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OXFORDSHIRE COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 4 March 2022 at 10.00 am

Council Chamber - County Hall, New Road, Oxford OX1 1ND

Please note that Council meetings are currently taking place in-person (not virtually) with social distancing at the venue. Meetings will continue to be live-streamed and those who wish to view them are strongly encouraged to do so online to minimise the risk of covid-19 infection.

If you wish to view proceedings, please click on LIVE LINK to meeting. However, that will not allow you to participate in the meeting.

Places at the meetings are very limited due to the requirements of social distancing. If you still wish to attend this meeting in person, you must contact khalid.ahmed@oxfordshire,gov.uk by 9am four working days before the meeting and he will advise if you can be accommodated at this meeting and of the detailed Covid-19 safety requirements for all attendees.

Stephen T Chandler

Stephen Chandler
Interim Chief Executive

February 2022

Committee Officer: ***Khalid Ahmed***
Tel: 07990368048; E-Mail: khalid.ahmed@oxfordshire.gov.uk

Membership
Chair – Councillor Bob Johnston
Deputy Chair - Councillor Kevin Bulmer

County Councillors (Voting Members)

Imade Edosomwan	**Sally Povolotsky**	**Eddie Reeves**

Non-voting Members of the Academy sector – Ms Shelley Cook and Mr Alan Staniforth
Non-voting Scheme Member Representative - Mr Steve Moran
Non-voting Member of Oxford Brookes University – Mr Alistair Fitt
Non-voting Member of District Councils – Councillor Jo Robb

Notes:

- ***Date of next meeting: 10 June 2022***

Declarations of Interest

The duty to declare…..
Under the Localism Act 2011 it is a criminal offence to
(a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
(b) provide false or misleading information on registration, or
(c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?
The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.
The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *"You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself"* or *"You must not place yourself in situations where your honesty and integrity may be questioned…..".*

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:
Employment (includes"*any employment, office, trade, profession or vocation carried on for profit or gain*".), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members' conduct guidelines. http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/ or contact Sukdave Ghuman or sukdave.ghuman@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declarations of Interest - see guidance note

3. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 3 December 2021 and to receive information arising from them.

4. Petitions and Public Address

5. Minutes of the Local Pension Board (Pages 11 - 16)

10:05

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 21 January 2022 are attached for information only.

6. Report of the Independent Financial Advisor (Pages 17 - 136)

10.10

This report provides an overview of the financial markets, the overall performance of the Funds' investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios.

The report includes a recommendation to make minor changes to the Strategic Asset Allocation and to instruct Officers to make allocations to the Cycle 3 Private Market portfolios as appropriate.

The Committee is also recommended to approve that the allocation to Private Equity is increased from 9% to 10%, Infrastructure is increased from 3.0% to 5.0%, Private Debt is increased from 3.0% to 5.0% and the allocation to Multi Asset (DGF) is removed (5.0% to 0%), and that Officers are instructed to make allocations to the cycle 3 private markets accordingly. The total allocation to Alternatives would remain at 33% of Fund investments.

7. Presentation from David Vickers, Chief Investment Officer at Brunel

10.25

David Vickers will cover the key issues within the financial markets, the performance of the Brunel portfolios and his view of the key developments going forward. Members will be invited to ask questions on all elements of David's presentation.

8. Report of the Local Pension Board (Pages 137 - 138)

11.25

The report sets out the items the Local Pension Board wishes to draw to the attention of this Committee following their last meeting in January 2022.

9. Review of the Annual Business Plan 2021/22, and the Adoption of the Annual Business Plan and Budget for 2022/23 (Pages 139 - 210)

11.30

This report will provide an update on progress against the key priorities set out in the Annual Business Plan for 2021/22. The report will then ask the Committee to adopt the Annual Business Plan and Budget for 2022/23 following the Workshop attended by members of both the Committee and Local Pension Board on 4 February 2022.

The Committee is RECOMMENDED to:
a. Note the progress against the service priorities for 2021/22;
b. approve the Business Plan and Budget for 2022/23 as set out at Annex 1;
c. approve the Pension Fund Cash Management Strategy for 2022/23.
d. delegate authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;
e. delegate authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate;
f. delegate authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations.

10. Climate Change Engagement Policy (Pages 211 - 220)

11.50

This report will recommend the Committee to agree an Engagement Policy and ask Officers to use this as the basis for negotiations with the Brunel company and the other 9 Funds within the Brunel Pension Partnership in developing an Engagement Policy for the Partnership as a whole.

The Committee is RECOMMENDED to approve the draft Climate Change Engagement Policy as included as the Annex to this report and instruct Officers to work with the Climate Change Working Group and Brunel to assess the practical implications of the Policy using the latest available data

and report back to the June Committee.

11. Risk Register (Pages 221 - 228)

12.05

This report will present the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting.

The Committee is RECOMMENDED to note the changes to the risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.

12. Administration Report (Pages 229 - 250)

12.15

This report updates the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Committee is RECOMMENDED to

a) determine what, if any, further information they require to ensure they are in a position to monitor that service standards are consistent with their responsibilities under the Regulations.
b) agree that current standards are at an acceptable level, or the further actions being taken are reasonable to address the shortfall in performance.
c) agree the write off of £37.48.

13. Immediate Detriment and the Fire Fighters Pension Schemes (Pages 251 - 260)

12.25

This report will inform the Committee of the decision taken by the Chief Fire Officer and Director of Finance regarding the implementation of the Immediate Detriment Framework in line with the delegation from the December meeting of this Committee.

The Committee is RECOMMENDED to note the decision of the Chief Fire Officer and Director of Finance under powers delegated by the Committee at their December Meeting.

14. Corporate Governance and Socially Responsible Investment (Pages 261 - 272)

12.35

This item will provide the opportunity to raise any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.

15. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 16 and 17 in the Agenda since it is likely that if they were present during these items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

THE REPORTS RELATING TO THE EXEMPT ITEMS HAVE NOT BEEN MADE PUBLIC AND SHOULD BE REGARDED AS STRICTLY PRIVATE TO MEMBERS AND OFFICERS ENTITLED TO RECEIVE THEM.

16. Cessation of a Scheme Employer (Pages 273 - 278)

12.40

The Committee is RECOMMENDED to determine their approach to the Cessation Debt in respect of the cessation employer.

17. Administration Report (Pages 279 - 288)

The Committee is RECOMMENDED to

a) determine whether a trust fund should be set up for payment of death grant, or whether the monies can be paid to the parent to use in the interests of the child, and
b) if a trust fund is to be set up what conditions, if any, should be applied.

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 3 December 2021 commencing at 10.00 am and finishing at 12.20 pm

Present:

Voting Members:	Councillor Bob Johnston – in the Chair Councillor Kevin Bulmer (Deputy Chair) Councillor Imade Edosomwan Councillor Nick Field-Johnson Councillor Richard Webber
Non-Voting Members:	District Councillor Jo Robb, District Councils (non-voting) Shelley Cook, Academy Sector (non-voting) Alistair Fitt, Oxford Brookes University (non-voting) Steve Moran, Pension Scheme Member (non-voting) Alan Staniforth, Academy Sector (non-voting)
By Invitation:	Philip Hebson, Independent Financial Adviser
Officers:	
Whole of meeting	Sean Collins (Finance), Colm Ó Caomhánaigh (Law & Governance)
Part of meeting	
Agenda Item	**Officer Attending**
10	Sally Fox, Pension Services Manager

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

51/21 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

There were no apologies received.

52/21 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

There were no declarations of interest.

53/21 MINUTES
(Agenda No. 3)

The minutes of the meetings held on 10 September 2021 and 12 November 2021 were approved and signed.

Sean Collins updated the meeting on Item 50/21, Age Discrimination Cases In The Firefighters Pension Scheme. Since the Committee meeting, the Government had withdrawn the previous guidance. They were advising fire authorities not to process any further payments. This put the Council in a difficult position. The courts had said the legislation was unlawful and payments must be made to remedy this.

These developments did not change the position regarding the recommendation from the last Committee meeting because it was agreed in principle pending clarification of the details.

Asked how others were responding, Sean Collins responded that the Chief Fire Officer was in contact with his counterparts and there were moves through the Local Government Association to develop a common approach. It was estimated that Oxfordshire had fewer cases involved than many other authorities and that would affect decisions regarding the balance of risk.

Sean Collins suggested that the Committee clarify that the recommendation be implemented as and when the implications have been agreed between the Chief Finance Officer and the Chief Fire Officer. It will then be reported to the Committee. This was agreed.

54/21 MINUTES OF THE LOCAL PENSION BOARD
(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board, which met on 22 October 2021 were noted.

55/21 REPORT OF THE LOCAL PENSION BOARD
(Agenda No. 6)

The Committee was provided with a report by the Independent Chairman of the Pension Board.

Sean Collins summarised the meeting. The Board considered the Governance Review and in particular conflicts of interest and were satisfied that the policy covered these adequately. The Board welcomed the Climate Report produced in line with the requirements of the Taskforce for Climate-related Financial Disclosures (TCFD).

On the risk register the Board noted the risk related to skills and knowledge of the Pension Fund Committee and that there was no corresponding risk in relation to the Board, even though it has two new members. It was proposed to add a new risk under the Risk Register item later in this meeting.

The other question discussed was the special business planning meeting of the Committee and the role of the Board in that. It was confirmed that the special meeting will discuss issues around the business plan with the final draft being brought to the March meeting of the Committee. The Board will have an opportunity to provide comments to that meeting.

56/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 7)

The Committee considered a report providing an update on progress against the key priorities set out in the Annual Business Plan for 2021/22, including an update on the progress in implementing the Climate Change Policy.

Sean Collins noted that the ratings on the Climate Change objective were one Green and two Amber, reflecting that work still needed to be done in agreeing new metrics.

The Climate Change Working Group had discussed a paper produced by Fossil Free Oxfordshire on developing an engagement policy. The key principles from this paper have been included in a first draft policy statement included as an annex to this report, and the Committee was recommended to endorse these principles. Then the Climate Change Working Group will develop timeframes and a detailed criteria sector-by-sector and the policy will be taken at the March meeting for approval.

A key question will be: can we insist that the fund manager exclude certain companies or do we set out the expectation and then assess the fund manager's performance against those? Sean Collins expressed a preference for the latter because issues other than climate change may need to be taken into account as well as fiduciary duty.

Members of the Committee raised issues that Sean Collins responded to as follows:

- The criteria in paragraph 16 were general to all sectors. Fossil fuel reserves would only be relevant to certain sectors.
- For any difficult issues, agreement was reached between funds within the Brunel Partnership through discussions with the client group, the Oversight Board, where Councillor Bulmer was our representative, and the shareholders group where the Director of Finance was our representative. Any controversial issues would come to this Committee first.
- It could happen that the funds do not agree and there could be two sets of portfolios.

It was agreed that the second objective relating to improving governance arrangements was on track.

There were two amber ratings under the third objective relating to Data Management. These were due to the lack of response from customers and central guidance being awaited on the McCloud case.

The fourth objective relating to arrangements with Brunel was rated Amber as a number of funds and the new independent financial adviser had outstanding questions about the information provided. However, this was on target to be resolved by the end of the year.

The recommendations were proposed by Councillor Bulmer and seconded by Councillor Field-Johnson.

RESOLVED: to

a) **review progress against each of the key service priorities as set out in the report;**

b) **agree that no further actions were needed to be taken to address those areas not currently on target to deliver the required objectives; and**

c) **endorse the draft Engagement Policy contained as an Annex to this report and ask the Climate Change Working Group to further develop the Policy to include more details on timeframes and specific criteria for consideration at their March meeting.**

57/21 GOVERNANCE REVIEW

(Agenda No. 8)

The Committee had before it a report providing the updated position on the nine outstanding recommendations from the Independent Governance Review undertaken for the Fund by Hymans Robertson, two of which required follow up work from the Officers in conjunction with Hymans Robertson.

Sean Collins introduced the report and suggested two possible dates for the special meeting to discuss the 2022/23 Business Plan and Budget. He drew attention to the list of issues in paragraph 6 of the report which was a long list but added that it might be possible to combine issues.

It was clear that there was a lot of work for the Committee in the year ahead which would have resource implications. The Committee would need to decide how quickly it wanted to move on the issues. He also asked the Committee to identify if any issues had been left out.

Sean Collins went on to summarise the results of the skills and knowledge tests undertaken by members of the Committee and Local Pension Board. The scores were lower than the old Committee and Board but that was not surprising given the number of new members. The highest scores were on Governance and the lowest on Actuarial Methods, Standards and Practices which needed to be included early in the training programme.

Next year Hymans Robertson will conduct tests across the pension funds so that it will be possible to get comparisons. The scores and training undertaken by members will be reported every year and officers were trying to ensure that they had a full record of training undertaken by longer-standing members prior to this year. Sean Collins reminded members to inform officers of any training undertaken that is not booked through them.

Members of the Committee provided the following comments:

- The tests included some areas that were not covered in the training materials.
- Some members have undertaken substantial training since those tests were conducted so the scores should be better now.
- Different members of the Committee will bring different skills and knowledge and professional advice is available to the Committee as well.
- Unison provides training for scheme member representatives through both national and regional fora.

Sean Collins responded that while there are professional advisers available, committee members needed to have sufficient knowledge to challenge them appropriately. If a problem arises the Pension Regulator will want to know the information the Committee had, what it had challenged and what it had done about it.

It was agreed that the special meeting be held on 4 February 2022. The recommendations were proposed by Councillor Bulmer, seconded by Councillor Edosomwan and agreed.

RESOLVED: to

a) Agree 4 February 2022 as the date for the special meeting to discuss the 2022/23 Business Plan and Budget;

b) Note the priority areas already identified at paragraph 6 and agree there were no further additional items they wished to cover at the special meeting;

c) Note the results of the Knowledge Assessment exercise, and agree the draft training programme included at Annex 2 to this report;

d) Commit to undertaking the training appropriate to their role.

58/21 RISK REGISTER

(Agenda No. 9)

Previously, the Committee had agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. Any comments from the Pension Board were included in their report to this meeting.

Sean Collins reported that the risk related to skills and knowledge of the members of the Local Pension Board had been added and scored as Amber, largely due to the fact that there were two new members and it would be desirable for their score to be higher.

He emphasised that the Committee was no longer just recommended to note the report but had to satisfy itself that the risk register covered all key risks to the achievement of their statutory responsibilities, and that any mitigation plans were appropriate.

Asked to update the Committee on the recruitment of a governance officer, Sean Collins responded that it would be actioned after the Christmas period.

The recommendations were proposed by Councillor Bulmer, seconded by Councillor Field-Johnson and agreed.

In addition, the Committee requested the Constitutional Review Working Group to allow possible substitutes on the Pension Fund Committee but only if they were fully trained and had kept their knowledge current.

RESOLVED: to note the changes to the risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.

59/21 ADMINISTRATION REPORT

(Agenda No. 10)

The Committee considered a report updating on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

Sally Fox summarised the report. There were still delays in iConnect and team leaders were reviewing both the structures and processes in place. Since March the benefit team had been working to a reduced Service Level Agreement (SLA) standard, as agreed by this committee. They were making progress but in order to achieve a sustained improvement, team leaders were requesting that the temporary SLA targets continue until March 2022. They were recruiting another 4 administrators which will mean that 90% of team Administrators were or will be in training.

Sally Fox reported that the unauthorised payment charge which will fall to be met by the Fire Service relating to issues around the change of retirement age was likely to be over £100,000. Changes had been made to prevent recurrences of this. The position had also been confirmed that it was this Committee's responsibility as Scheme Manager to report all unauthorised payments and not that of the Chief Fire Officer.

Members of the Committee noted that the situation with the benefit team was improving but hoped that this would be the last extension of the reduced SLA. Sally Fox responded that she had challenged the managers on this and made it clear that they were expected to deliver on the improvements in the coming quarter.

Asked about the lack of customer feedback and the increase in the number of complaints, Sally Fox agreed to include the number of complaints and number resolved in future reports. In an effort to increase feedback, the customer surveys will be featured more clearly on the website and they will consult with colleagues on national communications for advice.

The recommendations were proposed by Councillor Bulmer, seconded by Councillor Field-Johnson and agreed.

RESOLVED to:

a) determine that no further information was required to ensure they are in a position to monitor service standards are consistent with their responsibilities under the Regulations;

b) agree that the further actions being taken are reasonable to address the shortfall in performance and that they expected performance to return to the targeted levels by the end of the financial year;

c) agree the further extension of reduced SLA targets until March 2022; and

d) agree the write off of £40.81.

60/21 INTRODUCTION TO THE NEW INDEPENDENT FINANCIAL ADVISER
(Agenda No. 11)

Philip Hebson was introduced as the new Independent Financial Adviser. He said that he was delighted to take on the role and honoured to succeed Peter Davies. He hoped to bring fresh eyes and a different perspective to the role. He outlined his 41 years of experience in the sector.

61/21 REPORT OF THE INDEPENDENT FINANCIAL ADVISER
(Agenda No. 12)

The Committee received the first report of the new Independent Financial Adviser, covering an overview of the financial markets, the overall performance of the Funds' investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios.

Philip Hebson summarised his report and gave some first impressions:

- He believed that Property had recovered since Covid, that the office sector was resilient and that there was a demand for Covid-friendly high-quality space especially in London.
- It was possible for companies to have very good internal governance but be operating in a country with a poor human rights record for example. He believed that concerns at government level were likely to move up the agenda.
- There were concerns that investment in renewables was going to cost more as demand increased, and increased cost meant increased risk.
- In the Brunel report he found it difficult to see who was managing money and how they were managing it. He believed that the public market information needed greater detail while the private market section needed to be more concise.
- He did not share the general view that the recent increase in inflation was temporary. Energy prices might correct themselves but labour will probably continue to be more expensive.
- On COP26 his analysis was that a lot was achieved, even if it was not as much as some people wanted. There was an opportunity to continue the movement in the

right direction through investments. In particular, forestry was good for profits and good for carbon credits.

Members of the Committee raised a number of issues and Philip Hebson responded as follows:

- While the City of London was quieter, most city centres were busy again. Many financial firms still needed staff in office. There was also an issue with increased mobility of labour which will take some time to work through.
- As funds divest from fossil fuel companies, there is a risk that the assets will end up in the private equity sector in the hands of people who care little about the climate or environment.
- Some major oil companies were amongst the biggest investors in renewable energy. It was likely that they will split their fossil-fuel and non-fossil fuel interests at some point in the future.
- Oil and gas companies were still exploring because the reality was that there will continue to be a demand for these fuels as the transition cannot happen overnight.
- There was a risk now in equity which had performed very well in recent years. However, he believed that bond markets were currently overvalued.
- He would support a move into infrastructure but at the moment there was a lot of money chasing very few projects.
- You can insure forestry against most risks except disease. That can be limited by good design.
- The fund was well placed to take opportunities to assist the less wealthy parts of the world following the lack of willingness seen at COP26 on the part of the wealthy nations. The fund had already moved in that direction and it was important to continue a balanced and informed approach.

62/21 REPORT OF THE LEGACY FUND MANAGERS
(Agenda No. 13)

The Committee received a report covering the meetings held between Officers and Legal and General Investment Management and Adams Street Partners on the performance and associated issues of their legacy portfolios.

Members thanked officers for a clear and detailed report. The report was noted.

63/21 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 14)

This item was to provide the opportunity to raise any issues concerning Corporate Governance and Socially Responsible Investment which need to be brought to the attention of the Committee.

Members of the Committee noted that a number of the companies drawn to attention as having issues around governance and environment were in the fund’s top 10 active equities.

Sean Collins responded that we look more closely at the companies that we are heavily invested in – it does not necessarily mean that they are the worst companies. Regarding issues around the Energy Charter Treaty, the Local Authority Pension Fund Forum (LAPFF) will take that issue up in their general engagement – they did not have it as a separate topic.

The Chair thanked Councillors Nick Field-Johnson and Richard Webber who were standing down from the Committee after this meeting.

.... in the Chair

Date of signing ....

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LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 21 January 2022 commencing at 10.30 am and finishing at 11.30 am

Present:

Voting Members:	Matthew Trebilcock – in the Chair Alistair Bastin Stephen Davis Elizabeth Griffiths Angela Priestley-Gibbins Sarah Pritchard Marcia Slater
Pension Fund Committee Members in Attendance:	Councillor Bob Johnston
Officers:	Sean Collins (Service Manager Pensions Insurance and Money Management), Sally Fox (Pension Services Manager), and Khalid Ahmed (Law and Governance).

The Board considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

1/22 MINUTES
(Agenda No. 4)

The Minutes of the meeting held on 22 October 2021 were approved.

2/22 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 3 DECEMBER 2021
(Agenda No. 5)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 3 December 2021 for consideration. The draft Minutes were noted.

3/22 GOVERNANCE REVIEW
(Agenda No. 6)

The Board was informed that there would be a special informal meeting of the Pension Fund Committee on 4 February 2022, to discuss the Annual Business Plan and Budget for the Fund. Members of the Local Pension Board would be invited to attend this meeting as observers and then feed any views on the proposed way forward to the March Pension Fund Committee meeting.

Issues identified to be discussed included the following:

a) Implementing the McCloud/Sargeant remedy
b) The Pensions Dashboard
c) An Employer Management System
d) Improving Communications to Scheme Members
e) Fund Governance including improved performance reporting and Member Training
f) Review of Additional Voluntary Contribution (AVC) provision
g) Re-tender of the Pensions Software
h) Taking forward the Implementation of the Climate Change Policy
i) The 2022 Fund Valuation including review of the Funding Strategy Statement and Strategic Asset Allocation.

A Board Member requested that implementing a cyber security policy be added to the items discussed.

Reference was made to Knowledge Assessment and Training assessment by Hymans Robertson, and the Service Manager for Pensions, Insurance and Money Management reported that it had been identified that there were a number of gaps in the skills and knowledge of the Committee and the Board as a whole. However, the Board's level of skills and knowledge were higher than the Committees.

Discussion took place on the Training Policy and Programme and the Board was informed that there had been a low take up of the training. Members were reminded that all Member of the Pension Fund Committee were required to undertake either the LGA 3-Day Fundamentals Training Course, or the 9 key modules (5 Core and 4 Defined Benefit modules) of the on-line Trustee Toolkit Training produced by the Pension Regulator.

The Board was reminded that the Pension Fund Committee had agreed that the Training Policy would be updated to include the annual assessment process and include an escalation process to ensure all members were engaging appropriately with the training programme and displaying sufficient progress in acquiring the skills and knowledge or face removal from the Committee or Board.

The Service Manager for Pensions, Insurance and Money Management commented that training was important, to ensure those charged with managing the Pension Fund, which comprised over £3bn, had the necessary skills and knowledge to meet their statutory duties. It also mirrored the increased scrutiny of the governance arrangements of all Pension Funds from the Pension Regulator and Scheme Advisory Board.

The Board was informed that because of the results of the initial Knowledge Assessment exercise, the draft training programme has been reviewed, to include a series of training events linked to the valuation process reflecting the relatively low score for the Pension Fund Committee on this section of the Assessment (28%) and the impending 2022 Valuation process.

Reference was made to the December Governance newsletter which contained relevant training pieces and it was hoped that there would be greater participation from Members in the future.

Members of the Board were thanked for their responses to the training.

The Board noted the information contained in the report.

4/22 REVIEW OF THE ANNUAL BUSINESS PLAN
(Agenda No. 7)

The Board considered a report which set out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2021/22.

On delivering key progress on the Implementation of the Climate Change Policy, the Board was informed that the Climate Change Working Group had met on 10 November 2021 to review the progress made.

Discussion took place on the development of an engagement policy which would provide a benchmark against which the success of current engagement could be assessed, and decisions to divest could be made. The Climate Change Working Group would develop the Policy further alongside Brunel.

The Board was informed that discussions would take place with a number of parties on the engagement policy and it was hoped the policy would be in place in 2023. It was noted, that although there was not currently an engagement strategy, it did not mean that Fund Managers were not currently engaging with companies on the Pension Fund's behalf or taking decisions as part of their active management role to exclude companies where they felt they did not meet the investment parameters set by Brunel in each of the portfolio specifications.

In relation to the work on the implementation of the remedy to age discrimination identified in the McCloud case, a Board Member reported that it was expected Government regulations would be published in the next four weeks.

The Service Manager for Pensions Insurance and Money Management reported that in relation to the partnership with Brunel, this was a work in progress but there was an expectation that this would be delivered. The Pension Fund Committee had a new financial adviser who would be working at building up the relationship with Brunel.

The Board noted the report.

5/22 RISK REGISTER
(Agenda No. 8)

The Board was asked to review the risk register report and offer any further views back to the Pension Fund Committee.

The Board was reminded that at its last meeting on 22 October 2021, it had recommended to the Pension Fund Committee, the inclusion of an additional risk relating to the skills and knowledge of the Pension Board itself. This had been added as a new Risk 14 to the Register.

The Board was informed that there were five risks which were currently scored as Amber which required further mitigation to reduce the overall level of risk to target. These included the following: -

- Risk 13 - the skills and knowledge of the Pension Fund Committee to effectively undertake their statutory responsibilities.
- Risk 14 - to reflect the gap in the skills and knowledge of the Pension Board.
- Risk 21 - Reflects the lack of national progress on bringing forward guidance on the steps necessary to fully remedy the age discrimination identified in the McCloud court case.
- Risk 22 - Relates to the same issue in Risk 21, but in relation to the fire-fighters' pension scheme.
- Risk 23 – This related to the appointment of the new Governance Officer as identified in the independent governance review carried out by Hymans Robertson.

Discussion took place on Risks 16 and 17, Key System Failure and Breach of Data Security respectively and that there should be a cyber security policy, specific to the Pension Fund.

The Board noted the report, and it was agreed that the Pension Fund Committee be asked to consider implementing a cyber security policy.

6/22 ADMINISTRATION REPORT

(Agenda No. 9)

The Board was asked to review the latest Administration Report as presented to the Pension Fund Committee on 3 December 2021, including the latest performance statistics for the Service.

The Board was informed that over the past six months the benefit team had been working to a reduced SLA standard, which had been agreed by the Pension Fund Committee. Improvement had been made but further approval had been given to the temporary SLA targets continuing until March 2022.

Reference was made to the recruitment of another 4 administrators which meant that 90% of team Administrators were or would be in training.

The Board welcomed the improvements in performance and congratulated officers on the improved performance.

The Board noted the report.

7/22 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 10)

The Board discussed items to be included in the report to the Pension Fund

Committee and the following were agreed: -

- Cyber Security policy for the Pension Fund – To be fed into the 4 February informal meeting and reported back to the March meeting of the Pension Fund Committee
- Risks 16 and 17, Key System Failure and Breach of Data Security respectively – linked to the request for a Cyber Security policy.

8/22 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING
(Agenda No. 11)

Six monthly look at costs and fees following the transition of assets to Brunel. It was agreed that officers would investigate which meeting of the Board this should be submitted to.

.... in the Chair

Date of signing ....

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REPORT PREPARED FOR

Oxfordshire Pension Fund Committee

4 March 2022

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MJ Hudson

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Summary

The value of the Fund in the quarter rose to £3.38bn, an increase of £160m compared to the end September value of £3.22bn. The Fund produced a return of 5.1% over the quarter, which was 0.4% ahead of the benchmark. On a performance against benchmark basis there aren't really any standout highlights to report in public markets, generally steady performance from most of the active portfolios, with an unfortunate negative mark against the Global High Alpha Equity portfolio. That was due to another poor quarter from Baillie Gifford, nevertheless their longer-term performance remains good. Over a 12-month period the Fund recorded a healthy positive relative return against the benchmark of 1.3% (16.0% v.14.7%). The Fund has performed ahead of benchmark over the three, five and ten year periods, details of which can be found in Brunel's report.

The highlights

1. Once again within the equity mandates it was good to see a healthy outperformance over the quarter of the global sustainable equities over the high alpha equivalent (by 0.5%), but with performance over the one-year period still reversed (by 1.4%). This is still reflecting the previous exceptionally strong performance of Baillie Gifford, which has declined over the last six months.
2. The quarter saw the funding of the transition into the Passive Developed Equities Paris Aligned portfolio, out of the Passive Low Carbon Equities, Passive UK Equities and the Passive Developed Equities mandates.
3. Global property valuations once again enjoyed a strong quarter as Covid concerns receded. In some areas valuations are now well in excess of pre Covid levels.
4. Brunel highlight some of the developing themes that I touched on last time, namely the divergence in valuations between energy efficient buildings that have some element of future proofing on the road to net zero carbon and those that don't. Some of the older stock may well be suitable for upgrading and/or change of use, but will require a relatively high level of capital investment.
5. Private Equity in general continues to enjoy a high level of activity, with growing valuations. One note of caution though, historically private equity funding is reliant on positive sentiment in markets generally. This does tend to be dampened in periods of high volatility, which is discussed below, and certainly if equity markets are falling.

The lower points

1. I referred to the poor performance of the Global High Alpha Equity Fund in the summary above. Over 12 months this sub fund has underperformed by 1.6%. With five managers involved with elements of this fund there will inevitably be winners

and losers in the mix, and that is exactly what we have seen. There is a wide range between the best (+3.2% relative to benchmark) and the worst (-10.5%). As the fund name implies, this is indeed a group of high conviction managers with differing styles.

2. A rather similar picture for Emerging Markets, with an underperformance of -0.9% over the quarter, three managers; one underperformed, dragging down the other two who outperformed. The relative performance shown was -2.9%, +0.8%, +0.2%.
3. Still early days for the Multi Asset Credit Fund, having initiated on 1 June last year, but so far against the primary benchmark performance isn't looking good. Performance for Q4 was -0.6% and since inception -1.2%. However against the secondary composite benchmark, which probably better reflects the actual investment shape, the picture is much better with positive returns. This is a good example of a situation were clear input from the portfolio manager at Brunel would be helpful.
4. Brunel declare themselves to be "very pleased" with how the initial spread of investments in Infrastructure has developed. This Cycle 1 tranche is now fully committed to managers, but the managers themselves have still only called just over 50% of commitments on average.
5. Again with Infra Cycle 2 Brunel are very pleased; being fully committed by the end of 2021, but less than 4% called in the General sub fund and 15% in the renewable sub fund.
6. Turning to Private Equity, we see a similar situation, Cycle 1 is fully committed, but only 41% drawn. Cycle 2 is 70% committed, 20% drawn.
7. The Brunel International Property portfolio performance continues to be lagging the objective, including over 5 years. It isn't clear from the commentary why this is so, but separately I understand this is a legacy portfolio that is effectively part of Brunel's "work in progress".

Points for consideration

1. At the time of writing this we are in the midst of the Winter Olympics in China, so probably not surprisingly political and economic news flow is "on mute". However the headlines are taken up by "what happens next" concerning the massive military presence that Russia has installed around Ukraine. Clearly this has unsettled world markets, adding to the volatility that we have seen so far in Q1 2022.
2. I have now had the opportunity to look at the background papers relating to the creation of the Brunel sub funds, which has provided me with considerable reassurance about the thorough process that was followed in the appointment of the investment managers. However, I remain of the view that more detailed performance information from Brunel will help with the understanding of the structure of each sub fund, including performance attribution for each manager over different time periods. A multi manager approach may bring diversification of style,

but it also comes with the risk of overall performance reverting to average, at best, as seen recently with the outperformers being dragged back by underperformance elsewhere.

3. I have had the opportunity to raise the subject of Brunel reporting performance for their active managers against the set targets with their CIO. Following on from that I suggest that Brunel should be formally asked to report against these (and the underlying managers), as well as against their benchmarks. Active management fees are being paid, so that must be justified.
4. The slow rate of draw down for private market investments is clearly a concern, although it is always a balancing act between wishing to see committed funds drawn down as quickly as possible against managers identifying suitable investments. This needs to be borne in mind during the consideration of commitments to the forthcoming Cycle 3.

Cycle 3; keeping your balance

Talking of Cycle 3, we do need to consider what additional, if any, further investments should be made within Brunel's alternatives portfolio over the next two year period over and above what the Fund has already committed to. Bear in mind that there is still a substantial sum to be drawn down and invested from those prior commitments.

We need to consider at this stage that we have the triennial valuation of the Fund's assets and liabilities this year, then following on from that will be the strategic asset allocation review which will consider the recommendations and outcomes from the valuation. Since the 2019 valuation and 2020 asset allocation review we have seen the Fund move to a fully funded position, but we are also seeing a likely move upwards in medium term inflation, with cash flow and liability implications around that. It is highly likely that some changes to the strategic asset allocation will be desirable and therefore it would be prudent at this stage to keep any changes to asset allocations to a minimum. I am also conscious that the Fund has seen many changes to the investment management arrangements in recent times, so it would be prudent to allow those to bed down.

Against that background however it does make sense to review progress in terms of the shape and scale of the Fund's alternatives investments at this stage and make appropriate adjustments accordingly to keep the portfolio in balance. There are six elements within alternatives (private markets); Property, private equity, secured income, private debt, multi asset (DGF) and infrastructure.

Private Equity includes both listed and unlisted investments. Although we have enjoyed a good period of performance, with the weighting now at 10.2%, distributions and falls in value should be considered. As such a "core" weighting of 10% would acknowledge that.

Secured Income is likely to become a focus of attention as we go through the valuation and assessment process to ensure the cash flow is appropriately balanced. The plan has been to move towards a 5% allocation, so my recommendation would be to confirm that position.

Private Debt has increased in significance in recent years, as the banks have reigned back their ability and willingness to be prime lenders. An ongoing concern from the Global Financial Crisis has been default risk, and it was this concern that was raised two years ago as the emergence of Covid played heavily on investors minds. In reality the security of loans is much tighter now than historically, with attractive risk adjusted returns available. Like secured income, private debt is likely to have a greater presence in portfolios working through this LGPS valuation cycle. Once again for an allocation to be meaningful in Fund terms, my recommendation would be for this to be set at 5%.

Infrastructure has become a rather hot topic in the LGPS, partly around political intervention. In my experience this can actually be a very attractive area of investment, with some highly impactful opportunities that would well match the Fund's developing investment strategy in embracing climate change issues. Examples include renewable energy generation and storage, waste management and vertical farming. Again, I would recommend moving to a meaningful allocation of at least 5%. However, a full dialogue with Brunel would need to be undertaken to ensure investments are in accordance with the Fund's investment and ESG objectives.

Multi Asset (DGF) I do not consider that the Fund needs an allocation in this area, as many of the component parts are included elsewhere in the asset allocation. With the resources now available through Brunel the added diversity that a multi asset manager offers is no longer required. My recommendation is that the existing allocation is used as a source of funds to increase the targeted allocations recommended above.

The current actual, target and suggested weightings are:

	Actual	**Target**	**Suggested**
Property	6.4%	8.0%	8.0%
Private Equity	10.2%	9.0%	10.0%
Multi Asset (DGF)	4.9%	5.0%	0%
Infrastructure	1.4%	3.0%	5.0%
Secured Income	2.8%	5.0%	5.0%
Private Debt	0.4%	3.0%	5.0%
Total Alternative Investments	**26.1%**	**33.0%**	**33.0%**

In conclusion my recommendation is that the allocation to Private Equity is increased from 9% to 10%, Infrastructure is increased from 3.0% to 5.0%, Private Debt is increased from 3.0% to 5.0% and the allocation to Multi Asset (DGF) is removed (5.0% to 0%). The total allocation to Alternatives would remain at 33% of Fund investments.

Overview and Outlook thoughts

Global overview

Markets continued their positive trend in Q4, despite surging inflation, central banks moving to a more hawkish policy stance and the resurgence of Covid as the Omicron variant pushed daily infections to new heights in December. Corporate earnings continued to beat expectations in Q4 and the growing evidence that the likely impact from Omicron would be less than initially feared, helped provide tailwinds in most equity markers in December. Developed market equities were generally strong with the S&P reaching fresh all-time highs, with only Japan retreating, as concerns for Chinese growth continued. Emerging Markets suffered over the quarter; the USD strengthened, with tightening policy, while Chinese equities were weak, following the summers' technology crackdown, amid continued concerns over property debt and the potential for lockdowns. Growth orientated stocks modestly outperformed Value stocks (+8.1% against +6.7%). Bond performance was mixed: index-linked gilts returned 5.4% on rising inflation expectations, while returns on shorter dated credit were more muted (US high yield bonds slightly up, European high yield bonds slightly down) as investors priced in a faster pace of rate hikes with the BOE. Energy commodities lagged, in contrast to metals.

GDP growth remained positive in Q4 for developed markets; the US posted +1.7% quarterly growth[1], the UK +1%, the Eurozone +0.3% and Japan +1.3%. With the reopening upswing now behind us and inflation continuing to run far above target economists will be considering whether central bank policies can bring inflation back in line with their target without stymieing growth. This has led the World Bank to predict global GDP growth to slow from 5.5% in 2021 to 4.1% in 2022. Though year-on-year S&P500 corporate earnings for Q4 are expected to grow by 21.7%, this is the first quarter that more companies are issuing negative guidance than positive since Q2 2020. Energy is the sector with the greatest increase in estimated earnings, whilst consumer discretionary and industrials have the largest decreases in estimated earnings.

GDP Growth Rate and Monthly CPI

%	GDP		CPI		
	Q4 2021	Q3 2021	Oct	Nov	Dec
UK	1.0*	1.1	4.2	4.6	5.4*
US	1.5*	2.3	6.2	6.8	7.0
Eurozone	0.7*	2.2	4.1	4.9	5.0
Japan	1.5*	-0.9	0.1	0.6	0.7*

Source: Bloomberg; Trading Economics. *Forecasts based on leading indicators.
GDP Notes: UK Real GDP (Ticker: UKGRABIQ Index); US Real GDP (Ticker: EHGDUS Index); Eurozone Real GDP (Ticker: EUGNEMUQ Index); Japan Real GDP (Ticker: EHGDJP Index)

[1] Note: US GDP has been de-annualised to be consistent with the other regions.

Omicron: The discovery of this variant initially caused widespread market selloffs, particularly in the travel & leisure and hospitality sectors, and a risk-off attitude. Following the implementation of new travel restrictions and partial lockdowns across the globe, renewed vaccine booster campaigns, and further information on the variant, markets reassessed the likely impact of the variant. A broad-market recovery followed in December, with risk appetite increasing. China's continuing zero Covid policy has meant renewed lockdowns, potentially further impacting the domestic economy and global supply chains.

Outlook thoughts

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

Time to retire the word "transitory"; inflation is likely to be sustained, even if only in the short term: As inflation has continued to surge globally, central banks have moved away from their previous position that the price rises are transitory. In the US, December CPI hit a multi-decade high of 7.0% while Eurozone reported 5.0% and in November the UK reported 5.1%. Critically, core inflation (excluding food/energy) in December hit 5.5% in the US and is expected to hit 4.0% in UK, indicating more widespread/persistent effects. While most economists expect inflation to return to modest levels (2-3%) over the next couple of years, there is increased risk that central banks may have difficulty bringing inflation in line with their target without causing economic harm.

Monetary policy is tightening, and interest rates increasing, but rates are still negative in real terms: The Federal Reserve indicated at the end of the year, that it would start to unwind the $120 billion monthly asset purchase programme, which is likely to have ceased entirely by mid-2022, while the market is now discounting 3 x 0.25% interest rate increases in 2022. Equally, the BOE voted to increase the Bank of England base rate to 0.25% from 0.1%, becoming the first major central bank to raise its benchmark interest rate. UK 10-year rates declined from 1.04% to 0.97% over the quarter. In contrast, the ECB is likely to continue with expansionary monetary policy, despite surging inflation.

Increased volatility expected: With increased risk of policy errors/overshoots as central banks tackle inflation, the potential for investment style (e.g. growth/value) volatility due to an inflection point in the interest rate cycle and uncertainty as to the impact of Omicron, particularly on China with its zero Covid policy, there is the potential for significant under/over performance between asset classes, emphasising the importance of diversification for those concerned about volatility.

Equities

Global equities had a mixed Q4, there was strong performance across most of the developed markets, while Japan and Emerging markets suffered declines. Over the quarter, renewed COVID fears due to the Omicron variant and increased restrictions, along with a shift to hawkish central bank policy to combat surging inflation dominated the headlines. However, markets rebounded in December, as markets reassessed the level of severity of the variant, with the MSCI World finishing the quarter at its highest end of year close. The VIX decreased by -25.6% in Q4, from 23.1 to 17.2. Growth continued to outperform Value (+8.1% against +6.7%).

US equities, measured by the S&P 500, posted strong gains over Q4 with the S&P 500 rising +11.0% and the tech heavy NASDAQ rising +11.3%. Despite the many headwinds, including lingering supply chain disruption, surging inflation and a move to more hawkish monetary policy, the US was the best performing region over the quarter. US companies continued to beat analysts' expectations, and Biden signed the long-awaited infrastructure bill, whilst the Federal Reserve acted in line with market expectations in announcing QE tapering. This propelled markets in October and early November. However, markets were hit by a more hawkish stance from the Federal Reserve along with fears of the Omicron variant. Markets ended Q4 strong, despite surging infection rates, with the US implementing limited new restrictions, and markets reassessed the likely economic impact of the new variant. The S&P 500 ended year at all-time highs. The technology and real estate sectors were the best performing, while energy and financials lagged.

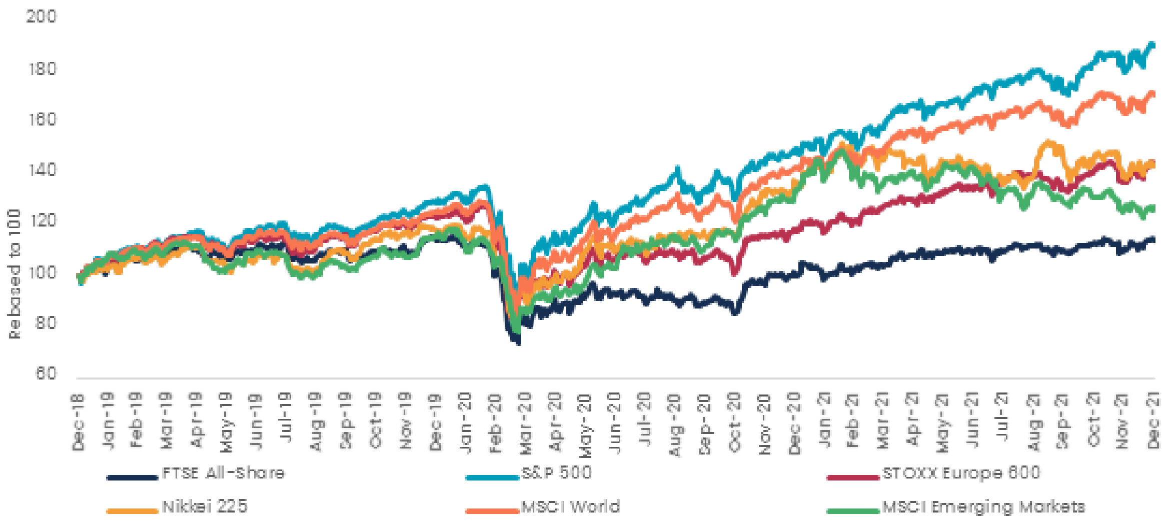
UK equities performed well over Q4, with both the FTSE 100 (+4.7%) and FTSE All-share (+4.2%) indices delivering positive returns. While there was strong performance through October concerns around Omicron caused a broad market selloff, particularly in the energy, travel, and leisure sectors. However, these fears had largely abated over December with bright spots amongst Banks and internationally diversified consumer staples groups. Ongoing supply chain disruptions have continued to cause pain for the retail sector, despite robust consumer demand, backed by falling unemployment.

The Euro Stoxx 50 increased by +6.5% over Q4. Much like the US, performance was supported by strong corporate earnings, outweighing the impact on travel and hospitality of restrictions imposed by some nations. The communication and real estate sectors lagged the index while utilities and IT were some of the strongest performers.

Japanese equities underperformed other developed markets in Q4, declining -2.1%. Despite the Liberal Democratic Party's election success in retaining a majority and the subsequent passing of a $490 billion stimulus package, including direct handouts, December's gains were not enough to offset losses in October and November.

Emerging market equities were negative over the quarter (-1.4%), and the only market we track to suffer a decline over 2021, equal to -2.5%. Turkish equities, as measured by the Borsa Istanbul 100, suffered heavily, due to inflation hitting a 19 year high of 36%, and increasingly dovish monetary policy; an approach President Erdogan is belligerently sticking to. Chinese equities continued to perform poorly, both those listed within mainland China and those listed on foreign exchanges; technology related stocks were particularly disappointing, especially when compared to their western counterparts. Furthermore, ongoing concern around the Chinese property market and the effects of a potential slowdown on the broader economy were another worry. Despite the overall EM losses, Egypt, UAE and Peru all had a positive quarter. Taiwan benefited from its IT and semiconductor sector despite escalating tensions with China.

Global Equity Markets Performance



Fixed Income

Bonds had a mixed quarter as markets reacted to the impacts of the Omicron variant, rising inflation and tightening monetary policy. Government bond yields declined in Europe and the UK, but rose in the US. The short end of the yield curve moved higher in the US and the UK as investors priced in a faster pace of rate hikes, despite the Omicron variant. Corporate investment-grade bonds performed broadly in line with government bonds over the quarter, while US high-yield corporate bonds were positive.

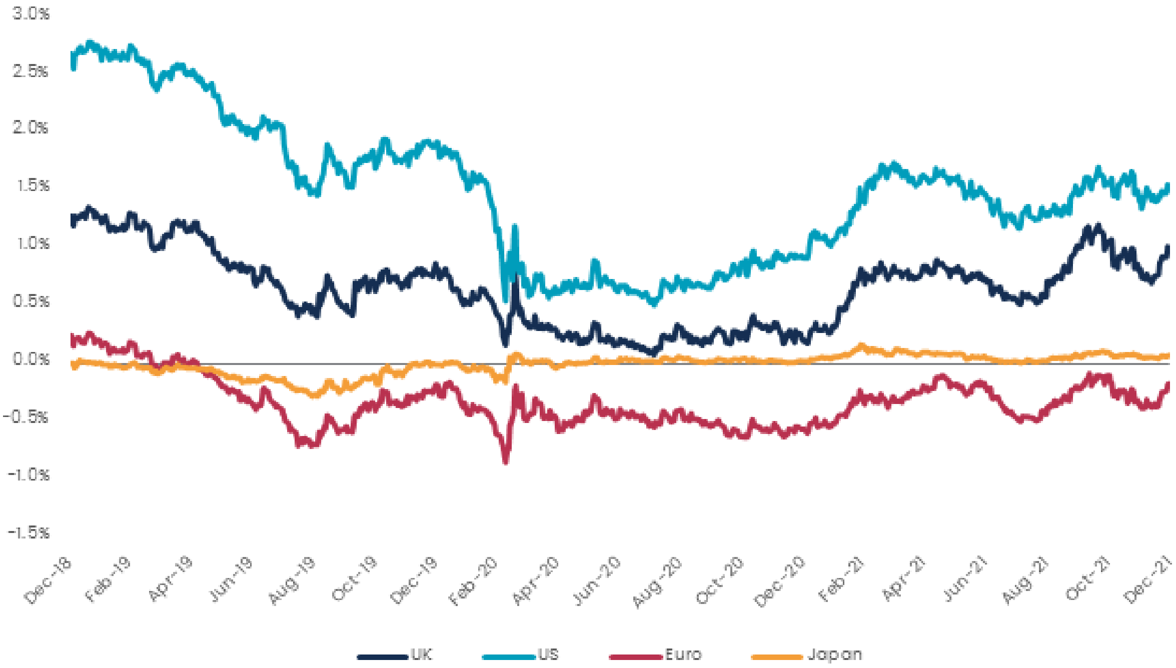
The 10-year US Treasury yield ended the quarter two basis points higher at 1.51%, with Treasuries as a whole providing a total return of +0.2%. Earlier in the quarter, the yield reached 1.7% as the Fed turned increasingly hawkish amidst persisting inflation and a tightening labour market. US CPI jumped to 6.8% in November, the highest reading in 39 years. In response, the Fed announced plans to accelerate the tapering of asset purchases from $15 billion to $30 billion per month, starting in January. However, the Committee voted to maintain the federal funds target rate at the current level. Yields fell to a low of 1.34% in early December over Omicron fears, before recovering as emerging data from the UK and South Africa indicated a lower risk of severe infection. The impact of tightening policy and a weaker future growth backdrop led to a flattening of the US yield curve, with shorter-dated bond yields increasing significantly.

The 10-year Gilt yield declined from 1.04% to 0.97%, with Gilts delivering a total return of 2.6%. Yields dropped sharply in November when the Bank of England opted not to raise rates, against market expectations. Yields recovered in December however, as fears over Omicron faded and the BOE raised rates by 0.15% to 0.25%. Index-linked Gilts had another strong quarter following a further rise in inflation to 5.1%, with the over-5 year and over-15-year index-linked bonds returning +5.4% and +6.2% respectively. A record 1.2 million job vacancies reported in Q4 suggest price and wage increases have the potential to be sustained.

European government bonds provided a total return of -0.5%. The European Central Bank reaffirmed their dovish stance, despite Eurozone inflation reaching the highest level in 30 years. In stark contrast to the US and UK, the ECB have provisionally boosted their monthly bond purchases, aiming to create a more cushioned exit from its pandemic stimulus.

US high yields continued their strong performance, returning +0.7%, despite flat performance for European high yield. UK investment-grade bonds returned +0.6% over Q4, performance was flat in Europe and positive in the US (+0.2%).

Government Bond Yields



Source Bloomberg. US Generic Govt 10 Year Yield (Ticker: USGG10YR Index); UK Govt Bonds 10 Year Note Generic Bid Yield (Ticker: GUKG10 Index); Euro Generic Govt Bond 10 Year (Ticker: GECU10YR Index).

Currencies

In the fourth quarter, Sterling strengthened against the Dollar (+0.5%) and the Euro (+2.2%), as the Bank of England adopted an increasingly hawkish stance, especially when compared to the European Central Bank. The Dollar had another solid quarter (Dollar Index Spot rose +1.5%), boosted by the Fed's acceleration of tapering which will pave the way for more imminent rate hikes. The Euro weakened notably against the Dollar in Q4 (-1.7%), with the ECB's monetary stance continuing to lag the Fed's.

Commodities

Energy commodities generally performed negatively in Q4, despite soaring prices over the course of 2021. In contrast, precious and industrial metals performed stronger.

US Natural gas prices declined substantially in Q4 (-36.4%) to $3.7/MMBTU, reducing the YTD appreciation to +46.9%, from +131% in Q3. Weather forecasts predicted a relatively mild winter, reducing expectations of gas demand in the US. Conversely, European gas prices reached an all-time high on the 21st December due to artificial supply-constraints from Russia; this was alleviated by the arrival of Liquid Natural Gas (LNG) tankers from the US at the end of the Q4.

Brent crude oil also fell this quarter (-0.9%) but YTD appreciation remained significant at 50.2%. There was a sharp decline in response to the Omicron variant in late-November. This coincided with the U.S. government's decision to release 50 million barrels of crude oil from the Strategic Petroleum Reserve (8% of the total reserve), in co-ordination with a number of other governments, putting downward-pressure on prices. However, as the Omicron variant has been linked with fewer hospitalisations than the Delta variant, concerns about declining aggregate demand subsided. However, the increase in oil output from OPEC+ in December undershot the targets initially agreed with allies, owing to capacity constraints. As such, a full recovery in oil prices was observed throughout December.

Gold prices rose 4.2% in Q4, ameliorating a moderately poor performance for 2021 overall (prices rose +3.5% in 2021).

Copper also rose in Q4, by 9.2%, with appreciation of 26.8% overall for 2021. Industrial metals generally performed well.

Property

Global listed property performed strongly: the FTSE EPRA Nareit index rose +8.7% in Q4. Green Street Advisor's US Commercial Property Price Index rose by +5.7% over the quarter. This represents a 24% increase for 2021 with strong performance across the board and a 14.4% increase from pre Covid levels.

The Nationwide UK house price index rose once again across Q4 (+2.6%). Annual house price growth was +10.4% in December, up from +10.0% in September, which made 2021 the best performing year since 2006.

Key Indicators at a Glance

Market Indicators

Index (Local Currency)		Q4 2021	Quarter-on-Quarter	YTD
Equities				
UK Equities	FTSE 100 Index	7,384.5	4.7%	18.4%
UK Equities	FTSE All-Share Index	4,208.0	4.2%	18.3%
US Equities	S&P 500 Index	4,766.2	11.0%	28.7%
European Equities	EURO STOXX 50 Price EUR	4,298.4	6.5%	24.1%
Japanese Equities	Nikkei 225	28,791.7	-2.1%	7.4%
Emerging Markets Equities	MSCI Emerging Markets	1,232.0	-1.4%	-2.5%
Global Equities	MSCI World	3,231.7	7.9%	22.4%
Government Bonds				
UK Govt Bonds	Bloomberg Barclays UK Govt All Bonds TR	410.7	2.6%	-5.2%
UK Govt Bonds Over 15 Years	FTSE Actuaries Govt Securities UK Gilts TR Over 15 Yr	6,161.8	5.6%	-7.3%
UK Govt Bonds Over 15 Years	FTSE Actuaries Govt Securities UK Index Linked TR Over 15 Yr	8,597.8	6.2%	4.0%
UK Index Linked Bonds	FTSE Actuaries Govt Securities UK Index Linked TR over 5 Year	6,670.1	5.4%	4.2%
Euro Govt Bonds	Bloomberg Barclays EU Govt All Bonds TR	255.4	-0.5%	-3.5%
US Govt Bonds	Bloomberg Barclays US Treasury TR Unhedged USD Index	2,500.0	0.2%	-2.3%
Emerging Market Govt Bonds (Soft Currency)	J.P. Morgan Government Bond Index Emerging Markets Core Index	137.7	-3.2%	-9.2%
Emerging Market Govt Bonds (Hard Currency)	J.P. Morgan Emerging Markets Global Diversified Index	977.3	-0.4%	-1.8%
Corporate Bonds				
Pan-European Investment Grade	Bloomberg Barclays Pan European Aggregate Corporate TR Index Value Unhedged	250.8	0.0%	-0.2%
Pan-European High Yield	Bloomberg Barclays Pan European HY TR Index Value Unhedged	437.9	0.0%	4.2%
US Corporate Investment Grade	Bloomberg Barclays US Corporate Investment Grade TR Index Unhedged	218.0	0.2%	-1.0%
US High Yield	Bloomberg Barclays US Corporate High Yield TR Index Value Unhedged	2,461.4	0.7%	5.3%
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	404.1	0.6%	-2.9%
Commodities				
Brent Crude Oil	Generic 1st Crude Oil, Brent, bbl.	77.8	-0.9%	50.2%
Natural Gas	Generic 1st Natural Gas, MMBtu	3.7	-36.4%	46.9%
Gold	Generic 1st Gold, 100oz	1,828.6	4.2%	-3.5%
Copper	Generic 1st Copper, lb	446.4	9.2%	26.8%
Currencies				
GBP/EUR	GBPEUR Spot Exchange Rate	1.2	2.2%	6.5%
GBP/USD	GBPUSD Spot Exchange Rate	1.4	0.5%	-0.9%
EUR/USD	EURUSD Spot Exchange Rate	1.1	-1.7%	-7.0%
USD/JPY	U.S. Dollar - Japanese Yen Spot Exchange Rate	115.1	3.3%	11.4%
Dollar Index	Dollar Index Spot	95.7	1.5%	6.4%
AUD/USD	AUDUSD Spot Exchange Rate	0.7	0.7%	-5.6%
USD/CNY	USDCNY Spot Exchange Rate	6.4	-1.4%	-2.6%
Alternatives				
Infrastructure	S&P Global Infrastructure Index	2,759.3	4.6%	11.8%
Private Equity	S&P Listed Private Equity Index	232.2	9.0%	43.2%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	18,017.4	-0.7%	8.9%
Property				
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	4,171.9	8.7%	24.2%
Volatility				
VIX	Chicago Board Options Exchange SPX Volatility Index	17.2	-25.6%	-24.3%

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

Market thoughts

At this time of year my inbox, and probably yours as well, is stuffed full of predictions about what will happen over the next 12 months. Most are written by very intelligent people, if the initials after their names are anything to go by. There is something for everyone, some bullish, some bearish. Take you pick, because frankly your guess is as good as theirs.

Having virtually reached the same state as our thinker above, two themes have stuck me as vaguely interesting and worth sharing. One is the disconnect between China and the US, one could say in many ways, but actually it is the divergence of economic policy that is worth considering. A benefit of being appointed as your advisor is that I now have access to research from Jefferies, including excellent work from Christopher Wood, under the catching title of GREED & *fear*. So here are his recent thoughts on this subject.

> The contrast between the US and China monetary cycles could not have become more crystal clear this week, with China announcing its most significant rate cut since April 2020 while Federal Reserve governors and US economists compete to sound more hawkish as the realisation has dawned how far "behind the curve" the Fed appears to be.
>
> The PBOC cut on Monday the one-year medium-term lending facility rate and the seven-day reverse repurchase rate by 10bp each to 2.85% and 2.1%, respectively, the biggest rate cuts since April 2020. It also cut the one-year and five-year loan prime rates by 10bp and 5bp, respectively, today to 3.7% and 4.6%. This followed the 5bp cut in the one-year loan prime rate in December.
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> The Chinese rate cuts followed the release of another series of weak data. Retail sales data again highlight the damage done to the economy by the Covid suppression policy, rising by only 1.7% YoY in December, the slowest growth since August 2020.
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> A key issue for China remains whether Covid policy will be adjusted for the practical realities of Omicron. China M2 growth picked up in December while credit growth should turn up in the present quarter as credit quota are allocated. The other issue is whether the PBOC will relax the requirement to keep credit growth

in line with nominal GDP growth, which has been the focus of the deleveraging policy in recent years.

