Dorset County Pension Fund Performance Report

Quarter ending 31 December 2023

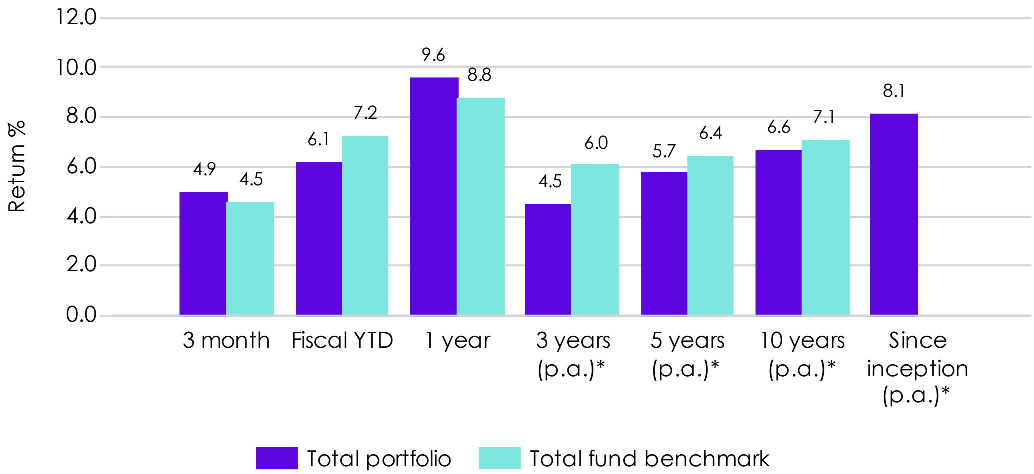
Dorset County Pension Fund
administered by Dorset Council

Brunel Pension Partnership

Contents

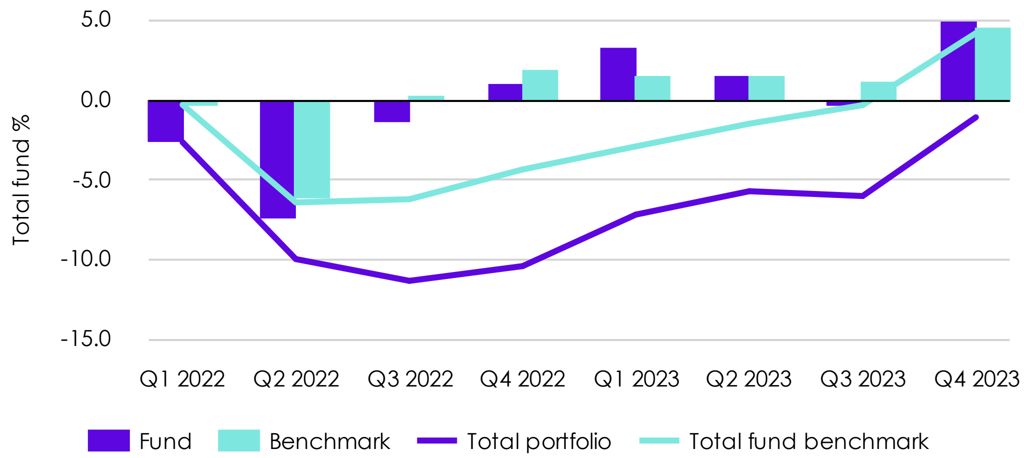
Pension Fund performance

Performance (annualised)



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

Quarterly performance



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

Key events

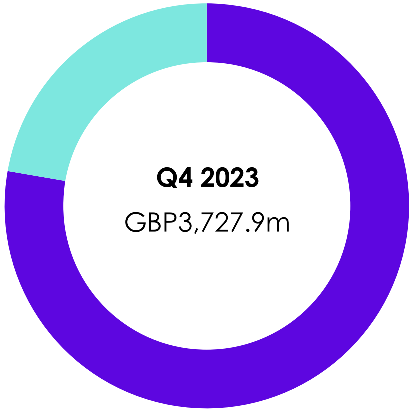
Quarter 4 witnessed an almost synchronised fall in global inflation - and at a faster pace than expected. This led to investor hopes that interest rates might start to fall sooner than previously anticipated. The result, unsurprisingly, was a rally across most asset classes. In the US, the S&P 500 saw a rise of more than 11%, bringing gains across 2023 to 26%. Bond markets also rallied strongly. Commodities were a laggard, as Energy responded to strong supply and to fears that Chinese growth will continue to be weak.

The total portfolio increased by 4.9% during the quarter, whilst the benchmark increased by 4.5%. Over one year, the portfolio increased 9.6%, against an 8.8% rise in the benchmark.

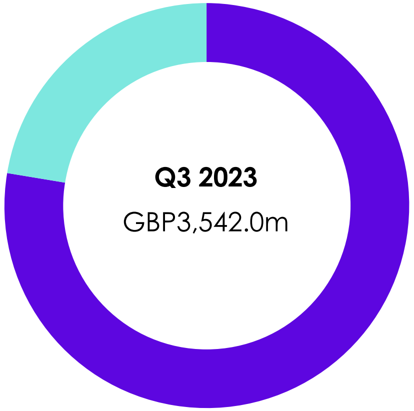
The trajectory of Brunel's portfolios reflected the rise on markets; all portfolios were up in absolute terms. The performance of hedged portfolios was ahead of unhedged equivalents due to a bounce in sterling. Global Sustainable had a particularly strong quarter as did Multi Asset Credit.

Asset summary

Assets transitioned to Brunel



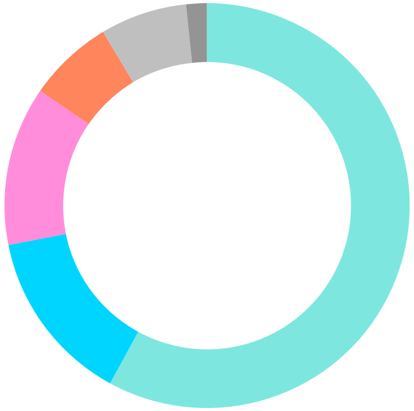
Transitioned	77.77%
Legacy assets	22.23%



Transitioned	77.58%
Legacy assets	22.42%

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

Asset allocation breakdown



Key:

Equities	57.93%
Fixed income	13.94%
Private markets	12.74%
Property	6.81%
Other	6.91%
Cash	1.66%

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

Overview of assets

Detailed asset allocation

Equities	£2,159.67m	57.93%
Global Sustainable Equities	£360.30m	9.66%
Global High Alpha Equities	£296.12m	7.94%
Global Small Cap Equities	£232.52m	6.24%
UK Active Equities	£196.51m	5.27%
Passive Smart Beta (Hedged)	£161.09m	4.32%
Passive Smart Beta	£160.71m	4.31%
Emerging Markets Equities	£143.83m	3.86%
Passive UK Equities	£131.03m	3.51%
Passive Developed Equities (Hedged)	£111.65m	2.99%
Passive Developed Equities	£109.34m	2.93%
PAB Passive Global Equities (Hedged)	£62.80m	1.68%
CTB Passive Global Equities (Hedged)	£62.79m	1.68%
CTB Passive Global Equities	£61.32m	1.64%
PAB Passive Global Equities	£61.16m	1.64%
Legacy Assets	£8.50m	0.23%

Fixed income	£519.51m	13.94%
Multi-Asset Credit	£264.02m	7.08%
Sterling Corporate Bonds	£83.72m	2.25%
Legacy Assets	£171.77m	4.61%

Private markets (incl. property)	£728.99m	19.55%
Private Equity Cycle 1	£54.81m	1.47%
Secured Income Cycle 1	£53.59m	1.44%
Secured Income Cycle 3	£20.54m	0.55%
Infrastructure Cycle 3	£18.20m	0.49%
Private Equity Cycle 3	£1.51m	0.04%
Legacy Assets	£580.35m	15.57%

Other	£257.67m	6.91%
Diversifying Returns Fund	£251.49m	6.75%
Legacy Assets	£6.18m	0.17%

Cash not included

Overview of assets

Top 10 Equity Holdings at Pension Fund

ISIN	Security Name	Sector	Sub-sector	Country	Market Value (£)	% of Pension fund	ESG Score
US5949181045	MICROSOFT CORP	Information Technology	Systems Software	UNITED STATES	50,750,235.78	1.36%	15.21
US0231351067	AMAZON.COM INC	Consumer Discretionary	Broadline Retail	UNITED STATES	33,236,999.40	0.89%	30.61
US0378331005	APPLE INC	Information Technology	Technology Hardware	UNITED STATES	25,991,571.71	0.70%	17.22
GB0009895292	ASTRAZENECA PLC	Health Care	Pharmaceuticals	UNITED KINGDOM	22,642,661.35	0.61%	21.81
US02079K3059	ALPHABET INC-CL A	Communication Services	Interactive Media &	UNITED STATES	22,348,800.72	0.60%	24.09
GB00BP6MXD84	SHELL PLC	Energy	Integrated Oil & Gas	UNITED KINGDOM	22,266,332.78	0.60%	33.68
US57636Q1040	MASTERCARD INC - A	Financials	Transaction & Payment	UNITED STATES	22,141,646.19	0.59%	16.56
US67066G1040	NVIDIA CORP	Information Technology	Semiconductors	UNITED STATES	17,512,729.26	0.47%	13.45
GB00B10RZP78	UNILEVER PLC	Consumer Staples	Personal Care Products	UNITED KINGDOM	17,396,492.43	0.47%	23.57
US91324P1021	UNITEDHEALTH GROUP INC	Health Care	Managed Health Care	UNITED STATES	15,610,789.89	0.42%	15.30

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

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Aberdeen Standard	14,557	0.4%	2.50%	-2.1%	-6.1%	-0.0%
Cash	62,042	1.7%	-	1.7%	0.2%	0.0%
CBRE	253,932	6.8%	10.00%	-3.2%	-0.3%	-0.0%
Harbourvest	64,130	1.7%	2.50%	-0.8%	-6.0%	-0.1%
Hermes	86,237	2.3%	4.00%	-1.7%	0.4%	0.0%
IFM	161,436	4.3%	4.00%	0.3%	-0.1%	-0.0%
Insight	29	0.0%	-	0.0%	-	-
Internally Managed UK Equities	7,757	0.2%	-	0.2%	1.3%	0.0%
Investec	405	0.0%	-	0.0%	-1.3%	-0.0%
Royal London	171,767	4.6%	4.00%	0.6%	10.0%	0.4%
Wellington	336	0.0%	-	0.0%	-0.6%	-0.0%
Global High Alpha Equities	296,121	7.9%	7.50%	0.4%	6.2%	0.5%
Global Sustainable Equities	360,301	9.7%	10.00%	-0.3%	8.0%	0.8%
UK Active Equities	196,510	5.3%	5.00%	0.3%	4.1%	0.2%
Emerging Markets Equities	143,834	3.9%	5.00%	-1.1%	3.6%	0.1%
Global Small Cap Equities	232,519	6.2%	6.00%	0.2%	5.2%	0.3%

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Diversifying Returns Fund	251,486	6.7%	6.00%	0.7%	3.2%	0.2%
Multi-Asset Credit	264,021	7.1%	7.50%	-0.4%	5.4%	0.4%
Sterling Corporate Bonds	83,721	2.2%	2.50%	-0.3%	7.8%	0.2%
PAB Passive Global Equities	61,159	1.6%	1.50%	0.1%	6.8%	0.1%
PAB Passive Global Equities (Hedged)	62,800	1.7%	1.50%	0.2%	9.7%	0.2%
CTB Passive Global Equities	61,322	1.6%	1.50%	0.1%	6.7%	0.1%
CTB Passive Global Equities (Hedged)	62,786	1.7%	1.50%	0.2%	9.6%	0.2%
Passive Developed Equities	109,341	2.9%	2.50%	0.4%	6.8%	0.2%
Passive Developed Equities (Hedged)	111,645	3.0%	2.50%	0.5%	9.7%	0.3%
Passive UK Equities	131,034	3.5%	5.00%	-1.5%	3.2%	0.1%
Passive Smart Beta	160,714	4.3%	3.75%	0.6%	5.2%	0.2%
Passive Smart Beta (Hedged)	161,086	4.3%	3.75%	0.6%	8.2%	0.4%
Private Equity Cycle 1	54,807	1.5%	-	1.5%	N/M	N/M
Private Equity Cycle 3	1,511	0.0%	-	0.0%	N/M	N/M
Infrastructure Cycle 3	18,195	0.5%	-	0.5%	N/M	N/M
Secured Income Cycle 1	53,590	1.4%	-	1.4%	N/M	N/M

Performance attribution

Pension fund performance attribution - to quarter end

	End market value £'000	Actual % allocation at end of quarter	Strategic asset allocation (%)	Difference (%)	Fund return (%): 3 months	Contribution to return: 3 month
Secured Income Cycle 3	20,540	0.6%	-	0.6%	N/M	N/M

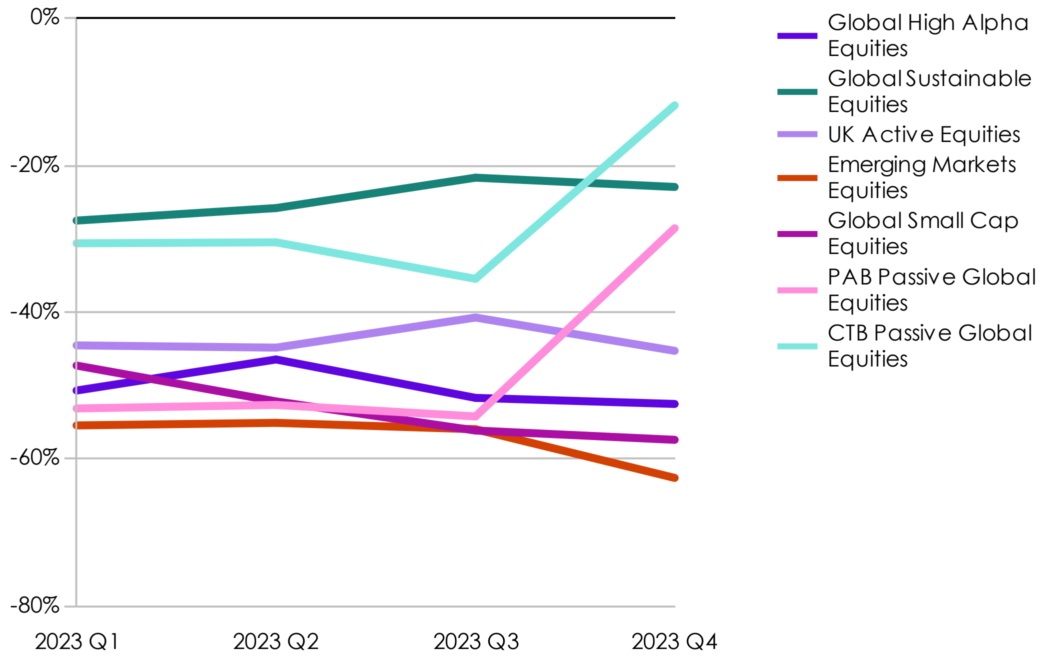
Private Markets 3 month performance is not material.

Stewardship and climate metrics

Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Global High Alpha Equities	**79**	**78**	**1.4**	**1.6**	**2.9**	**2.5**
MSCI World*	163	164	3.8	4.9	9.2	8.2
Global Sustainable Equities	**149**	**155**	**1.9**	**2.2**	**5.2**	**4.8**
MSCI ACWI*	191	201	3.8	4.9	9.2	8.3
UK Active Equities	**76**	**79**	**5.3**	**7.4**	**11.3**	**11.4**
FTSE All Share ex Inv Tr*	129	145	6.1	9.7	20.2	19.4
Emerging Markets Equities	**189**	**193**	**1.4**	**1.9**	**3.8**	**4.3**
MSCI Emerging Markets*	429	515	3.4	5.8	8.5	8.3
Global Small Cap Equities	**94**	**90**	**4.4**	**2.4**	**3.5**	**1.6**
MSCI Small Cap World*	214	211	3.3	3.8	6.8	5.7
PAB Passive Global Equities	**76**	**120**	**0.7**	**1.4**	**3.4**	**3.6**
FTSE Dev World TR UKPD*	167	168	3.7	4.7	9.5	8.5
PAB Passive Global Equities (Hedged)	**76**	**120**	**0.7**	**1.4**	**3.4**	**3.6**
CTB Passive Global Equities (Hedged)	**107**	**148**	**1.8**	**2.3**	**5.9**	**5.1**
CTB Passive Global Equities	**107**	**148**	**1.8**	**2.3**	**5.9**	**5.1**
FTSE Dev World TR UKPD*	167	168	3.7	4.7	9.5	8.5
Passive Developed Equities	**166**	**168**	**3.2**	**4.1**	**9.5**	**8.5**
Passive Developed Equities (Hedged)	**166**	**168**	**3.2**	**4.1**	**9.5**	**8.5**
Passive UK Equities	**129**	**137**	**5.1**	**7.4**	**19.9**	**18.8**
Passive Smart Beta	**304**	**313**	**2.7**	**3.4**	**11.9**	**11.1**
Passive Smart Beta (Hedged)	**304**	**313**	**2.7**	**3.4**	**11.9**	**11.1**

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

Weighted Average Carbon Intensity relative to benchmark



Stewardship reporting links

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

PAB & CTB Passive Global Equities

Please note that both the WACI & Extractive Exposure figures for these two portfolios show a significant increase quarter on quarter. We are liaising with State Street to understand the precise reasons behind the increase.

PAB and CTB both target a 7% annual reduction in WACI (EVIC based) post rebalancing. Data from FTSE indicate that both portfolios met this target after the last rebalance in October 2023. We would note that State Street use a different methodology for WACI (revenue based).

