London Borough of Brent Pension Fund

Q2 2021 Investment Monitoring Report

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HYMANS ROBERTSON

Executive Summary

Performance Summary
The assets combined to return 5.1% over this period, outperforming the aggregate target return by 0.8%.

In markets, global equities rose 7.1% in the first quarter in local currency terms as the COVID recovery continued. Emerging Market equities underperformed other regions over the quarter.

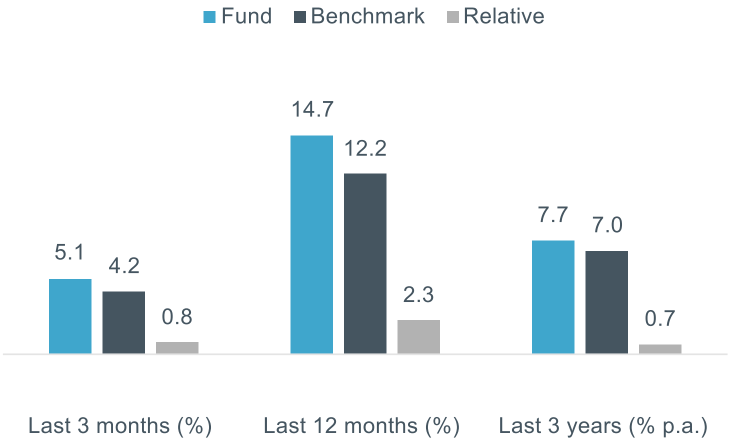
A fall in yields over the quarter saw positive returns from the UK government bond market. Speculative grade credit markets similarly trended lower over Q2 2021 amid improving credit fundamentals.

Key Actions
The on-boarding process for the investment in BlackRock Low Carbon Fund is expected to be completed in Q3 2021. This 3% investment will be funded from cash.

Key points to note

- The Fund has posted positive returns over the past 3 months, ending the quarter with a valuation of £1,076.2m up from £1,032.1m at the end of Q1 2021.
- The Fund's Growth holdings were the main drivers of returns, with LGIM's global equity mandate the primary contributor.
- Within the Fund's Income holdings, the Baillie Gifford multi-asset fund produced strong performance over the quarter.
- The Fund is currently holding more cash than usual. The Fund's upcoming investment in the BlackRock Low Carbon equity fund and capital calls for the private markets mandates will be funded from cash.

Fund performance vs benchmark/target



High Level Asset Allocation

As part of the investment strategy review carried out in Q2 2020, the Fund's DGF mandates were re-categorised as 'Diversifiers' and included within the 'Income' bucket.

GrIP	Actual	Benchmark	Relative
Growth	58.2%	58.0%	0.2%
Income	25.4%	25.0%	0.4%
Protection	12.0%	15.0%	-3.0%
Cash	4.4%	2.0%	2.4%

Whilst on the journey to its interim and long term targets for Property, Infrastructure and Private Debt, the current agreement is that the Fund will hold a higher allocation to DGF's.

Following the results of the Q1 2020 investment strategy review, the following target allocations were agreed:

Interim
Growth – 58%
Income/Diversifiers – 25%
Protection plus cash – 17%

Long-term
Growth – 50%
Income/Diversifiers – 35%
Protection – 15%

The Fund is broadly in line with the interim target allocations for growth and income assets, underweight protection assets and overweight cash.

Of the c£48m in cash held at the quarter end, c£30m is due to be invested in the BlackRock Low Carbon fund in Q3 2021.

The LCIV infrastructure fund is still in its infancy with an expected 3 year ramp up phase. We therefore expect the Fund commitment of £50m to continue to be drawn down until end 2022.

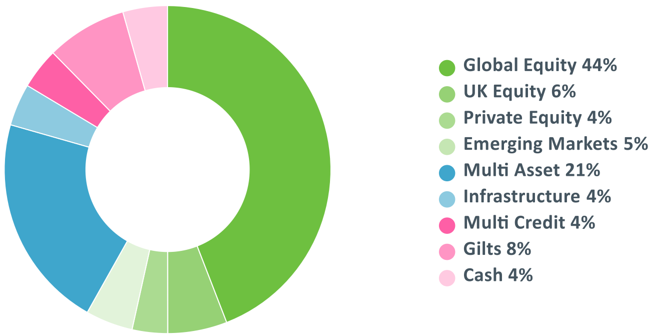
The Fund's commitment to the LCIV private debt fund (made in March of this year) is still to begin drawing down.