But it is in America where the prime market focus now is with the ten-year Treasury bond yield this week breaking above the perceived 1.8% resistance level. While a far more hawkish Fed is fast being discounted in terms of rate hikes, there is, in *GREED & fear*'s view, room for a lot more damage to be done to the profitless tech thematic if the Fed moves sooner and more forcefully than previously expected on the quantitative tightening issue.

The Fed balance sheet, which should total US$8.9tn by the end of March, has now become a prime focus for *GREED & fear* and also for the markets. This is because quanto tightening is, to *GREED & fear*, a much blunter tool than rate hikes. There is also a lack of precedents.

The only significant attempt to shrink the balance sheet in the modern era occurred between October 2017 and September 2019 when, first, Janet Yellen and Jerome Powell from February 2018 sought to normalise monetary policy by reducing the balance sheet by US$710bn or 16% from US$4.47tn to US$3.76tn. The experiment under Powell ended with a surge in rates in the repo market in September 2019.

This previous experience will make investors naturally nervous about the impact of quanto tightening, with the analogy of a mainlining addict being deprived of his daily fix. This is despite cogent explanations of why it will be different this time.

Before the Jekyll and Hyde act staged by the Fed in the past two months, *GREED & fear* would have assumed that the Powell Fed would be in no hurry to start contracting the balance sheet after ending quanto easing and would let rate hikes do the tightening work to begin with. But it has become clear of late that there are those on the Fed who want to move sooner, though Powell left the timing of the commencement of balance sheet contraction open in his testimony last week.

There is no doubt that investor focus on the balance sheet issue is rising. This increased focus is the result of recent Fed governor chatter. One example is a remark by Atlanta Fed president Raphael Bostic in an interview with Reuters last week that the Fed should reduce the size of the balance sheet by at least US$100bn a month, with the aim to reduce it by at least US$1.5tn.

From an equity standpoint, the stocks that have already been hit hard, be it ARK Innovation ETF's "exponential" holdings or biotech, would continue to lead the market down, driven by ETF redemption pressures, if the Fed really embarks on a dramatic quanto tightening. While the FAANG and value stocks will find themselves increasingly outperforming in relative, not absolute, terms. *GREED &*

fear would also expect further weakness in the crypto asset class in spite of the undoubtedly interesting long-term story.

The implementation of such a dramatic quanto tightening policy would also put more upward pressure on long-term Treasury bond yields. This is because the market will in the first instance sell Treasuries because the process of balance sheet contraction implies the Fed selling some of its Treasury bond holdings or at least not reinvesting them as they mature. Still, this is only the initial reaction.

The history of the quanto easing era shows that, contrary to the views maintained by central banks and most conventional economists, quantitative easing ends up in practice being bearish for long-term Treasury bonds, while, conversely, quantitative tightening is bullish. This is because the former is an effective form of monetary easing and the latter is perhaps an even more effective form of monetary tightening.

If the Fed really does embark on the sort of quanto tightening programme now beginning to be talked about, *GREED & fear* may have to review the current recommendation maintained here since the end of March 2020, namely that investors should sell all Treasury bonds as well as all G7 government bonds. That remains a big if, of course. But in the meantime, there will be continuing political pressure on the Fed to be seen to be doing something about inflation in the run-up to the November mid-term elections.

With the base effect on US inflation not due to kick in until the March CPI report, there is plenty of scope for markets to worry more about tightening in the next few months even if the eventual outcome ends up being nothing as dramatic as markets start discounting, in terms of both the number of rate hikes and the scale of balance sheet contraction. Another point is that this is the first monetary tightening cycle since at least the early 1990s when the Fed is tightening because it is perceived to be way behind the curve in terms of managing inflation.

You may recall that at the last meeting I made reference to Central Banks dithering on the whole issue of Quantitative Tightening, inflation threats and interest rates. Put simply, repeating history, too little, too late. We'll stick with Christopher, because after the end of January Fed meeting, he came out with this erudite piece.

GREED & fear: A lack of relief

In *GREED & fear*'s view it remains all about the Fed balance sheet. And, unfortunately for stock markets, the Federal Reserve has provided little relief on that score at this week's FOMC meeting. Indeed markets are still faced with uncertainty in terms of both the timing and the scale of any potential quantitative tightening.

Investors are not just having to contest with a behind the curve Fed which is not just perceived as needing to tighten to restore its own credibility, but one which is under political pressure to tighten. This has literally not been the case in America for decades, probably not since Paul Volcker succeeded William Miller back in 1979. The reason for that political pressure is evident from the collapse in Joe Biden’s polling data along with the rise in inflation.

When Volcker embarked on his monetary tightening cycle in 1979, debt levels in America were dramatically lower than is the case today. The much higher debt levels today mean the deflationary impact of monetary tightening impacts much more quickly, most particularly if that form of tightening involves the much blunter mechanism of central bank balance sheet contraction. This is because the marginal utility of debt has been declining for years in the Western world as higher debt levels have led to slowing economic growth.

The downside of debt-driven growth is a charge which has usually been levelled against China in recent years, if not recent decades, with China bears long predicting the collapse of the command economy model. Still the reality is that a lot of the build-up in debt in China in the past two decades has gone into productive infrastructure which has added economic value. That is much less the case in the G7 world.

If the Fed is really intent, for now at least, on implementing meaningful monetary tightening, the only sensible course for equity investors is to look to sell rallies in stocks, most particularly rallies in growth stocks. In this respect, the crypto asset class has also succumbed to the tightening scare. It will, in *GREED & fear*’s view, remain under pressure so long as quantitative tightening is on the Fed’s agenda.

In terms of the ETF asset class as a whole the interesting point to *GREED & fear* is that outflows out of US equity ETFs have barely commenced. This reflects the strength of the belief in “buy the dip”. Yet as Fed tightening proceeds, it should be expected that the damage will move from the high beta area of equities, such as ARK and its equivalents, to the more mainstream parts of the market, be it FAANGs or, yes, cyclicals.

The more the Fed tightens, the more it should be expected that cyclical optimism on the economy will be questioned, not to mention the wealth effect of all the money which will have been lost in the markets. There has been a meaningful retail component in the transfer payment-driven Covid bull market in America the past nearly two years. This wealth effect dynamic increases the likelihood that Americans revert to deleveraging the longer Fed tightening proceeds.

Still the silver lining of such an outcome is that it will give an excuse for the Jekyll and Hyde Fed to execute yet another U-turn. For if the money markets are now discounting 4-5 rate hikes this year, that does not necessarily mean those rate hikes will happen. There may also by then be political pressure for such a change. But at present any such a U-turn looks premature which is why equities remain at risk, most particularly US equities.

The pressure on the Fed to be seen to be doing something on inflation is now coming from the moderate side of the Democratic Party which fears a Republican landslide in November while the so-called progressives are on the defensive, having overplayed their hand in terms of what they tried to implement in the now lapsed “Build Back Better”.

If the Fed has remained at the centre of market attention, there are also other goings on in Washington worth monitoring. One is the Biden administration’s efforts to come up with something to replace the Build Back Better bill before the November mid-term elections. The consensus seems to be for renewed negotiations to commence in the coming month on some slimmed down version of Build Back Better which has a better chance of getting Democrat Senator Joe Manchin’s support. The question is how slimmed down.

An interesting development also occurred last Thursday when the Senate Judiciary Committee passed by a 16 to 6 vote a motion to advance a bill targeting Big Tech on the antitrust angle. The bill would in essence stop the biggest tech platforms from favouring their own products and services over that of competitors. As such it addresses the longstanding conflict of interest at the heart of the business model.

This is a potentially big deal, most particularly given the powerful lobbying effort levelled against it. While nothing is certain in terms of concrete legislative outcomes, there is clearly the potential for progressive Democrats and more free market Republicans to find common ground on this issue even if the Democratic establishment seemingly remains firmly in bed with Big Tech.

If the suddenly hawkish Fed was not enough to be dealing with, markets have also had to contend with the standoff in Ukraine. The interesting point is why Russian President Vladimir Putin has chosen this moment to escalate the issue.

GREED & fear’s best guess is that he is seeking to use his assumed leverage, in terms of Europe’s need for Russian gas, to try and secure a deal whereby Eastern Ukraine becomes an accepted Russian enclave, or at least an agreement with the Western powers whereby the so-called Minsk Agreements of 2014 and 2015 are enforced. This would turn Ukraine into a federal state allowing a certain amount of autonomy for the ethnically Russian dominated East. The latter might even be preferable to Putin since he would not have to fund an enclave.

If this is indeed the intent it should be feasible to negotiate a deal, most particular as Germany is clearly sympathetic to the Russian stance. There is also the issue of Nord Stream 2 from a Berlin perspective. Still the more weapons the West sends to the Western part of Ukraine, the more incentive there is for the Ukrainian Government not to want to implement the Minsk agreements.

Russia surely has no interest in invading Western Ukraine. Knowing this, the Western allies may be calling the Russian leader's bluff knowing he will not want to commit to such a costly encounter. Still Russia is also in a better position to defend itself against sanctions than was the case in 2014-2015 given the price of oil, its lack of debt and high level of foreign exchange reserves. *GREED & fear*'s base case is that a deal will be agreed on Ukraine and that Russian stocks, particularly energy stocks, are a buy.

The trillion dollar question is how much market damage is done in the interim before the Fed does its seemingly inevitable U-turn, thereby signalling that it continues to favour financial repression over meaningful monetary tightening. *GREED & fear* would define really meaningful monetary tightening as raising the federal funds rate to 3% and shrinking the balance sheet from nearly US$9tn to US$6tn. The implementation of such a policy would cause carnage in stock markets and trigger a massive rally in the long end of the bond market.

Markets hate uncertainty, so the lack of guidance from the Fed and others will continue to fuel volatility, as investors try to second guess the next move. I left the piece in about the Ukraine/ Russia situation, even though events may well have moved on by the time that you get to read this. It fits quite well with what a student of history and Russian politics told me recently, as I tried to fathom out what Putin's end game is.

BRUNEL

Pension Partnership

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Oxfordshire Pension Fund

www.oxfordshire.gov.uk/pensions

Performance Report for Quarter Ending 31 December 2021

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Brunel News

For Brunel, the quarter was marked by two important events in the pool's development: the transition of £3bn of client assets to the new Paris-aligned benchmarks we developed in coordination with FTSE Russell and the COP 26 meeting in Glasgow. In recognition of the first of these landmark moments, more than 20 people from Brunel, our clients and Legal & General Investment Management, met in London for our opening of the London Stock Exchange. The second gathering effectively began just as Brunel was opening the market in London. Faith Ward, in her role as Chair of the IIGCC, travelled to COP 26 in Glasgow with an all-areas pass and represented our views in talks, panels and informal meetings. You can find more on both events – the market opening and COP 26 – in the Responsible Investment section of our quarterly report. Our approach to benchmarks and our presence at COP 26 are two of the ways in which our RI credentials were evident through the period.

They were also apparent in how we manage the business and our staff. The first few weeks of the fourth quarter saw the spread of Covid slowing dramatically in the UK and other developed markets, until the emergence of the Omicron variant in late November. Brunel was therefore obliged to reverse some of the office opening measures introduced over the third quarter, although the company's prioritisation of mental health meant it still kept the office open for limited use.

The last of Brunel's 17 listed markets portfolios launched over the summer, and the latter months of the year was also awards season – and the investment team was widely recognised by the industry. First of all, Financial News recognised Brunel's CEO for her leadership across pensions and Responsible Investment. Pensions for Purpose named Brunel as the winner of its Paris Alignment Award. Individual awards soon followed, as Helen Price received the ICGN's Rising Star Award, and LAPF named Faith Ward 'Personality of the Year'. At the Investment & Pensions Europe Awards, held in Madrid in December, Brunel won in three categories: Innovation, Portfolio Construction & Diversification, and Climate-Related Risk Management – beating candidates from across Europe.

The awards felt like a fitting end to a momentous year, in which Brunel made a clear Net Zero commitment; launched its fixed income portfolios, thereby completing its full suite of listed market portfolios; completed the transition of seven of its ten clients to the Brunel Property portfolio (as well as launching an Affordable Housing sleeve); and co-created a new set of Paris-aligned benchmarks, to which clients then committed £3 billion (with more to come in 2022).

At the most fundamental level of pooling, it was also highly significant that the year ended with around 80% of all client funds transitioned into partnership portfolios. After a year marked by both major partnership achievements and the continued challenges – both corporate and personal – posed by lockdowns, it was especially gratifying that the team was able to gather in Bristol in December to celebrate the year – and to look ahead.

The year also ended with the launch of Brunel's Climate Stocktake. The Stocktake has always been a crucial part of our long-term plan, since it enables us to judge whether our approach to climate investing is working – and to identify areas for improvement. In December, our CIO, Chief Responsible Investment Officer, Chief Stakeholder Officer and Head of Communications therefore met with representatives from Southwest Action on Pensions, UNISON (Bath & Northeast Somerset) and Fossil Free Oxfordshire. The meeting enabled Brunel staff to explain our approach to climate investing to a local audience whose priority is divestment. With a broader audience in mind, Faith Ward gave a video interview hosted by Asset TV. In *No Excuses on Net Zero*, Faith explained Brunel's hopes for COP 26 – and for investor progress in particular.

Executive Summary

High Level Performance of Pension Fund

• The fund delivered absolute performance of 5.1% over the quarter in GBP terms. This was ahead of the benchmark return of 4.7%.
• Total fund return for the one-year period to 31 December was 16.0%, ahead of the benchmark return of 14.7%.

Key points from last quarter

• 5.1% absolute net performance Q4; +0.4% relative net performance vs benchmark Q4
• 16.0% absolute net performance 1Y; +1.3% relative net performance vs benchmark 1Y
• An investment was initiated into the newly created Passive Developed Equity Paris Aligned strategy funded from a selection of existing holdings.

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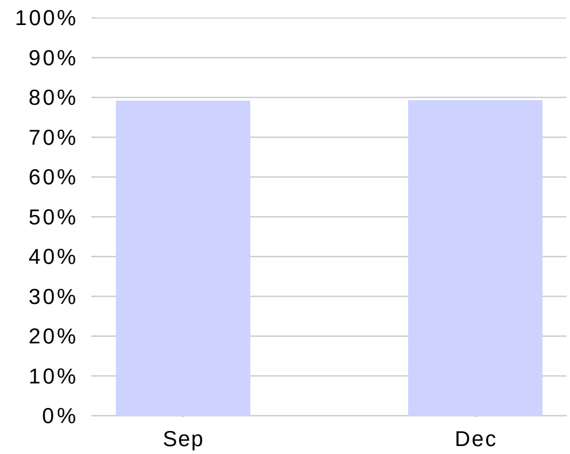
Total Fund Valuation

	Total (GBPm)
30 Sep 2021	3,218
31 Dec 2021	3,382
Net cash inflow (outflow)	1

Assets Transitioned to Brunel



GBP 2,547m GBP 2,682m

Market Summary – Listed Markets

The fourth quarter proved positive for some risk assets, despite the ongoing inflationary headwinds that persisted throughout 2021. The quarter was characterised by high volatility, as the Omicron variant that emerged at the end of November sent risk assets falling. This fall quickly reversed in late December, as anecdotal evidence that emerged played down the severity of the variant. Consequently, most equity assets actually rose in Q4 2021, whilst corporate credit assets struggled. It was a mixed quarter for commodities, following stellar performance over the first three quarters of 2021.

Monetary policy continued to tighten in major economies as markets began to price in rate rises in both the US and UK. The Bank of England (BoE) lifted its base rate by 15bps to 0.25% in its December meeting, which was its first rate rise in three years. The Monetary Policy Committee at the BoE cited concerns of a tighter labour market coupled with increasing inflationary pressures as the catalysts for a rate rise. In the United States, officials from the Federal Reserve signalled that the scaling back of asset purchases and subsequent rate rises may come as soon as March 2022 to combat high inflation; this was several months ahead of prior market expectations. As a result, significant pressure on shorter-dated yields were observed in both the US and the UK. In the US, the policy sensitive 2yr yield rose from 0.29% to 0.73%; similarly, the UK 2yr yield rose from 0.31% to 0.60%.

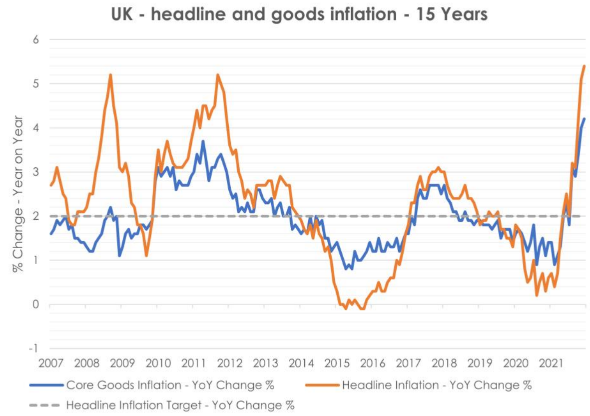
UK inflation hit the highest level in a decade, rising to 5.2% in November. This was predominantly driven by petrol and second-hand car price rises. However, the underlying details showed that upward pressure in prices was observed across almost all goods and services, implying that price rises are now widespread. The latest inflation numbers surprised economists, who had predicted a median increase of 4.8%.

Equities

On the geopolitical stage, concerns rose in the Ukraine as Russia continued to increase the military presence on its borders. Markets reacted in typical fashion, with Russian assets – proxied by MSCI Russia – dropping 9.4% over the quarter.

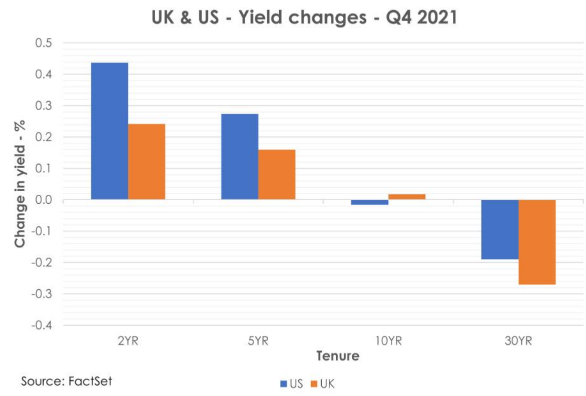
Global developed equities, proxied via MSCI World, increased by 7% in GBP terms over the quarter. This was skewed by the performance of the United States equity market, which appreciated by 9.6% over the period. Emerging markets were the clear laggards; the emerging world continued to struggle as a result of slowing growth in China, coupled with lingering concerns over its over-indebted property sector. Broader emerging markets – proxied by MSCI Emerging Markets – fell 1.7% in GBP terms, almost entirely driven by a fall of 6.5% in China alone. In terms of style, quality companies led the way last quarter, outperforming by 3% on a global basis. The least successful style was momentum, which underperformed

UK inflation at highest level for a decade



Source: FactSet Economics

Longer-duration assets outperform shorter counterparts in the UK & US



Source: FactSet

the broader market by 2.4% over the quarter.

Fixed Income

In credit, investment grade (IG) and high yield corporates (HY) were both down by around 0.7% over the quarter in local terms. This was mostly driven by increasing yields at the policy-sensitive shorter end of the yield curve; as a result, longer-duration assets significantly outperformed their shorter counterparts. In both IG & HY, carry from income was not sufficient enough to offset losses from rate rises.

Option-adjusted spread levels ended at the same level as the start of the quarter; however, there was considerable intra-month movement following news of the Omicron variant. High yield spreads, proxied by the Bloomberg Barclays Global High Yield Index, ended at 380bps but were as high as 437bps at the height of Omicron concerns. A similar pattern was observed in investment grade markets on a considerably smaller spread scale.

Commodities

It was a mixed experience for commodities during Q4 2021. Crude oil was broadly flat on a quarter-on-quarter basis but, like many risk assets, experienced significant volatility following the Omicron announcement. Industrial metals had mixed fortunes, with copper and iron ore diverging significantly; they returned +6.7% and -6.4% respectively in GBP terms. Precious metals such as gold held up well, returning 3.6% in GBP terms over the quarter.

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Market Summary – Head of Private Markets

The final quarter of 2021 saw fears over rising cases of the Omicron variant, along with the potential for the return of restrictions as hospitalisations rose in several countries. These restrictions were introduced for travel and hospitality sectors in many European countries to try to slow the spread.
Against the backdrop of uncertain growth, many UK retailers continued to struggle with supply chain disruption. Coupled with volatile gas supply and maintenance on nuclear power plants leading to a sharp rise in gas and electricity prices in Europe, the result was that inflation was pushed higher. The Bank of England reacted to the inflation rise and the tightening labour market by raising rates by 0.15% to 0.25%. The US Federal Reserve's rhetoric turned increasingly hawkish; Jay Powell suggested tapering could be accelerated, and that the Fed may stop referring to inflation as "transitory"; US rate hikes are therefore expected this year.

Infrastructure
The emergence of the Omicron variant brought new uncertainties to the market in the last quarter of 2021, whilst inflation continued its upward trend with CPI rising above 5.0% (RPI 7%) in November, leading the Bank of England to raise interest rates (and expectations) for the first time in three years and the Federal Reserve to accelerate its tapering. Investors looked at infrastructure with an eye to inflation protection and relatively uncorrelated returns to equities. Of the more than 50 LPs surveyed by Campbell Lutyens in December, 80% plan to increase their allocation to the asset class. Preqin forecasts assets under management in private infrastructure will reach $1.87tn by 2026, overtaking real estate to become the largest real asset class.
In the last quarter of 2021, the last hurdles were passed for the $1.2tn US Infrastructure bill, which includes $550bn in new spend in transport, utilities and environment remediation.
COP 26 in Glasgow brought renewed attention to renewables and other climate change and energy transition-related infrastructure. Despite record energy prices, expected returns from investing in traditional renewables are suffering material compression due to weight of capital from the top and cost pressures from supply chain issues related to Covid and forced labour in Xinjiang, from beneath. At the same time, COP 26 highlighted the need for more investment beyond renewables in areas such as decarbonization of industry, heating and transport or strengthening energy storage and transmission.

Private Equity
Investment sentiment and activity remained strong and continued in Q4 2021. Year-to-date volume in US private equity reached its pre-Covid peak showing strong signs of a continued recovery. Inflation fears and Fed hikes are the key issues the market is monitoring and private equity firms are assessing the effects on deal activity and portfolio performance. Although dry powder is at record levels, the fund-

Market Summary – Head of Private Markets

raising market is strong with major mega-funds expected to come back to market in 2022. Asset valuations remain high, evidenced in strong exits and continued demand. Private Equity firms have further increased their focus on ESG and ways to embed it in their processes to drive value in portfolio investments.

VC investments in Europe crossed $113bn for the first time, with the UK (Europe's most developed VC market) raising the most. In the US, the tech sector continues to drive the majority of deal activity in the market.

The fundraising market is expected to have another record this year. Mega-funds continue to dominate the market (a total of 31 mega funds closed in 2021, raising $329bn) with buyout, growth, and venture the main strategies of interest. Established platforms continue to look for new strategies and are offering investors different products from their flagship funds.

Private Debt

US high yield bond prices were flat over the quarter. Primary issuance was muted in December but 2021 was a record-breaking year, with ~$490bn of new issuance. Default rates were at benign levels with only ~0.44% of the high yield bond market in default over the calendar year. European high yield bonds underperformed their US counterparts over the quarter as Omicron spread more rapidly across Europe and the UK.

Elevated levels of private equity activity through Q4 drove a surge in financing activity and deal flow for private debt managers. Anecdotal evidence suggests that leverage and pricing was more stable in Europe whereas, in the US, leverage levels were pushed slightly higher on the back of intense competition for deals.

Private debt managers have been able to deploy capital faster than expected and many have already started to think about their next vintage funds. ICG and Arcmont are two notable European managers who are expected to begin fundraising in Q1 2022.

Property

The UK commercial property sectors dominant in 2021 remained market-leading in Q4, both in terms of transactional activity and investment performance. The industrial sector is set to see a further year of strong rental growth, driven by demand/supply imbalances, and retail warehouses remain the destination of choice for most shoppers, as anxieties around Covid linger. Regulatory strengthening of EPC standards in 2023 and 2030 have focused UK investors' attention on managers' ability to future-proof legacy assets. Valuations for offices, industrial assets and residential space have already started to distinguish between developments and refurbishments which incorporate net zero carbon pathways and tenant well-being and those assets that do not.

Market Summary – Head of Private Markets

Global real estate markets performed well in 2021, fuelled by unprecedented amounts of monetary and fiscal stimulus, the unleashing of pent-up consumer demand, and measures that allowed the world to reopen and a much quicker-than-expected resurgence in economic growth. City office, apartment and retail markets that suffered during the lockdowns started to come back into favour, with capital increasingly finding its way into higher-returning operational assets, where returns are linked to long-term trends such as digital transformation, ageing populations and environmental sustainability.

Index Investing

Over the course of 2021, we made a number of significant announcements, among them, the decision to formally commit to Net Zero, and the launch of a new series of Paris-aligned benchmarks that we had developed in coordination with FTSE Russell.

In the fourth quarter, these two developments gained fresh significance, as we announced the transition of £3 billion of client funds into the new benchmarks – with more to come.

The transition came courtesy of five of our clients being ready to commit funds at this early stage, and thereby formed one of the largest passive fund launches in the history of Legal & General Investment Management, which manages the fund.

In recognition of the significance of the moment, Brunel was invited to open the London Stock Exchange on 2 November.

Our mission at Brunel is not just to Paris-align our own portfolios, but to act as a spur to the wider industry. The benchmarks launch shows how indices can be a major part of the solution to climate change and we hope to see these benchmarks much more widely adopted in the coming months.

COP 26

The opening of the London Stock Exchange, though it was covered in industry and national media, was quickly overshadowed by COP 26, which began in earnest on the same morning. Our own size meant we did not have access to the negotiating area – the 'blue zone' – of the conference.

However, in December 2020 the Brunel Board approved Faith Ward to become Chair of the Institutional Investors Group on Climate Change (IIGCC).

The IIGCC represents more than €50 trillion in assets. It was in her role as IIGCC Chair that Faith not only received an all-areas pass, but also delivered speeches and sat on panels, as well as holding more informal meetings with figures from across politics, finance and environmentalism.

There are many highlights we could pick out, but two are especially worth mentioning. Faith sat on a panel with Mark Carney (former BoE governor), Professor John Rockström (Stockholm Resilience Centre), Jeremy Oppenheim (founder-chair of SystemIQ) and David Blood (founder of Generation IM). The panel was called *Deploying capital in the age of planetary boundaries*.

She also sat on an IIGCC-PRI panel called *The Investor Agenda: Accelerating global investor actions for a net-zero emissions economy*.

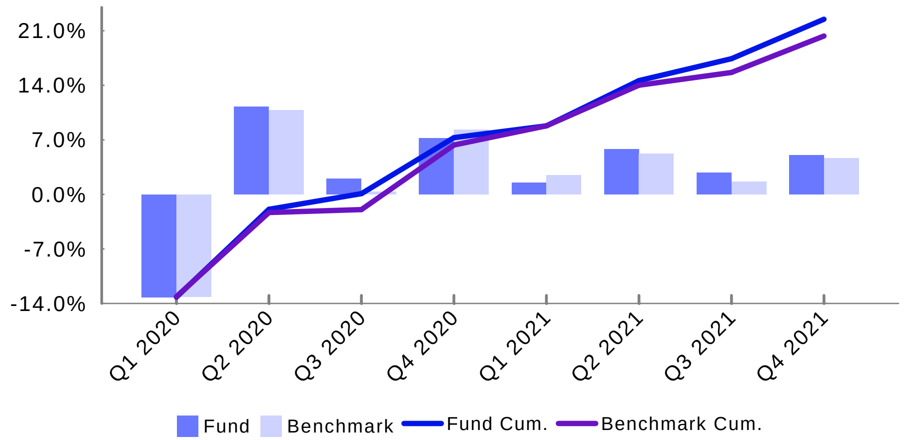
In all of these forums, Faith was keen to emphasise the importance of Paris-aligned investment objectives for investors, the opportunity presented by Paris-aligned benchmarks, and the need for investors to work closely with governments in order to meet transition aims.

Summary of Pension Fund Performance

Performance of Fund Against Benchmark (Annualised Performance)

Period	Fund	Strategic BM	Excess
3 Month	5.1%	4.7%	0.4%
Fiscal YTD	14.3%	11.9%	2.4%
1 Year	16.0%	14.7%	1.3%
3 Years	12.6%	11.3%	1.3%
5 Years	8.9%	8.0%	0.9%
10 Years	10.2%	9.7%	0.4%
Since Inception	7.8%	8.0%	-0.1%

Rolling Quarter Total Fund (Net of Manager Fees)



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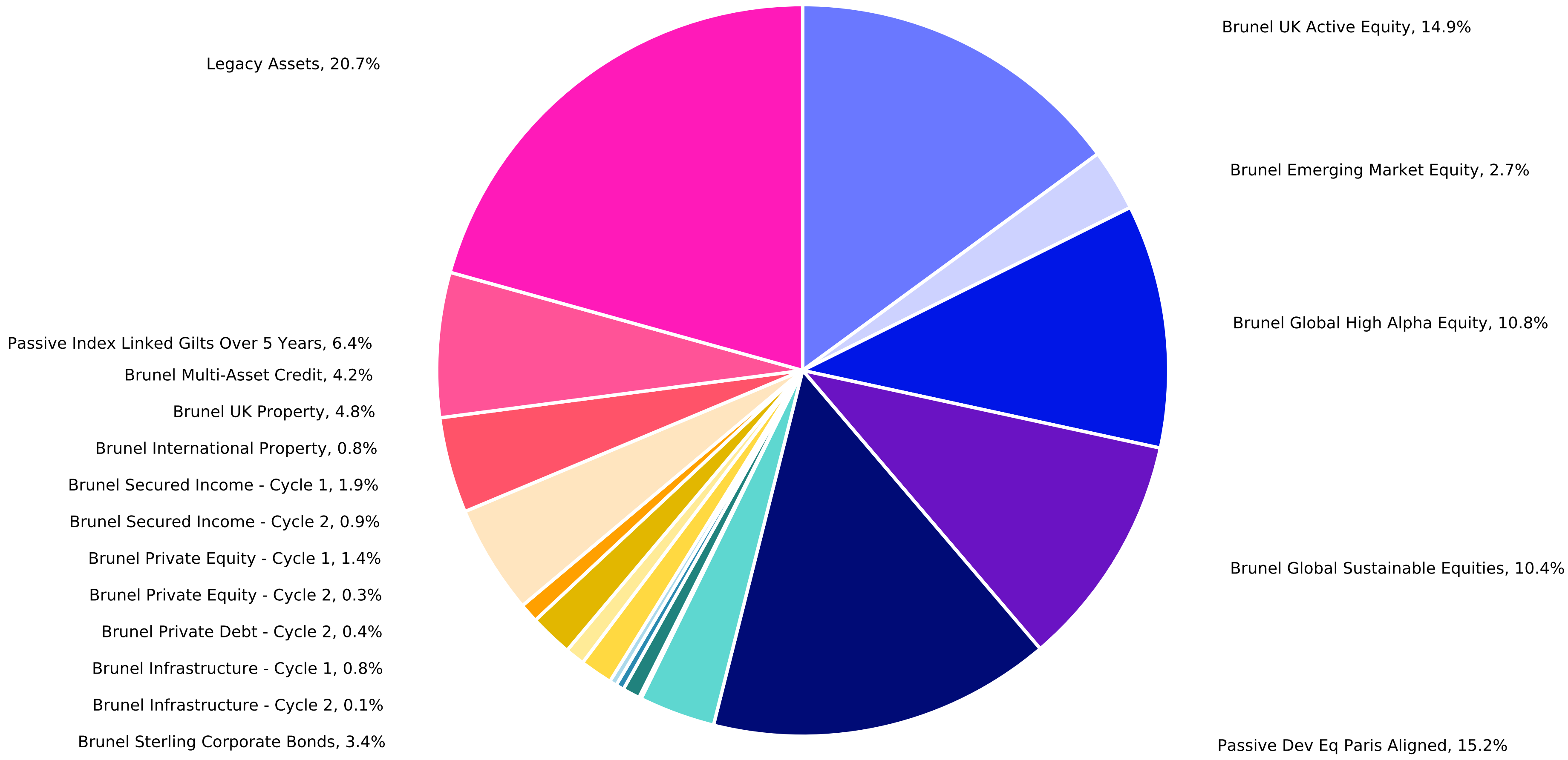
Key drivers of performance

Portfolio performance of note for the quarter include:

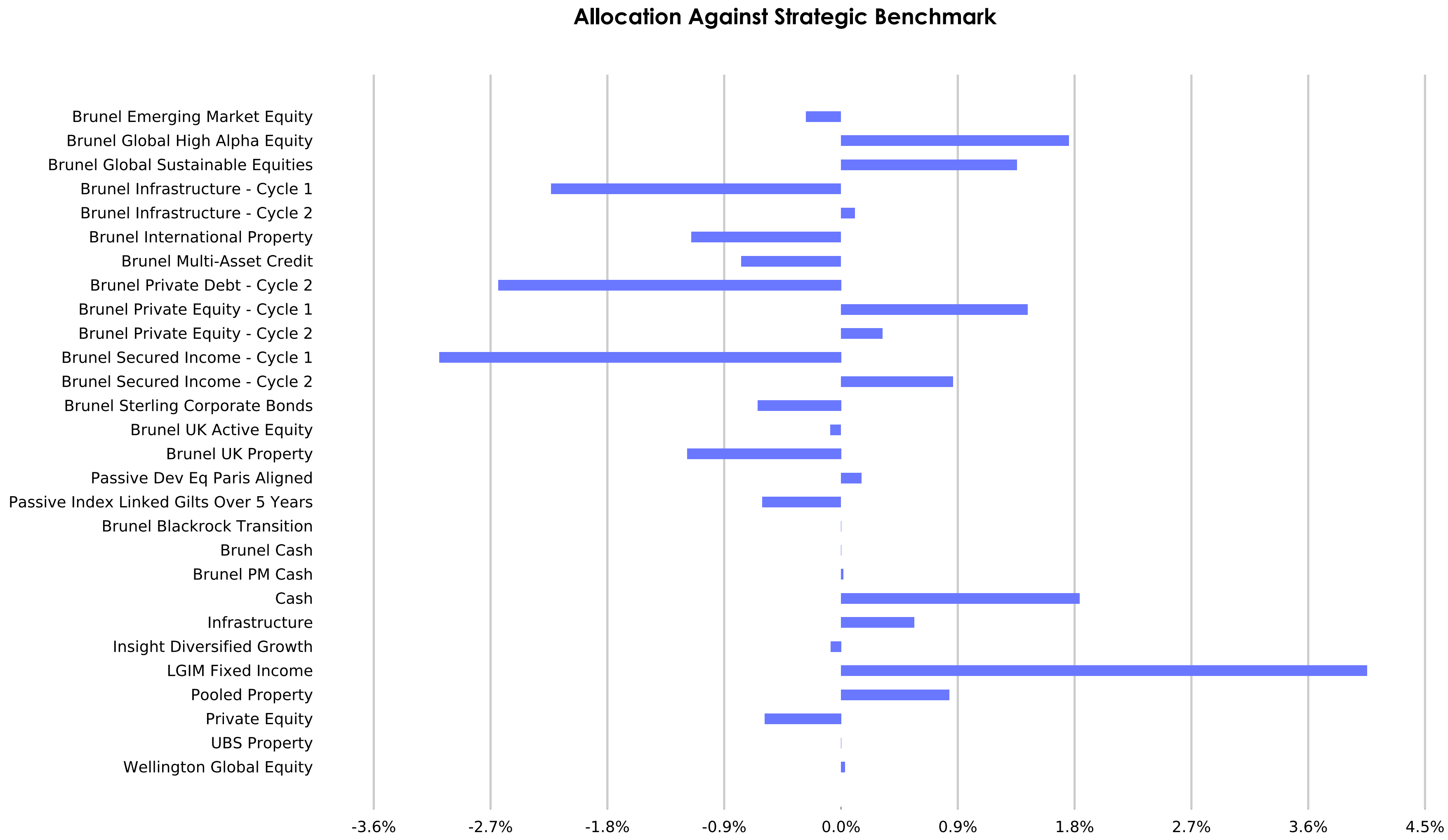
- Brunel UK Active Equity portfolio performed, at 4.5% over the quarter, 0.2% ahead of the benchmark return.
- Global High Alpha Equity portfolio underperformed the benchmark over Q4 with a return of 6.3% against that of the benchmark of 7.4%.
- Global Sustainable Equities generated a positive return over the three months of 6.8% which was ahead of the benchmark reference by 0.5%.
- The Multi-Asset Credit portfolio generated a return of 0.4% over the quarter, behind the benchmark by 0.6%.

Asset Allocation of Pension Fund

Asset Allocation Split



Asset Allocation of Pension Fund



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Legacy Manager Performance

Legacy Manager Performance – 3 Year

	Annualised Return	Risk (Standard Deviation)	Benchmark Return	Benchmark Standard Deviation
Brunel - PM Cash	14.5%	33.3%	0.0%	0.0%
Cash	1.4%	1.9%	0.4%	0.1%
Infrastructure	9.2%	12.7%	5.1%	0.8%
Insight Diversified Growth	6.3%	7.5%	4.3%	0.1%
LGIM Fixed Income	6.2%	7.7%	4.9%	7.7%
Pooled Property	5.2%	10.8%	6.2%	5.8%
Private Equity	25.3%	10.0%	18.2%	18.9%
Oxfordshire County Council	12.6%	9.6%	11.3%	9.2%

Brunel Portfolios Overview

Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SII*	Excess SII*	Initial Investment
Brunel Global High Alpha Equity	MSCI World TR Gross	364	6.3%	-1.1%	21.9%	-1.6%					24.2%	6.6%	15 Nov 2019
Brunel Global Sustainable Equities	MSCI AC World GBP Index	350	6.8%	0.5%	20.5%	0.3%					24.3%	0.7%	30 Sep 2020
Brunel UK Active Equity	FTSE All Share ex Investment Trusts	504	4.5%	0.2%	17.8%	-0.9%	8.0%	0.2%			6.5%	0.2%	21 Nov 2018
Brunel Emerging Market Equity	MSCI EM TR Gross	92	-2.5%	-0.9%	-2.7%	-1.3%					7.0%	-0.5%	13 Nov 2019
Brunel Multi-Asset Credit	SONIA + 4%	143	0.4%	-0.6%							1.2%	-1.2%	01 Jun 2021
Brunel Sterling Corporate Bonds	iBoxx Sterling Non-Gilts Overall Total Return Index	114	0.6%	0.2%							-0.3%	0.5%	02 Jul 2021
Passive Dev Eq Paris Aligned	FTSE Developed Paris-Aligned (PAB) Net Index	513									3.8%	-0.1%	29 Oct 2021
Passive Index Linked Gilts Over 5 Years	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index	216	5.3%	-0.1%							6.1%	-0.1%	10 Jun 2021

*Since Initial Investment

Performance based on tradeable NAV

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

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

Brunel Portfolios Overview (Exited)

BRUNEL
Pension Partnership

Portfolio	Benchmark	AUM (GBPm)	Perf. 3 Month	Excess 3 Month	Perf. 1 Year	Excess 1 Year	Perf. 3 Year	Excess 3 Year	Perf. 5 Year	Excess 5 Year	Perf. SII*	Excess SII*	Initial Investment
Passive Low Carbon Equities	MSCI World Low Carbon		5.3%	0.0%	32.6%	-0.1%					28.8%	-0.2%	15 May 2020
Passive Developed Equities	FTSE World Developed		5.1%	0.0%	32.5%	0.0%	15.8%	0.0%			13.7%	0.0%	11 Jul 2018
Passive UK Equities	FTSE All Share		3.7%	0.1%	35.8%	0.5%	5.7%	0.1%			3.0%	0.1%	11 Jul 2018

*Since Initial Investment

Performance based on tradeable NAV

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

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

Brunel Global High Alpha Equity

BRUNEL
Pension Partnership

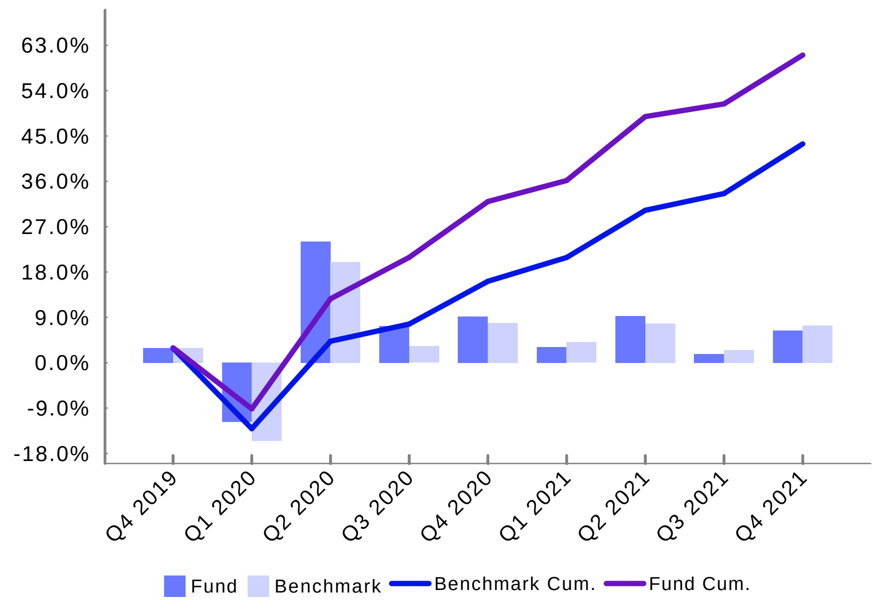
Overview

	Description
Portfolio Objective:	Provide global equity market exposure together with excess returns from accessing leading managers.
Investment Strategy & Key Drivers:	High conviction, concentrated portfolios with strong style/factor biases invested in a unconstrained manner.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5-6% tracking error.
Total Fund Value:	£3,651,503,641

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	6.4%	7.4%	-1.0%
Fiscal YTD	18.3%	18.6%	-0.4%
1 Year	22.0%	23.5%	-1.5%
3 Years			
5 Years			
10 Years			
Since Inception	25.9%	19.0%	6.9%

Rolling Performance*



* Partial returns shown in first quarter

The quarter witnessed a new development in the COVID pandemic with the emergence of the Omicron variant which threatened a new cycle of lockdowns and a corresponding negative impact on global economic activity and growth. However, as evidence emerged of a milder (if more transmissible) variant, those concerns dissipated somewhat and, following a comeback of the 're-opening' trade in December, global equity markets ended 2021 near all-time highs.

Global developed equities (as proxied by the MSCI World index) returned 7.4% this quarter, continuing the unbroken run of positive absolute quarterly returns since the drawdown in Q1 2020 at the outset of the COVID pandemic. All sectors except for Communications Services posted positive absolute returns, with IT leading the way as large benchmark names such as Apple, Microsoft and NVIDIA posted strong returns (25%, 19% and 41% respectively). The US dominated regional equity market returns this quarter, whilst Europe underperformed the index but outperformed Asia and Japan, the latter experiencing a reversal after last quarter's standout performance. Emerging markets continued to underperform their developed market counterparts through the quarter, led by China as concerns about the continuing real estate debt crisis and the country's zero COVID policy weighed on sentiment.

Brunel Global High Alpha Equity

The Sub-Fund returned 6.4% over the quarter, underperforming the MSCI World Index (the benchmark) by 1%.

• Sector attribution showed the underperformance was driven almost entirely by stock selection which was weakest in the IT sector. Being underweight Apple was the largest single detractor as the company returned 25% and became the first $3 trillion company only 16 months after breaking through the $2 trillion valuation threshold. Apple makes up 4.3% of the index and the Sub-Fund is 3% underweight. The Sub-Fund was also underrepresented in some semiconductor names which performed strongly such as Advanced Micro Devices, Broadcom and Qualcomm which returned 39%, 37% and 42% respectively. Weaker stock selection was also evident in the Consumer Discretionary sector as we saw some previous COVID related winners held at overweight give up some of their gains (Peloton -59%, Alibaba -17% and Pinduoduo -36%), with the former down 59% as revenue missed estimates and revenue forecasts were cut significantly.

• Country attribution showed a negative impact from being overweight China as the concerns highlighted above impacted Sub-Fund holdings, in particular Pinduoduo (Chinese e-commerce, -36%) and Beigene (Chinese biopharmaceutical, -26%). Being underweight the US also had a detrimental impact on performance but to a much lesser extent.

Fiera and RLAM outperformed over the quarter (+3.2% and +1.1% respectively) reflecting their focus on quality characteristics which were rewarded generally by the market, whilst AB performed in line with the benchmark. Baillie Gifford were again the largest underperformer (-10.5%), reflecting the headwinds faced by the longer-term growth companies held in their portfolio. These headwinds were caused by the double impact of improved sentiment on future broad growth prospects meaning investors were less keen to pay high valuations for future growth, and the prospect of increasing discount rates disproportionately hurting valuations of such companies given the size of cash flows further out into the future. Although Harris underperformed during the quarter (-4.8%), a strong outperformance in December (+2.5%) helped to offset some of the underperformance in other portfolios during this time.

Since inception the Sub-Fund has outperformed the index by 6.9% on an annualised basis, still significantly above target despite the impact of recent underperformance over the last two quarters. Attribution analysis shows that this outperformance has largely resulted from positive stock selection which reflects the approach of employing fundamental managers chosen for their ability to select concentrated portfolios of high conviction names. Four managers remain above benchmark since inception with three also performing above performance target (Baillie Gifford, Fiera and RLAM).

A new calendar year is always an opportunity to take stock and look at the prospects for the year ahead. Outlook statements by market commentators and participants varied quite widely. They did however agree on two things with regards to equities – an expectation of a positive return in 2022, and a continuance of increased volatility in equity markets. Sources of volatility over the coming year appear plentiful and somewhat interconnected. They include: the impact of COVID on the global economy, how supply chain issues and labour market dynamics evolve, the future path of inflation and central banks' policy response, the impact of large amounts of cash seeking a home, slower growth in China impacting global growth, and the impact of the transition to a net zero economy.

There were seven client trades during the quarter resulting in a net inflow to the Sub-Fund of £141m. The largest trade of £267m was made using the proceeds from a redemption from the Brunel Emerging Market Equity fund. The purchase was netted off against two separate client redemptions of £70m and £50m, resulting in transaction cost savings to all three clients.

Brunel Global High Alpha Equity – Region & Sector Exposure

Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	171,387,354
ALPHABET INC-CL A	124,053,609
MASTERCARD INC - A	95,889,293
AMAZON.COM INC	89,303,822
MOODY'S CORP	74,890,781
KEYENCE CORP	70,036,268
NESTLE SA-REG	69,126,490
TAIWAN SEMICONDUCTOR-SP ADR	68,410,477
TJX COMPANIES INC	66,680,968
NIKE INC -CL B	64,472,605
ASML HOLDING NV	64,018,730
SCHWAB (CHARLES) CORP	60,816,182
CAPGEMINI SE	55,713,239
UNITEDHEALTH GROUP INC	55,326,151
APTIV PLC	44,313,424
AUTOZONE INC	42,524,708
SHERWIN-WILLIAMS CO/THE	42,394,133
RECRUIT HOLDINGS CO LTD	41,678,446
AUTOMATIC DATA PROCESSING	41,616,070
META PLATFORMS INC-CLASS A	41,577,894

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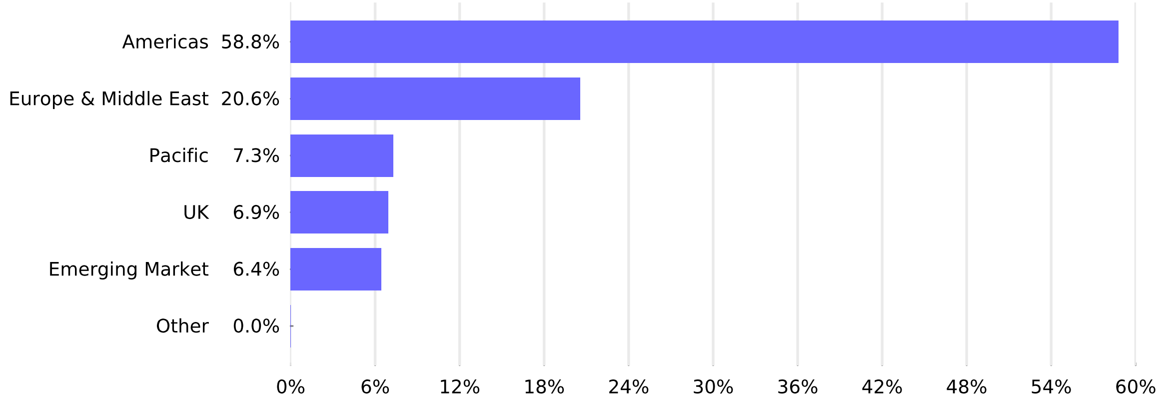
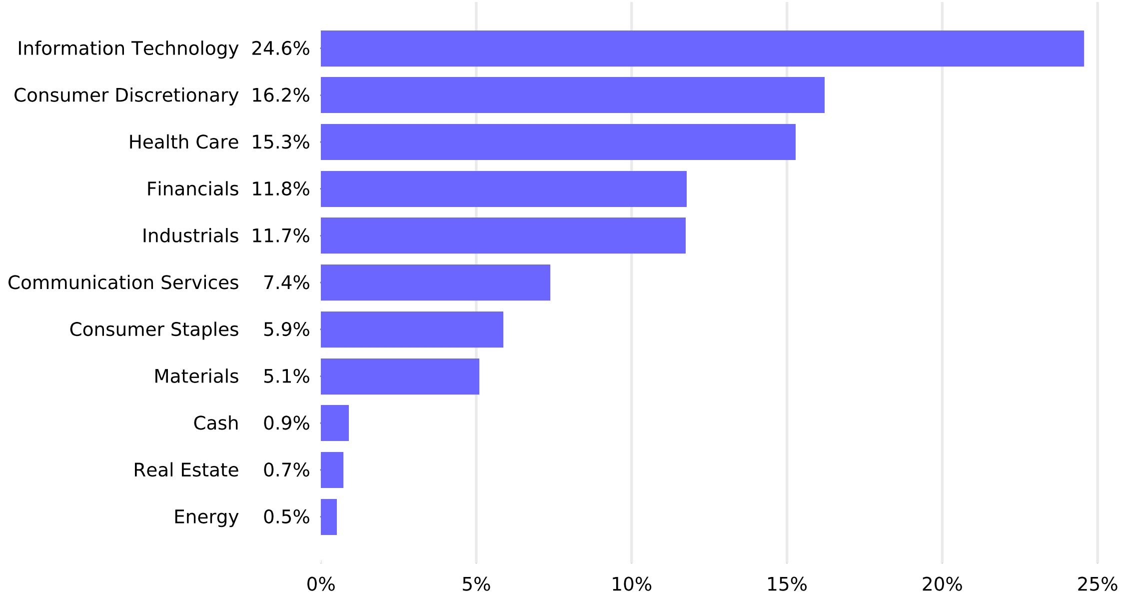
Regional Exposure



Sector Exposure



Brunel Global High Alpha Equity – Responsible Investment

BRUNEL
Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. KEYENCE CORP	75.2	70.3
2. RECRUIT HOLDINGS CO LTD	69.3	74.1
3. ASML HOLDING NV	63.2	52.1
4. CAPGEMINI SE	62.6	55.6
5. NESTLE SA	59.8	50.0
6. APTIV PLC	62.5	69.0
7. NIDEC CORP	63.6	44.2
8. CARRIER GLOBAL CORP	66.8	73.3
9. ADMIRAL GROUP PLC	76.8	33.7
10. SAP SE	64.0	40.4

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. SHERWIN-WILLIAMS CO/THE	47.4	25.5
2. MOODY'S CORP	50.5	59.6
3. AMAZON.COM INC	50.5	58.2
4. AUTOZONE INC	45.1	84.4
5. META PLATFORMS INC	42.9	65.9
6. NIKE INC	46.4	50.0
7. JOHNSON & JOHNSON	39.2	32.1
8. ALPHABET INC	45.8	61.6
9. TJX COS INC/THE	37.0	17.4
10. MICROSOFT CORP	47.0	31.0

Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	54.6	54.7
MSCI World	54.3	54.6

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	1.4	0.9	1.8	1.8
MSCI World	2.9	2.6	5.1	5.1

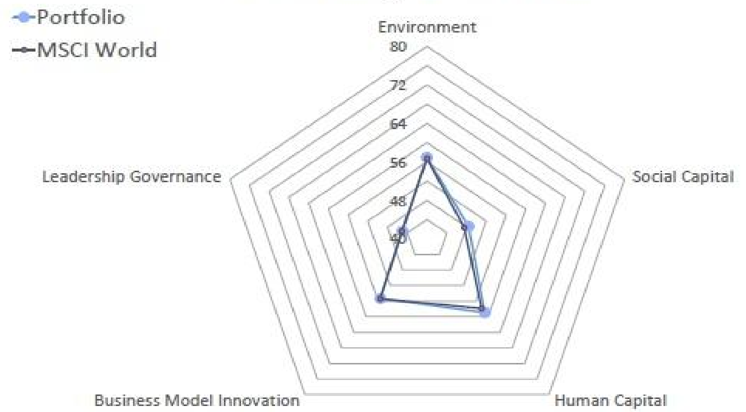
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- **Amazon** (Consumer Goods) made a deal with Stellantis to add to its electric van fleet and develop in-car software using Alexa software. Amazon workers continue attempts to unionise for better worker rights. The Senate Judiciary Committee overwhelmingly passed antitrust legislation barring tech's biggest platforms from favoring their products and services over competitors.
- **Aptiv** (Auto Parts) won 2021 Automotive News' PACE Award for innovation. It's Solid State Electrical Center reduces vehicle weight and provides superior performance while using fewer resources, less energy and less space. The auto industry continues to be hit by supply chains issues and will likely not return to pre-pandemic production levels until post-2022.
- **SAP** (Software) launched new circular economy software solution, enabling sustainble product design by providing visibility of material flows, waste reduction and cost of downstream reuse and recycling systems.
- **Johnson & Johnson** (Healthcare) ongoing talc litigation, which as of July totalled roughly 34,600 lawsuits linking Johnson's Baby Powder to ovarian cancer. A $465 million opiod ruling in Oklahoma was overturned.

80% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The portfolio continues to have a carbon intensity significantly lower than its benchmark. Revenues from extractive activity and the extractives value of holdings are less than half that of its benchmark.

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Global Sustainable Equities

BRUNEL Pension Partnership

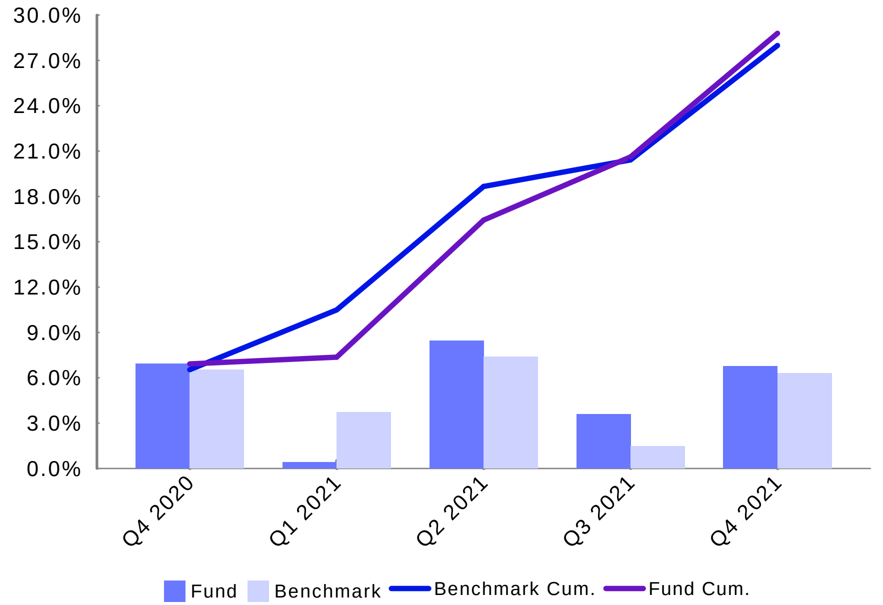
Overview

	Description
Portfolio Objective:	To provide exposure to global sustainable equities markets, including excess returns from manager skill and ESG considerations.
Investment Strategy & Key Drivers:	Actively managed, diversified by sector and geography. Consideration for a companies Environmental & Social sustainability.
Liquidity:	Managed Liquidity.
Risk/Volatility:	High, representing an equity portfolio.
Total Fund Value:	£2,662,340,541

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	6.8%	6.3%	0.5%
Fiscal YTD	20.0%	15.8%	4.1%
1 Year	20.5%	20.1%	0.3%
3 Years			
5 Years			
10 Years			
Since Inception	23.5%	22.8%	0.6%

Rolling Performance*



* Partial returns shown in first quarter

Whilst markets focussed on the risks arising from the Omicron variant and the threat of rising inflation, the long anticipated COP26 conference on climate change which took place in Glasgow during November drew the world's media attention (if not the market's) to more existential threats. Whilst perhaps falling short of some of its' pre-event ambitions, COP26 did mark an acceleration of policy change on emissions reduction and bio-diversity and served to amplify the importance of progress over the next 10 years if we are to successfully tackle the challenges ahead. The focus of this Sub-Fund and the underlying managers on addressing sustainability through the companies they invest in, should mean it is well placed to contribute to the aims set out in COP26 and broader sustainable ambitions.