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Equities				
Global High Alpha Equities	7.3%	13.2%	10.3%	11.7%
Global Sustainable Equities	3.6%	14.4%	8.7%	11.1%
UK Active Equities	7.3%	11.9%	9.3%	10.9%
Emerging Markets Equities	-4.6%	13.5%	-2.5%	13.2%
Passive Developed Equities	9.9%	11.6%	10.0%	11.6%
Passive Developed Equities (Hedged)	8.3%	15.4%	8.4%	15.4%
Passive UK Equities	8.7%	10.8%	8.6%	10.8%
Passive Smart Beta	9.9%	10.3%	9.4%	10.3%
Passive Smart Beta (Hedged)	8.3%	14.1%	7.8%	14.1%
Other				
Diversifying Returns Fund	3.1%	4.3%	5.1%	0.6%
Private markets (incl. property)				
Private Equity Cycle 1	16.4%	12.9%	8.7%	11.1%

Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Private markets (incl. property)				
Secured Income Cycle 1	-1.2%	5.3%	6.6%	2.1%

Risk and return summary

Legacy manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Aberdeen Standard	14.8%	13.1%	8.6%	10.8%
Brunel PM Cash	44.7%	-	-	-
Cash	0.7%	-	-	-
CBRE	2.6%	11.1%	2.1%	9.4%
Harbourvest	18.8%	20.1%	8.6%	10.8%
Hermes	3.9%	7.3%	10.0%	0.1%
IFM	14.6%	8.2%	10.0%	0.1%
Insight	-3.8%	15.3%	-3.5%	15.2%
Royal London	-5.1%	11.7%	-7.2%	12.9%
Dorset County Pension Fund	4.5%	8.0%	6.0%	6.9%

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Equities (57.70%)			**2,151.17**									
Global High Alpha Equities	MSCI World	+2-3%	296.12	6.2%	-0.6%	17.5%	0.1%	7.3%	-3.0%	12.2%	1.3%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	360.30	8.0%	1.6%	9.3%	-6.6%	3.6%	-5.1%	4.3%	-4.1%	01 Dec 2020
UK Active Equities	FTSE All Share ex Inv Tr	+2%	196.51	4.1%	1.2%	8.7%	0.6%	7.3%	-2.0%	4.9%	-0.8%	21 Nov 2018
Emerging Markets Equities	MSCI Emerging Markets	+2-3%	143.83	3.6%	0.3%	3.5%	-0.5%	-4.6%	-2.2%	0.6%	-1.9%	09 Oct 2019
Global Small Cap Equities	MSCI Small Cap World	+2%	232.52	5.2%	-2.6%	8.2%	-1.5%	-	-	1.3%	-2.5%	03 Mar 2021
PAB Passive Global Equities	FTSE Dev World PAB	Match	61.16	6.8%	-	20.3%	-	-	-	14.5%	-0.1%	23 Nov 2022
PAB Passive Global Equities (Hedged)	FTSE Dev World PAB	Match	62.80	9.7%	-	26.2%	-	-	-	19.7%	-0.2%	15 Dec 2022
CTB Passive Global Equities	FTSE Dev World CTB	Match	61.32	6.7%	-	20.3%	-	-	-	17.9%	-0.1%	15 Dec 2022
CTB Passive Global Equities (Hedged)	FTSE Dev World CTB	Match	62.79	9.6%	-	26.1%	-0.1%	-	-	19.6%	-0.2%	15 Dec 2022
Passive Developed Equities	FTSE Developed	Match	109.34	6.8%	-	17.1%	-0.1%	9.9%	-0.1%	10.0%	-0.1%	24 Jan 2020
Passive Developed Equities (Hedged)	FTSE Developed	Match	111.64	9.7%	-	23.1%	-	8.3%	-0.1%	9.5%	-0.1%	31 Jan 2020
Passive UK Equities	FTSE All Share	Match	131.03	3.2%	-	8.0%	0.1%	8.7%	0.1%	3.7%	0.1%	11 Jul 2018
Passive Smart Beta	SciBeta Multifactor Composite	+0.5-1%	160.71	5.2%	0.1%	8.2%	0.5%	9.9%	0.5%	8.3%	0.3%	25 Jul 2018
Passive Smart Beta (Hedged)	SciBeta Multifactor Hedged Composite	+0.5-1%	161.09	8.2%	0.1%	13.8%	0.6%	8.3%	0.5%	7.3%	0.2%	25 Jul 2018

Portfolio overview

Portfolio	Benchmark	Outperformance target	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Fixed income (9.33%)			**347.74**									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	264.02	5.4%	3.1%	12.3%	3.5%	-	-	1.5%	-4.9%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	83.72	7.8%	0.5%	10.5%	1.9%	-	-	7.8%	1.1%	14 Dec 2022
Private markets (incl. property) (3.99%)			**148.64**									
Private Equity Cycle 1	MSCI ACWI	+3%	54.81	N/M	N/M	-0.5%	-16.3%	16.4%	7.6%	14.9%	3.6%	26 Mar 2019
Private Equity Cycle 3	MSCI ACWI	+3%	1.51	N/M	N/M	-	-	-	-	-91.4%	-102.4%	28 Apr 2023
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	18.20	N/M	N/M	-5.9%	-9.8%	-	-	-6.4%	-12.0%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	53.59	N/M	N/M	-4.1%	-8.1%	-1.2%	-7.8%	-0.9%	-5.3%	15 Jan 2019
Secured Income Cycle 3	CPI	+2%	20.54	N/M	N/M	-	-	-	-	-	-0.7%	01 Jun 2023
Other (6.75%)			**251.49**									
Diversifying Returns Fund	SONIA +3%	0% to +2.0%	251.49	3.2%	1.1%	6.5%	-1.3%	3.1%	-2.0%	3.3%	-1.5%	31 Jul 2020
Total Brunel assets (excl. cash) (77.77%)			**2,899.04**									

*Since initial investment
Private Markets 3 month performance is not material.

Portfolio overview

Legacy assets

Portfolio	AUM (GBPm)	Perf. 3 month	Excess 3 month	Perf. 1 year	Excess 1 year	Perf. 3 year	Excess 3 year	Perf. SII*	Excess SII*	Initial investment
Fixed income (4.61%)			171.77							
Royal London	171.77	10.0%	-0.9%	10.4%	-0.2%	-5.1%	2.1%	6.1%	0.6%	01 Jul 2007
Private markets (incl. property) (15.57%)			580.35							
CBRE	253.93	-0.3%	0.4%	3.3%	15.5%	2.6%	0.5%	6.6%	0.2%	01 Jan 2000
Aberdeen Standard	14.56	-6.1%	-9.3%	10.8%	2.9%	14.8%	6.2%	5.3%	-0.6%	01 Jun 2006
Harbourvest	64.13	-6.0%	-9.2%	-6.3%	-14.2%	18.8%	10.2%	13.1%	7.5%	01 May 2006
Hermes	86.24	0.4%	-2.0%	-10.1%	-20.0%	3.9%	-6.1%	5.3%	-4.7%	01 Feb 2015
IFM	161.44	-0.1%	-2.5%	5.6%	-4.4%	14.6%	4.7%	13.4%	3.4%	01 Apr 2016
Brunel PM Cash	0.06	13.6%	13.6%	256.6%	256.6%	44.7%	44.7%	36.9%	-	01 Jun 2020
Other (1.67%)			62.07							
Insight	0.03	-	-	-10.2%	-	-3.8%	-0.4%	3.0%	0.5%	01 Jul 2012
Cash	62.04	0.2%	0.2%	0.7%	0.7%	0.7%	0.7%	0.5%	-	01 Jan 2009
Total legacy assets (excl. cash) (21.84%)	814.19									

*Since initial investment

Chief Investment Officer commentary

"When the facts change, I change my mind, what do you do?" This quote, often attributed to Keynes or Churchill, would be very apt for the final quarter of 2023, in which almost every asset class rose in value, reversing the malaise of the previous quarter.

Global equities rallied, with the US market leading the way with a rise of more than 11% in local currency terms. The S&P 500 finished the calendar year up over 26%, almost touching all-time highs. Whilst over 80% of this was attributable to the "magnificent seven", the rally broadened out in the final quarter. Emerging markets also made progress, but the broad index was held back again by the performance of China, as continuing concern around the property sector and further government intervention in the tech sector weighed on share prices. Elsewhere, the UK stock market posted a positive return albeit lower than other regional markets as the strength of sterling versus the US dollar dampened the prospects of large cap multinationals. This did allow small and mid-cap stocks to rise, and thus delivered active managers the chance to flourish. The relative strength of the pound also meant that unhedged overseas asset class returns were significantly lower than currency-hedged returns.

The main "change in facts" that drove markets higher was the almost synchronised fall in global inflation, at a pace faster than expected. Previously, the market had galvanised around the view that the hiking cycle was over, but that rates would be higher for longer. When US CPI fell from 3.7% in September to 3.1% in November, and Eurozone inflation also fell to 2.4% (versus 10.4% a year earlier), the market "pivoted" and interest rate cuts for 2024 were priced back in. The core measure of the Personal Consumption Expenditures deflator, possibly the most influential data series for the Fed, weighed in at exactly 2% (the central bank's target) for the third quarter. As such, it became very plausible to claim that the inflation dragon has indeed been slain. This view gained further credence when Fed chair Jerome Powell indicated that the central bank was aware of the risk of keeping rates at restrictive levels for too long. Minutes from their latest policy meeting showed that members expect rates to end next year at 4.5%-4.75%, down from the current 5.25%-5.5% range.

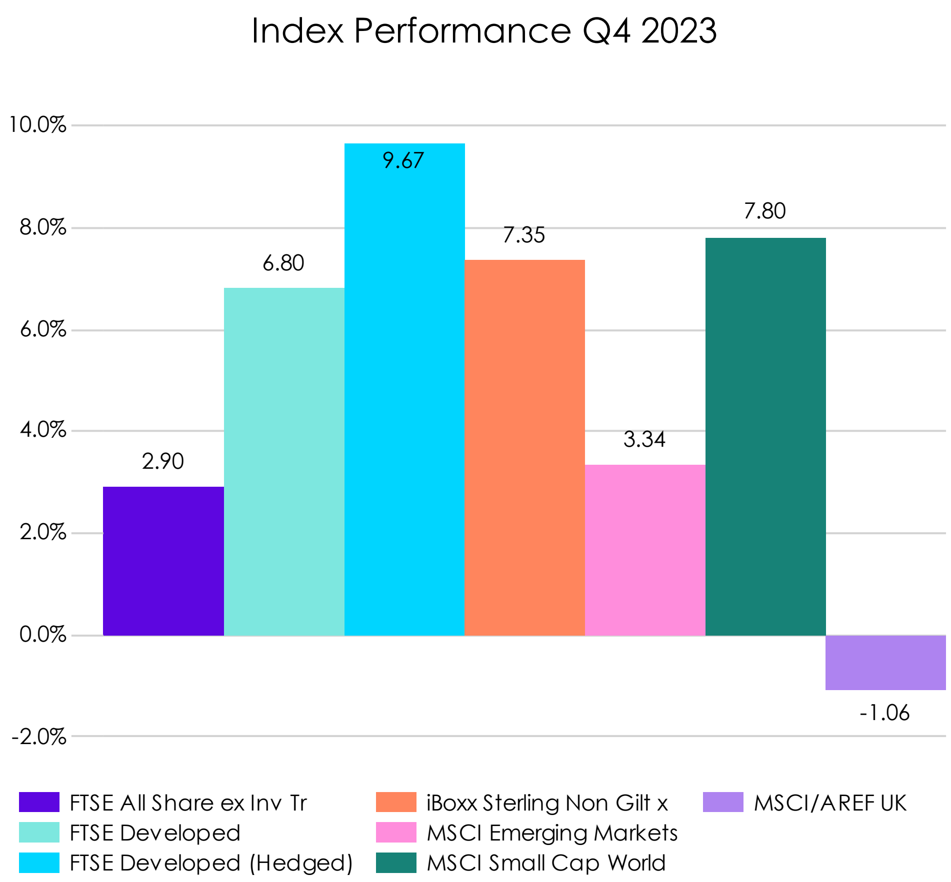
Unsurprisingly government bonds also rose in value, posting their best quarterly performance in 20 years, as the change in Fed forecasts drove all bond markets higher – even if other central banks expressed more caution. The rally in duration and risk assets inevitably meant that corporate bonds did well, as financial conditions eased. Should this trend continue, it lowers the probability of a deep recession and thus default risk. Sub-Investment Grade bonds, performed strongly, capping a year of double-digit returns for the asset class. However, it has left spreads (the compensation an investor receives for default risk) at very low levels, reducing the protection investors have if a recession has in fact been delayed rather than cancelled as increasingly the market is pricing.

In private markets, falling interest rates will also help the forward valuations of assets. This is most directly evident in infrastructure and real estate, where values are much more closely tied to discount rates – lower rates being better for the net present value (NPV) of assets, but also through potentially lowered funding costs. Contra to popular opinion, it is in the often-opaque private markets that we have seen the signs of stress from higher rates building up. Specifically, we have seen interest rate coverage come down sharply in private debt, where the floating rate nature of the loan book means that they have been affected more quickly than their public market counterparts. This has led to private equity sponsors using varying techniques to preserve cash or even shore up businesses with "equity cures". 2023 also saw a log jam created by a muted IPO market, which led to realisations being delayed. (This is not an issue in the Brunel funds, given the relative infancy of the programme). Some commentators expect this trend to reverse in 2024 because of the perception that the backdrop is improving, but it remains a watchpoint, given the increasing importance of private investments in the financial system.

Only commodities declined in the final quarter, driven by falling prices in the agriculture and energy sectors. The production cuts that had driven energy prices up 25% in Q3 were undermined by a failure by various actors to comply with the agreed supply reduction.

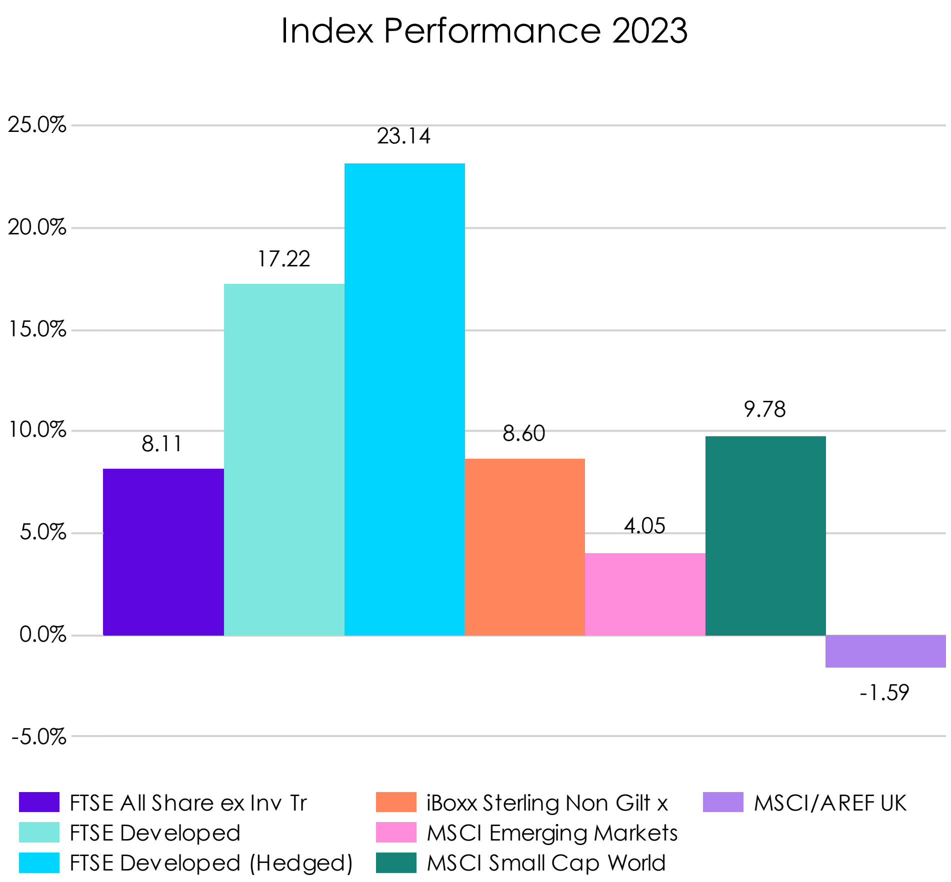
Looking back over 2023, it is clear that the year wrong-footed many commentators, given the predicted recession never materialised. Although gains in asset prices were not surprising given the fall in values in 2022, the strength of the rally surpassed most investors' expectations. That said, as we have highlighted before, the market was very narrowly driven by a few large stocks – gains were not evenly distributed. The question for 2024 is: has inflation been tamed and a recession successfully avoided? To my mind, there isn't yet a conclusive answer. However, the probability of a successful soft economic landing has increased, due both to the very slow deflation of consumer spending, which has supported markets, and the recent easing of financial conditions. However, the market has very much priced this scenario in, and so any disappointment will be keenly felt in asset values.

Chief Investment Officer commentary



Source: State Street

Chief Investment Officer commentary



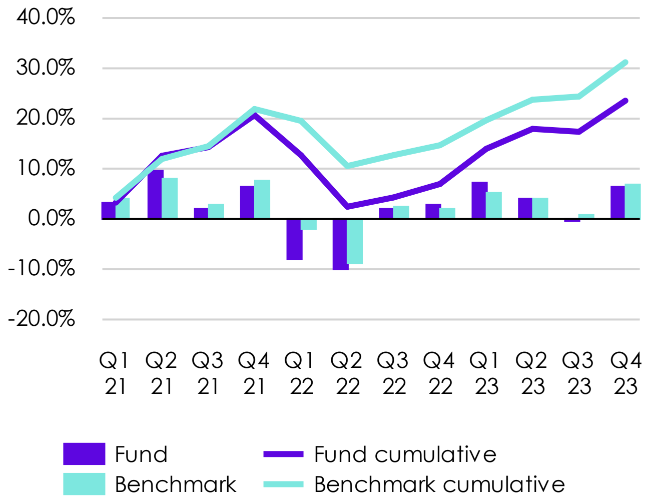
Source: State Street

Global High Alpha Equities

Launch date
6 December 2019
Investment strategy & key drivers
High conviction, unconstrained global equity portfolio
Liquidity
Managed
Benchmark
MSCI World
Outperformance target
+2-3%
Total fund value
£4,148m
Risk profile
High

Dorset's Holding:
GBP296m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.2	17.5	7.4	12.8
Benchmark	6.8	17.4	10.3	11.5
Excess	-0.6	0.1	-3.0	1.3

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

Performance commentary

Global developed equities (as proxied by the MSCI World index) returned 6.8% in GBP terms over the quarter. The market rally, which took place in November and December, reflected easing inflation and rising expectations of a potential end to the "higher-for-longer" monetary policy regime. Index returns were again driven by large IT-related names. Five of the top 10 contributing companies came from the 'Magnificent 7' (Microsoft, Apple, Amazon, NVidia and Meta), and another four were semiconductor names (Advanced Micro Devices, Broadcom, ASML and Intel). Taken together, these names contributed 2.3% to the index return. Style characteristics showed a reversal versus last quarter, as Growth outperformed Value.

