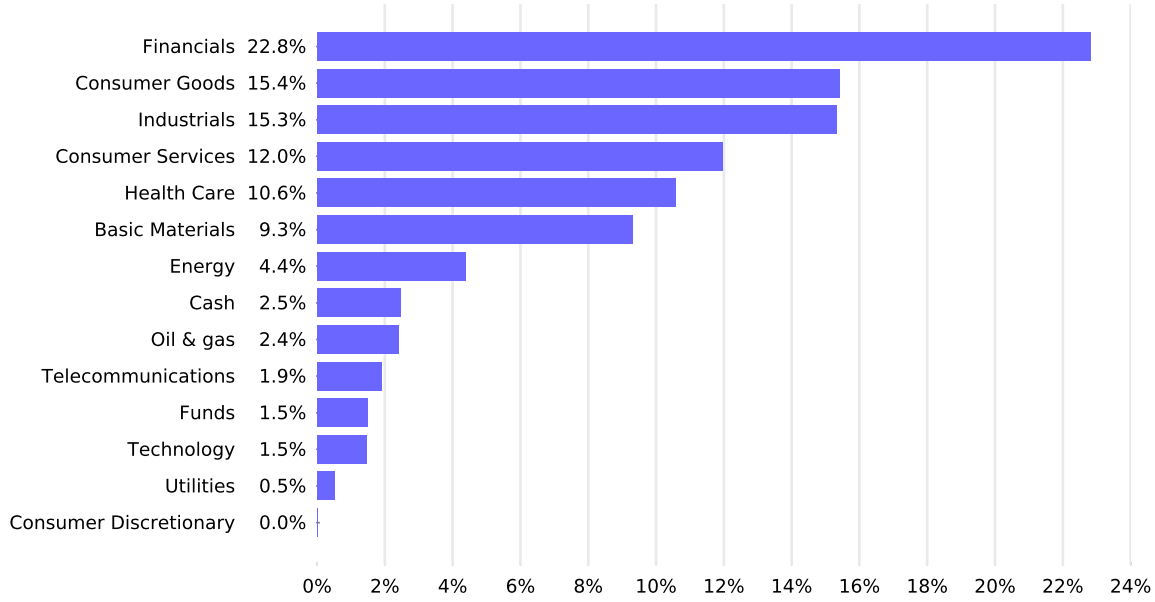
Top 20 Holdings

	Mkt. Val.(GBP)
ASTRAZENECA PLC	82,277,161
SHELL PLC	68,475,454
RIO TINTO PLC	55,740,787
DIAGEO PLC	55,351,644
UNILEVER PLC	52,877,661
HSBC HOLDINGS PLC	51,406,596
GLAXOSMITHKLINE PLC	50,154,648
BRITISH AMERICAN TOBACCO PLC	41,316,183
LEGAL & GENERAL GROUP PLC	39,281,867
GLENCORE PLC	38,093,403
BUNZL PLC	37,507,894
RELX PLC	34,045,612
BP PLC	33,056,203
ST JAMES'S PLACE PLC	27,738,858
RECKITT BENCKISER GROUP PLC	27,579,318
BAILLIE GIFFORD BR SM-C-ACC	23,465,332
FERGUSON PLC	23,272,210
VODAFONE GROUP PLC	23,133,813
BHP GROUP LTD-DI	22,708,907
ASHTEAD GROUP PLC	22,612,440

Regional Exposure



Sector Exposure



Brunel UK Active Equity – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. DIAGEO PLC	63.2	73.2
2. LEGAL & GENERAL GROUP PLC	65.6	69.2
3. ST JAMES'S PLACE PLC	67.4	77.1
4. AUTO TRADER GROUP PLC	67.3	27.8
5. BP PLC	62.1	68.9
6. MOLTEN VENTURES PLC	74.9	50.0
7. UNILEVER PLC	59.7	62.2
8. 3I GROUP PLC	63.7	29.3
9. ADMIRAL GROUP PLC	76.1	77.7
10. ASHTEAD GROUP PLC	62.0	67.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. GLENCORE PLC	52.5	70.8
2. IMPERIAL BRANDS PLC	47.4	37.0
3. RIO TINTO PLC	53.5	50.0
4. HISCOX LTD	27.4	27.1
5. HSBC HOLDINGS PLC	51.1	77.7
6. EXPERIAN PLC	42.8	72.7
7. GLAXOSMITHKLINE PLC	50.6	74.3
8. HIKMA PHARMACEUTICALS PLC	40.7	13.3
9. LANCASHIRE HOLDINGS LTD	15.3	29.6
10. ASTRAZENECA PLC	49.7	50.0

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	57.3	57.0
FTSE All Share (ex. Inv.)	56.9	57.1

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

Weighted Average Carbon Intensity (WACI)

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	2.9	3.1	10.7	16.7
FTSE All Sh. (ex. Inv)	4.0	4.0	16.1	19.8

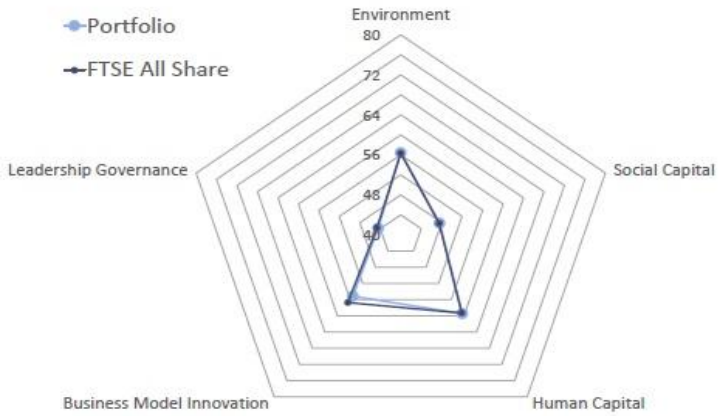
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **Diageo** (Food and beverage) ramps up investment into production of packaging plants. An additional £40 million investment to expand two of its existing plants is to commence immediately in order to meet demand for canned Guinness in both the domestic and export markets.
- **BP** (Energy) to exit 19.8% stake in Russia's Rosneft amid Ukraine invasion. The British oil and gas giant did not say how it planned to exit its stake, which it said would result in charges of up to $25 billion at the end of the first quarter.
- **Rio Tinto** (Mining) has reported its best-ever annual profit and a record full-year dividend of $16.8 billion, boosted by higher iron ore prices and strong demand from top consumer China.
- **Glencore** (Mining) joined fellow miner BHP in reporting improved earnings, although it said it has set aside $1.5 billion worth of provisions for regulatory probes in the US, UK and Brazil.

70% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
Brunel has engaged extensively to improve the carbon intensity and extractives exposure of this Portfolio which is now significantly below its benchmark.

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Emerging Market Equity

BRUNEL Pension Partnership

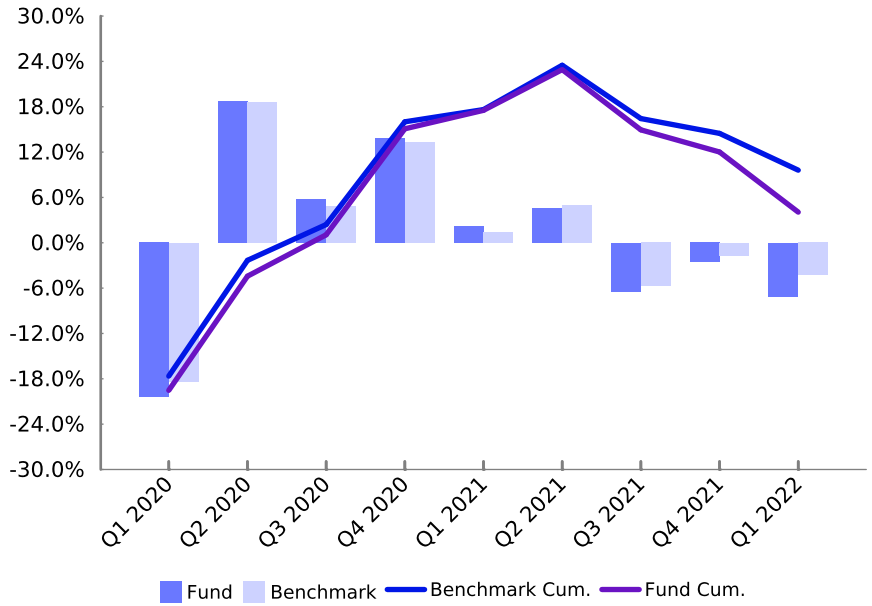
Overview

	Description
Portfolio Objective:	Provide exposure to emerging market equities, targeting excess returns and enhanced risk control from leading managers.
Investment Strategy & Key Drivers:	A geographically diverse portfolio, typically expected to achieve higher long-term growth rates than developed economies.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5% tracking error.
Total Fund Value:	£1,127,076,799

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-7.1%	-4.3%	-2.9%
Fiscal YTD	-11.5%	-6.8%	-4.6%
1 Year	-11.5%	-6.8%	-4.6%
3 Years			
5 Years			
10 Years			
Since Inception	1.7%	3.9%	-2.2%

Rolling Performance*



* Partial returns shown in first quarter

The start of 2022 was characterised by high levels of risk aversion across most major asset classes, as markets were caught off guard by the invasion of Ukraine. Emerging markets felt these pressures somewhat more than their developed peers, given that China – the largest emerging market constituent - refused to distance itself from Russia after the invasion. The invasion has caused major ramifications across global commodity markets, given Russia's status as a commodity superpower. Prices have risen significantly across the spectrum of commodity markets, from base metals to global agriculture; this has also drastically increased global inflation expectations and significantly lowered the growth outlook.

Outside of this issue, China's equity and bond markets have remained under significant pressure due to a multitude of other factors. Weakness in the property markets; the zero-COVID strategy; continuation of the common prosperity regulation campaign; and concerns over the potential delisting of Chinese ADRs from US exchanges proved major headwinds.

Emerging market equities – proxied by MSCI Emerging Markets - fell by 4.3% in GBP terms over the quarter. Whilst the overall fall was fairly modest, this masked a huge amount of dispersion at a sector and country level. The vast majority of sectors and countries lacking exposure to commodities fell

significantly, whereas commodity driven sectors appreciated in value.

The fund returned -7.1% on a net-of-fees basis, 284 basis points (bps) behind benchmark. The primary driver for this was the large underexposure to direct commodities and commodity-driven economies. Managers had very different experiences over the quarter. Genesis and Wellington underperformed by 549bps and 364bps, respectively. In contrast, Ninety One had a positive quarter vs benchmark, outperforming by 153bps.

