



# Oxfordshire Pension Fund Performance Report

Quarter ending 31 December 2022

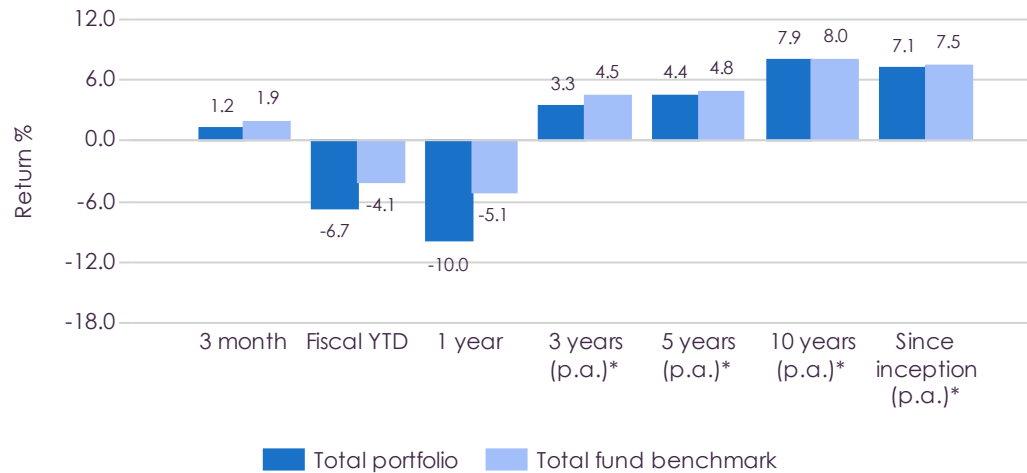


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## Pension Fund performance

### Performance (annualised)



Source: State Street Global Services  
\*per annum

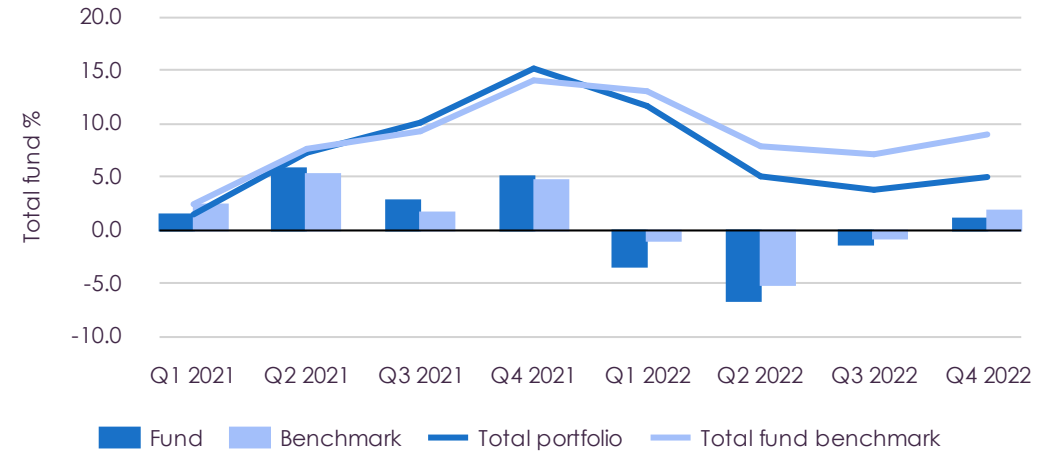
### Key events

This quarter brought some welcome relief to markets. Equities and bonds both rallied, with the UK and Europe leading. Meanwhile, the US dollar started to weaken against major currencies. The main driver was the belief that inflation was starting to cool and benchmark rates would increase less than previously feared.

The total portfolio rose 1.2%, whilst the benchmark rose 1.9%. Across 2022, the total portfolio lagged the benchmark (-10.0% vs -5.1%).

The relative performance of Brunel's active equity portfolios during the quarter was ahead of benchmark. Both the Sterling Corporate Bond and the Multi Asset Credit portfolios produced positive returns ahead of benchmark.

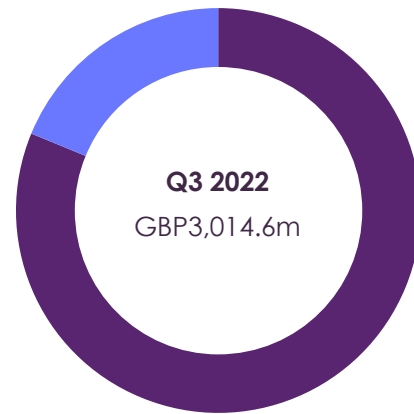
### Quarterly performance



Source: State Street Global Services

## Asset summary

Assets transitioned to Brunel

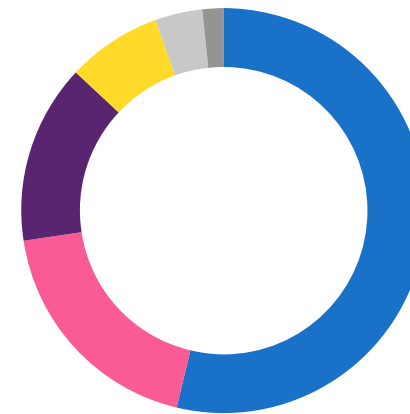


Transitioned	81.97%
Legacy assets	18.03%

Transitioned	81.22%
Legacy assets	18.78%

Source: State Street Global Services

Asset allocation breakdown



Key:

Equities	53.73%
Private markets	18.88%
Fixed income	14.37%
Property	7.55%
Other	3.78%
Cash	1.69%

Source: State Street Global Services  
Data includes legacy assets

## Overview of assets

### Detailed asset allocation

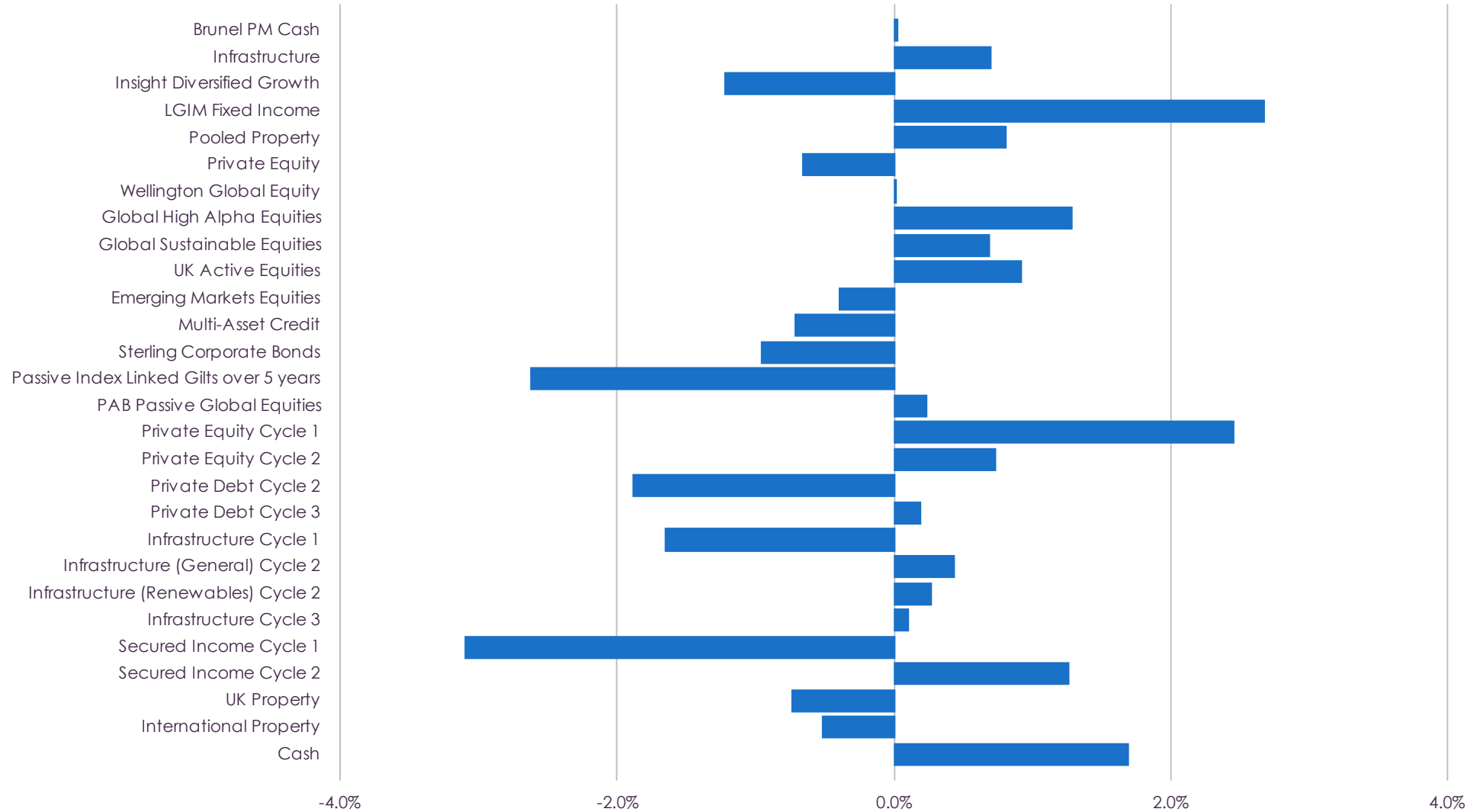
Equities	£1,641.28m	53.73%
UK Active Equities	£486.20m	15.92%
PAB Passive Global Equities	£465.48m	15.24%
Global High Alpha Equities	£314.09m	10.28%
Global Sustainable Equities	£295.82m	9.68%
Emerging Markets Equities	£79.49m	2.60%
Legacy Assets	£0.21m	0.01%
<b>Fixed income</b>	<b>£439.04m</b>	<b>14.37%</b>
Passive Index Linked Gilts over 5 years	£133.75m	4.38%
Multi-Asset Credit	£130.91m	4.29%
Sterling Corporate Bonds	£92.87m	3.04%
Legacy Assets	£81.51m	2.67%

Private markets (incl. property)	£807.47m	26.43%
UK Property	£160.69m	5.26%
Private Equity Cycle 1	£74.90m	2.45%
Secured Income Cycle 1	£58.05m	1.90%
International Property	£45.22m	1.48%
Infrastructure Cycle 1	£41.24m	1.35%
Secured Income Cycle 2	£38.52m	1.26%
Private Debt Cycle 2	£34.02m	1.11%
Private Equity Cycle 2	£22.39m	0.73%
Infrastructure (General) Cycle 2	£13.28m	0.43%
Infrastructure (Renewables) Cycle 2	£8.24m	0.27%
Private Debt Cycle 3	£5.89m	0.19%
Infrastructure Cycle 3	£2.98m	0.10%
Legacy Assets	£302.03m	9.89%
<b>Other</b>	<b>£115.39m</b>	<b>3.78%</b>
Legacy Assets	£115.39m	3.78%

Cash not included

<a href="#">Summary</a>	<a href="#">Overview of assets</a>	<a href="#">Strategic asset allocation</a>	<a href="#">Performance attribution</a>	<a href="#">Responsible investment</a>	<a href="#">Risk and return</a>	<a href="#">Portfolio overview</a>	<a href="#">CIO commentary</a>	<a href="#">Portfolios</a>	<a href="#">Glossary</a>	<a href="#">Disclaimer</a>
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## Strategic asset allocation



## 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 (%)	Contribution to return
Brunel PM Cash	932	0.0%	-	0.0%	-2.4%	-0.0%
Infrastructure	21,369	0.7%	-	0.7%	10.0%	0.1%
Insight Diversified Growth	115,390	3.8%	5.00%	-1.2%	0.8%	0.0%
LGIM Fixed Income	81,514	2.7%	-	2.7%	0.5%	0.0%
Pooled Property	24,834	0.8%	-	0.8%	-8.5%	-0.1%
Private Equity	254,891	8.3%	9.00%	-0.7%	1.4%	0.1%
Wellington Global Equity	213	0.0%	-	0.0%	-23.3%	-0.0%
Global High Alpha Equities	314,091	10.3%	9.00%	1.3%	2.7%	0.3%
Global Sustainable Equities	295,816	9.7%	9.00%	0.7%	2.4%	0.2%
UK Active Equities	486,199	15.9%	15.00%	0.9%	9.6%	1.4%
Emerging Markets Equities	79,487	2.6%	3.00%	-0.4%	2.4%	0.1%
Multi-Asset Credit	130,910	4.3%	5.00%	-0.7%	3.7%	0.2%
Sterling Corporate Bonds	92,867	3.0%	4.00%	-1.0%	6.2%	0.2%
Passive Index Linked Gilts over 5 years	133,754	4.4%	7.00%	-2.6%	-7.7%	-0.4%
PAB Passive Global Equities	465,476	15.2%	15.00%	0.2%	2.0%	0.3%
Private Equity Cycle 1	74,905	2.5%	-	2.5%	-4.2%	-0.1%

## 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 (%)	Contribution to return
Private Equity Cycle 2	22,394	0.7%	-	0.7%	-6.9%	-0.0%
Private Debt Cycle 2	34,023	1.1%	3.00%	-1.9%	-1.5%	-0.0%
Private Debt Cycle 3	5,894	0.2%	-	0.2%	-	-0.0%
Infrastructure Cycle 1	41,241	1.4%	3.00%	-1.6%	2.8%	0.0%
Infrastructure (General) Cycle 2	13,280	0.4%	-	0.4%	5.1%	0.0%
Infrastructure (Renewables) Cycle 2	8,243	0.3%	-	0.3%	8.9%	0.0%
Infrastructure Cycle 3	2,981	0.1%	-	0.1%	-	-0.0%
Secured Income Cycle 1	58,050	1.9%	5.00%	-3.1%	-10.1%	-0.2%
Secured Income Cycle 2	38,517	1.3%	-	1.3%	-7.4%	-0.1%
UK Property	160,690	5.3%	6.00%	-0.7%	-11.5%	-0.7%
International Property	45,224	1.5%	2.00%	-0.5%	-5.9%	-0.1%
Cash	51,587	1.7%	-	1.7%	4.5%	0.0%