The portfolio returned 6.2% during the period, underperforming the benchmark by 0.6%.

Sector attribution showed a small positive impact, which was largely a result of the underweight to Energy, the weakest-performing sector. Stock selection exerted a negative impact on relative performance, which was weakest in the Industrials sector, largely due to an overweight holding in Alstom (the French train manufacturer). It returned -46%, after the company downgraded cashflow guidance due to delays to both deliveries and new orders. Stock selection was strong in the IT sector, where the largest positive contributors were overweight holdings in Microsoft and two semiconductor names, ASML and TSMC. (These three returned 14%, 22% and 15% respectively. TSMC is a large Taiwanese semiconductor company that sits outside the MSCI World index).

Four of the five underlying managers underperformed the index this quarter. Baillie Gifford's strong outperformance was the outlier, driven by positive selection in the Financials and IT sectors. Baillie Gifford benefited from the semiconductor names held in its portfolio as well as from some companies recovering from negative returns last quarter (among which Adyen was the most notable - down 55% last quarter, but up 65% this quarter).

From inception to quarter-end, the portfolio outperformed the benchmark by 1.3% p.a.

Global High Alpha Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	6.11	4.41	18,083,706
AMAZON.COM INC	3.94	2.34	11,671,439
MASTERCARD INC	2.78	0.60	8,228,941
ALPHABET INC	2.69	2.60	7,957,546
UNITEDHEALTH GROUP INC	2.24	0.81	6,638,297

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.78	0.60
TAIWAN SEMICONDUCTOR	1.75	-
MICROSOFT CORP	6.11	4.41
AMAZON.COM INC	3.94	2.34
UNITEDHEALTH GROUP INC	2.24	0.81

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	0.89	5.00
META PLATFORMS INC	-	1.31
BROADCOM INC	-	0.82
JPMORGAN CHASE & CO	-	0.82
BERKSHIRE HATHAWAY INC	-	0.77

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
AMAZON.COM INC	30.61	30.61
MICROSOFT CORP	15.06	15.21
ALPHABET INC-CL A	24.04	24.09
MASTERCARD INC - A	17.07	16.56
NESTLE SA-REG	27.25	27.01

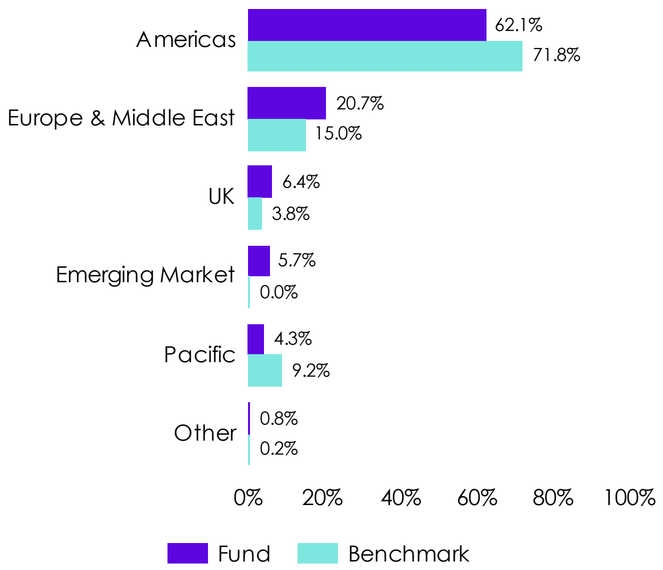
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

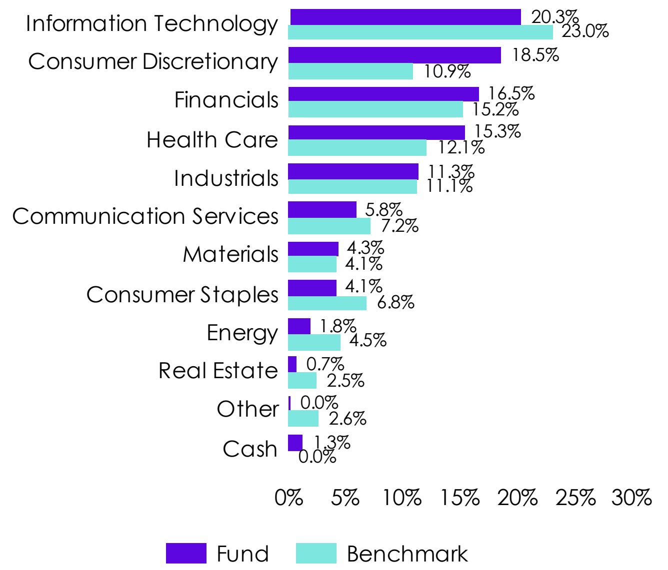
Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
Global High Alpha	79	78	1.39	1.55	2.92	2.52
MSCI World*	163	164	3.81	4.87	9.24	8.24

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

Regional exposure



Sector exposure

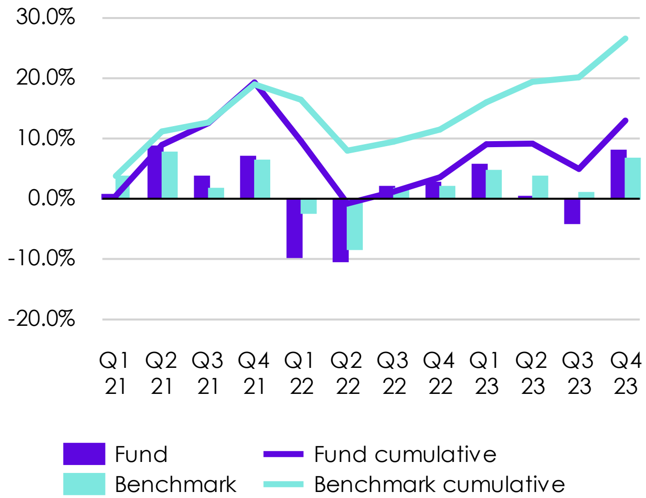


Global Sustainable Equities

Launch date
20 October 2020
Investment strategy & key drivers
Global equity exposure concentrating on ESG factors
Liquidity
Managed
Benchmark
MSCI ACWI
Outperformance target
+2%
Total fund value
£3,470m
Risk profile
High

Dorset's Holding:
GBP360m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	8.0	9.3	3.6	5.6
Benchmark	6.4	15.9	8.7	10.3
Excess	1.6	-6.6	-5.1	-4.8

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

Performance commentary

The portfolio returned 8.0% over the quarter on a net basis, a relative outperformance of 1.6% against the MSCI ACWI benchmark. Ownership, Jupiter and Mirova all outperformed, whilst RBC were inline, and Nordea returned 5.3%. Over the 1-year period, the fund returned 9.3%, underperforming the MSCI ACWI by 6.6%. All underperformance came through in Q2 and Q3. In Q2, the market was heavily concentrated while, in Q3, the environment favoured Energy stocks. However, the shift discussed in the CIO commentary meant Q4 provided an environment in which the Global Sustainable Equity Fund could significantly outperform the index.

The synchronised fall in global inflation led the market to anticipate a number of rate cuts throughout 2024; this "market pivot" supported increasing equity valuations in Q4.

The portfolio has greater exposure to the Quality/Growth styles and thus future cash flows account for a greater weighting that in the broader market. When interest rates are expected to decline, the present value of these cash flows increases, and company valuations also increase. The portfolio added relative alpha through its positioning in growth-orientated sectors and sub-sectors, such as Software, Health Care Equipment and Financial Services, but also through avoiding Value-focused market sectors such as Oil and Gas, which fell 7% over the quarter.

As discussed last quarter, we have also undertaken a lot of work with the managers to understand the fundamental quality of the businesses we are invested in. We look at metrics such as quality of leverage and stability of margins.

Whilst the interest rate decline may provide a short-term technical uplift in valuations, we hope the quality of the businesses will continue to provide alpha over the long term, when interest rate stability returns to the market.

Whilst we are disappointed that the portfolio underperformed over the year, we take comfort that the majority of sustainable managers also failed to outperform the MSCI ACWI over this time period. Compared to the Sustainable peer group, the MSCI ACWI would have finished in the top quartile and those managers that did outperform the index had notable overweight positions in 'Magnificent 7' stocks, which, from our perspective, are not all aligned to sustainability.

Global Sustainable Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MASTERCARD INC	2.69	0.53	9,682,654
INTUIT INC	2.45	0.26	8,814,834
MICROSOFT CORP	2.39	3.95	8,620,055
ANSYS INC	2.31	0.05	8,335,597
ADOBE INC	2.13	0.40	7,689,290

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
ANSYS INC	2.31	0.05
INTUIT INC	2.45	0.26
MASTERCARD INC	2.69	0.53
ADOBE INC	2.13	0.40
WASTE MANAGEMENT INC	1.67	0.11

Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	-	4.47
MICROSOFT CORP	2.39	3.95
ALPHABET INC	1.02	2.33
META PLATFORMS INC	-	1.17
TESLA INC	-	1.06

Largest contributors to ESG risk

	ESG risk score*	
	Q3 2023	Q4 2023
MASTERCARD INC - A	17.07	16.56
INTUIT INC	17.95	17.95
ANSYS INC	15.89	15.89
MICROSOFT CORP	15.06	15.21
AMAZON.COM INC	30.61	30.61

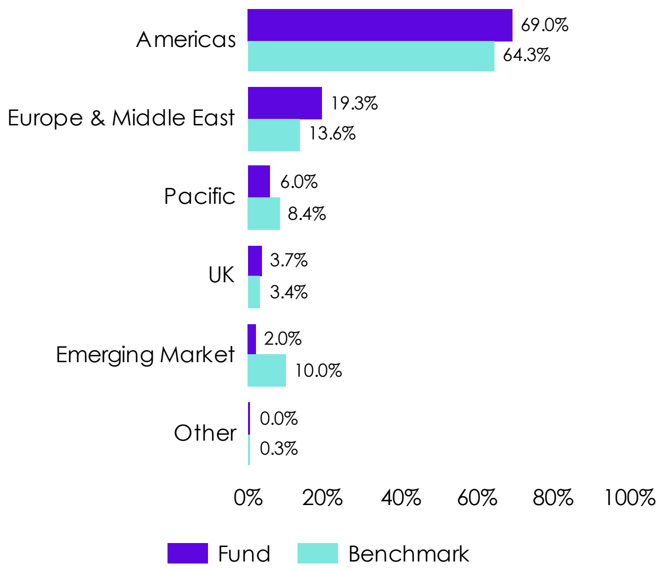
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

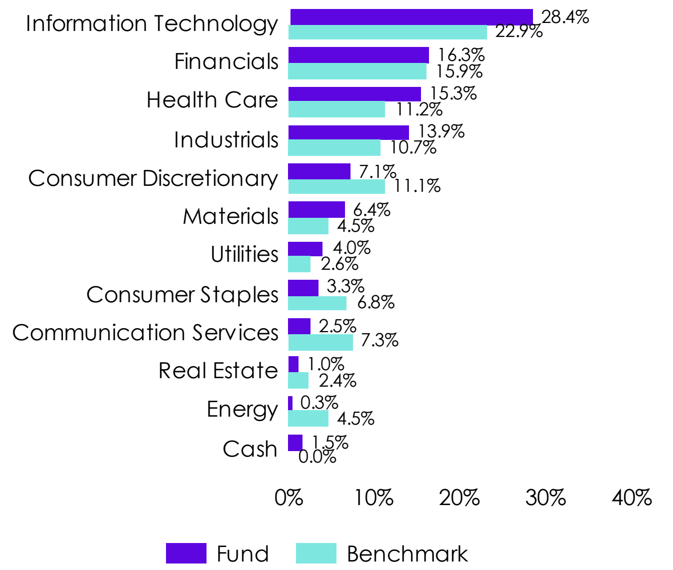
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Global Sustainable	149	155	1.90	2.21	5.25	4.83
MSCI ACWI*	191	201	3.81	4.89	9.16	8.25

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

Regional exposure



Sector exposure



UK Active Equities

Launch date
1 December 2018

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

Liquidity
Managed

Benchmark
FTSE All Share ex Inv Tr

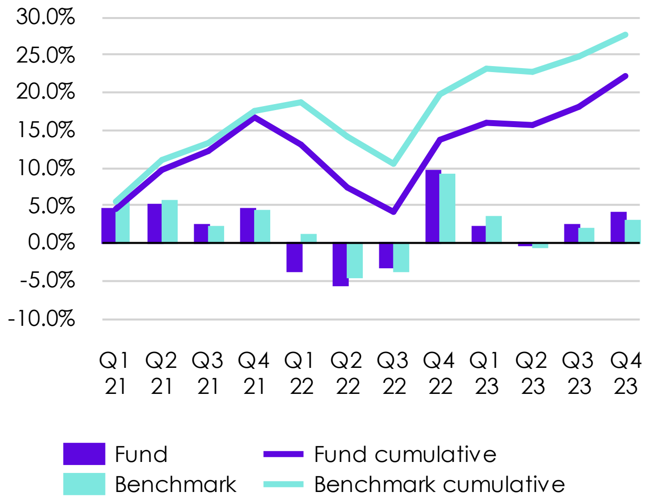
Outperformance target
+2%

Total fund value
£1,259m

Risk profile
High

Dorset's Holding:
GBP197m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	4.1	8.7	7.3	4.8
Benchmark	2.9	8.1	9.3	5.7
Excess	1.2	0.6	-2.0	-0.9

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

Performance commentary

The FTSE All-Share Index excluding Investment Trusts returned 2.9% over the quarter, underperforming the developed market index (MSCI World) by nearly 4% in GBP terms. This underperformance reflected the UK's larger exposure to the Energy sector, which performed poorly as concerns grew over weakening demand and supply complications. In a reversal of the previous quarter, the FTSE 100 significantly underperformed the FTSE 250.

The portfolio returned 4.1% during the period, outperforming the benchmark by 1.2%, and delivering a third consecutive quarter of outperformance.

Sector attribution shows that allocation was the main driver of outperformance, with an overweight to the Industrials sector and underweight to the Energy sector the main contributors. Selection also contributed positively and was strongest in Consumer Staples, where an overweight to M&S and underweight to British American Tobacco (BAT) were the largest contributors. M&S returned 15.6% after an encouraging trading update, with revenues growing c.11% year-on-year. These combined with successful cost savings to enable the business to translate strong sales into significant profit growth. Meanwhile, BAT returned -8.7% following a write-down of c.£25 billion on its US combustibles industry (U.S. cigarettes) due to falling demand for its products, as consumers switched to cheaper brands or quit.

Market cap allocation was another positive contributor this quarter. The portfolio was underweight the smallest quintile of companies in the index, which added 0.9% to relative returns.

On a manager basis, Baillie Gifford performed strongly (2% above the index), benefitting from an underweight to Energy and overweight to Industrials. On a stock basis, there were notable contributions from M&S, Autotrader and Persimmon, while zero exposure to BP, HSBC, and British American Tobacco, all major index constituents, also supported relative returns. Invesco outperformed the index (by 0.7%), driven by the positive contribution from Momentum, while the other two targeted factors (Quality and Value) were neutral in terms of relative performance.

From inception to quarter-end, the portfolio underperformed the benchmark by 0.9% per annum.

UK Active Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ASTRAZENECA PLC	5.62	7.16	11,040,280
UNILEVER PLC	4.75	4.35	9,337,407
SHELL PLC	4.44	7.88	8,731,195
HSBC HOLDINGS PLC	3.88	5.73	7,615,413
RELX PLC	2.95	2.69	5,796,973

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
MARKS & SPENCER GROUP PLC	1.95	0.24
LEGAL & GENERAL GROUP PLC	2.36	0.68
INFORMA PLC	2.03	0.50
HOWDEN JOINERY GROUP PLC	1.68	0.20
BUNZL PLC	1.92	0.49

Top 5 active underweights

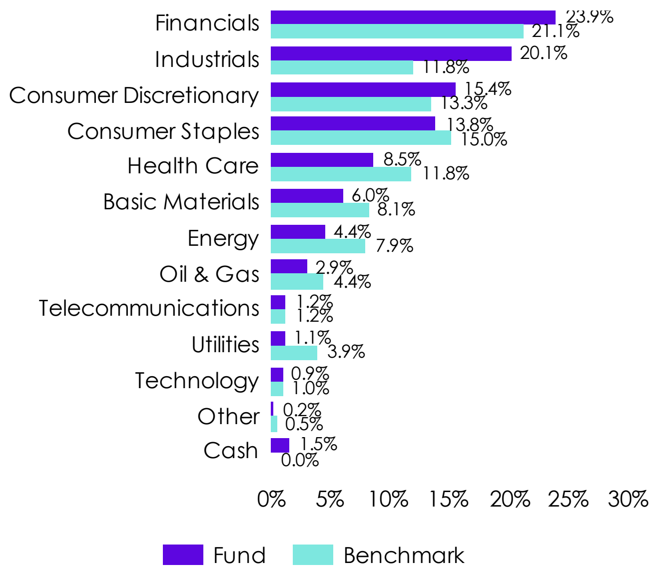
	Weight %	Benchmark weight %
SHELL PLC	4.44	7.88
HSBC HOLDINGS PLC	3.88	5.73
NATIONAL GRID PLC	-	1.78
BRITISH AMERICAN TOBACCO PLC	0.63	2.33
ASTRAZENECA PLC	5.62	7.16

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
SHELL PLC	33.68	33.68
ASTRAZENECA PLC	21.81	21.81
UNILEVER PLC	24.57	23.57
HSBC HOLDINGS PLC	25.47	24.98
GLENCORE PLC	38.56	38.56

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

Sector exposure



Carbon metrics

Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
UK Active Equities	76	79	5.27	7.40	11.31	11.39
FTSE All Share ex Inv	129	145	6.09	9.74	20.23	19.40

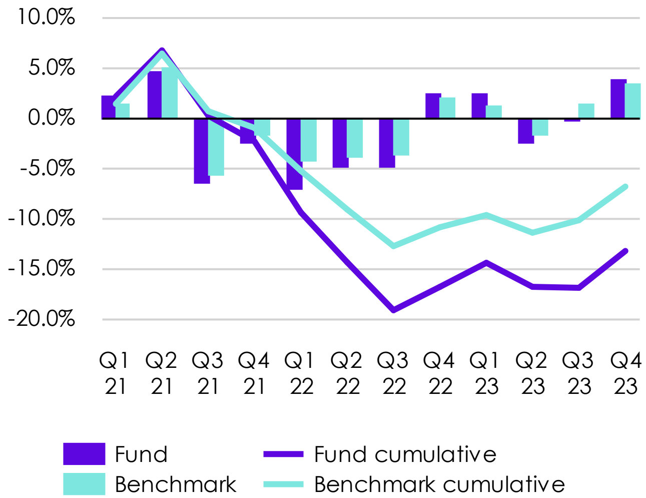
*Benchmark. [1] Extractive revenue exposure as share (%) of total revenue. [2] Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

Emerging Markets Equities

Launch date
8 November 2019
Investment strategy & key drivers
Equity exposure to emerging markets
Liquidity
Managed
Benchmark
MSCI Emerging Markets
Outperformance target
+2-3%
Total fund value
£967m
Risk profile
High

Dorset's Holding:
GBP144m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.7	3.5	-4.6	-0.1
Benchmark	3.3	4.0	-2.5	1.8
Excess	0.3	-0.5	-2.2	-1.8

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

Performance commentary

As mentioned in the CIO commentary, most Emerging Market (EM) economies made positive progress in the final quarter of the year, resulting in a modest gain of 3.3% for MSCI Emerging Markets. China was a notable absentee from the rally, falling 8% over last quarter to end the year down 16%. A combination of sluggish growth, regulation fears, outflows of foreign capital and property fears continued to weigh on sentiment towards Chinese equities.