• At a manager level, Genesis had by far the toughest quarter. The primary drivers were the significant underweight position in materials, underexposure to commodity-driven economies, and the overweight to Russian financial names going into the quarter. Ninety One had the lowest exposure in Russia – Russia exposures were marked down by 100% – as well as the highest exposure to materials vs other managers; this balance drove almost all of their outperformance. Wellington's underperformance was mostly driven by an overweight position in Russia, along with underexposure in commodity-driven economies such as Saudi Arabia and the United Arab Emirates.
• The most significant stock-level drivers were Russian names, after they were marked down 100% by index vendors such as MSCI. The portfolio had overweight positions of 70bps and 100bps in Yandex and Sberbank respectively. This detracted almost 100bps alone from relative performance. Other significant detractors included commodity-driven names such as Vale and Petrobras, which appreciated by +53% and +39% respectively; the fund is underweight both of these positions. On the positive side, an underweight position in Meituan – a Chinese shopping platform – added +27bps to relative performance after the stock fell by 29%.
• Sectors showed a large amount of dispersion last quarter. Materials and Financials were the standout performers, returning +6% and +9% respectively. Rising commodity prices helped materials, most notably crude oil, nickel and palladium, where Russia is a big supplier. These commodities increased by +37%, +64% and +22% respectively in GBP terms last quarter. The fund is 3% underweight materials vs benchmark, which detracted from relative performance. The fund is also overweight in the consumer staples and consumer discretionary sectors, which fell by 5% and 14%, respectively. These sectors faced enormous headwinds from rising costs and a slowdown in China.
• Country-level returns were almost entirely driven by their exposure to commodities. Commodity exporters in Latin America and the Middle East were by far the strongest performers. For example, MSCI Latin America – a proxy for the Latin American subset in emerging markets – returned a staggering 31% over the quarter. Middle Eastern economies pretty much all returned in excess of 20%. In contrast, areas like emerging Europe and emerging Asia fared far worse, depreciating by 70% and 6% respectively. The fund is significantly underweight regions such as Latin America and the Middle East, which arguably drove the majority of the portfolio's underperformance. Regarding Russia, the fund had a similar weighting to benchmark prior to the escalation; the total impact from Russia on relative performance was -25bps.
• Styles were bifurcated last quarter. Value and Low Volatility were the only significant performers, outperforming the broader index by over 3% each, whereas Growth stocks underperformed the broader market by 3.5%. The fund is generally style-neutral, with a modest tilt towards Quality; however, the lack of exposure to Value did cost the portfolio 60bps of relative performance
• Since-inception performance remains negative. At quarter-end, the portfolio had returned +1.7% on an annualised basis net of fees; this remained behind the equivalent benchmark return of +3.9%.

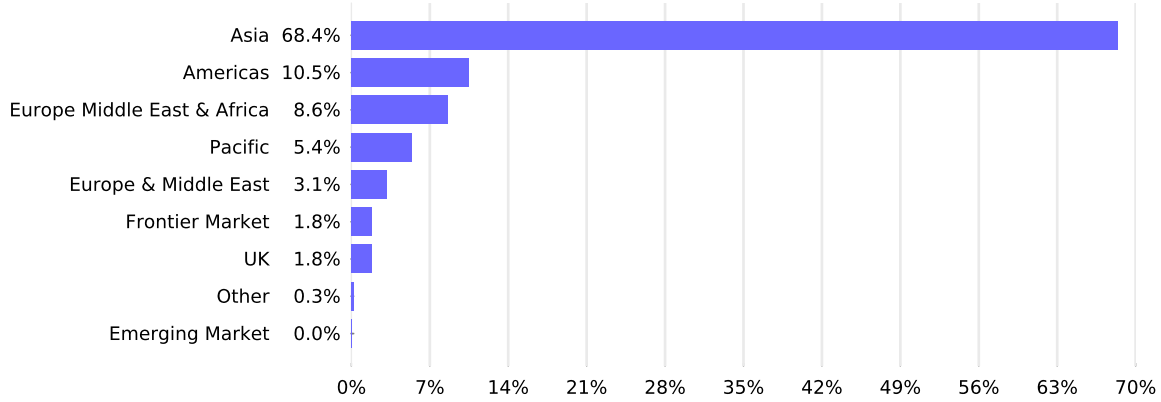
Brunel Emerging Market Equity – Region & Sector Exposure

BRUNEL Pension Partnership

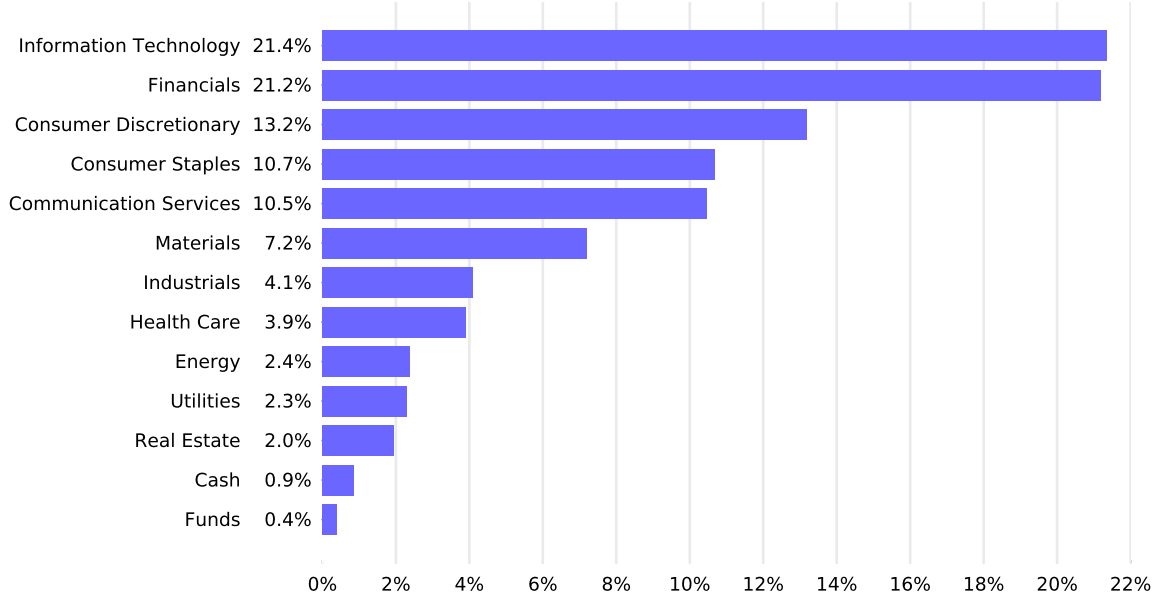
Top 20 Holdings

	Mkt. Val.(GBP)
TAIWAN SEMICONDUCTOR MANUFAC	93,509,453
TENCENT HOLDINGS LTD	51,107,650
SAMSUNG ELECTRONICS CO LTD	39,624,509
AIA GROUP LTD	25,137,109
INFOSYS LTD-SP ADR	17,183,575
ALIBABA GROUP HOLDING LTD	15,376,383
MEDIATEK INC	14,064,527
BID CORP LTD	13,043,141
BANK CENTRAL ASIA TBK PT	11,835,108
CONTEMPORARY AMPEREX TECHN-A	11,636,035
CHINA CONSTRUCTION BANK-H	11,556,439
SAMSUNG ELECTRONICS-PREF	11,399,088
RELIANCE INDUSTRIES LTD	11,048,833
ALIBABA GROUP HOLDING-SP ADR	10,696,984
WALMART DE MEXICO SAB DE CV	10,671,636
FIRSTRAND LTD	10,105,176
CHINA LONGYUAN POWER GROUP-H	10,041,802
ANGLO AMERICAN PLC	9,960,832
HDFC BANK LTD-ADR	9,539,507
JD.COM INC-ADR	9,186,770

Regional Exposure



Sector Exposure



Brunel Emerging Market Equity – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. TAIWAN SEMICONDUCTOR MANUFACTURIN	59.6	31.6
2. MEDIATEK INC	70.8	79.5
3. INNER MONGOLIA YILI INDUSTRIAL GROUP C	75.0	58.0
4. RELIANCE INDUSTRIES LTD	66.7	85.3
5. AIA GROUP LTD	63.4	79.9
6. CHINA LONGYUAN POWER GROUP CORP LTD	71.2	68.2
7. CONTEMPORARY AMPEREX TECHNOLOGY CC	68.0	69.1
8. CROMPTON GREAVES CONSUMER ELECTRICA	78.7	24.4
9. HOUSING DEVELOPMENT FINANCE CORP LTD	67.7	85.2
10. SANLAM LTD	67.7	72.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. VALE SA	44.4	77.0
2. GRUPO MEXICO SAB DE CV	45.1	68.7
3. NETEASE INC	52.1	81.2
4. HIKMA PHARMACEUTICALS PLC	40.7	13.3
5. ICICI BANK LTD	40.5	30.3
6. ANTA SPORTS PRODUCTS LTD	41.0	72.9
7. ALIBABA GROUP HOLDING LTD	49.3	56.4
8. KIMBERLY-CLARK DE MEXICO SAB DE CV	22.4	13.7
9. SAMSUNG ELECTRONICS CO LTD	53.0	76.3
10. TENCENT HOLDINGS LTD	50.1	74.5

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	56.4	57.5
MSCI EM	56.9	57.8

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

Weighted Average Carbon Intensity (WACI)

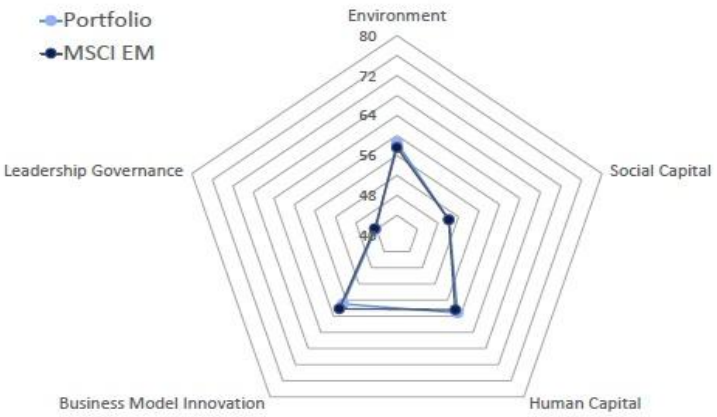
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	1.3	0.7	3.9	5.1
MSCI EM	3.3	2.5	7.8	7.3

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Vale** (Mining) will sign an agreement with local authorities requiring the Brazilian miner to pay $46 million for failing to meet a legal deadline to decommission its tailings dams in the state of Minas Gerais, a month after the Brumadinho disaster that killed 270 people.
- **AIA Group** (Insurance) says it will boost exposure to Asian infrastructure 'as much as possible'. The insurer has divested its directly managed listed equities and fixed income exposure to coal mining and generation businesses seven years ahead of schedule.
- **Reliance Industries** (Energy) has won a bid to receive incentives under India's $2.4 billion battery programme in order to incentive companies to make battery cells locally.
- **China Longyuan Power** (Electric Utilities) reports a 21.7% rise in net profits in 2021 and has listed A shares in China after the acquisition of Inner Mongolia Pingzhuang.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The weighted average carbon intensity of the portfolio and benchmark saw a slight decline over the quarter. The portfolio remains significantly below its benchmark, the MSCI Emerging Markets, for both extractives revenue exposures and extractive industries value of holdings.