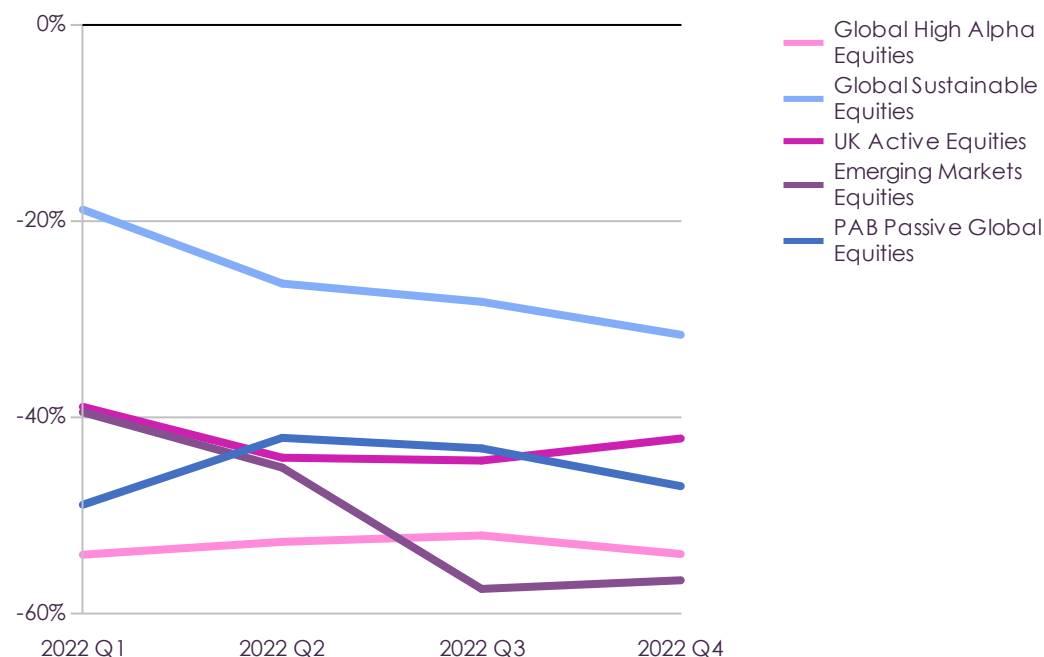


## Stewardship and climate metrics

Portfolio	WACI		Extractives revenues <sup>1</sup>		Extractives reserves <sup>2</sup>	
	2022 Q3	2022 Q4	2022 Q3	2022 Q4	2022 Q3	2022 Q4
<b>Global High Alpha Equities</b>	<b>86</b>	<b>89</b>	<b>0.9</b>	<b>1.3</b>	<b>3.1</b>	<b>3.3</b>
MSCI World*	180	193	2.6	2.8	7.1	7.8
<b>Global Sustainable Equities</b>	<b>148</b>	<b>152</b>	<b>2.5</b>	<b>2.6</b>	<b>3.0</b>	<b>3.1</b>
MSCI ACWI*	207	222	2.6	2.8	7.2	7.8
<b>UK Active Equities</b>	<b>92</b>	<b>93</b>	<b>3.3</b>	<b>3.5</b>	<b>16.5</b>	<b>15.9</b>
FTSE All Share ex Inv Tr*	165	160	4.2	4.9	21.7	21.7
<b>Emerging Markets Equities</b>	<b>176</b>	<b>196</b>	<b>0.8</b>	<b>0.8</b>	<b>5.2</b>	<b>5.0</b>
MSCI Emerging Markets*	416	453	3.2	3.3	7.7	7.3
<b>PAB Passive Global Equities</b>	<b>103</b>	<b>102</b>	<b>1.0</b>	<b>0.9</b>	<b>1.6</b>	<b>1.7</b>
FTSE Dev World TR UKPD*	180	194	2.5	2.7	7.0	7.7

\*Benchmark. <sup>1</sup> Extractive revenue exposure as share (%) of total revenue. <sup>2</sup> 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/](http://www.brunelpensionpartnership.org/stewardship/engagement-records/)

### Holdings records

[www.brunelpensionpartnership.org/stewardship/holdings-records/](http://www.brunelpensionpartnership.org/stewardship/holdings-records/)

### Voting records

[www.brunelpensionpartnership.org/stewardship/voting-records/](http://www.brunelpensionpartnership.org/stewardship/voting-records/)

## Risk and return summary

Brunel portfolio performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Global High Alpha Equities	10.5%	16.2%	8.9%	15.7%
UK Active Equities	0.5%	17.6%	2.3%	16.8%
Emerging Markets Equities	-1.6%	16.9%	0.9%	16.0%
Private Equity Cycle 1	20.4%	13.8%	7.9%	15.0%
Infrastructure Cycle 1	11.6%	6.2%	5.4%	2.0%
Secured Income Cycle 1	0.6%	5.3%	5.4%	2.0%

Since portfolio inception

## Risk and return summary

Legacy manager performance - 3 year

	Annualised return	Risk (standard deviation)	Benchmark return	Benchmark standard deviation
Brunel PM Cash	61.4%	74.4%	0.0%	0.0%
Cash	3.7%	2.7%	0.6%	0.2%
Infrastructure	16.5%	14.9%	8.5%	2.0%
Insight Diversified Growth	-1.2%	8.1%	4.7%	0.3%
LGIM Fixed Income	-5.5%	10.5%	-6.2%	9.9%
Pooled Property	8.3%	13.6%	2.2%	-
Private Equity	16.4%	12.6%	8.7%	20.3%
Wellington Global Equity	-3.6%	15.5%	7.9%	15.0%
Oxfordshire County Council	3.3%	10.9%	4.5%	-

## 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
<b>Equities (53.72%)</b>			<b>1,641.07</b>									
Global High Alpha Equities	MSCI World	+2-3%	314.09	2.7%	0.7%	-13.7%	-6.3%	10.5%	1.6%	10.6%	1.6%	15 Nov 2019
Global Sustainable Equities	MSCI ACWI	+2%	295.82	2.4%	0.5%	-15.5%	-7.9%	-	-	4.7%	-3.9%	30 Sep 2020
UK Active Equities	FTSE All Share ex Inv Tr	+2%	486.20	9.6%	0.3%	-3.6%	-5.3%	0.5%	-1.7%	4.0%	-1.2%	21 Nov 2018
Emerging Markets Equities	MSCI Emerging Markets	+2-3%	79.49	2.4%	0.5%	-14.0%	-4.3%	-1.6%	-2.4%	-0.2%	-1.9%	13 Nov 2019
PAB Passive Global Equities	FTSE Dev World PAB	Match	465.48	2.0%	-	-9.2%	-	-	-	-4.9%	-0.1%	29 Oct 2021
<b>Fixed income (11.70%)</b>			<b>357.53</b>									
Multi-Asset Credit	SONIA +4%	0% to +1.0%	130.91	3.7%	2.0%	-8.5%	-14.0%	-	-	-4.7%	-9.7%	01 Jun 2021
Sterling Corporate Bonds	iBoxx Sterling Non Gilt x	+1%	92.87	6.2%	0.4%	-18.2%	-0.5%	-	-	-12.7%	-0.1%	02 Jul 2021
Passive Index Linked Gilts over 5 years	FTSE-A UK ILG >5Y	Match	133.75	-7.7%	-0.2%	-38.1%	-0.2%	-	-	-23.6%	-0.2%	09 Jun 2021
<b>Private markets (incl. property) (16.55%)</b>			<b>505.44</b>									
Private Equity Cycle 1	MSCI ACWI	+3%	74.90	-4.2%	-6.2%	23.9%	31.5%	20.4%	12.4%	23.2%	13.1%	26 Mar 2019
Private Equity Cycle 2	MSCI ACWI	+3%	22.39	-6.9%	-8.8%	12.7%	20.3%	-	-	41.2%	35.9%	05 Jan 2021
Private Debt Cycle 2	SONIA	+4%	34.02	-1.5%	-3.2%	13.6%	8.2%	-	-	10.8%	5.7%	17 Sep 2021
Private Debt Cycle 3	SONIA	+4%	5.89	-	-	-	-	-	-	-0.9%	-1.1%	20 Dec 2022

## 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
<b>Private markets (incl. property) (16.55%)</b>			<b>505.44</b>									
Infrastructure Cycle 1	CPI	+4%	41.24	2.8%	-	16.7%	6.2%	11.6%	6.2%	7.4%	3.0%	02 Jan 2019
Infrastructure (General) Cycle 2	CPI	+4%	13.28	5.1%	2.4%	4.8%	-5.7%	-	-	-3.2%	-10.4%	19 Oct 2020
Infrastructure (Renewables) Cycle 2	CPI	+4%	8.24	8.9%	6.2%	20.1%	9.5%	-	-	10.1%	2.9%	12 Oct 2020
Infrastructure Cycle 3	n/a - absolute return target	net 8% IRR	2.98	-	-2.7%	-	-	-	-	-	-2.7%	13 Oct 2022
Secured Income Cycle 1	CPI	+2%	58.05	-10.1%	-12.9%	-8.4%	-19.0%	0.6%	-4.8%	1.2%	-3.2%	15 Jan 2019
Secured Income Cycle 2	CPI	+2%	38.52	-7.4%	-10.2%	-1.9%	-12.4%	-	-	4.0%	-4.7%	01 Mar 2021
UK Property	MSCI/AREF UK	+0.5%	160.69	-11.5%	2.0%	-5.4%	4.7%	-	-	5.0%	2.3%	01 Jul 2020
International Property**	GREFI	+0.5%	45.22	7.5%	7.4%	26.1%	11.4%	-	-	9.5%	-	01 Jul 2020
<b>Total Brunel assets (excl. cash) (81.97%)</b>			<b>2,504.04</b>									

\*Since initial investment

\*\*Data shown up to 30 September 2022

## Portfolio overview

### Legacy assets

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
<b>Equities (0.01%)</b>			<b>0.21</b>									
Wellington Global Equity			0.21	-23.3%	-25.3%	-15.6%	-8.0%	-3.6%	-11.5%	6.9%	-4.6%	01 Oct 2012
<b>Fixed income (2.67%)</b>			<b>81.51</b>									
LGIM Fixed Income			81.51	0.5%	0.6%	-24.0%	-0.5%	-5.5%	0.7%	4.5%	0.3%	01 Oct 2003
<b>Private markets (incl. property) (9.89%)</b>			<b>302.03</b>									
Infrastructure			21.37	10.0%	6.3%	27.0%	12.1%	16.5%	8.0%	11.4%	4.6%	01 Oct 2017
Private Equity			254.89	1.4%	-0.6%	-5.4%	2.2%	16.4%	7.6%	12.2%	5.6%	01 Apr 2005
Pooled Property			24.83	-8.5%	5.6%	10.7%	20.1%	8.3%	6.1%	8.9%	2.3%	01 Jan 2010
Brunel PM Cash			0.93	-2.4%	-2.4%	152.4%	152.4%	61.4%	61.4%	38.9%	38.9%	14 Dec 2018
<b>Other (5.47%)</b>			<b>166.98</b>									
Cash			51.59	4.5%	3.8%	7.6%	6.2%	3.7%	3.1%	2.1%	0.7%	01 Apr 2005
Insight Diversified Growth			115.39	0.8%	-1.1%	-9.6%	-15.6%	-1.2%	-6.0%	1.9%	-2.3%	01 Jan 2015
<b>Total legacy assets (excl. cash) (18.03%)</b>			<b>550.73</b>									

\*Since initial investment

## Chief Investment Officer commentary

"Santa rally" or not, Q4 provided a welcome relief for liquid market investors. Led by equities, risk assets rallied strongly, and defensive assets – in the form of government bonds – followed suit. As you can see from Figure 1, equity markets hedged to GBP rose approximately 6.5% and, within that complex, the UK and Europe were the relative winners, with the US and Japan the laggards. This capped a weak year in which the US finished down 18%, while the UK market, driven by the combination of weak sterling and global revenues, finished marginally up. Likewise, despite the late rally in UK bonds – up over 1.5% in Q4 – they still finished down an eye-watering 23% for the year.