The EM portfolio returned +3.7% last quarter, which was ahead of the benchmark return of +3.3%. Outperformance was driven by stock selection. Genesis and Ninety One beat the benchmark by 1.6% and 1.3%, respectively. Wellington underperformed by 2.1% due to poor stock selection in China and Consumer Discretionary businesses. Performance for 2023 was in line with the benchmark on a gross-of-fees basis, lagging by 0.5% net of fees. Since-inception performance remained behind the benchmark, lagging to end-2023 by 1.8% on an annualised basis.

PDD Holdings, a multinational commerce group predominantly held by Genesis, was the standout performer over the last quarter. PDD rose 43% after beating earnings expectations by 30% in November. This was the second successive earnings beat. The portfolio held approximately 2.4% in PDD as at year end, 1.2% more than the benchmark.

Sector-level positioning was a mild detractor last quarter. The bias towards consumer sectors hurt relative performance, with Consumer Discretionary and Consumer Staples underperforming the benchmark by 6.7% and 1.3% respectively.

Most styles performed in line with benchmark last quarter. The only notable exception was Quality, which outperformed broader markets by 4.2%. The portfolio is mildly overweight Quality due to Genesis' focus on identifying companies with sustainable, free-cashflow generation, strong governance, and alignment with minority shareholder interests. This acted as a tailwind for relative performance.

The outlook for EM remains cautiously optimistic. All three managers actively added to companies where share price weakness provided a good buying point. However, investors should still be mindful of the slowdown in China, which could have worldwide repercussions.

Emerging Markets Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
TAIWAN SEMICONDUCTOR	**8.16**	**6.74**	**11,729,717**
SAMSUNG ELECTRONICS CO LTD	**5.11**	**4.69**	**7,355,119**
TENCENT HOLDINGS LTD	**4.26**	**3.55**	**6,122,911**
HDFC BANK LTD	**2.75**	**0.82**	**3,957,409**
PDD HOLDINGS INC	**2.43**	**1.24**	**3,501,040**

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
HDFC BANK LTD	**2.75**	**0.82**
AIA GROUP LTD	**1.76**	**-**
TAIWAN SEMICONDUCTOR	**8.16**	**6.74**
PDD HOLDINGS INC	**2.43**	**1.24**
INNER MONGOLIA YILI INDUSTRIAL	**1.17**	**0.02**

Top 5 active underweights

	Weight %	Benchmark weight %
ALIBABA GROUP HOLDING LTD	**1.34**	**2.23**
CHINA CONSTRUCTION BANK CORP	**-**	**0.82**
PETROLEO BRASILEIRO SA	**0.19**	**0.94**
AL RAJHI BANK	**-**	**0.64**
HON HAI PRECISION INDUSTRY CO	**-**	**0.60**

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
SAMSUNG ELECTRONICS CO LTD	**19.41**	**19.41**
TENCENT HOLDINGS LTD	**19.25**	**19.32**
PDD HOLDINGS INC	**29.23**	**29.23**
HDFC BANK LIMITED	**30.61**	**30.77**
INNER MONGOLIA YILI INDUS-A	**37.21**	**37.21**

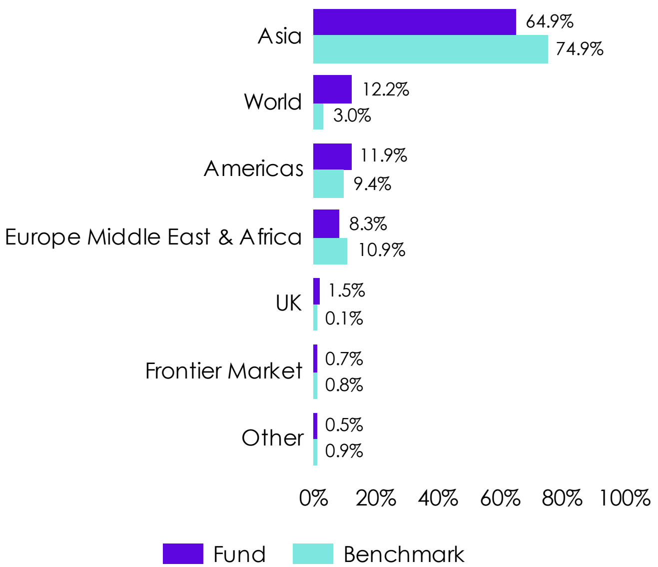
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

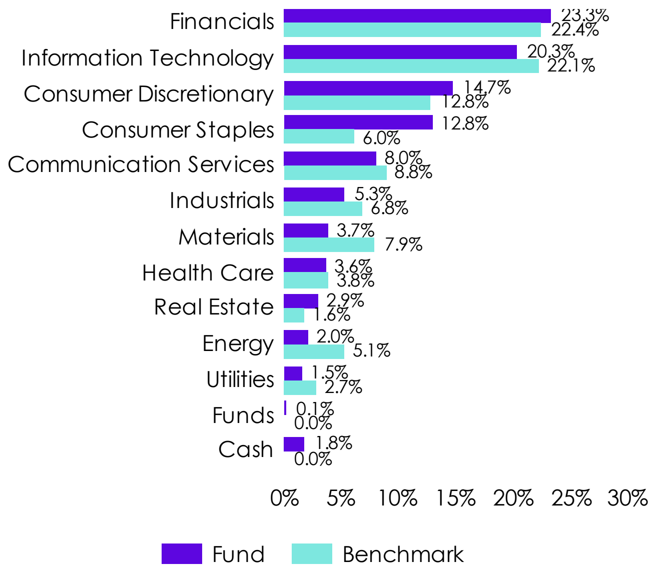
Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
Emerging Markets	**189**	**193**	1.38	1.89	3.76	4.31
MSCI Emerging	**429**	**515**	3.37	5.84	8.48	8.34

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

Regional exposure



Sector exposure



Global Small Cap Equities

Launch date
2 October 2020

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

Liquidity
Managed

Benchmark
MSCI Small Cap World

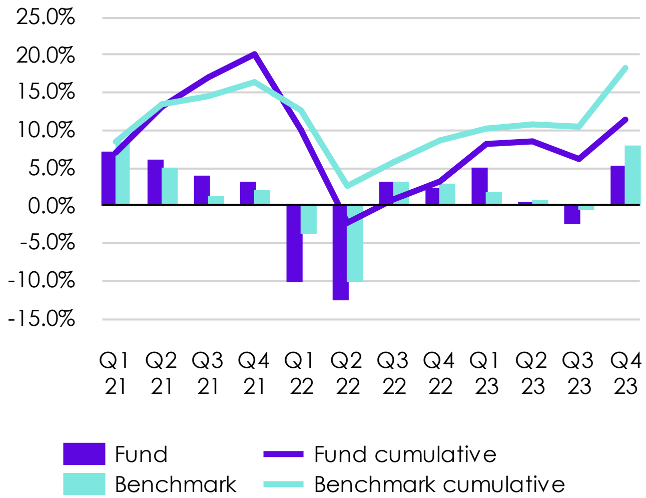
Outperformance target
+2%

Total fund value
£924m

Risk profile
High

Dorset's Holding:
GBP233m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	5.2	8.2	3.1	7.3
Benchmark	7.8	9.8	5.8	10.1
Excess	-2.6	-1.5	-2.7	-2.8

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

Performance commentary

Over the quarter, global small cap equity markets rallied, amid easing inflation and hopes for a sustained pause in central bank rate hikes. Corporate earnings were also relatively resilient despite headwinds for global economic growth. Real Estate and Financials were the best-performing sectors within the MSCI World Small Cap index, whilst the Energy sector lagged.

The Global Small Cap Equity Fund returned 5.2% over the quarter, underperforming the benchmark by 2.6%.

Stock selection was the main driver of relative returns over the quarter. Whilst stock selection in Industrials was positive, stock selection in the Healthcare, Consumer Discretionary and Technology sectors detracted. Overall, sector allocation effects were positive, driven by the underweight to the Energy sector.

Each of the managers underperformed over the quarter. American Century returned 3.7% over the quarter, underperforming the benchmark by 4.1%. The underperformance was driven by negative stock selection in Healthcare, Financials and Consumer Discretionary. Within Healthcare, several holdings faced headwinds due to a pullback in health care equipment purchases, cost pressures and worries over the impact of new weight loss drugs on the demand for other treatments.

Kempen returned 6.0% in absolute terms, underperforming the benchmark by 1.8%. While the lack of any Energy exposure contributed to relative returns, stock selection in the Healthcare, Technology and Consumer Discretionary sectors detracted.

Montanaro returned 6.8% over the quarter, underperforming the benchmark by 1.0%. Montanaro's positive stock selection in Industrials was outweighed by negative stock selection in the Consumer Discretionary and Communication Services sectors. The lack of exposure to Energy was positive.

At a stock level, Fox Factory, a US manufacturer of automotive parts and equipment, was the largest detractor from relative returns.

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

Global Small Cap Equities

Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
THERMON GROUP HOLDINGS	1.25	0.01	2,911,765
PRO MEDICUS LTD	1.25	0.05	2,903,185
JABIL INC	1.19	-	2,761,976
BRUNSWICK CORP/DE	1.13	0.09	2,631,789
HOULIHAN LOKEY INC	1.12	0.08	2,605,607

*Estimated client value

Top 5 active overweights

	Weight %	Benchmark weight %
THERMON GROUP HOLDINGS INC	1.25	0.01
PRO MEDICUS LTD	1.25	0.05
JABIL INC	1.19	-
ASR NEDERLAND NV	1.12	-
ULVAC INC	1.08	0.03

Top 5 active underweights

	Weight %	Benchmark weight %
FLEX LTD	-	0.19
LINCOLN ELECTRIC HOLDINGS INC	-	0.17
WILLIAMS-SONOMA INC	-	0.17
TOPBUILD CORP	-	0.16
FIVE BELOW INC	-	0.16

Largest contributors to ESG risk

	ESG risk score* Q3 2023	Q4 2023
FUJITEC CO LTD	29.88	29.88
THERMON GROUP HOLDINGS	23.59	23.59
HOULIHAN LOKEY INC	25.56	26.14
ULVAC INC	25.79	25.79
AXON ENTERPRISE INC	40.33	40.58

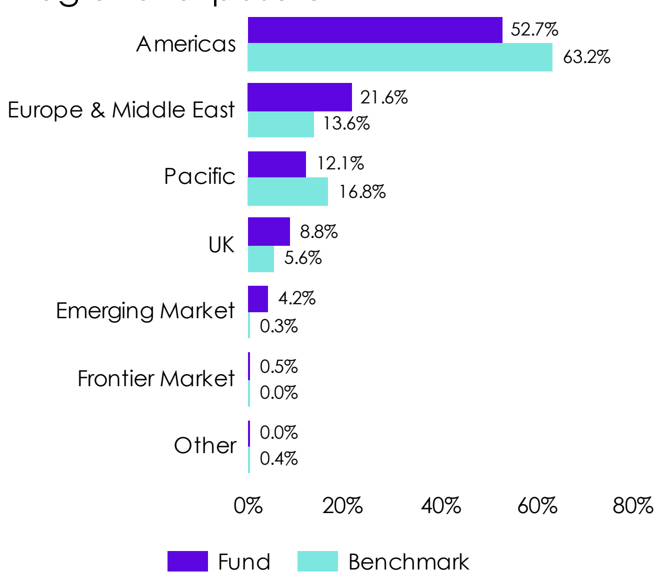
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

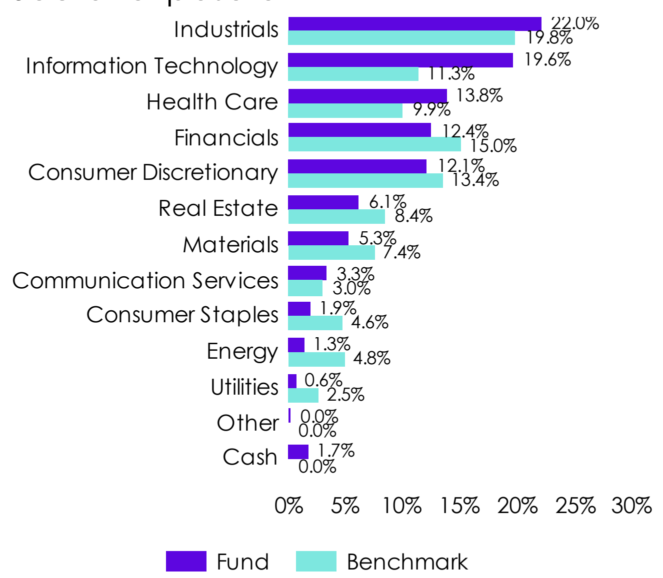
Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
Global Small Cap	94	90	4.36	2.43	3.52	1.62
MSCI Small Cap	214	211	3.25	3.79	6.77	5.75

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

Regional exposure



Sector exposure

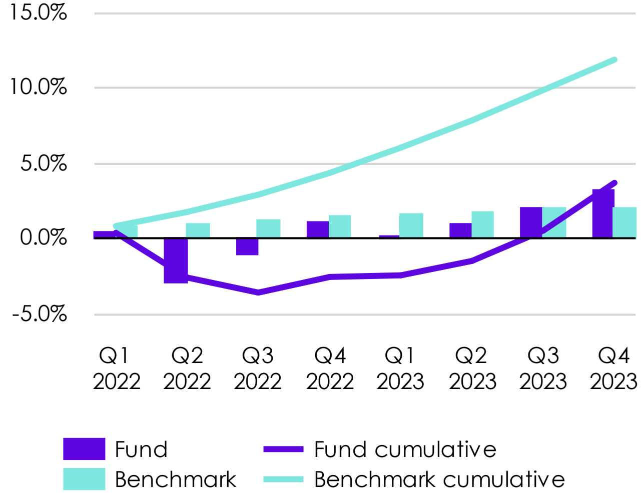


Diversifying Returns Fund

Launch date
12 August 2020
Investment strategy & key drivers
Strategy utilising currencies, credit, rates and equities
Liquidity
Managed
Benchmark
SONIA +3%
Outperformance target
0% to +2.0%
Total fund value
£1,008m
Risk profile
Moderate

Dorset's Holding:
GBP251m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.2	6.4	3.0	3.3
Benchmark	2.0	7.8	5.1	4.9
Excess	1.1	-1.4	-2.1	-1.6

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

Performance commentary

The Diversifying Returns Fund returned 3.2% over the fourth quarter of 2023. The benchmark return was 2.0%.

The sterling-hedged 50/50 equity/bond index we monitor returned 7.6% over the quarter, highlighting the strong returns generated by traditional asset classes. Since portfolio inception, the equity/bond index had returned 3.0% at quarter-end and the fund had returned 3.3% (on an annualised basis).

Whilst the fund fell behind the cash-plus benchmark, the latter remains hard to beat in an environment where interest rates have risen aggressively. Moreover, the fund did recover from the drawdown that started in 2022. Since January 2022, equity markets remain 7% down on a sterling-hedged basis and, whilst we expect equities to outperform the DRF portfolio over the long run, the faster drawdown recovery of the DRF portfolio highlights the advantages of a defensive strategy in challenging conditions.

The portfolio was able to capture the positive returns from equity and bond markets through the holdings in Lombard Odier and Fulcrum. Fulcrum further added positive returns through long duration positioning and volatility carry in the discretionary macro section of their fund. Over the quarter, Lombard Odier returned 4.6% and Fulcrum returned 2.2%.

The fund also benefitted from exposure to alternative premia. UBS had a strong quarter, returning 6.0%. The Norwegian Kroner and Japanese Yen appreciated - both are large positions in the UBS funds. Despite the Bank of Japan maintaining loose monetary policy, the Japanese yen was a beneficiary of dovish comments from other central banks, as markets priced the possibility of a fall in the rate differential between Japan and the rest of the world, thereby driving the yen to extreme levels of weakness. The Norwegian kroner was well supported as the Norges Bank delivered a surprise interest rate hike, citing continued high inflation.