Global equities (as proxied by the MSCI All Countries World Index) returned 6.3% this quarter. The Sub-Fund returned 6.8%, an outperformance of 0.5% versus the benchmark (MSCI All Countries World Index).

• Sector attribution showed the Sub-Fund benefitted from sector allocation. The Sub-Fund's largest overweight was to IT, the best performing sector (returning 12%), whilst the largest underweight was to Communications Services (returning -2%), the worst performing sector.

Brunel Global Sustainable Equities

• Stock selection was marginally negative with weak selection in IT. Not holding Apple which performed strongly, and overweights to payments platforms companies PayPal and Adyen which both gave up previous gains (returning -28% and -7% respectively), were the larger detractors. This was offset by positive selection in Financials where the financial exchange companies InterContinental Exchanges and Tradeweb were the largest contributors (returning 19% and 24% respectively).

• Attribution by country showed that country allocation also helped, driven by the underweight to China which returned -6% as worries persisted about the continuing real estate debt crisis and the county's zero COVID policy. The Sub-Fund's overweight to the US, the strongest performing region in the index, also added to relative returns.

• Nordea and RBC outperformed the benchmark (+3.4% and +0.6% respectively) whilst Mirova and Ownership underperformed (-1% and -1.1%). The more diversified and risk managed approach of RBC and the thematic approach of Nordea performed more strongly in the market environment. In particular, during a quarter that witnessed a spike in fossil fuel prices to levels not reached since the GFC, significant contribution to Nordea's outperformance came from their energy efficiency and smart grid themes. Overweights in ON semiconductor (energy efficient electronics), Teradyne (semiconductor testing), Synopsys (chip design to optimise power consumption) and Jiangsu Zhongtian Technology (optical fibre solutions), that returned 48%, 49%, 23% and 88% respectively, were the largest contributors to Nordea's relative performance.

• Since inception the Sub-Fund has outperformed the benchmark by 0.6% on an annualised basis.

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

• There were four small client trades in the Sub-Fund this quarter resulting in a net outflow of c. £4m. The asset value of the Sub-Fund stands at £2.7 billion at quarter end.

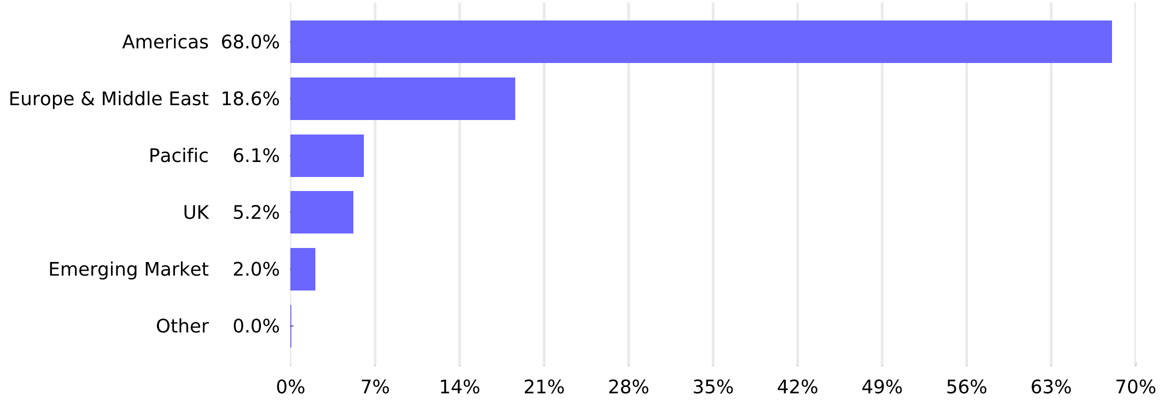
Brunel Global Sustainable Equities – Region & Sector Exposure

BRUNEL Pension Partnership

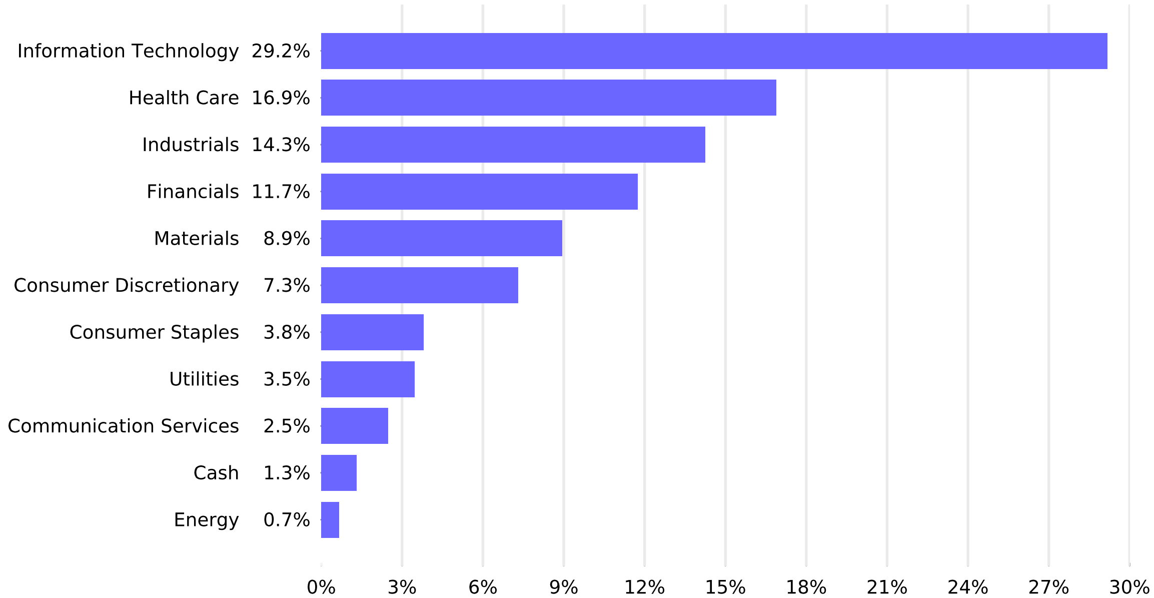
Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	67,169,386
MASTERCARD INC - A	61,494,633
ADYEN NV	59,440,050
ANSYS INC	58,998,874
ECOLAB INC	57,852,308
MARKETAXESS HOLDINGS INC	53,161,425
WORKDAY INC-CLASS A	50,324,764
ALPHABET INC-CL A	48,600,088
DANAHER CORP	48,540,184
INTUIT INC	48,334,409
TRADEWEB MARKETS INC-CLASS A	45,391,113
MASIMO CORP	44,666,667
UNITEDHEALTH GROUP INC	42,449,746
EDWARDS LIFESCIENCES CORP	41,062,915
SYNOPSYS INC	40,856,630
TYLER TECHNOLOGIES INC	40,777,025
ROCHE HOLDING AG-GENUSSCHEIN	38,045,480
ASML HOLDING NV	37,422,608
BIO-TECHNE CORP	35,883,063
NVIDIA CORP	35,596,376

Regional Exposure



Sector Exposure



BRUNEL Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ECOLAB INC	69.5	34.3
2. MASIMO CORP	71.9	79.2
3. ORSTED AS	73.6	62.1
4. ABIOMED INC	77.8	85.9
5. ANSYS INC	65.2	50.0
6. FORTIVE CORP	70.1	50.0
7. CRODA INTERNATIONAL PLC	75.5	75.8
8. TRADEWEB MARKETS INC	65.3	82.4
9. WORKDAY INC	64.4	18.6
10. ZEBRA TECHNOLOGIES CORP	75.4	70.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. DANAHER CORP	53.8	59.8
2. UNITEDHEALTH GROUP INC	53.0	33.7
3. INTUIT INC	53.5	48.2
4. ROCHE HOLDING AG	50.3	50.0
5. SYNOPSYS INC	50.4	50.0
6. ILLUMINA INC	47.6	27.3
7. ALPHABET INC	45.8	61.6
8. MARKETAXESS HOLDINGS INC	46.3	13.7
9. TJX COS INC/THE	37.0	17.4
10. MICROSOFT CORP	47.0	31.0

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	59.2	59.7
MSCI ACWI	54.5	54.9

TruValue Labs & SASB

Weighted Average Carbon Intensity (WACI)

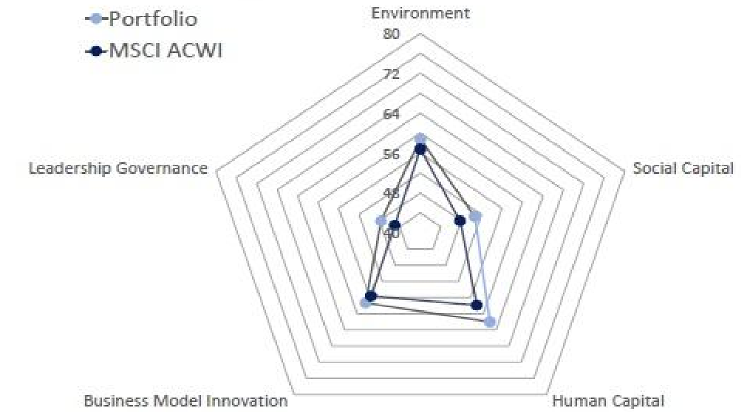
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	3.1	2.9	3.4	3.3
MSCI ACWI	3.0	2.6	5.4	5.4

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Illumina** (Healthcare) received a statement of objections for closing the bid for Grail Inc before securing regulatory clearance. EU antitrust regulators warned of interim measures, they will decide by Feb. 4th whether to clear the deal.
- **Alphabet** (Technology) committed to immediately improve enforcement of an age-sensitive ad policy after Reuters found ads for adult content, liquor and high-risk investments in its search engine that should have been blocked under its efforts to comply with UK regulations.
- **Fortive** (Technology) research and innovation is being used to reduce nitrous oxide (NOX) and carbon dioxide (CO_2) emissions from medium and heavy-duty vehicles, helping to meet ever-tightening environmental regulations.
- **Orsted** (Technology) implemented multiple corporate power purchase agreements (CPPA) for its offshore wind power in Germany, a 25 year agreement with BASF and a 12-year agreement with Google. The 25 year agreement is the longest CPPA for offshore wind ever announced.

70% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
As expected from this Sustainable Portfolio, the carbon intensity and exposure to extractive industries are significantly below benchmark. The Portfolio has considerably higher ESG scores compared to its Benchmark across Environment, Social and Human Capital categories.

Brunel UK Active Equity

Overview

	Description
Portfolio Objective:	Provide exposure to UK Equities, together with enhanced returns from manager skill.
Investment Strategy & Key Drivers:	Skilled managers will create opportunities to add long term value through stock selection and portfolio construction.
Liquidity:	Managed level of liquidity. Less exposure to more illiquid assets.
Risk/Volatility:	High absolute risk with moderate relative risk, around 4% tracking error.
Total Fund Value:	£1,620,018,577

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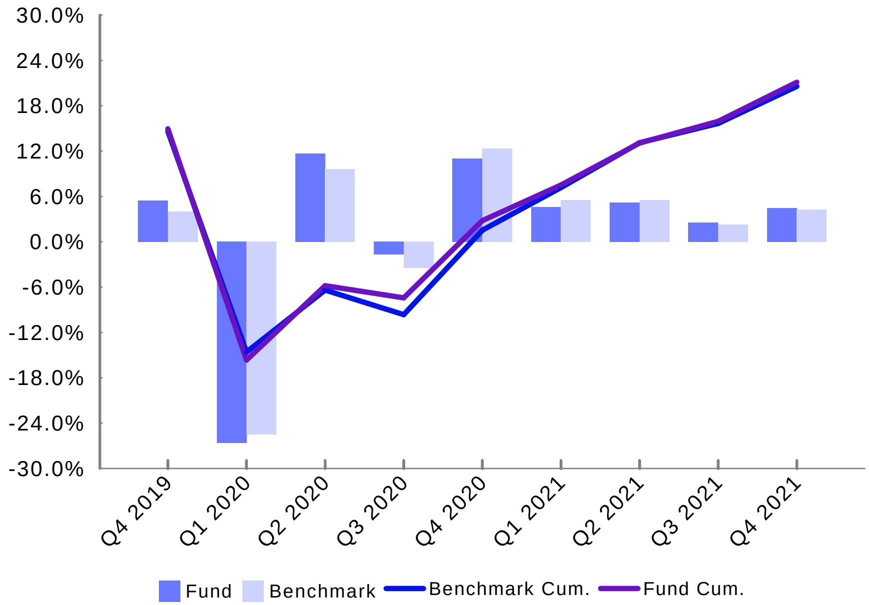
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	4.5%	4.2%	0.2%
Fiscal YTD	12.7%	12.5%	0.2%
1 Year	17.8%	18.7%	-0.9%
3 Years	8.0%	7.8%	0.2%
5 Years			
10 Years			
Since Inception	6.4%	6.2%	0.2%

Rolling Performance*



* Partial returns shown in first quarter

The FTSE All-Share Index excluding Investment Trusts returned 4.2% over the quarter. UK equities underperformed developed global equities which, measured by the MSCI World Index, returned 7.4%. This is in part due to the sector make up of each market. The Technology sector was the strongest performing from a global perspective and accounts for a much larger proportion of the global market. However, the Energy sector, which was a relatively weak performer in the fourth quarter, accounts for a larger portion of the UK index.

Over the quarter, the Sub-Fund returned 4.5%, outperforming the index by 0.3%. Attribution analysis shows stock selection again made a positive contribution to relative returns, while sector allocation detracted from relative performance.

• The Utility and Real Estate sectors were the strongest performing in Q4. The Sub-Fund's underweight allocation to these sectors contributed to the negative relative return from sector allocation. Within Utilities, whilst soaring energy wholesale prices caused the collapse of over 20 providers over recent months, the largest utility company in the index, National Grid, returned 22%, as it secured higher prices to transmit electricity through its subsea power cables linking the UK to Europe. Water Utilities also performed strongly with Severn Trent returning 15% and United Utilities 14%.

Brunel UK Active Equity

• Stock selection in the Consumer Discretionary sector made the largest positive contribution to relative performance. An overweight position in Marks & Spencer Group, which generated strong returns in the quarter, made a positive contribution to performance.

• Analysis of factor performance shows positive exposure to the quality factor made the largest positive contribution to relative performance. However, the tilt to smaller companies had a negative impact on relative returns.

At the manager level, Invesco outperformed the index by 1.4% whilst Baillie Gifford underperformed by 1.2%.

• The factors targeted by Invesco all made a positive contribution to relative returns in Q4. Value made the largest contribution, followed by momentum.

• Over the quarter, Baillie Gifford were overweight the Financials sector which underperformed the benchmark index, resulting in a negative allocation effect. Stock selection in the sector also detracted from relative performance, notably the overweight position to Prudential Plc. A tilt to smaller companies had a negative impact on relative returns, but as mentioned above, an overweight to Marks & Spencer Group positively impacted performance.

During the quarter, the Sub-Fund passed its three-year anniversary. Since inception, it has returned 6.4% on an annualised basis, marginally ahead of the benchmark which returned 6.2% over the same period.

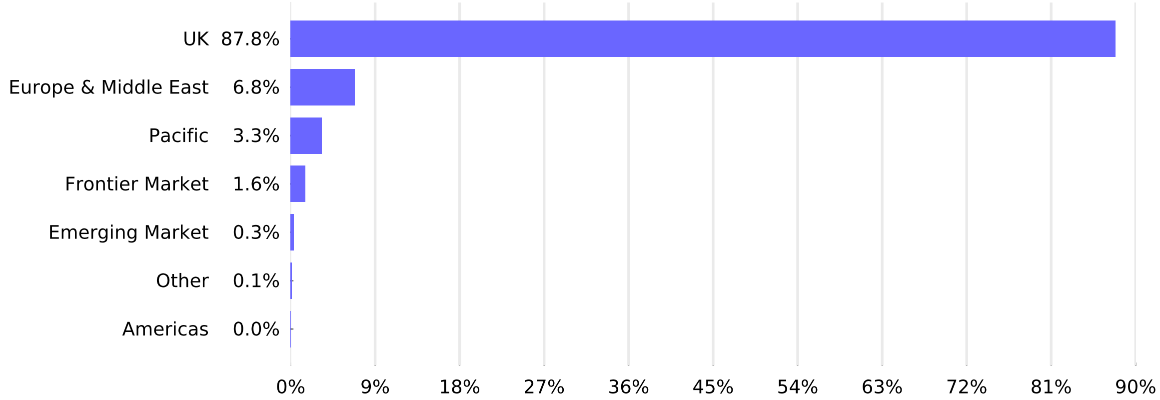
Brunel UK Active Equity – Region & Sector Exposure

BRUNEL
Pension Partnership

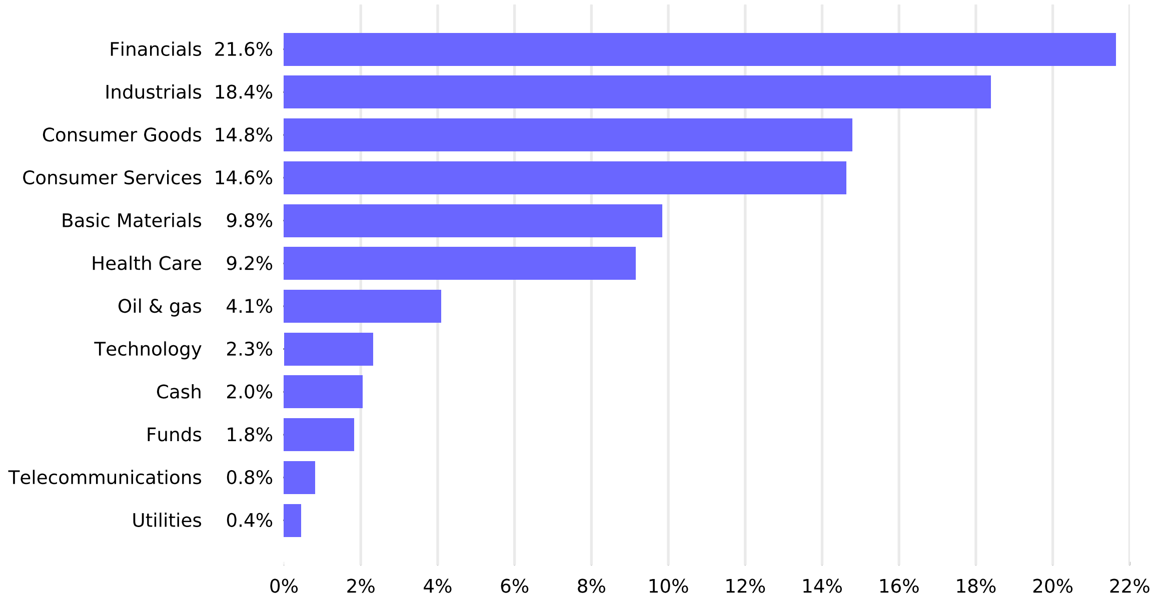
Top 20 Holdings

	Mkt. Val.(GBP)
ASTRAZENECA PLC	60,715,238
DIAGEO PLC	55,474,420
BHP GROUP PLC	53,926,915
RIO TINTO PLC	50,008,832
ASHTEAD GROUP PLC	49,815,916
UNILEVER PLC	48,781,313
GLAXOSMITHKLINE PLC	47,457,205
LEGAL & GENERAL GROUP PLC	43,156,561
BRITISH AMERICAN TOBACCO PLC	38,031,104
BUNZL PLC	32,345,944
ST JAMES'S PLACE PLC	32,147,667
BAILLIE GIFFORD BR SM-C-ACC	29,691,128
ROYAL DUTCH SHELL PLC-A SHS	29,678,823
AUTO TRADER GROUP PLC	29,463,426
RIGHTMOVE PLC	29,233,751
HSBC HOLDINGS PLC	29,021,627
FERGUSON PLC	28,946,369
PRUDENTIAL PLC	28,074,416
BARCLAYS PLC	26,467,798
HIKMA PHARMACEUTICALS PLC	25,706,421

Regional Exposure



Sector Exposure



BRUNEL Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ST JAMES'S PLACE PLC	70.1	86.3
2. LEGAL & GENERAL GROUP PLC	64.8	71.2
3. DIAGEO PLC	62.3	72.7
4. AUTO TRADER GROUP PLC	65.8	25.3
5. RIGHTMOVE PLC	65.1	75.5
6. INTERMEDIATE CAPITAL GROUP PLC	64.8	42.7
7. VOLUTION GROUP PLC	72.6	65.7
8. MOLTEN VENTURES PLC	72.2	25.8
9. BARRATT DEVELOPMENTS PLC	71.4	71.2
10. TATE & LYLE PLC	70.7	48.3

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. HISCOX LTD	27.7	31.2
2. BRITISH AMERICAN TOBACCO PLC	51.1	69.7
3. HSBC HOLDINGS PLC	48.5	73.5
4. BARCLAYS PLC	47.5	66.9
5. EXPERIAN PLC	43.8	73.9
6. IMPERIAL BRANDS PLC	44.7	34.1
7. GLAXOSMITHKLINE PLC	49.8	73.6
8. LANCASHIRE HOLDINGS LTD	17.6	35.2
9. ASTRAZENECA PLC	48.7	37.7
10. HIKMA PHARMACEUTICALS PLC	33.9	10.7

Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	57.2	57.3
FTSE All Share (ex. Inv.)	56.4	56.9

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)

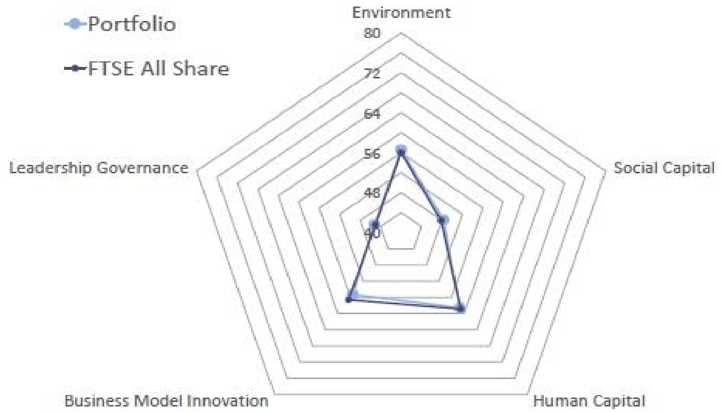
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	3.1	2.9	10.4	10.7
FTSE All Sh. (ex. Inv)	4.1	4.0	16.3	16.1

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Barratt** (House Builder) published a study showing that all of its new homes are built to a minimum EPC rating of B or above, putting Barratt ahead of schedule in meeting the Heat in Buildings Strategy unveiled by the Scottish Government in October. A new partnership with Halifax has been launched, offering larger loans and lower interest rates for Barratt's energy efficient homes.
- **HSBC** (Banks) has been fined 174.3 million euros by the European Union ("EU") antitrust regulators for manipulating the foreign exchange markets a decade ago. **Barclays** were subject to a fine of 54.3 million euros.
- **Experian** (Professional Services) has partnered with Keebo to help boost financial inclusion for freelancers, content creators, innovators and millions of other consumers in the rapidly growing 'passion economy' who fall into the category of 'credit invisibles'.
- **Hiscox** (Insurance) has set aside $150 million to cover losses linked to Hurricane Ida and floods in Europe. Hiscox saw rate increases of 13% across its portfolio, with cyber growing at a significant double digit rate.

60% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
Brunel has engaged extensively to improve the carbon intensity and extractives exposure of this Portfolio which is now significantly below its benchmark.

Brunel Emerging Market Equity

BRUNEL Pension Partnership

Overview

	Description
Portfolio Objective:	Provide exposure to emerging market equities, targeting excess returns and enhanced risk control from leading managers.
Investment Strategy & Key Drivers:	A geographically diverse portfolio, typically expected to achieve higher long-term growth rates than developed economies.
Liquidity:	Managed liquidity. Less exposure to more illiquid assets
Risk/Volatility:	High absolute risk with moderate to high relative risk, around 5% tracking error.
Total Fund Value:	£1,213,237,265

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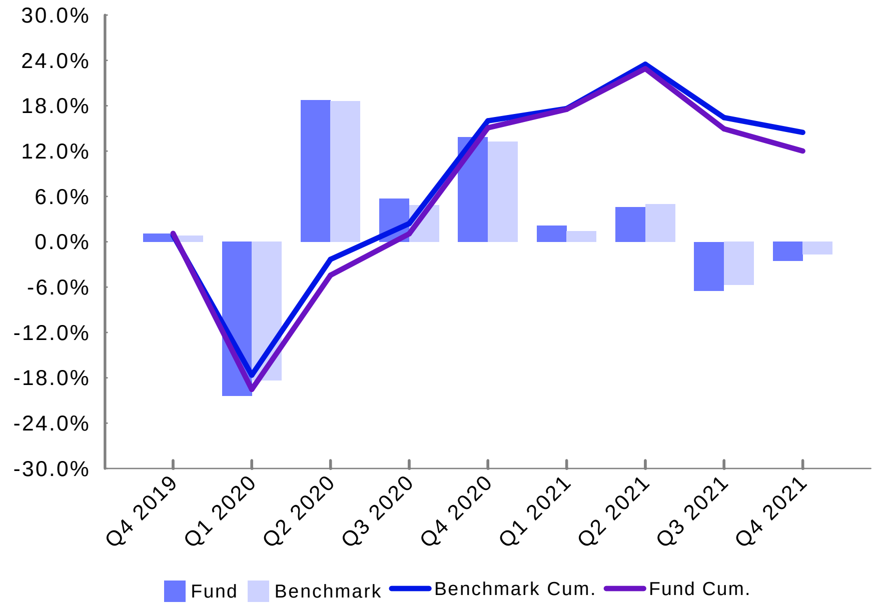
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-2.6%	-1.7%	-0.9%
Fiscal YTD	-4.7%	-2.7%	-2.0%
1 Year	-2.7%	-1.3%	-1.3%
3 Years			
5 Years			
10 Years			
Since Inception	5.4%	6.5%	-1.1%

Rolling Performance*



* Partial returns shown in first quarter

Q4 2021 was once again tough and highly eventful for emerging market equities. The discovery of a new COVID variant in South Africa, Omicron, rattled emerging equity markets, casting further doubt on the economic recovery and a return to normality. In China – which represents 34% of the index - concerns over slower economic growth, a tight regulatory environment, property market strains and strict zero tolerance on COVID continued to linger from previous quarters. In contrast to most key central banks, the People's Bank of China also lowered the one-year loan prime rate by 5bps to 3.8% to tackle sluggish growth. Outside of China, geo-politics also raised its ugly head as tensions between Russia and the Ukraine put further pressure on Russian equities, which fell -11% in GBP terms. There was also further volatility on the Turkish Lira, which ended the year a staggering 44% lower vs the US Dollar.

Overall, only a late rally in December ensured that emerging market equities – proxied by MSCI Emerging Markets – ended the quarter at a modest -1.7% down in GBP terms.

The portfolio struggled to keep pace with broader emerging markets. Total performance for the period was -2.5% on a net of fees basis, -86bps behind MSCI Emerging Markets. Performance was once again mixed between the managers; Genesis underperformed by -291bps, whereas Ninety-One and Wellington

Brunel Emerging Market Equity

had stronger quarters, outperforming by +78bps and +19bps respectively.

• At a manager level, Genesis' relative performance was driven by their exposure to Russian names, such as Sberbank and Yandex, as well as their underweight to Taiwanese names, which performed well. Ninety-One's positive relative return came from favourable sector positioning, particularly their underweights to health care and consumer discretionary companies. They also demonstrated strong stock selection in China. Wellington have a sector neutral approach, which was mixed last quarter. 6 of the 11 sectors detracted from relative performance, which was offset by very strong relative performance in technology and consumer discretionary.

• At a stock level, names such as AIA Group, Yandex and Country Garden Services put pressure on relative performance; the three names fell -13.2%, -24.4% and -24.6% respectively. The three names collectively account for around -60bps of relative performance. AIA Group, a Hong Kong based insurer, has been under pressure as a result of slowing growth in China and profit taking amongst longer term investors. Yandex, a Russian search engine and web portal, has fallen due to the potential invasion of Ukraine by Russia, despite beating Q3 2021 earnings expectations. A potential decline in the Rouble and economic sanctions from the west are negative for the company. Country Garden Services, a Chinese property services company, has been impacted by the broader concerns on the Chinese property market. On the positive side, Compagnie Financiere Richemont was the standout performer in the fund, returning +43.2% following stellar like for like sales growth of +32% vs a market consensus of +18%. Richemont added +31bps to relative performance.

• At a sector level, there was evidence that selection within financials was a material negative contributor, detracting -74bps from relative performance. Financial stocks within the portfolio returned -5.7%, which was behind the benchmark equivalent of -0.8%. AIA Group and Sberbank – both high conviction names held by Genesis - were the main drivers of this underperformance, both stocks fell by -13.2% and -15.4% respectively.

• At a country level, there was some evidence that the country allocation was significant. Total impact from country allocation was -56bps. The most significant benchmark constituent was Taiwan, which appreciated by +10.1% over the quarter, comfortably in excess of the benchmark return of -1.6%. Taiwan's economy has recently benefited from strength in exports, particularly in technology. The portfolio currently has an underweight position of -3%.

• Style had a limited impact on relative performance last quarter. The portfolio maintains a style agnostic approach with a mild tilt towards quality orientated companies. Quality companies – proxied by MSCI Emerging Markets Quality Index - outperformed the broader benchmark by +5% over the quarter, which provided a very small tailwind towards relative performance.

• Since inception relative performance remains negative. The fund has returned +5.5% on a net of fees annualised basis, which is -104bps behind the benchmark. This is once again mixed between managers as at quarter end; Genesis, Wellington and Ninety-One have since inception annualised relative returns of -280bps, +106bps and +76bps respectively.

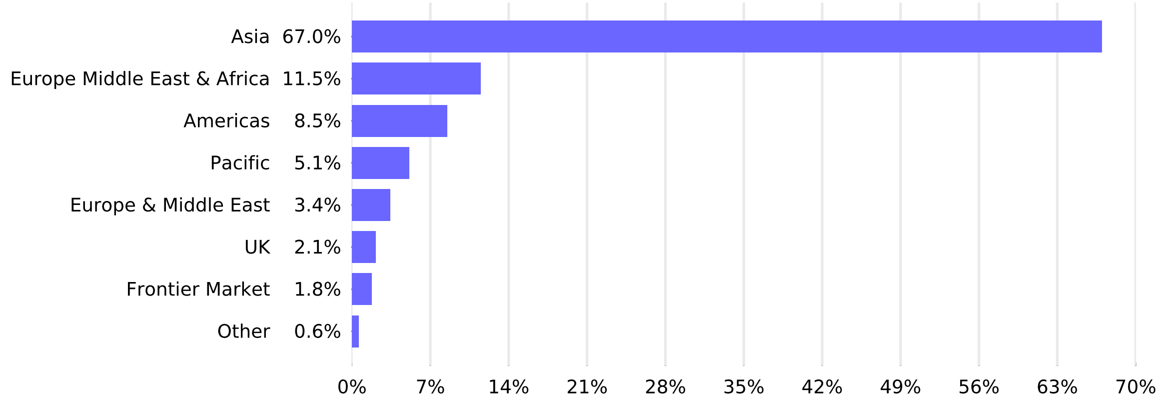
Brunel Emerging Market Equity – Region & Sector Exposure

BRUNEL
Pension Partnership

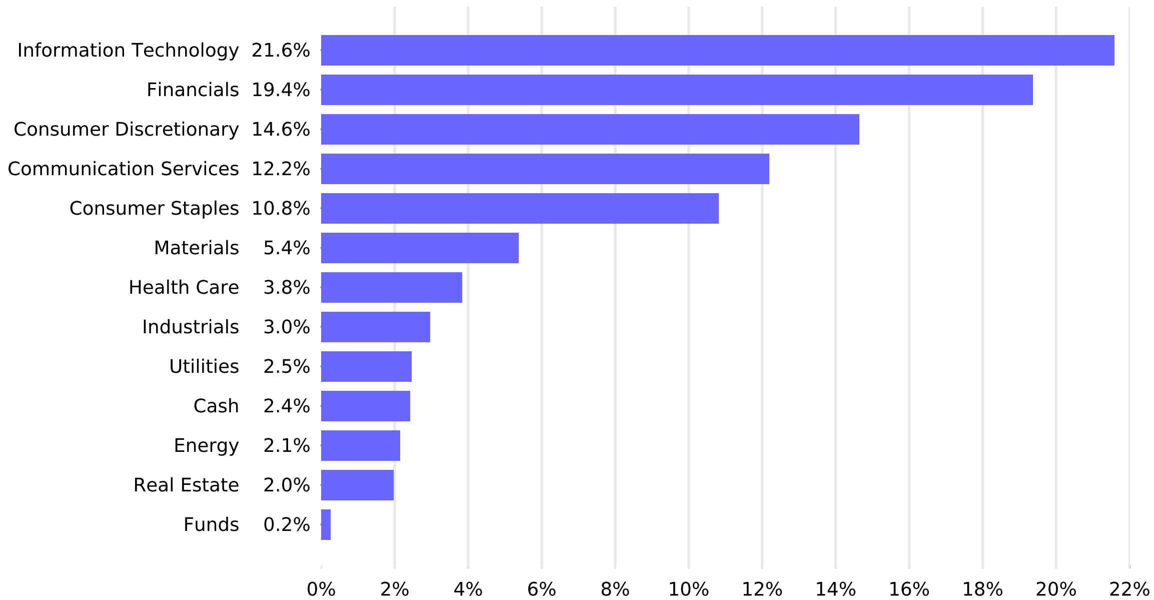
Top 20 Holdings

	Mkt. Val.(GBP)
TAIWAN SEMICONDUCTOR MANUFAC	96,642,924
TENCENT HOLDINGS LTD	67,533,704
SAMSUNG ELECTRONICS CO LTD	44,150,651
AIA GROUP LTD	21,493,634
SBERBANK PJSC -SPONSORED ADR	19,021,818
INFOSYS LTD-SP ADR	17,536,643
MEDIATEK INC	16,957,660
ALIBABA GROUP HOLDING LTD	12,887,897
CONTEMPORARY AMPEREX TECHN-A	12,884,594
SAMSUNG ELECTRONICS-PREF	12,693,088
BID CORP LTD	11,853,934
ALIBABA GROUP HOLDING-SP ADR	11,663,092
CHINA CONSTRUCTION BANK-H	11,457,096
YANDEX NV-A	11,360,056
JD.COM INC-ADR	11,282,394
HDFC BANK LTD-ADR	10,982,263
CHINA LONGYUAN POWER GROUP-H	10,904,758
NASPERS LTD-N SHS	10,837,162
ICICI BANK LTD-SPON ADR	10,284,937
WULIANGYE YIBIN CO LTD-A	9,512,590

Regional Exposure



Sector Exposure



Brunel Emerging Market Equity – Responsible Investment

BRUNEL
Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. TAIWAN SEMICONDUCTOR MANUFACTURIN	58.7	23.5
2. MEDIATEK INC	66.2	77.9
3. CHINA LONGYUAN POWER GROUP CORP LTD	71.4	64.6
4. CONTEMPORARY AMPEREX TECHNOLOGY CC	67.5	67.5
5. INNER MONGOLIA YILI INDUSTRIAL GROUP C	74.9	56.9
6. CROMPTON GREAVES CONSUMER ELECTRICA	82.5	50.0
7. AIA GROUP LTD	60.8	78.8
8. BY-HEALTH CO LTD	70.7	80.5
9. DELTA ELECTRONICS INC	72.4	24.4
10. ITC LTD	71.8	82.5

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. HIKMA PHARMACEUTICALS PLC	33.9	10.7
2. REALTEK SEMICONDUCTOR CORP	25.8	15.6
3. ICICI BANK LTD	42.8	50.0
4. ANTA SPORTS PRODUCTS LTD	40.8	68.7
5. YANDEX NV	42.7	20.7
6. BID CORP LTD	41.1	20.1
7. KIMBERLY-CLARK DE MEXICO SAB DE CV	23.1	9.1
8. ALIBABA GROUP HOLDING LTD	47.5	27.9
9. SAMSUNG ELECTRONICS CO LTD	52.2	73.3
10. TENCENT HOLDINGS LTD	49.2	64.4

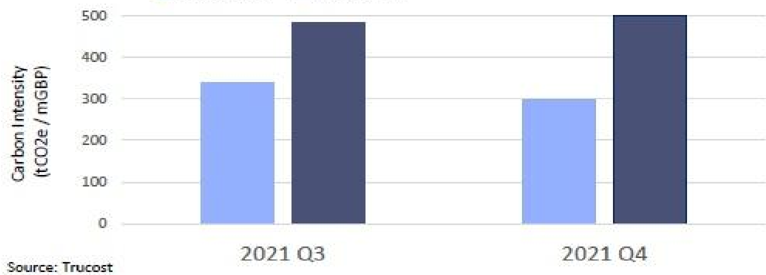
Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	55.3	56.4
MSCI EM	55.7	56.9

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



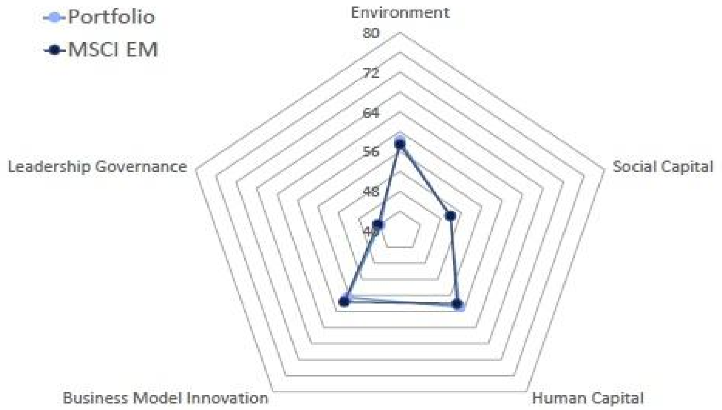
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	1.9	1.3	4.1	3.9
MSCI EM	3.6	3.3	7.7	7.8

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Kimberly-Clark De Mexico** (Consumer Goods) were fined by Mexico City (AP), a regulatory commission in Mexico, for price fixing on diapers and tampons between 2008 - 2014.
- **ITC** (Food & Beverage) received ICSI (The Institute of Company Secretaries of India) Corporate Social Responsibility Excellence Award for large scale impactful inititaives. Examples include, women's economic empowerment programmes, livestock development programmes and large-scale afforestation programme greening over 900,000 acres and generating over 160 million person-days of employment among small and marginal farmers.
- **Taiwan Seminconductor** (Semiconductors) bought another 1.2GW of wind power to create Asia's largest direct purchase of green energy. TSMC will purchase more than 3.69 billion kWh of green electricity each year, which can reduce at least 1.85 million tonnes of carbon emissions.
- **Yandex** (Internet Media & Services) settled an anti-monopoly claim with the Federal Antimonopoloy Service of Russia (FAS). The claim, relating to allegations of abuse of market dominance with the placement of enriched search results, has been terminated.

70% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The weighted average carbon intensity of the portfolio saw a slight decline over the quarter. The portfolio remains below its benchmark, the MSCI Emerging Markets, for both extractives revenue exposures and extractive industries value of holdings.

Brunel Multi-Asset Credit

BRUNEL
Pension Partnership

Overview

	Description
Portfolio Objective:	To gain exposure to a diversified portfolio of enhanced credit opportunities with modest exposure to interest rate risk.
Investment Strategy & Key Drivers:	Exposure to specialised, higher yielding bond sectors which provide diversified credit driven returns.
Liquidity:	Managed liquidity
Risk/Volatility:	Moderate absolute and relative risk with high relative risk vs cash.
Total Fund Value:	£2,382,670,704

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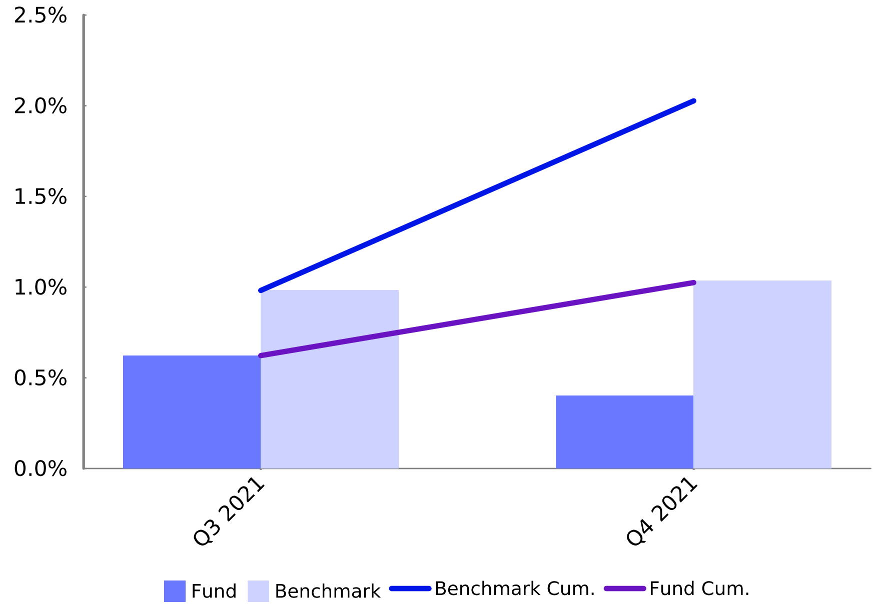
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	0.4%	1.0%	-0.6%
Fiscal YTD			
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	1.0%	2.0%	-1.0%

Rolling Performance*



* Partial returns shown in first quarter

The environment for credit was somewhat soured in the first two months of Q4 2021 by rising inflationary expectations, the potential reduction in quantitative easing and the broader economic uncertainty surrounding the Omicron variant of Covid-19. However, during December, as understanding of the severity and transmissibility of the variant developed, markets saw a swift recovery.

The rapid economic recovery pushed energy prices higher over the quarter, further contributing to rising inflation, which reached 7% in the US, 5.4% in the UK.

The further indications in December that central banks may accelerate the pace of rate rises, including the first Bank of England rate rise in 3 years, had an impact on credit markets which now expect as many as 4 rate rises from the Federal Reserve in 2022. Shorter dated credit was particularly impacted, with the US 2-year yield rising to 0.73% from 0.29%, and in the UK the 2-year yield rising to 0.60% from 0.31%.

This pressure on short-dated credit was a headwind against which both investment grade and high yield corporate bonds struggled, both falling around

Brunel Multi-Asset Credit

-0.7% over the quarter. Performance in the quarter was stronger in loan indices, with the European Senior Loans returning +80bps, proxied by the Credit Suisse Western European Leveraged Loan Index (USD Hedged), and US Senior Loans returning +50bps proxied by the Credit Suisse Leveraged Loan Index.

Geographically, US and European credit saw a strong quarter, contrasted with emerging market corporate debt, which was subject to a number of challenges, including rising case numbers, slowing growth in China, and most notably rising concern over the potential military actions between Russia and the Ukraine. US and European high yield corporate bonds – proxied by the Bloomberg US and European High Yield corporate indices - returned +71bps and 0bps respectively in local currency; this was significantly ahead of the -209bps returned in EM USD corporates, proxied by Bloomberg Emerging USD corporates, over the same period.

In this environment the portfolio was well positioned, with significant allocations to Loans and other floating rate assets, which performed strongly. This is attributable to income, rather than rising market values, which were flat over the quarter. The portfolio was also helped by US, UK & European credits with only minor exposure to emerging market debt. While the volatility of the market created difficult conditions for reaching a SONIA+4% target, each manager and the portfolio as a whole outperformed the secondary benchmark, which is a composite benchmark of 50:50 high yield to leveraged loans, hedged to GBP.

The portfolio returned +0.44% over the quarter, below the +1.01% return of the SONIA +4% benchmark but significantly above the -0.13% of the 50:50 high yield to leveraged loan indices. CQS, who have the largest exposure to Loans, had the strongest performance over the quarter with +0.69%, while Oaktree who are also positioned with a majority of the portfolio in loans & asset backed securities returned +0.48%. Neuberger Berman returned +0.34% as market reversals in December buoyed US & European high yield and investment grade exposures.

Brunel Sterling Corporate Bonds

BRUNEL
Pension Partnership

Overview

	Description
Portfolio Objective:	Provides exposure to sterling corporate bonds, with additional returns from manager skill.
Investment Strategy & Key Drivers:	Active approach to provide additional returns over the benchmark. Credit selection should drive returns.
Liquidity:	Managed liquidity
Risk/Volatility:	Moderate absolute risk with low to moderate relative risk.
Total Fund Value:	£2,234,304,732

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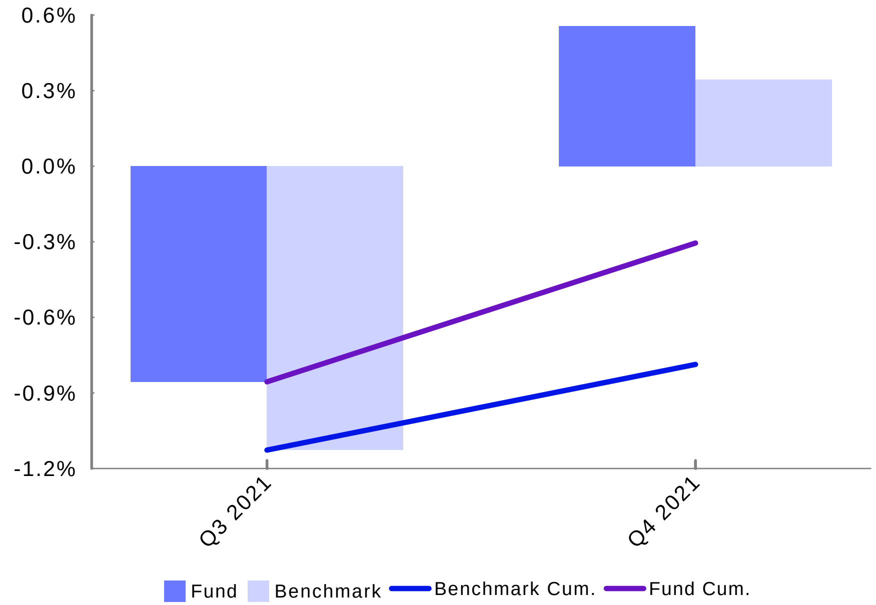
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	0.6%	0.3%	0.2%
Fiscal YTD			
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	-0.3%	-0.8%	0.5%

Rolling Performance*



* Partial returns shown in first quarter

Over the quarter, the portfolio returned 0.56% (net of fees), outperforming the iBoxx Sterling Non-Gilt All Maturities benchmark by 0.21%.

Performance was driven by both stock selection and sector allocation, as well as duration which contributed 11 basis points to outperformance.

RLAM's preference for secured over unsecured bonds was a positive factor as real estate, social housing and asset-backed securities, where RLAM are overweight, outperformed the broader market. Supranational bonds underperformed which also contributed to outperformance as the portfolio is underweight in this sector. Against this, the portfolio's overweight allocations to financials, particularly subordinated insurance, were detrimental to returns.

The overweight position in the BBB ratings band was unhelpful as A and AA rated bonds outperformed, although this was partially offset by the underweight in AAA rated bonds which delivered negative returns. While RLAM are generally overweight BBB rated bonds, given the more favorable risk/return profile, this is not a doctrinal view at a portfolio level, but an aggregation of decisions taken about individual bonds.

Brunel Sterling Corporate Bonds

The impact from duration was a result of RLAM moving from marginally long duration to marginally short duration (relative to the benchmark) over the period. Whilst market conditions occasionally lead to areas of value within certain maturity bands, RLAM believe that credit sector and stock selection are more repeatable and consistent sources of value, and hence portfolio construction is more focused on those, albeit with reference to maintaining a diversified portfolio and keeping duration within agreed parameters.

Over the quarter, there were no client subscriptions or redemptions from the Sub-Fund. The total AUM of the Sub-Fund was £2.25bn as at the end of the quarter.

Passive Dev Eq Paris Aligned

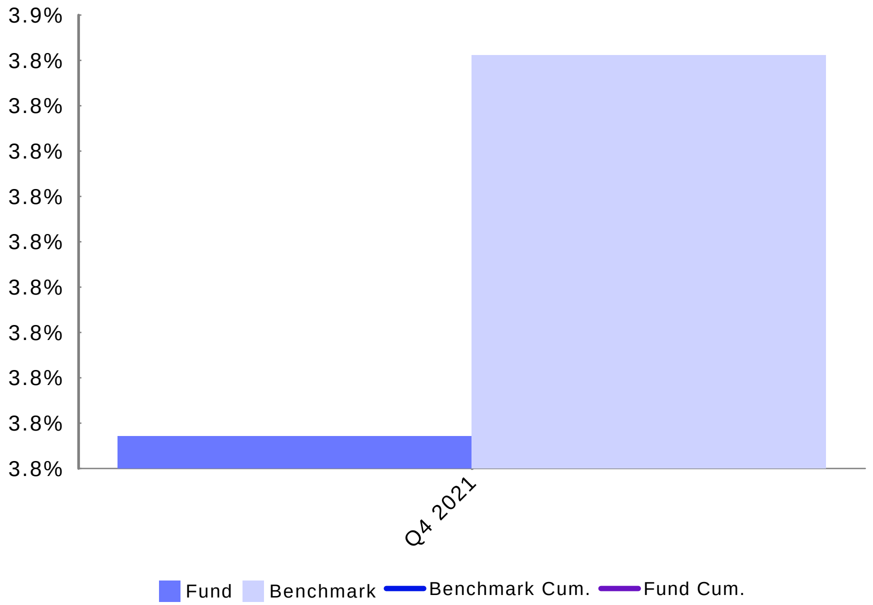
Overview

	Description
Portfolio Objective:	Provide global equity market exposure, reduce carbon exposure and align to the Paris Agreement.
Investment Strategy & Key Drivers:	Portfolio is invested in global equities in accordance with FTSE Global Developed PAB Index.
Liquidity:	High
Risk/Volatility:	Volatility: high. Relative/active risk: very low.
Total Fund Value:	£1,945,252,319

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month			
Fiscal YTD			
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	3.8%	3.8%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

The Paris Aligned Developed Equities product was launched on 1 November 2021, in partnership with five Brunel client funds. A hedged and unhedged version of the product were launched, with a collective value of approximately £2.5bn at launch date.

The performance track record for this strategy is limited to two months. Over this period, the portfolio returned 3.8%, in line with the benchmark. The hedged portfolio underperformed the unhedged portfolio over the period, returning 2.9%.

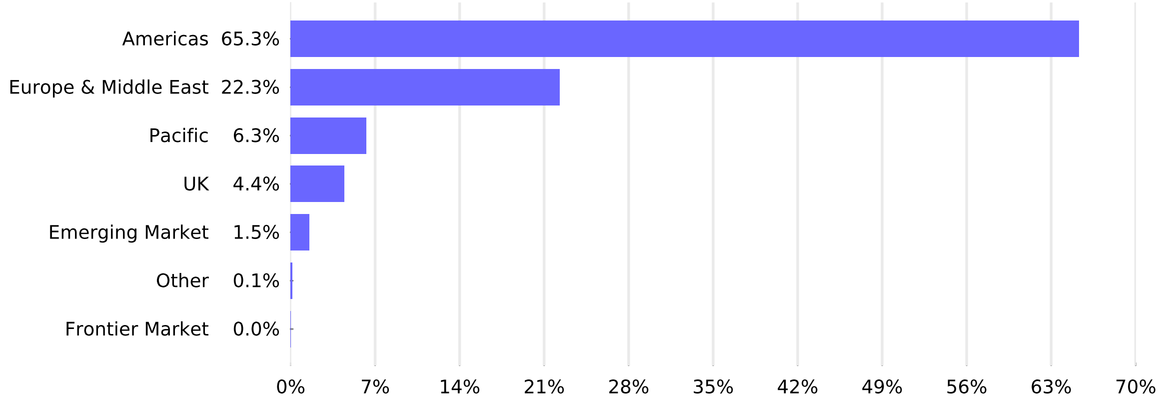
Technology, Materials and Healthcare drove performance over the period, whilst Energy and Financials were the only sectors where performance was negative. In terms of countries, Korea, France, Switzerland, and the United States were among the best performers.

Passive Dev Eq Paris Aligned – Region & Sector Exposure

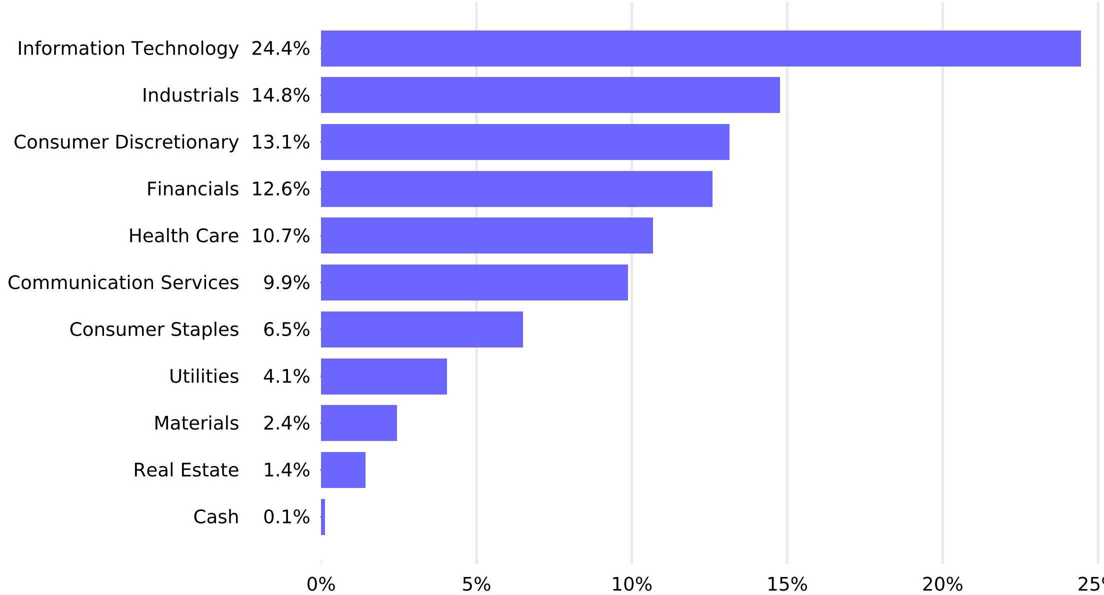
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	137,684,172
MICROSOFT CORP	131,539,002
AMAZON.COM INC	110,503,838
ALPHABET INC-CL A	61,527,863
ALPHABET INC-CL C	59,689,304
HONEYWELL INTERNATIONAL INC	48,179,473
TESLA INC	39,948,527
SCHNEIDER ELECTRIC SE	39,594,242
UNILEVER PLC	36,817,646
NESTLE SA-REG	31,790,459
THERMO FISHER SCIENTIFIC INC	29,042,981
UNITEDHEALTH GROUP INC	25,300,028
NVIDIA CORP	21,952,305
VERIZON COMMUNICATIONS INC	21,666,861
LVMH MOET HENNESSY LOUIS VUI	21,012,642
SAP SE	20,748,491
SAMSUNG ELECTRONICS CO LTD	18,265,994
JPMORGAN CHASE & CO	18,227,060
SIEMENS AG-REG	17,481,363
MASTERCARD INC - A	17,279,972

Regional Exposure



Sector Exposure



Passive Dev Eq Paris Aligned – Responsible Investment

BRUNEL
Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. HONEYWELL INTERNATIONAL INC	70.4	80.6
2. SCHNEIDER ELECTRIC SE	72.2	50.0
3. SIEMENS AG	67.0	72.2
4. SAP SE	64.0	40.4
5. TEXAS INSTRUMENTS INC	66.1	79.6
6. ANALOG DEVICES INC	69.8	72.9
7. UNILEVER PLC	59.4	66.3
8. ENGIE SA	68.8	61.2
9. NESTLE SA	59.8	50.0
10. IBERDROLA SA	66.9	30.6

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. HOME DEPOT INC/THE	49.1	35.9
2. PFIZER INC	46.9	45.6
3. JPMORGAN CHASE & CO	49.3	69.5
4. AT&T INC	46.3	71.4
5. ABBVIE INC	39.6	19.9
6. CHUBB LTD	36.1	70.2
7. AMAZON.COM INC	50.5	58.2
8. MICROSOFT CORP	47.0	31.0
9. APPLE INC	47.1	56.5
10. ALPHABET INC	45.8	61.6

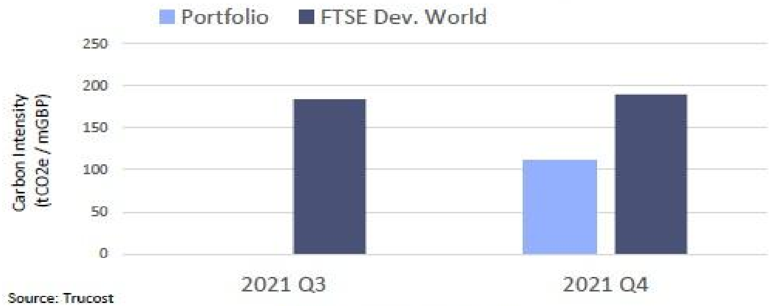
Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio		55.6
FTSE Dev. World	54.4	54.7

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



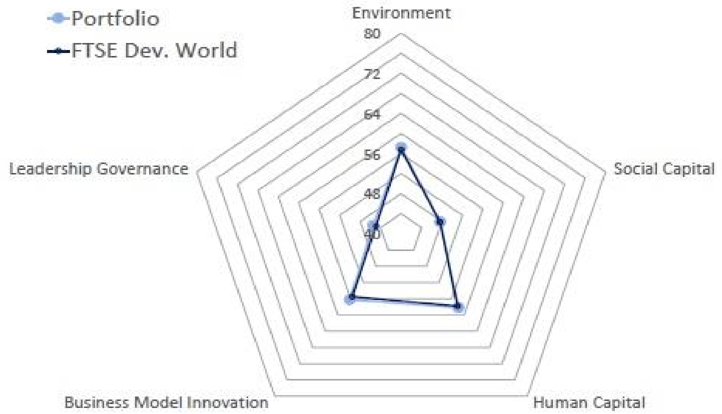
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio		1.0		1.7
FTSE Dev. World	2.9	2.6	5.1	5.1

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Amazon** (Consumer Goods) made a deal with Stellantis to add to its electric van fleet and develop in-car software using Alexa software. Amazon workers continue attempts to unionise for better worker rights. The Senate Judiciary Committee overwhelmingly passed antitrust legislation barring tech's biggest platforms from favoring their products and services over competitors.
- **SAP** (Software) launched new circular economy software solution, enabling sustainable product design by providing visibility of material flows, waste reduction and cost of downstream reuse and recycling systems.
- **Schneider Electric** (Electrical Goods) was included on Fortune's annual Change the World List and is among the top 5 corporate sustainability leaders in the Corporate Knights' 2022 Global 100 list.
- **Home Depot** (Consumer Goods) stop selling security cameras linked to Uyghur surveillance. In Canada the company's foundation launched TradeWorx, a new targeted investment to combat youth homelessness by creating opportunities for career education and skilled trades training.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The Passive Developed Paris Aligned Portfolio has a carbon intensity and extractive exposure significantly below that of its reference index, the FTSE World Developed Index.