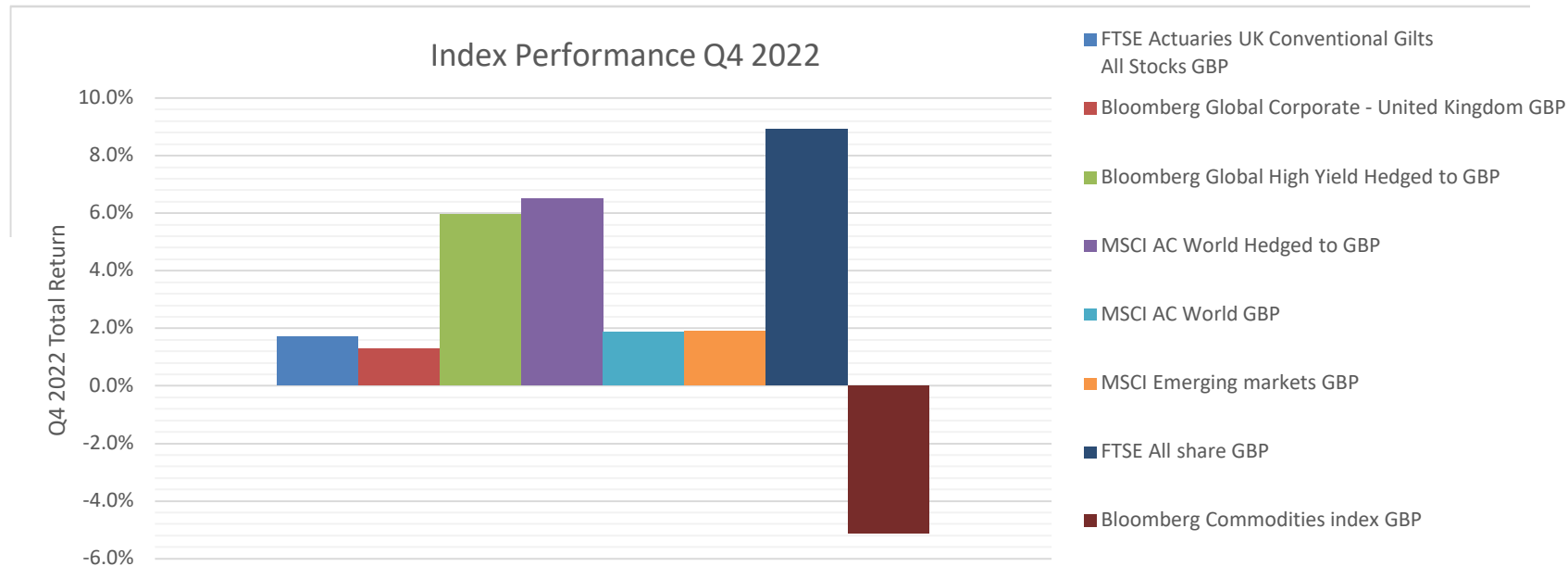


Figure 1: Q4 2022 Total Return by Index as at 31/12/2022. Source: FactSet

## Chief Investment Officer commentary

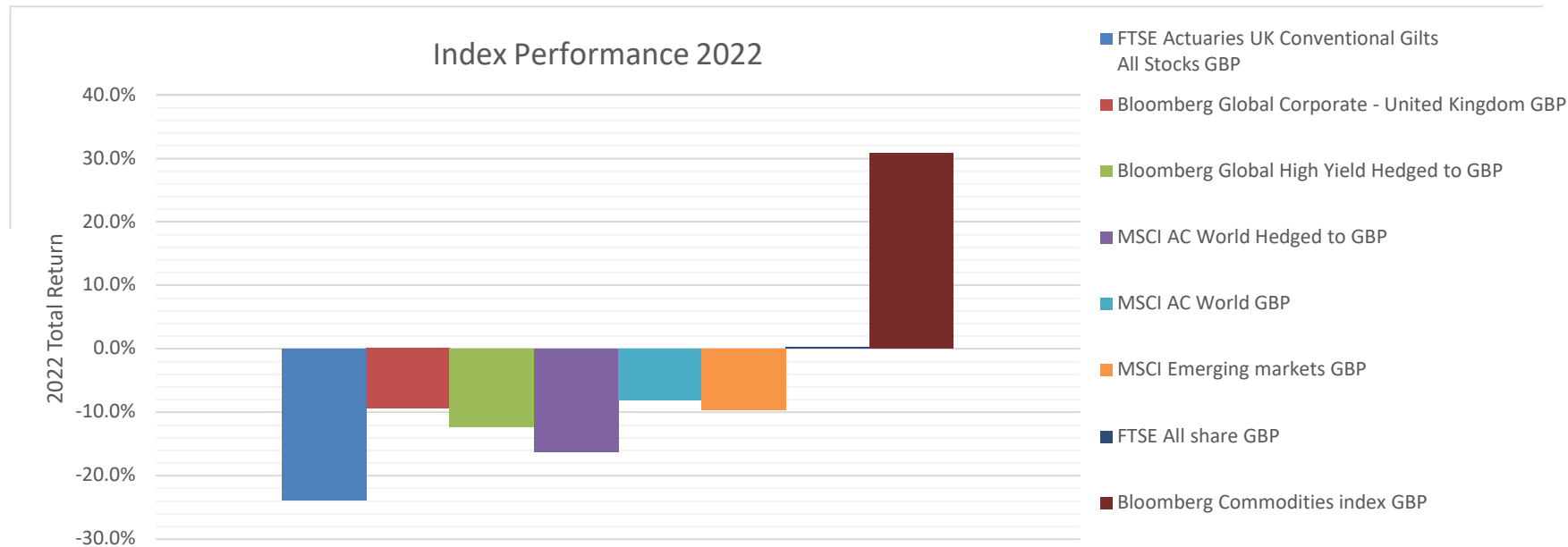


Figure 2: 2022 Total Return by Index as at 31/12/2022. Source: FactSet

Given the lag in pricing private markets, however, we began to see the beginnings of the falls being reflected in net asset values (NAVs) in Q4. The “cheque in the post”, which we referred to in last quarter’s update, has begun to filter through. Property funds – the quickest of the illiquid assets to price – moved lower first. This was particularly the case for those, such as Industrials, with tighter net initial yields, where valuations are more sensitive to changes in interest rates. As gilt yields rose dramatically, so yields of 2.5-3.0% on the most sought-after logistics assets became untenable, and we saw declines of 20%+ in some Industrial asset valuations. Declines were also exacerbated by investors seeking to tap property funds for liquidity. Ultimately, supply and demand will dictate the resilience and potential growth of income streams from property; income growth is the driver of long-term performance and the bedrock upon which the Brunel model portfolios have been built.

Elsewhere in private markets, the major themes played out in the secondary market across private equity (PE), infrastructure and private debt (PD). PE funds traded at discounts to NAV in the secondary market, whereas infra & PD funds traded at NAV or at premia. Despite several years of warnings about too much capital being raised in the secondary market, the events of Q4 showed that there are huge opportunities in secondaries, as traditional institutional investors have been forced to retrench.



## Chief Investment Officer commentary

Within currency markets, it is worthy of mention that the USD began to look vulnerable and ran out of steam, falling approximately 9% against sterling. As mentioned, it may well turn out that the gilt crisis was the bottom of the sterling/dollar exchange rate decline. The other main event for investors in Q4 was the decision by the Bank of Japan to widen the band within which it has been maintaining 10-year bond yields. Although such a change was not a surprise, the timing of it was – and the yen rallied aggressively.

The market was driven higher by rumours of Chinese plans to relax policies on Covid but, more significantly and perhaps prematurely, by the view that inflation was cooling. According to this logic, it followed that central banks would have headroom to slow rate rises, and thus soften the recessionary narrative that had been building. Several data points gave the market reason to coalesce around this view: in the US, the November CPI data point was lower month-on-month (by 0.1%!) Also, whilst US unemployment remained at 3.7%, only 263,000 jobs were added – the lowest number since April 2021. A similar inflation picture was seen in Europe and both the ECB and Fed thus decided to raise interest rates by only 50 basis points (bps) in December, smaller than the November hike of 75 bps.

Within equities, broadly speaking Value was again a powerful driver of returns, and Growth a relative underperformer versus the MSCI All Country World Index. Also, despite the spot prices of oil and gas falling, commodity producers generally outperformed. Many commentators noted the conundrum. As if to prove further that markets cannot be reduced to the simplest of terms, however, stocks with a strong Responsible Investment bias also outperformed. The net effect of these trends in Q4 was therefore that many Brunel portfolios outperformed their respective benchmarks.

In November COP 27, the so-called 'implementation COP' came and went without quite the intensity of COP 26 in Glasgow last year. However, there were some notable successes; the biggest among them was the pledge to set up a loss and damage fund to provide money needed to rescue and rebuild the physical and social infrastructure of countries devastated by extreme weather. The COP 27 presidency also launched the Adaptation Agenda to build climate resilience for 4 billion by 2030, to align with IIGCC investor-led work on resilience, a core focus for Brunel's Climate Change Policy. In this regard, the UK government committed to triple funding for climate adaptation as part of that budget, from £500 million in 2019 to £1.5 billion in 2025.

Despite the rally in Q4, 2022 was a difficult year for investors and the issues that beset the market and drove it lower are still with us. The conflict in Ukraine shows no sign of ending; global interest rate rises are still likely to come through; and inflation is not yet under control, nor have its effects fully filtered through into the economy. On a more positive front, China signalled that it will drop its zero tolerance COVID policy and it seems the worst effects of a winter energy crisis may not be realised. The cold snap did not appear, and Germany and others built up their gas storage. The other very big difference, of course, is that the markets priced to some extent the change in paradigm – and that the era of cheap money is arguably over.

Looking forward, global inflation will still dominate. It is very likely that the world economy will deteriorate this year. Indeed, leading economic indicators have already slowed and are showing that economies around the world are in contraction. This is not news - a recession is remarkably consensual. However, it is a moderate recession that is priced in. A more severe episode could be induced if the central banks feel that inflation isn't under control, and they have to continue to tighten more aggressively. Such action could result in a further market dip.

The more bullish commentators argue that supply chains have normalised, aided by Chinese reopening; house prices and rents are falling; unlike in previous years, the employment squeeze has led to increased job openings, not necessarily excessive employment – and thus they are easier to unwind in a downturn. This all eases the pressure on central banks to push up rates and destroy demand to deflate the economy.

There are of course arguments on the other side that talk of more entrenched inflation. This is where battle lines are drawn, and we should be prepared for continued volatility as conviction and evidence waxes and wanes. The economist Ken Galbraith once said that the only function of economic forecasting is to make astrology look respectable – and I have a lot of sympathy with that view! What one can say with increasing conviction, however, is that, given the falls in prices in 2022, asset markets have begun to adjust to the new world of higher inflation. All else being equal, that improves the forward-looking returns from your portfolio.

<a href="#">Summary</a>	<a href="#">Overview of assets</a>	<a href="#">Strategic asset allocation</a>	<a href="#">Performance attribution</a>	<a href="#">Responsible investment</a>	<a href="#">Risk and return</a>	<a href="#">Portfolio overview</a>	<a href="#">CIO commentary</a>	<a href="#">Portfolios</a>	<a href="#">Glossary</a>	<a href="#">Disclaimer</a>
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## Global High Alpha Equities

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

**Liquidity**  
Managed

**Benchmark**  
MSCI World

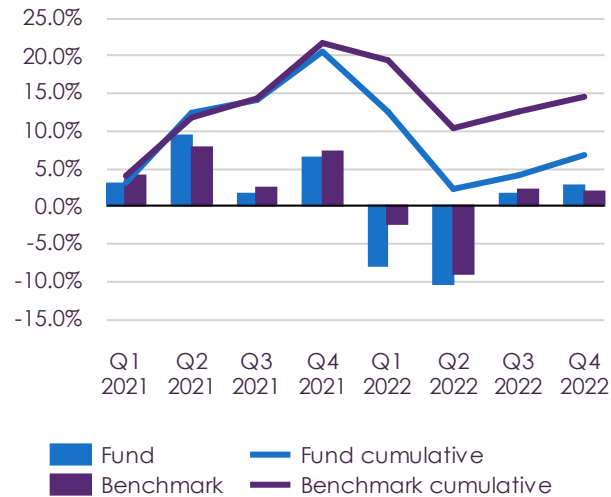
**Outperformance target**  
+2-3%

**Total fund value**  
£3,742m

**Risk profile**  
High

**Oxfordshire's Holding:**  
GBP314m

### Rolling performance



### Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	2.7	-13.7	11.3
Benchmark	2.0	-7.4	9.7
Excess	0.7	-6.3	1.6

\*per annum

### Performance commentary

Global developed equities (as proxied by the MSCI World index) rallied over the quarter, returning 2.0% in GBP terms. UK and Europe outperformed, whilst the US lagged the benchmark. Positive sentiment strengthened on expectations for cooling inflation and potential China re-opening. Style characteristics were again evident in the quarter, with Value outperforming Growth significantly.

The portfolio returned 2.7% during the period, outperforming the benchmark by 0.7%, as stock selection overcame the headwinds arising from the negative Value tilt and underexposure to Energy, the best-performing sector.

Sector attribution analysis showed sector allocation was negative as both of the largest active sector positions detracted (an underweight to Energy, the best-performing

sector, and an overweight to Consumer Discretionary, the worst-performing sector). This was more than offset by positive stock selection; the strongest selection was in the Consumer Discretionary and IT sectors. Within both sectors, overweights in more traditionally quality names (such as TJX, Nike, Mastercard and Oracle) and underweights in larger tech/growth names (such as Tesla and Apple) both benefited the portfolio.

Four of the five managers outperformed. RLAM's consistency continues to be in evidence, and they have outperformed in 10 out of 12 full quarters since inception in very volatile and differentiated market environments. The outlier this quarter was Baillie Gifford, who underperformed following significant outperformance last quarter. Their focus on high future

growth companies was not well rewarded as Growth underperformed other styles significantly during the quarter. This was particularly apparent in Consumer Discretionary, automotive-related stocks held overweight in the Baillie Gifford portfolio: Tesla, NIO and Carvana returned -57%, -43% and -78% respectively.

Meta exited the portfolio during the quarter as the three managers that held it all sold their positions towards end of October. This consolidated a poor year for the owners of Facebook, as it struggled with the challenges to its advertising-based business model whilst continuing to pursue what some see as an uncertain bet on the metaverse.

## Global High Alpha Equities

### Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MICROSOFT CORP	4.69	3.41	14,722,434
AMAZON.COM INC	3.02	1.54	9,481,580
ALPHABET INC	2.56	2.05	8,028,660
MASTERCARD INC	2.44	0.60	7,658,001
UNITEDHEALTH GROUP INC	2.05	0.99	6,433,707

\*Estimated Client value.

### Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.44	0.60
HDFC BANK LTD	1.64	-
TAIWAN SEMICONDUCTOR	1.49	-
AMAZON.COM INC	3.02	1.54
TJX COS INC/THE	1.62	0.19

### Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	0.50	4.18
EXXON MOBIL CORP	-	0.92
JPMORGAN CHASE & CO	-	0.79
PROCTER & GAMBLE CO/THE	-	0.72
CHEVRON CORP	-	0.67

### Companies with lowest ESG ratings

	Adjusted ESG score*	
	Q3 2022	Q4 2022
TJX COS INC/THE	32.47	30.10
MICROSOFT CORP	47.15	47.81
ALPHABET INC	46.00	46.30
JOHNSON & JOHNSON	37.53	38.78
PROGRESSIVE CORP/THE	40.16	40.55

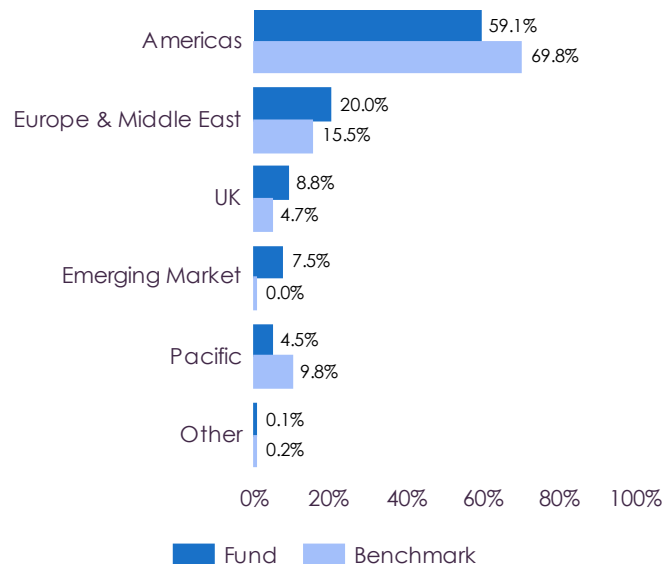
\*Source: TrueValueLabs. Scores can range from a high score of 100 to a low of 0. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top.