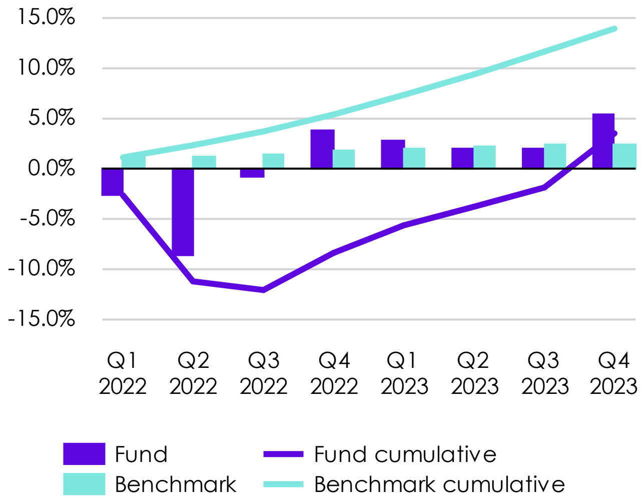
JP Morgan's returns were more muted, following a very strong few years' performance, with the fund returning 0.3% over the quarter. JPM made small positive returns from a number of the alternative premia signals it targets. The sector-neutral, equity Value signal, credit carry and cash provided the strongest returns. However, these were largely offset by relative Value momentum in equities, as the Federal Reserve interest rate commentary led to a an equity market shift.

Multi-Asset Credit

Launch date
7 July 2021
Investment strategy & key drivers
Exposure to higher yield bonds with moderate credit risk
Liquidity
Managed
Benchmark
SONIA +4%
Outperformance target
0% to +1.0%
Total fund value
£2,895m
Risk profile
Moderate

Dorset's Holding:
GBP264m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	5.4	12.4	-	1.5
Benchmark	2.3	8.8	-	6.5
Excess	3.1	3.6	-	-5.0

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

Performance commentary

Sub-investment grade credit markets finished the year in strong fashion, resulting in double-digit gains for 2023. As mentioned in the CIO commentary, the market narrative on interest rates changed from 'higher for longer' to 'pivot', following better-than-expected inflation data in the US. The UK also saw interest rate expectations fall.

US and UK yields fell right along the curve, but more so at the policy-sensitive end. 2-year yields for the US and UK ended the year at 4.25% and 3.96% respectively. Credit spreads also fell across the quarter, as hopes of a soft landing grew. High Yield option-adjusted spreads – proxied by the Bloomberg High Yield Index – ended the period at +423 basis points (bps), a 58bps decrease from Q3 2023. The backdrop of declining interest rate expectations and spread compression resulted in all asset classes making a positive return over the quarter. Fixed rate assets appreciated far more than their floating counterparts. The best-performing asset classes were Contingent Capital (CoCos) and Emerging Market Sovereigns, which returned +11% and +10.2%, respectively, in local currency terms.

The portfolio returned +5.4% over the quarter, which was comfortably ahead of the primary benchmark (SONIA +4%), which returned +2.3%. The portfolio was in line with the secondary composite benchmark, which is evenly split between the Bloomberg Global High Yield and the Morningstar LSTA US Leveraged Loan Index. Neuberger Berman, CQS and Oaktree returned +5.9%, +4.7% and +4.8% respectively. Neuberger Berman posted a stronger return due to its rate-sensitive allocation to Investment Grade Corporates - it took profit on its allocation later in the quarter.

Performance for the calendar year was an impressive +12.4%, materially ahead of the primary cash benchmark. Since-inception performance is now +1.5%, which lags the primary benchmark by 5.0%. The composite benchmark has returned approximately +1.8% over the same period.

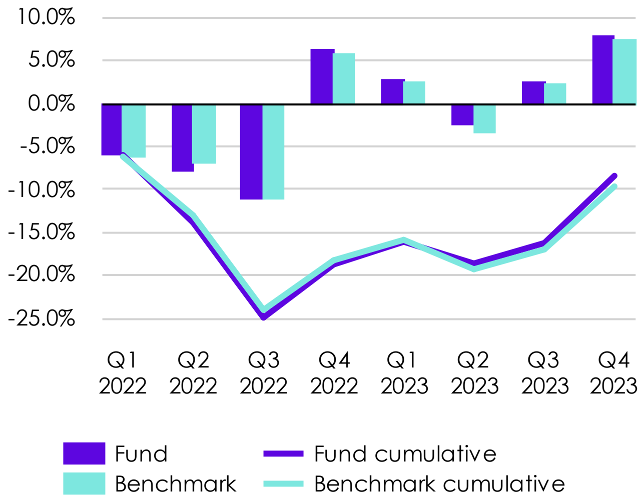
All three managers maintain a cautiously optimistic outlook. All-in yields have fallen to 7.9% for the Multi-Asset Credit portfolio, with a duration of 2.7 years. Investors should remain wary of the reduced amount of compensation for credit risk. Our managers remain heavily focused on the quality of their issuers.

Sterling Corporate Bonds

Launch date
2 July 2021
Investment strategy & key drivers
Managed credit selection to generate excess sterling yield returns
Liquidity
Managed
Benchmark
iBoxx Sterling Non Gilt x
Outperformance target
+1%
Total fund value
£2,544m
Risk profile
Moderate

Dorset's Holding:
GBP84m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	7.8	10.5	-	-4.1
Benchmark	7.4	8.6	-	-4.7
Excess	0.5	1.9	-	0.6

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

Performance commentary

Bond markets rallied over the quarter as headline inflation fell and markets began to price in interest rate cuts in 2024. The result was significant falls in bond yields in November and December. The sterling investment grade credit market (non-gilt) returned 7.4% over the quarter, as a result of lower government bond yields and tighter credit spreads. Given the fall in yields, sectors with a greater proportion of long-dated bonds performed well, including utilities and social housing, whilst supranationals was the worst-performing sector.

Over the period, the Sterling Corporate Bonds portfolio returned 7.8%, outperforming the benchmark by 0.5%.

The main driver of positive relative performance was sector positioning, notably the underweight allocation to supranationals, which continued to lag the wider market. Yield curve positioning was also positive, given the strong performance from longer-dated bonds.

Stock selection effects were mixed, with a broadly neutral impact on relative returns overall. Whilst there was positive selection in insurance bonds, notably longer-dated subordinated bonds from Prudential and Legal & General, there were negative selection effects in structured bonds, which generally have a lower sensitivity to wider market moves.

In terms of credit rating bands, the significant underweight allocation to AAA-rated bonds contributed to relative returns; the overweight allocation to BBB-rated bonds was also positive.

The holding in Thames Water was a detractor over the quarter. Whilst structurally junior holding company debt underperformed and was downgraded, the portfolio's larger exposure to the operating company debt was beneficial for performance over the quarter.

In terms of outlook, although the economic data remains mixed, RLAM still believes that higher interest rates will contribute to a slowdown in the UK. This could well impact company earnings and lead to some increase in pressure on credit markets. However, whilst all-in yields are not as attractive as at the start of the fourth quarter, RLAM feels that the excess yield available on investment grade credit overcompensates for the default risk.

PAB Passive Global Equities

Launch date
1 November 2021

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

Liquidity
High

Benchmark
FTSE Dev World PAB

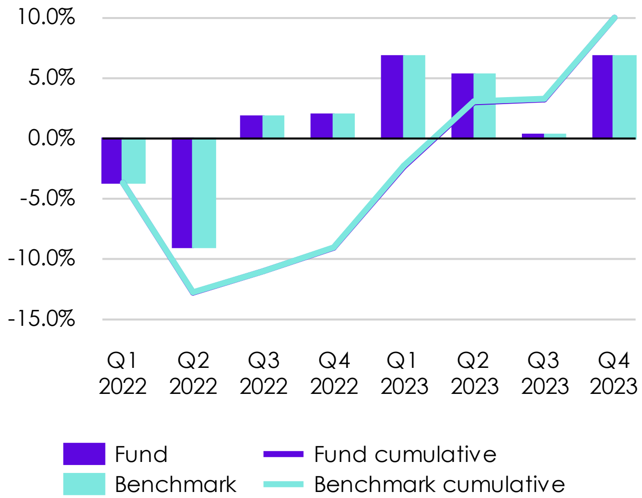
Outperformance target
Match

Total fund value
£2,153m

Risk profile
High

Dorset's Holding:
GBP61m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.8	20.3	-	5.9
Benchmark	6.7	20.3	-	6.0
Excess	-	-	-	-0.1

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

Performance commentary

The FTSE Developed Paris-aligned index (PAB) returned 6.7% over Q4 2023. The PAB Passive Global Equities product replicated the performance of the benchmark over the period, returning 6.8%.

The PAB's holding in Vestas Wind Systems A/S made a positive contribution to returns of 0.1%. The wind turbine manufacturer reported Q3 profits that were four times greater than analysts' consensus expectations. Vestas is held in the PAB at a larger weight than in the market cap index due to very strong Green Revenue scoring and a positive tilt on TPI Management Quality scoring.

The only Energy sector investments in the PAB are Vestas and First Solar. Not owning companies with exposure to oil benefitted performance, as oil prices fell significantly over the period.

The PAB's large positions in Microsoft, Amazon and Apple all made significant positive contributions to returns, as Growth stocks benefited from the market factored in a higher probability of interest rate cuts in 2024.

The PAB's holding in Tesla made the largest negative contribution to returns, costing 67 basis points of performance. Tesla is a significant position in the portfolio owing to its strong Green Revenue score and a positive tilt score for Scope 3 Carbon Emissions Intensity. Tesla reported increasing inventories which may put pressure on margins. However, Tesla was not alone in recording weak performance. The Autos sub-sector underperformed the broader market.

An index rebalancing took place during the quarter. The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilise EVIC rather than Revenue in its decarbonisation calculations.

PAB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	**5.19**	**3,176,419**
MICROSOFT CORP	**5.17**	**3,160,872**
APPLE INC	**4.85**	**2,964,379**
ALPHABET INC	**4.53**	**2,767,482**
TESLA INC	**4.23**	**2,589,300**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
AMAZON.COM INC	**30.61**	**30.61**
TESLA INC	**25.23**	**25.23**
APPLE INC	**17.22**	**17.22**
MICROSOFT CORP	**15.06**	**15.21**
ALPHABET INC-CL A	**24.04**	**24.09**

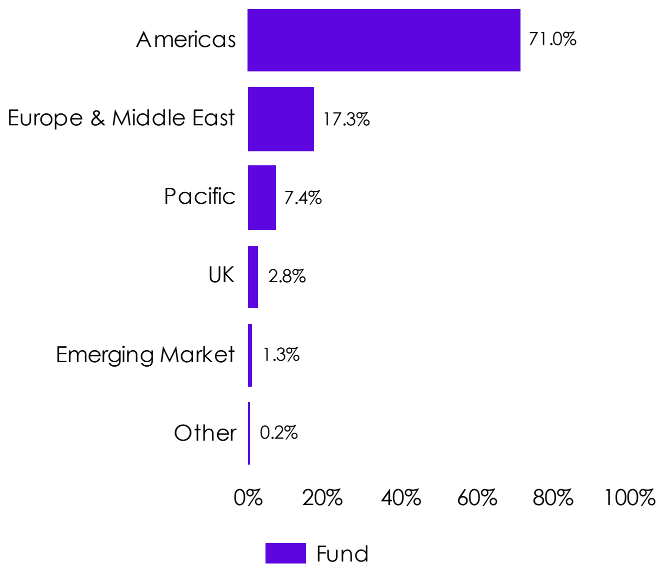
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

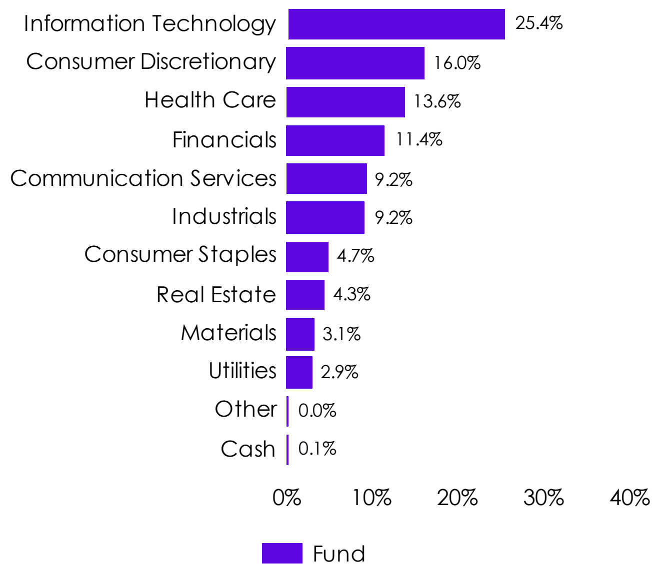
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
PAB Passive Global	**76**	**120**	0.72	1.39	3.39	3.57
FTSE Dev World TR	**167**	**168**	3.67	4.69	9.52	8.45

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

Regional exposure



Sector exposure



PAB Passive Global Equities (Hedged)

Launch date
1 November 2021

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

Liquidity
High

Benchmark
FTSE Dev World PAB

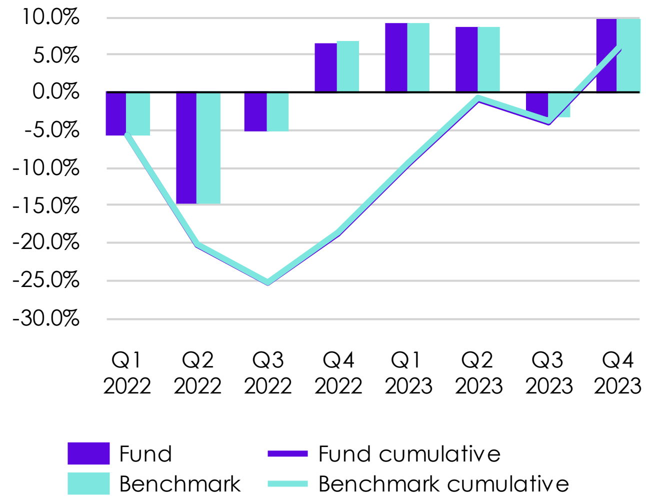
Outperformance target
Match

Total fund value
£1,689m

Risk profile
High

Dorset's Holding:
GBP63m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.7	26.2	-	2.7
Benchmark	9.7	26.2	-	2.8
Excess	-	-	-	-0.1

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

Performance commentary

The FTSE Developed Paris Aligned Index (GBP Hedged) (PAB) returned 9.7% over Q4 2023.

With a large amount of the fund invested in the US, the GBP/USD exchange rate generally has a large bearing on the performance differential between the hedged and unhedged products. The US dollar weakened 4.2% versus sterling following comments from the Federal Reserve that made interest rate cuts seem more likely in 2024. This led to the hedged product outperforming the unhedged product.

The PAB's holding in Vestas Wind Systems A/S made a positive contribution to return as the wind turbine manufacturer reported Q3 profits in excess of analysts' consensus expectations. Vestas is held in the PAB at a larger weight than in the market cap index due to very strong Green Revenue scoring and a positive tilt on TPI Management Quality scoring.

The only Energy sector investments in the PAB are Vestas and First Solar. Not owning companies with exposure to oil was beneficial for performance, as oil prices fell significantly over the period.

The PAB's large positions in Microsoft, Amazon and Apple all made significant positive contributions to returns, since Growth stocks benefited from the market factoring a rising probability of 2024 interest rate cuts into valuations.

The PAB's holding in Tesla made a large negative contribution to returns. Tesla is a significant position in the portfolio owing to its strong Green Revenue score and a positive tilt score for Scope 3 Carbon Emissions Intensity. Tesla reported an increase in inventories which may put pressure on margins. However, Tesla was not alone in recording weak performance. The broader Autos sector underperformed the broader market.

An index rebalancing took place during the quarter. The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks which utilises EVIC rather than Revenue in its decarbonisation calculations.

PAB Passive Global Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
AMAZON.COM INC	5.19	3,261,621
MICROSOFT CORP	5.17	3,245,657
APPLE INC	4.85	3,043,894
ALPHABET INC	4.53	2,841,716
TESLA INC	4.23	2,658,754

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
AMAZON.COM INC	30.61	30.61
TESLA INC	25.23	25.23
APPLE INC	17.22	17.22
MICROSOFT CORP	15.06	15.21
ALPHABET INC-CL A	24.04	24.09

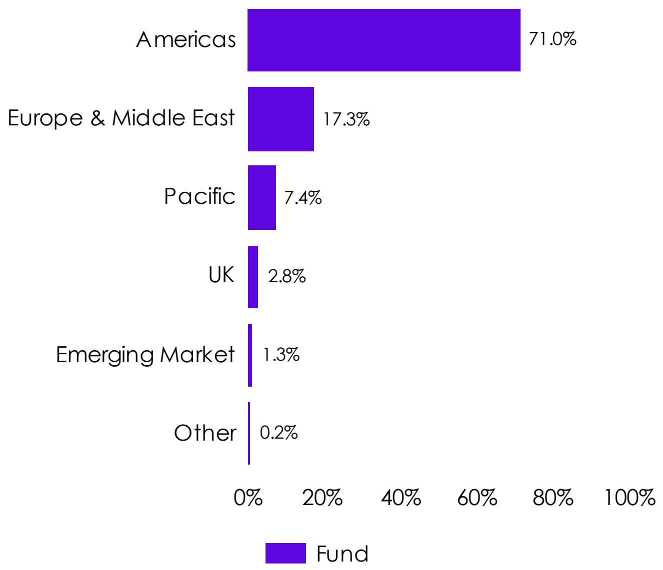
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

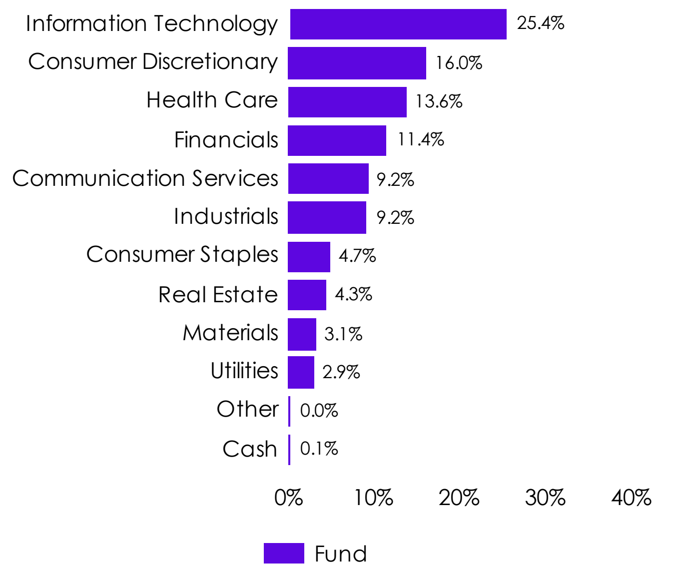
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
PAB Passive Global	76	120	0.72	1.39	3.39	3.57

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

Regional exposure



Sector exposure

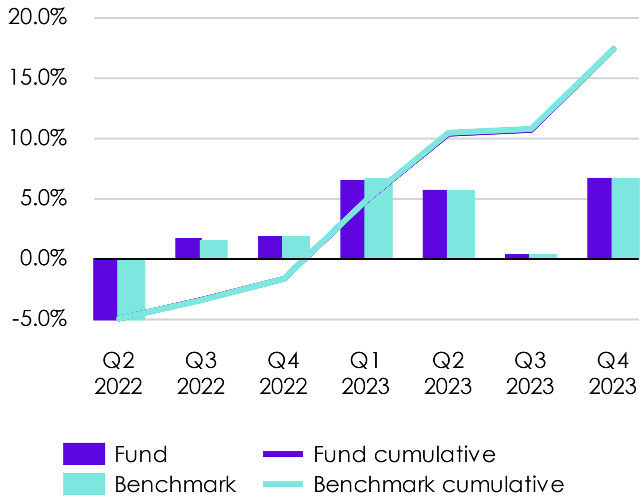


CTB Passive Global Equities

Launch date
1 May 2022
Investment strategy & key drivers
Passive global equity exposure aligned to Climate Transition goals
Liquidity
High
Benchmark
FTSE Dev World CTB
Outperformance target
Match
Total fund value
£723m
Risk profile
High

Dorset's Holding:
GBP61m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.7	20.3	-	11.0
Benchmark	6.6	20.3	-	11.1
Excess	0.1	-	-	-

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

Performance commentary

The FTSE Developed Climate Transition (CTB) Index returned 6.7% over Q4 2023. The CTB Passive Global Equities product closely replicated the performance of the benchmark over this period, returning 6.8%.