Passive Developed Equities

BRUNEL
Pension Partnership

Overview

	Description
Portfolio Objective:	Provide exposure to FTSE Developed World using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Geographically diversified range of equities.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£2,053,306,359

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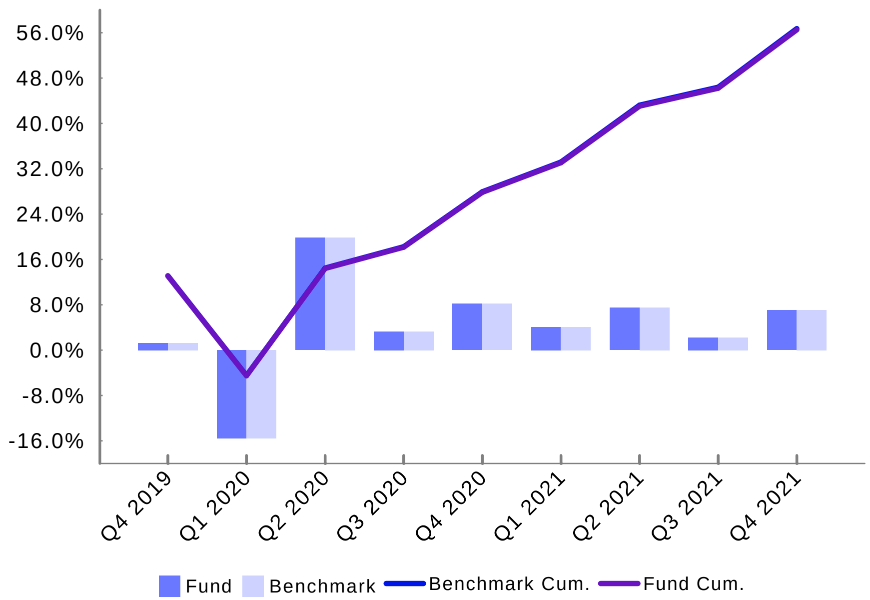
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	7.1%	7.1%	0.0%
Fiscal YTD	17.6%	17.7%	-0.1%
1 Year	22.4%	22.5%	-0.1%
3 Years	19.4%	19.5%	0.0%
5 Years			
10 Years			
Since Inception	13.8%	13.9%	0.0%

Rolling Performance*



* Partial returns shown in first quarter

In the fourth quarter of 2021, the benchmark FTSE Developed World Index was up 7.1% and up 22.5% over the year to 31 December 2021. The Passive Developed Equities product closely replicated the performance of the benchmark over both periods, returning 7.1% and 22.4%, respectively.

The hedged product outperformed the unhedged product, returning 7.7% over the quarter.

Quarter four saw some volatility in the markets due to Omicron and Fed tapering decisions, although developed markets delivered positive returns despite the uncertainty.

Technology was the best performing sector in the quarter and the Utilities sector also performed well. Most sectors provided positive returns over the period, with only the Telecommunications sector failing to do so.

Passive Developed Equities – Region & Sector Exposure

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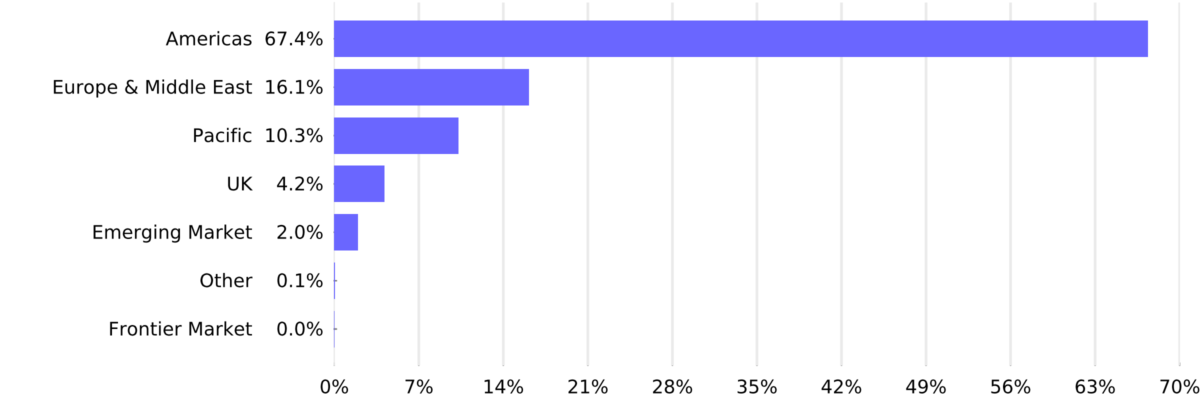
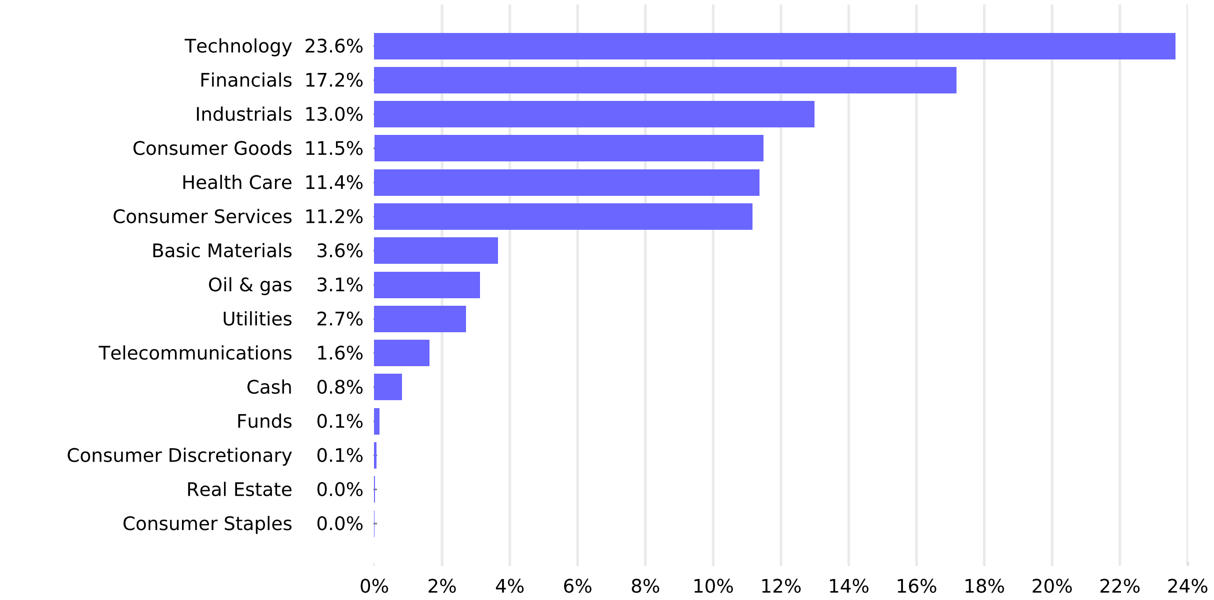
Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	119,738,286
MICROSOFT CORP	110,727,187
AMAZON.COM INC	63,223,081
ALPHABET INC-CL A	38,067,451
TESLA INC	37,336,734
ALPHABET INC-CL C	35,471,331
META PLATFORMS INC-CLASS A	34,729,139
NVIDIA CORP	30,738,373
UNITEDHEALTH GROUP INC	20,635,943
JPMORGAN CHASE & CO	20,311,473
JOHNSON & JOHNSON	19,690,217
HOME DEPOT INC	19,278,923
PROCTER & GAMBLE CO/THE	17,197,760
BERKSHIRE HATHAWAY INC-CL B	17,132,773
NESTLE SA-REG	16,329,619
VISA INC-CLASS A SHARES	16,024,872
PFIZER INC	14,400,686
BANK OF AMERICA CORP	13,997,470
MASTERCARD INC - A	13,734,748
ASML HOLDING NV	13,620,390

Regional Exposure



Sector Exposure



Passive Developed Equities – Responsible Investment

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. NEXTERA ENERGY INC	70.4	53.6
2. ASML HOLDING NV	63.2	52.1
3. KEYENCE CORP	75.2	70.3
4. HONEYWELL INTERNATIONAL INC	70.4	80.6
5. LINDE PLC	66.9	73.6
6. TEXAS INSTRUMENTS INC	66.1	79.6
7. SALESFORCE.COM INC	62.7	71.3
8. NESTLE SA	59.8	50.0
9. SCHNEIDER ELECTRIC SE	72.2	50.0
10. TOYOTA MOTOR CORP	62.6	62.7

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. PFIZER INC	46.9	45.6
2. NETFLIX INC	44.7	65.3
3. BROADCOM INC	44.8	50.0
4. ABBVIE INC	39.6	19.9
5. AMAZON.COM INC	50.5	58.2
6. JOHNSON & JOHNSON	39.2	32.1
7. META PLATFORMS INC	42.9	65.9
8. ALPHABET INC	45.8	61.6
9. MICROSOFT CORP	47.0	31.0
10. APPLE INC	47.1	56.5

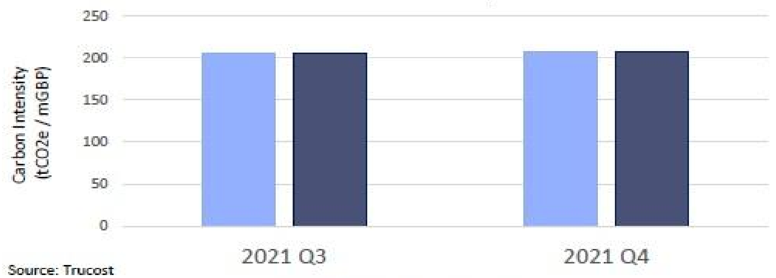
Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	54.4	54.7
Passive Dev Equities	54.4	54.7

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



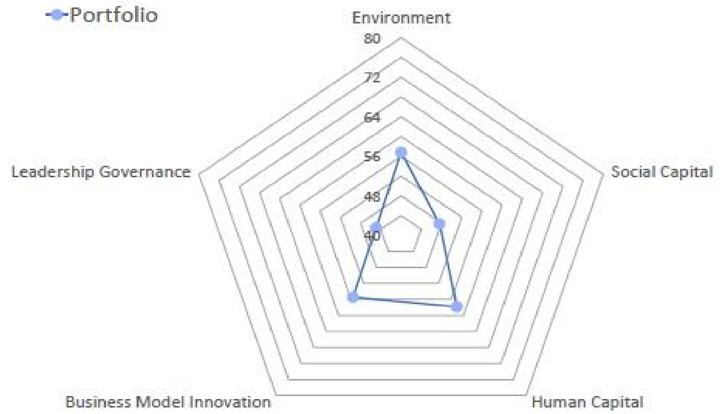
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	3.0	2.7	5.1	5.1
Passive Dev EQ	3.0	2.7	5.1	5.1

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Amazon** (Consumer Goods) made a deal with Stellantis to add to its electric van fleet and develop in-car software using Alexa software. Amazon workers continue attempts to unionise for better worker rights. The Senate Judiciary Committee overwhelmingly passed antitrust legislation barring tech's biggest platforms from favoring their products and services over competitors.
- **Johnson & Johnson** (Healthcare) ongoing talc litigation, which as of July totalled roughly 34,600 lawsuits linking Johnson's Baby Powder to ovarian cancer. A $465 million opiod ruling in Oklahoma was overturned.
- **Salesforce** (Software) announced $300 Million in Investments to Accelerate Ecosystem Restoration and Climate Justice. Salesforce is prioritizing reducing emissions as quickly as possible and aligning its own full value chain emissions (Scope 1, 2, and 3) to the global trajectory of ~50% emissions reductions by 2030, and near-zero emissions by 2040.
- **Schneider Electric** (Electrical Goods) was included on Fortune's annual Change the World List and is among the top 5 corporate sustainability leaders in the Corporate Knights' 2022 Global 100 list.

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

Passive UK Equities

BRUNEL
Pension Partnership

Overview

	Description
Portfolio Objective:	Provide exposure to FTSE All Share using a low cost highly liquid approach.
Investment Strategy & Key Drivers:	Invest passively in securities underlying the FTSE All Share. Provide long term growth
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£594,514,397

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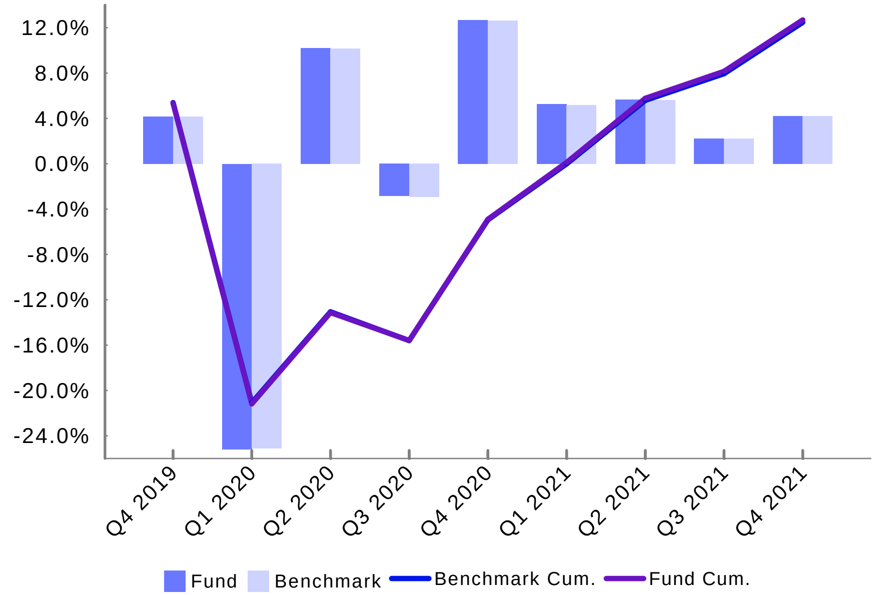
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	4.2%	4.2%	0.0%
Fiscal YTD	12.6%	12.5%	0.1%
1 Year	18.5%	18.3%	0.2%
3 Years	8.4%	8.3%	0.1%
5 Years			
10 Years			
Since Inception	3.5%	3.4%	0.1%

Rolling Performance*



* Partial returns shown in first quarter

The UK benchmark FTSE All-Share Index returned 4.2% over the quarter. The Brunel Passive UK Equities portfolio replicated index performance, also returning 4.2%.

In a quarter that saw the Bank of England increase interest rates to 0.25%, Utilities and Real Estate were the strongest-performing sectors. Absolute returns were positive across most sectors, with Energy the only sector to record negative returns.

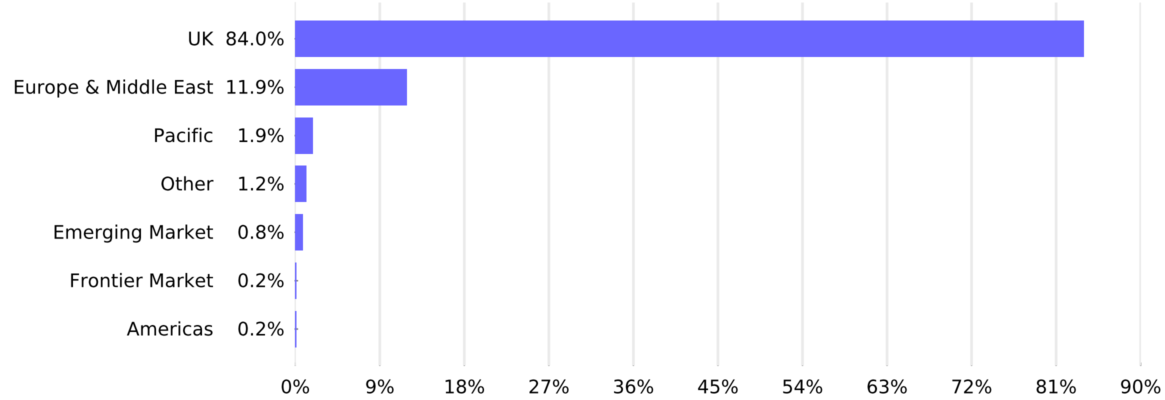
The UK stock market underperformed both US and European markets over the period. The US market performed particularly well, returning 9.6%. Unlike the UK, the US market has a high level of exposure to Information Technology, a sector which performed well over the quarter. The biggest contributor to the better returns of the European market, on the other hand, was the stronger performance of stocks in continental Europe’s Consumer Discretionary sector.

Passive UK Equities – Region & Sector Exposure

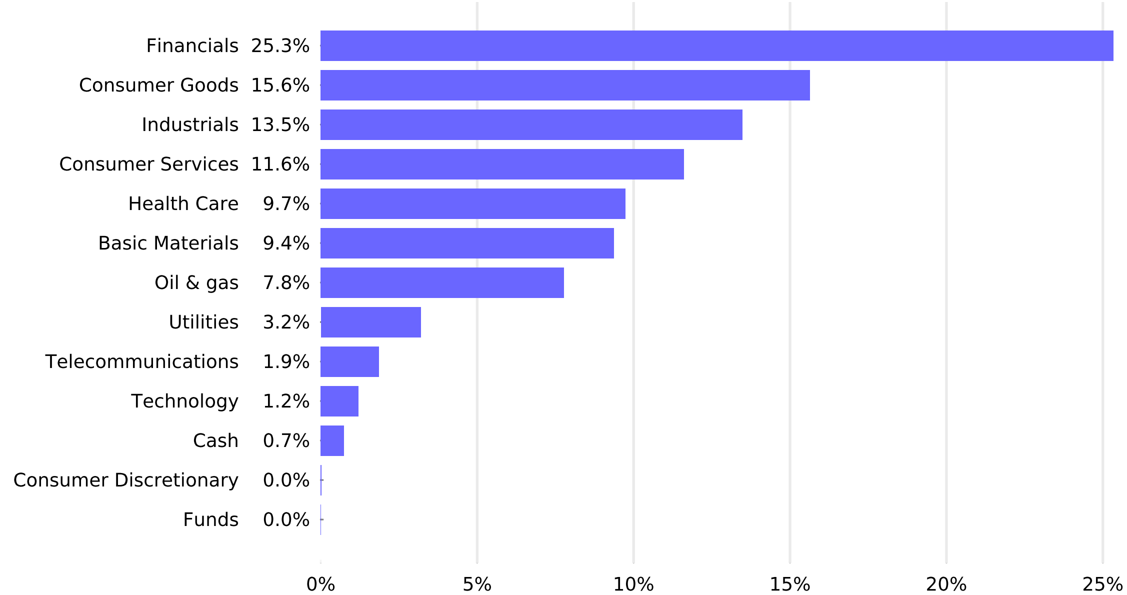
Top 20 Holdings

	Mkt. Val.(GBP)
ASTRAZENECA PLC	29,388,686
UNILEVER PLC	23,712,506
DIAGEO PLC	21,809,271
HSBC HOLDINGS PLC	21,566,834
GLAXOSMITHKLINE PLC	18,717,757
ROYAL DUTCH SHELL PLC-A SHS	15,709,367
BP PLC	15,078,189
BRITISH AMERICAN TOBACCO PLC	14,665,909
ROYAL DUTCH SHELL PLC-B SHS	13,710,903
RIO TINTO PLC	12,511,332
GLENCORE PLC	11,700,696
BHP GROUP PLC	10,768,112
RELX PLC	10,514,888
RECKITT BENCKISER GROUP PLC	9,459,236
NATIONAL GRID PLC	8,990,644
ANGLO AMERICAN PLC	8,655,838
PRUDENTIAL PLC	8,243,011
LLOYDS BANKING GROUP PLC	7,976,375
EXPERIAN PLC	7,825,111
BARCLAYS PLC	7,378,178

Regional Exposure



Sector Exposure



Passive UK Equities – Responsible Investment

BRUNEL
Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. DIAGEO PLC	62.3	72.7
2. NATIONAL GRID PLC	64.1	35.2
3. BP PLC	60.9	66.9
4. UNILEVER PLC	59.4	66.3
5. CRODA INTERNATIONAL PLC	75.5	75.8
6. SSE PLC	70.4	71.0
7. LEGAL & GENERAL GROUP PLC	64.8	71.2
8. ADMIRAL GROUP PLC	76.8	33.7
9. COMPASS GROUP PLC	61.2	64.5
10. SPIRAX-SARCO ENGINEERING PLC	67.6	45.0

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. FLUTTER ENTERTAINMENT PLC	50.1	75.5
2. IMPERIAL BRANDS PLC	44.7	34.1
3. RECKITT BENCKISER GROUP PLC	51.5	76.2
4. GLENCORE PLC	51.0	66.4
5. BARCLAYS PLC	47.5	66.9
6. BRITISH AMERICAN TOBACCO PLC	51.1	69.7
7. EXPERIAN PLC	43.8	73.9
8. GLAXOSMITHKLINE PLC	49.8	73.6
9. HSBC HOLDINGS PLC	48.5	73.5
10. ASTRAZENECA PLC	48.7	37.7

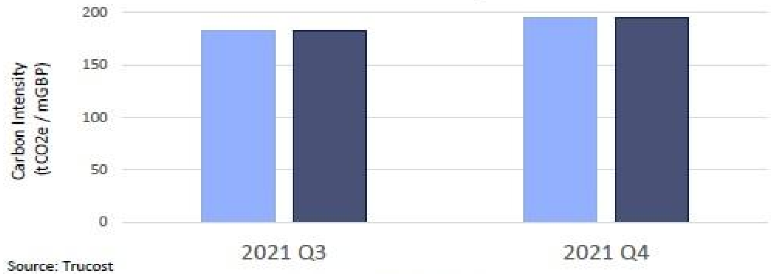
Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	56.3	56.8
Passive UK Equities	56.3	56.8

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



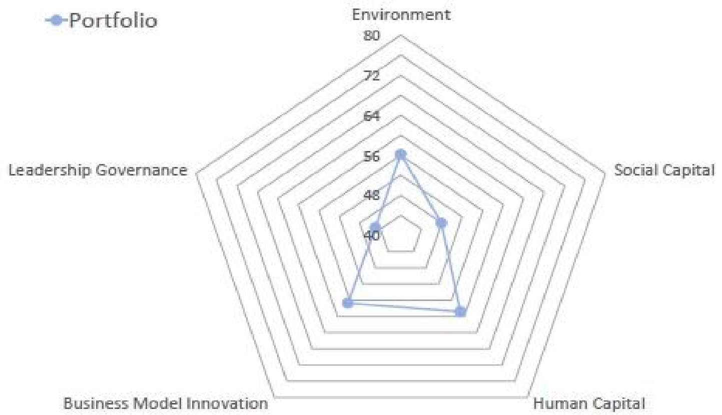
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	3.7	3.6	16.3	15.9
Passive UK EQ	3.7	3.6	16.3	15.9

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Unilever** (Consumer Goods) has partnered with Maersk to consolidate the execution of its global ocean and air transport, with the aim of enhancing visibility, increasing efficiency and driving reductions in emissions across its operations.
- **SSE** (Electric Utilities) is ahead of schedule in switching to a fully electric fleet, 30% of the car fleet is fully electric, moving to 47% by early 2022.
- **HSBC** (Banks) has been fined 174.3 million euros by the European Union ("EU") antitrust regulators for manipulating the foreign exchange markets a decade ago. **Barclays** were subject to a fine of 54.3 million euros.
- **Experian** (Professional Services) has partnered with Keebo to help boost financial inclusion for freelancers, content creators, innovators and millions of other consumers in the rapidly growing 'passion economy' who fall into the category of 'credit invisibles'.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The carbon intensity of the benchmark (and index tracking Portfolio) remained largely unchanged this quarter.

Passive Low Carbon Equities

BRUNEL
Pension Partnership

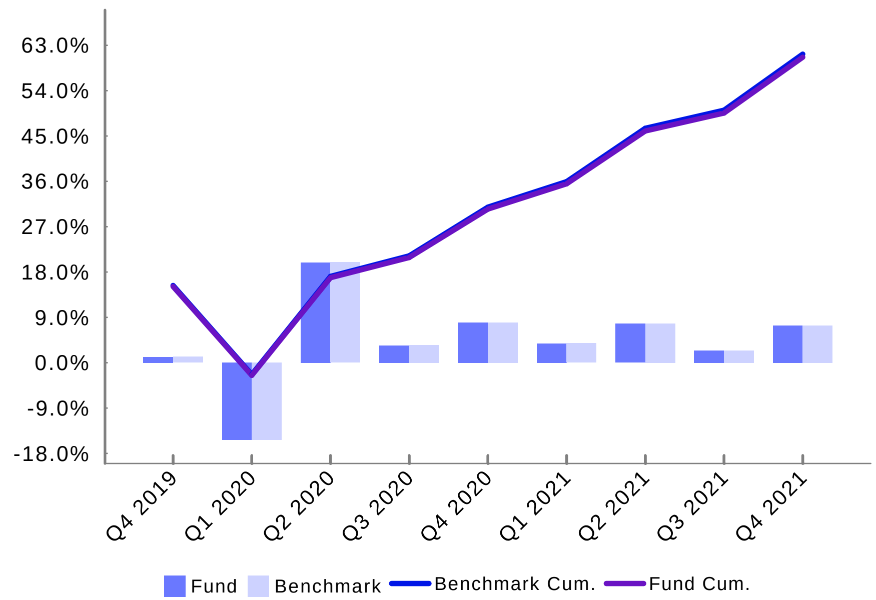
Overview

	Description
Portfolio Objective:	Provide exposure to equity returns and global economy with low exposure to carbon emissions and fossil fuels.
Investment Strategy & Key Drivers:	Portfolio is invested in global equities in accordance with Low Carbon index.
Liquidity:	High
Risk/Volatility:	High absolute risk with very low tracking error.
Total Fund Value:	£305,510,046

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	7.4%	7.4%	0.0%
Fiscal YTD	18.5%	18.6%	-0.1%
1 Year	23.1%	23.2%	-0.1%
3 Years	20.1%	20.2%	-0.1%
5 Years			
10 Years			
Since Inception	14.6%	14.7%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

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The Passive Low Carbon portfolio recorded a return of 7.4% during Q4 2021, replicating the performance of the MSCI World Low Carbon Target Index. The MSCI World Low Carbon Target performed in line with the MSCI World index, which also returned 7.4% over the quarter.

The Information Technology sector was the best-performing over the quarter, although the portfolio's underweight to the sector slightly detracted from returns. The Utilities sector also performed well, particularly the stocks in this sector included in the low carbon index, which outperformed those of the traditional index.

Over the previous 12 months, the Passive Low Carbon portfolio returned 23.1%, underperforming the MSCI World Index which returned 23.5%.

Passive Low Carbon Equities – Region & Sector Exposure

BRUNEL
Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	14,247,404
MICROSOFT CORP	11,610,365
AMAZON.COM INC	7,405,787
ALPHABET INC-CL C	6,737,787
TESLA INC	4,339,699
META PLATFORMS INC-CLASS A	3,889,811
NVIDIA CORP	3,580,422
JOHNSON & JOHNSON	2,278,910
JPMORGAN CHASE & CO	2,261,205
UNITEDHEALTH GROUP INC	2,230,811
HOME DEPOT INC	2,115,282
PROCTER & GAMBLE CO/THE	2,068,469
NESTLE SA-REG	1,925,226
VISA INC-CLASS A SHARES	1,840,246
BERKSHIRE HATHAWAY INC-CL B	1,722,982
PFIZER INC	1,667,921
ASML HOLDING NV	1,610,364
BANK OF AMERICA CORP	1,595,542
ALPHABET INC-CL A	1,555,147
MASTERCARD INC - A	1,550,340

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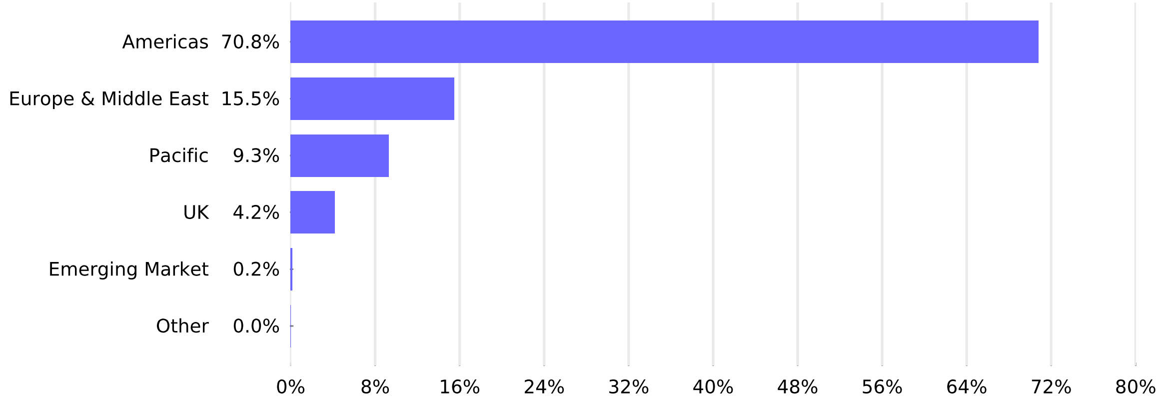
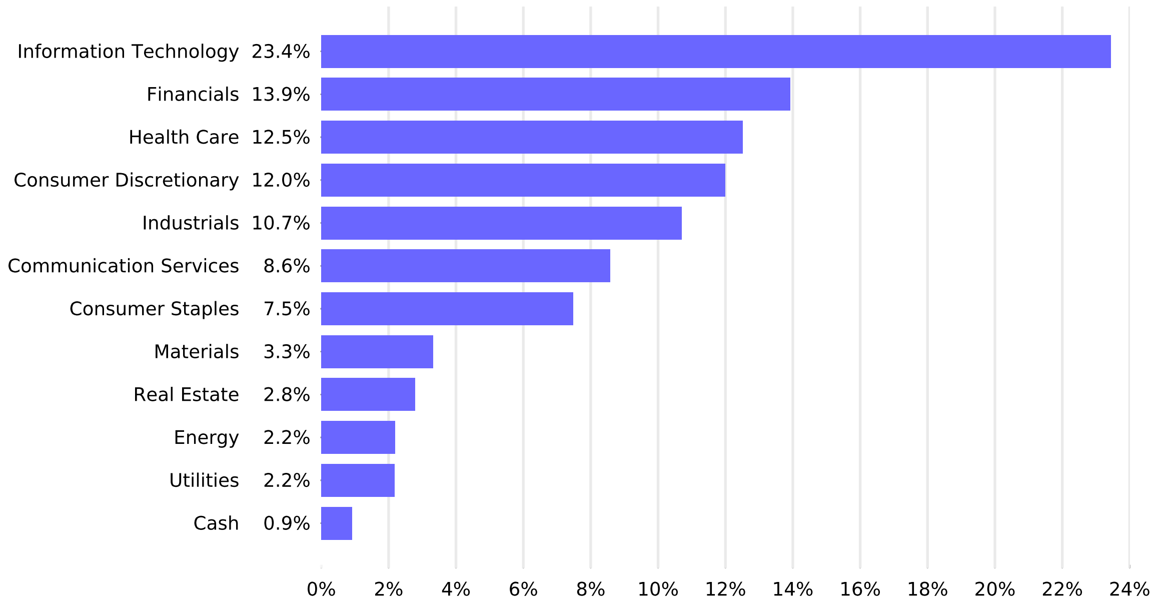
Regional Exposure



Sector Exposure



Passive Low Carbon Equities – Responsible Investment

BRUNEL
Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ASML HOLDING NV	63.2	52.1
2. HONEYWELL INTERNATIONAL INC	70.4	80.6
3. KEYENCE CORP	75.2	70.3
4. NEXTERA ENERGY INC	70.4	53.6
5. NESTLE SA	59.8	50.0
6. SCHNEIDER ELECTRIC SE	72.2	50.0
7. TEXAS INSTRUMENTS INC	66.1	79.6
8. SALESFORCE.COM INC	62.7	71.3
9. SIEMENS AG	67.0	72.2
10. ACCENTURE PLC	60.9	43.0

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. PFIZER INC	46.9	45.6
2. NETFLIX INC	44.7	65.3
3. BROADCOM INC	44.8	50.0
4. ABBVIE INC	39.6	19.9
5. AMAZON.COM INC	50.5	58.2
6. JOHNSON & JOHNSON	39.2	32.1
7. META PLATFORMS INC	42.9	65.9
8. ALPHABET INC	45.8	61.6
9. MICROSOFT CORP	47.0	31.0
10. APPLE INC	47.1	56.5

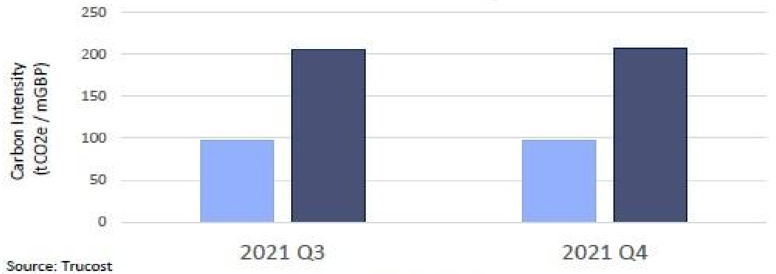
Weighted Average ESG Score	2021 Q3	2021 Q4
Portfolio	54.2	54.5
Passive Dev Equities	54.4	54.7

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)



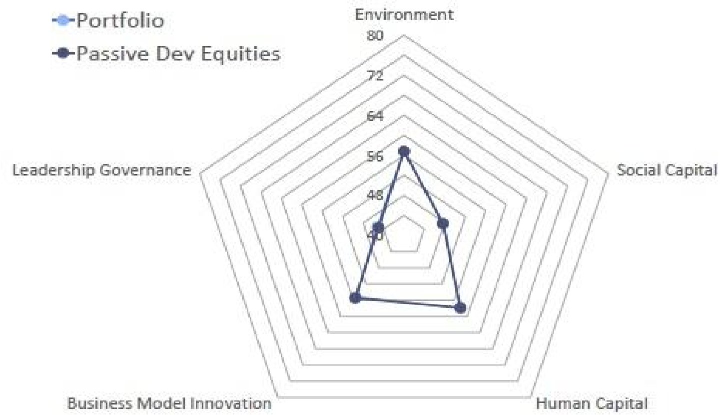
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q3	Q4	Q3	Q4
Portfolio	2.2	1.9	3.2	3.0
Passive Dev EQ	3.0	2.7	5.1	5.1

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

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Assessment:

- **Amazon** (Consumer goods) made a deal with Stellantis to add to its electric van fleet and develop in-car software using Alexa software. Amazon workers continue attempts to unionise for better worker rights. The Senate Judiciary Committee overwhelmingly passed antitrust legislation barring tech's biggest platforms from favoring their products and services over competitors.
- **Johnson & Johnson** (Healthcare) ongoing talc litigation, which as of July totalled roughly 34,600 lawsuits linking Johnson's Baby Powder to ovarian cancer. A $465 million opiod ruling in Oklahoma was overturned.
- **Salesforce** (Software) announced $300 Million in Investments to Accelerate Ecosystem Restoration and Climate Justice. Salesforce is prioritizing reducing emissions as quickly as possible and aligning its own full value chain emissions (Scope 1, 2, and 3) to the global trajectory of ~50% emissions reductions by 2030, and near-zero emissions by 2040.
- **Schneider Electric** (Electrical Goods) was included on Fortune's annual Change the World List and is among the top 5 corporate sustainability leaders in the Corporate Knights' 2022 Global 100 list.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The benchmark is the MSCI Developed World so that carbon reductions achieved to create the Brunel Passive Low Carbon Portfolio can be monitored. Carbon intensity of the Portfolio is half that of the MSCI Developed World Index.

Passive Index Linked Gilts Over 5 Years

BRUNEL
Pension Partnership

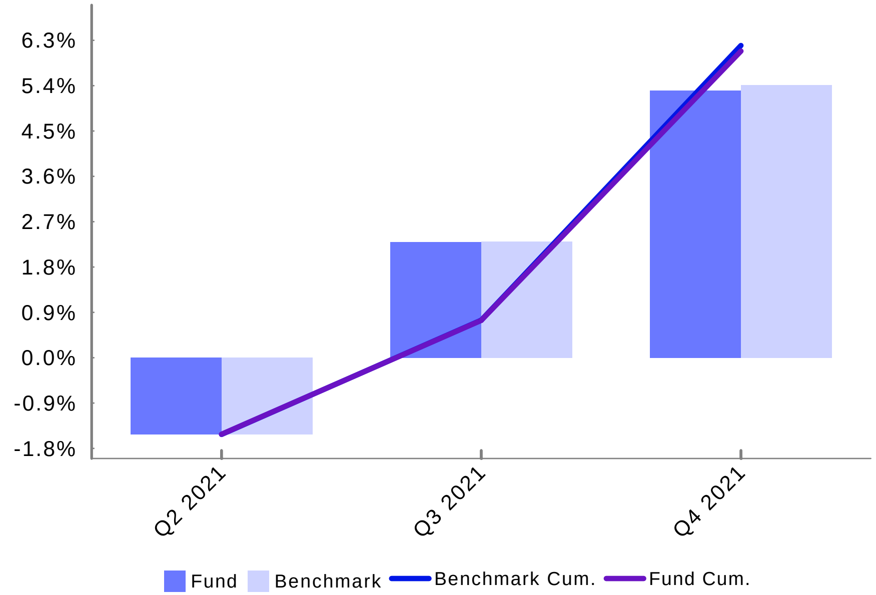
Overview

	Description
Portfolio Objective:	To provide exposure to Index linked Gilts in a low cost and highly liquid approach.
Investment Strategy & Key Drivers:	Invest passively in the securities underlying the FTSE-A UK index linked gilts over 5 years.
Liquidity:	High
Risk/Volatility:	Absolute risk low to medium with very low relative risk.
Total Fund Value:	£1,310,486,046

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	5.3%	5.4%	-0.1%
Fiscal YTD			
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	6.1%	6.2%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

Over the fourth quarter, the benchmark 10-year gilt yield fell from 1.02% to 0.97%, leading gilts to return 2.42% on an all-maturities basis (FTSE Actuaries). The apparent stability of the gilts market is misleading, however; having risen to 1.2% in late October, the 10-year gilt yield rallied to just 0.7% on 13 December (before the Bank of England raised the UK base rate), ending the year at 0.97%.

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Pension Partnership

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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 1)	December 31 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	50,000,000
Total Commitments to Portfolio Investments	49,770,150
As a percentage of Total Commitments to Brunel Portfolio	99.54%
Amount Called	25,185,518
As a percentage of Total Committed to Portfolio Investments	50.60%
Number of Fund Investments	5

Performance	All figures unless otherwise stated are in GBP
Amount Called	25.19 million
Amount Distributed	1.41 million
Unrealised Value	25.99 million
Total Value	27.40 million
DPI	0.06x
TVPI	1.09x
IRR	6.33%

Strategy Level

Commitment to Portfolio

General		53.7 %
Renewables		46.3 %

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 1) Commentary

The portfolio remains the same in terms of primary funds and it is continuing its deployment into tactical opportunities. No new fund commitments were made during the Quarter as Cycle 1 is now fully committed to primary funds, but underlying managers remained active and acquisitive, with funds such as NTR and Arcus already approaching the full commitment of their funds.

NTR acquired a 60MW solar project near London and two Italian wind projects of 18MW. LPs agreed to extend its investment period by 6 months, and we expect the fund to be fully committed to spend on projects by mid-2022.

Arcus made two acquisitions during the period: a circular economy provider of packaging for the Dutch food industry, and a platform which acquires old wind assets in Germany, Belgium, and Sweden to repower them and increase their useful life. These investments have taken Arcus' fund to 85% committed to projects.

Basalt also made two acquisitions: an LNG shipping business and Project Ride, a market leading provider of bus services in the Nordics to which Brunel also invested as a co-investment from the Cycle 2 General portfolio.

DWS acquired another oncology business as an add-on to its existing healthcare portfolio company.

Macquarie MGREF 2 fund remains the least invested of the Cycle 1 primary funds. They did however acquire their third investment in Q4: a leading rooftop solar energy platform in France.

Regarding Tactical investments, three of the announced co-investments closed in Q4.
€25m was co-invested in Project Alcazar alongside WSIP (West Street Infrastructure Partners managed by Goldman Sachs) for the "take private" acquisition of Adapteo. Adapteo provides the leasing of flexible modular buildings for social infrastructure such as schools, across the Nordics and Northern Europe.

€25m was co-invested with Meridiam in Project Sonate, the opportunity to co-invest in the acquisition of an entity carved-out from the French water and waste conglomerate, Suez. Sonate is an investment of Meridiam IV, a Cycle 2 general infrastructure fund, so both Cycle 1 and 2 Clients will have exposure to this asset.

A co-investment was made into MapleCo, a UK smart meter business, alongside Equitix.

Only one more tactical deal, likely to be in the renewable space, is required to complete the tactical investment period of the Cycle 1 StepStone vehicle.

Brunel is very pleased with how the tactical portfolio of Cycle 1 has developed, providing Clients with access to some of the most highly sought-after transactions in multiple sectors on advantageous terms. This is due to a combination of Brunel being seen as a desirable co-invest partner, the GPs selected for the primary portfolio and StepStone's capabilities to access, analyse and execute transactions to very demanding time deadlines.

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Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B Infrastructure Fund *Global, Core,*	2020	GBP	31,385,000	11,905,210	37.93%	11,957,613	123,671	12,081,284	0.01x	1.01x	2.18%
Vauban Core Infrastructure Fund 02 *Western Europe, Core,*	2017	EUR	6,753,204	6,266,817	92.80%	6,861,579	680,388	7,541,967	0.11x	1.20x	8.62%
Subtotal:			38,138,204	18,172,027	47.65%	18,819,192	804,059	19,623,251	0.04x	1.08x	6.40%
Renewables Funds											
Capital Dynamics Clean Energy and Infrastructure VIII SCSp *United Kingdom, Brownfield,*	2019	GBP	5,700,000	2,593,715	45.50%	2,729,213	182,112	2,911,325	0.07x	1.12x	6.19%
Capital Dynamics Clean Energy Infrastructure VII-A, L.P. *United States, Greenfield,*	2019	USD	3,436,646	2,843,861	82.75%	3,212,277	52,802	3,265,080	0.02x	1.15x	13.14%
NTR Renewable Energy Infrastructure II *Western Europe, Greenfield,*	2018	EUR	2,495,299	1,575,914	63.16%	1,225,237	375,103	1,600,341	0.24x	1.02x	0.64%
Subtotal:			11,631,946	7,013,491	60.30%	7,166,727	610,018	7,776,746	0.09x	1.11x	6.20%
Total Portfolio			**49,770,150**	**25,185,518**	**50.60%**	**25,985,919**	**1,414,077**	**27,399,997**	**0.06x**	**1.09x**	**6.33%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B Infrastructure Fund *Global, Core,*	2020	GBP	31,385,000	11,905,210	37.93%	11,957,613	123,671	12,081,284	0.01x	1.01x	2.18%
Vauban Core Infrastructure Fund 02 *Western Europe, Core,*	2017	EUR	7,600,000	7,019,869	92.37%	8,161,849	778,734	8,940,582	0.11x	1.27x	11.37%
Renewables Funds											
Capital Dynamics Clean Energy and Infrastructure VIII SCSp *United Kingdom, Brownfield,*	2019	GBP	5,700,000	2,593,715	45.50%	2,729,213	182,112	2,911,325	0.07x	1.12x	6.19%
Capital Dynamics Clean Energy Infrastructure VII-A, L.P. *United States, Greenfield,*	2019	USD	4,500,000	3,697,843	82.17%	4,346,854	71,731	4,418,585	0.02x	1.19x	17.73%
NTR Renewable Energy Infrastructure II *Western Europe, Greenfield,*	2018	EUR	2,833,243	1,735,565	61.26%	1,457,420	436,936	1,894,355	0.25x	1.09x	3.73%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

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Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
StepStone B Infrastructure Fund Underlying Funds											
Arcus European Infrastructure II	2018	EUR	3,575,254	1,982,922	55.46%	2,002,986	75,009	2,077,995	0.04x	1.05x	4.51%
Western Europe, Value Added											
Basalt Infrastructure Partners III	2020	USD	2,673,927	961,325	35.95%	915,027	-	915,027	-	0.95x	(14.42%)
Global, Value Add											
DWS PEIF III	2020	EUR	3,243,021	551,283	17.00%	407,176	118,204	525,380	0.21x	0.95x	(5.25%)
Western Europe, Generalist											
Macquarie GIG Renewable Energy Fund 2	2020	EUR	3,935,883	543,382	13.81%	488,513	11,004	499,517	0.02x	0.92x	(6.62%)
Western Europe, Core plus											
Project Alcazar (Adapteo)	2020	EUR	2,217,814	2,217,814	100.00%	2,174,465	-	2,174,465	-	0.98x	(3.82%)
Western Europe, Direct											
Project Ernest (Ermewa)	2020	EUR	2,181,337	2,181,337	100.00%	2,174,185	-	2,174,185	-	1.00x	(1.63%)
Western Europe, Direct											
Project Legatus (Meridiam I)	2020	EUR	2,220,098	2,220,098	100.00%	2,275,051	20,202	2,295,253	0.01x	1.03x	10.80%
Western Europe, Direct											
Project Peggy	2020	USD	1,813,620	1,413,036	77.91%	1,603,492	-	1,603,492	-	1.13x	8.77%
United States, Direct											
Subtotal:			21,860,953	12,071,198	55.22%	12,040,895	224,420	12,265,315	0.02x	1.02x	
Total Portfolio			**21,860,953**	**12,071,198**	**55.22%**	**12,040,895**	**224,420**	**12,265,315**	**0.02x**	**1.02x**	

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
StepStone B Infrastructure Fund Underlying Funds											
Arcus European Infrastructure II	2018	EUR	4,137,908	2,237,940	54.08%	2,382,552	84,011	2,466,564	0.04x	1.10x	9.71%
Western Europe, Value Added											
Basalt Infrastructure Partners III	2020	USD	3,620,670	1,303,176	35.99%	1,238,214	-	1,238,214	-	0.95x	(14.75%)
Global, Value Add											
DWS PEIF III	2020	EUR	3,827,565	622,399	16.26%	484,336	136,948	621,284	0.22x	1.00x	(0.20%)
Western Europe, Generalist											
Macquarie GIG Renewable Energy Fund 2	2020	EUR	4,655,147	619,767	13.31%	581,086	12,680	593,767	0.02x	0.96x	(3.42%)
Western Europe, Core plus											
Project Alcazar (Adapteo)	2020	EUR	2,586,193	2,586,193	100.00%	2,586,526	-	2,586,526	-	1.00x	(4.20%)
Western Europe, Direct											
Project Ernest (Ermewa)	2020	EUR	2,586,193	2,586,193	100.00%	2,586,193	-	2,586,193	-	1.00x	(1.63%)
Western Europe, Direct											
Project Legatus (Meridiam I)	2020	EUR	2,586,193	2,586,193	100.00%	2,706,173	23,534	2,729,707	0.01x	1.06x	10.54%
Western Europe, Direct											
Project Peggy	2020	USD	2,294,376	1,752,306	76.37%	2,169,846	-	2,169,846	-	1.24x	15.27%
United States, Direct											

Quarterly Report Overview

Oxfordshire Pension Fund

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Please note:
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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2)	December 31 2021
StepStone B II - Generalist - Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	20,000,000
Total Commitments to Portfolio Investments	20,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	738,524
As a percentage of Total Committed to Portfolio Investments	3.69%
Number of Fund Investments	1

StepStone B II - Generalist - Performance	All figures unless otherwise stated are in GBP
Amount Called	0.74 million
Amount Distributed	0.00 million
Unrealised Value	0.66 million
Total Value	0.66 million
DPI	0.00x
TVPI	0.89x
IRR	(14.87%)

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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2a) Commentary

As a reminder, for Cycle 2 Infrastructure, Clients were offered the opportunity to invest either by committing to the Brunel 'Combined' Infrastructure Portfolio (which allocates 50% of total to renewables, 50% to general (non-renewables) infrastructure) or via the Brunel 'Renewables only' Portfolio which allocates 100% of total to renewables. In order to facilitate these Client outcomes, Brunel established two funds of funds with StepStone for Cycle 2: SS-B II Renewables and SS-B II General. The Combined Infrastructure Clients are invested 50:50 into each fund. The Renewables only Clients are invested 100% in the Renewables fund.

General Infrastructure

Three primary fund commitments were signed in the last months of 2021; £25m to Infracapital Greenfield Partners II, €40m into InfraVia European Infrastructure V and $30m into Melody Communications II. Melody is a manager with a strong track record in the specialist mobile cell towers and telecom easements sectors in the US, which we expect will bring diversification to the portfolio.

A final commitment, not yet closed, was approved to the new ICG Infrastructure team based in UK and France.

Q4 2021 was also a busy period for tacticals with five investments approved, three of which were closed and two expected to close after period end (in Q1'22).

£29m was invested alongside DIF into Project EaaSy, a company providing long term "Energy as a Service" to American universities, hospitals, and other facilities. This entails both energy efficiency and energy management services.

Two secondary investments took place into earlier vintage funds of GPs already selected for this Cycle: £32m into Infracapital Greenfield 1 and €21m in Meridiam 2.

£35m was committed to the "take private" of Nobina AB (Project Ride) which closed after the period end. Nobina is decarbonisation investment, into one of the Nordic region's leaders in renewable-powered public bus services and special transport needs (elderly, disabled).

Finally, a £26m co-investment was approved to Sidewalk Infrastructure Partners. Sidewalk is a Joint Venture between Google's Alphabet, Ontario Teachers Pension Plan and StepStone to develop and invest in infrastructure projects where technology provides unique opportunities. Examples of the early investments are robotics that improve the recyclability of plastic, mobile cell towers that enable municipalities to provide inclusive 5G networks, software to create "Virtual Power Plants" that enable consumers to save while contributing to the resilience of the electricity network.

Including ICG and Sidewalk, the Cycle 2 Generalist infra vehicle will only require two additional tactical co-investments for full commitment.

Brunel is very pleased with how the generalist portfolio of Cycle 2 has developed. The portfolio is diversified and invested in quality opportunities that we believe will provide strong performance both in terms of returns, but also positive societal and environmental impact.

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Oxfordshire Pension Fund

StepStone B II - Generalist - Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B II - Generalist *Global, Core,*	2020	GBP	20,000,000	738,524	3.69%	660,177	56	660,233	-	0.89x	(14.87%)
Total Portfolio			**20,000,000**	**738,524**	**3.69%**	**660,177**	**56**	**660,233**	**-**	**0.89x**	**(14.87%)**

StepStone B II - Generalist - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
General Funds											
StepStone B II - Generalist *Global, Core,*	2020	GBP	20,000,000	738,524	3.69%	660,177	56	660,233	-	0.89x	(14.87%)

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

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Oxfordshire Pension Fund

StepStone B II - Generalist - Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
StepStone B II - Generalist Underlying Funds											
Core Infrastructure Fund III	2020	EUR	2,003,157	1,149,979	57.41%	1,112,010	63,748	1,175,758	0.06x	1.02x	4.18%
Western Europe, Core											
InfraCapital Greenfield 02	2020	GBP	1,176,471	105,697	8.98%	69,280	-	69,280	-	0.66x	(99.99%)
Western Europe, Core plus											
InfraVia European Fund V	2021	EUR	989,046	-	0.00%	-	-	-	-	-	-%
Western Europe, Core plus											
Meridiam 02	2009	EUR	815,880	809,562	99.23%	797,773	-	797,773	-	0.99x	(48.79%)
Western Europe, Value Added											
Meridiam Sustainable Infrastructure Europe IV	2021	EUR	1,385,077	29,040	2.10%	10,957	61	11,019	-	0.38x	-%
Western Europe, Core Plus											
Total Portfolio			**6,369,631**	**2,094,279**	**32.88%**	**1,990,020**	**63,809**	**2,053,829**	**0.03x**	**0.98x**	

StepStone B II - Generalist - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
StepStone B II - Generalist Underlying Funds											
Core Infrastructure Fund III	2020	EUR	2,352,941	1,337,742	56.85%	1,322,736	75,152	1,397,888	0.06x	1.04x	8.55%
Western Europe, Core											
InfraCapital Greenfield 02	2020	GBP	1,176,471	105,697	8.98%	69,280	-	69,280	-	0.66x	(99.99%)
Western Europe, Core plus											
InfraVia European Fund V	2021	EUR	1,176,471	-	0.00%	-	-	-	-	-	-%
Western Europe, Core plus											
Meridiam 02	2009	EUR	627,567	958,441	152.72%	948,951	-	948,951	-	0.99x	(36.49%)
Western Europe, Value Added											
Meridiam Sustainable Infrastructure Europe IV	2021	EUR	1,647,059	34,052	2.07%	13,034	72	13,105	-	0.38x	-%
Western Europe, Core Plus											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Please note:
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Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2)	December 31 2021
StepStone B II - Renewables - Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	20,000,000
Total Commitments to Portfolio Investments	20,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	3,013,829
As a percentage of Total Committed to Portfolio Investments	15.07%
Number of Fund Investments	1

StepStone B II - Renewables - Performance	All figures unless otherwise stated are in GBP
Amount Called	3.01 million
Amount Distributed	0.19 million
Unrealised Value	2.97 million
Total Value	3.16 million
DPI	0.06x
TVPI	1.05x
IRR	4.74%

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Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2b) Commentary

The Cycle 2 Renewables Fund has committed to three primary funds and one tactical co-investment. Given the selected funds have limited exposure to Europe, the final two commitments will be allocated to managers offering European exposure and StepStone will tilt the Tactical portfolio towards Europe too. Performance is not meaningful at this time, given the immaturity of the Portfolio.

The portfolio is deploying adequately with all three funds continuing to deploy capital by developing and building the projects and platforms in their portfolios. Furthermore, Copenhagen IV committed to two new projects: a 500MW onshore wind project in Canada and a 400MW offshore wind project in South Korea.

Deployment into new renewables opportunities up to our standards continues to be difficult. StepStone continues to screen new opportunities, and DD is advanced on SDCL, a London based manager which focuses on energy efficiency and decentralised demand driven solutions. We are also considering energy co-investments with generalist funds which may fit within our Renewables mandate (district heating, renewables development platforms, smart meters).

Stepstone and the Brunel team are also studying potential solutions to address the difficulties to invest the Cycle II Renewables mandate. All options are being considered and Brunel will revert to Clients with proposed next steps.