Asset Allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q1 2021	Q2 2021			
LGIM Global Equity	441.2	474.7	44.1%	43.0%	1.1%
LGIM UK Equity	59.9	63.3	5.9%	5.0%	0.9%
Capital Dynamics Private Equity	37.5	37.8	3.5%	5.0%	-1.5%
LCIV JP Morgan Emerging Markets	48.8	50.4	4.7%	5.0%	-0.3%
Total Growth	**587.3**	**626.1**	**58.2%**	**58.0%**	**0.2%**
LCIV Baillie Gifford Multi Asset	130.7	137.1	12.7%	10.0%	2.7%
LCIV Ruffer Multi Asset	90.8	91.4	8.5%	10.0%	-1.5%
Alinda Infrastructure	23.1	22.7	2.1%	0.0%	2.1%
Capital Dynamics Infrastructure	8.8	8.8	0.8%	0.0%	0.8%
Aviva Property	0.0	0.0	0.0%	0.0%	0.0%
LCIV Infrastructure	11.8	13.2	1.2%	5.0%	-3.8%
Total Income	**265.2**	**273.2**	**25.4%**	**25.0%**	**0.4%**
LCIV CQS MAC	42.8	43.6	4.1%	5.0%	-0.9%
BlackRock UK Gilts Over 15 yrs	83.0	85.7	8.0%	10.0%	-2.0%
Total Protection	**125.8**	**129.3**	**12.0%**	**15.0%**	**-3.0%**
Cash	53.8	47.6	4.4%	2.0%	2.4%
Total Scheme	**1032.1**	**1076.2**	**100.0%**	**100.0%**	

Figures may not add up due to rounding. The benchmark currently shown as the interim-target allocation as the first step in the journey towards the long-term target. As the Fund's allocations and commitments to private markets increase over time, we will move towards comparison against the long-term target.

Asset class exposures



Source: Investment Managers

Total Fund return was positive during the quarter, on both an absolute and relative basis. Longer term performance is also comfortably ahead of target.

UK equities lagged global markets over the quarter, due to the UK's higher weighting to cyclicals sectors such as financials, industrials and basic materials, which underperformed over the quarter, having outperformed significantly since the initial positive vaccine news in November last year.

Over the year emerging markets equities lead the way, and the JP Morgan fund has posted impressive outperformance relative to its benchmark, despite underperforming over the quarter.

The Baillie Gifford multi-asset fund posted strong performance over the quarter, driven by listed equities, property and infrastructure allocations, which benefited from the ongoing economic recovery. Over 12 months, the returns achieved by Baillie Gifford and Ruffer are identical at 14.2% relative to the benchmark return of 2.1%.

The CQS mandate produced a return of 2% over the quarter, and is also showing strong performance over the year.

Gilt yields fell over the quarter, leading to an increase in the value of the gilts portfolio.

Manager performance

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	7.6	7.6	**-0.0**	25.4	25.4	**-0.0**	14.4	14.4	**-0.0**
LGIM UK Equity	5.6	5.6	**0.0**	21.4	21.4	**-0.0**	2.1	2.0	**0.0**
Capital Dynamics Private Equity	9.2	8.0	**1.1**	0.8	26.0	**-20.0**	8.4	12.8	**-3.9**
LCIV JP Morgan Emerging Markets	3.2	4.9	**-1.6**	30.6	26.0	**3.6**	-	-	-
Income									
LCIV Baillie Gifford Multi Asset	4.9	0.5	**4.4**	14.2	2.1	**11.8**	4.6	3.0	**1.6**
LCIV Ruffer Multi Asset	0.7	0.5	**0.2**	14.2	2.1	**11.9**	6.8	3.0	**3.7**
Alinda Infrastructure	-	-	-	-6.0	4.5	**-10.1**	-0.1	5.2	**-5.0**
Capital Dynamics Infrastructure	-	-	-	-12.5	4.5	**-16.2**	-4.5	5.2	**-9.2**
LCIV Infrastructure	-	-	-	-6.9	4.5	**-10.9**	-	-	-
Protection									
LCIV CQS MAC	2.0	0.5	**1.4**	13.3	2.1	**11.0**	-	-	-
BlackRock UK Gilts Over 15 yrs	3.2	3.2	**0.0**	-10.8	-10.9	**0.1**	-	-	-
Total	5.1	4.2	**0.8**	14.7	12.2	**2.3**	7.7	7.0	**0.7**