The holding in Vestas Wind Systems A/S made a positive contribution to returns. The wind turbine manufacturer reported Q3 profits in excess of analysts' consensus expectations. Vestas is held in the CTB at a larger weight than in the market cap index due to very strong Green Revenue scoring and a positive tilt on TPI Management Quality scoring.

Relative to the market cap index, the CTB's lower allocation to the Energy sector made a positive contribution to relative returns, as the price of oil fell significantly over the quarter.

The largest negative contribution to returns came from Tesla, a significant position in the portfolio, as it underperformed the broader market. Tesla reported an increase in inventories, which could lead to margin pressure. However, it was not alone among auto manufacturers in underperforming the broader market; the broader Autos sub-sector posted weak performance.

Technology sector companies made the largest positive contribution to performance, as the market factored a rising probability of interest rate cuts in 2024 into valuations. The CTB's largest holdings are in Microsoft, Apple and Alphabet. All three companies have positive tilt scores for Scope 3 Carbon Emissions Intensity and TPI Management Quality.

An index rebalancing took place during the quarter. The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilise EVIC rather than Revenue in its decarbonisation calculations.

CTB Passive Global Equities

Top 5 holdings

	Weight %	Client value (GBP)*
MICROSOFT CORP	**5.18**	**3,179,356**
APPLE INC	**4.84**	**2,971,033**
ALPHABET INC	**4.55**	**2,791,758**
AMAZON.COM INC	**4.28**	**2,624,017**
TESLA INC	**3.91**	**2,395,494**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	Q4 2023
AMAZON.COM INC	**30.61**	**30.61**
TESLA INC	**25.23**	**25.23**
APPLE INC	**17.22**	**17.22**
MICROSOFT CORP	**15.06**	**15.21**
ALPHABET INC-CL A	**24.04**	**24.09**

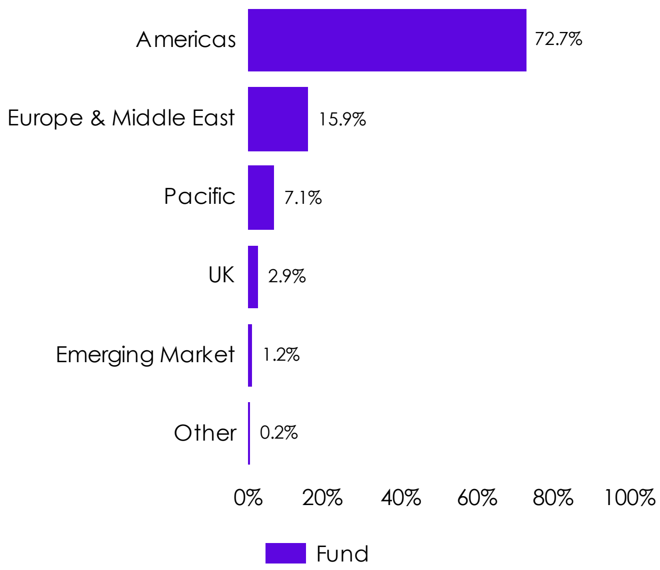
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

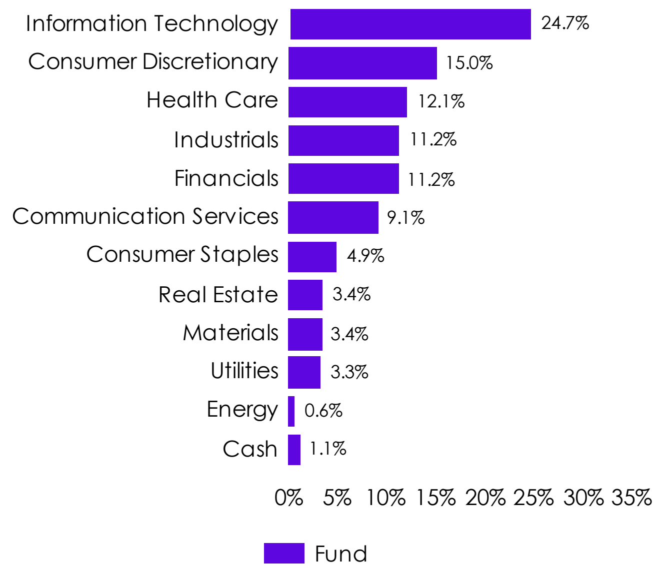
Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
CTB Passive Global	**107**	**148**	1.76	2.26	5.89	5.09
FTSE Dev World TR	**167**	**168**	3.67	4.69	9.52	8.45

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

Regional exposure



Sector exposure



CTB Passive Global Equities (Hedged)

Launch date
1 May 2022

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

Liquidity
High

Benchmark
FTSE Dev World CTB

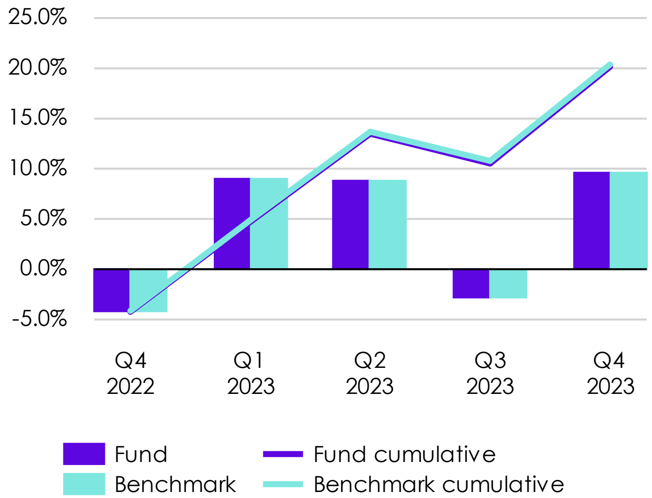
Outperformance target
Match

Total fund value
£63m

Risk profile
High

Dorset's Holding:
GBP63m

Rolling 2yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.6	26.1	-	19.6
Benchmark	9.6	26.2	-	19.9
Excess	-	-0.1	-	-0.2

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

Performance commentary

The FTSE Developed Climate Transition Index (GBP Hedged) (CTB) returned 9.6% over Q4 2023. The CTB Passive Global Equities (GBP Hedged) product closely replicated the performance of the benchmark over this period, returning 9.7%.

With a large amount of the fund invested in the US, the GBP/USD exchange rate generally has a large bearing on the performance differential between the hedged and unhedged products. The US dollar weakened 4.2% versus sterling over the quarter, following comments from the Federal Reserve that made interest rate cuts seem more likely in 2024. This led to the hedged product outperforming the unhedged product.

The holding in Vestas Wind Systems A/S made a positive contribution to returns. The wind turbine manufacturer reported Q3 profits in excess of analysts' consensus expectations. Vestas is held in the CTB at a larger weight than in the market cap index due to very strong Green Revenue scoring and a positive tilt on TPI Management Quality scoring.

Relative to the market cap index, the CTB's lower allocation to the Energy sector made a positive contribution to relative returns as the price of oil fell significantly over the quarter.

The largest negative contribution to returns came from Tesla, a large position in the portfolio, which underperformed the broader market. Tesla reported an increase in inventories, which could lead to margin pressure. However, it was not alone among auto manufacturers in underperforming the broader market; the broader Autos subsector posted weak performance.

Technology sector companies made the largest positive contribution to performance as the market factored a rising probability of interest rate cuts in 2024 into valuations. The CTB's largest holdings are Microsoft, Apple and Alphabet. All three companies have positive tilt scores for Scope 3 Carbon Emissions Intensity and TPI Management Quality.

An index rebalancing took place during the quarter. The portfolio decarbonisation trajectory is in line with the requirements of EU regulations for Paris-aligned benchmarks, which utilise EVIC rather than Revenue in decarbonisation calculations.

CTB Passive Global Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
MICROSOFT CORP	5.18	3,255,265
APPLE INC	4.84	3,041,967
ALPHABET INC	4.55	2,858,412
AMAZON.COM INC	4.28	2,686,666
TESLA INC	3.91	2,452,687

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
AMAZON.COM INC	30.61	30.61
TESLA INC	25.23	25.23
APPLE INC	17.22	17.22
MICROSOFT CORP	15.06	15.21
ALPHABET INC-CL A	24.04	24.09

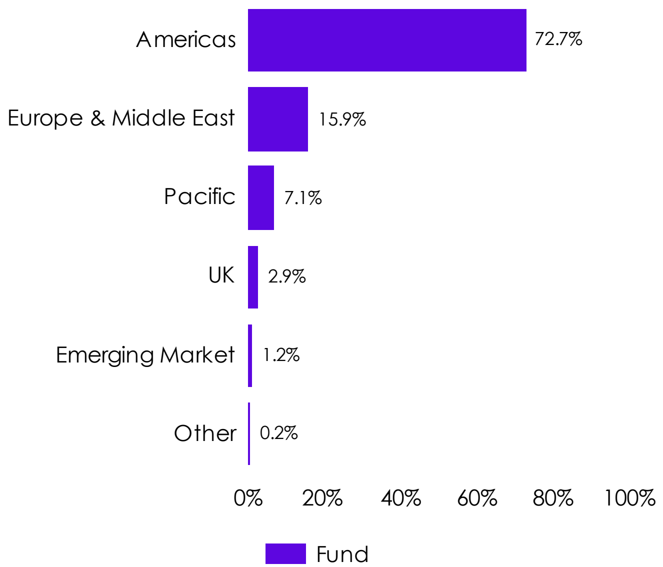
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

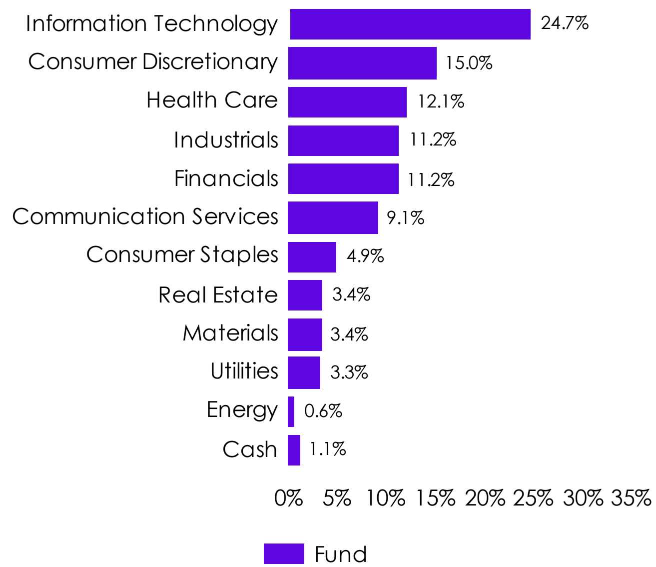
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
CTB Passive Global	107	148	1.76	2.26	5.89	5.09

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

Regional exposure



Sector exposure

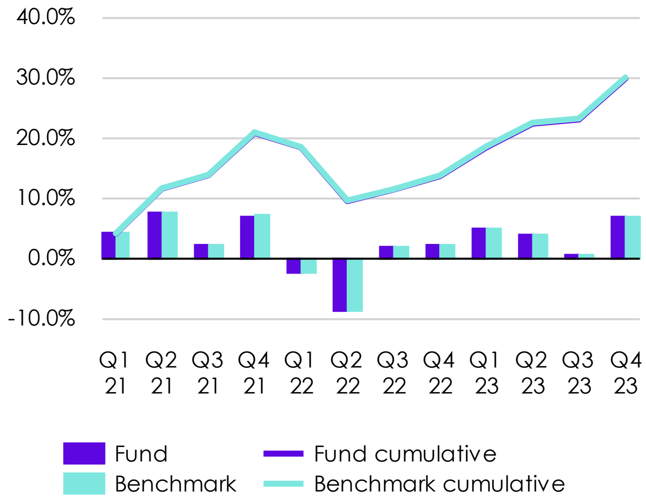


Passive Developed Equities

Launch date
11 July 2018
Investment strategy & key drivers
Passive global equity exposure
Liquidity
High
Benchmark
FTSE Developed
Outperformance target
Match
Total fund value
£695m
Risk profile
High

Dorset's Holding:
GBP109m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	6.8	17.1	9.9	10.3
Benchmark	6.8	17.2	10.0	10.4
Excess	-	-0.1	-0.1	-

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

Performance commentary

Passive Developed Equities returned 6.8% in the fourth quarter of 2023 and 17.1% over the year. The fund closely replicated the FTSE Developed Index.

Speculation that US interest rates may have peaked led to longer-duration Growth stocks outperforming Value.

Regionally, this was reflected in the strong performance of the US, where equities rose 12.0% in US dollar terms. However, an accompanying depreciation of the dollar meant the US market returned 7.2% for sterling investors. This was slightly less than the European market, which returned 7.5%. The more Value-orientated markets of Japan and the UK lagged, returning 3.3% and 3.2% respectively.

The Technology sector continued its strong performance, returning 12.1%. Within the sector, companies with exposure to chip manufacturing, such as Advanced Micro Devices, Intel and ASML, made strong contributions to returns, as better-than-anticipated earnings reports suggested these companies are well-placed to benefit from growth in artificial intelligence technologies. The Industrials sector also performed well, returning 9.1%.

The Energy sector was the worst performing, losing 7.3% over the quarter as oil prices fell 21% in US dollar terms. This was caused by a combination of high levels of US supply and fears that weakening economic activity would foster a decrease in demand.

Passive Developed Equities

Top 5 holdings

	Weight %	Client value (GBP)*
APPLE INC	**4.59**	**5,014,322**
MICROSOFT CORP	**4.52**	**4,942,004**
ALPHABET INC	**2.48**	**2,715,795**
AMAZON.COM INC	**2.21**	**2,417,917**
NVIDIA CORP	**1.90**	**2,077,833**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	Q4 2023
APPLE INC	**17.22**	**17.22**
MICROSOFT CORP	**15.06**	**15.21**
AMAZON.COM INC	**30.61**	**30.61**
META PLATFORMS INC-CLASS A	**34.08**	**33.69**
ALPHABET INC-CL A	**24.04**	**24.09**

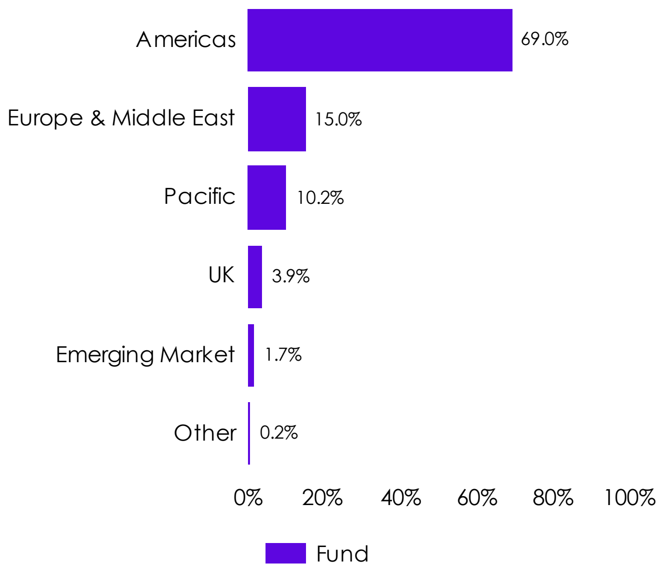
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

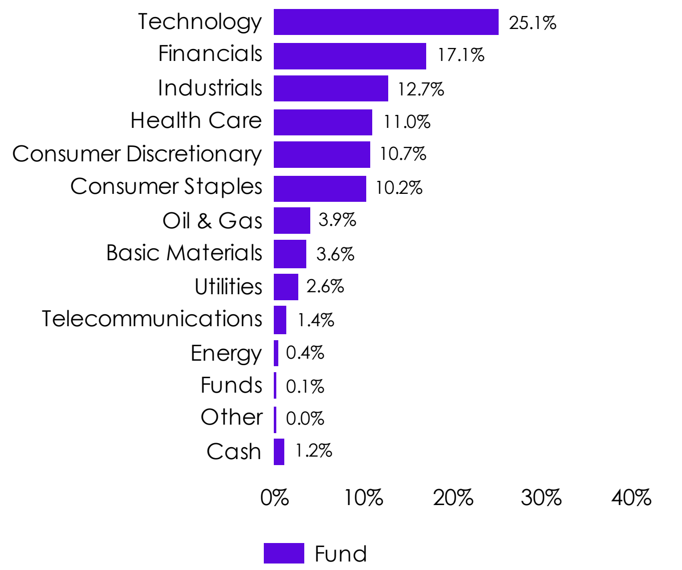
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Passive Developed	**166**	**168**	3.18	4.06	9.47	8.48

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

Regional exposure



Sector exposure

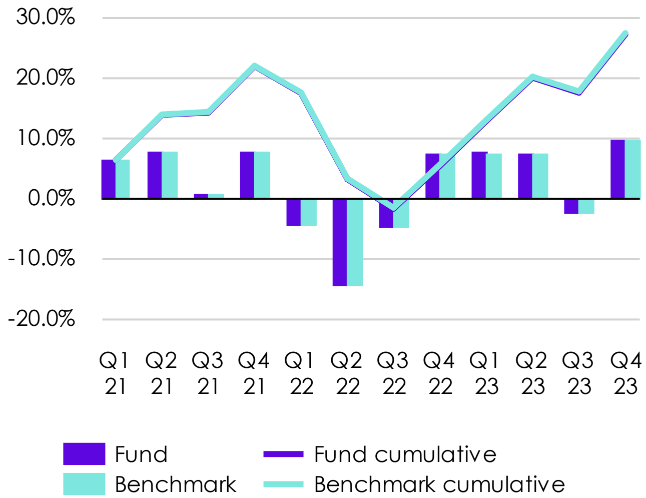


Passive Developed Equities (Hedged)

Launch date
11 July 2018
Investment strategy & key drivers
Passive global equity exposure - hedged
Liquidity
High
Benchmark
FTSE Developed
Outperformance target
Match
Total fund value
£112m
Risk profile
High

Dorset's Holding:
GBP112m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	9.7	23.1	8.3	8.9
Benchmark	9.7	23.1	8.4	9.0
Excess	-	-	-0.1	-0.1

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

Performance commentary

Passive Developed Equities (GBP Hedged) returned 9.7% in the fourth quarter of 2023 and 23.1% over year. The portfolio replicated the FTSE Developed World (GBP Hedged).