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Pension Partnership

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Oxfordshire Pension Fund

StepStone B II - Renewables - Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Renewables Funds											
StepStone B II - Renewables	2020	GBP	20,000,000	3,013,829	15.07%	2,969,130	190,869	3,159,999	0.06x	1.05x	4.74%
Global, Infrastructure,											
Total Portfolio			**20,000,000**	**3,013,829**	**15.07%**	**2,969,130**	**190,869**	**3,159,999**	**0.06x**	**1.05x**	**4.74%**

StepStone B II - Renewables - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Renewables Funds											
StepStone B II - Renewables	2020	GBP	20,000,000	3,013,829	15.07%	2,969,130	190,869	3,159,999	0.06x	1.05x	4.74%
Global, Infrastructure,											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

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Quarterly Report Overview

Oxfordshire Pension Fund

StepStone B II - Renewables - Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
StepStone B II - Renewables Underlying Funds											
Brookfield IV Renewable Sidecar *Global, Core Plus*	2020	USD	1,129,639	530,888	47.00%	471,681	83,028	554,709	0.16x	1.04x	6.92%
Capital Dynamics Clean Energy Infrastructure Investors X, SCSp *United States, Value Added*	2020	USD	1,457,950	1,422,152	97.54%	1,500,159	77,005	1,577,164	0.05x	1.11x	10.50%
Centinela Funding *United States, Co-Investment*	2020	USD	762,393	762,393	100.00%	796,237	124,199	920,437	0.16x	1.21x	20.10%
Copenhagen Infrastructure IV *Global, Core*	2020	EUR	2,020,457	307,535	15.22%	277,971	-	277,971	-	0.90x	(17.45%)
Total Portfolio			**5,370,438**	**3,022,968**	**56.29%**	**3,046,048**	**284,232**	**3,330,280**	**0.09x**	**1.10x**	

StepStone B II - Renewables - Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
StepStone B II - Renewables Underlying Funds											
Brookfield IV Renewable Sidecar *Global, Core Plus*	2020	USD	1,538,462	727,565	47.29%	638,278	112,523	750,801	0.15x	1.03x	4.92%
Capital Dynamics Clean Energy Infrastructure Investors X, SCSp *United States, Value Added*	2020	USD	1,890,598	1,842,158	97.44%	2,030,015	105,151	2,135,166	0.06x	1.16x	15.45%
Centinela Funding *United States, Co-Investment*	2020	USD	1,019,461	1,019,461	100.00%	1,077,468	170,181	1,247,649	0.17x	1.22x	21.48%
Copenhagen Infrastructure IV *Global, Core*	2020	EUR	2,393,162	355,642	14.86%	330,647	-	330,647	-	0.93x	(12.92%)

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Please note:
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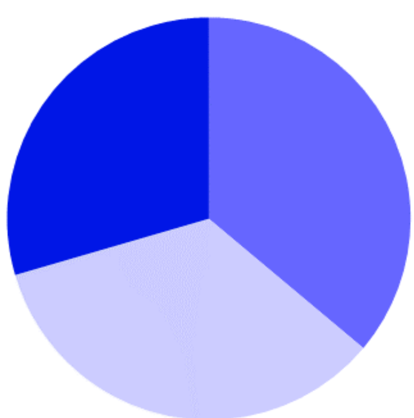
Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 1)	December 31 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	100,000,000
Total Commitments to Portfolio Investments	97,606,964
As a percentage of Total Commitments to Brunel Portfolio	97.61%
Amount Called	40,016,968
As a percentage of Total Committed to Portfolio Investments	41.00%
Number of Fund Investments	7

Performance	All figures unless otherwise stated are in GBP
Amount Called	40.02 million
Amount Distributed	4.04 million
Unrealised Value	48.69 million
Total Value	52.73 million
DPI	0.10x
TVPI	1.32x
IRR	24.00%

Strategy Level

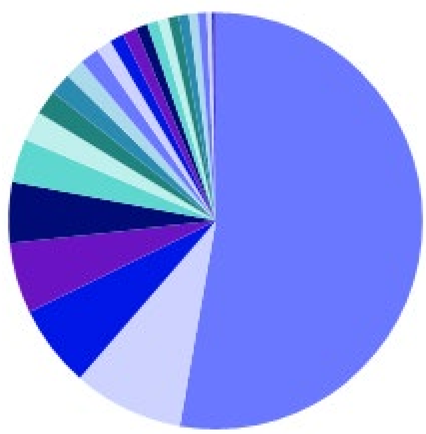
Commitment to Portfolio



Co-investment	36.1 %
Primary	34.4 %
Secondaries	29.5 %

Country

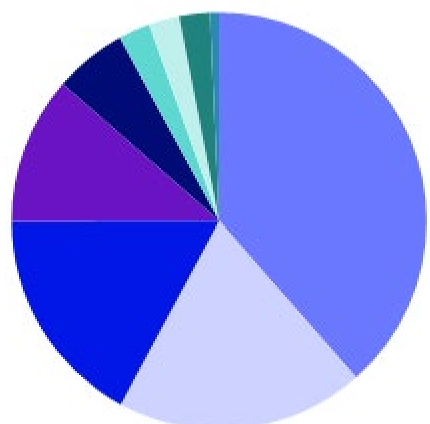
Invested in Underlying Investments



United States	52.8 %	Singapore	1.1 %
France	8.6 %	Global	1.1 %
United Kingdom	6.4 %	Poland	0.9 %
Western Europe	5.5 %	Asia/Pacific	0.9 %
Italy	4.7 %	Portugal	0.8 %
China	3.4 %	Belgium	0.8 %
Canada	2.3 %	USA/Western Europe	0.8 %
Germany	1.9 %	Japan	0.7 %
Spain	1.7 %	Denmark	0.7 %
Luxembourg	1.5 %	Norway	0.4 %
Netherlands	1.5 %	Ireland	0.2 %
India	1.2 %	Australia	0.1 %

GICS Level 1

Invested in Underlying Investments



Financials	38.5 %
Information Technology	19.3 %
Health Care	17.1 %
Consumer Discretionary	11.5 %
Consumer Staples	5.6 %
Industrials	2.5 %
Energy	2.4 %
Materials	2.4 %
Telecommunication Services	0.7 %

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Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 1) Commentary

As of December 2021, the drawdown of Cycle 1 increased slightly from the previous quarter, approximately 40% of the committed capital has been drawn. Cycle 1 is still in the investment phase, but the portfolio has performed well in terms of multiple and net IRR.

Some of the earlier funds in Cycle 1 are starting to develop and have shown exits even at this early stage, which is encouraging. This is in addition to the Secondaries funds, which by their nature are expected to provide early liquidity. For example, Neuberger Berman (NB) PE Impact Fund had 1 full exit and 1 partial exit, realizing 3.1x and 3.3x MOIC respectively. In addition, NB Strategic Co-Investment Fund IV are expecting 5 near term liquidity events from the ~20 co-investments it has made.

Generally, Cycle 1 PE experienced less impact from Covid-19 with only some underlying portfolio companies affected in the short term. This is largely due to Cycle 1 only beginning to put capital to work when the pandemic started.

The GPs in Cycle 1 are actively investing and currently funding their investments through short term fund credit facilities. Most are expected to make capital calls throughout 2022. Overall, all the private equity funds in Cycle 1 are now successfully closed and in full deployment mode.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Ardian LBO Fund 07 A *Europe/North America, Buyout,*	2019	EUR	10,881,371	4,827,608	44.37%	4,902,453	524,598	5,427,051	0.11x	1.12x	8.81%
Summit Europe Growth 03 *Western Europe, Growth,*	2020	EUR	4,572,272	1,481,928	32.41%	1,421,730	-	1,421,730	-	0.96x	(8.66%)
Vespa Capital 03 *United Kingdom, Buyout,*	2020	GBP	9,000,000	1,258,289	13.98%	1,306,435	-	1,306,435	-	1.04x	6.15%
Subtotal:			24,453,643	7,567,825	30.95%	7,630,618	524,598	8,155,216	0.07x	1.08x	7.14%
Secondaries Funds											
AlpInvest Secondaries 07 *Global, Secondaries,*	2020	USD	10,417,604	2,200,789	21.13%	1,995,373	367,419	2,362,792	0.17x	1.07x	31.08%
Capital Dynamics Global Secondaries V (Feeder) *Global, Secondaries,*	2018	USD	18,355,197	11,244,386	61.26%	16,086,635	1,187,516	17,274,150	0.11x	1.54x	29.30%
Subtotal:			28,772,801	13,445,175	46.73%	18,082,008	1,554,935	19,636,942	0.12x	1.46x	29.34%
Co-Investment Funds											
NB PE Impact Fund *Global, Co-Investment,*	2018	USD	22,982,415	11,960,261	52.04%	12,967,315	1,964,839	14,932,153	0.16x	1.25x	16.92%
NB SCIOP IV *Global, Co-Investment,*	2019	USD	21,398,105	7,043,707	32.92%	10,005,973	-	10,005,973	-	1.42x	49.50%
Subtotal:			44,380,520	19,003,968	42.82%	22,973,288	1,964,839	24,938,127	0.10x	1.31x	24.81%
Total Portfolio			**97,606,964**	**40,016,968**	**41.00%**	**48,685,914**	**4,044,372**	**52,730,285**	**0.10x**	**1.32x**	**24.00%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Ardian LBO Fund 07 A *Europe/North America, Buyout,*	2019	EUR	12,700,000	5,492,081	43.24%	5,831,467	614,783	6,446,251	0.11x	1.17x	12.29%
Summit Europe Growth 03 *Western Europe, Growth,*	2020	EUR	5,400,000	1,724,036	31.93%	1,691,148	-	1,691,148	-	0.98x	(4.15%)
Vespa Capital 03 *United Kingdom, Buyout,*	2020	GBP	9,000,000	1,258,289	13.98%	1,306,435	-	1,306,435	-	1.04x	6.15%
Secondaries Funds											
AlpInvest Secondaries 07 *Global, Secondaries,*	2020	USD	14,100,000	2,979,208	21.13%	2,700,138	491,839	3,191,977	0.17x	1.07x	29.43%
Capital Dynamics Global Secondaries V (Feeder) *Global, Secondaries,*	2018	USD	24,400,000	14,776,695	60.56%	21,768,434	1,620,114	23,388,548	0.11x	1.58x	32.00%
Co-Investment Funds											
NB PE Impact Fund *Global, Co-Investment,*	2018	USD	30,300,000	15,453,000	51.00%	17,547,370	2,727,000	20,274,370	0.18x	1.31x	21.25%
NB SCIOP IV *Global, Co-Investment,*	2019	USD	29,000,000	9,575,629	33.02%	13,540,083	-	13,540,083	-	1.41x	49.81%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

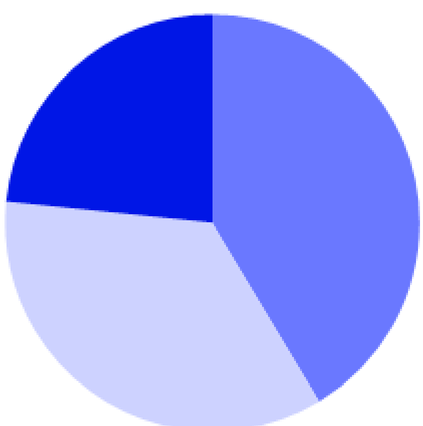
Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 2)	December 31 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	70,000,000
Total Commitments to Portfolio Investments	48,468,455
As a percentage of Total Commitments to Brunel Portfolio	69.24%
Amount Called	9,763,166
As a percentage of Total Committed to Portfolio Investments	20.14%
Number of Fund Investments	10

Performance	All figures unless otherwise stated are in GBP
Amount Called	9.76 million
Amount Distributed	0.00 million
Unrealised Value	10.85 million
Total Value	10.85 million
DPI	0.00x
TVPI	1.11x
IRR	39.54%

Strategy Level

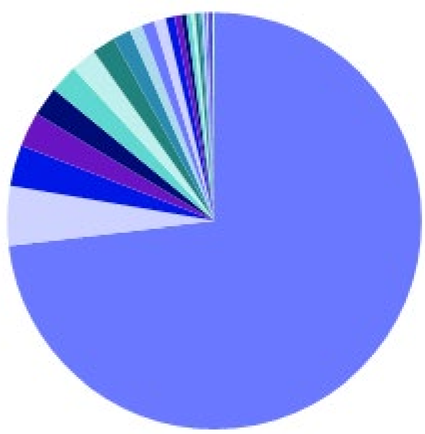
Commitment to Portfolio



Primary	41.4 %
Secondaries	35.2 %
Co-investment	23.4 %

Country

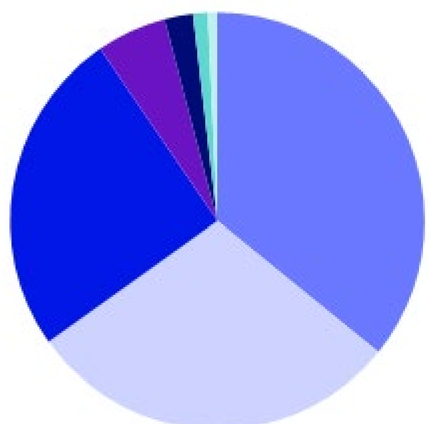
Invested in Underlying Investments



United States	73.1 %	Nordic	0.4 %
Israel	4.6 %	Belgium	0.4 %
Western Europe	3.2 %	Norway	0.3 %
Global	2.7 %	Brazil	0.3 %
Spain	2.3 %	Australia	0.2 %
USA/Western Europe	2.2 %	Other	0.2 %
India	2.0 %	Netherlands	0.2 %
United Kingdom	1.8 %	Singapore	0.1 %
Germany	1.4 %	Eastern Europe	0.1 %
France	1.0 %	Bahamas	0.1 %
Asia/Pacific	1.0 %	Canada	0.1 %
Denmark	0.9 %	Greece	0.1 %
China	0.7 %	Ireland	0.1 %
Cayman Islands	0.5 %		

GICS Level 1

Invested in Underlying Investments



Financials	35.8 %
Information Technology	29.3 %
Consumer Discretionary	25.3 %
Industrials	5.5 %
Materials	2.2 %
Health Care	1.2 %
Consumer Staples	0.7 %

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 2) Commentary

Cycle 2 started in June 2020. As of December 2021, it had committed to 10 funds, which represent about 2/3 of total allocation. Out of the 10 funds, 8 funds have started investing. The other 2 funds are recent commitments that have not been activated yet. Nonetheless, the total drawdown of Cycle 2 stood at 20%. It is worth noting that the total capital deployed was higher due to funds using credit facilities to fund investments.

18 months into the program, Cycle 2 has made great progress in terms of fund commitments made and the quality of the GPs that have accepted Brunel Clients into their funds. While still early, the performance is encouraging. The portfolio is well above cost at this early stage, with no j-curve since inception. This is largely due to the 2 secondaries funds (LGT and Montana) that we committed to at the start the PE program. Both have early successes to show and are performing well.

In terms of new investments in Q4 2021, Cycle 2 committed to Summa Equity III. Summa Equity III is a Nordic Impact fund that seeks to invest in key themes to address global challenges.

Going forward, we expect more funds to start calling capital as they pay down the credit facilities that they used to fund the investments, which were made 6-12 months ago.

Brunel is fully focused on committing all Client capital to funds before the end of March 2022. Four more primary funds are in due diligence with a view to completing commitments before the deadline.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Genstar X (EU) *United States, Buyout,*	2021	USD	2,924,519	330,577	11.30%	299,793	-	299,793	-	0.91x	(86.63%)
Inflexion Buyout VI *Western Europe, Buyout,*	2021	GBP	4,380,000	-	0.00%	-	-	-	-	-	-%
Insight Partners XII *Global, Growth,*	2021	USD	4,022,598	1,392,491	34.62%	1,395,211	-	1,395,211	-	1.00x	0.62%
New Mountain 06 *United States, Buyout,*	2020	USD	4,158,684	976,759	23.49%	962,919	629	963,548	-	0.99x	(3.65%)
Summa Equity 03 *Western Europe, Buyout,*	2021	EUR	4,606,978	-	0.00%	-	-	-	-	-	-%
Subtotal:			20,092,778	2,699,828	13.44%	2,657,923	629	2,658,553	-	0.98x	(5.01%)
Secondaries Funds											
Insight Partners X Follow-On *Global, Secondaries,*	2021	USD	4,007,899	2,592,402	64.68%	2,880,493	-	2,880,493	-	1.11x	29.21%
LGT Crown Global Secondaries V *Global, Secondaries,*	2020	USD	8,336,257	1,928,690	23.14%	2,752,397	-	2,752,397	-	1.43x	128.51%
Montana Capital Partners OSP V *Global, Secondaries,*	2020	EUR	4,754,969	296,389	6.23%	580,910	-	580,910	-	1.96x	2489.15%
Subtotal:			17,099,125	4,817,481	28.17%	6,213,800	-	6,213,800	-	1.29x	88.68%
Co-Investment Funds											
AlpInvest Co-Investment 08 *Global, Co-Investment,*	2021	USD	10,443,128	2,090,779	20.02%	1,822,237	-	1,822,237	-	0.87x	(59.05%)
Genstar X Opportunities Fund *North America, Co-Investment,*	2021	USD	833,424	155,078	18.61%	156,166	-	156,166	-	1.01x	2.29%
Subtotal:			11,276,551	2,245,857	19.92%	1,978,403	-	1,978,404	-	0.88x	(53.77%)
Total Portfolio			**48,468,455**	**9,763,166**	**20.14%**	**10,850,126**	**629**	**10,850,756**	**-**	**1.11x**	**39.54%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Genstar X (EU) *United States, Buyout,*	2021	USD	3,950,000	439,878	11.14%	405,680	-	405,680	-	0.92x	(80.88%)
Inflexion Buyout VI *Western Europe, Buyout,*	2021	GBP	4,380,000	-	0.00%	-	-	-	-	-	-%
Insight Partners XII *Global, Growth,*	2021	USD	5,480,000	1,921,013	35.05%	1,887,999	-	1,887,999	-	0.98x	(5.37%)
New Mountain 06 *United States, Buyout,*	2020	USD	5,650,000	1,344,218	23.79%	1,303,022	884	1,303,906	-	0.97x	(7.91%)
Summa Equity 03 *Western Europe, Buyout,*	2021	EUR	5,480,000	-	0.00%	-	-	-	-	-	-%
Secondaries Funds											
Insight Partners X Follow-On *Global, Secondaries,*	2021	USD	5,480,000	3,564,977	65.05%	3,897,883	-	3,897,883	-	1.09x	24.11%
LGT Crown Global Secondaries V *Global, Secondaries,*	2020	USD	11,290,000	2,619,280	23.20%	3,724,544	-	3,724,544	-	1.42x	127.20%
Montana Capital Partners OSP V *Global, Secondaries,*	2020	EUR	5,650,000	346,519	6.13%	690,992	-	690,992	-	1.99x	2652.38%

Quarterly Report Overview

Oxfordshire Pension Fund

Co-Investment Funds											
AlpInvest Co-Investment 08	2021	USD	14,110,000	2,807,602	19.90%	2,465,852	-	2,465,852	-	0.88x	(56.92%)
Global, Co-Investment,											
Genstar X Opportunities Fund	2021	USD	1,130,000	212,063	18.77%	211,324	-	211,324	-	1.00x	(1.13%)
North America, Co-Investment,											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Quarterly Report Overview

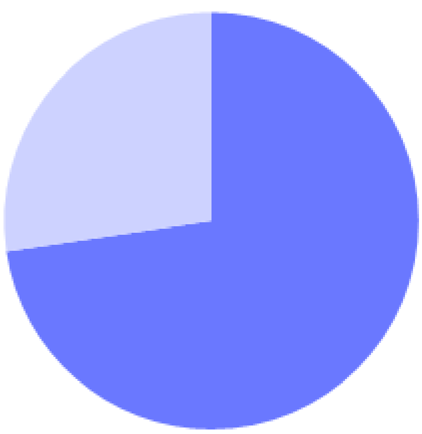
Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 1)	December 31 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	60,000,000
Total Commitments to Portfolio Investments	60,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	60,102,683
As a percentage of Total Committed to Portfolio Investments	100.17%
Number of Fund Investments	3

Performance	All figures unless otherwise stated are in GBP
Amount Called	60.10 million
Amount Distributed	1.23 million
Unrealised Value	64.38 million
Total Value	65.62 million
DPI	0.02x
TVPI	1.09x
IRR	8.26%

Strategy Level

Commitment to Portfolio



■	Long Lease Property	72.7 %
■	Operating Infrastructure	27.3 %

Country

Invested in Underlying Investments

■	United Kingdom	100.0 %

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 1) Commentary

The M&G Secured Income Property Fund's total returns over the quarter were strong, driven primarily by capital growth (yield compression and rent reviews) from the Supermarket, office and student accommodation sectors, as well as ground rents.

M&G SPIF acquired an Amazon distribution centre in Peterborough in December 2021 and remains under offer on an Edinburgh hotel and a ground rent portfolio. North Wharf Gardens, the Paddington hotel/aparthotel development, also reached Practical Completion in December, achieving a BREEAM New Construction rating of 'Excellent'.

ASI LLP performed strongly over the quarter, the polarisation of returns across the sectors continued. The fund's London and SE Industrial, Supermarkets and Student Accommodation assets were accretive to performance, these sectors are benefitting from strong capital growth as a result of further yield compression and strong investor demand.

The only sector to record negative growth over the quarter was the Leisure sector, where values fell by -0.38%, all due to a write down of -1.33% on a London asset, reflecting the continued headwinds faced by the Leisure sector with restrictions disrupting trade in late 2021. ASI anticipate this sector will rebound strongly once restrictions lift.

In Q4-21, Greencoat GRI agreed to acquire an interest in the Burbo Bank Extension offshore windfarm, another co-investment with Greencoat UK Wind (UKW). UKW will acquire a net 15.7% stake and the remaining 9.3% stake will be acquired by GRI. Burbo Bank Extension is located four miles north of the Wirral in North-West England. It was commissioned in July 2017, comprises 32 Vestas turbines and has a grid capacity of 258MW. This represents GRI's second offshore wind asset, the first being the Humber Gateway offshore wind farm off the east coast, so giving diversification by coastal weather system.

Over the quarter it was announced that Schroders agreed to acquire 75% of Greencoat Capital subject to regulatory approval. Greencoat will maintain a high level of operating autonomy with the same leadership team, investment independence and distinctive culture. They hope to deliver better Client service through leveraging Schroders operational robustness, reporting platform and ESG capabilities.

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Long Lease Property Funds											
ASI Long Lease Property Managed Fund *United Kingdom, Long Lease Property,*	2003	GBP	22,000,000	22,000,000	100.00%	24,059,643	-	24,059,643	-	1.09x	8.44%
M&G Secured Property Income Fund *United Kingdom, Long Lease Property,*	2007	GBP	21,600,000	21,718,915	100.55%	22,801,231	207,552	23,008,783	0.01x	1.06x	12.01%
Subtotal:			43,600,000	43,718,915	100.27%	46,860,874	207,552	47,068,426	-	1.08x	9.50%
Operating Infrastructure Funds											
Greencoat Renewable Income *United Kingdom, Operating Infrastructure Eq,*	2019	GBP	16,400,000	16,383,769	99.90%	17,521,832	1,026,779	18,548,611	0.06x	1.13x	6.90%
Subtotal:			16,400,000	16,383,769	99.90%	17,521,832	1,026,779	18,548,611	0.06x	1.13x	6.90%
Total Portfolio			**60,000,000**	**60,102,683**	**100.17%**	**64,382,706**	**1,234,331**	**65,617,037**	**0.02x**	**1.09x**	**8.26%**

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 2)	December 31 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	40,000,000
Total Commitments to Portfolio Investments	40,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	27,998,615
As a percentage of Total Committed to Portfolio Investments	70.00%
Number of Fund Investments	3

Performance	All figures unless otherwise stated are in GBP
Amount Called	28.00 million
Amount Distributed	0.14 million
Unrealised Value	29.20 million
Total Value	29.34 million
DPI	0.01x
TVPI	1.05x
IRR	9.44%

Strategy Level

Commitment to Portfolio

Long Lease Property	60.0 %
Operating Infrastructure	40.0 %

Country

Invested in Underlying Investments

United Kingdom	100.0 %

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 2) Commentary

The M&G Secured Income Property Fund's total returns over the quarter were strong, driven primarily by capital growth (yield compression and rent reviews) from the Supermarket, office and student accommodation sectors, as well as ground rents.

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ASI LLP performed strongly over the quarter, the polarisation of returns across the sectors continued. The fund's London and SE Industrial, Supermarkets and Student Accommodation assets were accretive to performance, these sectors are benefitting from strong capital growth as a result of further yield compression and strong investor demand.

The only sector to record negative growth over the quarter was the Leisure sector, where values fell by -0.38%, all due to a write down of -1.33% on a London asset, reflecting the continued headwinds faced by the Leisure sector with restrictions disrupting trade in late 2021. ASI anticipate this sector will rebound strongly once restrictions lift.

In Q4-21, Greencoat GRI agreed to acquire an interest in the Burbo Bank Extension offshore windfarm, another co-investment with Greencoat UK Wind (UKW). UKW will acquire a net 15.7% stake and the remaining 9.3% stake will be acquired by GRI. Burbo Bank Extension is located four miles north of the Wirral in North-West England. It was commissioned in July 2017, comprises 32 Vestas turbines and has a grid capacity of 258MW. This represents GRI's second offshore wind asset, the first being the Humber Gateway offshore wind farm off the east coast, so giving diversification by coastal weather system.

Over the quarter it was announced that Schroders agreed to acquire 75% of Greencoat Capital subject to regulatory approval. Greencoat will maintain a high level of operating autonomy with the same leadership team, investment independence and distinctive culture. They hope to deliver better Client service through leveraging Schroders operational robustness, reporting platform and ESG capabilities.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Operating Infrastructure Funds											
Greencoat Renewable Income *United Kingdom, Operating Infrastructure Eq,*	2019	GBP	16,000,000	15,998,615	99.99%	16,275,061	140,307	16,415,368	0.01x	1.03x	7.95%
Subtotal:			16,000,000	15,998,615	99.99%	16,275,061	140,307	16,415,368	0.01x	1.03x	7.95%
Long Lease Property Funds											
ASI Long Lease Property Managed Fund *United Kingdom, Long Lease Property,*	2003	GBP	12,000,000	12,000,000	100.00%	12,920,854	-	12,920,854	-	1.08x	10.31%
M&G Secured Property Income Fund *United Kingdom, Long Lease Property,*	2007	GBP	12,000,000	-	0.00%	-	-	-	-	-	-%
Subtotal:			24,000,000	12,000,000	50.00%	12,920,854	-	12,920,854	-	1.08x	10.31%
Total Portfolio			**40,000,000**	**27,998,615**	**70.00%**	**29,195,915**	**140,307**	**29,336,221**	**0.01x**	**1.05x**	**9.44%**

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Debt (Cycle 2)	December 31 2021
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	70,000,000
Total Commitments to Portfolio Investments	70,000,000
As a percentage of Total Commitments to Brunel Portfolio	100.00%
Amount Called	12,189,313
As a percentage of Total Committed to Portfolio Investments	17.41%
Number of Fund Investments	1

Performance	All figures unless otherwise stated are in GBP
Amount Called	12.19 million
Amount Distributed	0.10 million
Unrealised Value	12.20 million
Total Value	12.31 million
DPI	0.01x
TVPI	1.01x
IRR	6.87%

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Debt (Cycle 2) Commentary

The Brunel Private Debt Portfolio (Cycle II) is now fully committed. The final portfolio comprises of seven funds: ICG Senior Debt Partners IV, Neuberger Berman Private Debt IV, Crescent Direct Lending Fund III, Bridgepoint Direct Lending III, Barings Global Private Loan Fund IV, Ardian Private Debt V and HPS Core Senior Lending Fund II.

In December, Clients received the second capital call for a combined ~£90m. Q4 proved to be a very busy quarter fuelled by buoyant private equity activity. Deployment was strong across the board. At quarter-end, ICG had called ~30% of commitments, Neuberger Berman ~50%, Crescent ~20% and HPS ~10%. At an aggregate level, the portfolio's loan book is ramping-up nicely, with over one hundred loans so far. Activity has been focused on high quality sectors such as software, healthcare, payment infrastructure and consumer goods. Loan book performance is generally inline or ahead of expectations.

During Q4, primary fund commitments were confirmed into Barings Global Private Loan Fund IV (£125m), Ardian Private Debt V (£125m) and HPS Core Senior Lending Fund II ($200m). More detail about these funds is set out below.

Barings Global Private Loan Fund IV will seek to achieve its investment objective primarily through investment in global private loans with a focus on senior, unitranche and 2nd lien loans to middle-market/lower-middle-market, sponsor-backed corporates. The Fund will target investments in North America (40-65%), Europe (30-45%) and Asia Pacific (5-20%). A global approach means that the manager is able to make relative value decisions by region and tilt exposure towards the best risk-adjusted opportunities. This is a standout feature of the Fund as is the small allocation to Asia Pacific (read Australia/New Zealand).

Ardian was formed in 2013 when Management successfully concluded the spinout from parent AXA Group. Today Ardian is majority owned by its employees. The Private Debt Team consists of 18 dedicated professionals based in Paris, London and Frankfurt. The team is headed by Mark Brenke who has over 20 years of industry experience. The strategy targets investment opportunities in the European middle-market. Ardian seeks sponsor-backed companies that have leading market positions, with strong management teams in resilient/defensive sectors. The strategy is majority senior/unitranche focused, with a ~20% limit on subordinated debt. Ardian has an emphasis on control and looks to be sole lender or majority holder of each debt tranche.

HPS Core Senior Lending Fund II targets first lien senior secured investments to middle-market and upper-middle-market borrowers. HPS is a scaled player at the larger-end of the direct lending market where there are fewer competitors. HPS has an emphasis on control and has historically been lead arranger on over 80% of deals. Approximately 50%+ of the aggregate capital is expected to be invested in North America and the remainder is expected to be invested in Europe and Australia/New Zealand.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Corporate Direct Lending Funds											
Private Debt Portfolio Cycle II	2021	GBP	70,000,000	12,189,313	17.41%	12,203,818	101,184	12,305,002	0.01x	1.01x	6.87%
Global, Private Debt,											
Subtotal:			70,000,000	12,189,313	17.41%	12,203,818	101,184	12,305,002	0.01x	1.01x	6.87%
Total Portfolio			**70,000,000**	**12,189,313**	**17.41%**	**12,203,818**	**101,184**	**12,305,002**	**0.01x**	**1.01x**	**6.87%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Corporate Direct Lending Funds											
Private Debt Portfolio Cycle II	2021	GBP	70,000,000	12,189,313	17.41%	12,203,818	101,184	12,305,002	0.01x	1.01x	6.87%
Global, Private Debt,											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Summary (GBP)

Fund Name	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Private Debt Portfolio Cycle II Underlying Funds											
Ardian Private Debt V	2021	GBP	9,259,259	-	0.00%	-	-	-	-	-	-%
Western Europe, Private Debt											
Barings Global Private Loan Fund IV	2021	GBP	9,259,259	-	0.00%	-	-	-	-	-	-%
Global, Private Debt											
Bridgepoint Direct Lending III	2021	EUR	9,340,993	-	0.00%	-	-	-	-	-	-%
Western Europe, Private Debt											
Crescent Direct Lending Fund 03	2021	USD	6,835,924	1,413,631	20.68%	1,419,743	-	1,419,743	-	1.00x	2.68%
North America, Private Debt											
HPS Core Senior Lending Fund 02	2021	USD	10,954,645	726,695	6.63%	720,036	-	720,036	-	0.99x	(34.30%)
Global, Private Debt											
ICG Senior Debt Partners IV	2020	GBP	12,222,222	4,041,050	33.06%	4,126,777	101,191	4,227,969	0.03x	1.05x	12.47%
Western Europe, Private Debt											
NB Private Debt IV	2021	USD	12,048,156	6,026,782	50.02%	6,096,989	23,982	6,120,972	-	1.02x	8.47%
North America, Private Debt											
Subtotal:			69,920,459	12,208,159	17.46%	12,363,545	125,174	12,488,719	0.01x	1.02x	
Total Portfolio			**69,920,459**	**12,208,159**	**17.46%**	**12,363,545**	**125,174**	**12,488,719**	**0.01x**	**1.02x**	

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
Private Debt Portfolio Cycle II Underlying Funds											
Ardian Private Debt V	2021	GBP	9,259,259	-	0.00%	-	-	-	-	-	-%
Western Europe, Private Debt											
Barings Global Private Loan Fund IV	2021	GBP	9,259,259	-	0.00%	-	-	-	-	-	-%
Global, Private Debt											
Bridgepoint Direct Lending III	2021	EUR	11,111,111	-	0.00%	-	-	-	-	-	-%
Western Europe, Private Debt											
Crescent Direct Lending Fund 03	2021	USD	9,259,259	1,921,812	20.76%	1,921,196	-	1,921,196	-	1.00x	(0.20%)
North America, Private Debt											
HPS Core Senior Lending Fund 02	2021	USD	14,814,815	974,353	6.58%	974,353	-	974,353	-	1.00x	-%
Global, Private Debt											
ICG Senior Debt Partners IV	2020	GBP	12,222,222	4,041,050	33.06%	4,126,777	101,191	4,227,969	0.03x	1.05x	12.47%
Western Europe, Private Debt											
NB Private Debt IV	2021	USD	16,296,296	8,148,148	50.00%	8,250,446	32,170	8,282,616	-	1.02x	8.81%
North America, Private Debt											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Please note:
The above figures were included at Clients' request to breakdown the performance of the fund. They are based on cash-adjusted, roll-forward NAV estimates, using underlying GP communications, which means they will differ from the main summary table owing to the lag in Brunel receiving the formal valuation report up to 120 days post Quarter end.

Quarterly Report Overview

Oxfordshire Pension Fund

Client Name:	**Oxfordshire Pension Fund**
Fund Name:	**Brunel - UK Property**
End Date:	**31 December 2021**

Brunel - UK Property Overview	December 31 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	150,000,000
Current Value	161,081,126
Drawdowns Outstanding	11,505,000
Number of Fund Investments	18

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - UK Property Commentary

Over the last quarter, a small part of Oxfordshire's holding in USAF was sold, as Brunel reweights Clients' portfolios away from that particular student accommodation fund, following its strong performance over the last ten years. Exposure to Columbia Threadneedle Property Unit Trust (TPUT) and CBRE UK Property PAIF was increased to bring those two holdings up to model weight.

Performance returns over the last year have been exceptional in the case of Brunel's selected UK diversified funds, with most showing mid-teen total returns. Industrial has retained its position as an outstanding sector, with LGIM's Industrial Property Investment Fund (IPIF) recording an over 20% total return in 2021.

In addition, the recovery in the retail warehouse sector has boosted the total return from the Nuveen UK Retail Warehouse Fund to over 20% in 2021.

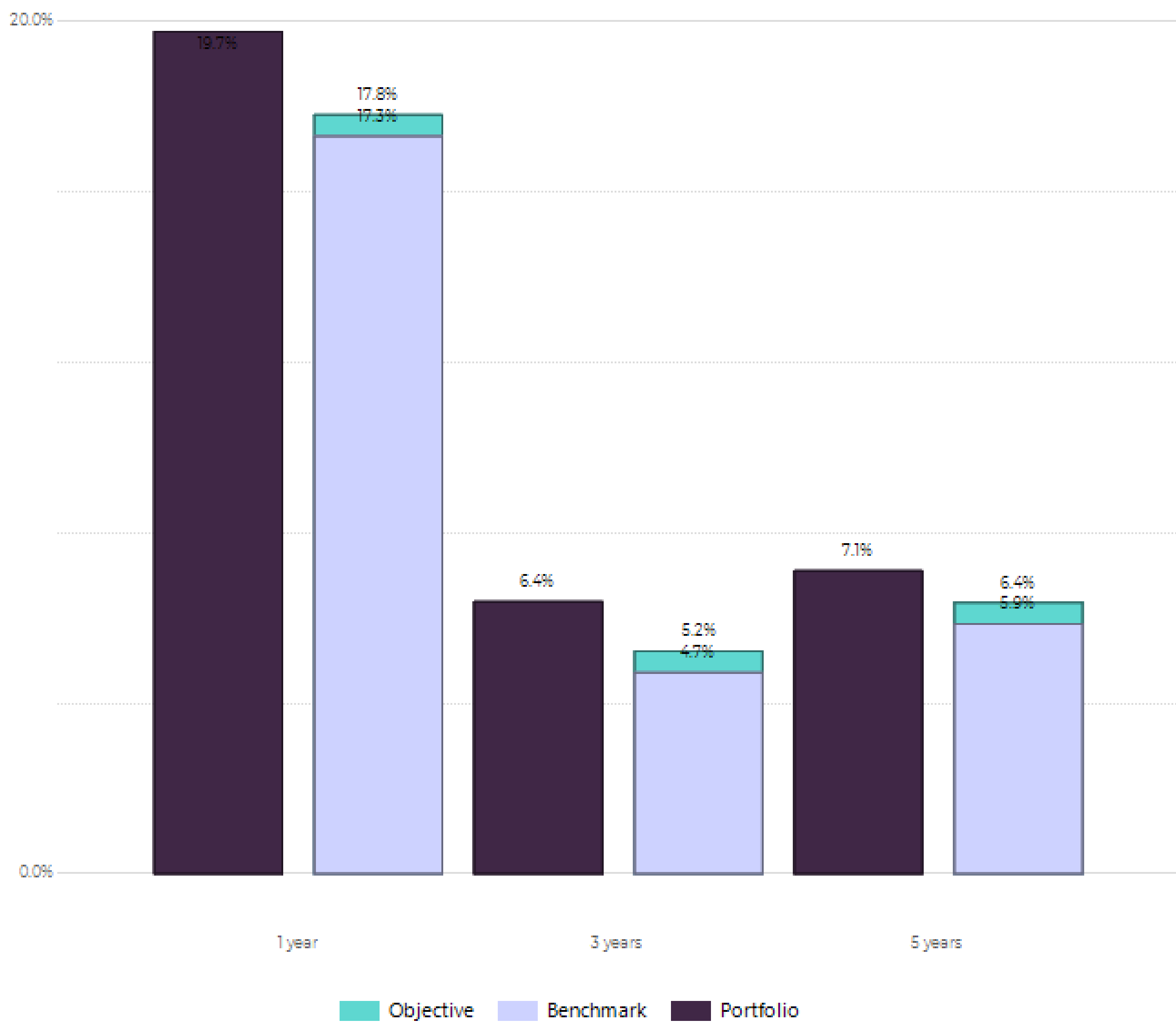
BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Performance

Client Name:	**Oxfordshire Pension Fund**
Fund Name:	**Brunel - UK Property**
End Date:	**31 December 2021**



BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 31 December 2021

Brunel - International Property Overview	December 31 2021 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	41,000,000
Current Value	28,793,642
Drawdowns Outstanding	4,443,934
Number of Fund Investments	6

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - International Property Commentary

After the shock Covid-19 recession of 2020, global economic growth bounced back in 2021 Earnings rose more than was forecast, and the prospect of monetary tightening emerged with inflation proving less transitory than hoped. Global disrupted supply chains are adding to the costs of goods and distribution. Also, there is a fundamental reassessment of work, which is adding to wage costs in some services sectors, most notably in the U.S. Rising inflation may prompt a reduction in stimulus and higher funding costs.

The new market environment is shaping up differently. More time at home has prompted a much greater propensity to shop, work and play online, patterns that may not fully unwind, to the benefit of multifamily, logistics and digital networks and to the relative detriment of retail, office and transport segments.

Brunel are finalising commitments to a core Asia Pacific diversified fund, a second European diversified fund to complement the Blackstone core-plus fund and a core US diversified fund. The two US specialist alternative funds both made significant drawdowns in Q4-21, as Brunel continues to build out the international property portfolio.

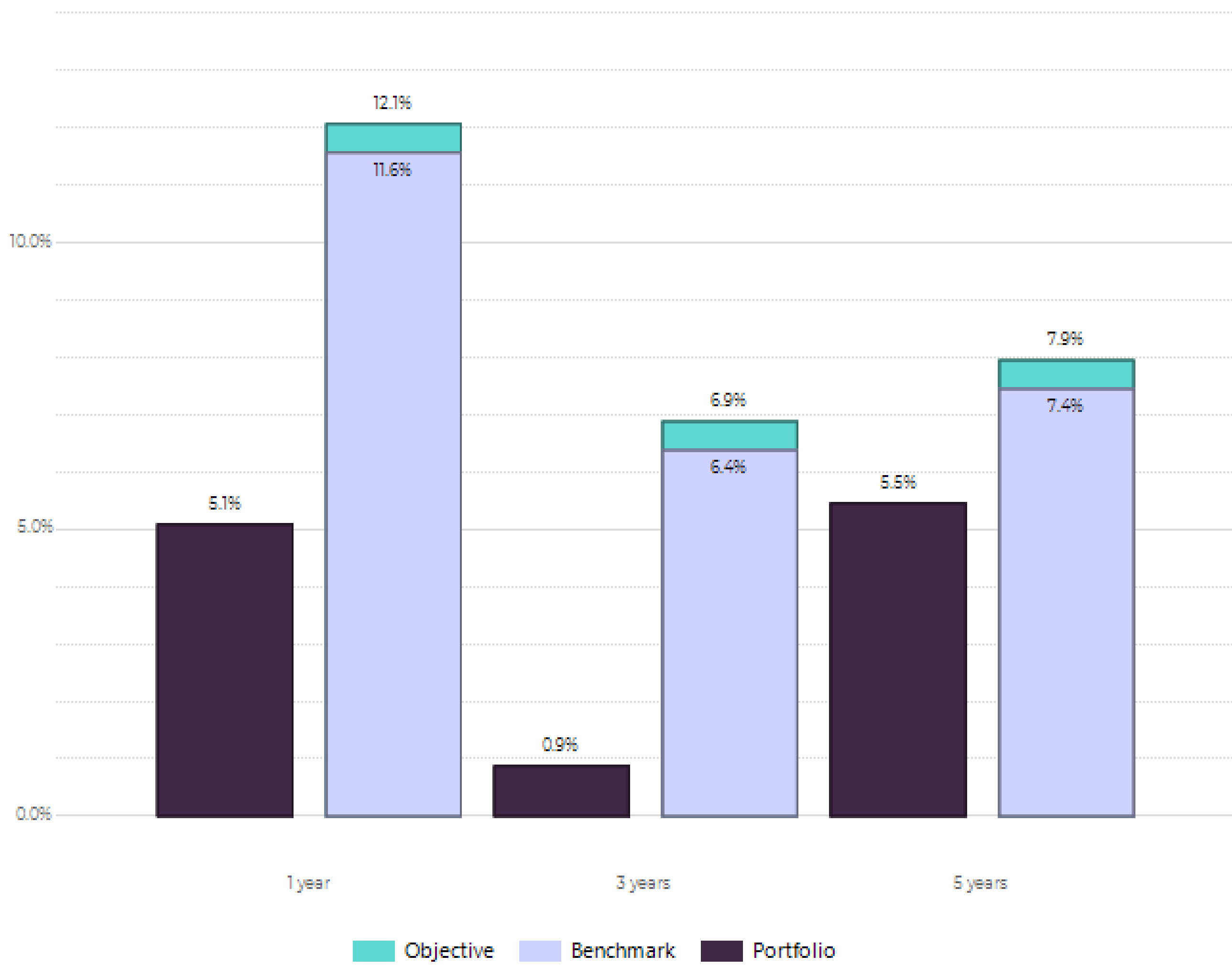
BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Performance

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - International Property
End Date: 31 December 2021



Please note that the Global Real Estate Fund Index is published later in the quarter. As such, the international property performance data is provided to the previous quarter.

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Detail

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

End Date: 31 December 2021

Holding	Country of Jurisdiction	Cost (GBP)	Market Value (GBP)	LTM Income (GBP)
Aviva Investors Pensions Ltd Property Fund B	United Kingdom	3,240,000	7,883,100	-
BlackRock UK Property Fund	Jersey	11,697,406	15,747,364	440,378
CBRE UK Property PAIF	United Kingdom	14,292,998	16,585,403	145,384
Columbia Threadneedle Pension Property Fund	United Kingdom	2,678,909	6,499,791	-
Threadneedle Property Unit Trust	Jersey	9,934,100	11,674,746	-
Hermes Property Unit Trust	United Kingdom	9,150,216	13,058,426	381,147
Industrial Property Investment Fund	United Kingdom	9,981,039	15,716,342	127,375
Lothbury Property Trust	Ireland	4,504,681	6,410,174	82,295
M&G UK Property Fund	United Kingdom	(1,290,083)	2,509,964	1,143,500
M&G UK Residential Property Fund	Luxembourg	5,000,000	5,000,000	-
Nuveen UK Property Fund	Jersey	3,002,108	3,712,832	59,204
Nuveen UK Retail Warehouse Fund	United Kingdom	5,394,887	2,171,674	182,086
Octopus Healthcare Fund	United Kingdom	-	-	-
Rockspring Hanover PUT	United Kingdom	9,371,456	10,727,256	476,414
PGIM UK Affordable Housing	Luxembourg	3,495,000	3,566,015	-
Schroder UK Real Estate Fund	United Kingdom	10,819,333	14,695,152	44,275
UBS Triton Property Unit Trust	United Kingdom	13,453,282	15,614,654	-
Unite UK Student Accommodation Fund	United Kingdom	7,584,158	9,508,233	523,210
		122,309,490	**161,081,126**	**3,605,268**

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Individual Fund Performance

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

End Date: 31 December 2021

Fund Name	Status	1 year	3 year	5 year
Aviva Investors Pensions Ltd Property Fund B	Current Investment	29.07%	8.99%	8.68%
BlackRock UK Property Fund	Current Investment	16.15%	4.81%	6.21%
CBRE UK Property PAIF	Current Investment	N/A	N/A	N/A
Columbia Threadneedle Pension Property Fund	Current Investment	21.64%	6.12%	6.89%
Hermes Property Unit Trust	Current Investment	18.05%	7.49%	8.42%
Industrial Property Investment Fund	Current Investment	40.37%	N/A	N/A
Lothbury Property Trust	Current Investment	14.16%	3.94%	5.79%
M&G UK Property Fund	Current Investment	12.09%	0.04%	3.80%
M&G UK Residential Property Fund	Current Investment	N/A	N/A	N/A
Nuveen UK Property Fund	Current Investment	16.29%	4.51%	7.30%
Nuveen UK Retail Warehouse Fund	Current Investment	39.29%	-14.06%	-9.03%
Octopus Healthcare Fund	Current Investment	N/A	N/A	N/A
PGIM UK Affordable Housing	Current Investment	N/A	N/A	N/A
Rockspring Hanover PUT	Current Investment	16.72%	5.35%	7.63%
Schroder UK Real Estate Fund	Current Investment	12.51%	4.11%	5.75%
Threadneedle Property Unit Trust	Current Investment	23.25%	7.40%	7.86%
UBS Triton Property Unit Trust	Current Investment	20.18%	8.47%	8.81%
Unite UK Student Accommodation Fund	Current Investment	8.04%	2.99%	5.09%

Quarterly Report Overview

Oxfordshire Pension Fund

Investment Activity

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

Start Date: 01 October 2021

End Date: 31 December 2021

Acquisitions

Date	Investment	Currency	Acquisition Amount GBP
30 November 2021	Threadneedle Property Unit Trust	GBP	4,285,179
01 December 2021	CBRE UK Property PAIF	GBP	3,500,951
07 December 2021	PGIM UK Affordable Housing	GBP	420,000
31 December 2021	Threadneedle Property Unit Trust	GBP	2,000,140
31 December 2021	M&G UK Residential Property Fund	GBP	5,000,000
TOTAL:			**15,206,269**

Investment Activity

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

Start Date: 01 October 2021

End Date: 31 December 2021

Disposals

Date	Investment	Currency	Disposal Amount GBP
08 October 2021	Unite UK Student Accommodation Fund	GBP	725,690
15 October 2021	Unite UK Student Accommodation Fund	GBP	1,556,726
TOTAL:			**2,282,416**

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Cashflow History

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

Start Date: 01 October 2021

End Date: 31 December 2021

Date	Holding	Curr	Payments (GBP)
Cash Drawdown			
29 November 2021	Hermes Property Unit Trust	GBP	5,292
30 November 2021	Threadneedle Property Unit Trust	GBP	4,285,179
01 December 2021	CBRE UK Property PAIF	GBP	3,500,951
07 December 2021	PGIM UK Affordable Housing	GBP	420,000
31 December 2021	Threadneedle Property Unit Trust	GBP	2,000,140
31 December 2021	M&G UK Residential Property Fund	GBP	5,000,000
			15,211,560
TOTAL:			**15,211,560**

Date	Holding	Curr	Income (GBP)	Gains (GBP)
Cash Distribution				
08 October 2021	Unite UK Student Accommodation Fund	GBP		725,690
15 October 2021	Unite UK Student Accommodation Fund	GBP		1,556,726
20 October 2021	BlackRock UK Property Fund	GBP	29,681	
21 October 2021	Industrial Property Investment Fund	GBP	54,680	
21 October 2021	Nuveen UK Property Fund	GBP	18,609	
28 October 2021	Unite UK Student Accommodation Fund	GBP	9,562	
29 October 2021	CBRE UK Property PAIF	GBP	20,099	
29 October 2021	Lothbury Property Trust	GBP	40,074	
01 November 2021	Nuveen UK Retail Warehouse Fund	GBP	48,234	
04 November 2021	M&G UK Property Fund	GBP	29,449	
15 November 2021	Hermes Property Unit Trust	GBP	130,098	
22 November 2021	BlackRock UK Property Fund	GBP	34,115	
26 November 2021	Rockspring Hanover PUT	GBP	112,675	
30 November 2021	CBRE UK Property PAIF	GBP	38,405	
20 December 2021	BlackRock UK Property Fund	GBP	40,619	
23 December 2021	M&G UK Property Fund	GBP	163,660	
31 December 2021	CBRE UK Property PAIF	GBP	44,153	
31 December 2021	Schroder UK Real Estate Fund	GBP	44,275	
			858,388	**2,282,416**
TOTAL:			**858,388**	**2,282,416**

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Detail

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 31 December 2021

Holding	Country of Jurisdiction	Cost (GBP)	Market Value (GBP)	LTM Income (GBP)
CBRE Global Invest Pan European	Luxembourg	4,756,729	6,142,515	71,014
Cortland Growth and Income	United States	2,925,117	2,926,154	-
Kayne Anderson Core Real Estate	United States	2,184,169	2,210,525	4,829
LaSalle Encore Fund A Euro	Luxembourg	6,808,937	8,022,476	193,212
Lion Industrial Trust	United States	-	-	-
Nuveen European Outlet Mall Fund	Luxembourg	4,607,160	9,491,973	136,680
		21,282,113	28,793,642	405,735

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Individual Fund Performance

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 31 December 2021

Fund Name	Status	1 year	3 year	5 year
CBRE Global Invest Pan European	Current Investment	4.18%	3.43%	4.41%
Cortland Growth and Income	Current Investment	N/A	N/A	N/A
Kayne Anderson Core Real Estate	Current Investment	N/A	N/A	N/A
LaSalle Encore Fund A Euro	Current Investment	7.84%	5.12%	6.00%
Lion Industrial Trust	Current Investment	N/A	N/A	N/A
Nuveen European Outlet Mall Fund	Current Investment	7.88%	-3.91%	4.77%

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Investment Activity

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

Start Date: 01 October 2021

End Date: 31 December 2021

Acquisitions

Date	Investment	Currency	Acquisition Amount GBP
01 October 2021	Cortland Growth and Income	USD	2,954,864
01 October 2021	Kayne Anderson Core Real Estate	USD	1,714,346
TOTAL:			4,669,211

Investment Activity

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

Start Date: 01 October 2021

End Date: 31 December 2021

Disposals

Date	Investment	Currency	Disposal Amount GBP
26 November 2021	CBRE Global Invest Pan European	EUR	33,274
27 December 2021	LaSalle Encore Fund A Euro	EUR	3,872
31 December 2021	Cortland Growth and Income	USD	29,748
TOTAL:			66,894

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Cashflow History

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

Start Date: 01 October 2021

End Date: 31 December 2021

Date	Holding	Curr	Payments (GBP)
Cash Drawdown			
01 October 2021	Cortland Growth and Income	USD	2,954,864
01 October 2021	Kayne Anderson Core Real Estate	USD	1,714,346
			4,669,211
Cash Refund			
27 December 2021	LaSalle Encore Fund A Euro	EUR	(3,837)
			(3,837)
TOTAL:			**4,665,374**

Date	Holding	Curr	Income (GBP)	Gains (GBP)
Cash Distribution				
13 October 2021	Kayne Anderson Core Real Estate	USD	4,829	
26 November 2021	CBRE Global Invest Pan European	EUR		33,274
20 December 2021	Nuveen European Outlet Mall Fund	EUR	75,695	
27 December 2021	LaSalle Encore Fund A Euro	EUR	55,591	3,872
31 December 2021	Cortland Growth and Income	USD		29,748
			136,116	**66,894**
TOTAL:			**136,116**	**66,894**

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TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st DECEMBER 2021

Investment	COMBINED PORTFOLIO 01.10.2021	Brunel Pension Partnership Active Equities		Brunel Pension Partnership Passive Equities		Legal & General Fixed Interest		Brunel Pension Partnership Fixed Interest		Brunel Pension Partnership Property		Brunel Pension Partnership Other Investments		In House Other Investments		COMBINED PORTFOLIO 31.12.2021		
	Value £' 000	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Target %
EQUITIES																		
UK Equities*	**636,873**	**504,466**	**38.5%**	**22,606**	**4.4%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**527,072**	**15.6%**	**21.0%**
Emerging Market Equities		92,375																
Global Equities		713,900																
Overseas Equities																		
TotalOverseas Equities	**1,126,448**	**806,275**	**61.5%**	**489,998**	**95.6%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**1,296,273**	**38.3%**	**30.0%**
BONDS																		
UK Gilts	32,830	0	0.0%	0	**0.0%**	32,411	23.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	32,411	1.0%	
Corporate Bonds	153,668	0	0.0%	0	**0.0%**	41,106	30.0%	113,535	24.0%	0	0.0%	0	0.0%	0	0.0%	154,641	4.6%	
Overseas Bonds	17,064	0	0.0%	0	**0.0%**	16,491	12.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	16,491	0.5%	
Index-Linked	243,713	0	0.0%	0	**0.0%**	41,574	30.3%	216,215	45.7%	0	0.0%	0	0.0%	0	0.0%	257,789	7.6%	
Multi Asset - Credit	142,570	0	0.0%	0	**0.0%**	0	0.0%	143,140	30.3%	0	0.0%	0	0.0%	0	0.0%	143,140	4.2%	
Total Bonds	**589,845**	**0**	**0%**	**0**	**0.0%**	**131,582**	**96.0%**	**472,890**	**100.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**604,472**	**17.9%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	187,160	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	189,342	98.9%	0	0.0%	28,236	5.0%	217,578	6.4%	8.0%
Private Equity	311,732	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	59,480	30.4%	286,198	50.9%	345,678	10.2%	9.0%
Multi Asset - DGF	162,092	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	166,394	29.6%	166,394	4.9%	5.0%
Infrastructure	42,579	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	29,602	15.2%	19,097	3.4%	48,699	1.4%	3.0%
Secured Income	77,260	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	93,579	47.9%	0	0.0%	93,579	2.8%	5.0%
Private Debt	5,580	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	12,119	0.0%	0	0.0%	12,119	0.4%	3.0%
Total Alternative Investments	**786,403**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**189,342**	**98.9%**	**194,780**	**99.7%**	**499,925**	**88.8%**	**884,047**	**26.1%**	**33.0%**
CASH	**78,205**	**1,049**	**0.1%**	**0**	**0.0%**	**5,510**	**4.0%**	**0**	**0.0%**	**2,192**	**1.1%**	**604**	**0.3%**	**62,751**	**11.2%**	**72,106**	**2.1%**	**0.0%**
TOTAL ASSETS	**3,217,774**	**1,311,790**	**100.0%**	**512,604**	**100.0%**	**137,092**	**100.0%**	**472,890**	**100.0%**	**191,534**	**100.0%**	**195,384**	**100.0%**	**562,676**	**100.0%**	**3,383,970**	**100.0%**	**100.0%**

% of total Fund	38.76%	15.15%	4.05%	13.97%	5.66%	5.77%	16.63%	100.00%

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TABLE 2

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Changes in Market Value						
	Brunel Pension Partnership Active Equities	**Brunel Pension Partnership Passive Equities**	**Legal & General Fixed Interest**	**Brunel PP Fixed Interest**	**Brunel Pension Partnership Property**	**Brunel Pension Partnership Other Investments**	**In House Other Investments**
	£000	£000	£000	£000	£000	£000	£000
EQUITIES							
UK Equities	21,539	9,651	0	0	0	0	0
			0		0	0	0
Overseas Equities	41,345	27,512	0	0	0	0	0
	0	0	0	0	0	0	0
BONDS	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
UK Gilts	0	0	517	0	0	0	0
Corporate Bonds	0	0	346	627	0	0	0
Overseas Bonds	0	0	(250)	0	0	0	0
Index-Linked Bonds	0	0	2,236	10,898	0	0	0
Multi Asset - Credit	0	0	0	570	0	0	0
	0	0	0	0	0	0	0
ALTERNATIVE INVESTMENTS	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Property	0	0	0	0	10,000	0	778
Private Equity	0	0	0	0	0	3,926	26,706
Multi Asset - DGF	0	0	0	0	0	0	4,302
Infrastructure	0	0	0	0	0	751	340
Secured Income	0	0	0	0	0	1,487	0
Private Debt	0	0	0	0	0	(22)	0
SUB TOTAL	62,884	37,163	2,849	12,095	10,000	6,142	32,126
CASH *	0	0	0	0	0	0	0
GRAND TOTAL	**62,884**	**37,163**	**2,849**	**12,095**	**10,000**	**6,142**	**32,126**

* Movement in cash is not confined to investment transactions but also includes dividend income and the payment of fees.   Further details of cash movements can be found in the Manag

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Division(s): n/a

PENSION FUND COMMITTEE – 4 MARCH 2022

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the comments of the Board as set out below, and take them into account in their discussions on the Annual Business Plan 2022/23 and Risk Register reports elsewhere on today's agenda.**

Introduction

2. This report is part of the process by which the Local Pension Board works with the Committee in fulfilling its duty to support the work of the Committee and ensure that the Committee delivers its responsibilities in line with the regulatory framework. The report covers the key issues discussed by the Board and any matters that the Board wishes to draw to the attention of the Committee.

3. This report reflects the discussions of the Board members at their meeting on 21 January 2022. The virtual meeting was attended by Matthew Trebilcock as the independent Chairman, and all six voting members of the Board. The meeting was also observed by Cllr Bob Johnston, Chair of the Pension Fund Committee.

Matters Discussed and those the Board wished to bring to the Committee's Attention

4. The Board received four of the reports which had been presented to the December of this Committee. These were the reports on the governance review, the quarterly review of progress against the annual business plan, the risk register, and the administration report.