Brunel Smaller Companies Equities

BRUNEL
Pension Partnership

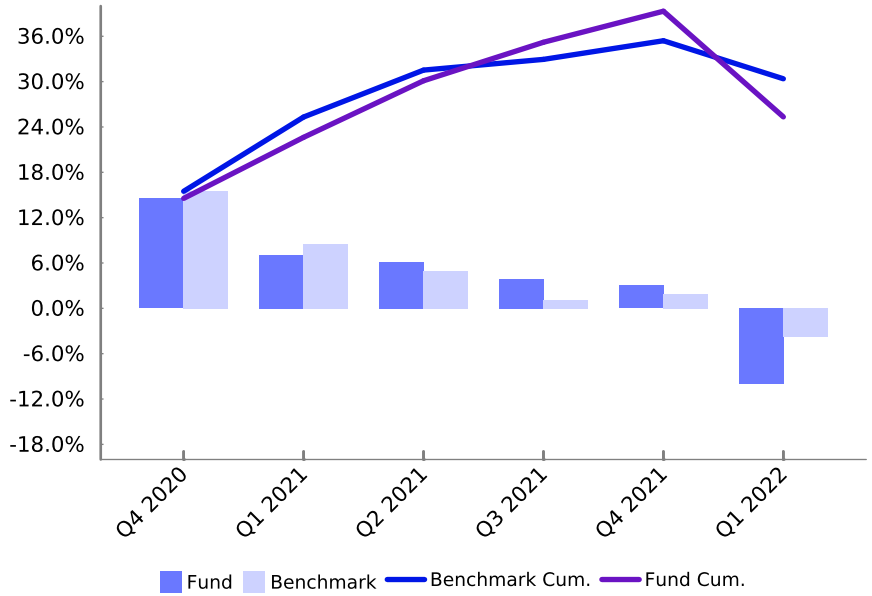
Overview

	Description
Portfolio Objective:	To provide exposure to global small capitalisation company equities together with excess returns from manager skill.
Investment Strategy & Key Drivers:	Actively managed, diversified by geography. Small capitalisation companies will be as defined by the relevant index provider.
Liquidity:	Managed liquidity. Traditionally lower than broader market.
Risk/Volatility:	High to very high absolute risk with moderate to high relative risk, around 5%.
Total Fund Value:	£858,882,605

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-10.0%	-3.7%	-6.3%
Fiscal YTD	2.2%	4.0%	-1.8%
1 Year	2.2%	4.0%	-1.8%
3 Years			
5 Years			
10 Years			
Since Inception	16.3%	19.4%	-3.1%

Rolling Performance*



* Partial returns shown in first quarter

Over the quarter, as inflation news surprised, and central banks turned more hawkish, global small cap stocks declined and Value outperformed Growth significantly. This sharp rotation towards Value stocks, which continued throughout the first quarter of 2022 (albeit at a lesser pace than during January), resulted in the notable underperformance of Growth stocks in the small cap market. Quality stocks also underperformed relative to their lower quality peers. As the potential for rising interest rates drove a style rotation, volatility rose. A further contributor to rising volatility was the crisis in Ukraine, which impacted investor sentiment and contributed to further global growth uncertainty, supply chain disruption and inflationary pressures.

The Global Small Cap Equity portfolio returned -9.9% over the first quarter of 2022, underperforming the benchmark (MSCI World Small Cap index) by 6.2%.

• Risk attribution showed that the underperformance over the quarter was largely a result of the portfolio's overall bias towards Growth and Quality, as Value outperformed Growth strongly. High-quality stocks underperformed relative to low-quality stocks, which also hurt relative performance, given the portfolio's overall bias toward Quality. The most carbon-intensive stocks in the index also outperformed significantly, - the portfolio is underweight such stocks.

Brunel Smaller Companies Equities

• Sector attribution demonstrated that the underperformance was almost entirely driven by stock selection, which was weakest in the Healthcare and Technology sectors. The portfolio's underweight to the Energy sector also detracted, as Energy outperformed strongly over the quarter.

• Country attribution showed a negative impact from being overweight Europe, as European stocks were the hardest hit over the quarter. The underweight to the US also negatively impacted relative returns.

In terms of the individual managers, performance was mixed:
• Montanaro experienced the most significant underperformance, returning -17.3% in absolute terms and -13.6% relative to the benchmark. Given Montanaro has the most significant bias towards Quality Growth, the underperformance over the quarter was not unexpected, given the market environment. In particular, the significant style rotation from Growth to Value, as well as the outperformance of low-quality stocks relative to high-quality stocks, drove the underperformance over the quarter. Stock selection in Healthcare, Industrials and Technology sectors particularly detracted over the quarter.

• American Century returned -10.4% over the period, equating to -6.7% in relative terms, as the sharp rotation to Value stocks also impacted American Century's approach, which is biased towards Growth. Financial holdings particularly detracted, as American Century was positioned in Growth-oriented names rather than in those expected to benefit from rising rates.

• Kempen returned -1.3%, outperforming the benchmark by 2.5% over the quarter. Kempen has significant exposure to the Value factor, which provided a tailwind for performance. Kempen is also less concentrated in the Technology and Healthcare sectors than Montanaro and American Century, which benefited relative returns. Kempen's significant focus on lower valuations has been favoured in an environment where the prospect of rising interest rates has impacted the valuation of high-growth, high duration assets.

Over the quarter, there were no client trades. The total portfolio AUM was £871.2m at the end of the quarter.

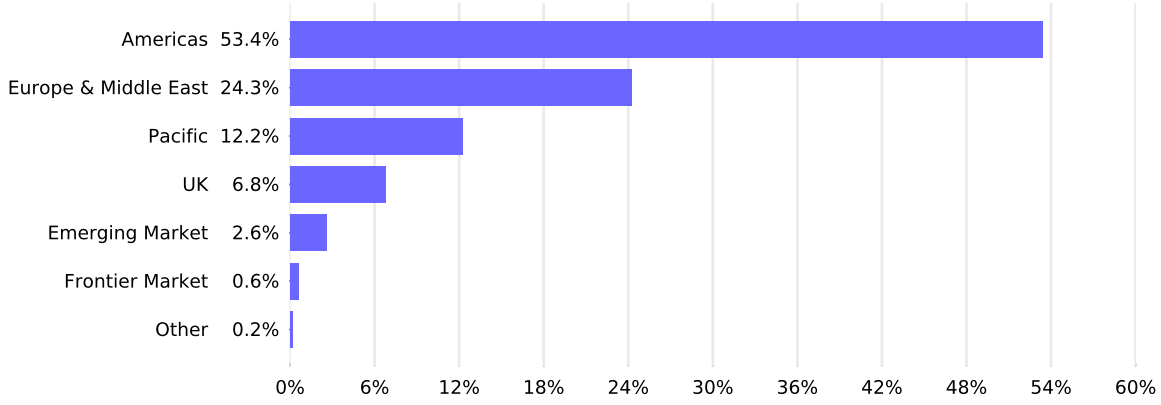
Brunel Smaller Companies Equities – Region & Sector Exposure

BRUNEL Pension Partnership

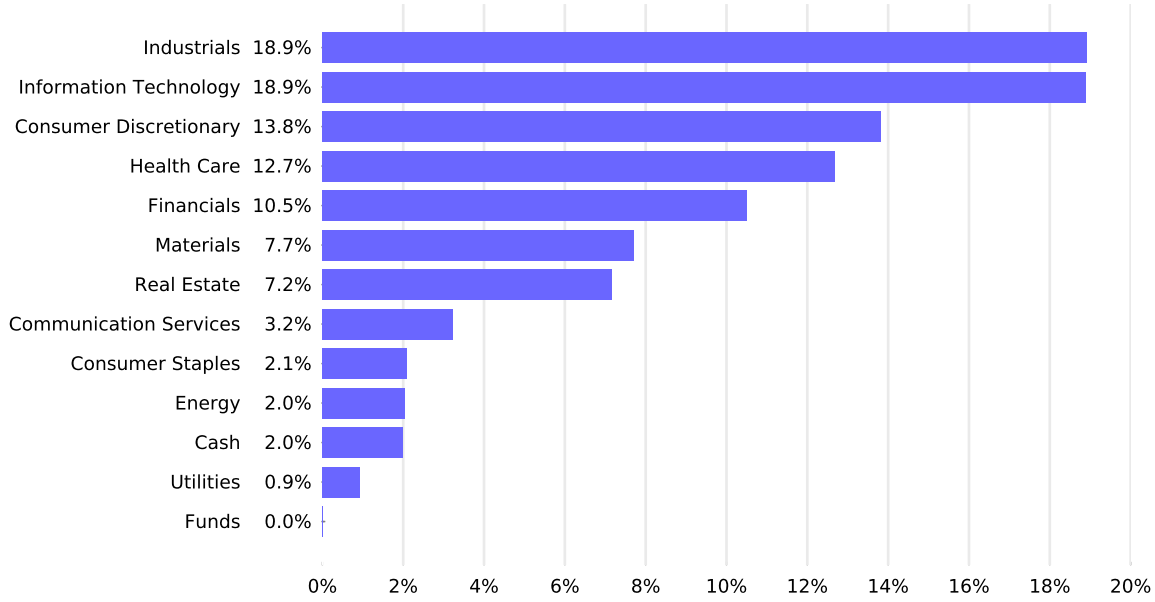
Top 20 Holdings

	Mkt. Val.(GBP)
ASR NEDERLAND NV	10,915,329
NOVA LTD	10,731,851
WINTRUST FINANCIAL CORP	10,365,387
FUJITEC CO LTD	10,096,900
FORTNOX AB	10,022,482
ICON PLC	9,251,237
BEFESA SA	8,731,096
ULVAC INC	8,715,011
BRUNSWICK CORP	8,653,075
JABIL INC	8,601,142
SOLAREDGE TECHNOLOGIES INC	8,576,177
DENA CO LTD	8,553,394
CSW INDUSTRIALS INC	8,471,293
PRO MEDICUS LTD	8,337,045
TECHNOLOGY ONE LTD	7,833,992
TYLER TECHNOLOGIES INC	7,431,057
WEST FRASER TIMBER CO LTD	7,303,287
TECHTARGET	7,206,062
THERMON GROUP HOLDINGS INC	7,073,801
PAYLOCITY HOLDING CORP	7,028,494