### Carbon metrics

Portfolio	WACI		Extractives revenues <sup>1</sup>		Extractives reserves <sup>2</sup>	
	2022 Q3	2022 Q4	2022 Q3	2022 Q4	2022 Q3	2022 Q4
Global High Alpha	86	89	0.92	1.29	3.15	3.32
MSCI World*	180	193	2.61	2.81	7.12	7.83

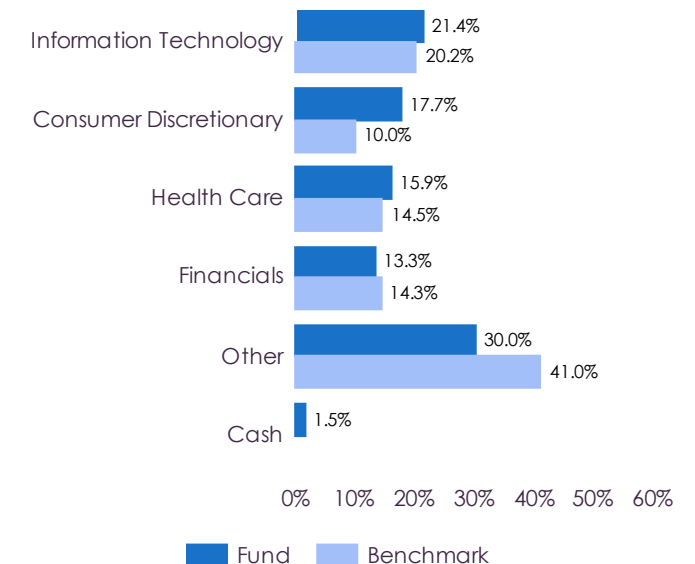
\*Benchmark. <sup>1</sup> Extractive revenue exposure as share (%) of total revenue. <sup>2</sup> Value of holdings (VOH) - companies who derive revenues from extractives. Source: Trucost

### Regional exposure



Classification: Public

### Sector exposure



## Global Sustainable Equities

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

**Liquidity**  
Managed

**Benchmark**  
MSCI ACWI

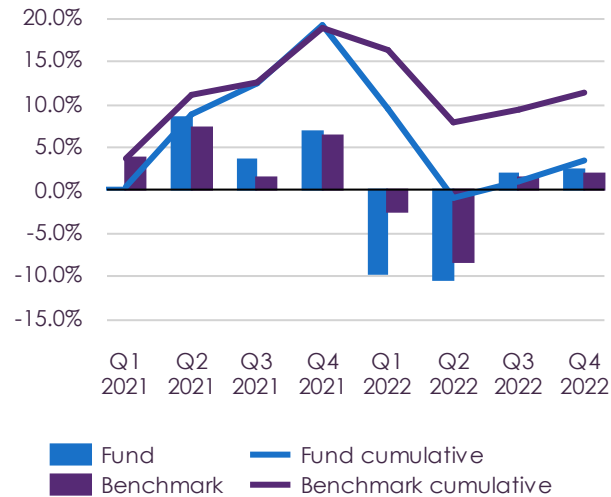
**Outperformance target**  
+2%

**Total fund value**  
£3,185m

**Risk profile**  
High

**Oxfordshire's Holding:**  
GBP296m

### Rolling performance



### Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	2.4	-15.5	3.9
Benchmark	2.0	-7.6	7.9
Excess	0.5	-7.9	-4.0

\*per annum

### Performance commentary

Global equities (as proxied by the MSCI All Countries World Index) returned 2.0% over the reporting period. The Sustainable Equities portfolio returned 2.4%, outperforming the benchmark by 0.5%.

The quarter provided a welcome respite to what had been a difficult year for all investors. However, Sustainable Equity strategies perhaps felt this challenge more than most in 2022, as the strategy has a natural underweight to Value parts of the market and has significantly less exposure to sectors such as Energy, which returned 62% over the year. The second-best performing sector was Utilities, with a return of 8.5%, which highlights the severe market dispersion.

The fund returned -15.5% over the year against an MSCI ACWI return of -7.6%. 90% of the underperformance occurred in the

first quarter - key Q1 events have been discussed in previous commentaries.

Through Oct-Nov of Q4, the market rallied to return 7.1%. The rally was largely driven by Value, notably the metals & mining sub sector, energy equipment companies, and Industrial conglomerates. Despite our underweight allocation to these sectors, the portfolio only narrowly underperformed the benchmark, gaining through our exposure to semiconductors and favourable stock selection in the automobile sector - the zero exposure to Tesla was a notable contributor.

In December, the market returned -4.85%. The main contributors were large cap tech companies. The three largest contributors on this front were Apple (-13%), Tesla (-37%) and Microsoft (-7%); the three hold a combined

weight of 7.7% in a 3,000-stock index, and so they contributed -1.1% to index return. The portfolio is underweight Microsoft and has no exposure to Tesla or Apple. This outperformance in the downward market meant the portfolio exhibited a net outperformance of 0.5% over the quarter as a whole.

Three out of the five managers outperformed; Jupiter and Mirova by 3.1% and 4.6% respectively. Mirova's holdings in Mastercard, Adobe and Visa were the biggest contributors, whilst RBC underperformed by 2.1%. RBC's performance was driven in part by Roche, which fell on the news its Alzheimer's drug failed to slow the disease. The managers continued to provide complementary but differing approach within the portfolio.

## Global Sustainable Equities

### Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
MASTERCARD INC	2.63	0.53	7,793,585
MICROSOFT CORP	2.27	3.02	6,708,267
ADYEN NV	1.99	0.05	5,876,641
ANSYS INC	1.93	0.04	5,704,654
DANAHER CORP	1.77	0.33	5,238,538

\*Estimated Client value.

### Top 5 active overweights

	Weight %	Benchmark weight %
MASTERCARD INC	2.63	0.53
ADYEN NV	1.99	0.05
ANSYS INC	1.93	0.04
MARKETAXESS HOLDINGS INC	1.73	0.02
DANAHER CORP	1.77	0.33

### Top 5 active underweights

	Weight %	Benchmark weight %
APPLE INC	-	3.71
JOHNSON & JOHNSON	-	0.83
ALPHABET INC	0.99	1.82
EXXON MOBIL CORP	-	0.82
MICROSOFT CORP	2.27	3.02

### Companies with lowest ESG ratings

	Adjusted ESG score*	
	Q3 2022	Q4 2022
MICROSOFT CORP	47.15	47.81
T-MOBILE US INC	44.95	44.06
ALPHABET INC	46.00	46.30
MUENCHENER	-	46.57
UNITEDHEALTH GROUP INC	52.44	51.89

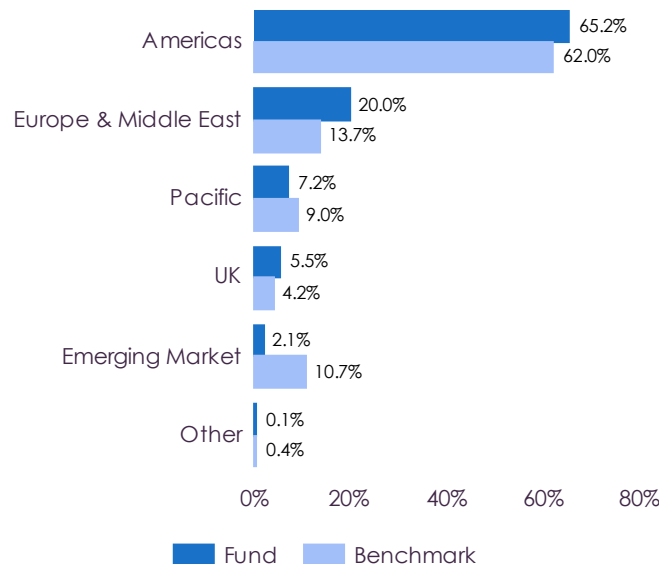
\*Source: TrueValueLabs. Scores can range from a high score of 100 to a low of 0. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top.

### Carbon metrics

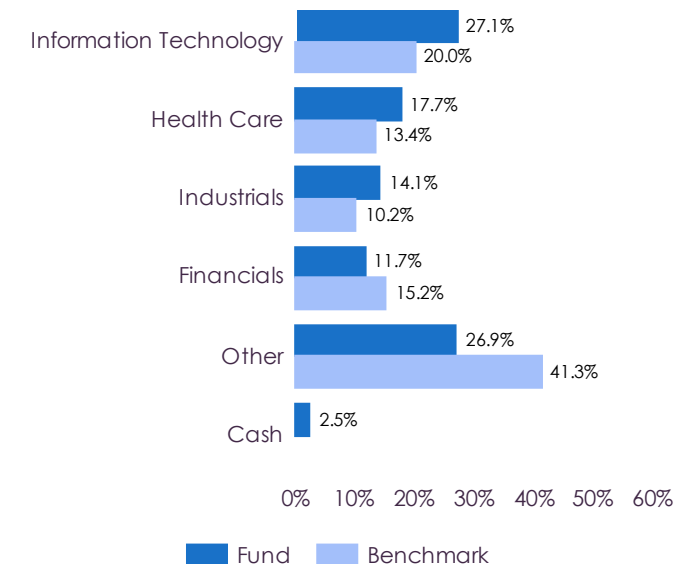
Portfolio	WACI		Extractives revenues <sup>1</sup>		Extractives reserves <sup>2</sup>	
	2022 Q3	2022 Q4	2022 Q3	2022 Q4	2022 Q3	2022 Q4
Global Sustainable	148	152	2.53	2.65	2.96	3.13
MSCI ACWI*	207	222	2.62	2.82	7.18	7.76

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

### Regional exposure



### Sector exposure



## UK Active Equities

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

**Liquidity**  
Managed

**Benchmark**  
FTSE All Share ex Inv Tr

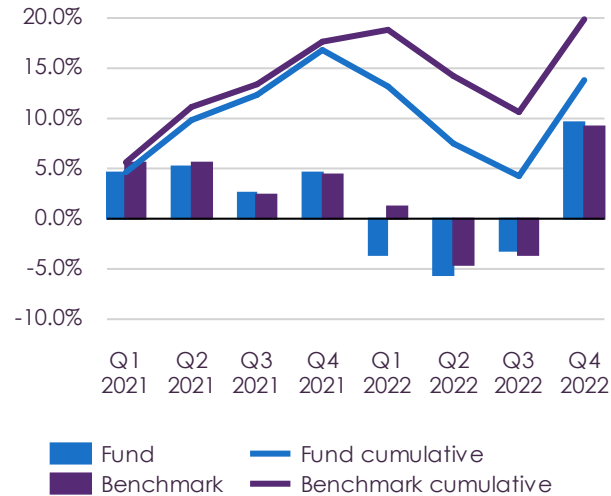
**Outperformance target**  
+2%

**Total fund value**  
£1,382m

**Risk profile**  
High

**Oxfordshire's Holding:**  
GBP486m

### Rolling performance



### Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	9.6	-3.7	3.9
Benchmark	9.2	1.6	5.1
Excess	0.3	-5.3	-1.2

\*per annum

### Performance commentary

The FTSE All-Share Index excluding Investment Trusts returned 9.2% over the quarter, outperforming the developed market index, which returned 2% in GBP terms (MSCI World). The difference lies partly in the UK's under-exposure to Growth names in Technology. These names make up a large part of the developed market index that performed so poorly (and the knock-on effect of the depreciation in the USD vs GBP). In contrast, the UK Energy sector (returning 5.9%) was unable to match its developed market peers (returning 11.2%), as BP and Shell both underperformed the FTSE All-Share.

The portfolio returned 9.6% during the period, outperforming the benchmark by 0.3%. Sector attribution shows positive effects from both allocation and selection.

The overweight allocation to Financials and underweight allocation to Energy were both positive and offset the drag of holding a small cash allocation in a rising market. Strong selection in Financials was the largest contributor to selection, with overweights in four insurance related names (Legal and General, Lancashire Holdings Group, Aviva and Just Group) in the top ten contributors to relative return.

Baillie Gifford outperformed by 1% which (taken alongside the previous quarter's small outperformance) steadied their relative performance after two very poor quarters in the first half of 2022. Allocation was positive with underweights to Energy, and not holding Telecoms proving to be the largest positive impacts. Mirroring portfolio performance, positive selection was driven by the overweight positions in insurance-

related holdings in the Financials sector. Baillie Gifford also benefited from its overweight position in smaller companies that outperformed their larger peers.

Invesco performed in line with the index following two strong relative performances in the preceding two quarters. Of the factors targeted by Invesco, the positive contribution from the Value factor was offset by negative contributions from Momentum and Quality factors.

From inception to quarter-end, the portfolio underperformed the benchmark by 1.2% per annum.

## UK Active Equities

### Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
ASTRAZENECA PLC	6.11	7.63	29,723,395
UNILEVER PLC	4.50	4.89	21,884,309
DIAGEO PLC	3.90	3.79	18,940,665
SHELL PLC	3.70	7.84	17,978,380
BP PLC	3.33	4.06	16,180,561

\*Estimated Client value.

### Top 5 active overweights

	Weight %	Benchmark weight %
LEGAL & GENERAL GROUP PLC	2.66	0.68
BUNZL PLC	2.30	0.43
BAILLIE GIFFORD UK & BALANCED	1.35	-
BURBERRY GROUP PLC	1.66	0.37
INCHCAPE PLC	1.41	0.14

### Top 5 active underweights

	Weight %	Benchmark weight %
SHELL PLC	3.70	7.84
HSBC HOLDINGS PLC	2.95	4.78
NATIONAL GRID PLC	-	1.67
RECKITT BENCKISER GROUP PLC	0.34	1.89
ASTRAZENECA PLC	6.11	7.63

### Companies with lowest ESG ratings

	Adjusted ESG score*	
	Q3 2022	Q4 2022
GLENCORE PLC	48.44	46.33
LANCASHIRE HOLDINGS LTD	10.98	15.97
ASTRAZENECA PLC	53.19	55.58
INCHCAPE PLC	47.84	44.82
HISCOX LTD	29.13	29.75

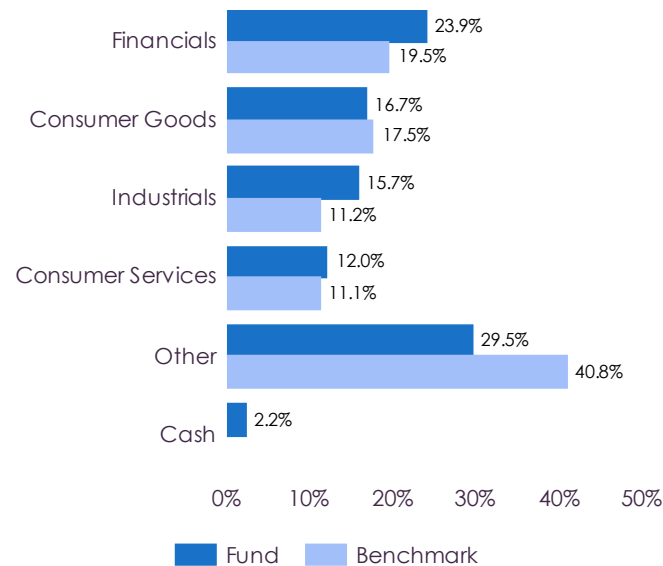
\*Source: TrueValueLabs. Scores can range from a high score of 100 to a low of 0. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top.