With a large amount of the fund invested in the US, the GBP/USD exchange rate generally has a large bearing on the performance differential between the hedged and unhedged products. The US dollar weakened 4.2% versus sterling following comments from the Federal Reserve that made interest rate cuts seem more likely in 2024. This contributed to the hedged product outperforming the unhedged product.

The main theme of the quarter was that falling interest rate expectations led to longer-duration Growth stocks outperforming Value stocks. The theme showed through in a number of ways.

In local currency, the US was the strongest-performing of the major developed markets, returning 12.0%. Europe (excluding the UK) returned 7.7%, while Japan and the UK lagged, returning 3.3% and 3.2%, respectively.

The Technology sector continued its strong performance. Within the sector, companies with exposure to chip manufacturing, such as Advanced Micro Devices, Intel and ASML made strong contributions to returns, as better-than-anticipated earnings reports suggested these companies are well-placed to benefit from developments in artificial intelligence technologies. The Industrials sector also performed well.

The Energy sector was the worst-performing, as oil prices fell 21% in US dollar terms. This was caused by a combination of high levels of American supply, and fears that weakening economic activity would foster a drop in demand.

Passive Developed Equities (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
APPLE INC	**4.59**	**5,119,971**
MICROSOFT CORP	**4.52**	**5,046,129**
ALPHABET INC	**2.48**	**2,773,015**
AMAZON.COM INC	**2.21**	**2,468,861**
NVIDIA CORP	**1.90**	**2,121,612**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
APPLE INC	**17.22**	**17.22**
MICROSOFT CORP	**15.06**	**15.21**
AMAZON.COM INC	**30.61**	**30.61**
META PLATFORMS INC-CLASS A	**34.08**	**33.69**
ALPHABET INC-CL A	**24.04**	**24.09**

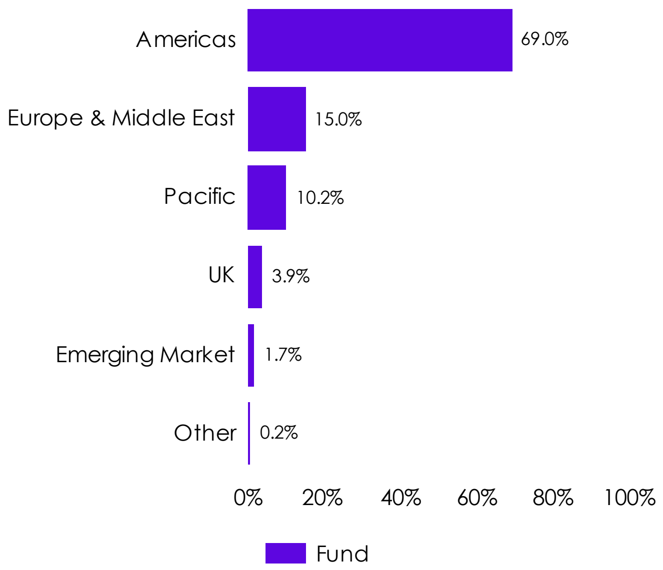
*Source: Sustainalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

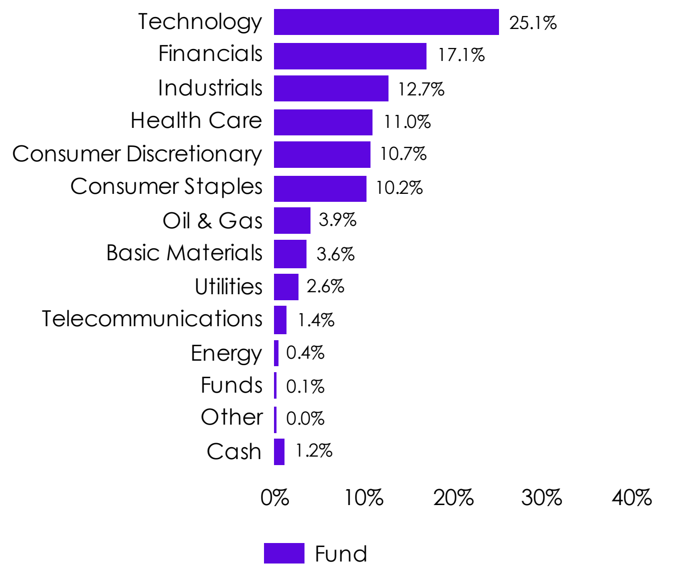
Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
Passive Developed	**166**	**168**	3.18	4.06	9.47	8.48

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

Regional exposure



Sector exposure

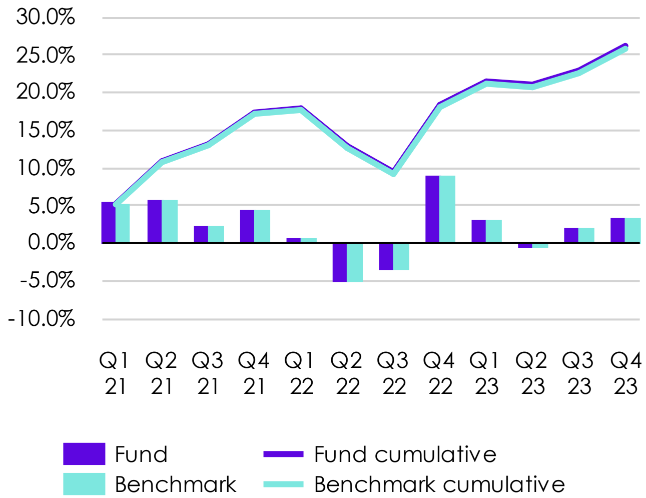


Passive UK Equities

Launch date
11 July 2018
Investment strategy & key drivers
Passive UK equity exposure
Liquidity
High
Benchmark
FTSE All Share
Outperformance target
Match
Total fund value
£131m
Risk profile
High

Dorset's Holding:
GBP131m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	3.2	8.0	8.7	3.7
Benchmark	3.2	7.9	8.6	3.7
Excess	-	0.1	0.1	0.1

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

Performance commentary

In the fourth quarter of 2023, Passive UK Equities returned 3.2% and 8.0% over the year.

The UK market underperformed the FTSE Developed Index, which returned 6.8% over the period. Globally, Growth stocks outperformed Value, resulting in strong performance from the US market, which has more Growth exposure than the UK - the UK has more exposure to Value.

The Industrial and Financial sectors made the largest contributions to return. Within Industrials, Rolls Royce was a strong performer, returning 35.7%, having benefitted from an increase in global flight volumes and an increase in defence spending. Experian also performed well, citing the increased cost of living as a reason behind an increase in demand for credit analysis.

Energy was the weakest-performing sector, as oil prices fell 21% in US dollars. The falling oil price was caused by a combination of high levels of US supply and fears that weakening economic activity would foster a decrease in demand.

Passive UK Equities

Top 5 holdings

	Weight %	Client value (GBP)*
SHELL PLC	**7.29**	**9,548,305**
ASTRAZENECA PLC	**6.70**	**8,773,162**
HSBC HOLDINGS PLC	**5.31**	**6,959,024**
UNILEVER PLC	**4.08**	**5,351,082**
BP PLC	**3.34**	**4,377,526**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
SHELL PLC	**33.68**	**33.68**
ASTRAZENECA PLC	**21.81**	**21.81**
HSBC HOLDINGS PLC	**25.47**	**24.98**
BP PLC	**35.10**	**35.97**
UNILEVER PLC	**24.57**	**23.57**

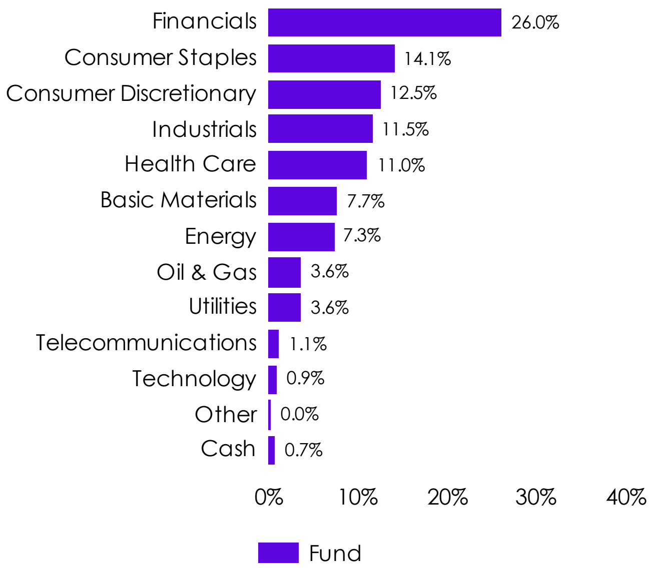
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

Portfolio	WACI 2023 Q3	WACI 2023 Q4	Total Extractive Exposure[1] 2023 Q3	Total Extractive Exposure[1] 2023 Q4	Extractive Industries (VOH)[2] 2023 Q3	Extractive Industries (VOH)[2] 2023 Q4
Passive UK Equities	**129**	**137**	5.07	7.41	19.93	18.84

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

Sector exposure

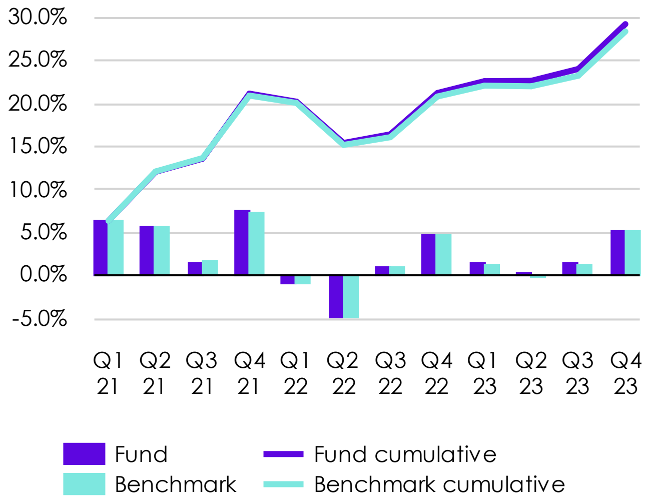


Passive Smart Beta

Launch date
18 July 2018
Investment strategy & key drivers
Passive equity exposure utilising alternative smart beta indices
Liquidity
Reasonable
Benchmark
SciBeta Multifactor Composite
Outperformance target
+0.5-1%
Total fund value
£161m
Risk profile
High

Dorset's Holding:
GBP161m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	5.2	8.2	9.9	8.3
Benchmark	5.1	7.7	9.4	8.0
Excess	0.1	0.5	0.5	0.3

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

Performance commentary

In the fourth quarter of 2023, Passive Smart Beta Equities returned 5.2%, underperforming the MSCI World Index, which returned 6.8%. The fund tracked the Scientific Beta Index, in line with expectations.

Over the quarter, the Low Volatility and Quality signals made positive contributions to returns, relative to the market cap index. However, this was more than offset by the larger exposure to Value, which underperformed the broader market.

Sector attribution showed a negative allocation effect from the underweight position to Technology, a sector which outperformed the broader market. There was also a negative allocation impact from the underweight allocation to Consumer Staples. However, there was a positive selection effect within the Consumer Staples sector.

The largest single stock contributors to return included Intel Corporation, reflecting a positive earnings report and the market's continuing support for the expansion of its chip foundry business. AllState Corporation also contributed positively, as the company swung to profit and beat analysts' Q3 earnings forecasts. Among the biggest detractors were Bristol-Myers Squibb, as investors were unconvinced that revenues from new products would replace declining revenues from existing products, as exclusivity falls away. Another major detractor was Exxon Mobil, which was exposed to falling oil prices.

Passive Smart Beta

Top 5 holdings

	Weight %	Client value (GBP)*
INTEL CORP	**0.70**	**1,124,671**
JOHNSON & JOHNSON	**0.68**	**1,095,911**
T-MOBILE US INC	**0.65**	**1,040,219**
BOSTON SCIENTIFIC CORP	**0.64**	**1,031,981**
3M CO	**0.63**	**1,006,356**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
3M CO	**39.77**	**40.98**
JOHNSON & JOHNSON	**23.98**	**23.91**
T-MOBILE US INC	**24.63**	**24.63**
DUKE ENERGY CORP	**28.34**	**28.34**
WALMART INC	**25.26**	**25.26**

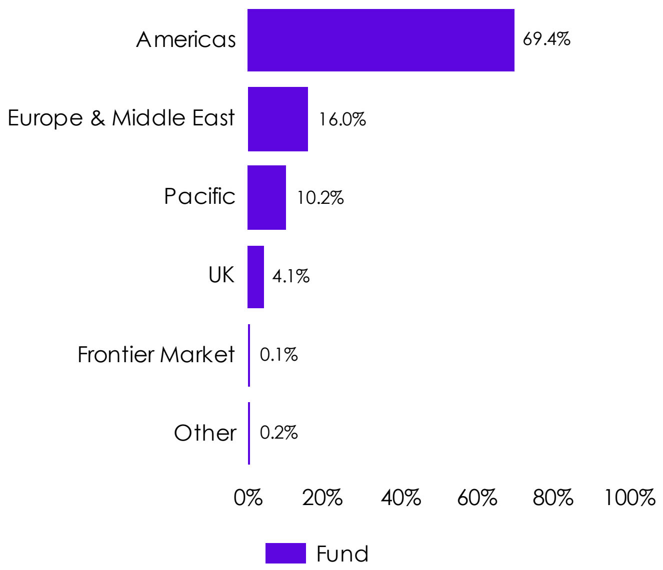
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

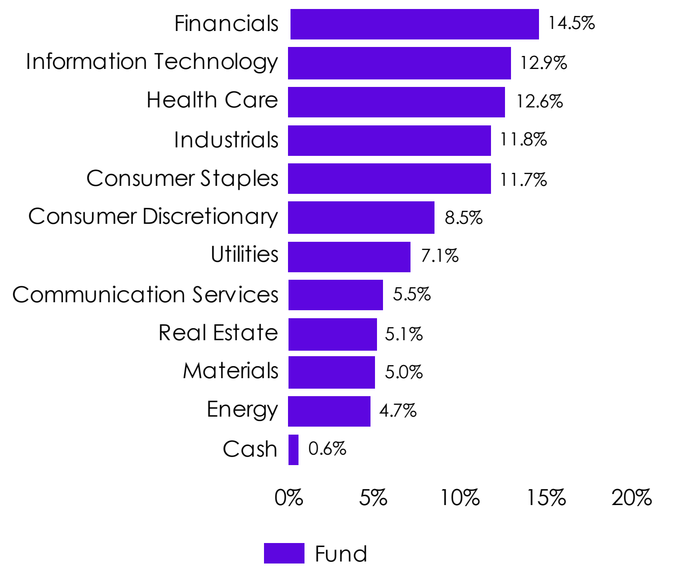
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Passive Smart Beta	**304**	**313**	2.66	3.37	11.92	11.08

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

Regional exposure



Sector exposure



Passive Smart Beta (Hedged)

Launch date
25 July 2018

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

Liquidity
Reasonable

Benchmark
SciBeta Multifactor Hedged Composite

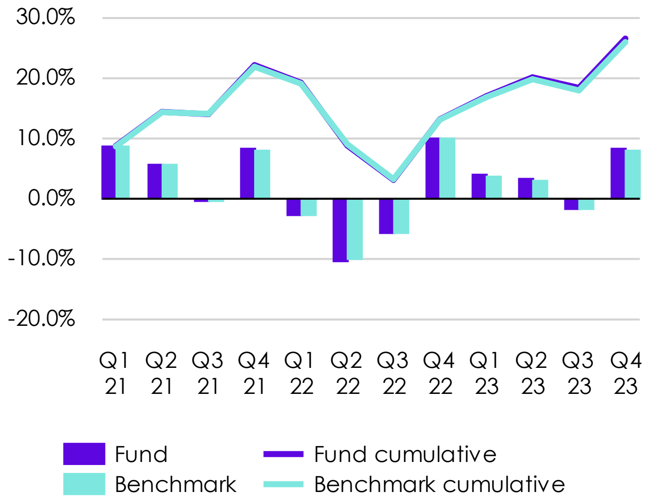
Outperformance target
+0.5-1%

Total fund value
£161m

Risk profile
High

Dorset's Holding:
GBP161m

Rolling 3yr performance



Performance to quarter end

Performance	3 month	1 year	3 year*	Since inception*
Fund	8.2	13.8	8.3	7.3
Benchmark	8.0	13.2	7.8	7.1
Excess	0.1	0.6	0.5	0.2

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

Performance commentary

In the fourth quarter of 2023, Passive Smart Beta Equities GBP Hedged returned 8.2%, outperforming the unhedged Smart Beta product, as the US dollar depreciated against sterling. The product tracked the Scientific Beta index in line with expectations, and underperformed the market cap-based Passive Developed Equities GBP Hedged product, which returned 9.7%.