Regional Exposure



Sector Exposure



Brunel Smaller Companies Equities – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. BRUNSWICK CORP/DE	76.1	33.0
2. TRICON RESIDENTIAL INC	77.2	50.0
3. PAYLOCITY HOLDING CORP	74.7	70.3
4. ASR NEDERLAND NV	68.3	25.9
5. BOARDWALK REAL ESTATE INVESTMENT TRU	78.0	87.2
6. JABIL INC	67.1	78.5
7. RYMAN HOSPITALITY PROPERTIES INC	72.5	68.5
8. WNS HOLDINGS LTD	77.8	35.1
9. MARSHALLS PLC	68.1	63.5
10. ENERSYS	69.5	57.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. DENA CO LTD	52.3	33.2
2. SBANKEN ASA	32.5	15.4
3. MERIDIAN BIOSCIENCE INC	41.0	18.4
4. TENABLE HOLDINGS INC	42.8	22.0
5. HIKMA PHARMACEUTICALS PLC	40.7	13.3
6. SLEEP NUMBER CORP	37.6	7.8
7. BAWAG GROUP AG	41.5	19.2
8. RENAISSANCERE HOLDINGS LTD	19.7	20.0
9. ICON PLC	44.0	19.9
10. FUJITEC CO LTD	44.5	64.8

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	58.6	59.0
MSCI World Small Cap	58.8	59.0

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	1.3	1.4	1.7	2.9
MSCI W. Sm. Cap	3.4	3.1	3.5	5.0

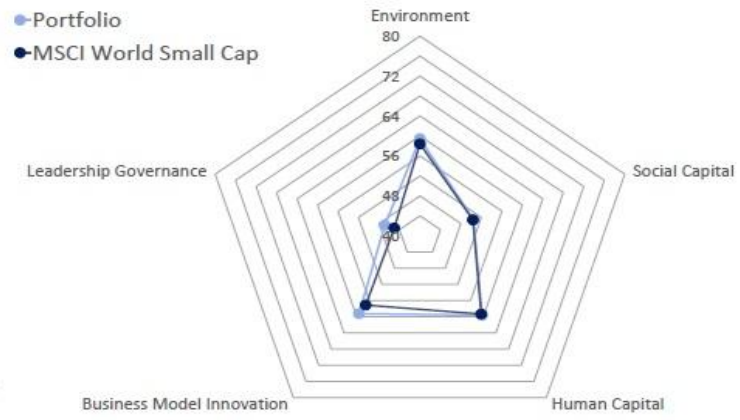
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **EnerSys** (Battery technology) has strengthened its portfolio to now include ODYSSEY PRO batteries, engineered with an advanced carbon additive for more reserve capacity (up to 10 percent) and longer cycle life.
- **Jabil Inc** (Manufacturing technology) announced the reinvention of its wipes container. The wipes container is 30% smaller than comparable rigid plastic alternatives but holds the same amount of wipes; its strength also reduces the need for excessive secondary packaging.
- **WNS** (Lifecycle management) reported a 10.6% rise in its quarterly profit that ended December 2021. Year-over-year, profit increased as a result of revenue growth, favourable currency movements net of hedging, higher net interest income, and a lower effective tax rate.
- **Ryman Hospitality Properties** (Real estate), USA's largest private owner and operator of manufactured home communities, announces its acquisition of six manufactured home communities in North Carolina.

60% of the bottom 10 ESG detractors are covered by engagement or specific voting activities. Holding size, scope for impact and opportunities for collaborative engagement are all inputs into engagement plans. We therefore see higher coverage rates for our large cap Portfolios.
The carbon intensity of this Portfolio fell over the quarter and remains significantly below benchmark. The Portfolio also outperforms across Social and Human Capital ESG score categories vs its benchmark.

Absolute Weighted ESG Scores



uValue Labs & SASB

Brunel Diversifying Returns Fund

BRUNEL
Pension Partnership

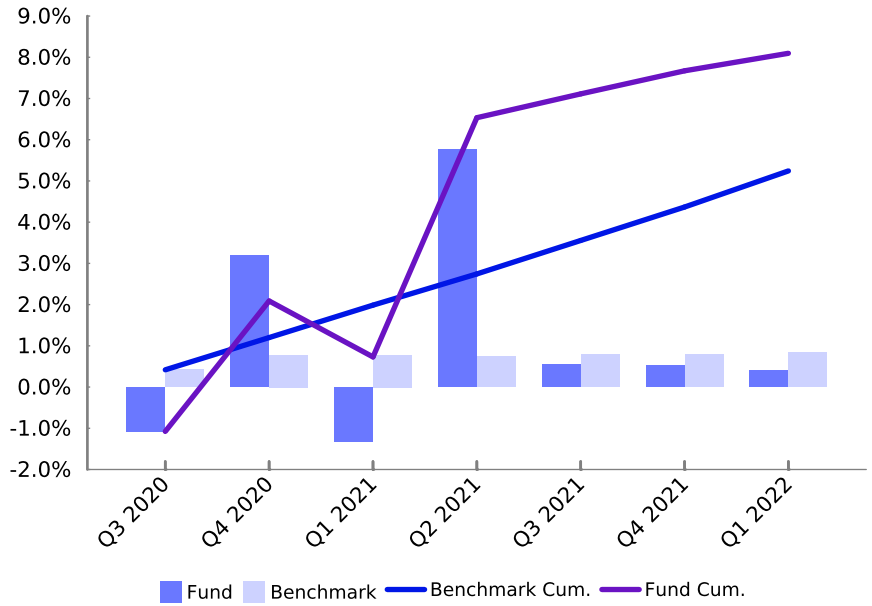
Overview

	Description
Portfolio Objective:	Provide exposure to a range of alternative return drivers and a degree of downside protection from equity risk.
Investment Strategy & Key Drivers:	Actively managed to achieve growth at moderate absolute risk, diversified between asset classes and by geography.
Liquidity:	Managed Liquidity.
Risk/Volatility:	Moderate absolute risk against cash.
Total Fund Value:	£1,691,673,310

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	0.4%	0.8%	-0.4%
Fiscal YTD	7.3%	3.2%	4.1%
1 Year	7.3%	3.2%	4.1%
3 Years			
5 Years			
10 Years			
Since Inception	4.9%	3.2%	1.7%

Rolling Performance*



* Partial returns shown in first quarter

The Diversifying Returns Fund returned 0.4% over the first quarter of 2022. The benchmark return was 0.8%. The portfolio returned 7.3% for the year ending 31 March 2022, outperforming the benchmark, which returned 3.2%. The individual managers all made a positive contribution to returns over the year. It is pleasing to note different managers have performed well at different times, as market conditions have changed.

• JPM returned 2.1% for the quarter. The largest positive contributions to return came from the equity value and fixed income trend signals. Commodity trend and carry signals also delivered positive performance. With the exception of value, equity signals contributed negatively to returns, as did the fixed income carry signals.

• Lombard Odier returned -2.3% over the quarter. Commodity exposure generated positive returns for the period, but performance was negative across other asset classes. Sovereign bond and developed market equity exposure made the largest negative contributions to performance.

• UBS had a strong quarter, returning 8.2%. The biggest contributor to performance was the long position in the Brazilian real. A long position in the

Brunel Diversifying Returns Fund

Norwegian kroner also contributed positively to performance. Positive exposure to the Japanese yen detracted from performance. Short exposure to the US, Canadian, New Zealand and Australian dollars also made a negative contribution to returns.

• William Blair lost 3.0% in the fourth quarter, with beta exposure to equities and fixed income contributing to the negative performance. The security selection component of the strategy, which has a pro Quality/Growth tilt, also made a negative contribution to returns as the back-up in rates helped Value outperform Qualityand Growth. Long exposure to emerging market currencies made a positive contribution to returns.

Brunel Multi-Asset Credit

BRUNEL
Pension Partnership

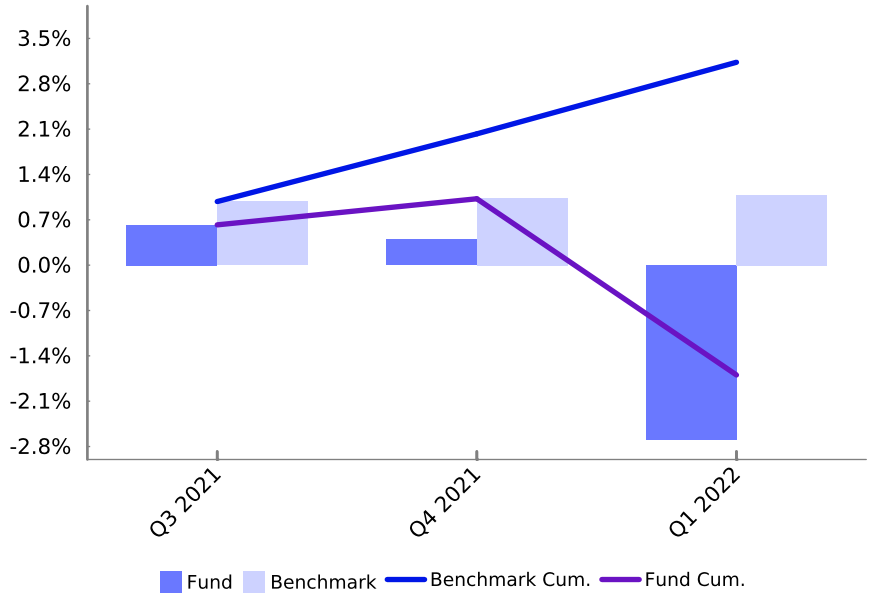
Overview

	Description
Portfolio Objective:	To gain exposure to a diversified portfolio of enhanced credit opportunities with modest exposure to interest rate risk.
Investment Strategy & Key Drivers:	Exposure to specialised, higher yielding bond sectors which provide diversified credit driven returns.
Liquidity:	Managed liquidity
Risk/Volatility:	Moderate absolute and relative risk with high relative risk vs cash.
Total Fund Value:	£2,318,327,115

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-2.7%	1.1%	-3.8%
Fiscal YTD			
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	-1.7%	3.1%	-4.8%

Rolling Performance*



* Partial returns shown in first quarter

The beginning of 2022 proved torrid for most risk assets. Equities and corporate credit sold off simultaneously, whilst sovereign bonds – normally a safe haven – followed suit and depreciated in value. The driver of this risk-off environment was twofold. Firstly, the market reacted to the impact of Russia's invasion of Ukraine, which placed economic and inflationary uncertainties on corporates; secondly, increasingly hawkish monetary policy actions were announced by the US to combat persistently high levels of inflation observed, which impacted sovereign yields. Inflation levels rose to alarmingly high levels across developed markets during Q1 2022; the United States and United Kingdom had year-on-year CPI prints of +7.9% and +6.1%, respectively.

The invasion of Ukraine increased volatility in corporate and sovereign credit. Spreads widened across most sub-investment grade corporate credit in the immediate aftermath of the invasion. Most notably, emerging market corporates – proxied by Bloomberg Emerging Markets USD Aggregate Corporates – saw option-adjusted spreads widen by over 100bps to a peak of around 480bps by early March.