### Carbon metrics

Portfolio	WACI		Extractives revenues <sup>1</sup>		Extractives reserves <sup>2</sup>	
	2022 Q3	2022 Q4	2022 Q3	2022 Q4	2022 Q3	2022 Q4
	<b>UK Active Equities</b>	<b>92</b>	<b>93</b>	3.35	3.48	16.45
<b>FTSE All Share ex Inv</b>	<b>165</b>	<b>160</b>	4.18	4.95	21.67	21.71

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

### Sector exposure



Classification: Public

Summary	Overview of assets	Strategic asset allocation	Performance attribution	Responsible investment	Risk and return	Portfolio overview	CIO commentary	Portfolios	Glossary	Disclaimer
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## Emerging Markets Equities

**Investment strategy & key drivers**  
Equity exposure to emerging markets

**Liquidity**  
Managed

**Benchmark**  
MSCI Emerging Markets

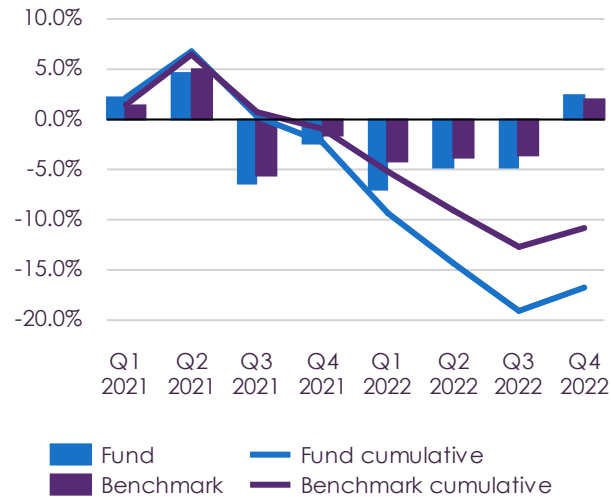
**Outperformance target**  
+2-3%

**Total fund value**  
£1,044m

**Risk profile**  
High

**Oxfordshire's Holding:**  
GBP79m

Rolling performance



Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	2.3	-14.0	-1.2
Benchmark	1.9	-9.6	1.1
Excess	0.4	-4.3	-2.3

\*per annum

### Performance commentary

Emerging markets ended the year on a more positive note as markets rebounded swiftly in November and December. The quarter started in turbulent fashion; a sharp decline in Chinese equities followed the 20th National Congress of the Chinese Communist Party in mid-October. The Congress confirmed that Xi Jinping is likely to be one of the most influential leaders of the People's Republic of China in its history. Investors viewed this as a headwind, given the apparent lack of moderating influences within the party; Chinese equities subsequently sold off by approximately 19% in October. As mentioned in the CIO commentary, markets turned in early November following rumours of the zero-Covid policy in China being relaxed; Chinese equities ultimately ended the quarter in positive territory, appreciating by approximately +5%. Broader emerging markets – proxied by

the MSCI Emerging Markets – were buoyed by the turn in Chinese equities and ended the period in positive territory, appreciating by 1.9%.

The portfolio outperformed over the quarter. Total return was +2.3%, which was 0.4% ahead of the benchmark. Since-inception performance remained negative on an absolute and relative basis. Net annualised performance was -1.2% since inception, which is -2.3% behind the benchmark.

Genesis and Wellington outperformed by +2.8% and +0.3% respectively, whereas Ninety One lagged the benchmark by 2.4%. The primary drivers were China's zero-COVID exit, and sensitivity to commodities. Genesis was by far the most geared towards a China reopening scenario, and the least exposed to commodities; both factors acted as significant

tailwinds for performance. Conversely, Ninety One is least exposed to China's reopening and has higher exposure to commodities than Genesis.

There are several reasons to be optimistic on emerging markets going forward. Firstly, China's relaxation of its Covid policy and pivot towards a more supportive stance on growth should allow a normalisation of the domestic economy in 2023. Secondly, the economic backdrop for countries outside of China is improving. For example, EM private sector debt/GDP is now 86%, half the level of developed markets. Finally, valuations continue to look cheap against both history and developed markets, presenting managers with opportunities to buy high quality companies at attractive prices. The portfolio is well positioned to capitalise on these themes.



## Emerging Markets Equities

### Top 5 holdings

	Weight %	B'mark weight %	Client value (GBP)*
TAIWAN SEMICONDUCTOR	6.60	5.70	5,243,874
TENCENT HOLDINGS LTD	3.99	4.24	3,172,483
SAMSUNG ELECTRONICS CO LTD	3.95	3.83	3,136,762
AIA GROUP LTD	2.80	0.00	2,221,676
ALIBABA GROUP HOLDING LTD	2.46	2.60	1,952,796

\*Estimated Client value.

### Top 5 active overweights

	Weight %	Benchmark weight %
AIA GROUP LTD	2.80	-
HDFC BANK LTD	1.39	-
NETEASE INC	1.66	0.46
INNER MONGOLIA YILI INDUSTRIAL	1.10	0.03
BID CORP LTD	1.16	0.10

### Top 5 active underweights

	Weight %	Benchmark weight %
CHINA CONSTRUCTION BANK CORP	0.25	0.96
AL RAJHI BANK	-	0.62
BAIDU INC	-	0.50
PETROLEO BRASILEIRO SA	0.18	0.66
VALE SA	0.54	1.02

### Companies with lowest ESG ratings

	Adjusted ESG score*	
	Q3 2022	Q4 2022
TENCENT HOLDINGS LTD	52.86	54.28
ALIBABA GROUP HOLDING LTD	51.92	54.50
ICICI BANK LTD	45.92	45.28
SAMSUNG ELECTRONICS CO LTD	55.29	57.77
KIMBERLY-CLARK DE MEXICO	36.63	47.16

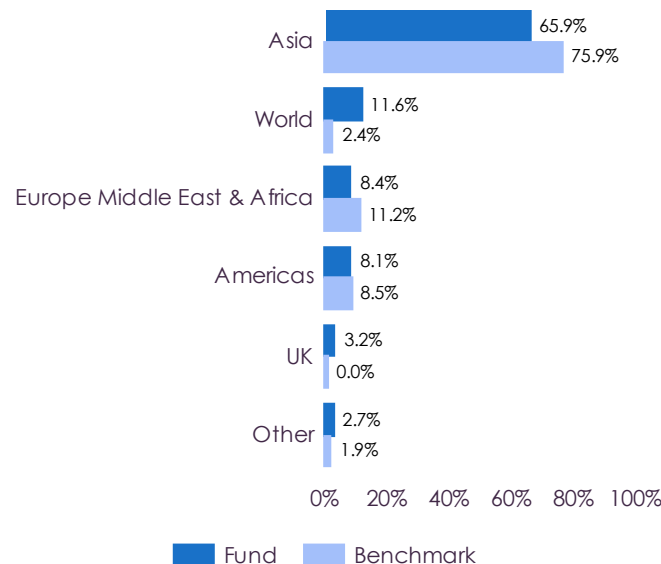
\*Source: TrueValueLabs. Scores can range from a high score of 100 to a low of 0. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top.

### Carbon metrics

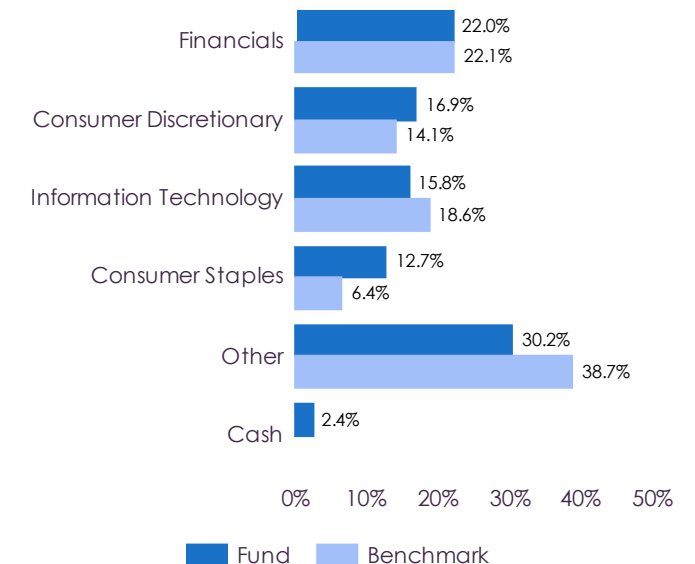
Portfolio	WACI		Extractives revenues <sup>1</sup>		Extractives reserves <sup>2</sup>	
	2022 Q3	2022 Q4	2022 Q3	2022 Q4	2022 Q3	2022 Q4
Emerging Markets	176	196	0.85	0.81	5.19	5.03
MSCI Emerging	416	453	3.15	3.29	7.65	7.26

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

### Regional exposure



### Sector exposure



Summary	Overview of assets	Strategic asset allocation	Performance attribution	Responsible investment	Risk and return	Portfolio overview	CIO commentary	Portfolios	Glossary	Disclaimer
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## Multi-Asset Credit

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

**Liquidity**  
Managed

**Benchmark**  
SONIA +4%

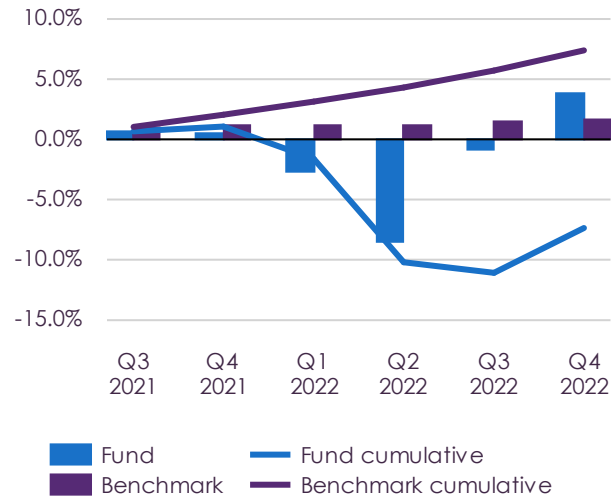
**Outperformance target**  
0% to +1.0%

**Total fund value**  
£2,463m

**Risk profile**  
Moderate

**Oxfordshire's Holding:**  
GBP131m

### Rolling performance



### Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	3.7	-8.5	-5.2
Benchmark	1.7	5.4	5.0
Excess	2.0	-14.0	-10.2

\*per annum

### Performance commentary

Despite volatility in the fourth quarter, risk assets across sub-investment grade credit delivered broad-based gains. The quarter got off to a rocky start due to a failed UK budget proposal that roiled UK gilt markets, higher-than-expected September CPI in the US, and an October Communist Party Congress in China that spooked markets.

The yields of global high yield bonds soared to their year-to-date high, touching approximately 10.5% in the first half of October. Risk asset prices then reversed course amid better-than-expected third quarter earnings, expectation of more dovish global central bank policy, and a cooling of US inflation in both October and November. The subsequent credit rally lasted for most of the quarter, though markets came under renewed pressure in late December.

The Federal Reserve hiked rates in the US by 125 bps during the quarter, but ultimately this had little impact on the 2- and 10-year yields, which ended the year at +442bps and +388bps respectively. Bank capital and EM sovereign debt were the strongest asset classes over the quarter, with local returns of approximately +12% and +8% respectively. High yield corporate bonds returned almost 7% in local terms. Loans were amongst the lowest-returning asset classes in credit, returning approximately 3% in local terms. Returns were primarily driven by spread compression.

The portfolio returned +3.7% over the quarter on a net of fees basis, which was +2.0% ahead of the primary benchmark of SONIA +4%. The portfolio lagged the secondary benchmark by 0.9%. Performance by manager remained range-bound

during the quarter. Neuberger Berman, CQS and Oaktree returned +360bps, +406bps and +407bps respectively. Performance since inception is now -5.2% annualised on a net-of-fees basis, and this remains behind the SONIA +4% return of +5.0% but close to the composite benchmark return.

The portfolio now offers a yield of approximately +9.3% on a yield-to-worst basis, with modest duration close to two years, representing an attractive entry point. However, investors should express caution as the threat of an impending recession, potential inflation shocks and quantitative tightening could put upward pressure on rates and spreads worldwide. Fundamentals- focused managers should be well-placed to take advantage of attractive entry points, whilst navigating some of the potential headwinds in 2023.

Summary	Overview of assets	Strategic asset allocation	Performance attribution	Responsible investment	Risk and return	Portfolio overview	CIO commentary	Portfolios	Glossary	Disclaimer
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## Sterling Corporate Bonds

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

**Liquidity**  
 Managed

**Benchmark**  
 iBoxx Sterling Non Gilt x

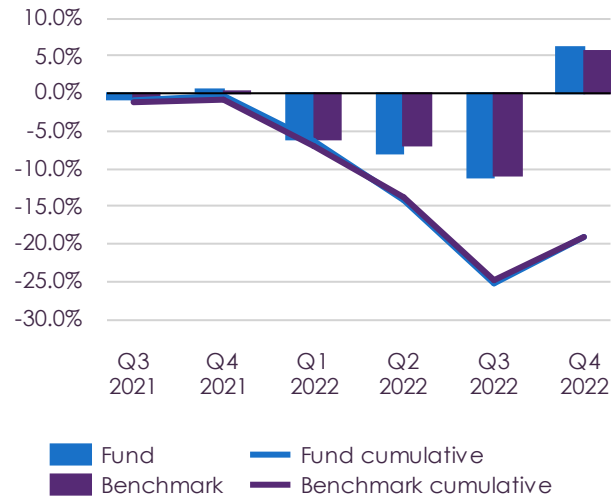
**Outperformance target**  
 +1%

**Total fund value**  
 £1,878m

**Risk profile**  
 Moderate

**Oxfordshire's Holding:**  
 GBP93m

### Rolling performance



### Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	6.2	-18.2	-12.7
Benchmark	5.7	-17.7	-12.6
Excess	0.4	-0.5	-0.1

\*per annum

### Performance commentary

Over the quarter, central banks further tightened monetary policy in response to the continued strength of inflation.

In this context, the iBoxx Sterling Non-Gilt All Maturities benchmark returned 5.74%. The main driver of the positive absolute return was the fall in gilt yields and tightening of the average sterling investment grade (IG) credit spread from 1.99% to 1.61%.

The portfolio returned 6.17%, outperforming the benchmark.

The portfolio's outperformance over the quarter was primarily driven by positive credit sector allocation (+58bps), with a notably strong contribution from the significant underweight to supranational bonds (+62bps). This was enhanced by overweight exposure to insurance (+21bps), which performed

strongly as the market recovered over the quarter. This was partially offset by overweight exposures to secured sectors, such as real estate (-7bps) and structured bonds (-6bps), which lagged the general spread tightening. Underweight exposures to consumer goods (-8bps) and telecommunications (-6bps) also detracted.

Overall, the impact of duration and yield curve exposure was neutral, at -11bps and +12bps respectively.

Security selection detracted from relative performance (-25bps). This mainly reflected security selection in the structured (-42bps), social housing (-13bps) and real estate (-8bps) sectors. This drag outweighed positive security selection from Financials in particular (+26bps) but also from Utilities and Insurance (+6bps and +4bps, respectively).