This table shows the new performance target measures, implemented for 2020. Please note the 3 year return is on the old benchmark basis.

Performance from Alinda and Capital Dynamics Infrastructure is based on information provided by Northern Trust. For such investments, there are more appropriate measures to assess performance. Furthermore, performance in respect of Alinda is skewed by the Alinda III fund which is relatively immature. More detail on relevant measures of assessment for infrastructure funds is provided in the individual manager pages. This is also the case for Private Equity as an asset class.

The table above also excludes the performance of the Fund's investment in the London CIV's infrastructure sub-fund. Given initial draw downs only occurred during Q1 2020, it still remains too early to report appropriate performance at this stage. As the Fund's commitments continue to be drawn under this mandate, and the size of investments increase, it will become more appropriate to report and consider return measures in percentage terms.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream

There were no manager rating changes to existing managers over the period.

Information on the rating categories can be found in the appendix.

Manager ratings

Manager/Mandate	Asset Class	Hymans Rating	RI Rating
LGIM	Global Equity	Preferred	Strong
LGIM	UK Equity	Preferred	Strong
LCIV JP Morgan	Emerging Markets	Suitable	Adequate
Capital Dynamics	Private Equity	Suitable	Not Rated
LCIV Baillie Gifford	Multi Asset	Preferred	Good
LCIV Ruffer	Multi Asset	Positive	Adequate
Alinda	Infrastructure	Not Rated	Not Rated
Capital Dynamics	Infrastructure	Not Rated	Not Rated
LCIV	Infrastructure	Not Rated	Not Rated
LCIV CQS	Multi Credit	Suitable	Not Rated
BlackRock	UK Gilts Over 15Yrs	Preferred	Not Rated

Ruffer business update

Ruffer announced that Aled Smith will join as Deputy CIO from 6 July 2021. He joins from J O Hambro Capital Management where he was an Investment Director.

As previously announced, Myles Marmion, CFO, retired at the end of April 2021 and has been replaced by Michael Gower, who joins from Vanguard where he was CFO for their European and International business. Michael will be a member of the Management Board and the Executive Committee.

As announced in Q1, Chris Bacon and Miranda Best will run the firm whilst Clemmie Vaughan, CEO is on maternity leave.

JP Morgan business update

In March 2021, JP Morgan announced that Philippe Quix, Chief Risk Officer for Asset Management, was retiring from the firm effective June 15, 2021. JP Morgan are actively searching for a successor, which will be announced in due course.

Otherwise no changes to the team, investment philosophy and process this quarter.

Baillie Gifford business update

Baillie Gifford announced that three new partners were appointed during the quarter: Dave Bujnowski, Catherine Flockhart and Colin Lennox. Partners, Charles Plowden, Investment Manager and Bill Pacula, Marketing Director retired in April 2021.

No changes to the team, investment philosophy and process this quarter.

Source: Investment Managers

LGIM Global Equity

The LGIM global equity mandate returned 7.6% over first quarter.

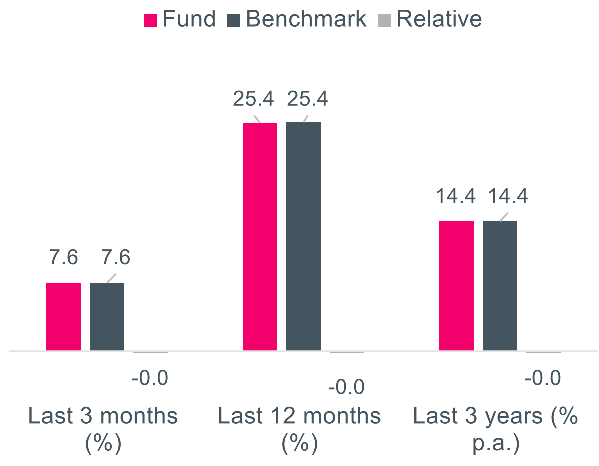
The fund is showing a strong return over 12 months following the sell-off in February and March of last year.