Monetary policy fuelled large increases in yields during the last quarter, particularly in the United States. With inflation rising, the Federal Reserve became increasingly hawkish despite the mounting geopolitical risk. In March, the central bank not only hiked the federal funds rate by +25bps, the first time since

2018. It also indicated that it would consider increasing interest rates by a greater magnitude at future meetings and soon begin to reduce its $9 trillion balance sheet, which has ballooned since the onset of the pandemic. In all, these moves resulted in the US 2-year treasury yield – a policy-sensitive rate – moving from 0.73% to 2.29% in a single quarter. An upward move of this magnitude has rarely occurred in the last 20 years. Market participants were also alarmed by the change in shape of the US yield curve, as the 10-year minus 2-year yield spread collapsed to zero; this fuelled speculation of an imminent recession. It was a similar story in the United Kingdom, albeit in lower magnitude, where the 2-year gilt yield moved from 0.67% to 1.37% during Q1 2022, after the Bank of England hiked the base rate by 50 basis points to 0.75%. The portfolio has large exposure to the shorter end of the yield curve; hence, the movement in short rates detracted from fund performance, despite the modest duration of 2.7 years heading into the quarter.

All major asset classes within the sub-investment grade space fell during Q1 2022. There was a clear distinction between fixed and floating rate assets, with the latter performing significantly better, given the rising rate environment. Global High Yield - proxied by Bloomberg Global High Yield Corporates - fell roughly 5% in local terms over the quarter. Shorter durations in this space accompanied by slightly wider spreads – an increase of roughly 40bps - proved highly detrimental. Loans, a floating rate asset with near-zero duration, were relatively flat on the quarter; the S&P/LSTA US Leveraged Loan Index – a loan proxy - ended the quarter down 0.2% in GBP-hedged terms. Some of the more niche areas in sub-investment grade credit also struggled; notable examples included emerging market debt, subordinated bank capital and convertible bonds, which fell by over 5%.

The portfolio was fairly well-positioned heading into this environment, given the significant exposure to floating rate assets and underexposure to some of the worst-performing areas in credit like emerging market debt and convertible bonds. The fund held roughly a third of its assets in floating rate securities in the form of loans and collateralised loan obligations. Emerging market debt and convertibles were held in modest amounts, totalling approximately 7% and 1%, respectively. However, the portfolio was not immune from the impacts of rising rates; this was most notable in the high yield bond portion of the portfolio, which accounted for approximately 40% of the portfolio, going into Q1 2022.

The fund returned -270bps during Q1 2022 in GBP terms, which was behind the SONIA+4% benchmark, which returned +108bps. This is not surprising, given that all credit assets fell simultaneously during the last quarter. The secondary benchmark – a 50:50 split of loans and high yield – fell by 272 basis points (bps) over the same period, which was almost exactly in line with the portfolio. All three managers produced negative returns in this environment, but there were significant differences between them. Neuberger, CQS and Oaktree fell by 318bps, 170bps and 222bps respectively. CQS's stronger performance was driven by its larger floating rate allocation, which totalled over 60% going into Q1 2022. In contrast, Neuberger Berman holds far more fixed rate assets, which sold off as a result of rate rises; Neuberger has the largest allocation to high yield – a fixed rate asset – as it made up approximately 50% of their portfolio heading into the quarter.

Since-inception performance is now -170bps, behind the SONIA+4% benchmark, which returned +313bps. The portfolio remained comfortably ahead of the secondary benchmark at quarter-end; the latter had returned -246bps since inception.

Passive Developed Equities

BRUNEL Pension Partnership

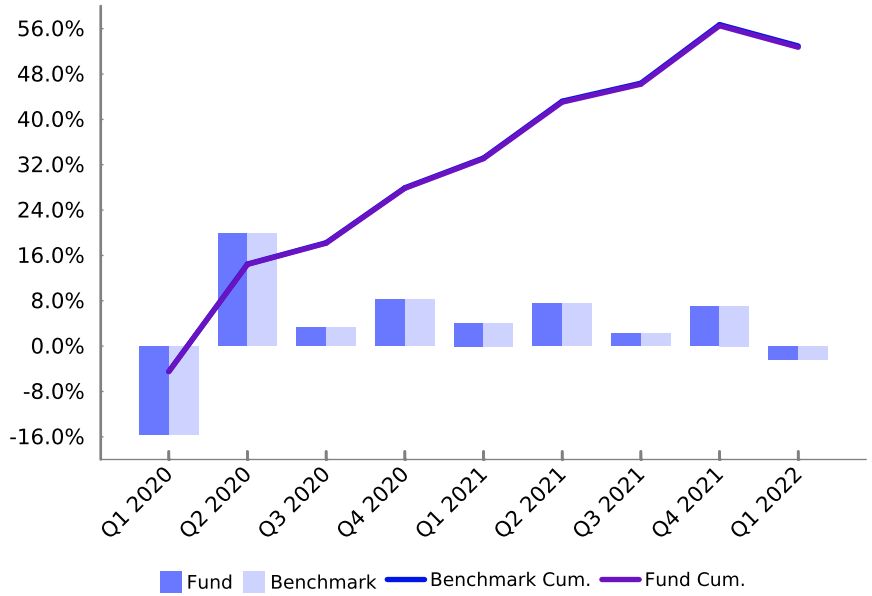
Overview

	Description
Portfolio Objective:	Provide exposure to FTSE Developed World using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Geographically diversified range of equities.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£1,947,573,928

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-2.4%	-2.4%	0.0%
Fiscal YTD	14.8%	14.8%	-0.1%
1 Year	14.8%	14.8%	-0.1%
3 Years	14.8%	14.9%	0.0%
5 Years			
10 Years			
Since Inception	12.1%	12.2%	0.0%

Rolling Performance*



* Partial returns shown in first quarter

• Passive Developed Equities returned -2.4% in the first quarter of 2022 and 14.8% over year to end-March. The fund closely replicated the FTSE Developed World Index, which also returned -2.4% and 14.8%.

• The unhedged porfolio outperformed the hedged product, which returned -4.4% over the quarter, as the GBP decreased in value relative to several other currencies.

• Rising interest rates had a negative impact on the market, resulting in negative returns in developed markets for the first quarter since the Covid-19 market crash.

• Most sectors provided negative returns, with positive returns from only Energy, Basic Materials and Utilities. The Technology sector was the worst-performing sector and is the index's largest sector, thus negatively impacting returns.

Passive Developed Equities (Hedged)

BRUNEL Pension Partnership

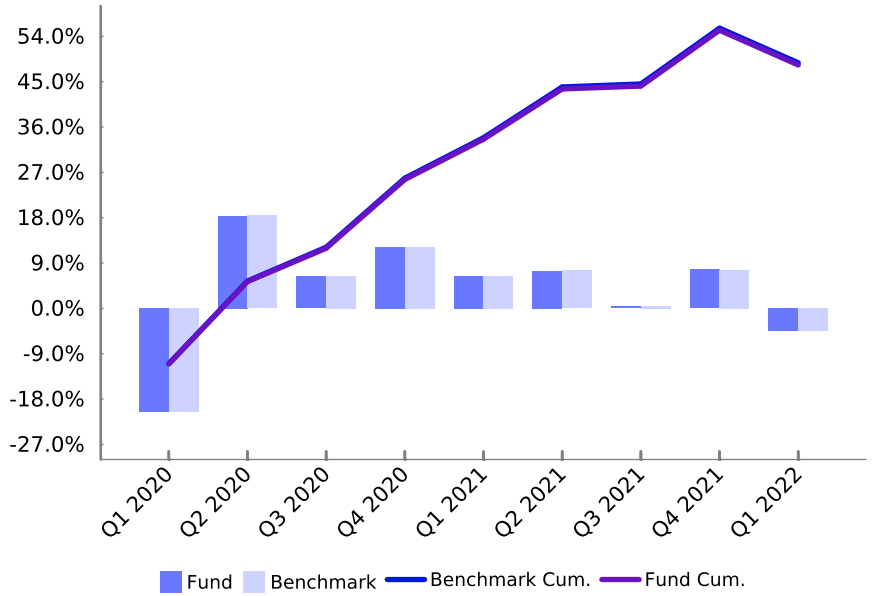
Overview

	Description
Portfolio Objective:	Provide exposure to FTSE Developed World using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Geographically diversified range of equities.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£621,808,991

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-4.4%	-4.4%	0.0%
Fiscal YTD	11.0%	11.1%	-0.1%
1 Year	11.0%	11.1%	-0.1%
3 Years	14.2%	14.3%	-0.1%
5 Years			
10 Years			
Since Inception	11.2%	11.3%	-0.1%

Rolling Performance*



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• The unhedged porfolio outperformed the hedged product, which returned -4.4% over the quarter, as the GBP decreased in value relative to several other currencies.

• Rising interest rates had a negative impact on the market, resulting in negative returns in developed markets for the first quarter since the Covid-19 market crash.

• Most sectors provided negative returns, with positive returns from only Energy, Basic Materials and Utilities. The Technology sector was the worst-performing sector and is the index's largest sector, thus negatively impacting returns.

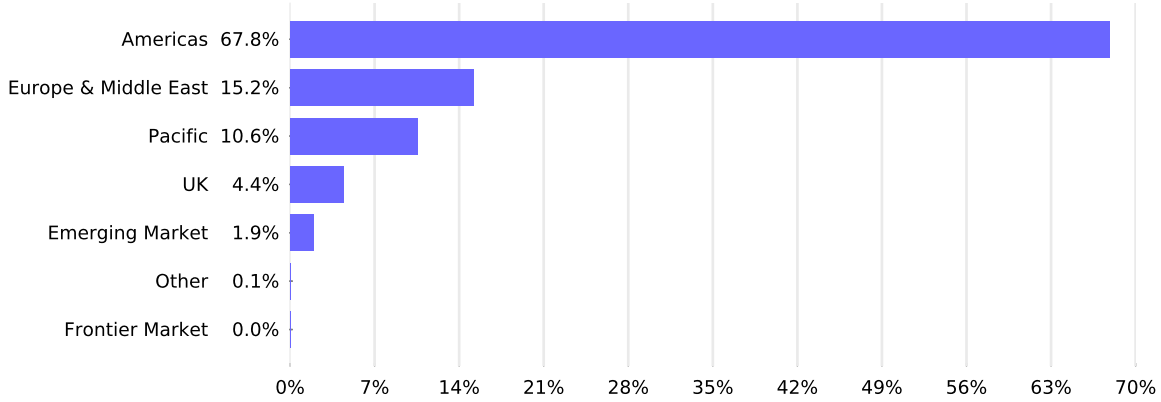
Passive Developed Equities – Region & Sector Exposure