The contribution to overall outperformance of the underweight exposure across the AAA, AA and A rating bands was negative (-50bps), mainly coming from the A rating band (-40bps). However, this was offset by more significant overweight exposure to BB- rated bonds (+49bps) and allocations to sub-IG and unrated bonds (+24bps).

RLAM expects inflation to peak in the coming months, as moderating energy prices and weak GDP growth reduce the tightness of the labour market. However RLAM continues to anticipate further rate rises in 2023 and therefore a likely recession in the UK. While yields in sterling investment grade credit remain attractive, there should also be an expectation of credit rating downgrades and default rate rises.

## Passive Index Linked Gilts over 5 years

**Investment strategy & key drivers**  
 Passive exposure to index linked gilts with over 5 year duration

**Liquidity**  
 High

**Benchmark**  
 FTSE-A UK ILG >5Y

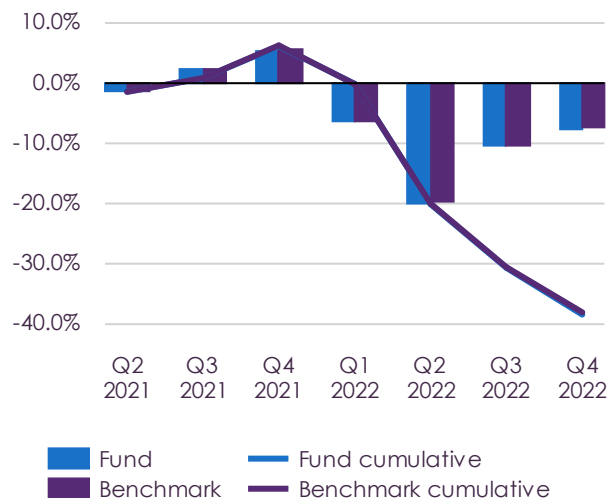
**Outperformance target**  
 Match

**Total fund value**  
 £677m

**Risk profile**  
 Low

**Oxfordshire's Holding:**  
 GBP134m

Rolling performance



Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	-7.7	-38.1	-23.6
Benchmark	-7.5	-38.0	-23.5
Excess	-0.2	-0.2	-0.2

\*per annum

### Performance commentary

Banks continued to tighten monetary policy over the quarter. The Bank of England delivered a 0.75% rate hike in early November and another 0.5% hike in December, bringing the total to eight rises in 2022.

UK bond markets continued to be impacted by the aftermath of 'mini-Budget', with the Bank of England forced to intervene in the gilt market. Although this calmed financial markets temporarily, volatility continued for several weeks, only moderating when new policies were set out by new chancellor, Jeremy Hunt, and then confirmed in the Autumn Statement (in mid-November).

It was a challenging year for global fixed income markets. Across the year as a whole, the total return was -18% on a 10-

year gilt; -21% on a 10 year German bund; and -15% on a US Treasury note.

Longer-dated government bonds performed better than shorter-dated bonds in the quarter. UK gilts with over 15 years to maturity provided negative returns of -1.85%, whereas those with 5 years or more to maturity returned -7.53%.

## PAB Passive Global Equities

### 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

£1,467m

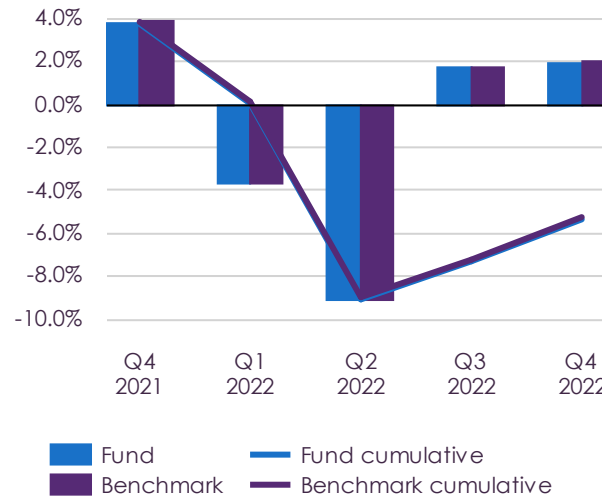
### Risk profile

High

### Oxfordshire's Holding:

GBP465m

### Rolling performance



### Performance to quarter end

Performance	3 month %	1 year %	Since inception % p.a.*
Fund	1.9	-9.2	-4.9
Benchmark	2.0	-9.2	-4.9
Excess	-	-	-0.1

\*per annum

### Performance commentary

In Q4 2022, the FTSE Developed Paris-Aligned benchmark (PAB) continued the trend of positive performance seen in Q3, rising 2% over the three-month period to the end of the year. The PAB Passive Global Equities portfolio closely replicated the benchmark's performance over the quarter.

This headline performance hides the performance journey over the quarter and the varied performance across underlying sectors within the index. The index performed positively to the end of November, up over 6% through the first two months of the quarter, before falling to end the reporting period up 2%.

In terms of sector, the Industrials sector was the best performer, driven by capital goods. Honeywell and

Caterpillar were the most significant stock contributors to return over the period.

The Consumer Discretionary and Communication Services sectors were a drag upon performance over Q4. Performance within Consumer Discretionary can be attributed to the large benchmark positions in Tesla and Amazon, which both had difficult quarters. Similarly, a significant position within Alphabet was a material contributor to the negative performance of the Communication Services sector over the reporting period.

Summary	Overview of assets	Strategic asset allocation	Performance attribution	Responsible investment	Risk and return	Portfolio overview	CIO commentary	Portfolios	Glossary	Disclaimer
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## PAB Passive Global Equities

### Top 5 holdings

	Weight %	Client value (GBP)*
APPLE INC	5.29	24,605,238
MICROSOFT CORP	4.82	22,455,950
ALPHABET INC	3.82	17,765,862
AMAZON.COM INC	2.91	13,555,773
HONEYWELL INTERNATIONAL INC	2.72	12,638,087

\*Estimated Client value.

### Companies with lowest ESG ratings

	Adjusted ESG score*	
	Q3 2022	Q4 2022
MICROSOFT CORP	47.15	47.81
ALPHABET INC	46.00	46.30
APPLE INC	49.17	50.57
AMAZON.COM INC	50.72	51.99
CHUBB LTD	34.84	38.73

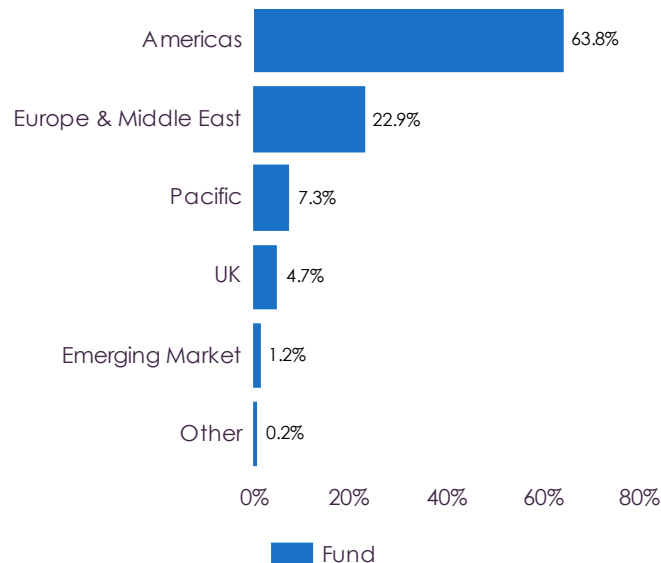
\*Source: TrueValueLabs. Scores can range from a high score of 100 to a low of 0. The table is ordered by negative overall ESG impact on the portfolio, with the most impactful at the top.

### Carbon metrics

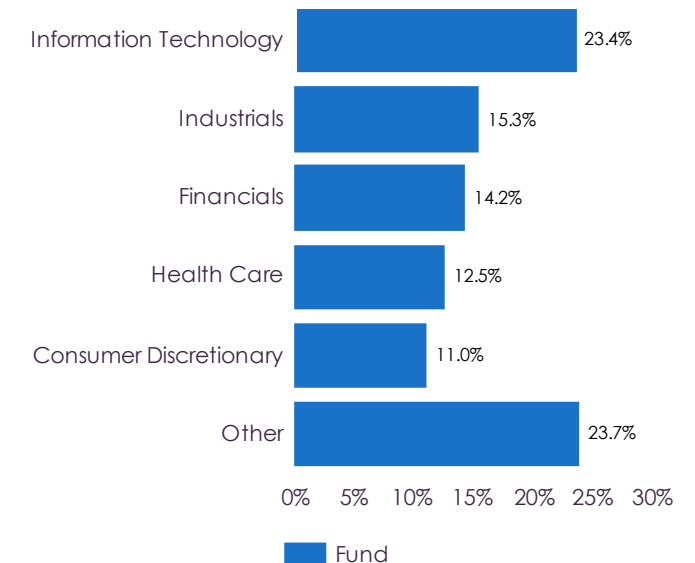
Portfolio	WACI		Extractives revenues <sup>1</sup>		Extractives reserves <sup>2</sup>	
	2022 Q3	2022 Q4	2022 Q3	2022 Q4	2022 Q3	2022 Q4
PAB Passive Global	103	102	0.99	0.91	1.57	1.68
FTSE Dev World TR	180	194	2.52	2.69	7.00	7.69

\*Benchmark. <sup>1</sup> Extractive revenue exposure as share (%) of total revenue. <sup>2</sup> 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

£100.00m

The fund is denominated in GBP

### Commitment to Investment

£102.85m

### Amount Called

£56.77m

### % called to date

55.20

### Number of underlying funds

7

### Oxfordshire's Holding:

GBP74.90m

## Performance commentary

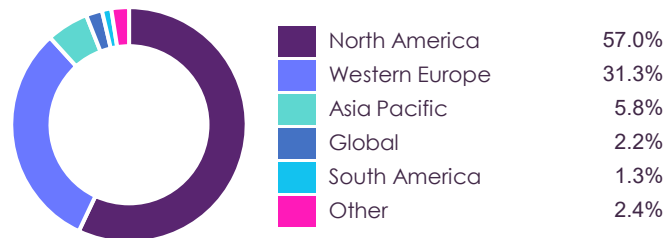
As of December 2022, the drawdown of Cycle 1 increased slightly from the previous quarter, as approximately 55% of the committed capital had been drawn. Cycle 1 was still in the investment phase.

Macroeconomic headwinds caused a slowdown in deals, exits and fundraising during Q4, and this was expected to continue into 2023. GPs began to pivot away from their focus on selling in favour of seeking add-on acquisitions at attractive multiples. We would expect the number of public-to-private, corporate carveouts and secondary deals to increase in 2023. Despite the wider challenges in listed markets, many private valuations are expected to have broadly held up during Q4 as testimony to the high quality, diversified and resilient nature of individual Funds. Growth/Tech funds were an exception to the rule, as Q3 saw GPs taking a haircut on valuations and the same was expected for Q4. The decrease in Growth/Tech valuations was a consequence of the fall on listed valuation multiples comps, FX fluctuations and increasing discount rates. Overall, the Cycle 1 Portfolio level performance remained positive.

The Cycle 1 PE portfolio is diversified by strategy, sector and geography. The GPs in the portfolio have track records through market Cycles and are expected to be able to lean on their experience to steer through the current market environment. All the private equity funds in the portfolio are now successfully closed and in full deployment mode.

### Country

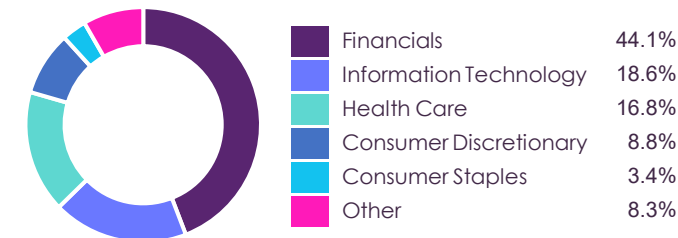
#### Invested in underlying investments



Source: Colmore  
Country data is lagged by one quarter

### Sector

#### GICs level 1



Source: Colmore  
Sector data is lagged by one quarter

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
74.9	-4.0%	23.2%	23.8%	2,199,167	1,700,678	498,489	-3,263,830	-4.2%	23.9%	22.7%

\*Money weighted return

<a href="#">Summary</a>	<a href="#">Overview of assets</a>	<a href="#">Strategic asset allocation</a>	<a href="#">Performance attribution</a>	<a href="#">Responsible investment</a>	<a href="#">Risk and return</a>	<a href="#">Portfolio overview</a>	<a href="#">CIO commentary</a>	<a href="#">Portfolios</a>	<a href="#">Glossary</a>	<a href="#">Disclaimer</a>
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## Private Equity Cycle 2

### Investment objective

Global portfolio of private equity investments

### Benchmark

MSCI ACWI

### Outperformance target

+3%

### Launch date

1 May 2020

### Commitment to portfolio

£70.00m

The fund is denominated in GBP

### Commitment to Investment

£72.71m

### Amount Called

£20.28m

### % called to date

27.89

### Number of underlying funds

14

### Oxfordshire's Holding:

GBP22.39m

## Performance commentary

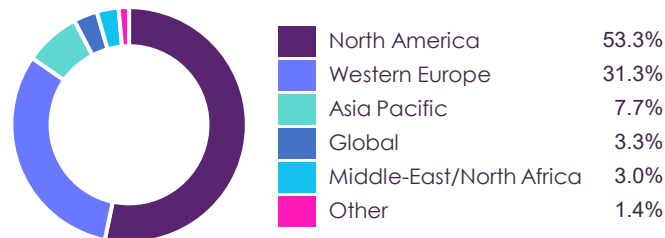
As of December 2022, the total capital drawn down for Cycle 2 had increased slightly from the previous quarter and reached 28%. It is worth noting that, while total capital deployed was higher, funds use credit facilities to initially fund investments.

Macroeconomic headwinds caused a slowdown in deals, exits and fundraising during Q4, which is expected to continue in 2023. GPs have begun to pivot away from their focus on selling in favour of seeking add-on acquisitions at attractive multiples. We would expect the number of public-to-private, corporate carveouts and secondary deals to increase in 2023. Despite the wider challenges in listed markets, many private valuations are expected to have broadly held up during Q4 as testimony to the high quality, diversified and resilient nature of individual funds. Growth/Tech funds are an exception to the rule, as Q3 saw GPs taking a haircut on valuations and the same was expected for Q4. The decrease in Growth/Tech valuations was a consequence of the fall on listed valuation multiples comps, FX fluctuations and increasing discount rates. Overall, the Cycle 2 Portfolio level performance has remained positive.

Going forward, we expect deployment to continue gathering pace as more managers in the portfolio finalise their fundraisings.