As a passively managed fund, it has matched its benchmark over all periods.

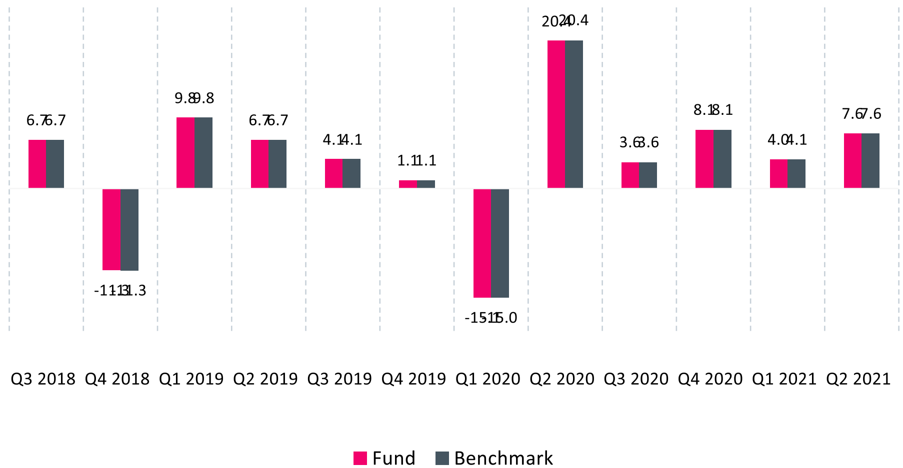
Cyclical, shorter-duration sectors, such as financials, industrials and basic materials, and styles, such as value and small-cap, underperformed over the quarter, having outperformed significantly since the initial positive vaccine news in November last year. Conversely, technology, with its longer-duration growth characteristics, outperformed during Q2.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund Performance vs benchmark



Historical Performance/Benchmark



Source: Investment Manager

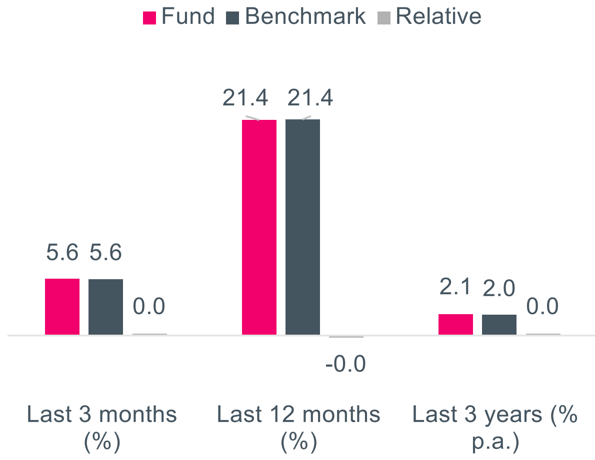
LGIM UK Equity

The LGIM UK equity mandate returned 5.6% over the first quarter. Performance over 12 months is strong, albeit not as strong as returns for global equities as a result of the higher weighting within the UK market to financials, industrials and materials.