BRUNEL Pension Partnership

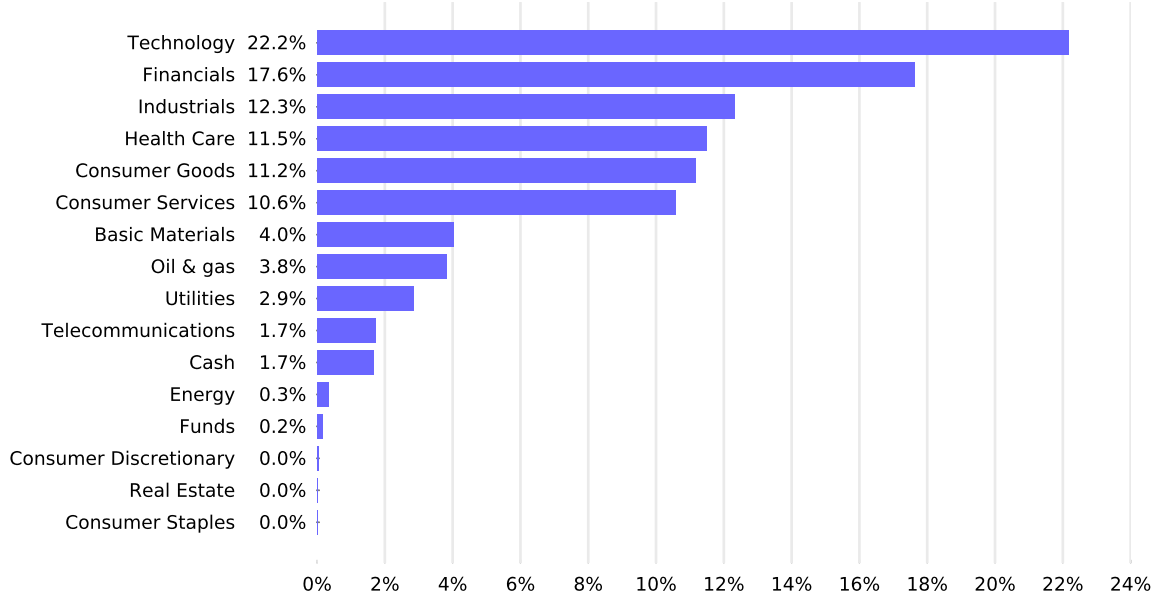
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	112,761,768
MICROSOFT CORP	97,211,974
AMAZON.COM INC	59,198,420
TESLA INC	37,524,043
ALPHABET INC-CL A	35,001,766
ALPHABET INC-CL C	32,324,769
NVIDIA CORP	27,311,316
META PLATFORMS INC-CLASS A	21,456,182
UNITEDHEALTH GROUP INC	20,071,915
JOHNSON & JOHNSON	19,537,463
BERKSHIRE HATHAWAY INC-CL B	19,281,102
JPMORGAN CHASE & CO	16,745,816
VISA INC-CLASS A SHARES	15,395,280
PROCTER & GAMBLE CO/THE	15,385,319
NESTLE SA-REG	14,787,735
EXXON MOBIL CORP	14,633,373
CHEVRON CORP	13,179,852
HOME DEPOT INC	13,079,238
MASTERCARD INC - A	12,907,252
BANK OF AMERICA CORP	12,261,768

Regional Exposure



Sector Exposure



Passive Developed Equities – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. NEXTERA ENERGY INC	69.4	41.0
2. HONEYWELL INTERNATIONAL INC	71.3	78.6
3. LINDE PLC	66.8	72.7
4. NESTLE SA	59.8	60.9
5. TEXAS INSTRUMENTS INC	65.4	68.6
6. ASML HOLDING NV	61.6	29.3
7. SALESFORCE.COM INC	62.7	70.9
8. TOYOTA MOTOR CORP	61.7	60.2
9. TOTALENERGIES SE	67.4	65.9
10. PEPSICO INC	61.3	70.6

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. TESLA INC	52.0	26.5
2. BROADCOM INC	45.0	66.0
3. ADOBE INC	41.9	17.5
4. ABBVIE INC	38.3	18.6
5. AMAZON.COM INC	50.4	59.8
6. META PLATFORMS INC	42.4	52.1
7. JOHNSON & JOHNSON	36.3	21.6
8. ALPHABET INC	45.7	59.5
9. APPLE INC	47.7	61.5
10. MICROSOFT CORP	46.1	31.6

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	54.7	54.6
Passive Dev Equities	54.7	54.6

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)

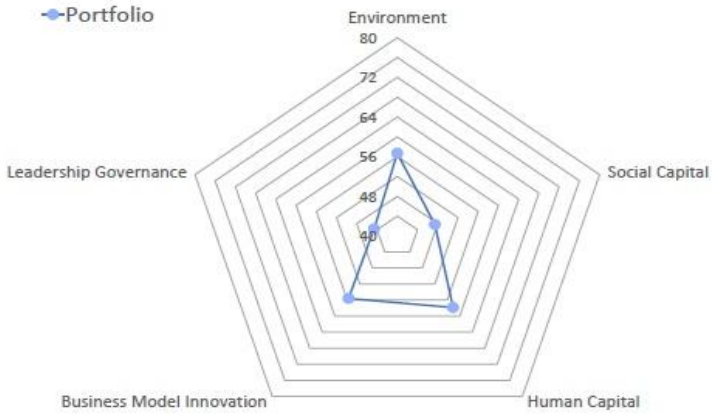
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	2.7	2.7	5.1	6.3
Passive Dev EQ	2.7	2.7	5.1	6.3

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Amazon** (Consumer goods) has increased its renewable capacity in Spain to 1.4GW with five new projects. The E-commerce giant has also launched its first ever electric heavy goods vehicle fleet in the UK as it continues to work towards Amazon Fresh being the first Net-Zero carbon grocery store.
- **Johnson and Johnson** (Pharmaceuticals) has settled a litigation by West Virginia for $99 million to settle claims that it helped fuel an opiod addiction crisis in the state.
- **Nestle's** (Food and beverage) health science division is buying a majority stake in Orgain, a maker of protein powders, shakes and bars, for an undisclosed amount. nestle has undergone a transformation in recent years to increase growth in healthier food and products.
- **Pepsico** (Beverages) has partnered with N-Drip (an Isreali irrigation company) to assist farmers who work with Pepsico with water conservation technology. The N-Drip technology reduces energy requirements in irrigation by up to 70%.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The carbon intensity of the portfolio and benchmark increased this quarter. This was due to the spike in the oil price leading to oil, gas and energy names rising sharply.

Passive UK Equities

BRUNEL Pension Partnership

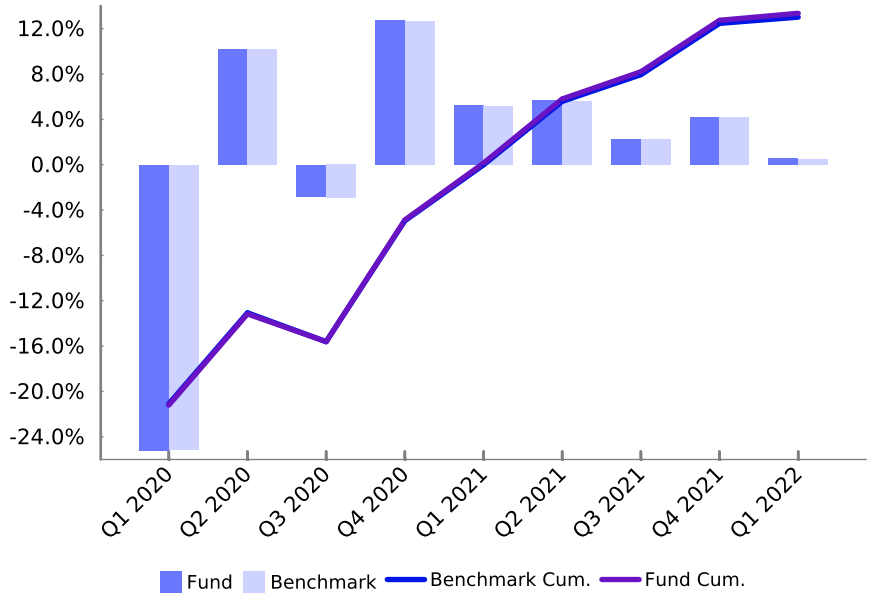
Overview

	Description
Portfolio Objective:	Provide exposure to FTSE All Share using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Invest passively in securities underlying the FTSE All Share. Provide long term growth
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£121,452,473

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	0.5%	0.5%	0.1%
Fiscal YTD	13.2%	13.0%	0.2%
1 Year	13.2%	13.0%	0.2%
3 Years	5.4%	5.3%	0.1%
5 Years			
10 Years			
Since Inception	3.4%	3.3%	0.1%

Rolling Performance*



* Partial returns shown in first quarter

Over the quarter, the benchmark 10-year gilt yield rose significantly from 0.97% to 1.61%, an increase of 64 basis points. There was a minor respite in the upward trend following the Russian invasion of Ukraine, but concern about inflation and more hawkish central bank rhetoric meant that the fall in yields proved to be temporary. This led gilts to return -7.17% on an all-maturities basis.

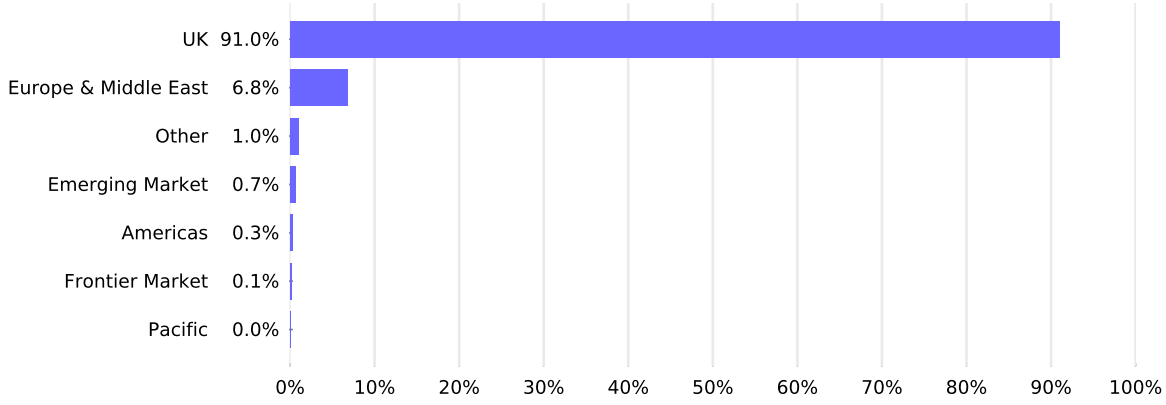
Passive UK Equities – Region & Sector Exposure