5. As part of their discussion on the governance review raised the issue of cyber security as an area for the Committee to consider being prioritised as part of the development of the Annual Business Plan for 2022/23. This reflected the attention being given to the item by the Pension Regulator. Following the meeting of the Board, Cyber Security was highlighted at the Annual Business Plan and Budget workshop held on 4 February 2022 and it was agreed that this should be covered as part of the developing governance improvements under the new Governance and Communications Team Leader.

6. The Board raised no issues in respect of the review of the 2021/22 Annual Busines Plan.

7. In respect of the Risk Register, the Board recommend the Committee include reference to the Cyber Security Policy as part of the mitigations of Risk 16 – Key System Failure, and Risk 17 – Breach of Data Security, and ensure the review of the policy as part of the governance update covers the full risks under these two areas.

8. The Board welcomed the Administration Report and welcomed the recent performance in the delivery of the administration service as reflected in the increased numbers of tasks being completed within the targets set out in the Service Level Agreement.

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Sean Collins
Tel: 07554 103465

February 2022

Division(s): n/a

ITEM

PENSION FUND COMMITTEE – 4 MARCH 2022

BUSINESS PLAN AND BUDGET 2022/23

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
   a. **Note the progress against the service priorities for 2021/22;**
   b. **approve the Business Plan and Budget for 2022/23 as set out at Annex 1;**
   c. **approve the Pension Fund Cash Management Strategy for 2022/23.**
   d. **delegate authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;**
   e. **delegate authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate;**
   f. **delegate authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations.**

Introduction

2. This report sets out the business plan and budget for the Pension Fund for 2022/23. It follows on from the Workshop held on 4 February 2022 to which all members of the Committee and the Local Pension Board were invited. The Plan sets out the key priorities for the Fund as agreed at the workshop, details the key service activities for the year, and includes the proposed budget and cash management strategy for the service.

3. The report also reviews the progress against the key service priorities included in the 2021/22 Plan as context for setting the key priorities going into the next financial year.

4. The key objectives for the Oxfordshire Pension Fund are set out on the first page of the Business Plan for 2022/23 (contained in annex 1) and remain consistent with those agreed for previous years. Minor amendments have been made to clarify the Plan covers both the Local Government Pension Scheme and the various Fire Fighter Penson Schemes, as well as adding in direct reference to delivering high service standards to scheme members.

5. The overall objectives are summarised as:

- To administer pension benefits in accordance with the relevant regulations, and the guidance set out by the Pensons Regulator to a high service standard for our members
- To achieve a 100% funding level
- To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
- To maintain as near stable and affordable employer contribution rates as possible.

6. Part A of the plan sets out the broad service activity undertaken by the Fund. As with the key objectives, these are unchanged from previous years. The service priorities for the forthcoming financial year are then set out in more detail in Part B. These priorities do not include the business as usual activity which will continue alongside the activities included in Part B.

Key Service Priorities – A review of 2021/22

7. There were 4 service priorities included in the 2021/22 Plan each with a number of key measures of success. The latest position on each is set out in the paragraphs below. The assessment criteria for each measure of success is as follows:

- Green – measures of success met, or on target to be met
- Amber – progress made, but further actions required to ensure measures of success delivered
- Red – insufficient progress or insufficient actions identified to deliver measures of success

8. Deliver Key Progress on the Implementation of the Climate Change Policy. The position against the 3 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Metrics, benchmarks and targets in place for all portfolios to assess progress against the 7.6% per annum reduction in carbon emissions - GREEN	Benchmark report produced for all equity portfolios and the corporate bond investments as at December 2019 and December 2020. Initial reductions in carbon emissions of 17.7%. Passive allocations switched to new climate related benchmarks.	Work to be undertaken with Brunel to identify metrics and benchmarks for remaining portfolios, and collate the metrics already collected in respect of a number of private market portfolios. To be carry forward to 2022/23. Review December 2021 Carbon Emission figures once published.

Metrics, benchmarks and targets in place to assess progress in investing in climate solutions - AMBER	Initial conversations held with Brunel who are looking to develop metrics this year. New passive benchmarks to include tilt towards green revenues	New metrics to be agreed and aligned to latest scientific thinking. Future targets to be agreed.
Robust Arrangements in place to assess the effectiveness of the Engagement Strategy and Voting Process in advance of the 2022 stocktake - GREEN	Initial Engagement Policy presented to Committee today for local agreement.	Work with Brunel and other Funds with partnership to build consensus position.

9. The position on the final measure of success has been updated to Green to reflect the fact that the final draft Climate Change Engagement Policy is elsewhere on today's agenda to be agreed and taken forward as the basis of the Committee's position when developing a consensus position alongside Brunel and other 8 partner Funds as part of the 2022 Stocktake.

10. Delivery of all the targets set out in the Climate Change Implementation Plan was always expected to extend beyond the end of 2021/22 and the monitoring of outstanding actions and the setting of new targets will be included within the 2022/23 and future Business Plans.

11. Deliver further improvements to the governance arrangements of the Fund. There were 3 specific measures of success set out in the 2021/22 Business Plan in respect of this priority. The progress against these in set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
New Committee Constitution in place - GREEN	New constitution agreed by full Council in March 2021, elected member appointments made in May, alongside agreement to the scheme member and Oxford Brookes University representatives. Academy and District Council representatives subsequently agreed.	None
New ways of working for the Committee and Board to be in place to	Proposed way forward on all 10 recommendations from	New Governance Officer to be appointed.

satisfaction of members - GREEN	the Independent Governance Review determined and being taken forward.	
Full Training Programme in place, with levels of engagement and skills and knowledge scores increasing - GREEN	Initial knowledge assessment completed for all Committee and Board Members. Strengthen Training Policy and associated training programme agreed at December 2021 Committee.	

12. All key measures of success against this priority have now been delivered with the exception of the appointment of the new Governance and Communications Team Leader which is in progress. Work on governance will be taken forward as business as usual in 2022/23

13. <u>Further improve the data management arrangements between the Fund and both scheme employers and scheme members.</u> There were 4 measures of success set for this service priority within the Business Plan, and progress against these measures is set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Improved scores recorded in customer satisfaction surveys - RED	Customer satisfaction scores sent out regularly	Surveys currently suspended and review on options to gather feedback to be included in 2022/23 Business Plan.
Increase take up of Member Self Service (MSS) - GREEN		Further develop the scope of MSS and improve the functionality for scheme members.
Further Improvements in data quality scores - GREEN	Resolution of long term Guaranteed Minimum Pension (GMP) issues	Resolve outstanding issues with missing addresses and historic cases with missing data.
Clear Policy in place for calculating benefits where underpin benefits cannot be established due to missing data - AMBER	Full review of all data previously received from scheme employers and analysis of gaps underway.	Complete review of data gaps and produce policy paper for Committee setting out the scale of the issue, the key risks in collecting outstanding data and key risks associated of

		undertaking benefit calculations in absence of data.

14. The main area of outstanding work in this area relates to the implementation of the remedy to age discrimination identified in the McCloud case. Whilst this work is progressing, we are still awaiting central guidance before we can finalise the project plan and complete the assessment of the data requirements and where policy decisions will be required by this Committee. This will now be taken forward as part of the 2022/23 Business Plan.

15. The measure associated with improving customer satisfaction scores through the customer survey has been amended to Red reflecting the very low numbers of surveys returned, which meant any analysis of the results was not meaningful.

16. Review the arrangements with Brunel following the transition of the majority of Fund assets to Brunel portfolios. Progress against the two measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
All investment portfolios deliver long term performance in line with their specifications - AMBER	Officers have work through the Client Group with Brunel to agree draft format of new reports.	Introduce revised performance and assurance reports. Training session to be provided for Committee members on the assurance process.
High confidence/satisfaction scores expressed by Committee members in next client Survey - AMBER		Survey of Members to be undertaken once new reporting arrangements embedded.

17. As reported last quarter, a number of changes have been agreed to the standard quarterly performance reports and Brunel are currently taking this forward. We still expect revised reports to be available for the Committee later this year.

18. It is intended to run a short training session for Committee members to talk through the assurance process to build confidence that the long-term performance of the investments should be in line with the portfolio specifications.

19. Delivery of the above priorities has been inside the administrative and oversight and governance budgets which in total are expected to underspend by £173,000. However, total expenditure including investment management fees is £1.029,000 above budget.

	Budget	YTD	%	Forecast Outturn	Variance
	2021/22	2021/22		2021/22	2021/22
	£'000	£'000		£'000	£'000
Administrative Expenses					
Employee Costs	1,335	895	67%	1,210	-125
Support Services Including ICT	812	585	72%	812	0
Printing & Stationary	82	34	41%	82	0
Advisory & Consultancy Fees	165	0	0%	165	0
Other	59	2	4%	59	0
Total Administrative Expenses	**2,453**	**1,516**	**62%**	**2,328**	**-125**
Investment Management Expenses					
Management Fees	11,316	6,100	54%	12,500	1,184
Custody Fees	25	23	89%	36	11
Brunel Contract Costs	1,065	1,072	101%	1,072	7
Total Investment Management Expenses	**12,406**	**7,195**	**58%**	**13,608**	**1,202**
Oversight & Governance					
Investment Employee Costs	263	204	78%	265	2
Support Services Including ICT	12	8	66%	15	3
Actuarial Fees	190	192	101%	192	2
External Audit Fees	40	23	57%	60	20
Internal Audit Fees	16	0	0%	16	0
Advisory & Consultancy Fees	89	42	47%	75	-14
Committee and Board Costs	61	1	2%	30	-31
Subscriptions and Memberships	58	16	27%	30	-28
Total Oversight & Governance Expenses	**729**	**485**	**67%**	**681**	**-48**
Total Pension Fund Budget	**15,588**	**9,196**	**59%**	**16,617**	**1,029**

20. As previously reported, the increase in investment management costs reflects the significant growth in the value of investments with most management fees payable as a fixed percentage of assets under management. The overall impact on the performance of the Fund is therefore positive.

21. The only significant other variation is the forecas £125,000 underspend on administration staffing reflecting the level of vacancies being carried during the year.

Service Priorities for 2022/23

22. One of the recommendations of the Independent Governance Review undertaken during 2020/21 was the establishment of a separate business planning meeting to enable the Committee members to be fully engaged in setting the priorities for the Committee for the year ahead. This meeting was held in workshop form on 4 February 2022.

23. The Workshop was attended by 3 of the 5 voting members of the Committee. As proposals had already been put forward to amend the voting members, the 2 new members were also invited and one was able to attend. All 5 non-voting members of the Committee attended as did 3 members of the Local Pension Board, the Independent Financial Adviser, and the Section 151 Officer for the Fund. The Workshop was facilitated by Hymans Robertson and the Fund's Officers.

24. Those present at the workshop were presented with a summary analysis of the work facing the Fund over the next year, with rankings provided by Hymans Robertson and the Fund's Officers setting out their view which elements formed the **m**ust do work for the Fund, what the Fund **s**hould be doing, what it **c**ould do and what it **w**ould like to do where resources were not an issue (referred to in the workshop as the **M**O**SC**O**W** analysis). Those present were split into 2 groups and asked to identify any missing priorities and comment on the proposed priorities. Subsequently all were asked to identify the level of additional resources they were prepared to support to fund delivery of the priorities and the measures of success they would like to see covered in future reports to enable progress to be assessed.

25. At the end of the workshop a consensus position on the priorities, resources and measures of success was agreed, and this has been incorporated into the draft Business Plan and Budget for 2022/23. It is proposed to focus on four key priorities which are summarised as follows.

26. Priority one is to review and improve the scheme's data. Accurate and timely data is key to our statutory responsibility to administer pension records and pay member's their pension on a timely and accurate basis. This priority covers looking at improving current business as usual data, identifying new requirements arising from new legislation and court rulings including that necessary to deliver the McCloud/Sargeant and Goodwin remedies and ensuring all data is appropriately safeguarded including from cyber threats.

27. It was recognised that 2022/23 is a key year for data as it is a Valuation year, although it was accepted that the data does not need to be perfect for this exercise as the Fund Actuary can make assumptions and adjust results accordingly to allow for missing/poor data. Measures of success for 2022/23 were therefore built around ensuring data is of a sufficient standard to support the Valuation and ensure all pension work can be delivered to SLA standards, with the overall data quality scores submitted to the Pension Regulator being within acceptable bounds with no follow up actions required. There is also a proposed measure of success relating to avoiding any data security breaches. Milestone reports will be presented to the Committee during the year setting out improved information on data returns from scheme employers including any fines issued for late or poor-quality data, and overall data accuracy.

28. The second priority agreed was to deliver a holistic approach to technology across pension administration services. It was accepted that this priority spanned across more than one year, in line with the current system contract which has a break point in 2024. However, during 2022/23, the Committee is looking to sign off the expected outcomes from any investment in technology including improved service efficiency and improved services to customers through the use of 24/7 on-line services. Measures of success include the sign off of the final decision of whether to extend the current system contract with additional bolt-on options to address current shortfalls against requirements, or a full system re-tendering exercise, as well as the associated Invitation to Tender documents. Any tender exercise for a full replacement system will need to begin before the end of the 2022/23 financial year to ensure there is sufficient time to manage the transition from the current system.

29. The Workshop attendees agreed a third priority to enhance delivery of the responsible investment priorities. This included the continuation of the current work on implementing the Climate Change Policy, but also looking to widen the focus to the rest of the environmental issues facing the Fund, alongside the key social and governance issues. A successful application in respect of the Stewardship Code was seen as a key measure of success.

30. A key element within this priority was seen as improved reporting both to the Committee itself but also to the wider stakeholders including scheme members. Developing the Fund's website was therefore seen as an important part of this priority.

31. It was agreed that in developing this priority, the Committee's overall Fiduciary Duty must remain paramount. Both the fiduciary duty and the RI priorities should be reflected in the revised Funding Strategy and Investment Strategy Statements to be agreed in March 2023, the later to include a revised Strategic Asset Allocation.

32. The final priority included in the draft Business Plan for 2022/23 focuses on improving the delivery of service performance to scheme members and in particular ensuring service standards are consistently maintained throughout the year. This would be measured through the current quarterly performance

reports to the Committee, but also through improved feedback from scheme members. This latter element will require the development of a scheme member engagement policy building on best practice.

Budget 2022/23

33. The Workshop accepted that delivering against the above priorities to the standards expected within the measures of success could not be achieved within existing resources. Members agreed the following areas where the budget needed to be enhanced:

- Governance and Communications Team – in addition to the Governance and Communications Team Leader already agreed by the Committee, there is a need for an additional Officer at a more junior level, particularly to focus on the co-ordination of key governance data and the updating of the Fund's webpages.
- Responsible Investment Officer – Even without the wish to widen the current work in the responsible investment field from climate change, there is a clear need to add additional resources into this area, reflecting the significant increased priority given to these issues by the committee in the last few years, and the increasing regulatory requirements from the Government including mandatory climate related reporting.
- External specialist support to run the project to explore the technology requirements and solutions and the subsequent tendering exercises.
- External pension administration support to meet the short-term requirements in delivering business as usual administration services whilst dealing with a backlog of work, the new challenges arise from implementing the McCloud/Sargeant remedies and the additional pressures of end of year and support to the Valuation process. It was agreed that sufficient internal support could not be recruited and trained in the short-term to deliver on these requirements. Whilst the initial Officer proposal was for the external support to cover a 6-month period, attendees at the workshop wanted to retain the flexibility to extend this arrangement if necessary.
- Programme Management resource to support the delivery of the many different workstreams identified both in terms of the new priorities and within existing business as usual arrangements.

34. The full budget for 2022/23 is set out as Part C of the Business Plan and includes a comparison with the budget for 2021/22. Overall, there is an increase in the budget from £15,588,000 to £17,720,000. The main elements of this variation are explained in more detail below. A report comparing the Pension Fund budget for the full 2021/22 financial year against the actual expenditure will be produced for the June 2022 Committee meeting.

35. The main element of the budget increase is the £1,520,000 increase in the investment management fees in line with actual expenditure during the current

year and an assumption that the value of the investments will remain broadly in line with the current position.

36. The budget for Brunel costs has increased from £1,065,000 to £1,160,000. This increase is a combination of an overall increase of 5.3% in the budgeted costs of Brunel, and an amendment to the cost allocation mechanism to more accurately reflect the cost drivers now we have move through the period of transition. The growth proposals reflect the priorities set out in our own Business Plan including improved reporting, especially in respect of responsible investment. Further details on these increases are set out in the attached papers as presented to the Brunel Oversight Board where the Committee are represented by Cllr Bulmer. Final approval was given by the Director of Finance under her delegated powers as Oxfordshire's Shareholder Representative.

37. The budget increases included for the additional resources identified in paragraph 33 above include £150,000 for the external support for the project management of the technology review and the administration support to maintain service standards whilst new internal resources are embedded, £130,000 for the new Responsible Investment and Governance and Communications Officers, and £30,000 for programme management.

38. The two other significant budget increases are an additional allowance for fees payable in respect of the Strategic Asset Allocation Review to be completed by March 2023, and additional system fees to fund the changes required in respect of the implementation of the McCloud remedy.

Training Plan

39. Part D of the Business Plan sets out the broad Training Plan for Committee Members, based on the programme agreed by the Committee at its December meeting.

Cash Management

40. The final section of the business plan, Part E, provides the annual cash management strategy for the Fund. The Strategy is based on the Treasury Management Strategy for the Council but has a significantly reduced number of counter-parties reflecting the lower sums of cash involved, and the wider set of alternative investment classes open to the Pension Fund.

Lorna Baxter
Director of Finance

Contact Officer
Sean Collins
Tel: 07554 103465

February 2022

Annex 1

Oxfordshire Pension Fund: Business Plan 2022/23

Service Manager - Pensions: Sean Collins

Service Definition:

- To administer the Local Government Pension Scheme and the Fire Fighters Pension Schemes on behalf of Oxfordshire County Council

Our Customers:

- Scheduled scheme employers e.g. County Council, District Councils, Oxford Brookes University, other Colleges and Academies
- Designating scheme employers e.g. Town & Parish Councils
- Admission Bodies including charitable organisations with a community of interest, and bodies where services have been transferred on contract from other Scheme Employers
- Contributory Employees
- Pensioners and their Dependants
- Council Tax payers

Key Objectives:

- Administer pension benefits in accordance with the relevant regulations and the guidance as set out by the Pension Regulator, to a high service standard for scheme members
- Achieve a 100% funding level (LGPS only);
- Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments (LGPS only); and
- Maintain as nearly a constant employer contribution rate as is possible (LGPS only).

Part A: Service Activities

Service Activity	Outputs	Outcomes
Investment Management – LGPS Only		
Management of the Pension Fund Investments	The Fund is invested in assets in accordance with the Committee's wishes. The Fund's assets are kept securely. Quarterly reports to the Pension Fund Committee.	Pension Fund deficit is minimised by securing favourable returns on investments (compared to benchmarks).
Management of the Pension Fund Accounts	Completion of the Annual Report and Accounts.	No adverse comments from the Fund's auditors.
Management of the Pension Fund Cash	Cash management strategy and outturn reports. Cash Managed in accordance with the strategy.	The Pension Fund cash is managed securely and effectively.
Scheme Administration		
Management of the Pension Fund Administration	The administration procedures are robust and in accordance with regulations and service standards, with particular focus on regular reviews to safeguard scheme members from Pension Scams. Changes to regulatory framework of the scheme	The workload is completed & checked in accordance with regulations and procedures. Work is completed within specified time scales No adverse comments from the Fund's auditors, the Pension Regulator and Scheme Members/Employers Implementation of actions arising from regulation changes

Part B – Service Priorities

Objective	Actions	Measures of Success
Review and Improve the Scheme's Data	Develop and run regular (quarterly) reports on the schemes data using the new Insights reporting tool. Report to Committee to include information on data returns from scheme employers, and any regulatory breaches and fines issued. Identify new requirements arising from regulatory changes or court guidance, to include Goodwin, McCloud and Sargeant Run mini projects for all areas where data quality below acceptable standards including address tracing. Review iConnect procedures to ensure all new data is accurate and uploaded to pension system in timely manner. Work with Fund Actuary to review data in preparation for final data submission for 2022 Valuation and provide interim and final reports to Committee on data submitted and final results. Review Fund's Cyber Security Policy and current testing arrangements and report back to Committee on security of all scheme data.	Data Quality scores submitted to the Pension Regulator within acceptable bounds and no follow up action. Valuation completed with data signed off as fit for purpose and scheme employers raising no concerns with outcome. Data of a standard to support delivery of all service KPI's as reflected in quarterly performance reports. No data security breaches reported. Cyber Security Policy is updated (where required) with clear information on roles and responsibilities.
Deliver a holistic approach to technology across pension administration services improving service efficiency and scheme member satisfaction (Multi-year objective).	Establish technology project and bring in specialist external resource to co-ordinate detailed requirements. Review current models successfully employed elsewhere with the LGPS.	Committee Decision on whether to extend current contract and tender for bolt on solutions as appropriate to deliver full specification, or to run full tender exercise for single holistic solution.

	Produce options paper for Committee and develop appropriate Invitation to Tender documentation consistent with the LGPS Procurement Framework.	Tender project plans agreed consistent with the end date of the current system contract. Clear targets established for increase in on-line completion of services.
Enhanced delivery of Responsible Investment responsibilities.	Appoint new RI Officer Continued delivery of current Climate Change Implementation Plan to include engagement policy, reporting across all asset classes and investments in climate change mitigations and solutions. Work with Brunel to improve current reporting to cover all asset classes and widen areas covered across full Environmental, Social and Governance issues. Improve reporting to scheme members and other key stakeholders through the Fund's webpages. Develop project plan to enable Fund to sign up to the Stewardship Code. Undertake Strategic Asset Allocation review to ensure aligned with RI targets whilst still meeting overarching fiduciary duty requirements in respect of investment performance and cash flows.	RI Officer in post Engagement Policy signed off and reflected in overall Engagement Policy agreed by Brunel Pension Partnership. Improved quarterly reporting in place to both Committee and on Fund webpages, including wider ESG targets and performance measures, reflected in positive feedback from all stakeholders. Successful application in respect of Stewardship Code. Revised Funding Strategy Statement and Investment Strategy Statement including revised Strategic Asset Allocation signed off at March 2023 Committee
Delivery improved and consistent service performance to scheme members.	Review all outstanding work to develop project plan to clear all work outside existing service level targets and enable new work to be delivered in line with service level standards. Review current team structures and training programme and recruit to vacant posts and	Services delivered to SLA Standards consistently throughout the year. All services delivered in line with regulatory guidance with scheme changes implemented in accordance with stipulated timescales.

	bring in external resources to meet short term needs. Review options for collecting feedback for scheme members and develop a scheme member engagement policy.	Scheme Member Engagement Policy adopted and positive feedback collected from scheme members.

Part C. Budget:

	2022/23 Budget £'000		2021/22 Budget £'000
Administrative Expenses			
Administrative Employee Costs	1,402		1,335
Support Services including ICT	886		812
Printing and Stationery	82		82
Advisory and Consultancy Fees	315		165
Other	59		59
	2,744		**2,453**
Investment Management Expenses			
Management Fees	12,836		11,316
Custody Fees	40		25
Brunel Contract Costs	1,160		1,065
	14,036		**12,406**
Oversight and Governance			
Investment Employee Costs	405		263
Support Services Including ICT	12		12
Actuarial Fees	190		190
External Audit Fees	50		40
Internal Audit Fees	16		16
Advisory and Consultancy Fees	135		89
Committee and Board Costs	63		61
Subscriptions and Membership	69		58
	940		**729**
Total Pension Fund Budget	**17,720**		**15,588**

Part D – Committee Training Plan

Mandatory Training

All Members to have completed either:

LGA Fundamentals 3 Day Training or
On-Line Pension Regulators Trustee ToolKit – 5 core modules and 4 modules specific to managing a defined benefit scheme,

within 1 year of joining the Committee

Plus

A minimum of 2 days external training or attendance at relevant pension conferences (or equivalent) each year.

Specific Training for 2022/23

Programme to include specific training on the 2022 Valuation. Full training programme attached.

Part E - Pension Fund Cash Management Strategy 2022/23

Introduction

1. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions, and income from internally managed investments. This incoming cash currently exceeds the amount of payments made on behalf of the Fund. The situation is forecast to continue for the whole of 2022/23. Income generated in investment portfolios is generally reinvested, the exceptions being listed private equity and some private market investments. Were the Pension Fund's cashflow to turn negative the Fund could look to have income generated from its portfolios paid back to the Fund as required to make up any cash shortfall. At present a number of the Brunel portfolios do not have income share classes and so the fund would need to request these. The cash managed in-house by the Administering Authority, provides a working balance for the fund to meet its short-term commitments.

2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 state that administering authorities must hold in a separate bank account all monies held on behalf of the Pension Fund. The regulations also state that the Administering Authority must formulate an investment strategy to govern how the authority invests any Pension Fund money that is not needed immediately to make payments from the fund. This document sets out the strategy for cash for the financial year 2022/23.

Management Arrangements

3. The Pension Fund cash balances are managed by the Council's Treasury Management team and Pension Fund Investments team. Cash balances are reviewed on a daily basis and withdrawals and deposits arranged in accordance with the current strategy. Pension Fund cash deposits are held separately from the County Council's cash.

Rebalancing

4. The Oxfordshire County Council Pension Fund has a strategic asset allocation range of 0-5% for cash. The cash balance is regularly monitored and reviewed as part of a quarterly fund rebalancing exercise undertaken by officers and the Independent Financial Adviser.

5. Arrangements will be made for cash balances which are not required for cashflow purposes, to be transferred to the Pension Fund's Investment Managers in accordance with the decisions taken during the rebalancing exercises.

6. In general, a minimum cash balance of £40million will be retained following a fund rebalancing exercise, to meet cashflow requirements and private market investment transactions. The level of cash balances will fluctuate on a daily basis and may be considerably higher than the minimum balance dependent upon the timing of transactions and strategic asset allocation decisions.

Investment Strategy

7. The Pension Fund cash investment policies and procedures will be in line with those of the administering authority. Priorities for the investment of cash will be:-

   (a) The security of capital

(b) The liquidity of investments
(c) Optimum return on investments commensurate with proper levels of security and liquidity

Investment of Pension Fund Cash

8. Management of the Pension Fund's cash balances will be in accordance with the Administering Authority's approved Treasury Management Strategy and policies and procedures.

9. The Pension Fund cash balances will be held predominantly in short-term instruments such as notice accounts, money market funds and short-term fixed deposits. Approved instruments for pension fund cash deposits will be the County Council's list of specified investments for maturities up to 1 year, excluding the Debt Management Account deposit facility which is not available to pension funds and UK Government Gilts which are managed by an external fund manager. The County Council's current approved list of specified investments is attached at appendix 1.

10. Pension Fund deposits will be restricted to a subset the County Council's approved counterparties at the time of deposit and will include the Fund's custodian bank. Approved counterparties as at 31st January 2022 are shown in annex 2. There will be a limit of £30m for cash held with each counterparty.

Borrowing for Pension Fund

11. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 give administering authorities a limited power to borrow on behalf of the pension fund for up to 90 days. The power cannot be used to invest, but only for cashflow management in specified circumstances which should in practice be exceptional, i.e. to ensure that benefits are paid on time, and in transition management situations when the allocation of a pension fund's assets is being amended. Money can only be borrowed for these purposes if, at the time of borrowing, the administering authority reasonably believes that the sum borrowed, and any interest charged as a result, can be repaid out of the pension fund within 90 days of the date when the money is borrowed.

12. Pension Fund management arrangements presume no borrowing normally, but the possibility remains of unexpected pressures occurring and in these circumstances the power would enable the Pension Fund to avoid becoming forced sellers of fund assets due to cashflow requirements.

13. The Director of Finance (S.151 Officer) has delegated authority to borrow money for the Pension Fund in accordance with the regulations but only in exceptional circumstances. It is proposed that the authority to borrow on behalf of the Pension Fund continues to be delegated to the Director of Finance during 2022/23.

Oxfordshire County Council 2022/23 Approved Specified Investments for Maturities up to one year

Investment Instrument	Minimum Credit Criteria
Term Deposits – UK Government	N/A
Term Deposits – other Local Authorities	N/A
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+
Certificates of Deposit issued by Banks and Building Societies	A1 or P1
Money Market Funds	AAA
Other Money Market Funds and Collective Investment Schemes[1]	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.
Reverse Repurchase Agreements – maturity under 1 year from arrangement and counterparty of high credit quality (not collateral)	Long-term Counterparty Rating A-
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-

[1] I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Appendix 2

Approved Counterparties

Aberdeen Standard Sterling Liquidity Fund

State Street Bank & Trust Company
Lloyds Bank Plc
Oversea-Chinese Banking Corp
Svenska Handelsbanken
Santander Plc

DRAFT FORM

Oxfordshire Pension Fund Training Plan 2021/2022 – 2022/2023

	Q1 2022/2023		Q2 2022/2023		Q3 2022/2023		Q4 2022/2023	
	1 April 2022 - 30 June 2022		1 July 2022 - 30 September 2022		1 October 2022 - 31 December 2022		1 January 2023 - 31 March 2023	
1 Core CIPFA requirement	**Pension Legislation (module 1)**	**Pension Governance (module 2)**	**Pension Administration (module 3)**	**Pension Accounting & Auditing Standards (module 4)**	**Pension Services Procurement & Relationship Management (module 5)**	**Investment Performance & Risk Management (module 6)**	**Financial Markets & Product Knowledge (module 7)**	**Actuarial Methods, Standards & Practices (module 8)**
Outline of content	Providing a general understanding of the legislative fromework as it applies to the LGPS, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the LGPS governance structure and a "who's who" of scheme governance, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of best practice in pensions administration, together with Fund policies and discretionary powers, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the Accounts and Audit Regulations and the role of internal and external audit, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the public procurement requirementa as they apply to the LGPS, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the relationship between assets and liabilities, the Myners principles and the structure, operation and purpose of investment pooling arrangements, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the risk and return characteristics of the main asset classes, the workings of the financial markets and available investment vehichles and the importance of the Fund's ISS and investment strategy decisions, in line with the CIPFA Knowledge & Skills Framework	Providing a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant)in line with the CIPFA Knowledge & Skills Framework
Scheduled delivery date	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Method of delivery	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face	video conference/face to face
Delivered by								
Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Business plan relevant	**Assessment**							
Outline of content	Review of the delivery of the training plan, to include an assessment of the knowledge and understanding of the Committee and Board members							
Scheduled delivery date	tbc							
Method of delivery								
Delivered by								
Committee								
Board								
3 Current issues and ongoing training	**Valuation update**							
Outline of content	If required, to ensure members are up to date with regard to any specific issues relating to the Fund's 2022 valuation exercise							
Scheduled delivery date	tbc							
Method of delivery	tbc							
Delivered by								
Committee								
Board								

4 Current issues and ongoing training	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences
Outline of content				
Scheduled delivery date	Throughout the year	Throughout the year	Throughout the year	Throughout the year
Method of delivery	As appropriate	As appropriate	As appropriate	As appropriate
Delivered by	tbc	tbc	tbc	tbc
Committee	Yes	Yes	Yes	Yes
Board	Yes	Yes	Yes	Yes

5 Valuation specific	**Funding risks and objectives training**							
Outline of content	Funding risks and objectives training (inc climate change, use of surplus, etc)							
Scheduled delivery date	tbc							
Method of delivery	video conference/face to face							
Delivered by	Hymans							
Committee	Yes							
Board								

Committee decision/actions:
March 2022 - Agree valuation assumptions (financial and demographics)
September 2022 - Agree draft FSS for consultation alongside initial whole fund results
March 2023 - Agree final FSS following consultation and final valuation report

Pension Committee and Board - Training for Financial Year 2021/22

Training hours completed (hours)		Subject								
		Pension Legislation (module 1)	**Pension Governance (module 2)**	**Pension Administration (module 3)**	**Pension Accounting & Auditing Standards (module 4)**	**Pension Services Procurement & Relationship Management (module 5)**	**Investment Performance & Risk Management (module 6)**	**Financial Markets & Product Knowledge (module 7)**	**Actuarial Methods, Standards & Practices (module 8)**	**Total (hours)**
Pension Committee										
Cllr A (Chair)										
Cllr B (vice -chair)										
Cllr C										
Cllr D										
Cllr E										
Cllr F										
Cllr G										
Vacancy										
Pension Board										
A										
B										
C										
D										
E										
F										
G										
Vacancy										
Officers										
A										
B										
C										
D										

Appropriate external training events and seminars

Date	Event	Host	Cost
Jauary	LGA Annual Governance Conference	Local Government Employers	TBC
May	Local Authority Conference	Pension & Lifetime Savings Association	TBC
October/November/ December	LGA Fundamentals	Local Government Employers	TBC
July	Pension Fund Symposium	Local Government Chronicle (LGC)	TBC
September	Investment Summit	Local Government Chronicle (LGC)	TBC
November	Local Authority Forum	Pension and Lifetime Savings Association (PLSA)	TBC
December	LAPFF Annual Conference	Local Authority Pension Fund Forum (LAPFF)	TBC

Business Planning

Brunel Oversight Board

27th January 2022

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Executive Summary

The proposed business plan and budget for 2022/23 includes:

- **An increase from the 2021/22 budget of £10.7 million to £11.4 million to meet inflation, cost pressures and further enhanced client services**
- **A reduction in the contingency from 5% to 3% of total budget**
- **Resulting in an overall increase in cost to clients, net of reduction in contingency, of 5.3%**

The additional resource will support growth in volumes, enhanced quarterly client reports and continue to allow leadership in responsible investment.

Brunel is committed to being great value for money. The proposed budget aims to provide sufficient resource to continue to deliver high performance, investment leadership, tax savings and security for the future.

Baseline changes, a reminder

In 2019/20, £2.6m additional budget was provided by Shareholders to fund the PM administrator, cost of additional regulation, new posts for BAU and portfolio launch / transition. These has been removed as agreed.

Budget Increase 2019/20	£'000
Development & Set up costs	(816)
Private Markets administrator	958
Regulatory costs	629
New Investment Posts	336
New Non Investment Posts	392
Portfolio Launch	632
Transitional Posts	268
Inflation	233
Total	**2,632**

The table below shows the historical budget for Brunel. This shows since 19/20 increases we have had stable years, but now look for growth.

	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	Proposed 22/23 £'000
Budget Plan	7,795	10,427	10,483	10,650	11,433
Contingency	390	521	524	533	343
Income	**8,185**	**10,948**	**11,007**	**11,183**	**11,776**
Year on Year Change (%)		33.8%	0.5%	1.6%	5.3%
Year on Year Change (£)		2,763	59	176	593

Baseline Reductions	Total	20/21 £'000	21/22 £'000	22/23 £'000
Portfolio Launch	-511	-191	-240	-80
Transitional Posts	-214	-52	-162	
Costs Removed	**-725**	**-243**	**-402**	**-80**

As shown, budget increases for launches and transitions were removed, as agreed, but they have been offset by growth, each year this has been agreed with Clients and Shareholders. This has allowed Brunel to develop, in alignment with Client requirements.

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Budget Build

All figures in GBP 000's

Current Year Budget (2021-22) 3.0 bps 10,650

430 – Inflation cost pressure, including Insurance premiums £127k, overall 4% in line with CPI forecast

Revised Plan with inflation 3.1bps 11,080

344 – New areas of costs to add back in, for cost pressures, e.g. PM & Back Office reorg., Internal Audit fees, IT Governance, CTI Reporting, consultancy

(315) – Cost Savings, including reductions in Transitions admin, training, & IT reprovision

Revised Plan with costs & Savings 3.2 bps 11,109

83 – Client Reporting – this became a cost pressure when we sign the new Vendor in Jan 22

126 – Volume Growth

Budget within Client Target (2022-23) 11,318

115 – ESG Growth

Full Budget (2022-23) 3.2bps 11,433

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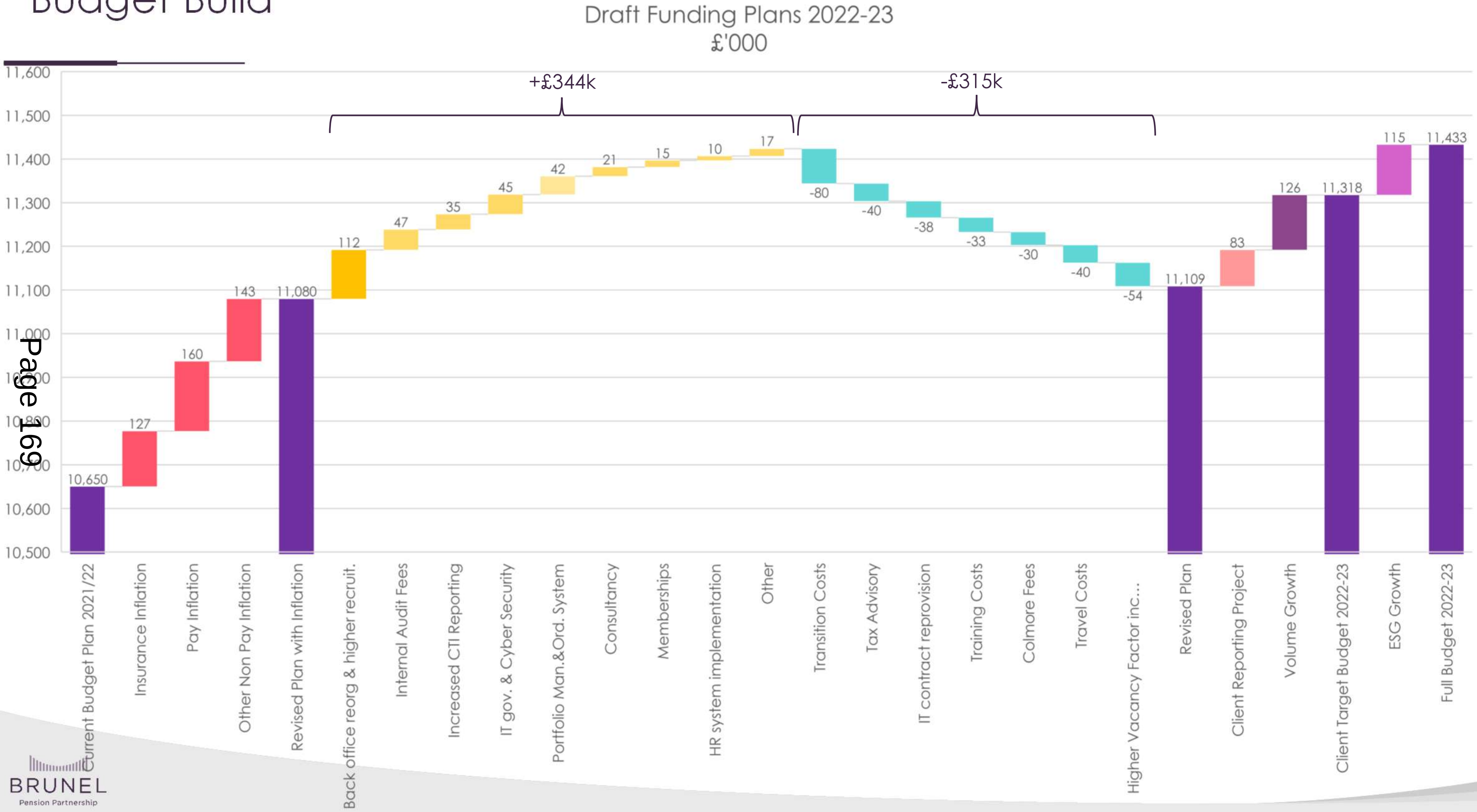
Budget Build



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Cost inflation details

Cost	%	£'000
1. Salary Costs Allocation*	3.00%	160
2. Insurance	40.00%	127
3. Bank Charges		19
		306
4. Other smaller line items		124
Total		**430**

* Allocation to support pay awards, promotions, development contracts based on outcomes from appraisals and will take into account a cost of living increase where appropriate.

Cost inflation expectations from the Bank of England are 4.1%, which drives the £430k increase. This slide shows how and where that translates into our cost base.

1. Pay inflation has been assumed at 3% in the Business Plans. This is an allocation to cover any pay awards provided. The labour market is tight and replacement costs are typically an upward trend. Noting that 3% pay inflation is below the expected 4% CPI forecast, so a net 1% real reduction in pay.

2. Insurance premiums have had the greatest impact on Brunel which is the result of the general tightening of the market and impact of Covid19.

3. Bank Charges includes a reduction of income from interest on own funds as rates have dropped.

4. Other areas of increasing cost inflation include travel, hotels, accommodation, utilities, professional subscriptions

Three initiatives, what they provide and the risks of not funding

Quarterly Reporting	Volume Growth	ESG Growth
Improve timeliness: investor insight, look and feel, fund factsheets, combined Listed & Private market assets	Supports core middle office PM volumes, which are already high and will grow as cycle 3 is invested	Supports future ESG client requirements (eg own TCFD reporting) and bolsters compliance capability
Risk: doesn't meet current Client requirements	Risk: operational errors on capital calls.	Risk: we slip from RI leader to RI follower
Risk: weak reporting leads to more ad hoc client requests, which Brunel struggle to support	Risk: errors on corporate actions	Risk: increased turnover as we dilute our purpose
Risk: stakeholders don't see benefit of pooling	Risk: higher cost as we use 3rd parties for operational due diligence	Risk: we are non-compliant and seen as an RI leader, reputational harm
Risk: staff feel de-motivated as stuck with an out-dated reporting solution	Risk: concentrated people risk, 1 person does this work.	Risk: we are less able to improve data which underpins RI and fiduciary decision making at pension committees
Risk: turnover of staff that work directly on client reporting	Risk: turnover of highly specialised staff, difficult to recruit and may increase cost	Risk: we are unable to support Client TCFD reporting, leading to greater Client spend with consultants
We will sign a new Vendor in Jan 22, at which point it becomes a cost pressure not an option		Risk: very slow progress on Climate Aligned benchmarks for active managers

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Quarterly Client Reports

- State Street charge £6k per client per quarter for reports that are no longer fit for purpose.
- Going forward this will be £8k per Client per quarter for reports that are fit for the long term.

Service

To meet Client requirements for quarterly reports, ensuring our output supports clear understanding of portfolio performance against investment objectives.

To reduce the production timescales and allow for future reporting development.
Note: this is not an analytics tool, it will systematically report information, not perform calculations.

Activity

Complete procurement of new reporting tool, to appoint vendor in 2021.
includes legal agreement, establishment of vendor oversight framework, SLAs. Much of this work will be complete before 1/4/22.

Implementation tool as soon as appointed, in order to have a parallel run in March 22
Design and agree new reports, define control process for production including full risk assessment, agree change management process. The majority of this work will be complete before 1/4/22.

Hire new Brunel resource to support reporting tool, to start search now.
This role will support implementation and then be able to oversight all third parties (inc data providers), control data flows, remediate breaks, work with clients and vendors on report life-cycle (requirements, design, testing, production, enhancements).

Cost

£83k, noting that Brunel have negotiated savings of £90k to substantially reduce the net cost of this service.

As a reminder this tool will: provide fund factsheets, make reporting more timely, give more investor insight achieve a more professional look and feel, combined Listed & Private market assets. This is a marginal cost per Client for a substantial benefit against agreed goals.

Please note Brunel will be signing contracts to onboard the new reporting vendor in January 2022, at which point this becomes a cost pressure, rather than an option.

Quarterly Client Reports, cost analysis

A further breakdown of the costs are shown in the table below.

Activity	Cost	£'000	Service Area
Added 1 FTE for a Reporting Analyst to support the implementation and the on-going operation of the reporting tool, while increasing capacity to support wider client requirements.	Reporting Analyst	93	Client Relations
Operational vendor costs for the reporting tool	Vendor On-going Costs	35	Client Relations
Support through the implementation phase of the project. This cost will drop out in 2023/24	Consultancy Fees	30	Client Relations
Funding to develop the tool to meet Client requirements	Vendor further development	15	Client Relations
Reduction in reporting costs agreed with current custodian to offset costs	State Street Savings	-90	Investment Operations
		83	

The table below shows the costs from the Project Business Case. This shows that the net increase in cost is £53k after the initial implementation phase and the consultant rolls off the project:

Client Reporting Project	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Vendor Costs	-88	-50	-50	-50
State Street set up	-5	0	0	0
Project Management	-176	-30	0	0
Reporting Analyst	0	-93	-93	-93
State Street Savings	0	90	90	90
Total Costs	**-269**	**-83**	**-53**	**-53**

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Volume growth

Service	To support core services; scale has driven growth in activity beyond original expectations.
Activity	1. Middle office activity growth requires support to ensure all transactions are safe, this includes private market calls, ongoing due diligence of an expanding set of private investments, servicing the private markets corporate actions and reshaping the property portfolio (see supporting slide) 2. Restructured the HR and Finance team to support growing business support needs.
Cost	**£126k** covers cost of an additional staffing resource for back and middle office, increased staffing / HR costs, along with increased data views and benchmarking tools fees to support the growth in Private Markets.

AUM now £38bn with £29bn transitioned as at Sept'21

Volume growth: Service & Activity

The table below highlights the activity that will be funded by the additional £126k request:

Activity	Cost	£'000	Service Area
Added 1 FTE next year in Inv ops at a senior level to allow support for heightened activity in Private markets as cycles build will also support new manager, resiliency and core processes across team.	Senior Investments Ops Officer	89	Investment Operations
Assume additional costs arising from new appointments. £10k provided to support HR associated costs and set up costs, £5k to support cost of additional IT Licences and equipment.	HR costs associated with recruitment	15	Finance & Corporate Services
Budget for additional data views including "GREFI" (International); MSCI license for Colmore access; PEI Media (Infra Investor, PDI).	Data Views / Licences	22	Private Markets
		126	

Volume growth: private market middle office

Service

The Brunel middle office ensure client transactions are safe, by supporting:

Cash management including capital calls, working with Colmore monitoring all cash flows, responsive to underlying capital calls, providing a layer of checking and notification to clients, controlling the end to end process, including State Street accounting record updates and ongoing reporting/reconciliation. The industry as a whole is manual making this a resource intensive higher risk process.

Property trades, to rationalise the legacy portfolio holdings in order to move all clients towards our model property portfolio, this will continue over a 3 year period. During (and following) this property trading will also reinvest income and keep clients allocations at target.

Corporate actions, in private markets for every investment ensuring that Brunel have considered and voted on every corporate action. This includes elections, resolutions, and any changes to LP or fund management arrangements.

Operational due diligence; for every investment in private (and listed markets) the manager is assessed, covering critical aspects such as how valuations are performed. All managers are RAG rated and revisited at a minimum, every 3 years (dependent on initial rag rating).

Activity

Volumes have grown rapidly, outsourcing is maximised and effective however, due to the nature of the LP arrangements (with Brunel acting under POA) not all activity can be outsourced, therefore, small increases within Brunel Investment Operations are needed to continue to support this path, ensuring we manage peak loads to the low levels of risk expected.

As shown below, capital calls have increased ~x3 YoY. Due diligence will grow as we continue to invest and move to ongoing monitoring. Corporate actions are substantially up YoY and we are now very actively reshaping the property portfolios as well as reinvesting income.

Average**	Capital Calls*	Property trades	Corporate actions	PM ODD
2020	15	0	2	1
2021	43	3	5	1
2021 vs 2020	28	3	3	0
2021 vs 2020	190%	1700%	159%	20%
Max**				
2020	31	2	4	3
2021	88	10	14	6
2021 vs 2020	57	8	10	3
2021 vs 2020	184%	400%	250%	100%

* Client level
** Monthly figures not annual

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ESG growth

Service

To support Clients expanding ESG requirements on a range of initiatives, including
1. To influence, then develop TCFD reports that can be adopted by our Clients.
2. To continue to support ad hoc ESG impact requests
3. To introduce a policy climate aligned benchmark for active managers

Activity

1. To engage with industry bodies to positively influence ESG regulations inc TCFD standards and their adoption by local authority pension funds. To engage with our Clients on the interpretation of TCFD regulations and how they will apply to Brunel and local authority pension funds.

2. Clients have requested 30 ad hoc ESG reports in the last year (3 per client on average). To give a flavour these covered fossil fuel breaks downs (7 reports for 5 clients), country level holdings, stock level requests. Given the importance is expected to continue to increase. Brunel are implementing a reporting tool to support these requests (which will require data feeds) and hiring into the Client team to bolster these interactions.

3. To engage and establish the inclusion of Climate Aligned benchmarks as policy on active funds and associated reports, to engage with managers in progress, engage with stakeholders on interpretation. Requires four meetings per client to get this done and landed with pension funds.

Cost

£115k to support resourcing in RI and Compliance Risk teams, with some additional costs for Membership, subscriptions and attendance at conferences (minimal). Or £12k per client as elective.

3.Cost to be established when approach is agreed.

ESG growth, cost analysis

ESG growth requires budget to support the following areas. Again the Senior RI team is set up to deliver the required services but support is required within their team a lower level while the monitoring of activity from a compliance perspective continues to increase:

Activity	Cost	£'000	Service Area
To provide additional capacity to the senior RI team to allow them to deliver their service and required level of engagement to support the Client's objectives.	RI Stewardship Officer	38	Core & RI
1 FTE to provide capacity and allow coverage to ensure increased level of horizon scanning and compliance monitoring as RI interacts increasingly with regulations for Brunel.	Compliance Analyst	61	Compliance & Risk
Increased budget to support engagement	Conferences / Membership / Subscriptions	16	Core & RI
		115	

Brunel Budget Proposals,

Brunel Budget 21/22 and 22/23	**21/22 Budget**			**22/23 Budget**							
	Original Budget £'000	**Approved from 20/21 £'000**	**Updated Budget £'000**	**Original Budget £'000**	**Inflation £'000**	**Cost Pressures £'000**	**Savings £'000**	**Volume Growth £'000**	**Client Reporting £'000**	**ESG Growth £'000**	**Updated Budget £'000**
Executive	804		804	804	32	22	(3)				854
Non-Executive	277		277	277	11	0	(2)				286
Client Relations & Communication	568	20	588	568	24	(31)	(2)		173		731
Core and Responsible Investment	986	10	996	986	30		(5)			54	1,066
Listed Markets	1,323	150	1,473	1,323	38	42	(94)				1,309
Private Markets	1,595	44	1,639	1,595	56	38	(9)	22			1,702
Compliance and Risk	593		593	593	24	60	(2)			61	736
General Counsel	129	31	160	129							129
Investment Operations	2,118	75	2,193	2,118	25	(25)	(72)	89	(90)		2,046
Finance & Corporate Services	1,848	90	1,938	1,848	190	182	(125)	15			2,110
Operations Office	56	20	76	56	0	25	(1)				79
Central Costs	353		353	353		31					384
Total Costs	**10,650**	**440**	**11,090**	**10,650**	**430**	**344**	**(315)**	**126**	**83**	**115**	**11,433**
Contingency	**532**	**22**	**554**	**319**	**13**	**10**	**(9)**	**4**	**2**	**3**	**343**
Income	**11,182**	**462**	**11,644**	**10,969**	**443**	**354**	**(324)**	**130**	**85**	**118**	**11,776**

BRUNEL Pension Partnership

Contingency – Pricing Policy

Key messages:

- The partnership has discretion on contingency levels, but they are an SRM
- Reducing the contingency, amongst other things, could be an effective way to manage the total cost increase
- Brunel are aiming to also discuss this item at BOB

Overall Budget Proposal

	2021/22 £'000	2022/23 £'000	Change
Budget Plan	10,650	11,433	7.4 %
5% Uplift for Contingency	533		
3% Uplift for Contingency		343	
Client Invoiced	**11,183**	**11,776**	**5.3%**

The Budget proposal considers the reduction on the level of contingency from 5% to 3%. This maintains overall budget increase to Clients of ~5% year on year.

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Recap – this is our Budget Build

All figures in GBP 000's

Current Year Budget (2021-22)	3.0 bps	10,650		
			430	– Inflation cost pressure, including Insurance premiums £127k, overall 4% in line with CPI forecast
Revised Plan with inflation	3.1bps	11,080		
			344	– New areas of costs to add back in, for cost pressures, e.g. PM & Back Office reorg., Internal Audit fees, IT Governance, CTI Reporting, consultancy
			(315)	– Cost Savings, including reductions in Transitions admin, training, & IT reprovision
Revised Plan with costs & Savings	3.2 bps	11,109		
			83	– Client Reporting – this became a cost pressure when we sign the new Vendor in Jan 22
			126	– Volume Growth
Budget within Client Target (2022-23)		11,318		
			115	– ESG Growth
Full Budget (2022-23)	3.2bps	11,433		

Outer years …

Our expectations for future years

1. Include cost inflation, to be assessed but we'd assume a 3% baseline for now ~£350k pa
2. Include triennial contribution increases, currently 4% which is £170k p.a from April 2023
3. Include some cost growth to support Private Markets, front and middle office, +2 heads in year 3 ~£200k
4. See some reduction for Quarterly Client reporting as 2022 includes £30k of implementation costs, not repeating

	Year 1 2022-23	Year 2 2023-24	Year 3 2024-25
Budget	**11,433**	**11,923**	**12,473**
Inflation		350	350
Reporting		-30	-
Triennial		170	-
Private Markets			200
Total increase		**490**	**550**

Baseline assumption is

1. Assume AUM and products are stable, but if these grow and become more complex this will drive further cost eg new PM investments, insurance, regulatory compliance.
2. As always, we will look to manage costs down and lower cost budgets where we can.

Other cost drivers are not clear yet but things that might drive additional growth:

- Increased service requirements from Clients
- New regulations
- Need to change a critical outsourced provider or insource, though we'd aim to keep the net cost increase tightly managed
- Competitive landscape, eg hiring and retaining talent

Appendix

As shown on the following slides, Brunel is committed to delivering value for money and achieving our objectives

The plan proposal put forward is against a backdrop of having more assets to manage and achieving better than expected cost savings.

Hitting our objectives, creating value for Clients

2. Outperformance

- Performance £800m excess
- All portfolios launched
- Total AUM up £8bn vs the OBC for March 2021
- 120 sub-IM meetings annually
- Award winning portfolio construction (IPE)

1. Client Driven:

Client Satisfaction:
3.9 out of 5, up 0.4pts YoY

Staff Engagement:
93% (+7pts YoY)

3. Additional Benefits

- Paris Aligned passive benchmarks live and funded
- High volume of Pension Committees supported by investment specialists
- CTI and client year end supported
- Leaders in RI, eg COP26, TCFD, IIGCC
- Accredited FRC stewardship standard

5. Fees & Costs

- We are now breaking even on the MHCLG return
- Based on assets transitioned, Net Fee savings £13m pa (£24m gross), vs pre-pooling
- Total IM Fees are 13bps cheaper than the market*
- Tax savings of £17m in 2021, exceeding expectations
- Within budget every year, £215k rebate for 2020

4. Risk

- No high risk audit findings
- Adequately capitalised
- Alignment to ESG principles, including good governance

Notes:
1. Fee saving achieved in the year ending March 2021, excluding transition costs, which are one off in nature vs the repeatable saving.
2. Tax savings based on £153m of dividends clients were paid within the ACS in the year to Sep 21, Brunel saved £17m vs statutory withholding tax
3. Excess returns is from the active listed market funds, built per day per fund since inception, as of 31/8/21, bps assume £35bn AUM
4. (*) CTI analysis by Caceis shows vs comparable size schemes and on the specific Brunel asset allocation

Savings & Performance Headlines

In 2021

Manager fee savings

6.7 bps = £23m p.a.

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In 2021

ACS with-holding tax savings

£17m (5bps)

Since Inception EXCESS RETURNS

£800 million (229bps)

Since Inception FEE SAVINGS

£33 million (9bps)

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Notes:

1. Fee saving is the gross amount (pre Brunel cost base) as achieved, excluding transition costs, which are one off in nature vs the repeatable saving.
2. Tax savings based on £153m of dividends clients were paid within the ACS in the year to Sep 21, Brunel saved £17m vs statutory withholding tax
3. Excess returns is from the active listed market funds, built per day per fund since inception, as of 31/8/21, bps assume £35bn AUM

More assets & better savings than the OBC

Brunel has **both more assets** to manage and is making **better than expected savings**

Even allowing for this budget increase the rate of savings and the absolute amount exceeds the OBC by £5mn pa.

Our growth is in more complex areas, such as Private Markets or in leading RI, which allows more savings, but needs resourcing.

Brunel Budget		18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
Cost Budget Approved	£m	7.8	10.4	10.5	10.7	10.9
AUM	£bn	28	30	35	35	35
cost bps	bps	2.7	3.4	3.0	3.0	3.1
Gross Savings (MHCLG)	£m	-1.9	-8.1	-23.5	-32.5	-35.5
Net Savings (MHCLG)	£m	n/a	n/a	-12.5	-21.3	-24.0
bps net saving	bps	n/a	n/a	-3.5	-6.0	-6.8
OBC target net savings	bps					-5.2
Cost Proposed Budget	£m					11.4
AUM	£bn					35
cost bps	bps					3.2
Gross Savings (MHCLG)	£m					-35.5
Net Savings (MHCLG)	£m					-23.7
bps net saving	bps					-6.7
OBC target net savings	bps					-5.2

In 2022/23

- ✓ Assets are up £6bn from the OBC (£35bn vs £29bn expected).
- ✓ The saving rate is up 1.5bps from the OBC.
- ✓ This totals a £5m annual fee saving.
- ✓ This is inclusive of the proposed cost increase.

Note:
1. OBC excludes Pension Fund own cost savings, not within scope.
2. 22/23 conservatively estimates a further £3m on known '22 savings

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Pricing and Cost Allocation Policy Review

11 January 2022

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Exec Summary, it's time to review the pricing policy

The current Pricing Policy is scheduled for review by 31 October 2021. Its **purpose remains unchanged**, i.e., "the Policy is fundamental to ensuring that there is a formal agreement across all clients and Brunel on how costs will be priced and charged equitably."