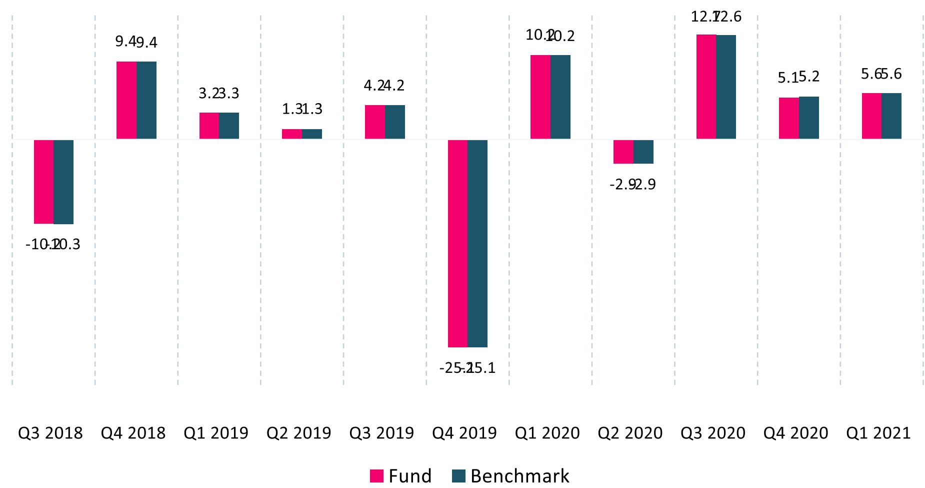
Over the quarter the fund has performed in line with its benchmark as we would expect for a passively managed portfolio.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund Performance vs benchmark



Historical Performance/Benchmark



Source: Investment Manager

LCIV JP Morgan Emerging Markets

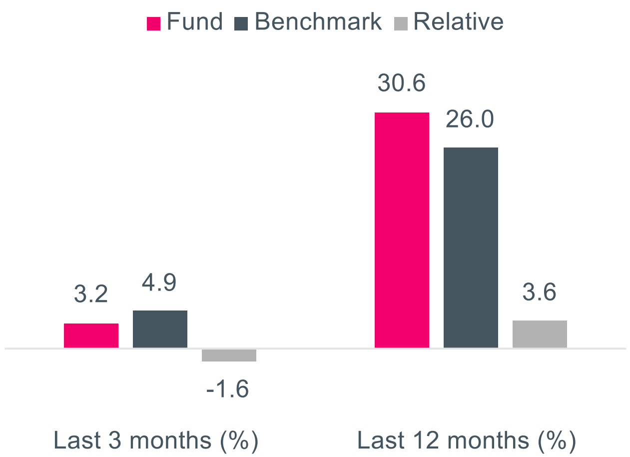
The JP Morgan Emerging Markets fund returned 3.2% over the quarter, underperforming the benchmark by 1.6%. Over 12 months the fund has returned 30.6%, outperforming the benchmark by 3.6%.

The fund underperformed in the quarter, with both sector allocation and stock selection detracting from performance. Financial stocks contributed most to the underperformance, owing to HDFC Bank falling victim to the Delta variant and Ping An Insurance facing pricing pressure due to poor capital allocation. India and China were the largest regional detractors, for these reasons.

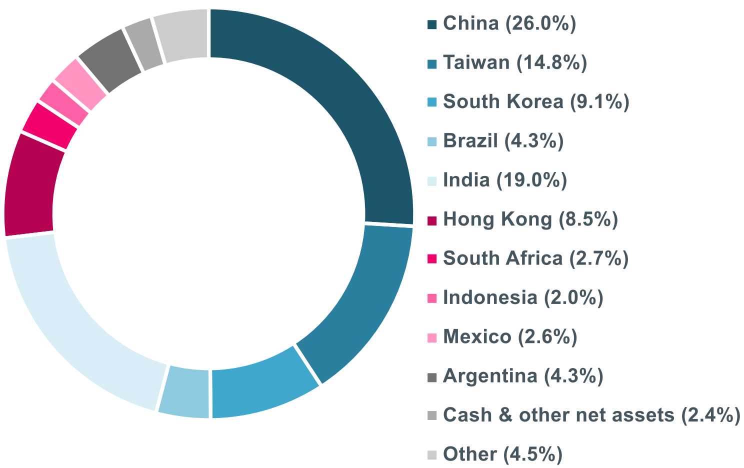
The manager believes three factors will impact emerging market equities in the short to medium term: Covid-19 concerns, cyclical sectors and the regulatory environment in China.

We continue to rate JP Morgan's Emerging Market equity fund as 'Suitable'.

Fund Performance versus benchmark



Fund Regional Allocation



Source: Investment Manager

Capital Dynamics Private Equity

The Capital Dynamics Private Equity fund is invested across a range of sub-funds.