BRUNEL Pension Partnership

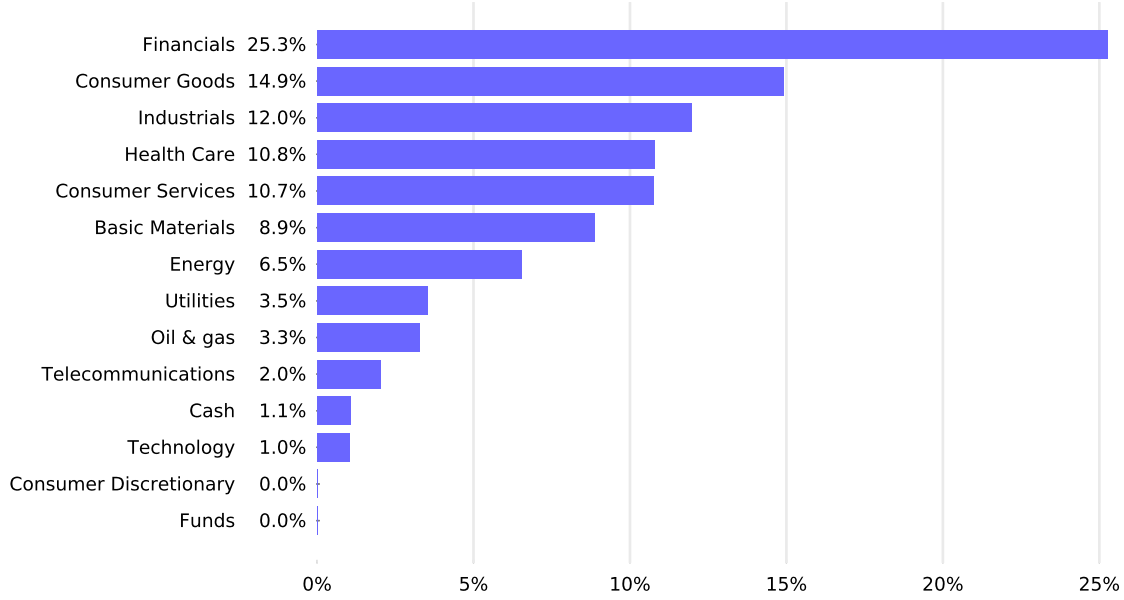
Top 20 Holdings

	Mkt. Val.(GBP)
SHELL PLC	7,922,095
ASTRAZENECA PLC	7,498,041
HSBC HOLDINGS PLC	5,273,660
DIAGEO PLC	4,357,157
UNILEVER PLC	4,334,514
GLAXOSMITHKLINE PLC	4,000,758
BRITISH AMERICAN TOBACCO PLC	3,581,343
BP PLC	3,537,097
RIO TINTO PLC	3,247,844
GLENCORE PLC	3,228,943
ANGLO AMERICAN PLC	2,378,304
RELX PLC	2,178,910
NATIONAL GRID PLC	2,084,255
RECKITT BENCKISER GROUP PLC	1,815,789
VODAFONE GROUP PLC	1,663,611
LLOYDS BANKING GROUP PLC	1,643,855
PRUDENTIAL PLC	1,531,278
COMPASS GROUP PLC	1,450,364
LONDON STOCK EXCHANGE GROUP	1,424,057
EXPERIAN PLC	1,331,970

Regional Exposure



Sector Exposure



Passive UK Equities – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. DIAGEO PLC	63.2	73.2
2. BP PLC	62.1	68.9
3. NATIONAL GRID PLC	64.8	41.5
4. SSE PLC	71.8	70.1
5. UNILEVER PLC	59.7	62.2
6. SHELL PLC	58.4	63.4
7. CRODA INTERNATIONAL PLC	74.0	68.4
8. COMPASS GROUP PLC	63.1	69.9
9. LEGAL & GENERAL GROUP PLC	65.6	69.2
10. LONDON STOCK EXCHANGE GROUP PLC	61.2	78.7

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. LLOYDS BANKING GROUP PLC	51.8	50.0
2. BRITISH AMERICAN TOBACCO PLC	54.1	78.0
3. BARCLAYS PLC	48.3	68.7
4. RECKITT BENCKISER GROUP PLC	51.0	75.6
5. RIO TINTO PLC	53.5	50.0
6. GLENCORE PLC	52.5	70.8
7. EXPERIAN PLC	42.8	72.7
8. GLAXOSMITHKLINE PLC	50.6	74.3
9. HSBC HOLDINGS PLC	51.1	77.7
10. ASTRAZENECA PLC	49.7	50.0

Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	56.8	57.1
Passive UK Equities	56.8	57.1

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)

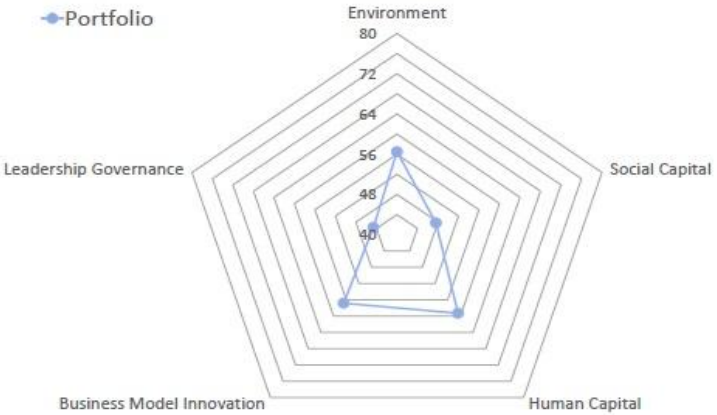
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	3.6	3.1	15.9	19.6
Passive UK EQ	3.6	3.1	15.9	19.6

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

Absolute Weighted ESG Scores



ruValue Labs & SASB

Brunel Assessment:

- **Diageo** (Food and beverage) ramps up investment into production of packaging plants. An additional £40 million investment to expand two of its existing plants is to commence immediately in order to meet demand for canned Guinness in both the domestic and export markets.
- **BP** (Energy) to exit 19.8% stake in Russia's Rosneft amid Ukraine invasion. The British oil and gas giant did not say how it planned to exit its stake, which it said would result in charges of up to $25 billion at the end of the first quarter.
- **Rio Tinto** (Mining) has reported its best-ever annual profit and a record full-year dividend of $16.8 billion, boosted by higher iron ore prices and strong demand from top consumer China.
- **Glencore** (Mining) joined fellow miner BHP in reporting improved earnings, although it said it has set aside $1.5 billion worth of provisions for regulatory probes in the US, UK and Brazil.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The carbon intensity of the benchmark (and index tracking Portfolio) remained largely unchanged this quarter.

Passive Smart Beta

BRUNEL Pension Partnership

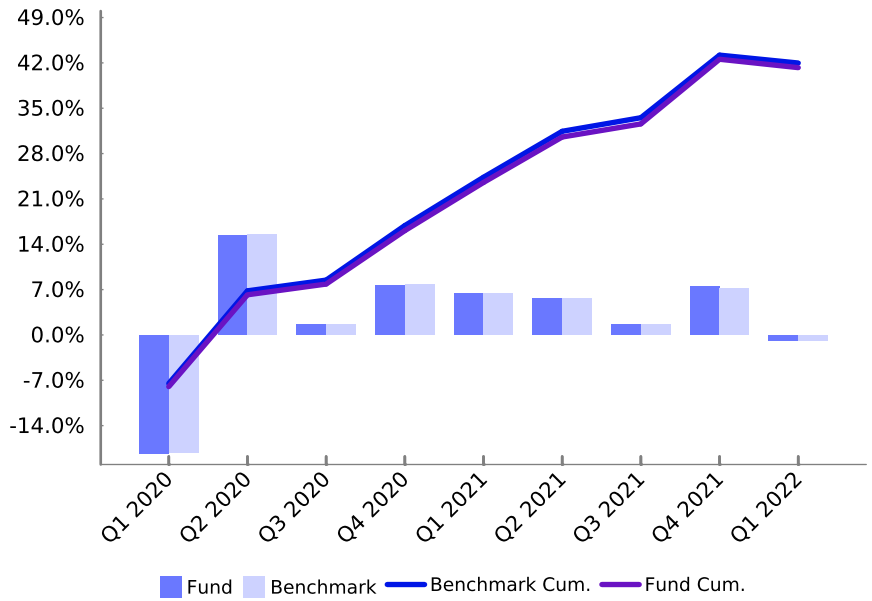
Overview

	Description
Portfolio Objective:	Exposure to equity markets and a combination of smart beta factors to outperform market cap indices.
Investment Strategy & Key Drivers:	Invest passively in equities via alternative indices.
Liquidity:	High
Risk/Volatility:	Absolute: High Relative: V.Low
Total Fund Value:	£156,039,865

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-0.9%	-0.8%	-0.1%
Fiscal YTD	14.3%	14.2%	0.2%
1 Year	14.3%	14.2%	0.2%
3 Years	11.3%	11.4%	-0.1%
5 Years			
10 Years			
Since Inception	9.8%	10.0%	-0.2%

Rolling Performance*



* Partial returns shown in first quarter

- In the first quarter of 2022, Passive Smart Beta Equities returned -0.9%, outperforming the MSCI World Index, which returned -2.3%.
- The portfolio tracked the Scientific Beta Index in line with expectations.
- The portfolio outperformed the hedged version, which returned -2.9% over the quarter, as sterling decreased in value relative to several other currencies.
- Energy was a large driver of returns. Positive relative exposure benefited the Value signal, and the Low Investment component of the Quality signal. Negative relative exposure detracted from the performance of the Low Volatility signal and the High Profitability component of the Quality signal. The average factor return for the quarter, as defined by Scientific Beta, was positive.
- Rising interest rates also benefited the Value signal, which posted strong returns. The Technology sector made a negative contribution to absolute return, but the underweight relative allocation benefited relative performance.

Passive Smart Beta (Hedged)

BRUNEL Pension Partnership

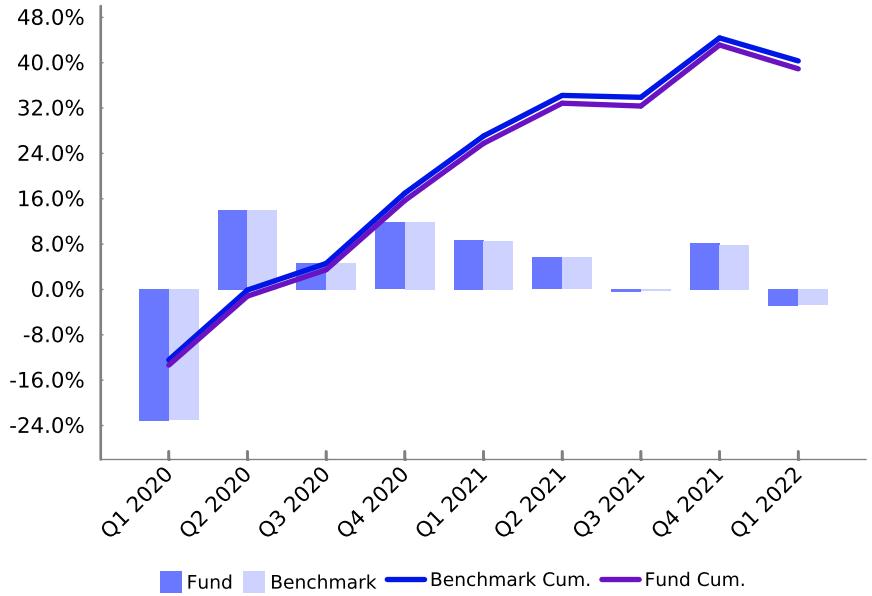
Overview

	Description
Portfolio Objective:	Exposure to equity markets and a combination of smart beta factors to outperform market cap indices.
Investment Strategy & Key Drivers:	Invest passively in equities via alternative indices.
Liquidity:	High
Risk/Volatility:	Absolute: High Relative: V.Low
Total Fund Value:	£153,139,072

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-2.9%	-2.8%	-0.1%
Fiscal YTD	10.5%	10.4%	0.0%
1 Year	10.5%	10.4%	0.0%
3 Years	10.9%	11.0%	-0.1%
5 Years			
10 Years			
Since Inception	9.3%	9.6%	-0.3%

Rolling Performance*



* Partial returns shown in first quarter

- In the first quarter of 2022, Passive Smart Beta Equities returned -0.9%, outperforming the MSCI World Index, which returned -2.3%.
- The portfolio tracked the Scientific Beta Index in line with expectations.
- The portfolio outperformed the hedged version, which returned -2.9% over the quarter, as sterling decreased in value relative to several other currencies.
- Energy was a large driver of returns. Positive relative exposure benefited the Value signal, and the Low Investment component of the Quality signal. Negative relative exposure detracted from the performance of the Low Volatility signal and the High Profitability component of the Quality signal. The average factor return for the quarter, as defined by Scientific Beta, was positive.
- Rising interest rates also benefited the Value signal, which posted strong returns. The Technology sector made a negative contribution to absolute return, but the underweight relative allocation benefited relative performance.