The evolution of the business over the period from the last iteration of the policy (November 2018) and the successful transition of assets to date, make this a suitable time to review the mechanics of the pricing policy to ensure it remains suitable going forward.

Pricing Policy Evolution

Jul 17 – simple 1/10th split or AUM in PM or LM

Sep 18 – split launch & monitor costs; adds complexity

Spring 22 – simplify; fixed allocation share and variable basis by asset type

The current policy was designed to manage complexity, to charge clients whilst assets transitioned, and would not be considered if the business were starting today with current levels of AUM.

This document sets out a suggested approach and revision to the current Pricing Policy with a replacement "Pricing and Cost Allocation Policy" for a further three year period. Client Group are asked to review, provide comment and agree a proposed approach going forward. Any change to the policy is subject to a unanimous Special Reserved Matter (SRM) and following agreement with Client Group the proposal will be taken to the Brunel Oversight Board for consideration.

Pricing and Cost Allocation Policy - drivers for change

It is now appropriate to refine the model to be fit for purpose in the next phase of the business development, i.e., an increasing focus on the management of the investments, as opposed to launching funds, and ensuring the provision of optimum services for our clients and shareholders.

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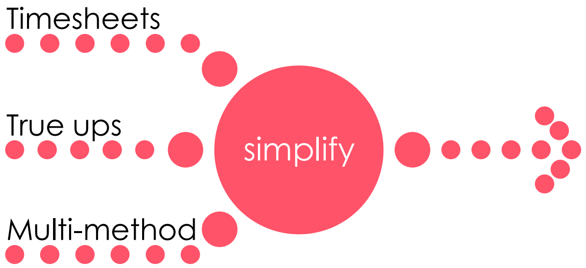

The current policy is a time consuming and complex process to administer and is subject to onerous resource tracking and allocation processes. A simplification of approach would free up limited resource and permit a more straightforward allocation of costs.

The next iteration of the Pricing Policy ("Pricing and Cost Allocation Policy") has been developed with established investment management pricing practice in mind and aims to increase transparency and ensure ongoing fairness across all clients.

The pricing of individual elective services will enable external market comparison to ensure competitiveness and value for money.

Section 1

Proposed changes to the methodology of Client cost allocations

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Pricing and Cost Allocation Policy – key points

- Stakeholders **retain control** of setting budgets in £m
- The process for budget setting is **unchanged**

The only change is the allocation methodology at a Client level, which will provide the following outcomes:

- Clearer linkage between the value of assets managed and invoices
- Clearer comparison to market
- Minimal Client invoicing swings (vs today)
- Simplify operations and increase transparency
- Fit for purpose in next phase of maturity

Pricing and Cost Allocation Policy - how we do this…

Total Costs

- No change to budget approach.
- Overall cost budget plus mark-up retained

Separate rate card for Elective Services

Elective Services

Allocation basis

Shared fixed element

- Proportion of total budgeted costs allocated evenly
- 45% of total costs allocated evenly each year

AUM bps

- Rate card approach
- Basis points charge tiered by asset type
- Active equities/debt, Passive equities/debt and Private Markets
- AUM at 31st March plus commitments each year

Specific activity costs

- Costs specifically attributed to a Client e.g., from State Street or Colmore.

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Pricing and Cost Allocation Policy – Proposal and principles

Based on forecast 2021 total costs and AUM (c£11.2m equivalent to 3.3 bps on total Client AUM / 4.6bps on transition AUM) an indicative view of the level of recharge required to achieve a break-even position in each of the following years can be summarised as follows:

Allocated charge basis	Budget year to 31 March 2022/23	Budget year to 31 March 2023/24	Budget year to 31 March 2024/25
Total budgeted cost as a fixed share	45%	45%	45%
Activity – State Street / Colmore	Direct	Direct	Direct
AUM rate – Passive (fixed bps)	0.5 bps	0.5 bps	0.5 bps
AUM rate – Active (flex bps)	1.9bps-2.4 bps	1.8bps-2.3 bps	1.7bps-2.1 bps
AUM rate – Private Markets (flex bps)	4.5 bps	4.27 bps	4 bps

After the fixed share (45%) has been attributed evenly, and the specific activity costs allocated to each Client, the remaining budgeted costs are recovered by the AUM rate card. The rate card is flexed each year to achieve a break-even position. The bps per asset type move proportionately to maintain the relative ratio of charging by asset type (noting we keep passive unchanged).

Indicative levels of recharge are shown in the Appendix, based on current and projected AUM comparing 2021/22 invoicing to projected.

The AUM rate card and indicative Client basis points are outlined further on the next pages.

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Pricing and Cost Allocation Policy – Proposal and principles

As Brunel takes on an increasing share of Client assets there is a natural shift from expenditure incurred in launching investment portfolios to increasing costs associated with monitoring, managing and administration of the portfolios on an ongoing basis.

The tiered AUM rate card approach recognises the differential in costs associated with the differing types of asset and include:

- Passive – monitoring the achievement of climate-aligned benchmarks (and other passive products).
- Active – ongoing due diligence, management and consideration of investment delivery against objectives.
- Private Markets – complex investment opportunities with greater level of research, analysis, illiquidity risk and servicing cost.

The rate card is further refined to differentiate between active equities and debt and passive equities and debt.

The indicative rate card has been set to achieve a comparable level of total income for Brunel to cover their total costs. In determining the level of bps to charge, some limited benchmarking is available and is detailed on page 9.

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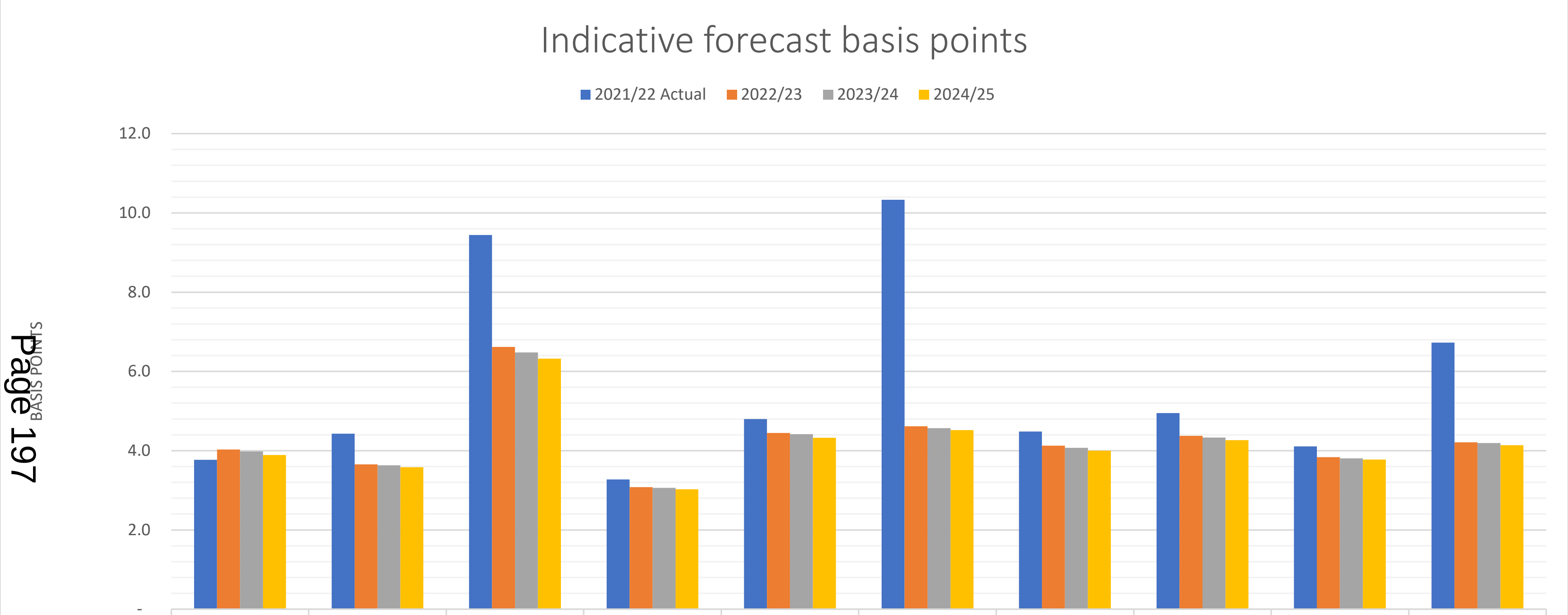
Pricing and Cost Allocation Policy – Indicative forecast bps on Brunel AUM (excl. LDI)



	Avon	Buckinghamshire	Cornwall	Devon	Dorset	Environment Agency	Gloucestershire	Oxfordshire	Somerset	Wiltshire
2021/22 Actual	3.8	4.4	9.4	3.3	4.8	10.3	4.5	4.9	4.1	6.7
2022/23	4.0	3.7	6.6	3.1	4.4	4.6	4.1	4.4	3.8	4.2
2023/24	4.0	3.6	6.5	3.1	4.4	4.6	4.1	4.3	3.8	4.2
2024/25	3.9	3.6	6.3	3.0	4.3	4.5	4.0	4.3	3.8	4.1

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Assumptions:

- Draft cost budget 2022/23 £11.4m +3%
- Costs increased by 3% 2023/24 onwards
- Q3/21 Asset allocation with remaining commitments to Q1/22
- Excludes LDI from AUM
- MHCLG forecast AUM growth 2023-25
- No market growth assumed in AUM

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Pricing and Cost Allocation Policy – market intelligence

Asset type	Bps	Description
Passive	0.5	London CIV earn 0.5 bps on LGIM and Blackrock passive funds. Ongoing charges (OCF) for typical retail index tracker funds 10-20 bps.
Active	Avg. 2 bps (0.5 – 2.5)	London CIV average income on ACS of c2 bps (0.5 bps on Global Bond fund, 1 bp on MAC fund and 2.5 bps on other ACS funds). Investment Trust OCF typically in range 20-40 bps.
Private Markets	n/a	Overall management fees including the full investment management process in the region of 150-200 bps.

We note in the London CIV annual report (2020-21) that they have reviewed their pricing policy and with EY assisting they have determined that a greater emphasis on variable fees is desirable once they achieve 75% transition (currently 54%).

The London CIV suggested split of 30% fixed to 70% variable is felt to be appropriate, although noting that the variable fees are truly variable and determined entirely by the level of AUM rather than to achieve a certain level of cost recovery.

At Brunel the previous methodology for allocating fixed overhead (c59%) has been revised in line with the move towards a maturing portfolio position and greater allocation of costs to ongoing Investment activity. The budgeted 2022/23 fixed operational costs of Brunel (facilities, telecoms, insurance etc.) with the addition of currently allocated central functions (HR, Finance, IT etc.) is c44%. See Appendix for further details of the fixed allocation.

London Pension Partnership have a base rate of 10bps and which increases in 5bps steps as complexity grows (noting they exclude Passives).

Pricing and Cost Allocation Policy – market intelligence

The overall level of income that Brunel generates (c4.6 bps in 2021 on forecast costs and transition AUM) can be viewed in the context of the following:

- Brunel's cost plus agreement has been reviewed for compliance with HMRC Tax Transfer Pricing principles. Our tax advisers reported that a suitable margin for an organisation like Brunel is in the range 2-6 bps.
- The reported outsourcing of the British Airways scheme to Blackrock earlier this year, with AUM of £21.5bn, is estimated to be based on a flat fee of 5 bps, plus possibly add-on fees for services such as ESG reporting (estimated by Bart Heenk, partner and UK country head at Avida International).
- International investment manager research by NMG Consulting found the lowest cost European investment manager they spoke with had an expense ratio of 9 bps (managing c$50bn with 60 staff).

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Pricing and Cost Allocation Policy - further details of the mechanics

The following high level principles would apply in determining the recharge of costs:

- Budget 2022/23 annual costs plus agreed contingency signed off by SRM as the basis for the initial calculation.
- Rate card bps would be agreed each year based on new budgeted costs plus agreed contingency.
- Elective Services to be determined separately.

- The first invoice period (April – June 2022) would be calculated in late April/May (after the approval of the budget) and would be based on the AUM as at 31 March 2022 plus commitments for the remainder of 2022.
- An annual true-up of recharges would take place in late April/May each year to reflect the actual costs for the preceding 12 month period ended 31 March, subject to an excess of the agreed variance to budget (e.g. +/- 5% actual spend vs budget) requiring an additional charge/rebate.
- Commitments – no changes made to AUM for assets that do not transfer as planned.
- Commitments – material additional asset transition not included in plan (>£100m) will be included on a pro-rata time apportioned basis in the AUM in the annual true-up.

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Pricing and Cost Allocation Policy - alternatives

The following alternative methods have been considered in preparing this proposal:

Alternative basis	Comment
Stay as per current policy	Missed opportunity to simplify approach, save resource and future proof and achieve other benefits outlined
Simple 1/10th share of all costs	Too simplistic; inequitable split of costs without reference to AUM or understanding of drivers
All costs allocated in proportion to total Brunel AUM	Unfair cost burden for those clients with greater level of AUM, particularly when not all assets are transitioned
Blended Brunel bps (4.1) on total client AUM	Doesn’t allow a good enough linkage between cost and charges e.g., a client all in passive has same charge as those all in private markets (if same AUM total).
Fixed + Variable in proportion to AUM	No differentiation in level of cost to support and manage by asset type

CONCLUSION

It is felt that the proposed basis provides the fairest and most reasonable basis moving forward.

Section 2

Proposed changes to the pricing of services, the contingency added as a cost+

Contingency – Pricing Policy

Key messages:

- The partnership has discretion on contingency levels, but they are an SRM (item 6*)
- Reducing the contingency, amongst other things, could be an effective way to manage the total cost increase
- Brunel are aiming to discuss this topic at BOB in January

* The pricing policy was schedule 7 of the services agreement, which is controlled by SRM6 "The amendment or variation of the Services Agreement…"

Overall Budget Increase

The Budget proposal considers the reduction on the level of contingency from 5% to 3%.
This maintains overall budget increase to Clients of ~5% year on year.

	2021/22 £'000	2022/23 £'000	Change
Budget Plan	10,650	11,433	7.4 %
5% Uplift for Contingency	533		
3% Uplift for Contingency		343	
Client Invoiced	**11,183**	**11,776**	**5.3%**

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Appendix

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Indicative impact – MHCLG forecast AUM with current asset allocation

	Actual Invoices 2021/22 £	Average 2021 AUM bps	Budget Charge 2022/23 £	Blended bps	Budget Charge 2023/24 £	Blended bps	Budget Charge 2024/25 £	Blended bps
Avon	1,240,532	3.8	1,440,043	4.0	1,531,218	4.0	1,603,673	3.9
Buckinghamshire	1,210,019	4.4	1,286,462	3.7	1,335,377	3.6	1,373,719	3.6
Cornwall	1,088,450	9.4	953,633	6.6	979,542	6.5	1,000,097	6.3
Devon	1,448,350	3.3	1,556,857	3.1	1,601,022	3.1	1,631,899	3.0
Dorset	945,808	4.8	1,010,587	4.4	1,051,199	4.4	1,174,797	4.3
Environment Agency	1,053,426	10.3	1,150,972	4.6	1,139,699	4.6	1,126,389	4.5
Gloucestershire	1,106,414	4.5	1,245,464	4.1	1,240,520	4.1	1,236,667	4.0
Oxfordshire	1,083,280	4.9	1,113,231	4.4	1,152,358	4.3	1,183,538	4.3
Somerset	907,631	4.1	997,573	3.8	996,047	3.8	991,447	3.8
Wiltshire	1,098,855	6.7	1,021,176	4.2	1,102,298	4.2	1,170,933	4.1
TOTAL	**11,182,766**	**4.6**	**11,776,000**	**4.1**	**12,129,280**	**4.0**	**12,493,159**	**4.0**

SCENARIO	2022/23	2023/24	2024/25
Fixed %	45%	45%	45%
Passive Equities - bps	0.50	0.50	0.50
Passive Debt - bps	0.50	0.50	0.50
Active Equities - bps	2.40	2.28	2.14
Active Debt - bps	1.92	1.82	1.71
Private Markets - bps	4.50	4.27	4.00

Assumptions:

- Draft cost budget 2022/23 £11.4m +3%
- Indicative rate card to achieve break-even
- Costs increased by 3% 2023/24 onwards
- Q3/21 Asset allocation with remaining commitments to Q1/22
- Excludes LDI from AUM
- MHCLG forecast AUM growth 2023-25
- No market growth assumed in AUM

Noting the passive is a fixed bps rate of 0.5, but all other rates flex proportionately eg PM is always 1.875x more than Active Equites, which in turn are always 1.25x more than Active Debt.

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Indicative impact – old Pricing Policy on budget 2022/23 costs

The following is an indicative view of the old Pricing Policy being applied to the 2022/23 proposed budgeted costs, in the absence of a full re-work of the AUM and resource data for 2022/23.

The basis for the calculation under the old policy is a high level estimate based on the AUM from the Q1/2022 invoicing together with the current resource allocations which are applied to the budgeted costs for 2022/23.

	Old Policy Budget 2022/23 £	**Proposed Charge 2022/23 £**	**Difference Old vs New 2022/23 £**	**Change 2022/23 %**
Avon	1,309,062	1,440,043	- 130,981	-10.0%
Buckinghamshire	1,252,796	1,286,462	- 33,666	-2.7%
Cornwall	1,177,467	953,633	223,834	19.0%
Devon	1,516,964	1,556,857	- 39,894	-2.6%
Dorset	1,004,064	1,010,587	- 6,523	-0.6%
Environment Agency	1,065,597	1,150,972	- 85,375	-8.0%
Gloucestershire	1,164,364	1,245,464	- 81,100	-7.0%
Oxfordshire	1,146,412	1,113,232	33,180	2.9%
Somerset	972,081	997,573	- 25,491	-2.6%
Wiltshire	1,167,192	1,021,176	146,016	12.5%
TOTAL	**11,776,000**	**11,776,000**	**0**	**0.0%**

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Fixed share of costs – proposed allocation

The proposed allocation of the budgeted costs for 2022/23 of £11,433k (pre mark-up) are as follows:

Draft budget 2022/23	£'000
Investments – AUM related and activity costs	6,378
Proposed allocated share of costs	5,055
Total budgeted costs	11,433

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Proposed allocated share of costs	£'000	
Total allocated share of costs - current Pricing Policy methodology	6,776	c59% of total costs
Insurance costs	(439)	Costs related to AUM
Investments – incl. consultancy / memberships and subs / legal fees / CTI reporting	(377)	Included in overhead in Launch phase as no alternative to allocate – now suitable for AUM
Investments – tools and monitoring	(456)	Costs related to investments e.g. FactSet and Data views
People – Core & RI team	(230)	Allocated to portfolios to date where direct cost is known. Full allocation to investments going forward
People – reallocation of potential inflation to allocated teams and travel costs in Listed and Private Markets	(219)	No direct data to analyse travel costs by portfolio in current pricing policy
Total proposed allocated costs	**5,055**	**c44% of total costs**

Next Steps

It is anticipated that the Pricing Policy review will proceed as follows:

- Client Group review January 11 2022
- Board approval January 20 2022
- Brunel Oversight Board review January 27 2022
- Special Reserved Matter issued February 1 2022 (deadline March 1 2022)

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Division(s): n/a

ITEM

PENSION FUND COMMITTEE – 4 MARCH 2022

CLIMATE CHANGE ENGAGEMENT POLICY

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to approve the draft Climate Change Engagement Policy as included as the Annex to this report and instruct Officers to work with the Climate Change Working Group and Brunel to assess the practical implications of the Policy using the latest available data and report back to the June Committee.**

Introduction

2. At its December meeting, this Committee considered and agreed an initial draft Climate Change Engagement Document which set out some of the key principles to be included in the final draft policy. This document had been developed through discussions within the Climate Change Working Group including input from the representative from Fossil Free Oxfordshire.

3. The Committee asked Officers to continue to work with the Climate Change Working Group to produce the final draft version of the Policy for consideration at this meeting. It was noted that any Policy approved by this Committee would then become the basis for a wider policy discussion across the whole of the Brunel Pension Partnership as part of the 2022 Climate Change stocktake with the aim of agreeing a single Policy across the whole of the partnership.

4. The Climate Change Working Group met on 10 February 2022 and considered an initial draft Policy document prepared by the Officers. Members of the Responsible Investment Team at Brunel attended the meeting of the Working Group to comment on the draft and provide advice, but it was agreed that at this stage of the process, the draft Policy reflected the views of the Oxfordshire Pension Fund Committee, and the views were not necessarily endorsed by Brunel. The key elements of the discussion held at the Working Group are set out below, with the amended draft Policy included as an Annex to this report for Committee approval.

Draft Policy

5. The initial draft document set out the intended scope of the policy, with an ambition to cover all asset classes in as consistent manner as possible. The subsequent discussion highlighted the need to take different approaches across asset classes and indeed within asset classes. For example it was highlighted

that the approach to selecting investment assets was very different between the public and private markets, with the greater illiquidity in the private markets making it more important to ensure that Brunel selected Fund Managers who shared their responsible investment ambitions as there was less scope for engagement and dis-investment of underlying positions later within the process. It was also highlighted that there was limited scope for engagement when discussing sovereign bonds for example.

6. It was therefore agreed that the final policy would need to include a number of sub-divisions to reflect the different approaches and criteria that could be applied to the individual asset classes.

7. It was agreed that the initial focus of the Policy should be on the listed equity markets and the corporate bond markets where company engagement was a traditional part of the Fund Manager role, alongside the ability to raise and vote on resolutions at company general meetings, and where data was more generally available to undertake assessment of the underlying investments.

8. Within this initial focus, it was agreed that priority should be on those companies responsible for the highest levels of carbon emissions. The Committee had previously agreed to sign up to Climate Action !00+, so It was agreed that the Climate Action 100+ list of high impact companies should therefore be the initial focus of the Policy. This list currently covers 187 companies who account for over 80% of corporate industrial greenhouse gas emissions.

9. There was a request that the Policy should include a clear timeline for building out the document to include all asset classes. The consensus though was that at this time it was not possible to provide a definitive timeline as too many factors lay outside the control of the Committee, including the development of credible 1.5°C scenarios for all asset classes, and the establishment of comprehensive data to assess the relative merits of all classes of underlying investments. Going forward though it would be important to understand the relative impact of the various asset classes on the Fund's carbon footprint and prioritise developments where they would have the greatest impact.

10. The members of the Working Group set out some concerns about the criteria used in the initial draft document to classify and assess individual companies. It was highlighted that we needed to adopt a standard approach to this to ensure the data was available to complete a comprehensive assessment. The criteria and classifications included in the initial draft were developed as part of the Climate Action 100+ work and included more detailed underlying sub-criteria with scores against the criteria overseen and controlled by Climate Action 100+.

11. Particular concern was expressed about including a "committed to aligning classification" based on the perceived self-assessment element of this criteria and the ability to express a commitment without any real action behind this to deliver the required net zero changes. It was noted though that Climate Action 100+ would be making an assessment of each of the high impact companies commitments, so there was some external validation of the classification, and

retaining the classification retained an earlier milestone whereby companies could be highlighted for potential action including exclusion.

12. The Working Group spent some time discussing the initial timescales for actions with conflicting views expressed about whether timescales should be shortened or were overly ambitious. The discussion also picked up the wider issues associated with the operation of the policy, and the need to deliver on both the policies objective on limiting global temperature increases to no more than 1.5°C and the over-arching fiduciary duty of this Committee.

13. The consensus was that the policy could not be overly prescriptive and needed to have a broader range of timescales attached to avoid either a fire sale of assets or to force the sale of assets when other criteria supported their retention. Having a wider range of timescales would enable the Fund to be ambitious in setting early targets for the highest impact companies whilst ensuring the timescales to manage the effective transition of lower impact companies was deliverable. It was also important to note that the Fund’s overarching Climate Policy was to support the delivery of a net zero economy rather than simply a net zero investment portfolio, and whilst dis-investment would deliver the latter it could hamper the process to deliver the former.

14. It was agreed that maintaining a high level of transparency around the delivery of this policy was important, and if there was an acceptance that companies which failed to meet the required criteria by the specified timescales would not automatically be subject to exclusion, there needed to be clear reporting as to why such companies were being retained within the investment portfolios.

Next Steps

15. As part of the discussion, it was suggested that it would be helpful to understand how the policy would apply to current investment companies. Brunel reported that they expected further data would be published in March 2022 which would support such analysis. This analysis would allow us to report on the percentage of companies on the Climate Action 100+ high impact list which are contained within our portfolios and the proportion of the total emissions of the Fund attributable to these companies.

16. It was further explained that the wider discussions on developing an Engagement Policy across the whole of the partnership would not take place until the second half of 2022 as part of the Climate Change stocktake. As such it was agreed that the Working Group could undertake a further review of the potential practical impacts of implementing the draft policy and report back their findings and any proposed revisions to the draft Policy to the June meeting of this Committee.

Lorna Baxter
Director of Finance

Contact Officers: Sean Collins/Greg Ley
Tel: 07554 103465 / 07393 001071

February 2022

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A MORE PRESCRIPTIVE APPROACH TO ENGAGEMENT - ALIGNING INVESTMENTS TO A 1.5°C PATHWAY

Introduction

1. The Pension Fund's Climate Change Policy Implementation Plan included a goal to set targets and measures of success in relation to engagement activity. This document is intended to set out the Pension Fund's Engagement Policy, consistent with the Fund's Climate Change Policy objective of aligning investments with the Paris Agreement goal to limit global temperature increases to 1.5°C. The Policy has been developed based on the principles agreed at the Pension Fund Committee on 3rd December 2021.

2. Ultimately this will feed into the Brunel Climate Policy Stocktake process where the goal is to adopt a Brunel wide approach that has the agreement of all client funds. Where a unanimous position cannot be agreed the Pension Fund would seek to work with other Brunel funds to establish portfolios which align to the Fund's Policy.

Scope

3. The ambition is for the Policy to apply across all the Pension Fund's portfolios but initially the focus will be on listed equities and corporate bonds which make up a large proportion of the Fund's investments and have more established processes and data to enable the Policy to be applied. Passive equities are not in scope as the Fund has already invested all passive equities in a Paris Aligned portfolio with its own rules for company weightings and exclusions.

4. The way the Policy operates for other asset classes will need to be developed in future iterations of the Policy due to the different nature of the investments and climate data sets available. For example, the criteria currently set out in the Policy for equities and bonds would not be appropriate for property investments.

5. The Policy will focus on companies that have the most significant climate impacts by identifying high impact companies. High impact companies will be defined as those companies on the Climate Action 100+ focus list.

Principles

<u>Goals</u>

6. The Policy aims to establish a mechanism for ensuring the Pension Fund's investments are aligned to the Paris goal of limiting temperature rises to 1.5°C within an appropriate timeframe. The Policy will operate in a way that does not conflict with the Pension Fund Committee's fiduciary responsibilities.

Science Based

7. The Policy will be grounded in scientific consensus on climate change, in particular by the work of the Intergovernmental Panel on Climate Change. In addition, the Policy will be informed by outputs from other reputable bodies that produce analysis derived from credible 1.5°C scenarios.

Transparency

8. The operation of the Policy will be transparent: the reasoning for decisions will be predictable, recorded and accessible as far as practicable. The Policy will take every opportunity to signal positive change to the wider market and society to maximize the impact of the Policy.

9. Transparency on the criteria to be assessed is also seen as a key driver in encouraging companies to disclose the information needed to undertake the required analysis and in promoting the development of products and services by providers that links to the Policy criteria.

Data

10. As far as possible the Policy should use objective measures or simple verifiable facts that signal a tangible effect on climate mitigation. Measures should be comparable within sectors and between sectors where possible.

11. Decisions made under the Policy will not be postponed or avoided in the absence of perfect data. Reasonable estimates should be used when actual data is unavailable. The absence of data in itself should be considered as a potential criterion fail where there is a reasonable expectation for a company to make the data available. It is primarily the responsibility of companies to generate verifiable data that can be used to guide policy execution.

12. In making company level assessments full scope 3 emissions should be considered. Unlike portfolio level assessments that include full scope 3 emissions, company level assessments do not suffer from double counting issues.

13. In assessing alignment with 1.5°C scenarios a prudent approach will be adopted where companies place reliance on emissions offsetting and/or carbon capture and storage technologies. Offsetting should not be used by companies operating in sectors where viable decarbonisation technologies exist. Plans should not rely on unproven technologies or adopt timeframes for action that are inconsistent with 1.5°C pathways.

Policy criteria

14. The Pension Fund will primarily seek to achieve portfolio alignment through the decarbonisation of assets, as this this is what is required in order for 1.5°C scenarios to be achieved. However, where decarbonisation at company level is

not taking place at the required level the Pension Fund seeks to have a criteria-based approach to excluding such companies from its portfolios.

15. The Policy seeks to adopt a set of criteria against which companies will be assessed that have a clear link to alignment to 1.5°C temperature scenarios. Where possible the assessment of Paris alignment should be sector specific to take into account the different decarbonisation pathways that have been established for different sectors.

16. The following criteria have been derived from the criteria currently assessed by Climate Action 100+. Within each of the criteria there are several sub-criteria. Details can be found on the Climate Action 100+ Net-Zero Company Benchmark (Net-Zero Company Benchmark | Climate Action 100+).

Assessment Criteria:

1. **Ambition** - Long-term greenhouse gas (GHG) emissions goal consistent with limiting global temperature rises to 1.5°C above pre-industrial levels.
2. **Targets** – Short, medium, and long-term GHG emissions targets (scope 1, 2 and material scope 3) consistent with limiting global temperature rises to 1.5°C.
3. **Emissions Performance** – Currently meeting emissions reduction targets or disclosed emissions are consistent with 1.5°C pathways.
4. **Disclosure** – Reporting of scope 1, 2 and material scope 3 emissions.
5. **Decarbonisation Strategy** - A quantified plan setting out the measures that will be deployed to deliver long and medium term GHG emissions targets.
6. **Capital Allocation** – The company has explicitly committed to aligning future capital expenditure with the Paris Agreement goal of limiting global temperature rises to 1.5°C. The company discloses the methodology it uses to align its future capital expenditures with its decarbonisation goals, including key assumptions and key performance indicators.
7. **Lobbying** - The company has a Paris-Agreement-aligned climate lobbying position and demonstrates alignment of its direct and indirect lobbying activities.
8. **Climate Governance** – The company demonstrates clear oversight of climate planning and climate linked executive remuneration targets.
9. **TCFD Reporting** – Company produces reporting under the TCFD framework.
10. **Just Transition** – The company considers the impacts of moving to a lower-carbon business model on its workers and communities.

17. The list of criteria will be kept under review for appropriateness.

18. Companies will be classified into stages of alignment as per the below depending on whether they are high-impact or not:

<u>High-Impact Companies</u>

Not aligned – companies that meet none of the criteria.
Committed to Aligning – companies meeting criteria 1 only.

Aligning - Achieving criteria 1, 2, 4, 5 (partial achievement), 7, 8, and 9
Aligned – Achieving all criteria

Other Companies

Not aligned – companies that meet none of the criteria.
Committed to Aligning – companies meeting criteria 1 only.
Aligning - Achieving criteria 1, 2 and 4
Aligned – Achieving criteria 1, 2, 3, 4, 9 and 10

High Impact Companies

Alignment Stage	Timeframe (31 December)
Not aligned	Immediate
Committed to Aligning	2024
Aligning	2026
Aligned	2027

Large-Cap Companies

Alignment Stage	Timeframe (31 December)
Not aligned	2024
Committed to Aligning	2025
Aligning	2028
Aligned	2030

All Other Companies

Alignment Stage	Timeframe (31 December)
Not aligned	2026
Committed to Aligning	2028
Aligning	2035
Aligned	2040

Policy Operation

19. Companies that have not reached an alignment stage within the required timeframe will be added to a list for potential exclusion. Prior to companies on the list being confirmed for exclusion there will be a qualitative analysis undertaken, including Brunel, client funds, and fund managers as appropriate. The purpose of this analysis is to ensure decisions are made in the best interests of client funds and to take into account the fact that any set of criteria cannot fully capture all elements relevant to an investment decision both in isolation and in terms of portfolio level impacts. The rationale for any decisions taken should be made publicly available as far as possible taking into account any confidentiality constraints.

20. As well as the alignment stage being used to identify companies for potential exclusion it will be used to report the proportion of investments within investment portfolios falling into each stage.

21. Where companies are not meeting all the required criteria but are within the timeframe for exclusion engagement will be utilised targeting those criteria not yet met, with the expectation that consistent progress towards the criteria will be demonstrated. Engagement will follow the existing escalation process where if insufficient progress is being made additional actions will be utilised including collaborative engagement with like-minded institutional investors, speaking at the company's AGM, voting against the chair and other board members, filing or co-filing a shareholder resolution, and raising concerns in the public domain.

22. Engagement will also aim to accelerate improvements in data quality and coverage by engaging with companies to disclose the required information for assessing alignment, as well as data providers to provide products and services that are aligned to the alignment criteria set out in the Framework.

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Division(s): n/a

ITEM

PENSION FUND COMMITTEE – 4 MARCH 2022

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the changes to the risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.**

Introduction

2. Previously, the Committee has agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. Any comments from the Pension Board are included in their report to this meeting.

3. The risk register sets out the current risk scores in terms of impact and likelihood, and a target level of risk and a mitigation action plan to address those risks that are currently not at their target score. This report sets out any progress on the mitigation actions agreed for those risks not yet at target and identifies any changes to the risks which have arisen since the register was last reviewed.

4. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

Comments from the Pension Board

5. At their meeting on 21 January 2022, the Pension Board considered the latest risk register and recommended that reference be made to the Cyber Security Policy as part of the mitigation for Risks 16 (Loss of Key systems) and Risk 17 (Breach of Data Security). These amendments have been made in the current draft.

Latest Position on Existing Risks/New Risks

6. There are four Amber risks on the current risk register. Three of these remain from the last quarter with one risk re-stated as Amber. Two risks have seen sufficient improvement to be deemed to be now at target and moved from Amber to Green Status. The detail of these is as follows.

7. The risk which has been re-stated from Green to Amber is Risk 15 in respect of the skills and knowledge of the officers working across the LGPS and Fire-Fighters Pension Schemes. The increase in level of risk reflects the increased level of resources required to deliver the proposed business plan elsewhere on the agenda, and whilst it is proposed to make the necessary budget provision to fund the additional staff, at this stage there remains the risk that we will be unable to find sufficient people to take on all the new roles.

8. The three risks that have remained as Amber are Risk 13 - the skills and knowledge of this Committee to effectively undertake their statutory responsibilities, Risk 14 – the equivalent risk in respect of Pension Board Members, and Risk 21 in respect of remedying the age discrimination issues identified through the McCloud case. In respect of Risk 13, it should be noted that whilst still Amber, the risk has potentially increased as a result of changes to two of the five voting members agreed by Council in February, including the loss of one of the more experienced members of the Committee.

9. The status of Risk 22 which relates to the risk of legal challenge in respect of age discrimination in the fire-fighters pension scheme has been amended to Green to reflect the recent decision to implement the Immediate Detriment Framework as far as we are able. Whilst risks remain (see report of the decision elsewhere on today's agenda), it is now seen as unlikely that Oxfordshire will be named in any future cases brought by the Fire Brigades Union as we are taking positive action to remedy the position.

10. The status of Risk 23 has also been moved to Green. The risk of loss of strategic direction for the Fund has been mitigated by the implementation of all recommendations from the Independent Governance Review undertaken by Hymans Robertson and in particular the successful business planning workshop held on 4 February which confirmed the strategic direction of the Fund and the key priorities for 2022/23 (subject to approval of the Busines Plan today).

11. As noted above, the only other change this quarter to the Risk Register is to add the Cyber Security Policy to the mitigations for Risks 16 and 17. A report will be brought to a future meeting of this Committee to review the current policy and report on the outcome of the annual disaster recovery and security breach tests.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
Tel: 07554 103465

February 2022

Risk Register

Identification of Risks:

These are the risks that threaten the achievement of the Pension Fund's objectives. Risks have been analysed between:

- Funding, including delivering the funding strategy;
- Investment;
- Governance
- Operational; and
- Regulatory.

Key to Scoring

	Impact	Financial	Reputation	Performance
5	Most severe	Over £100m	Ministerial intervention, Public inquiry, remembered for years	Achievement of Council priority
4	Major	Between £10m and £100m	Adverse national media interest or sustained local media interest	Council priority impaired or service priority not achieved
3	Moderate	Between £1m and £10m	One off local media interest	Impact contained within directorate or service priority impaired.
2	Minor	Between £100k and £500k	A number of complaints but no media interest	Little impact on service priorities but operations disrupted
1	Insignificant	Under £100k	Minor complaints	Operational objectives not met, no impact on service priorities.

Likelihood

4	Very likely	This risk is very likely to occur (over 75% probability)
3	Likely	There is a distinct likelihood that this will happen (40%-75%)
2	Possible	There a possibility that this could happen (10% - 40%)
1	Unlikely	This is not likely to happen but it could (less than 10% probability)

RAG Status/Direction of Travel

	Risk requires urgent attention
	Risks needs to be kept under regular review
	Risk does not require any attention in short term
↑	Overall Risk Rating Score is Increasing (Higher risk)
↔	Risk Rating Score is Stable
↓	Overall Risk Rating Score is Reducing (Improving Position)

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
1	Investment Strategy not aligned with Pension Liability Profile	Financial – Business as Usual	Pension Liabilities and asset attributes not understood and matched.	Long Term - Pension deficit not closed.	Service Manager	Triennial Asset Allocation Review after Valuation.	4	1	4	↔			4	1	4	February 2022	At Target
2	Investment Strategy not aligned with Pension Liability Profile	Financial – Business as Usual	Pension Liabilities and asset attributes not understood and matched.	Short Term –Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	4	1	4	↔			4	1	4	February 2022	At Target
3	Investment Strategy not aligned with Pension Liability Profile	Financial – Business as Usual	Poor understanding of Scheme Member choices.	Long Term - Pension deficit not closed. Short Term –Insufficient Funds to Pay Pensions.	Service Manager	Monthly cash flow monitoring and retention of cash reserves.	3	1	3	↔			3	1	3	February 2022	At Target
4	Under performance of asset managers or asset classes	Financial – Business as Usual	Loss of key staff and change of investment approach at Brunel or underlying Fund Managers.	Long Term - Pension deficit not closed.	Financial Manager	Quarterly assurance review with Brunel. Diversification of asset allocations.	3	2	6	↔			3	2	6	February 2022	At Target
5	Actual results vary to key financial assumptions in Valuation	Financial – Business as Usual	Market Forces	Long Term - Pension deficit not closed.	Service Manager	Actuarial model is based on 5,000 economic scenarios, rather than specific financial assumptions.	3	2	6	↔			3	2	6	February 2022	At Target
6	Under performance of pension investments due to ESG factors, including climate change.	Financial – Business Plan Objective	Failure to consider long term financial impact of ESG issues	Long Term - Pension deficit not closed.	Financial Manager	ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions.	4	1	4	↔			4	1	4	February 2022	At Target.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
7	Loss of Funds through fraud or misappropriation.	Financial – Business as Usual	Poor Control Processes within Fund Managers and/or Custodian	Long Term - Pension deficit not closed	Financial Manage	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3	↔			3	1	3	February 2022	At Target
8	Employer Default - LGPS	Financial – Business as Usual	Market Forces, increased contribution rates, budget reductions.	Deficit Falls to be Met by Other Employers	Pension Services Manager	All new employers set up with ceding employing under-writing deficit, or bond put in place.	3	2	6	↔			3	2	6	February 2022	At Target
9	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Errors in Pension Liability Profile impacting on Risks 1 and 2 above.	Pension Services Manager	Monitoring of Monthly returns	3	1	3	↔			3	1	3	February 2022	At Target
10	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Late Payment of Pension Benefits.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	3	1	3	↔			3	1	3	February 2022	At Target
11	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Improvement Notice and/or Fines issued by Pension Regulator.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	4	1	4	↔			4	1	4	February 2022	At Target
12	Insufficient resources to deliver responsibilities- – LGPS and FSPS	Administrative – Business as Usual	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	February 2022	At Target
13	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governance – Business Plan Objective	Poor Training Programme	Breach of Regulation. Loss of Professional Investor Status under MIFID II	Service Manager	Training Review	4	2	8	↔	Training Programme put in place on review of new Committee requirements.	September 2022	4	1	4	February 2022	Initial Knowledge Assessment score of 37.92 indicates significant gap in current level of skills and knowledge. Subsequent loss of experienced member.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
14	Insufficient Skills and Knowledge amongst Board Members	Governance – Business Plan Objective	Turnover of Board membership	Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations	Service Manager	Training Policy	4	2	8	↔	Training Programme in place and targeted to gaps in skills and knowledge of Board		4	1	4	February 2022	Initial Knowledge Assessment score for Board 60.42 indicating gap in current level of skills and knowledge.
15	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administrative – Business as Usual	Poor Training Programme and/or high staff turnover	Breach of Regulation and Errors in Payments	Service Manager	Training Plan. Control checklists.	3	2	6	↑			3	1	3	February 2022	Proposed Business Plan for 2022/23 depends on appointment of a number of new posts.
16	Key System Failure – LGPS and FSPS	Administrative – Business as Usual	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	1	4	↔			4	1	4	February 2022	At Target
17	Breach of Data Security – LGPS and FSPS	Administrative – Business as Usual	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy.	4	1	4	↔			4	1	4	February 2022	At Target
18	Failure to Meet Government Requirements on Pooling	Governance – Business Plan Objective	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement within Brunel Partnership	5	1	5	↔	Review once Government publish revised pooling guidance.	TBC	5	1	5	February 2022	At Target
19	Failure of Pooled Vehicle to meet local objectives	Financial – Business Plan Objective	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement within Brunel Partnership	4	1	4	↔		On-going	4	1	4	February 2022	At Target
20	Significant change in liability profile or cash flow as a consequence of Structural Changes	Financial – Business as Usual	Significant Transfers Out from the Oxfordshire Fund, leading to loss of current contributions income.	In sufficient cash to pay pensions requiring a change to investment strategy and an increase in employer contributions	Service Manager	Engagement with key projects to ensure impacts fully understood	4	1	4	↔	Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies.	TBC	4	1	4	February 2022	At Target
21	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement	Administrative – Business Plan Objective	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Engagement through SAB/LGA to understand potential implications and regular communications with scheme employers about potential retrospective data requirements.	4	3	12	↔	Establish project plan. Respond to consultation, and work with SAB to seek guidance on mitigating key risks where data not available. Look to bring in additional resources.	On-Going	2	2	4	February 2022	Awaiting Government response to consultation exercise on new Regulations to assess full impact.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	**Likelihood**	**Score**				**Impact**	**Likelihood**	**Score**		
22	Legal Challenge on basis of age discrimination in Firefighters Pension Schemes	Legal & Administrative – Business Plan Objective	Pressure from Fire Brigades Union to act in advance of new Regulations	Court Order to deliver remedy	Pension Services Manager	Seeking to follow consistent approach in line with Scheme Advisory Board guidance.	4	1	4	↓			4	1	4	February 2022	Now at Target following decision to implement Immediate Detriment Framework.
23	Loss of strategic direction	Governance – Business Plan Objective	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance		2	2	4	↓			2	2	4	February 2022	Now at Target following implementation of recommendations of Independent Governance Review and Business Planning Workshop.

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PENSION FUND COMMITTEE – 4 MARCH 2022

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

a) **determine what, if any, further information they require to ensure they are in a position to monitor that service standards are consistent with their responsibilities under the Regulations.**
b) **agree that current standards are at an acceptable level, or the further actions being taken are reasonable to address the shortfall in performance.**
c) **agree the write off of £37.48**

Executive Summary

1. This report updates the Committee on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

Workload and Performance

2. As previously reported the vetting of incoming returns is not being dealt with in required timescales. As of 18 November 2021, a review of the returns received and vetted for the period April to October 2021 showed that 52.07% of returns had been vetted. Of the outstanding returns to be vetted 0.68% were held up due to delays in admission agreements being put in place leaving 47.25% of returns to be vetted in addition to the returns being made for the period November 2021 to March 2022.

3. At the meeting in November the team leader set out a plan to clear both the outstanding vetting of returns and to vet the returns due to be made for the period November 2021 to March 2022. This plan included upping resource by including senior administrators in the vetting process and setting a target for all team members of 15 files per week.

4. As of January 2022, the statistics show that 60.08% of returns had been vetted. Of the outstanding returns to be vetted 0.72% were held up due to delays in admission agreements being put in place leaving 39.20% returns to be vetted alongside the returns received in February and March to avoid a knock-on effect to end of year processing. To manage this process the team leader has set a revised target for each team member of 19 files to be completed each week.

5. The number of tasks to do in the employer team has risen in the last month by 661 cases. In part this is due to the new release which has added in additional information for checking which means that there can now be up to 3 cases per record. In addition, some cases (aggregation) are being held whilst a system issue is resolved. And lastly Oxford Brookes University uploads have created over 400 new starters which are being investigated.

6. There are 20 admission agreements to be finalised.

7. At the last meeting of this committee members agreed that the benefit team could continue working to a reduced SLA standard until March 2022. However, this committee did not want to continue with reduced SLA standards after March 2022. This was confirmed at the recent strategic planning meeting in February, with the committee acknowledging that additional resources may well be required to meet normal SLA. The current statistics below are showing progress towards meeting SLA:

	SLA Overall %	Statutory Overall %	Total Cases Completed
April	57.14	54.22	1,365
May	67.83	64.01	1,085
June	69.37	65.12	1,536
July	74.88	62.91	2,047
August	91.47	73.73	1,804
September	86.97	68.81	1,682
October	82.87	69.49	2,064
November	84.79	79.75	1,789
December	85.01	82.03	1,316
January	85.54	90.75	1,363

Annex 1 gives full breakdown of the statistics.

8. The team are aware of the need to bring work back into SLA from 01 April. In working towards this the team leader and trainer have been working on specific subjects, reviewing process and paperwork to identify where this is creating any hold up within the processing. They have also identified that how work is being pended on the system can result in an incorrect reflection of timescale for completion. A training session has been held and the outcome will be reviewed again in next monthly statistics.

9. Other areas where work is not being completed within target have been reviewed and possible causes identified. These will be addressed by the training and individual reviews in monthly 1-2-1 meetings.

10. There are currently 2,685 open cases. The leaver and aggregation cases are those that are most likely to be out of SLA deadline for the next 2 – 3 months due to an unexpected bulk of cases from Oxfordshire County Council and Oxford Brookes University, coupled with issue that we are unable to complete

aggregation cases (actuals) due to a software error for which we are waiting for a fix. The majority of other work which is out of specification is recorded as pending – this is the next area to be reviewed.

11. In addition, there is a large number of historical death cases where there is outstanding information which is needed to enable files to be finalised. This work is being scheduled as a project.

12. Fire Service – for the period August to October the number of files completed within SLA deadline are:

August	92.19%
September	93.33%
October	88.89%

13. Of the 14 cases open at 31 January 2022, 3 have been completed in February 1 is in checking, 6 are waiting on more information before the file can be actioned, and 4 are backlog cases which we are looking to clear as soon as possible.

14. Fire Remedy work – framework has now been adopted, and we are looking at what can / can't be included in the retirement quotes and are waiting for further guidance on this from LGA. Communications will be issued to affected members / pensioners once this is received.

Data Quality

15. The new in-house reporting will provide data quality scores rather than Heywood running these reports. Testing of the system has identified some areas where results are not as expected. These are being reviewed with Heywood so that data scores can be reported on a quarterly basis from June 2022 onwards.

Contribution monitoring

16. This process sits within the Investment team. Scheme employers are required to make payment over of contributions by 19th month following payroll. There are no issues to report except for the ongoing issue of APCOA detailed below.

17. As reported last quarter the only concern reported was with APCOA who have consistently failed to make their deficit payment despite a number of reminders This matter has now been escalated to the Head of Pensions, and is to be reported to the Pension Regulator.

Projects

18. The output from the strategic planning meeting will be reported in the Business Plan report. For projects which are not included in the business plan further work needs to be completed to schedule these into team workload.

Staffing

19. The creating of the training post within benefit administration team is already showing benefit with positive feedback from the team. As part of this processes are being reviewed and updated.

20. The recruitment process to appoint 4 new administrators was not as successful as anticipated with only 2 appointments being made. One of these was internal. Therefore, further recruitment needs to be undertaken.

21. Last quarter this report stated that as part of the project planning the next stage of reviewing team structure will be scheduled into the workload. Proposals in the business plan set out discussion on posts and additional resources for the team.

Communications

22. In the last quarter the activities for employer and member engagement have been:

Employer engagement:

Introduction to the LGPS – we have held two Introduction to the LGPS training in the last three months November 2021 (11 attendees) and January 2022 (5 attendees) – from a wide cross section of employers

Employer Meeting – no Employer meeting has taken place. Next one is scheduled for March 2022

Talking Pensions – the monthly employer newsletter was sent out on 30th November, 22nd December and 1st February to approximately 220 employer contacts.

Member engagement:

Reporting Pensions – the winter edition of the quarterly Active member newsletter was published on 19th January. It was distributed to LGPS employers, posted on our website and on My Oxfordshire Pension, plus paper copies were posted to employees who have registered to retain paper communications.

Member talks – Three in total (all via Teams) with two talks at South and Vale (November) and one at Oxford Brookes (January)

Customer survey – the customer survey has been suspended while we investigate an approach which may elicit better response levels.

Bulk emails – 9,592 emails sent out to members

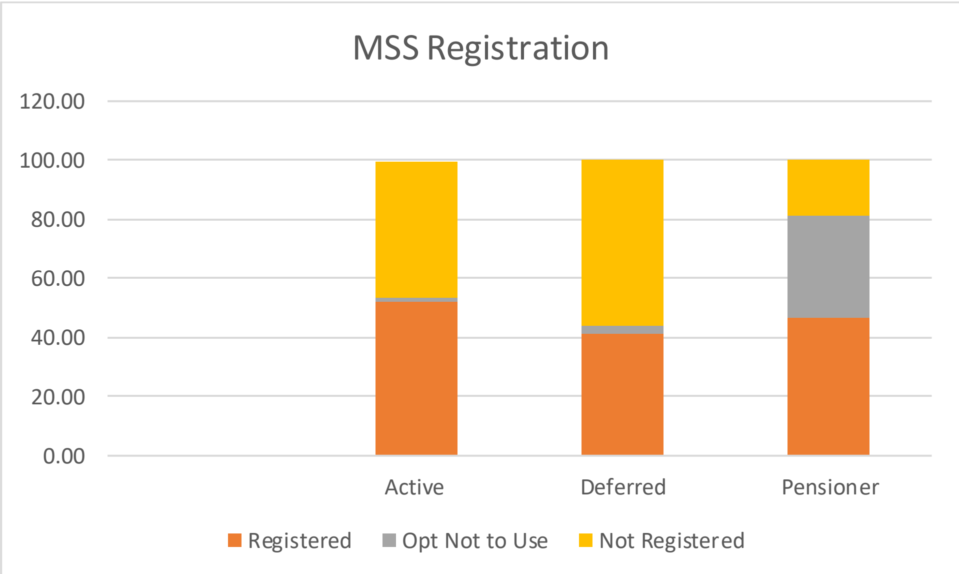
In addition, attendance at meetings of the national LGA Communications Working Group and Local Communications Group. Also, the digital engagement sub-group; LGPSMember.org review sub-group and accessibility sub-group

23. The website review of employer pages, Firefighter pages and Investment pages and maintenance of member pages is ongoing. Visits to the website which had shown a steady increase declined at the end of the year. Then big increase in January. The member pages remain the most popular.

Month	Home page – unique views	Member pages views	Employer pages views	Overall
2021				
August	465	1361	155	1981
September	520	1613	309	2442
October	573	1812	356	2741
November	540	1777	247	2564
December	530	1329	226	2085
2022				
January	657	2259	330	3246

Member Self Service

24. Overall, there has been a slight reduction in the number of active members signed up to use MSS. Whereas the annual exercise of sending activation codes out to members who have not yet registered has resulted in a slight increase in the number of members signed up.



Employers

25. Activate Learning – there has been a change of staff at this employer. The new payroll manager is working with our employer team to make submissions of

data. However, several of these have missed deadline and as a result a fine of £75.00 has been issued.

Customer Surveys – Feedback and Complaints

26. Following on from the strategic planning workshop members have asked team to look at ways of engaging with customers to encourage feedback. Information has been sought from other funds and a review of what are the most successful ways to get response to surveys.

27. In the financial year 2021 / 2022 there has been 46 informal complaints made to date. 4 cases are still open of which 3 are overdue for reply.

28. Eight formal complaints have been made in the financial year 2021 / 2022 to date, of which four are open cases and one has been withdrawn. There is also one case, sitting with the scheme employer, which has been referred back for further review.

Debt Management

29. Previous reports to this committee have focussed on the value of pension being written off since recovery of these amounts has not been possible. The audit report has highlighted the need for committee to also receive information on outstanding invoices issued by the fund where payment has not been received.

30. Over the past two years there have been attempts to fill the job role to monitor and chase these payments – unfortunately without success. Ahead of going out to advert again discussions are taking place about other options available to monitor and recover these outstanding amounts.

31. The total of outstanding invoices amounts to £53,888.57, of this amount £41,324.96 relates to three cases identified in the 2014 national fraud initiative report. Of these, one case has been referred to debt collection team and two cases had repayment plans put in place. However, both payments have now stopped, and individuals are being chased for payment. The remaining outstanding invoices amounting to £12,536.61 are in the main due from scheme employers for training fees, fines, or reimbursement of actuarial costs.

32. There have been five deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £37.48.

Audit Report

33. A copy of the final report from the latest internal audit is attached at Annex 2. The report gives an overall gives an overall conclusion of internal controls being maintained as green.

Consultation – Pension Dashboard

34. DWP has issued a consultation on the draft Pensions Dashboard Regulations 2022. This consultation closes on 13 March 2022.

35. It is intended that the pensions dashboard will collect information from all funds so that individuals can find their pensions. The information on the dashboard will be sourced from annual benefit statements issued by the fund.

36. There is a very tight timescale for implementation and given the uncertainties around Sargeant and McCloud, the LGA has advised that all funds should respond to the consultation. Officers are currently drafting a response which will be circulated separately to members for comment.

Contact Officer: Sally Fox - Pension Services Manager - Tel: 01865 323854
Email: sally.fox@oxfordshire.gov.uk February 2022

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Benefit Adminisation Monthly SLA Statistics					January 2022					
Subject	**Legal Deadline**	**SLA Deadline**	**Standard SLA Target**	**Temporary SLA Target From March 2021**	Total Number Completed	Total Completed Within Target	Total Completed Over Target	% Achieved in SLA deadline	% Achieved in Legal deadline	Number of Open Cases
Annual Allowance			**90%**	**75%**	0	0	0	0.00		3
APC	N/A	10 working days	**90%**	**75%**	8	8	0	100.00		16
Assistant work* **	N/A	10 working days	**90%**	**75%**	282	279	3	98.94		57
Concurrents			**90%**	**75%**	34	30	4	88.24		96
Deaths	Notify dependants of death benefits within 2 months from date of becoming aware of death	10 working days	**95%**	**75%**	65	62	3	95.38		337
Divorce	Provide a quotation 3 months from date of request	10 working days	**95%**	**75%**	7	7	0	100.00		13
Enquiries			**90%**	**75%**	263	215	48	81.75		83
HR Estimate	N/A	10 working days	**90%**	**75%**	3	3	0	100.00		1
Interfund In	N/A	10 working days	**90%**	**75%**	64	46	18	71.88		73
Interfund Out	N/A	10 working days	**95%**	**75%**	48	37	11	77.08		40
Leavers*	Inform members who left the scheme of their leaver rights and options no more than 2 months from date of notification	40 working days	**90%**	**75%**	254	248	6	97.64	97.64	812
Member Estimate	Provide retriement quote no more than 2 months from date of request unless there has been a request already in last 12 months	10 working days	**90%**	**75%**	42	40	2	95.24	95.24	43
Re-employments**	N/A	40 working days	**90%**	**75%**	121	113	8	93.39		136
Refunds	N/A	10 working days	**95%**	**75%**	16	15	1	93.75		11
Retirements	Notify amount of retirement benefits; within 1 months if on or after NPA; or 2 months from date of retirement if before NPA. Retirement Quote no more than 2 months from date of request unless already abother request has been made within 12 months	10 working days	**95%**	**75%**	98	83	15	84.69	84.69	309
Transfer In	Obtain transfer information and provide a quotation within 2 months from date of request	10 working days	**90%**	**75%**	30	25	5	83.33	83.33	27
Transfer out	Provide a quotation 3 months from date of request	10 working days	**95%**	**75%**	28	26	2	92.86	92.86	34
					1,363	1,237	126	85.54	90.75	2,091
					100.00	90.76	9.24			

** Elect to Separate, Re-emp quote, Re-emp Actual,

*** Address, Name, Nomination, IFA Requests

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OFFICIAL - SENSITIVE

OXFORDSHIRE COUNTY COUNCIL
INTERNAL AUDIT SERVICES

FINAL INTERNAL AUDIT REPORT TO DIRECTOR OF FINANCE

PENSIONS ADMINISTRATION 2021/22

Date Issued: 22 February 2022

MANAGEMENT SUMMARY

Introduction

This audit of Pensions Administration was undertaken as part of the 2021/22 Internal Audit plan, agreed by the Director of Finance and approved by the Audit & Governance Committee. The audit was undertaken during the third quarter of 2021/22.