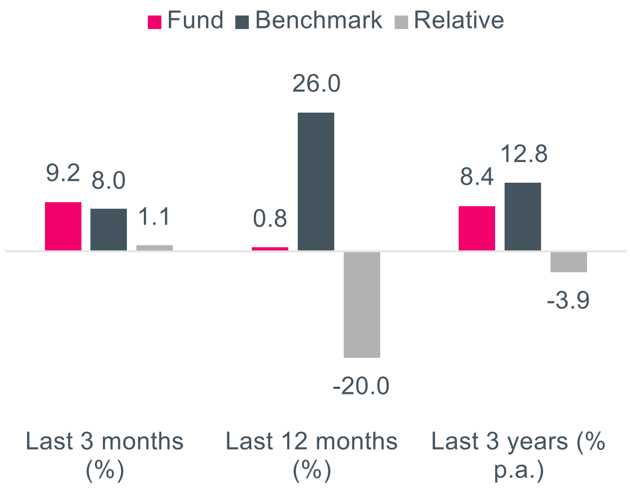
Based on information provided by Northern Trust, the fund returned 9.2% over the quarter ahead of its benchmark by 1.1%.

Over the more meaningful 3 year time period, the fund has returned 8.4% per annum although performance is behind the target return of MSCI All World +3% p.a.

In practice, there are two key metrics to assess performance for private equity investments; Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

The investment is at a mature stage meaning assessing the IRR (a percentage value) alongside the TVPI carries greater weight. As at 31 March 2021 the IRR was 13.0% with a TVPI of 1.66x.

Fund performance vs benchmark



Summary as at 31 March 2021

Total contributed:	c.91.5%
IRR:	13.0%
TVPI:	1.66x

Source: Investment Manager

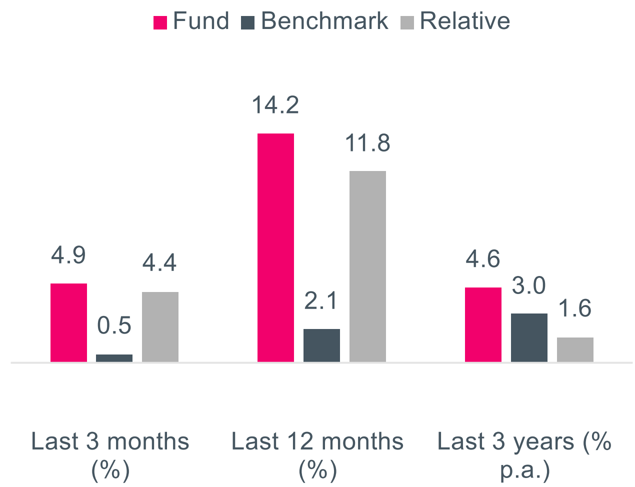
LCIV Baillie Gifford Multi-asset

Over Q1 2021, the fund outperformed its target of 0.5%. returning -4.9% net of fees. Performance over the preceding 12 months is also strong and significantly ahead of target.

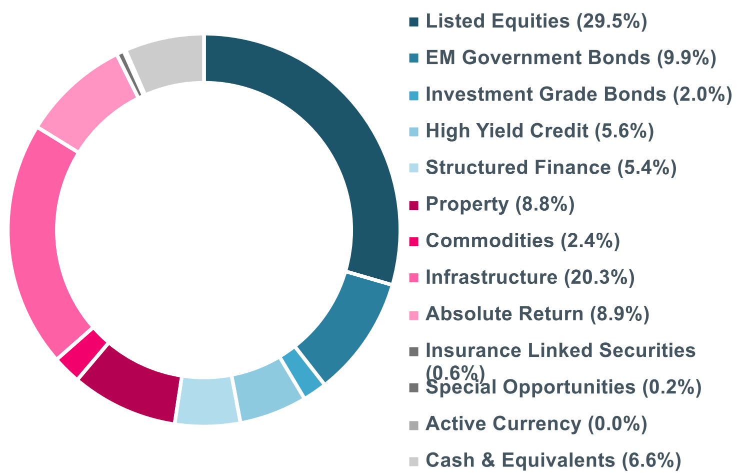
The portfolio performance was largely driven by listed equities, property and infrastructure allocations, which benefited from ongoing economic recovery and were further boosted by increased focus towards green infrastructure, following the infrastructure deal in the US. Positive returns were partially offset by falls in the absolute return asset class.