### Country

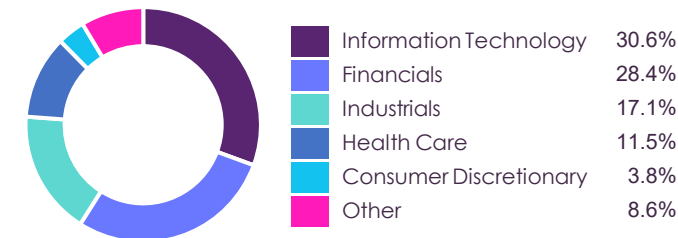
#### Invested in underlying investments



Source: Colmore  
Country data is lagged by one quarter

### Sector

#### GICs level 1



Source: Colmore  
Sector data is lagged by one quarter

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
22.4	-6.7%	7.5%	12.4%	2,623,465	81,086	2,542,379	-1,503,950	-4.5%	15.5%	42.7%

\*Money weighted return



<a href="#">Summary</a>	<a href="#">Overview of assets</a>	<a href="#">Strategic asset allocation</a>	<a href="#">Performance attribution</a>	<a href="#">Responsible investment</a>	<a href="#">Risk and return</a>	<a href="#">Portfolio overview</a>	<a href="#">CIO commentary</a>	<a href="#">Portfolios</a>	<a href="#">Glossary</a>	<a href="#">Disclaimer</a>
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## Private Debt Cycle 2

### Investment objective

Global portfolio of senior direct loans, predominantly to PE-sponsored companies

### Benchmark

SONIA

### Outperformance target

+4%

### Launch date

1 May 2020

### Commitment to portfolio

£70.00m

The fund is denominated in GBP

### Commitment to Investment

£70.00m

### Amount Called

£32.61m

### % called to date

46.59

### Number of underlying funds

1

### Oxfordshire's Holding:

GBP34.02m

## Performance commentary

As of December 2022, Cycle 2 was fully committed to 7 funds. The portfolio is in ramp up with deployment increasing to over ~40%. The next capital call (due by February 2023) is expected to take deployment to ~50%.

Prior focus by managers on traditionally resilient sectors such as healthcare, professional services and established software have continued to buoy returns as the portfolio remains in positive territory and is performing as expected. Such is reinforced by the portfolio's majority allocation to senior-most lending for investee companies. Managers report a broadly attractive environment for loan pricing despite economic headwinds. New investments in the portfolio include a European fertility clinic provider, a US baked-goods firm, a UK health-and-safety software firm and an Australian healthcare firm. The portfolio currently has a tilt towards the US (owing to faster deployment by US-focussed managers) but is expected to normalise to a broadly even split between the US and Europe over the medium term.

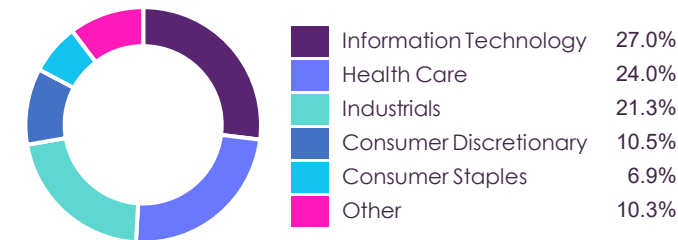
Leveraged buy-out activity continued 2022 trends to increasingly draw on private debt as its principal funding source, such is a reflection of the sustained slow-down in the broadly syndicated loan markets which had previously been traditional sources of funding for private equity sponsors. Fundraising for private debt managers had fallen in 2022 versus the previous year but the volume of dry-powder available alongside the retrenchment of traditional funding sources sees private debt managers remaining able to seize attractive direct lending opportunities as they arise.

### Country Invested in underlying investments



Source: Aksia and underlying managers  
Country data is lagged by two quarters

### Sector GICs level 1



Source: Aksia and underlying managers  
Sector data is lagged by two quarters

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
34.0	-1.3%	11.8%	10.9%	7,459,785	316,188	7,143,597	-411,629	-1.5%	13.6%	10.5%

\*Money weighted return

## Private Debt Cycle 3

### Investment objective

Global portfolio of senior direct loans, predominantly to PE-sponsored companies

### Benchmark

SONIA

### Outperformance target

+4%

### Launch date

1 April 2022

### Commitment to portfolio

£90.00m

### The fund is denominated in GBP

### Commitment to Investment

£35.48m

### Amount Called

£6.15m

### % called to date

17.32

### Number of underlying funds

2

### Oxfordshire's Holding:

GBP5.89m

## Performance commentary

As of December 2022, Cycle 3 had made commitments to two Europe-focused managers with an initial capital call by one manager being issued at the end of 2022. With the settlement completed, overall deployment is expected to be ~7% of total client commitments and ~17% of capital committed to funds (which is an encouraging start for the portfolio). Through 2023, Brunel expects to finalise all commitments to 5-7 managers, constructing a portfolio with a senior direct lending focus and a broadly even split across US and European borrowers. There is expected to be an

alignment of investment portfolios across Cycles 2 and 3 with respect to geographical focus and allocations to predominantly senior secured debt.

Given the nascency of capital being called on the portfolio, quarter-end performance measures were unavailable but should materialise through the first half of 2023.

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
5.9	-	-	-2.3%	6,145,643	198,146	5,947,497	-	-	-	-0.9%

\*Money weighted return

<a href="#">Summary</a>	<a href="#">Overview of assets</a>	<a href="#">Strategic asset allocation</a>	<a href="#">Performance attribution</a>	<a href="#">Responsible investment</a>	<a href="#">Risk and return</a>	<a href="#">Portfolio overview</a>	<a href="#">CIO commentary</a>	<a href="#">Portfolios</a>	<a href="#">Glossary</a>	<a href="#">Disclaimer</a>
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## Infrastructure Cycle 1

### Investment objective

Portfolio of predominantly European sustainable infrastructure assets

### Benchmark

CPI

### Outperformance target

+4%

### Launch date

1 October 2018

### Commitment to portfolio

£50.00m

The fund is denominated in GBP

### Commitment to Investment

£49.90m

### Amount Called

£37.55m

### % called to date

75.27

### Number of underlying funds

6

### Oxfordshire's Holding:

GBP41.24m

## Performance commentary

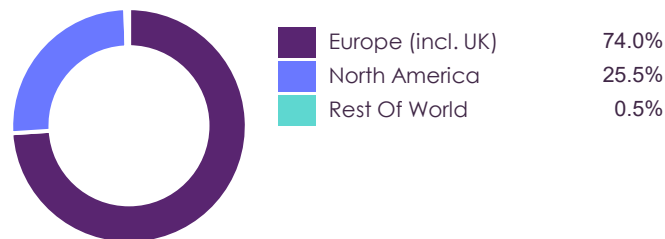
Macroeconomic pressures continued into Q4. A global energy security crisis, soaring inflation and rising interest rates were combining to create a perfect storm for recession. The macroeconomic woes highlight the importance of investing in a resilient portfolio of high-quality assets. In light of events in Ukraine, governments have introduced significant regulation including REPower EU and the Inflation Reduction Act, both of which reflect their desire to boost investment beyond renewables generation and across the value chain.

During Q4, deal flow activity remained strong but also selective. Brunel was busy in Q4 reviewing a number of opportunities across all cycles. As at the end of Q4 2022, Cycle 1 Infrastructure was c.99.8% committed and c.75% deployed. At the end of Q4, the final tactical deal to complete Cycle 1 was approved by Brunel and closing is subject to StepStone's final due diligence.

Brunel is pleased with the deployment of Cycle 1 and the overall development of the portfolio. Over the next couple of years, we expect focus to shift from deployment to performance and monitoring of the portfolio.

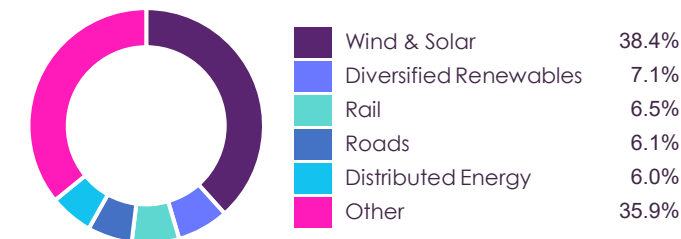
### Country

#### Commitment in underlying investments



Source: Stepstone  
Country data is lagged by one quarter

### Sector



Source: Stepstone  
Sector data is lagged by one quarter

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
41.2	2.8%	17.0%	11.0%	1,697,196	634,477	1,062,719	1,102,840	2.8%	16.7%	7.4%

\*Money weighted return

## Infrastructure (General) Cycle 2

### Investment objective

Global portfolio of infrastructure with a focus on non-RE sectors and sustainable assets

### Benchmark

CPI

### Outperformance target

+4%

### Launch date

1 May 2020

### Commitment to portfolio

£20.00m

The fund is denominated in GBP

### Commitment to Investment

£20.00m

### Amount Called

£12.76m

### % called to date

63.78

### Number of underlying funds

1

### Oxfordshire's Holding:

GBP13.28m

## Performance commentary

For Cycle 2 Infrastructure, clients had the opportunity to invest either in the 'Combined' Infrastructure portfolio (which allocates 50% to renewables & 50% to general infrastructure); or via the 'Renewables only' (100% to renewables). As a result, Brunel established two funds of funds with StepStone.

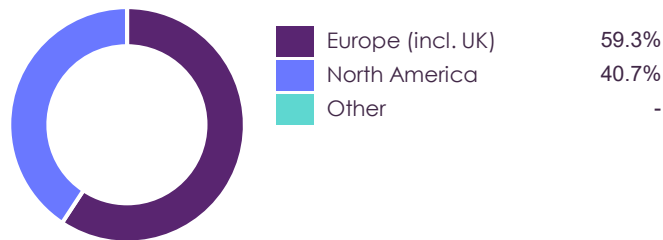
Macroeconomic pressures continued into Q4. A global energy security crisis, soaring inflation and rising interest rates were combining to create a perfect storm for recession. The macroeconomic woes highlight the importance of investing in a resilient portfolio of high-quality assets. In light of events in Ukraine, governments introduced significant regulation including REPower EU and the Inflation Reduction Act, both of which reflect their desire to boost investment beyond renewable generation and across the value chain.

During Q4, deal flow activity remained strong but also selective. Brunel was busy in Q4 reviewing a number of opportunities across all cycles. The final tactical deal in the portfolio was made during Q4, a €30m euro commitment to a Spanish rural Fibre to the Home platform alongside Vauban Infrastructure Partners. As a result, Cycle 2G is now fully committed to six primary funds and seven tactical investments. At the end of Q4, the portfolio is c.64% deployed.

Brunel is very pleased with how the Cycle 2G portfolio has developed. The portfolio is diversified and invested in quality opportunities.

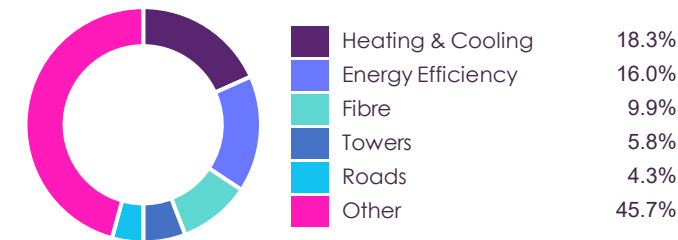
## Country

### Commitment in underlying investments



Source: Stepstone.  
Country data is lagged by one quarter

## Sector



Source: Stepstone.  
Sector data is lagged by one quarter

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
13.3	5.1%	8.9%	7.4%	2,572,344	21,065	2,551,279	560,595	5.1%	4.8%	-3.1%

\*Money weighted return

## Infrastructure (Renewables) Cycle 2

### Investment objective

Global portfolio of renewable energy and associated infrastructure assets

### Benchmark

CPI

### Outperformance target

+4%

### Launch date

1 May 2020

### Commitment to portfolio

£20.00m

The fund is denominated in GBP

### Commitment to Investment

£20.00m

### Amount Called

£7.95m

### % called to date

39.75

### Number of underlying funds

1

### Oxfordshire's Holding:

GBP8.24m

### Performance commentary

For Cycle 2 Infrastructure, Clients had the opportunity to invest either in the 'Combined' Infrastructure portfolio (which allocates 50% to renewables & 50% to general infrastructure); or via the 'Renewables only' (100% to renewables). As a result, Brunel established two fund of funds with StepStone.

Macroeconomic pressures continued into Q4. A global energy security crisis, soaring inflation and rising interest rates were combining to create a perfect storm for recession. On one hand, surging power prices have boosted performance, but supply chain tensions keep on affecting the capex required to deliver projects. Rising interest rates are affecting valuations negatively and the impact of windfall taxes are still being monitored. Brunel, however, remains confident a strong pipeline will ensure deployment of this mandate in line with Scope and Specification.

During Q4, deal flow activity remained strong. Brunel was busy in Q4 reviewing several opportunities and two tactical deals were approved: a global decentralised energy generation / energy efficiency business, and a private cross-border transmission line in the US. In addition, Next Energy UK ESG Fund made its first drawdown in Q4. As at the end of Q4 Cycle 2 R is c.40% deployed across five primary funds. Two more primary funds and a single tactical deal are required to complete the cycle, subject to closing of the two Brunel approved tactical deals.

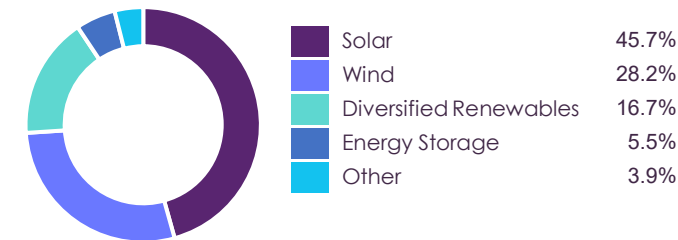
### Country

#### Commitment in underlying investments



Source: Stepstone  
Country data is lagged by one quarter

### Sector



Source: Stepstone  
Sector data is lagged by one quarter

### Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
8.2	9.4%	25.6%	16.3%	1,814,336	378,233	1,436,103	679,429	8.9%	20.1%	9.9%

\*Money weighted return

## 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

£60.00m

### The fund is denominated in GBP

### Commitment to Investment

£60.00m

### Amount Called

£3.09m

### % called to date

5.14

### Number of underlying funds

1

### Oxfordshire's Holding:

GBP2.98m

and positive environmental impact whilst retaining a similar risk and return profile.

As at the end of Q4, Cycle 3 is 13% committed to three investments including a €40m primary allocation to Vauban CIF IV and two tactical deals: Project Appellation, US hardwood timberlands carbon capture and carbon credit strategy; and Project Sonate 2, a follow-on to the Cycle 1 New Suez co-investment.

## Performance commentary

Macroeconomic pressures continued into Q4. A global energy security crisis, soaring inflation and rising interest rates were combining to create a perfect storm for recession. The macroeconomic woes highlight the importance of investing in a resilient portfolio of high-quality assets. In light of events in Ukraine, governments have introduced significant regulation including REPower EU and the Inflation Reduction Act, both of which reflect their desire to boost investment beyond renewable generation and across the value chain.