The audit has been conducted in conformance with the Public Sector Internal Audit Standards.

Audit Objective

Internal Audit's objectives for this audit are to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system. This will serve as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually to the Council, and also as an assurance to the Section 151 officer that financial affairs are being properly administered.

Scope of work

The audit activity focussed on the following key risk areas relating to Pensions Administration:

Regulatory Framework: The audit reviewed the controls in place to ensure the Pensions Administration Team are able to keep up to date with and meet regulatory and legislative requirements and considered how staffing levels and training processes are managed to ensure the timely and accurate completion of Pensions Administration processes. Testing also included review of performance reporting and governance arrangements.

Scheme Member Lifecycle: Sample testing was completed on key administration tasks to confirm that they are being completed accurately and on a timely basis, arrangements for ensuring appropriate segregation of duties were also considered.

Scheme Employers: Testing considered the processes in place to ensure that the correct contributions are collected from scheme employers and members and that payments out are made promptly and accurately. No detailed testing was completed in relation to the timeliness of the set-up of new scheme employers, particularly in terms of delays in notification of TUPE or organisational restructures.

Debtor Management: Testing considered the arrangements in place for the monitoring, follow up and recovery of Pensions debts including review of arrangements for the follow up and resolution of matches identified as part of the National Fraud Initiative (NFI).

Overall Conclusion

Overall conclusion on the system of internal control being maintained	G

RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Regulatory Framework	G	0	0
B: Scheme Member Lifecycle	A	0	3
C: Scheme Employers	G	0	0
D: Debtor Management	A	0	2
		0	5

Appendix 1 provides a definition of the grading for each of the conclusions given.

Overall, audit testing found that controls and processes in relation to Pensions Administration are strong and working well.

Whilst there have been some resourcing issues which have meant that temporary changes to SLA targets have been needed, performance is now improving and standard SLA targets will be back in place from the start of the new financial year. There have also been some delays in completing vetting checks on scheme employer data, however these are being managed, monitored and reported on regularly. It is expected that all checks required will have been completed in time for year end processes.

There have been delays in the implementation of the Administration to Pay system. Three of eight areas have now been implemented, with the other five due to have been implemented by the end of January 2022. This timetable has slipped, and the project has been put on hold whilst the team complete the strategic planning process which will cover future developments and projects including the implementation of the remaining parts of Administration to Pay. It is intended that this process will introduce strengthened governance which will increase scrutiny and oversight in terms of delivery, and will look at resourcing and timescales to ensure successful implementation.

The Payjour reporting and sign off process, which demonstrates that there has been sufficient review of activities completed in running the pensions payroll by those officers with the highest levels of system access rights, is currently stalled due to technical difficulties in running the report.

There were some improvements in debtor management and debt recovery over the year. Following the successful recruitment of an Office Administrator, with responsibility for debt monitoring and recovery, outstanding debts were followed up between August and October 2021. Unfortunately, following the resignation of the Office Administrator in late 2021, these processes have paused while recruitment of a replacement is progressed.

Follow up – of the three actions followed up on as part of this audit (two from 2020/21 and one from 2019/20), one had been reported as fully implemented but was not found to have been effectively implemented and two have been partially implemented. Where appropriate, re-stated or revised actions have been agreed within this report. Where implementation is ongoing and the original action is still relevant, Internal Audit will continue to monitor implementation through the standard audit follow up process.

DETAILED AUDIT FINDINGS AND ACTION PLAN

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft Internal Audit report. All management actions will be followed up by Internal Audit to confirm implementation. The progress of implementation will be reported to the Audit Working Group, who report to the Council's Audit & Governance Committee.

We categorise our management actions according to their level of priority:

Priority 1	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority 2	Significant issue that requires prompt action and improvement by the local manager.
Supplementary Issues	Minor issues requiring action to improve performance or overall system of control.

	Audit Finding, risk exposure and potential impact	Priority	Management Action
1	**<u>Scheme Member Lifecycle – Delays in Implementation of Admin to Pay</u>** The Administration to Pay system has not yet been fully implemented. The aim of this system is to increase the efficiency of pensions administration processes' by automating the flow of information from the pensions administration part of Altair to the pensions payroll part of the system. Delays were initially noted within the 2019/20 Pensions Administration audit report, where it was reported that coding issues had pushed back implementation to July 2020. In the 2020/21 Pensions Administration audit report, it was noted that there was a revised timetable in place with full implementation expected by January 2022. Review of the position as part of this audit has identified that although the first three of the eight areas were reported as having been implemented in February and March 2021, the five other areas (due for implementation between May 2021 and January 2022) have not been implemented. Whilst it has been reported that part of the delay has been due to resourcing, there is a lack of clarity over how the lack of progress in implementation is being	2	**<u>a) Implementation of Remaining Parts Admin to Pay</u>** Now that priorities have been identified for the business plan for the year, all other project work (which includes implementation of the rest of Administration to Pay) will be reviewed and timetabled as part of the next stage of strategic planning. **Officer responsible:** Sally Fox, Pensions Services Manager **Date to be implemented by:** 30 June 2022

	Audit Finding, risk exposure and potential impact	Priority	Management Action
	addressed, or being monitored and escalated to the Pensions Services Manager to ensure that the rest of the project can be progressed in a timely way. The Pensions Services Manager has reported that it is planned that the rest of the system implementation will be included within the strategic plan that the service are in the process of developing. It is planned that the governance structures within this strategic planning process will enable increased scrutiny and accountability in relation to the delivery of the remaining parts of the system and that it will be easier to identify and address any delays. Resourcing will also be reviewed as part of this process to ensure that there is sufficient resource to deliver the rest of the project within the required timescale. It is acknowledged that the Pension Fund Committee are receiving regular updates on the implementation of the project as part of the Administration Report presented at each meeting. In addition to the delays in implementation of the Administration to Pay system, it was noted that for the areas that have been implemented (IFA / Interfund out, TV / transfers out and refunds) the process for the production and circulation of updated staff guidance has not yet been completed. *Risk*: Where there are continued delays in implementation of projects which are anticipated to improve efficiencies, realisation of these efficiencies may be unnecessarily delayed. This could result in increased and unnecessary pressure on the team in completion of scheme member lifecycle tasks. Where the correct process for the production, agreement and circulation of staff guidance on revised processes is not followed, there is a risk that there could be inconsistent practices. There is also a risk that anticipated efficiencies from the revised processes will not be fully achieved.	2	**b) Process Guidance to be Produced, Confirmed and Communicated** For the areas of Admin to Pay that have been implemented, process guidance will be produced and circulated for comment. Once agreed, updated training and guidance will be rolled out. **Officer responsible:** Chris Thompson, Team Leader Pensions **Date to be implemented by:** 31 March 2022

	Audit Finding, risk exposure and potential impact	Priority	Management Action
2	**<u>Scheme Member Lifecycle – Technical Issues with Payjour Report</u>** Previous audits of Pensions Administration noted control weaknesses in relation to the monitoring of tasks carried out by individuals who have access to both sides of Altair (Administration and Payroll). Management actions were agreed in 2017/18, 2018/19 and in 2020/21 that monthly pay journal ('Payjour') reports would be run, showing all tasks undertaken by the members of staff with this access, and would be reviewed and signed off appropriately to evidence effective segregation of duties in the payroll process. Although the management action agreed following the 2020/21 Pensions Administration audit was reported as having been fully implemented in July 2021, since then it has been reported that it has not been possible to get the report to run which has meant that the reporting process and the relevant checks have not been completed. *Risk*: If review of tasks by individuals with access to both the Administrative and Payroll functions of Altair is not completed on a regular basis, potential errors or issues may not be identified and resolved promptly, with the potential for significant financial loss to the Pension Fund.	2	***Management action 1 from 2020/21 Pensions Administration report re-worded:*** **<u>Resolution of Technical Issues in Running of the Payjour Report & Resumption of Monthly Sign Off Process</u>** The issues preventing the running of the Payjour report will be looked into and resolved. Going forward the Payjour report will be run and reviewed on a monthly basis and will be marked off as completed on the payroll checklist. **Officer responsible:** Sally Fox, Pensions Administration Service Manager **Date to be implemented by:** 31 March 2022
3	**<u>Debtor Management - Pensions Debtor Follow Up Processes</u>** The 2019/20 and 2020/21 Internal Audits of Pensions Administration identified an absence of clear process and action being taken in relation to the monitoring and management of pension fund debts. Following on from last year's audit, an Office Administrator was recruited and was made responsible for the debt management and recovery process within the pensions team. Although debt recovery processes have not been formally documented, debt recovery template letters have been created,	2	***Management action 4 from 2019/20 Pensions Administration Audit re-worded:*** **<u>a) Pensions Debt Recovery Resource and Process</u>** Recruitment of a new Office Administrator is underway. This post will be responsible for debt monitoring

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	Audit Finding, risk exposure and potential impact	Priority	Management Action
	and some debt follow up work was undertaken with first and second stage chaser letters sent out in August and cases escalated to the Pensions Services Manager in October. However, at the end of 2021, the Office Administrator resigned, which has meant that the recruitment process for this post needs to start again and debt recovery monitoring and action has stalled. From review of a sample of cases where follow up action had been undertaken, it was noted that there was a case where the letter sent to the debtor chasing payment stated that no payment had been received and that the full invoice total was now due, when the debtor had been paying monthly instalments for several years. As the Office Administrator is no longer in post, it has not been possible to query this with her, however it is noted that a clear understanding of debt history in a case like this is critical for follow up work to be efficient and effective. *Risk*: A lack of clear and appropriate guidance for the monitoring, follow-up, and recovery of Pension debtors may result in processes not being carried out effectively and appropriately by staff. There is also a risk of financial loss as outstanding amounts due to the Fund may not be recovered.		and recovery. The process for the monitoring, follow up and recovery of pension fund debts, now established, will be formally documented. **Officer responsible:** Sally Fox, Pensions Services Manager **Date to be implemented by:** 31 March 2022
		2	**b) Review of Recovery Action Taken to Date** Prior to the new Office Administrator starting in post, current debts and actions taken so far will be reviewed to ensure that any future recovery action taken is appropriate. All relevant information on debt history will be made available to the new Office Administrator and, where relevant, the history of significant / complex debts will be explained. **Officer responsible:** Sally Fox, Pensions Services Manager **Date to be implemented by:** 31 March 2022

APPENDIX 1

Grading:	**G**	**A**	**R**
Conclusion on:			
Overall conclusion on the system of internal control being maintained	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

APPENDIX 2 – OFFICERS INTERVIEWED

The following staff contributed to the outcome of the audit:

- **Sally Fox, Pension Services Manager**
- **Rachael Salsbury, Technical Manager**
- **Julie Skelly, Team Leader (Pensions)**
- **Chris Thompson, Team Leader (Pensions)**
- **Deione Walton, Senior Pension Fund Investment Officer**

Exit Meeting discussions were held with:

- **Sally Fox, Pension Services Manager**

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

APPENDIX 3 – FINAL REPORT DISTRIBUTION LIST

The following staff received an electronic copy of the Final Report:

- **Stephen Chandler, Interim Chief Executive**
- **Lorna Baxter, Director of Finance**
- **Sean Collins, Service Manager Pensions**
- **Sally Fox, Pensions Services Manager**

Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

CONTACT PERSONS

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Division(s): n/a

PENSION FUND COMMITTEE – 4 MARCH 2022

AGE DISCRIMINATION IN THE FIRE FIGHTERS PENSION SCHEMES

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the decision of the Chief Fire Officer and Director of Finance under powers delegated by the Committee at their December Meeting.**

Introduction

2. As with all other Public Sector Pension Schemes, the changes the Government made to the Fire Fighters Pension Schemes in 2015 were found to be unlawful and discriminatory on age grounds. The Government is currently making the necessary changes in the underlying legislation to enable the discrimination to be remedied. The Fire Brigades Union have chosen not to wait for the remedying legislation and have brought a number of legal cases ensure that the position for those suffering immediate detriment (i.e. those firefighters already retired or due to retire before the remedying legislation in is place) is resolved now.

3. The Courts have supported the position of the Fire Brigades Union and the Local Government Association on behalf of Fire Authorities and the Union on behalf of scheme members developed the Immediate Detriment Framework which set out an approach to remedy as much of the current discrimination as possible in advance of the remedying legislation.

4. The Pension Fund Committee at their special meeting of 12 November 2021 agreed in principle to adopt the Immediate Detriment Framework, but to defer implementation until clarification had been received on the outstanding financial issues. At their meeting on 3 December 2021, the Committee clarified that the decision on when to implement payments under the Framework was delegation to the Chief Fire Officer and the Director of Finance once they had agreed on the implications of doing so.

5. On 29 November 2021 the Government withdrew their previous guidance on dealing with immediate detriment cases, citing the legal complexities of implementing the remedy in advance of new legislation. The Government also provided clarification on what costs they were prepared to fund, although this still left a number of issues open to interpretation. It was clear both legal and tax issues were left to resolve.

6. On 28 January 2022 the Chief Fire Officer and the Director of Finance met to discuss a paper produced by Fund Officers in association with the Monitoring

Officer, which set out all known issues, the areas where there continued to be considerable uncertainty and the options open to them. A copy of this paper is attached as an annex to this paper.

Delegated Decision of the Chief Fire Officer and Director of Finance

7. There were three options presented within the paper to the Chief Fire Officer and Director of Finance. These were:
   - To agree the immediate adoption of the Immediate Detriment Framework in so far as Officers were able to process payments
   - To defer a decision to await further guidance
   - To determine not to adopt the Framework, and to await the implementation of the remedying legislation before making any payments to correct the current discrimination.

8. The meeting was attended by Officers of the Fund and the representative of the Monitoring Officer to respond to all questions. At the conclusion of the meeting, the Chief Fire Officer and the Director of Finance jointly agreed that they had sufficient information on which to make a decision, and determine to agree option one, and to adopt the Immediate Detriment Framework with immediate effect.

9. The key issues which supported this decision as set out during the meeting were as follows:

   - Agreeing option 3 to await the implementation of the remedying legislation would continue an approach which the Courts had already found to be both unlawful and discriminatory. As such there was clear risk that the decision would be subject to further legal challenge involving additional legal costs and increased compensation over and above the other options
   - Agreeing option 2 to await further guidance left the question as to when a final decision was to be made uncertain, with the significant complexities associated with the issue meaning it was possible that no further guidance would in fact be forthcoming. The legal risks associated with option 3 were therefore largely retained under option 2.
   - There were a known group of fire fighters within the Oxfordshire Fire Service who were due to retire before the end of the current financial year. Deferring a decision under option 2 would mean that these firefighters would face considerable uncertainty over the pension payments they would receive. This created a significant operational risk in that decisions to retire could be revoked/deferred, making succession planning very difficult, and potentially resulting in additional costs to the service where 2 firefighters were appointed to the same post.
   - As well as the clear legal and operational arguments, there was a strong moral argument and a duty of care to the workforce, most of whom had given significant service to the Oxfordshire Fire Service.
   - Under the latest information made available by the Government, the known costs of adopting the Framework at this time were £34,000 (although it was noted that the decision by the Government not to

reimburse even these costs was likely to be subject to further legal challenge). Whilst it was noted that dependent on final decisions taken by the Government there could be additional costs associated with contributions paid to the "wrong" scheme, and tax charges it was felt that the risk of these further costs was low. Given the risk of further legal challenge, it was noted that these costs could also become payable under either of the other 2 options, although in this case it was likely that they could be compounded by additional legal and compensatory costs.

10. In summary therefore the Chief Fire Officer and Director of Finance determined that the financial costs and risks of option 1 would be outweighed by the potential financial costs and risks of either option 2 and 3 when taken alongside the operational risks of deferring a decision, and the moral and legal duty owed to staff to address the known shortfall in their current/forthcoming pension benefits resulting from the unlawful and discriminatory nature of the current regulations.

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
Tel: 07554 103465

February 2022

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Briefing to the Chief Fire Officer and Director of Finance on Immediate Detriment Cases in Fire Service

Decision Required – Does Oxfordshire

a) implement payment of fire pensions in line with principles set out in Immediate Detriment Framework with immediate effect,

b) delay decision to seek further clarification

c) determine not to make any payments under Immediate Detriment unless instructed by the Courts/Pensions Ombudsman and await implementation of Remedying Legislation.

The Pension Fund Committee at their special meeting of 12 November 2021 agreed in principle to adopt the Immediate Detriment Framework published jointly by the LGA (on behalf of all Fire Authorities) and the FBU (on behalf of scheme members), but to defer implementation until clarification had been received on the outstanding financial issues. At their meeting on 3 December 2021, the Committee clarified that the decision on when to implement payments under the Framework was delegation to the Chief Fire Officer and the Director of Finance once they had agreed on the implications of doing so.

National Background

On 8 October 2021, the LGA and FBU published an Immediate Detriment Framework, which attempted to provide a standard approach for all Fire Authorities to follow in responding to the Employment Tribunal Decision that the current transitional arrangements were unlawful on ground of age discrimination. The Framework accepted that due to the complexity of the issues, there were certain elements of the benefits that could not be resolved until full remedy and primary legislation could be published having passed through government machinery.

Subsequent to the publication of the Immediate Detriment Framework, the Government withdrew their previous guidance on the matter based on their latest understanding of the complexities involved and advise all fire authorities not to make further payments under the Immediate Detriment process given the uncertainty over a number of the tax implications of the payments and the likely need to make further amendments to the payments once the remedy legislation was in place. The Government further advised that any payments made outside the pension accounts would not be re-imbursed by the Government.

Given the previous decision of the Employment Tribunal that supported the FBU case that there is an obligation on Fire Authorities to act now under Section 61 of the Equalities Act 2010 to remove those elements of the pension scheme that were unlawful, this leaves Fire Authorities in an unenviable position. The FBU have indicated that they are prepared to take further legal action to require Fire Authorities to remove the existing discrimination cases through either the Courts or the Pensions Ombudsman and will be seeking further compensation for the non-financial stress and anxiety caused to their members.

The LGA have sought further advice on the outstanding issues. The Queens Counsel legal advice received confirms the previous view that Fire Authorities can make pension payments under Section 61 of the Equalities Act 2010 from the scheme members pre-2015 Scheme (the 1992 Scheme or the 2006 Scheme as appropriate), and that any payment of arrears of pension or lump sums made in such circumstances can be treated as having been made from the pension account. The legal view is therefore that such payments can be reclaimed from Government under the normal pension grant arrangements.

The advice confirms that complexity around the treatment of contributions and tax relief which include:

- no automatic right to treat contributions made to the “wrong” scheme as having been made to the member’s former scheme
- members may lose their right to tax relief on the contributions made to the “wrong scheme” and therefore maybe liable to make further tax payments to Government
- members may not be able to claim tax relief when making good underpaid contributions to the “wrong” scheme

(These issues arise as the 1992, 2006 and 2015 Schemes all have different contribution rates which the 1992 Scheme having higher rates than the 2015 Scheme, whereas the rates in the 2006 Scheme are lower than the 2015 Scheme).

There are further tax complications around annual allowance, life-time allowance divorce debits and scheme pays calculations.

The Government have also stated that where arrears of lump sums are paid under the Immediate Detriment Framework, and that these payments fall more than 1 year after the initial payment of lump sum on retirement, then the payments are unauthorised payments under the Regulations and therefore subject to an unauthorised tax charge. The Immediate Detriment Framework states that the Fire Authority should meet this charge by compensating the scheme member. As this payment would be under the relevant compensation regulations and not the Pension Regulations, the payment would not be refundable by the Government. Since publication of the Framework, HMRC has published a Policy document and a Finance (No 2) Bill which both now indicate a move towards making payments of lump sums paid more than 12 months after retirement authorised (once the relevant legislation is in place).

<u>The Position in Oxfordshire</u>

From the information available to us, we have identified 6 cases where members have already retired and are likely to be entitled to payment under the Immediate Detriment Framework. Assuming a payment date of 31 December 2021, the total payments to these individuals would be in the region of £105,000 of which £31,500 is compensation in respect of unauthorised tax charges relating to late payment of lump sums. £71,000 is in respect of arrears of pension and lump sums which should be recoverable via the normal pension top up grant. The remaining £2,500 is non-recoverable compensation payments relating to interest on the late payments and excess contributions paid.

There is another group of members expected to retire on or around 31 March 2022 on completion of 30 years of service. If payment is made in line with the Immediate Detriment Framework, then it is expected that the full cost of their pensions and lump sums would be recoverable from government grant. As payment of lump sums would be made at the point of retirement there are no issues with unauthorised payments for this group. Due to the traditional wholetime recruitment practices of the Fire Service there would then be a gap to May 2024 before the next intake of individual’s would hit their 30 years of service (though there could be individual cases who have transferred to the Oxfordshire Fire Service part way through their careers who could reach between 25-30 years in the interim period). There are also potential retirements from the 2006 scheme – 3 employees will attain the normal retirement age of 60 in 2022/23, with a further 3 individuals in 2023/24.

If payment was made to these individuals in line with the Immediate Detriment Framework, there would be considerable uncertainty about the tax issues associated with their cases, and any re-conciliation of contributions owed/due would need to await remedying legislation. Assumptions would have to be made in respect of annual allowances, life-time allowance and divorce debits and scheme pays in calculating benefits payable, which would need to be re-visited once the remedying legislation was put in place.

The 6 members who have already retired paid a total of £62,000 by way of employee contributions to the “wrong” scheme. It is expected that the remedy legislation will enable us to treat this money as having been made as a contribution to the member’s former scheme. For those returning to the 1992 Scheme, this would leave a shortfall of £9,000 which would need to be recovered from the members reflecting the higher contribution rate in the 1992 Scheme. There is a risk we would be unable to recover this sum. If we were not able to offset the contributions paid into the 2015 Scheme against the contributions to the previous scheme, the total liability that would fall to the Council would be just over £70,000.

Figures for the group due to retire at the end of the year are not currently available.

<u>Options and Risks</u>

1. Agree to implement payments consistent with the Immediate Detriment Framework with immediate effect.

Such a course of action would lead to an immediate cost to the Council of £31,500 in respect of the compensation payment to offset the unauthorised tax charge, and £2,500 in respect of interest etc.

Risks

Further costs to the Council of at least £75,000 if the Government take a different view on the legal status of payments of arrears of pensions and lump sums. These costs would increase in respect of all new retirements including the group expected to retire in the next few months.

Future legal claims if remedying legislation does not cover measures to allow retrospective resolution of outstanding contribution payments including appropriate tax relief.

Future legal claims if remedying legislation does not protect individuals from need to revisit annual allowance/scheme pays calculations.

Future legal claims if information only available after remedying legislation in place determines individual would have been better placed not seeking payment under Immediate Detriment Framework.

There is a question as to the extent that these last 3 risks can be mitigated by individuals being offered a choice on retirement as to whether to follow the extant 2015 pension scheme regulations or accept the risks associated with having their pension benefits paid under the Immediate Detriment Framework principles.

Legal Advice
The Legal advice in relation to the option is that to proceed to implement payments consistent with the Immediate Detriment Framework with immediate effect would address the risks identified above although it is difficult to accurately quantify the risk and the cost implications arising. The overall result would be that Oxfordshire would be deemed to be acting lawfully having corrected the immediate detriment at the first available opportunity.

It is important to note that there may be further costs to the Council of at least £75,000 if the Government take a different view on the legal status of payments of arrears of pensions and lump sums. These costs would increase in respect of all new retirements including the group expected to retire in the next few months. It is difficult to predict the likely approach that the Government may take and the prospect of incurring additional being at least £75,000 is a possibility. There remain significant financial risks associated with the making of a decision before remedying legislation is in place.

The option to mitigate the risk by way of a settlement agreement which compromises the right of a member to take legal action was explored. This is not viable and unlikely to withstand challenge as if the basis of the agreement is deemed to be unlawful, the agreement itself will not be enforceable and could have detrimental public relations implications. The application of non-disclosure clauses are not considered appropriate in these circumstances which will present confidentiality issues.

2. Defer a Decision to seek more clarification.

Advice suggests that further clarification could come in the next 2 months. Figures included within this report are indicative only and based on our best understanding of the current position and set out best/worst case scenarios. Figures subject to change as legislative position becomes clearer and future cases identified and pension implications calculated.

Risks

Increased likelihood of legal challenge to failure to act in accordance with the ruling of the Employment Tribunal.
Brings a further group of individuals into scope for any compensation payments. Whilst non-financial compensation in LGPS Scheme is in region of £500 to £2,000, much higher figures have been paid under the Police/Fire schemes.
Workforce planning issues as members may choose to defer retirement where they were reliant on their full pension entitlement to afford retirement. This in turn could

lead to further compensation claims where individual's pay contributions to the 2015 Scheme which cannot buy service above the maximum years in the 1992 Scheme.

Legal Advice

Oxfordshire is not currently facing any legal challenges and it is not certain when clarity from the Government may be provided. There is a potential danger that Oxfordshire may be targeted as a test case, although bearing in mind the current number of potential claims, it is thought that this is unlikely.

Should a test case be presented, there is the option of settling the case and bringing forward the decision-making, should a decision be made to seek further clarification. The cost implications of this approach will be minimal taking into account that the position is established and settlement would be untaken quickly before matters escalated.

3. Agree not to make any payments under the Immediate Detriment Framework and await implementation of the remedying legislation or an instruction from the Courts/Pension Ombudsman

This option means any calculation will be completed in accordance with current legislation or the direct order of a Court so reducing the risk of a need to rework the calculation in future and maximising the chances that all costs will be met by Government.

Risks

The risks are similar to those under Option 2, although a clear decision not to implement the Immediate Detriment Framework increases the risk of further legal challenge in light of the decision of the Employment Tribunal.

Depending on timescales, this option is likely to increase the numbers of individual's likely to include a compensation element into any future claim, and those impacted by an inability to plan their retirement date without certainty over the level of payments, or a known shortfall in the initial sums payable.

Legal Implications

Deciding not to make a decision will result in the Oxfordshire perpetuating a course of action which has been determined as unlawful and discriminatory. Deciding not to make a decision and await implementation until remedying legislation is in place or an instruction from the Courts or Pension Ombudsman is a high-risk strategy with reputational implications. The Council will be acting unlawfully.

The position as regards tax implications and contributions in each individual case is particularly complex. Although at this point only broad indicative figures have been provided, these need to be factored into the overall decision making and assessment of cost implications that may arise. Each individual case may have different tax implications and members may decide to approach the issue of contributions in a number of ways.

The Chief Fire Officer and the Director of Finance will need to determine whether they have sufficient detail as to the financial implications upon which to make an informed decision in line with their delegation.

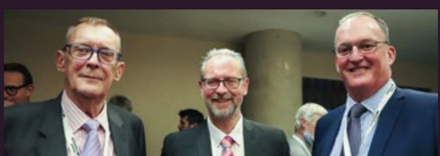
Quarterly Engagement Report

October-December 2021

Local Authority Pension Fund Forum

Rio Tinto, BHP, Anglo American, Roche, National Grid, LAPFF Conference

LAPFF CONFERENCE 2021



"We heard many fantastic presentations on a wide range of topics at the LAPFF Annual Conference this year. What struck me was the systemic nature of many of these problems. Systemic problems take a long time to fix, but LAPFF is in it for the long haul."

Cllr Doug McMurdo:

LAPFF held its 2021 conference in Bournemouth from 8–10 December. There was an opportunity to attend both in-person and online this year in light of Covid developments. Maintaining the in-person presence whilst allowing for a hybrid experience of speakers dialling in and attendees watching online allowed the whole event to run smoothly and provided a good experience.

The conference provided for a wide variety of interesting speakers and events. Across the three days, invited speakers presented on issues from COP26 to accountancy, a just transition to Covid. It was a privilege to introduce guest speakers from Brazil who described the harrowing impacts of the tailings dams collapses on their lives and communities. Broadcaster David Olusoga provided a gripping account of the untold stories of black British history.

HUMAN RIGHTS

Mining and Human Rights Report

Objective: Over the last couple of years, LAPFF has engaged intensively with mining companies on their human rights practices. The engagement has focused on the participation of affected stakeholders in mining company activities and decision-making. Based on these engagements with mining companies and affected stakeholders, LAPFF aimed to produce a report on its views regarding mining companies and human rights.

Achieved: LAPFF engaged business and human rights expert, Professor Robert McCorquodale, to lead on drafting the report. As sections of the report were drafted, they went to the LAPFF Executive and Business meetings for approval.

Although the reports were written from an investor perspective, they have been presented through a human rights lens. As such, the first report covered the basics of the international human rights law framework. The second report followed with an explanation of how this framework applies to the mining sector, with examples of how human rights can be violated by mining companies and case studies based on human rights-related litigation in the mining sector. The third report presented LAPFF's views on engagements with top holdings – Anglo American, BHP, Glencore, Rio Tinto, and Vale – including how LAPFF understands these companies to be engaging with affected stakeholders.

In Progress: The last two reports will go to the first LAPFF Executive and Business meetings in January 2022. The fourth report sets out examples of where LAPFF believes that the five companies mentioned have not met their human rights responsibilities. The fifth report contains a conclusion and recommendations for LAPFF members and other investors, for companies, and for public officials.

These five reports have also been consolidated into a single draft report that LAPFF has circulated for comment to the five companies addressed and to affected communities whose accounts have been included in the report. After comments have been received, they will be assessed and integrated as appropriate before the report is released publicly.

MINING

Vale's tailings dam in Brumadinho

MINING COMPANY ESG UPDATES

Objective: LAPFF engages with mining companies on all environmental, social, and governance (ESG) areas, not just human rights. Therefore, LAPFF participated in ESG updates from Vale, Rio Tinto and Anglo American, both to ensure it had updated information for the mining and human rights paper and to track updates on areas such as climate planning and health and safety.

Achieved: All companies covered climate and human rights as primary topics of discussion. Industry-wide, there continues to be work to align with the global standard on tailings dam safety and make mining safer and more sustainable generally. The companies also discussed their climate plans, particularly in anticipation of greater interest in the 'say on climate' votes, an initiative for which LAPFF has provided significant support.

LAPFF was particularly keen to hear Anglo American's discussion around the company's decision to divest from the Cerrejon joint venture. Both Anglo American and BHP have now indicated that they are withdrawing from this thermal coal project, leaving Glencore as the sole owner.

The withdrawal raises significant questions about how companies can best pull out of coal without leaving these assets in the hands of other companies or entities that might choose to continue operating the assets rather than winding them down. To this end, LAPFF also participated in a Climate Action 100+ (CA100+) collaborative call with Anglo American. The discussion covered the company's commitment to carbon neutrality in its operations and initiatives to reduce emissions through its value chain.

Vale continued to refer to cultural and operational changes stemming from its Brumadinho tailings dam collapse. However, the company representatives again failed to address the Mariana tailings dam collapse outside of Vale's relationship to the Renova Foundation, the joint venture between BHP and Vale established to undertake compensation and reparations in relation to Mariana, and a general reference to Samarco operations re-starting. It was explained that the company's upstream tailings dams will not be de-characterised until 2035 at the earliest, although company officials stressed that safety measures would be taken at these dams in the meantime.

In Progress: LAPFF is continuing to engage with mining companies on all aspects of their ESG work, in particular climate and human rights. There will likely be focus on specific aspects of company operations, such as joint ventures, and on say on climate votes. Affected community engagements have also pointed to concerns about just transition considerations, so this area will also likely feature more prominently in LAPFF's work, especially because it was felt that the companies did not speak to this issue adequately.

BHP

Objective: Never having met BHP CEO, Mike Henry, LAPFF Chair Cllr Doug McMurdo wanted a meeting to discuss BHP's imminent unification process and the on-going human rights concerns related to the Samarco tailings dam collapse in Brazil and the joint venture Resolution Copper project with Rio Tinto in Arizona.

Achieved: LAPFF detected some progress in relation to BHP's approach to community engagement. Prior to BHP's 2021 AGM, LAPFF had not heard any company representatives refer to the need for free, prior and informed consent (FPIC) in relation to any of BHP's projects. However, BHP Chair, Ken Mackenzie, and Mr Henry have been clear since the October 2021 AGM that they expect FPIC to be met

COMPANY ENGAGEMENT

in relation to their Resolution Copper project before that project can proceed. LAPFF also shared its experience of engaging with Brazilian communities affected by the Samarco tailings dam collapse and found Mr Henry receptive to this feedback.

LAPFF also issued a voting alert opposing BHP's climate plan, which was put to a vote this year in line with the 'say on climate' initiative. While LAPFF was pleased to see BHP put its plan to a vote, LAPFF's view is that the plan had significant shortcomings. For example, there was a fear that the company could rely too heavily on unproven technologies such as carbon capture and storage (CCS) in the plan. The plan also appeared to contradict BHP's assertion that the company will benefit from a very quick transition to a green economy. The plan could have moved the company much further much more quickly but did not.

In Progress: LAPFF will continue to engage with BHP in relation to both Resolution Copper and Samarco. Cllr McMurdo also asked BHP if it would put annual say on climate resolutions to a vote. Although BHP has committed to say on climate votes every three years, LAPFF will continue to engage with BHP on its climate developments more frequently.

Renova Silent in Wake of Engagement Request

Objective: Communities in Brazil affected by the Mariana and Brumadinho tailings dam failures have long said that one of the big obstacles to obtaining appropriate reparations and compensation is the Renova Foundation. Renova is a foundation established by BHP, Vale, and Brazilian authorities solely to provide reparations and compensations to victims of the dam collapse at Mariana. Therefore, Cllr McMurdo has had a couple of meetings with Renova CEO, Andre de Freitas, to discuss this issue, and he sought another meeting.

Achieved: To date, Mr de Freitas has been very responsive and willing to discuss Renova's progress and challenges. However, there appear to have been only three houses built in the last year (up to 10 from seven houses) and Mr de Freitas has not yet responded to LAPFF's latest request to meet.

In Progress: Although many affected community members are keen for Renova to be disbanded and replaced with a more effective entity, LAPFF will continue to engage with the organisation to push for faster progress.

ArcelorMittal

Objective: To provide an updated assessment of ArcelorMittal's progress against the second iteration of the Climate Action 100+ benchmark and flag up areas that the company could improve in terms of metrics and disclosure.

Achieved: A formal letter was sent from LAPFF and other lead investors in the CA100+ initiative, setting out the approach to the 2022 and 2023 proxy season moving towards the 2023/24 reporting cycle deadline for target companies to have achieved alignment to the goals of the initiative. A reply from the chair, Lakshmi Mittal, confirmed that they are collaborating with the Science Based Target Initiative (SBTI) on a new Paris aligned methodology for the steel sector working towards a net-zero by 2050 target. The only indicator not met was a 2025 carbon emissions target, as much of the 2030 group target will be weighted towards the second half of the decade.

In Progress: A meeting in December sought for publication of a more granular report on lobbying with a trade association overview as well as information on the shareholder consultation for a transition plan to be put to the 2022 AGM.

BP

Objective: To discuss detailed aspects of the company's energy transition plan and if a 'Say on Climate' is planned for the 2022 AGM.

Achieved: Company representatives provided more background to the company's plan which includes a reduction of production of 40% over 10 years and a goal of 50GW of renewable generating capacity by 2050. BP already operates the UK's largest public network of EV charging points and plans to install more in existing petrol stations. The company has installed some of the first charging stations in India and is working with large fleets in China. On a 'say on climate' resolution, this is being considered for 2022. It was noted they had achieved at least 'partial' scoring on all elements of the CA100+ benchmark.

In Progress: A further meeting with the LAPFF chair is planned for early 2022.

Standard Chartered

Objective: A meeting was held with Standard Chartered chair, José Viñals, to determine how the bank is progressing working with clients to reduce carbon emissions and and align with the bank's net zero by 2050 policy. Member concerns had been relayed to the chair about the bank's funding of Adaro, a major coal supplier which Standard Chartered's own analysis shows its activities to be aligned with an increase of 5-6°C in global warming.

Achieved: The company issued a roadmap for its progress to net zero in October which included 2030 targets to reduce financed emissions for thermal coal mining and oil and gas power, as well as plans to mobilise US$300 billion in green and transition finance by 2030. There was further engagement in November, which confirmed an absolute target for coal, and that no investments would support any project expanding capacity.

In Progress: We have remained in touch with NGO contacts who have considered filing a resolution to the 2022 AGM asking for commitments not yet evident in the company's current transition plans. The company confirmed it will put a Say on Climate/Transition plan to the vote at the 2022 AGM.

Lyondell Basell

Objective: As part of collaborative engagement with CA100+ investors, a meeting was held with company representatives to discuss analysis of progress against the second iteration of the CA100+ benchmark. The aim was to identify if any short-term actions were possible to improve the score and what further commitments could be provided.

Achieved: company representatives confirmed that any further updates would not be until the publication of the sustainability report in April 2022. In

COMPANY ENGAGEMENT

the first iteration of the benchmark, six indicators were not met and four were only 'partially' met. Encouragement was given for more disclosure in relation to lobbying activities.

In Progress: Topics of Paris Aligned accounting and audit disclosure and a related 'underpin' for remuneration were raised, with further discussions in 2022 proposed.

National Grid

Objective: Correspondence was sent on behalf of the CA100+ initiative with an updated assessment of progress against the second CA100+ benchmark. The letter identified short-term priority actions to improve the benchmark score and a commitment for fully aligned disclosure with the benchmark by the end of 2023.

Achieved: The company gave further detail of net zero alignment with International Energy Agency's (IEA) 2035 date for all relevant electricity emissions, noting the assumption of a zero-carbon power grid by 2035.

In Progress: A meeting in December covered disclosure on lobbying activities and further discussion on Paris Aligned accounting and audit disclosure.

Barratt Developments

Objective: The property sector is a major contributor to carbon emissions. A large chunk of these emissions come from buildings when in use but building materials and the building process itself generate greenhouse gas. As a result, the sector is facing higher environmental standards from government. It also means that housebuilding is a sector which LAPFF wants to continue to engage, especially the largest housebuilders such as Barratt Developments.

Achieved: Cllr Doug McMurdo secured a meeting with the chair of Barratt Developments. LAPFF gained assurances about plans Barratts are making towards achieving net zero for homes and for their operations. The engagement discussed how they were going to meet the government's future homes standard and work being undertaken with their supply chain. The discussion also covered

achieving the transition to net zero in a just way as well as the company's exposure to concerns around leasehold contracts.

In Progress: LAPFF will continue to engage with Barratts and other housebuilders to ensure targets they have set are being met.

Pharmaceutical Company Engagements

Objective: LAPFF wrote to five pharmaceutical companies for engagement meetings to discuss whether Covid has forced them to change their business models or business strategies. While the companies were generally receptive, only Roche came back to offer a meeting.

Achieved: In addition to meeting Roche, LAPFF was able to meet with Johnson & Johnson through a collaborative investor discussion. It is clear that the companies have treated Covid as a test of their existing business models and strategies. At this point, there appear to have been more operational changes, such as how staff work together online and determining the right balance of working from home and working from offices, than there have been business model or strategy changes. There might be further developments to consider in respect of business model and strategy before companies can decide whether they are well-placed with their existing structures or whether they need to make adjustments in the longer-term.

In Progress: LAPFF will write again in the new year to the companies that have not yet granted meetings. Timing is critical as all of the companies are contributing in one way or another to the pandemic response, so company representatives might be more or less available depending on when Covid waves hit and when certain drugs are released in response.

Chipotle

Objective: LAPFF has been in dialogue with Chipotle since 2019 regarding the company's approach to water stewardship and managing the water stress within its value chain. When the dialogue was first initiated the company was committed to the shared objective of mitigating water related risks and committed to measuring water usage as well as any water sources significantly affected by water withdrawal moving forwards. As of 2021, Chipotle is yet to conduct a water risk assessment for its full value chain.

Achieved: In response to the lack of progress, LAPFF worked with the Greater Manchester Pension Fund to file a resolution to request that Chipotle provide an assessment to identify, in light of the growing pressures on water supply quality and quantity posed by climate change, its total water risk exposure, and policies and practices to reduce this risk and prepare for water supply uncertainties associated with climate change.

In Progress: LAPFF maintains dialogue with Chipotle and on this issue and will continue to work constructively with the company to ensure it is taking the necessary steps to manage water risk effectively.

COMPANY ENGAGEMENT

COLLABORATIVE ENGAGEMENTS
COLLABORATIVE INVESTOR MEETINGS

Say on Climate

In October, the LAPFF chair, together with TCI Fund Management and Sarasin and Partners, wrote to the FTSE All-share to ask that boards set out their strategy to manage the transition to a net zero emissions business and to provide annual provision for shareholders to vote on such plans. The letter was not sent to investment trusts and those companies that had already made a commitment to an annual vote for shareholders.

As at end December, 64 responses had been received, from brief acknowledgements of receipt, to lengthy iterations of strategies for transition. A good number of companies noted it would be subject to discussion by the board, and other companies in engagement meetings have noted they will be reviewing the proposition.

The Asia Collaborative Engagement Platform for Energy Transition

Collaborative engagement, working with Asia Research and Engagement (ARE) and the Asia Transition Platform, has continued with some of Asia's largest listed financial institutions and buyers and producers of fossil fuels. During the quarter, LAPFF executive members Cllr Caron and Sian Kunert engaged with Sumitomo Mitsui Financial Group (SMFG) and Mizuho respectively. At Mizuho, bank representatives were asked for more details on sustainability experience and expertise of board members, as well as an insight into a time-line for the phase out of coal power financing. At SMFG, discussions also covered mechanisms to ensure sustainability experience on the Board as well as target setting and referencing the International Energy Agency Net Zero scenario.

Collaborative letters on Paris-aligned accounts

Following-up on correspondence with companies in November 2020, LAPFF has joined in further communications with companies, led by Sarasin & Partners and in conjunction with other investors to share feedback on climate-related financial disclosures in the most recent set of company financial accounts. Correspondence aimed to encourage the companies to address outstanding concerns in audited accounts issued in 2022. Copies were also provided to the lead audit partner to emphasise the expectation that they alert shareholders where the accounts are not consistent with a 1.5°C outcome.

Powering Past Coal Alliance

As a partner to the Powering Past Coal Alliance, LAPFF supported a statement made on 4 November, which was the COP26 'Energy Day'. This statement, signed by countries, regions, corporates and investors supported the shared vision of accelerating a transition away from unabated coal power generation. It recognised the imperative to urgently scale-up the deployment of clean power to accelerate the energy transition as well as promoting the idea that this transition should be 'just and inclusive'.

Major investors demand ambitious methane regulations in the U.S.

Through its membership of CERES, LAPFF joined a group of international investors calling for action to cut methane emissions in the US. Methane is a potent greenhouse gas, twenty five times more powerful than carbon dioxide in its heating impact. More than half of global methane emissions stem from human activities in three sectors: fossil fuels (35 per cent of human-caused emissions) waste (20 per cent) and agriculture (40 per cent).

The Institutional Investors Group on Climate Change (IIGCC)

LAPFF continues to participate in regular calls with IIGCC and its investor members, receiving and providing updates on EU constituents of the CA100+ initiative. Results of the CA100+ benchmarking process are being discussed with companies with the review period culminating at the end of December. Sector meetings are helpful in providing peer best practice examples as 'pointers' for other companies in the sector.

Investor Alliance on Human Rights

The Investor Alliance on Human Rights (IAHR) circulated an investor letter calling for the UK and the EU to implement mandatory human rights and environmental due diligence (mHREDD). It followed with another letter asking that stakeholder engagement be placed at the heart of this legislation. LAPFF signed onto both letters.

Conflict Minerals Investor Letter

Stewart Investors initiated a collaborative investor letter on conflict minerals in semi-conductor supply chains requesting that a number of companies improve labour and environmental standards through their supply chain practices. A total of 160 investors with collective assets under management of US$6.59 trillion signed onto the letter. The letter went to 29 companies in the semi-conductor supply chain, and investors are waiting for a more complete set of responses before deciding if and how to take the engagement forward.

Investors for Opioid and Pharmaceutical Accountability (IOPA)

LAPFF has continued to support IOPA, which continually engages with US pharmaceutical companies and retail pharmacies, encouraging better levels of corporate governance. IOPA has been looking at its potential campaigns for 2022 and LAPFF will aim to engage and support where it can.

POLICY ENGAGEMENT

APPG Just Transition Inquiry

The LAPFF-supported All-Party Parliamentary Group (APPG) for local authority pension funds' report into a just transition was successfully launched this quarter. The APPG had undertaken an inquiry during 2021 examining the role investors can play, with the support of government, in ensuring the transition to net zero considers the social implications

COMPANY ENGAGEMENT

for employees, consumers, communities and supply chains. The APPG, chaired by Clive Betts MP, heard evidence from LAPFF members, investors, companies, trade unions and from the Climate Change Committee.

The inquiry found that just transition presented investors with financial risks. The consensus view from the inquiry was that if the transition to net zero is seen as unfair and unjust there would be public resistance and a lack of co-operation. As such, failing to consider the uneven impact of climate action on people and places risks support for decarbonising the economy. That in turn would create economy wide and company specific risks for investors.

The final report covered actions investors can take individually and collectively, including having a commitment on the issue in policy documents, understanding the risks and opportunities through quantitative metrics and qualitative evidence from affected stakeholders, importance of setting expectations and engaging companies on them, how capital allocation can help mitigate the risks and maximise the opportunities, and how funds can report impact. The report also set out what governments could do to support investors, such as having a clear and comprehensive just transition commitment, requiring greater company disclosure, identifying and supporting investment opportunities, and establishing a just transition commission.

The launch of the report included presentations from the pensions minister, Guy Opperman MP, Rachel McEwen from SSE and LAPFF chair, Cllr Doug McMurdo. The report was well received gaining media coverage and with SSE publicly supporting the report. A copy of the report can be found on the LAPFF website.

City of London's Taskforce on Socio Economic Diversity

LAPFF Vice Chair, John Gray, was appointed to the Taskforce's Advisory Board this year and in this quarter, attended an in person event to discuss a number of issues that both the advisory board and working groups are looking to overcome. Questions of whether mandatory reporting by government or regulators were asked, and what role sector bodies can play. The role of membership bodies seeking to progress change in this area were discussed as well as what members of the taskforce believed would convince senior leadership to improve socio-economic diversity. LAPFF's work on diversity will continue in 2022 and will incorporate aspects of socio-economic diversity alongside other aspects.

COLLABORATIVE COMMUNITY MEETINGS

Brazilian community members

It has now been over six years since the Samarco tailings dam collapse in Mariana, Brazil. LAPFF issued a press release on 5 November to remember the anniversary of the tragedy. As the anniversary fell during COP 26, the press release focused on the need for a just transition to a zero carbon economy. The press release followed a webinar with a representative of the affected communities and a meeting with the Brazilian prosecutor working on this case.

Subsequently, Cllr McMurdo met with four members of the affected Mariana communities to discuss their current situation. Unfortunately, little progress has been made in respect of either housing or other reparations. The community members continued to express despair about their respective situations and the slow progress being made by the Renova Foundation.

One representative of the Mariana communities and one representative from Brumadinho also presented at the LAPFF Conference. It was notable that both representatives were clear about not being anti-mining; the communities just want mining to be sustainable and respectful of their human rights. The need for a just transition by the mining industry was also raised during this conference session.

Arizona community members

Cllr McMurdo also met with Roger Featherstone (pictured below) of the Arizona Mining Reform Coalition. Roger has met consistently with LAPFF over the

ENGAGEMENT

last few years and has raised concerns not only about the cultural heritage impacts of the BHP-Rio Tinto Resolution Copper project but also about the water impacts. LAPFF heard again that there has been no real assessment of the projects impact on water resources by the companies, but the impact could be huge. Roger also raised the question of whether a new mine is needed to access the copper reserves in the area. He noted that BHP has shut down a number of mines in the area before the reserves had been depleted, and in particular the San Manuel mine.

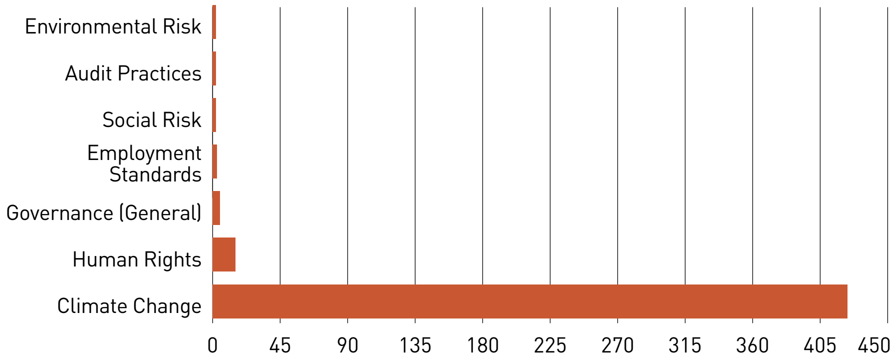
Resolution Copper: Water and Financial Materiality

On the back of the conversation with Roger Featherstone, LAPFF held a webinar with Roger and Henry C Munoz, a retired BHP miner in the area. Both Roger and Henry spoke about the anticipated impacts of Resolution Copper on the water and ecosystem of the surrounding areas. This webinar is available for viewing by LAPFF members on the member section of the LAPFF website.

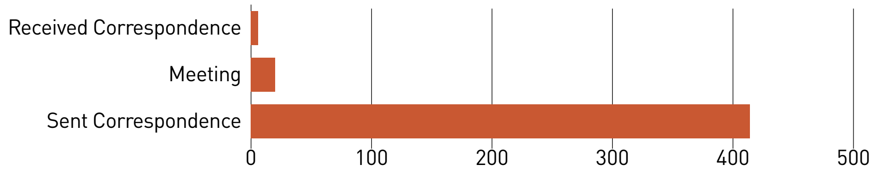
ENGAGEMENT DATA

During the quarter, there was correspondence with the FTSE all-share (excluding investment trusts) pressing for an annual 'Say on Climate' vote

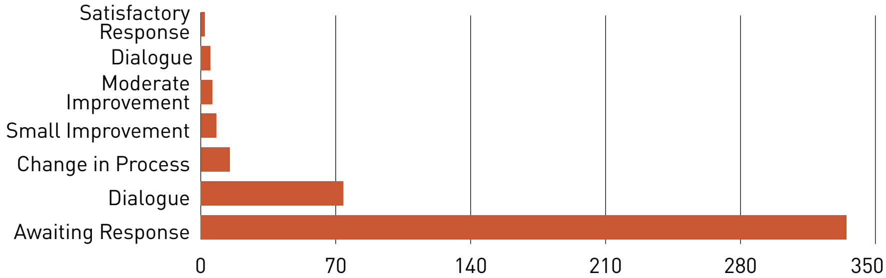
ENGAGEMENT TOPICS



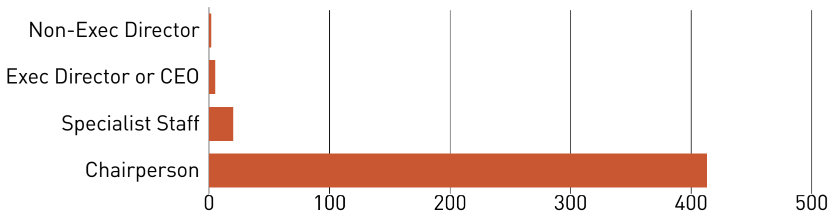
ACTIVITY



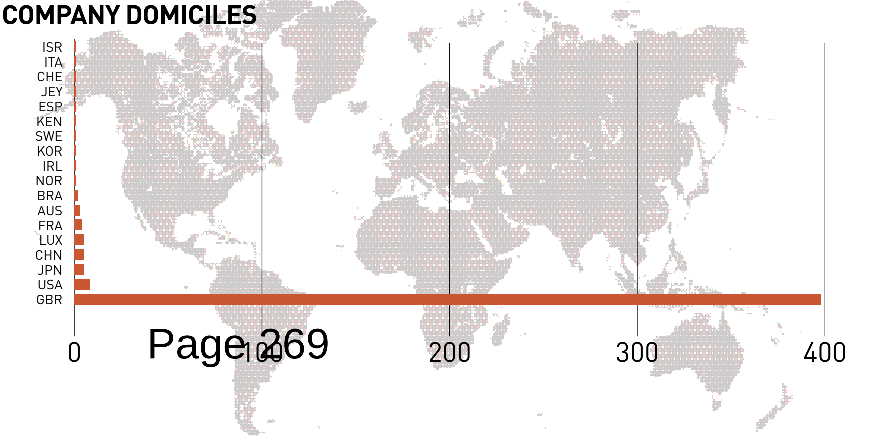
MEETING ENGAGEMENT OUTCOMES



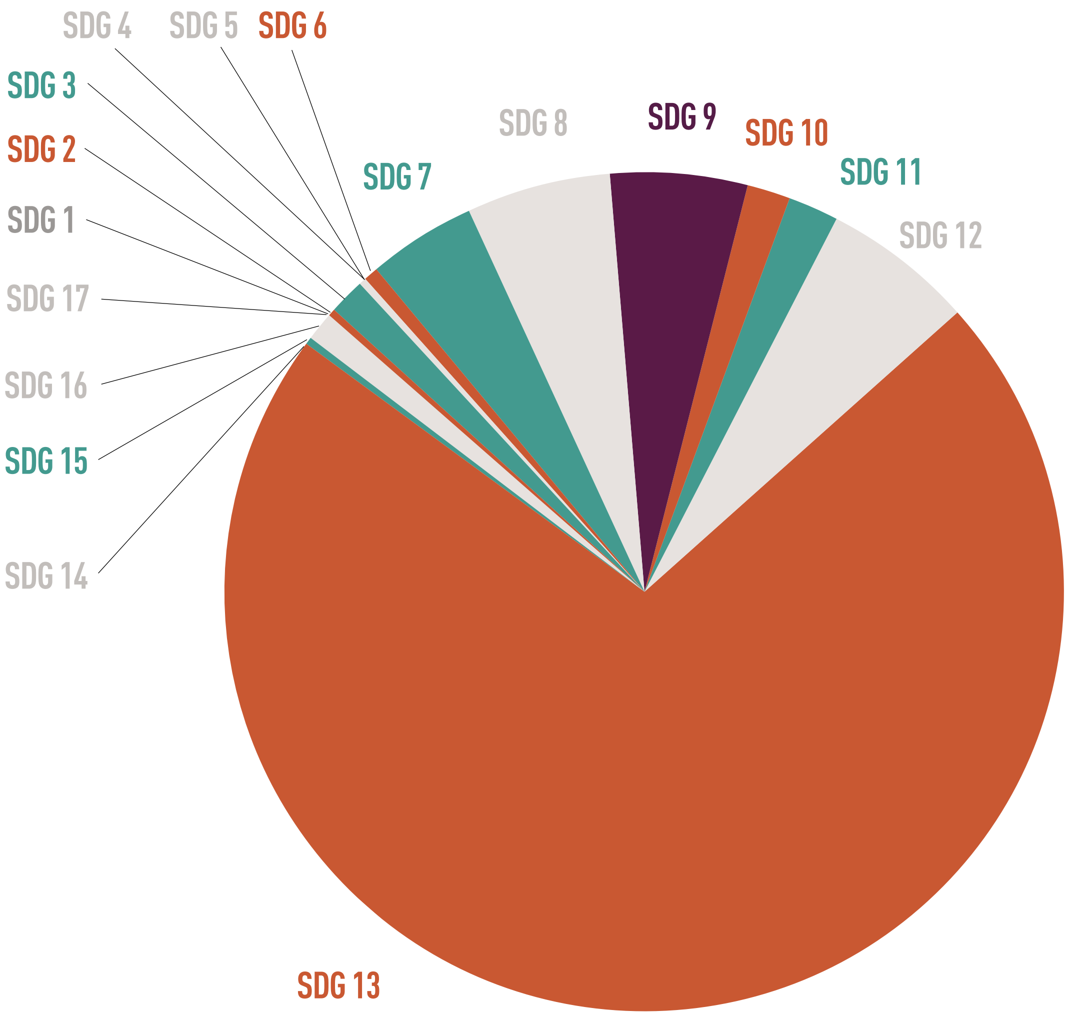
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	1
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	9
SDG 4: Quality Education	2
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	26
SDG 8: Decent Work and Economic Growth	33
SDG 9: Industry, Innovation, and Infrastructure	31
SDG 10: Reduced Inequalities	10
SDG 11: Sustainable Cities and Communities	12
SDG12: Responsible Production and Consumption	34
SDG 13: Climate Action	425
SDG 14: Life Below Water	0
SDG 15: Life on Land	2
SDG 16: Peace, Justice, and Strong Institutions	6
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

MEDIA COVERAGE

CLIMATE

European pension players turn to Asia to drive climate 'breakthroughs'
https://www.ipe.com/news/european-pension-players-turn-to-asia-to-drive-climate-breakthroughs/10055439.article

Allow a vote on your climate plan, local govt pensions tell UK companies
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BHP faces knife-edge vote on climate change plan
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Mood lukewarm on BHP climate change plan ahead of AGM
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BHP's London investors endorse climate change plan
https://www.reuters.com/business/environment/mood-lukewarm-bhp-climate-change-plan-ahead-agm-2021-10-14/

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MPs urge pension schemes to cushion economic effects of UK's net zero plan
https://www.theguardian.com/environment/2021/oct/20/mps-urge-pension-schemes-cushion-economic-effects-uk-net-zero-plan

LGPS must consider net-zero impact to avoid social downturn, MPs say
https://www.pensions-expert.com/Investment/LGPS-must-consider-net-zero-impact-to-avoid-social-downturn-MPs-say?ct=true

ISRAEL-PALESTINE

LGPS urged to divest from 'Israeli settlement economy'
https://www.pensions-expert.com/DB-Derisking/LGPS-urged-to-divest-from-Israeli-settlement-economy

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Bromley Pension Fund
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

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Agenda Item 17

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