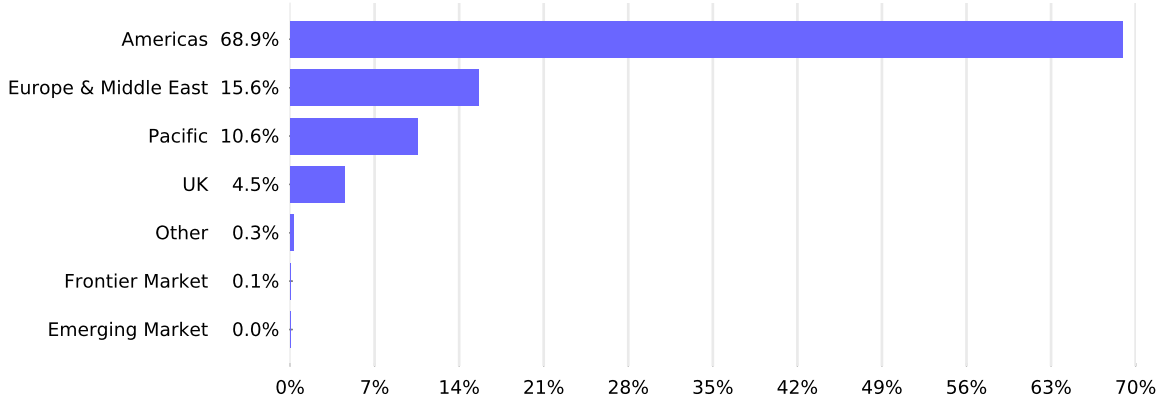
Passive Smart Beta – Region & Sector Exposure

BRUNEL Pension Partnership

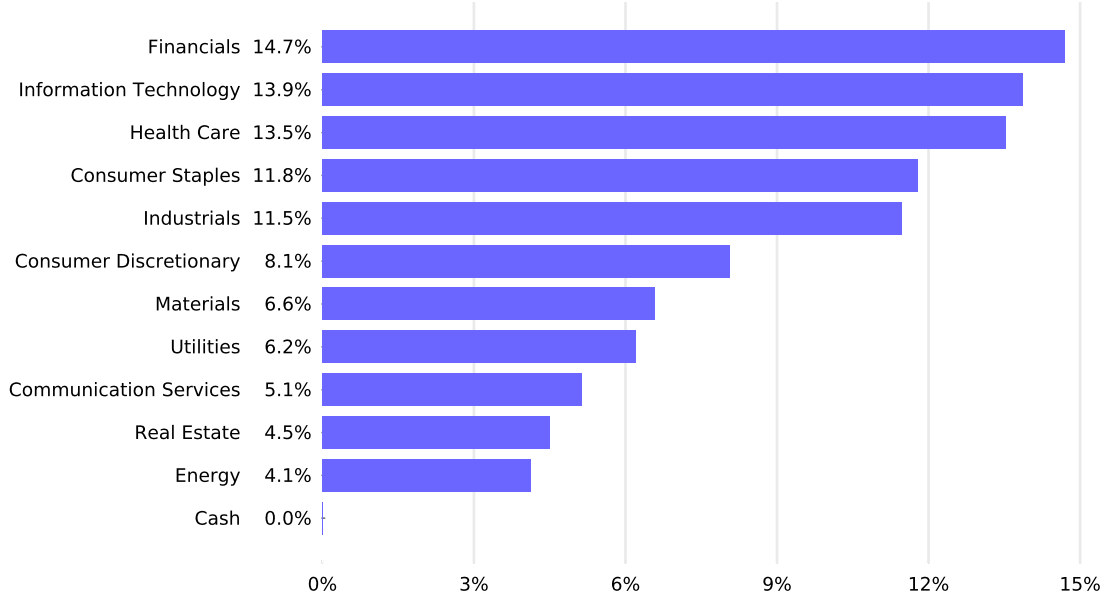
Top 20 Holdings

	Mkt. Val.(GBP)
PFIZER INC	2,403,932
COSTCO WHOLESALE CORP	2,395,961
MERCK & CO. INC.	2,167,611
WALMART INC	2,059,560
VERIZON COMMUNICATIONS INC	2,050,788
JOHNSON & JOHNSON	2,039,738
SYNOPSYS INC	2,034,627
COGNIZANT TECH SOLUTIONS-A	1,934,435
KROGER CO	1,868,322
BERKSHIRE HATHAWAY INC-CL B	1,849,484
ARCHER-DANIELS-MIDLAND CO	1,816,916
CISCO SYSTEMS INC	1,814,413
EXELON CORP	1,755,989
ABBOTT LABORATORIES	1,737,189
ALPHABET INC-CL A	1,683,086
CADENCE DESIGN SYS INC	1,631,071
ALLSTATE CORP	1,607,203
CHUBB LTD	1,605,644
PUBLIC STORAGE	1,591,990
ELI LILLY & CO	1,554,295

Regional Exposure



Sector Exposure



Passive Smart Beta – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. CADENCE DESIGN SYSTEMS INC	73.8	84.0
2. AMERICAN ELECTRIC POWER CO INC	68.4	72.1
3. PUBLIC SERVICE ENTERPRISE GROUP INC	67.2	40.2
4. COOPER COS INC/THE	69.8	82.3
5. AGILENT TECHNOLOGIES INC	68.3	75.1
6. EMERSON ELECTRIC CO	68.1	61.4
7. CUMMINS INC	66.2	44.1
8. KEYSIGHT TECHNOLOGIES INC	66.5	76.2
9. HORIZON THERAPEUTICS PLC	73.5	77.2
10. JOHNSON CONTROLS INTERNATIONAL PLC	70.3	79.8

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. VERISIGN INC	27.8	16.5
2. DOLLAR TREE INC	39.1	28.1
3. PFIZER INC	46.7	42.4
4. COGNIZANT TECHNOLOGY SOLUTIONS CORP	44.3	79.5
5. CINCINNATI FINANCIAL CORP	27.2	71.6
6. TRAVELERS COS INC/THE	37.1	23.8
7. ALLSTATE CORP/THE	35.7	31.0
8. CHUBB LTD	35.5	56.9
9. ELECTRONIC ARTS INC	31.8	16.5
10. JOHNSON & JOHNSON	36.3	21.6

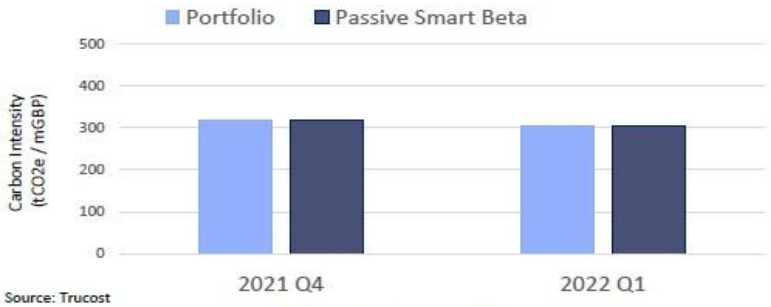
Weighted Average ESG Score	2021 Q4	2022 Q1
Portfolio	56.7	56.6
Passive Smart Beta	56.7	56.6

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



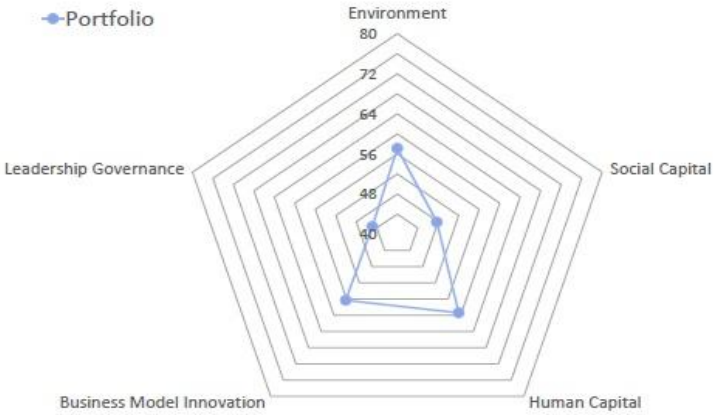
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q4	Q1	Q4	Q1
Portfolio	3.3	3.3	6.1	7.6
Pass. Smart Beta	3.3	3.3	6.1	7.6

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

Absolute Weighted ESG Scores



ruValue Labs & SASB

Brunel Assessment:

- **Johnson and Johnson** (Pharmaceuticals) has settled a litigation by West Virginia for $99 million to settle claims that it helped fuel an opiod addiction crisis in the state.
- **Agilent Technologies** (Health care) is part of an industry insight collaboration group aiming to transform the manufacturing of cell therapies. Due to the complexity of manufacturing of cell therapies, and patient-specific variability, product quality and consistency are key challenges the group will tackle.
- **Pfizer's** (Pharmaceuticals) anti-Covid pill, Paxlovid, has been approved by the European regulator and the FDA in the US. The drug is aimed at those with mild to moderate symptoms who may become at risk of developing severe disease or hospitalisation.
- **Emerson Electric** (Electronics) has committed $3 million to STEM education programs over the past year, partnering with organisations that work with under-served youth. The company has also opened applications for engineering scholorships, partnering with 350 universities to develop training programs.

60% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
Smart Beta remains a high-carbon Portfolio and active dialogue continues with the providers to find potential solutions.

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BRUNEL
Pension Partnership