Brunel has been working closely with StepStone over the last 12 months to redefine the scope of Cycle 3 Infrastructure and was pleased to finalise the LPA in Q3 22. Since the portfolio's inception, deal flow activity has been strong but also selective. The team has been able to benefit from the expertise within StepStone's real assets team to include nature-based solutions investments in Cycle 3. Investing in sustainable forestry and agricultural strategies allows the portfolio to benefit from increased portfolio diversification

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
3.0	-	-	-3.4%	0	0	0	-	0.0%	-	0.0%

\*Money weighted return

## 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

£59.97m

### % called to date

99.95

### Number of underlying funds

3

### Oxfordshire's Holding:

GBP58.05m

increased their GRESB score to 79 over the year, narrowly missing out on 4 stars. Rent collection for the fund is near 100% for 2022 and the fourth quarter is the busiest time for rent reviews.

Within the GRI fund, the fund is benefiting from higher power prices, but is remaining prudent with respect to valuations. The new windfall tax proposed by the government should have minimal impact on the fund's valuation, due to its conservative assumptions. The Templeborough Biomass Energy plant had an extended outage in September from excessive fouling, but it is now back on budget from October onwards. Greencoat is looking at changing the operator on the asset in Q1 2023.

## Performance commentary

The M&G Secured Income Property Fund's total returns over the quarter were negative. Capital value declines began in June in response to rising gilt yields over the course of 2022 and were not a reflection of the performance of SPIF's underlying properties. Whilst there are economic headwinds, the fund is well positioned with a high-quality tenant base, inflation-linked leases and no gearing, voids or development exposure. The fund is currently deferring redemption requests to protect the interests of investors in the Fund as a whole, enabling sufficient time for fair value to be realised. In

December, SPIF completed the disposal of the Priority healthcare portfolio for a gross price of £233 million, ahead of book value.

The abrdn Long Lease Property Fund also incurred negative performance over the quarter. The fund is selling some Asda and Morrisons stores, and a Reading office is on the market. While these disposals were planned, given their weaker covenants and shortening leases, the sales have been accelerated with the aim of funding redemptions. The fund

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
58.1	-10.1%	-8.3%	-0.1%	225	249,114	-248,889	-6,559,790	-10.1%	-8.4%	1.2%

\*Money weighted return

## Secured Income Cycle 2

### Investment objective

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

### Benchmark

CPI

### Outperformance target

+2%

### Launch date

1 May 2020

### Commitment to portfolio

£40.00m

### The fund is denominated in GBP

### Commitment to Investment

£40.00m

### Amount Called

£40.00m

### % called to date

99.99

### Number of underlying funds

3

### Oxfordshire's Holding:

GBP38.52m

increased their GRESB score to 79 over the year, narrowly missing out on four stars. Rent collection for the fund is near 100% for 2022 and the fourth quarter is the busiest time for rent reviews.

Within the GRI Fund, the fund is benefiting from higher power prices, but is remaining prudent with respect to valuations. The new windfall tax proposed by the government should have minimal impact on the Fund's valuation, due to its conservative assumptions. The Templeborough Biomass Energy plant had an extended outage in September from excessive fouling, but it is now back on budget from October onwards. Greencoat are looking at changing the operator on the asset in Q1 2023.

## Performance commentary

The M&G Secured Income Property Fund's total returns over the quarter were negative. Capital value declines from June were in response to rising gilt yields over the course of 2022 and were not a reflection of the performance of SPIF's underlying properties. Whilst there are economic headwinds, the fund is well positioned with a high-quality tenant base, inflation-linked leases and no gearing, voids or development exposure. The fund is currently deferring redemption requests to protect the interests of investors in the Fund as a whole, enabling sufficient time for fair value to be realised. In

December, SPIF completed the disposal of the Priority healthcare portfolio for a gross price of £233 million, ahead of book value.

The abrdn Long Lease Property Fund also incurred negative performance over the quarter. The fund is selling some Asda and Morrisons stores, and a Reading office is on the market. While these disposals were planned, given their weaker covenants and shortening leases, the sales have been accelerated with the aim of funding redemptions. The fund

## Portfolio summary

Market value (GBP millions)	3 Month MWR*	1 Year MWR*	Since Inception MWR*	Inflows	Outflows	Net cash flow latest quarter	Value added latest quarter	Contribution to return: 3 months	Contribution to return: 1 year	Contribution to return: since inception
38.5	-7.4%	-3.4%	0.6%	293,998	531,389	-237,391	-3,098,360	-7.4%	-1.9%	4.0%

\*Money weighted return



<a href="#">Summary</a>	<a href="#">Overview of assets</a>	<a href="#">Strategic asset allocation</a>	<a href="#">Performance attribution</a>	<a href="#">Responsible investment</a>	<a href="#">Risk and return</a>	<a href="#">Portfolio overview</a>	<a href="#">CIO commentary</a>	<a href="#">Portfolios</a>	<a href="#">Glossary</a>	<a href="#">Disclaimer</a>
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## UK Property

### Investment strategy & key drivers

Portfolio of active UK property funds seeking capital & income returns

### Liquidity

Illiquid

### Benchmark

MSCI/AREF UK

### Outperformance target

+0.5%

### Commitment to portfolio

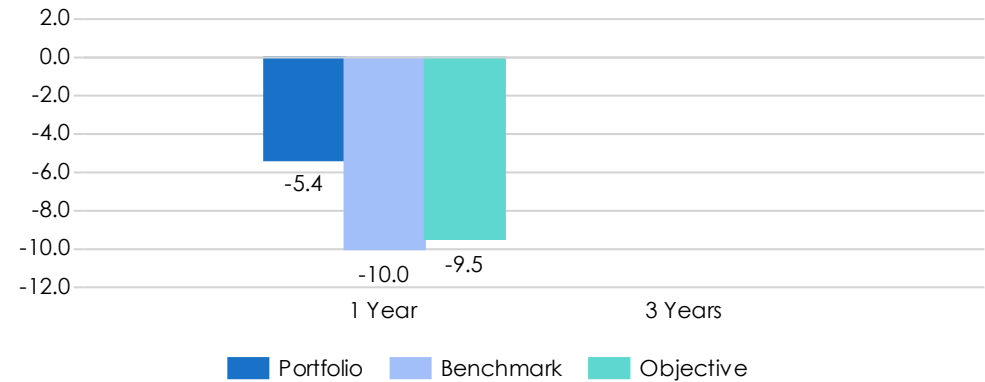
£150.0m

### Amount Called

£134.7m

### Number of portfolios

16



### Performance commentary

Property valuations responded to the Bank of England's rate hikes with significant falls in NAV, as the asset class adjusted to future borrowing costs and its relative yield positioning. The outward yield shift was more pronounced in certain sectors, particularly in Industrial, where, following very strong returns over recent years, assets were priced at historically low yields.

Low transaction levels persisted into Q4, given the uncertainty around pricing. There was debate as to when repricing would decelerate and stabilise, but it is unlikely that the impacts of rising rates or the UK recession have fully played out. Significant redemption requests across property funds, triggered by forced selling from some corporate DB

schemes, resulted in many managers announcing redemption deferrals, adding to investor caution.

Secondary markets remained illiquid in Q4, despite buyers being offered discounts to NAV pricing of over 20% to 3Q NAVs, as sellers sought liquidity. The market remained uncertain as to whether even such large discounts were sufficient to compensate for further potential capital falls in 4Q and early 2023.

On the brighter side, occupier markets held firm, despite fears of an imminent recession. Some sectors, like Industrial and Residential, are still expected to see rental growth in 2023, given their occupational supply/demand dynamics.

Though Brunel paused secondary trading in Q4, client funds were committed to Orchard Street's new impact fund in October. This cross-sector fund will look to acquire unloved assets in good locations and use its management expertise to improve the environmental and social metrics of each building through refurbishment and repurposing. The fund should benefit from the current economic environment, as potential opportunities reprice to lower levels.

### Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 3 month	Perf. FYTD	Perf. 1 year	Perf. 3 year	Perf. 5 year	Inception Date
Brunel UK Property	95.2	160.7	-11.5%	-9.7%	-5.4%	-	-	Jul 2020

## International Property

### Investment strategy & key drivers

Portfolio of active International property funds seeking capital & income returns

### Liquidity

Illiquid

### Benchmark

GREFI

### Outperformance target

+0.5%

### Commitment to portfolio

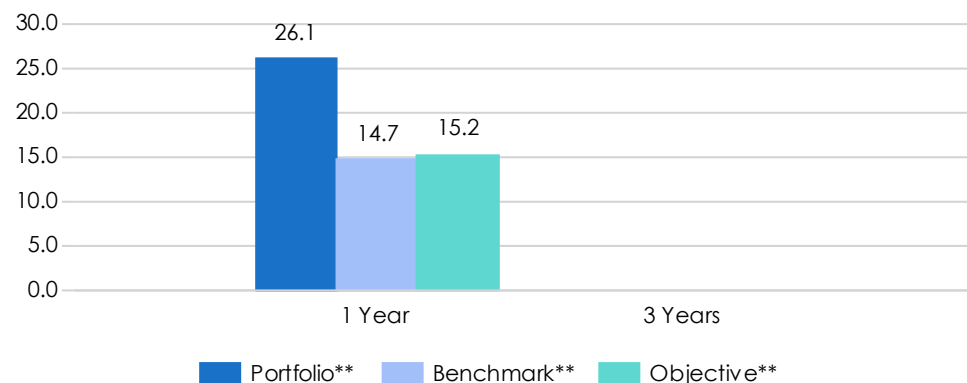
£61.0m

### Amount Called

£37.2m

### Number of portfolios

9



\*\*Data shown up to 30 September 2022

### Performance commentary

In early September global real estate performance turned to the downside, which continued into Q4, burdened by outsized losses in Europe as sky-high inflation, an unfolding energy crisis, and slowing growth prospects weighed heavily. The Americas fared relatively better, but still sustained sizeable losses, pressured broadly by the rising interest rate backdrop as central banks, led by the Fed, focused on reining in rampant inflation. Australia and Japan followed, while Asia ex- Japan was the only region to flirt with year-to-date gains. Property valuations in the region got off to a rough start following lockdowns in Beijing and as concerns mounted over the health of China's real estate sector; however, a rollback of COVID-19 restrictions provided price

support, catalysing an impressive recovery towards the end of the year.

The key driver of the repricing in public and private markets alike is the sharp rise in market interest rates. This raises the required return for real estate, pushing up yields if not accompanied by either higher growth expectations or lower risk perceptions.

Brunel was fully drawn on the Invesco Real Estate Asia Fund in December, with payment due in early January.

### Property holdings summary

Holding	Cost (GBP millions)	Market value (GBP millions)	Perf. 3 month**	Perf. FYTD**	Perf. 1 year**	Perf. 3 year**	Perf. 5 year**	Inception Date
Brunel International Property	17.5	45.2	7.5%	17.3%	26.1%	-	-	Jul 2020

\*\*Data shown up to 30 September 2022

## Glossary

Term	Comment
<b>absolute risk</b>	Overall assessment of the volatility that an investment will have
<b>ACS</b>	Authorised Contractual Scheme - a collective investment arrangement that holds and manages assets on behalf of a number of investors
<b>active risk/weight</b>	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
<b>amount called</b>	In private investments, this reflects the actual investment amount that has been drawn down
<b>amount committed</b>	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
<b>annualised return</b>	Returns are quoted on an annualised basis, net of fees
<b>asset allocation</b>	Performance driven by selecting specific country or sector positions
<b>basis points (BP)</b>	A basis point is 0.01% - so 100bps is 1.0%. Often used for fund performance and management fees
<b>CTB</b>	Climate Transition Benchmark - targets 30% lower carbon exposure from 2020 and then a 7% annual reduction
<b>DLUHC</b>	Department for Levelling Up, Housing & Communities; the government body with oversight of pooling
<b>DPI</b>	Distributed to Paid In; ratio of money distributed to Limited Partners by the Fund, relative to contributions. Used for private markets investments
<b>duration</b>	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
<b>ESG</b>	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
<b>ESG Score</b>	MSCI 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
<b>extractive exposures VOH</b>	Value of Holdings of invested companies which derive revenues from extractive industries
<b>general partner (GP)</b>	In Private Equity, the GP is usually the firm that manages the fund
<b>gross performance</b>	Performance before deduction of fees
<b>Growth</b>	Growth stocks typically exhibit faster long term growth prospects and are often valued at higher price multiples
<b>IRR</b>	Internal Rate of Return - a return that takes account of actual money invested
<b>legacy assets</b>	Client assets not managed via the Brunel Pension Partnership
<b>limited partner (LP)</b>	In private equity, an LP is usually a third party investor in the fund
<b>Low Volatility</b>	Low Volatility is a strategy that attempts to minimise the return volatility.
<b>Momentum</b>	An investment strategy that aims to capitalize on the continuance of existing trends in the market
<b>MWR</b>	Money weighted return - similar to an IRR - it reflects the actual investment return taking into account cashflows
<b>net performance</b>	Performance after deduction of all fees

## Glossary

Term	Comment
<b>PAB</b>	Paris-Aligned Benchmark - targets a 50% lower carbon exposure from 2020 and then a 7% annual reduction
<b>Quality</b>	Quality stocks typically have a high Return on Equity, a very consistent profit outcome and exhibit higher and stable margins
<b>relative risk</b>	Relative volatility when compared with a benchmark
<b>sector/stock selection</b>	Performance driven by the selection of individual investments within a country or sector
<b>since inception</b>	Period since the portfolio was formed
<b>since initial investment</b>	Period since the client made its first investment in the fund
<b>SONIA</b>	Sterling Overnight Index Average - Overnight interbank interest rate - replacement for LIBOR
<b>source of performance data</b>	Source of performance data is provided net of fees by State Street Global Services unless otherwise indicated
<b>standard deviation</b>	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
<b>time-weighted return</b>	A return measure that takes no account of actual amounts invested
<b>total extractive exposure</b>	Revenue derived from extractive operations as a % of total corporate revenue
<b>total return (TR)</b>	Total Return - including price change and accumulated dividends
<b>tracking error</b>	A measure of relative volatility around a benchmark. A fund which differs greatly from the benchmark is likely to have a high tracking error

Term	Comment
<b>transitioned assets</b>	Client assets that have been transferred to the Brunel Pension Partnership
<b>TVPI</b>	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
<b>Value</b>	Value stocks typically have a low valuation when measured on a Price to Book or Price to earnings ratio
<b>WACI</b>	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
<b>yield to worst</b>	Lowest possible yield on a bond portfolio assuming no defaults

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Environment Agency Pension Fund