Over the quarter, the Low Volatility and Quality signals made positive contributions to returns relative to the market cap index. However, this boost was more than offset by the larger exposure to Value, which underperformed the broader market.

Sector attribution showed a negative allocation effect from the underweight position to Technology, as the sector outperformed the broader market. There was also a negative allocation impact from the underweight allocation to Consumer Staples. However, there was a positive selection effect within the Consumer Staples sector.

The largest single stock contributors to return included Intel Corporation, reflecting a positive earnings report and the market's continuing support for the expansion of its chip foundry business. AllState Corporation also contributed positively, as the company swung to profit and beat analysts' Q3 earnings forecasts. The biggest detractors were Bristol-Myers Squibb, as investors were unconvinced that revenues from new products would replace declining revenues from existing products as exclusivity falls away. Exxon Mobil also exerted a significant impact, as the company was exposed to falling oil prices.

Passive Smart Beta (Hedged)

Top 5 holdings

	Weight %	Client value (GBP)*
INTEL CORP	**0.70**	**1,127,275**
JOHNSON & JOHNSON	**0.68**	**1,098,449**
T-MOBILE US INC	**0.65**	**1,042,627**
BOSTON SCIENTIFIC CORP	**0.64**	**1,034,370**
3M CO	**0.63**	**1,008,686**

*Estimated client value

Largest contributors to ESG risk

	ESG risk score* Q3 2023	ESG risk score* Q4 2023
3M CO	**39.77**	**40.98**
JOHNSON & JOHNSON	**23.98**	**23.91**
T-MOBILE US INC	**24.63**	**24.63**
DUKE ENERGY CORP	**28.34**	**28.34**
WALMART INC	**25.26**	**25.26**

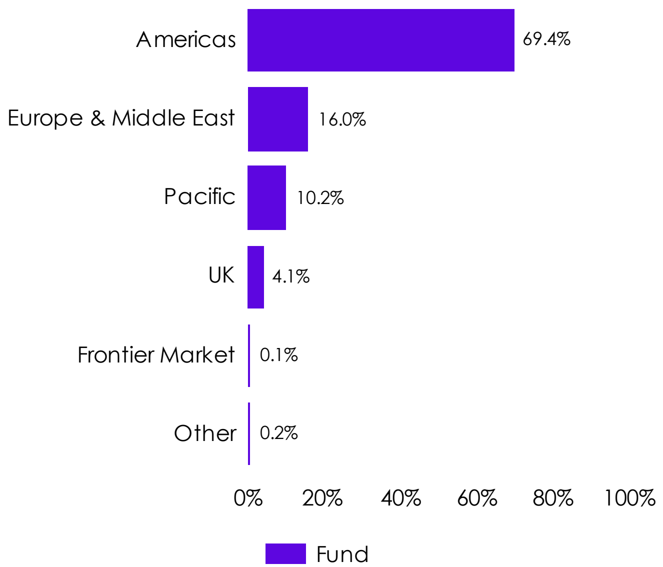
*Source: Sustainanalytics. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top. ESG Risk Score reference: 0-10 is Negligible, 10-20 is Low, 20-30 is Medium, 30-40 is High, 40+ is Severe.

Carbon metrics

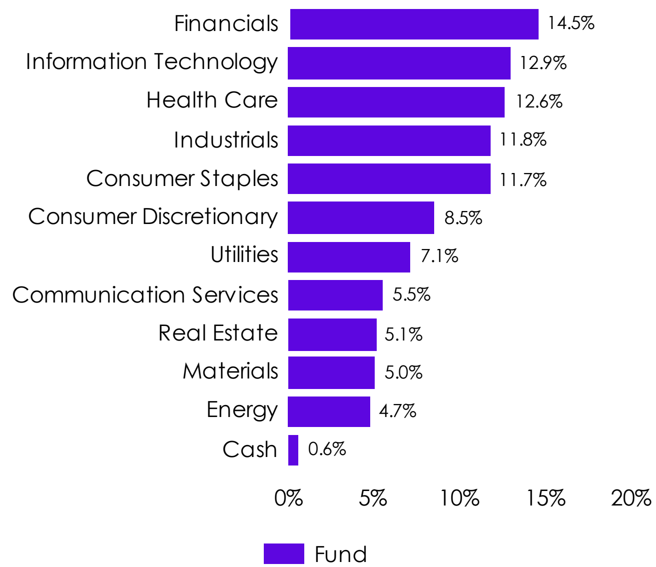
Portfolio	WACI		Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	2023 Q3	2023 Q4	2023 Q3	2023 Q4	2023 Q3	2023 Q4
Passive Smart Beta	**304**	**313**	2.66	3.37	11.92	11.08

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

Regional exposure



Sector exposure



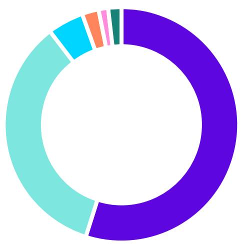
Private Equity Cycle 1

Investment objective
Global portfolio of private equity investments
Benchmark
MSCI ACWI
Outperformance target
+3%
Launch date
1 October 2018
Commitment to portfolio
£60.00m
The fund is denominated in GBP

Commitment to Investment
£60.66m
Amount Called
£45.00m
% called to date
74.18
Number of underlying funds
7
Dorset's Holding:
GBP54.81m

Country

Invested in underlying investments

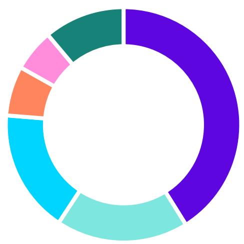


North America	54.9%
Western Europe	34.7%
Asia Pacific	5.0%
Global	2.3%
Middle-East/North Africa	1.3%
Other	1.8%

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Financials	41.1%
Information Technology	18.2%
Health Care	17.0%
Industrials	6.8%
Telecommunication	5.8%
Other	11.1%

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity saw a quarter-on-quarter increase, implying that GPs are beginning to find the comfort required to transact in the current environment. By quarter-end, interest rate rises appeared to be slowing, creating increasing consensus around the future movement of interest rates. Despite a rising number of deals, deal dynamics remained unchanged. GPs continued to fund deals with larger amounts of equity due to maintained higher borrowing costs. Fundraising remained challenging. However, Q3 saw much stronger fundraising than previous quarters, albeit by a smaller cohort of managers. Fundraising uncertainty has inspired a flight to Quality, as a number of top managers raised record funds in what has been a difficult fundraising environment. Exits at the larger end of the market still remain a concern, as IPO markets are still largely shut. Inflationary pressure appears to be easing. However, wage inflation remains sticky in the US and UK, thus creating problems for companies that have a time lag associated with passing costs through to customers.

Portfolio deployment now stands at over ~70% of total commitments. Portfolio performance remains positive, and is slightly down versus the prior quarter. Performance was generally flat across funds in the portfolio.

Pipeline

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

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
54.8	-0.5%	14.9%	1,560,168	75,443	1,484,725	-1,828,510	1.34	-0.0%	0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 3

Investment objective
Global portfolio of private equity investments

Benchmark
MSCI ACWI

Outperformance target
+3%

Launch date
1 April 2022

Commitment to portfolio
£70.00m

The fund is denominated in GBP

Commitment to Investment
£70.00m

Amount Called
£2.23m

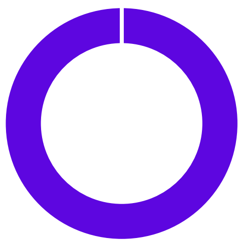
% called to date
3.18

Number of underlying funds
1

Dorset's Holding:
GBP1.51m

Country

Invested in underlying investments

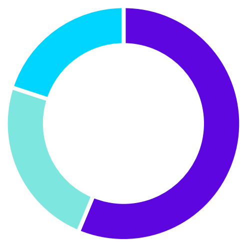


North America	100.0%
Other	-

Source: Colmore
Country data is lagged by one quarter

Sector

GICs level 1



Information Technology	56.3%
Health Care	23.7%
Consumer Discretionary	20.0%
Other	-

Source: Colmore
Sector data is lagged by one quarter

Performance commentary

Deal activity saw a quarter-on-quarter increase, implying that GPs were beginning to find the comfort required to transact in the current environment. By quarter-end, interest rate rises appeared to be slowing, creating increasing consensus around the future movement of interest rates. Despite a rising number of deals, deal dynamics remained unchanged. GPs are continuing to fund deals with larger amounts of equity due to maintained higher borrowing costs. Fundraising remains challenging. However, Q3 saw much stronger fundraising than previous quarters, albeit into a smaller number of managers. Fundraising uncertainty had inspired a flight to quality as a number of top managers raised record funds in what had been a difficult fund-raising environment. Exits at the larger end of the market still remain a concern as IPO markets are still largely shut. Inflationary pressure appears to be easing. However, wage inflation remains sticky in the US and UK, creating problems for companies that have a time lag associated with passing costs through to customers.

The existing Apax fund commitment was transferred into the Neuberger Berman ("NB") Clifton vehicle, out of which all Cycle 3 PE investments are exclusively being made. At quarter-end, commitments had been made to a total of 11 different funds, 8 of which were third-party primary funds in Europe, North America and Asia across predominantly buyout and, to a lesser extent, Growth. Commitments were also made to NB's own secondaries, impact and co-investment funds. Capital calls are being managed via a credit facility set-up by NB on Brunel's behalf. Returns for the portfolio are not yet meaningful given the portfolio is still being committed to manager funds.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
1.5	-	-91.4%	2,250,168	854,932	1,395,236	-733,060	0.68	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Private Equity Cycle 3

Pipeline

A second pan-Asian buyout fund, this time targeting mid-market opportunities (as opposed to upper-mid and large-cap), was approved by Brunel during Q4 2024, with a potential commitment (subject to final GP allocations) of £25m. This fund is complementary to the existing CVC Asia commitment and would complete the Cycle 3 primary allocation to Asia.

Infrastructure Cycle 3

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

Benchmark
n/a - absolute return target

Outperformance target
net 8% IRR

Launch date
1 April 2022

Commitment to portfolio
£80.00m

The fund is denominated in GBP

Commitment to Investment
£80.00m

Amount Called
£19.04m

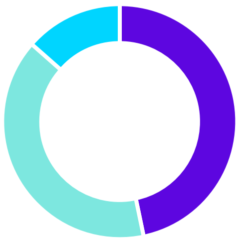
% called to date
23.80

Number of underlying funds
1

Dorset's Holding:
GBP18.20m

Country

Commitment in underlying investments



Europe (incl. UK)	46.7%
North America	39.8%
Rest Of World	13.5%

Source: Stepstone
Country data is lagged by one quarter

Sector

Timber	27.9%
Utilities	23.0%
Wind	14.6%
Diversified Renewables	13.5%
Agriculture	11.9%
Other	9.1%

Source: Stepstone
Sector data is lagged by one quarter

Performance commentary

Against an unusual and challenging macroeconomic backdrop experienced through 2023, Infrastructure largely proved its resilience to inflationary pressures and higher interest rates. Across the US and Europe, by year-end, many believed we had reached the top of the interest rate cycle, although inflation was not yet at the level targeted by central banks - so could yet persist for longer. A scenario of stable, and potentially lowering interest rates, coupled with higher inflation, is a good outcome for infrastructure assets with inflation correlation and capacity for cost pass-through. As reported in prior quarters, Brunel's portfolio is well-positioned, with high quality assets, to remain resilient in this environment.

As a result of Infrastructure's characteristics, many LPs continued to allocate to the asset class, and some were expecting to increase their allocations. According to a Campbell Lutyens' report, which is based on a survey of roughly 130 LPs, 57% said they plan to increase their infrastructure allocation. Following a poor start to 2023, Infrastructure fundraising picked up in H2 2023 and Preqin forecast this trend to continue into 2024, predicting that fundraising would almost double in 2024 to $84bn.

Deal activity overall in 2023 remained low versus previous years, but this is not siloed to Infrastructure. Dynamics on the sell side have shifted, and there are fewer buyers in the market who can be selective; many have instead been focused on investing in growing platforms. Debt has indeed increased in cost, but lenders' flight to quality has meant the asset class is relatively well-protected and that debt is still available to investors.

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
18.2	-5.9%	-6.4%	6,986,491	18,756	6,967,735	-116,526	0.96	-0.0%	-0.0%

*Money weighted return. Net of all fees.

Infrastructure Cycle 3

As at the end of Q4, Cycle 3 is ~45% committed and ~26% invested. Blackstone Energy Transition Partners IV was closed; the global primary fund was focused on primary or secondary beneficiaries of energy transition megatrends. Additional investments include Project Indigo, a European GP-led secondary opportunity with DWS, and Project Mars, a co-investment opportunity alongside Dutch Infrastructure Partners in a telecommunications company focused on enterprise and residential fibre in Midwest US.

Pipeline:

During Q4, two further primary funds were approved by Brunel and are subject to further StepStone due diligence before anticipated closings in Q4 2023 and Q1 2024, respectively: a £29m commitment to a European agriculture-focused primary fund and a £30m commitment to a global diversified primary fund, focusing on renewables, concessions, and utilities. The agriculture fund has already been presented at Client ISG.

£90m remains to be committed to three more funds. A Europe/OECD-focussed energy transition fund has been identified and StepStone continues to progress work on an Infrastructure Secondary fund. This leaves one further general infra fund to be found to complete the fund selection work for Cycle 3.

There are six more tactical investment placeholders in the portfolio construction plan. Opportunities to fill these have yet to be identified.

Secured Income Cycle 1

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

Benchmark
CPI

Outperformance target
+2%

Launch date
1 October 2018

Commitment to portfolio
£60.00m

The fund is denominated in GBP

Commitment to Investment
£60.00m

Amount Called
£59.96m

% called to date
99.93

Number of underlying funds
3

Dorset's Holding:
GBP53.59m

Performance commentary

The two long lease property funds held in the portfolio were impacted by rising interest rates, resulting in significant valuation write-downs. Despite hopes that the UK had reached the top of the interest rate cycle, further volatility was expected as the market finds new pricing levels. Alongside traditional real estate funds, open-ended long lease property funds also suffered redemptions from investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors. Deferring payments, both funds have made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making tremendous progress and faster payments than Standard Life Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals at quarter-end. Rent collection is at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. M&G SPIF has no vacancy, while Standard Life LLP has been working hard to reduce its one void in the portfolio, leasing up the majority of the remaining floorspace over Q4.

The portfolio is fully drawn into Greencoat Renewable Income (GRI). Over the quarter, the Fund deployed further capital into Solar. The Fund has been working on a large transaction which is expected to complete in Q1 2024 and will call further capital.

Pipeline

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

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
53.6	-4.1%	-0.9%	230,413	609,421	-379,009	-181,707	0.97	-0.1%	-0.0%

*Money weighted return. Net of all fees.

Secured Income Cycle 3

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

Benchmark
CPI

Outperformance target
+2%

Launch date
1 April 2022

Commitment to portfolio
£30.00m

The fund is denominated in GBP

Commitment to Investment
£29.68m

Amount Called
£19.77m

% called to date
66.63

Number of underlying funds
3

Dorset's Holding:
GBP20.54m

Performance commentary

The two long lease property funds held in the portfolio were impacted by rising interest rates, resulting in significant valuation write-downs. Despite the hopes that the UK had reached the top of the interest rate cycle, further volatility was expected, as the market finds new pricing levels. Alongside traditional real estate funds, open-ended long lease property funds also suffered redemptions from investors hit by the liquidity shock in late 2022, with further redemptions received from de-risking investors. Deferring payments, both funds made selective asset sales to fund these redemptions, with M&G Secured Property Income Fund (SPIF) making tremendous progress, and faster payments than Standard Life Long Lease Property (LLP), where we expect to see more sales over 2024.

Despite the outflows, both funds showed strong fundamentals. Rent collection is at pre-pandemic levels, both have WAULTs longer than 25 years, record high distribution yields and low vacancy. M&G SPIF has no vacancy, while Standard Life LLP has been working hard to reduce their one void in the portfolio, leasing up the majority of the remaining floorspace over Q4.

The final commitments were made for Cycle 3 over Q4, with a c. £10m purchase of Standard Life LLP settling in November; a £9m purchase of SPIF settling in December; and the final £3.5m purchase of SPIF settling in the first week of January 2024. These were all purchased at discounts to NAV in the secondary funds market.

The portfolio is committed to Greencoat Renewable Income (GRI). Over the quarter, the Fund deployed further capital into Solar. The Fund has been working on a large transaction which is expected to complete in Q1 2024, with the aim of calling the portfolio's remaining uncalled commitment in January.

Pipeline

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

Portfolio summary

Market value (GBP millions)	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	TVPI	Contribution to return: 1 year	Contribution to return: since inception
20.5	-	-	4,247,806	102,075	4,145,731	-226,191	1.04	0.0%	0.0%

*Money weighted return. Net of all fees.

Glossary

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

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

Glossary

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

Term	Comment
standard deviation	Standard deviation is a measure of volatility for an investment using historical data. Volatility is used as a measure of investment risk. A higher number may indicate a more volatile (or riskier) investment but should be taken in context with other measures of risk
time-weighted return	A performance measure that eliminates the impact of cash flows, focussing solely on the investment's rate of return over a specific time period. It does not account for the timing and size of contributions and withdrawals.
total extractive exposure	Revenue derived from extractive operations as a % of total corporate revenue
total return (TR)	Total Return - including price change and accumulated dividends
tracking error	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error
transitioned assets	Client assets that have been transferred to the Brunel Pension Partnership
TVPI	Total Value to Paid In; ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid in
Value	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
WACI	Weighted Average Carbon Intensity; measures the carbon intensity of businesses rather than total carbon emissions. It is expressed as tonnes of CO2 equivalent per million GBP of investment exposure
yield to worst	Lowest possible yield on a bond portfolio assuming no defaults

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