Baillie Gifford believes that outlook for the global economy remains positive, supported by the continued easing of restrictions in many developed economies, continuing effective vaccine deployment, and extraordinary fiscal and monetary policies.

Fund Performance versus benchmark



Fund Asset Allocation



Source: Investment Manager

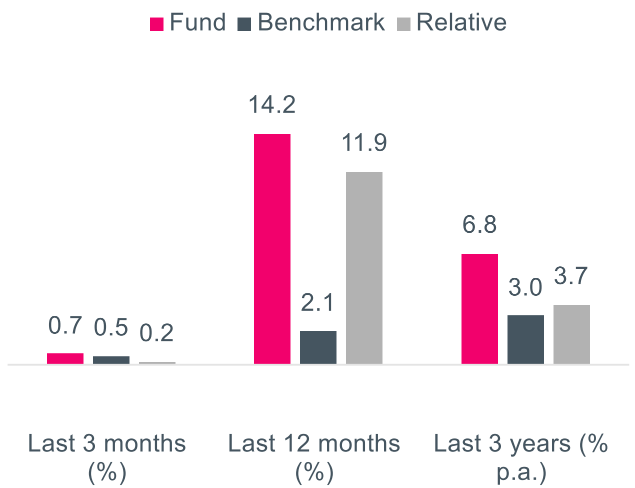
LCIV Ruffer Multi-asset

The Ruffer Multi-Asset fund returned 0.7% over the quarter, outperforming the benchmark by 0.5%. Longer term performance is strong on an absolute basis and on a relative basis.

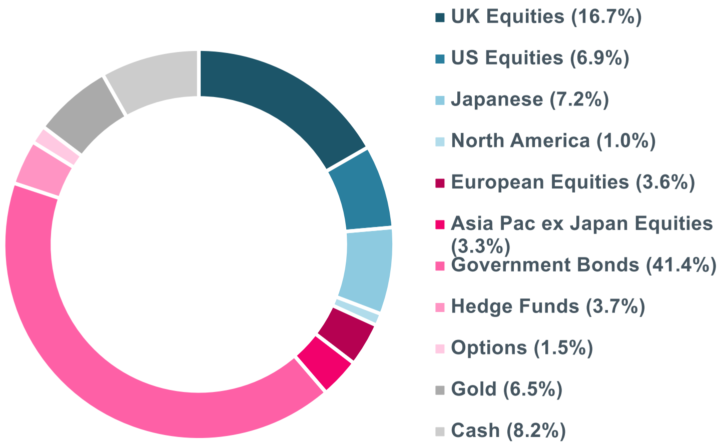
Performance was largely driven by equity exposure given the sharp rebound of economic activity as vaccine programmes continue to evolve. A further boost for the portfolio resulted from index-linked bonds, which contributed slightly less than 1% to the portfolio performance as bond yields fell back and bond prices rallied firstly as the market absorbed the sharp inflation rise in the first quarter, then as the Fed's acknowledgement of current inflation suggesting that everything was under control.

The portfolio position in Bitcoin was actively reduced through the quarter with the final sale taking place in April with bitcoin above $50,000. The bitcoin position provided meaningful gains but Ruffer sees bitcoin as a "riskier" asset now and despite being interested in digital currencies over the longer term, they believe the portfolio can provide other layers of protections, such as interest rate options and credit default swaps to offset a negative contributor to the performance.

Fund Performance versus benchmark



Fund Asset Allocation



Source: Investment Manager

Alinda Infrastructure

Target: Absolute return of 8.0% p.a.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At the beginning it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date.

The Alinda III Infrastructure fund is in the ramp-up stage, albeit nearing the end. The drawing down and deploying of capital has a tendency to skew and add volatility to the percentage return, in this case the combined percentage return. As the fund matures, we would expect this to normalise.

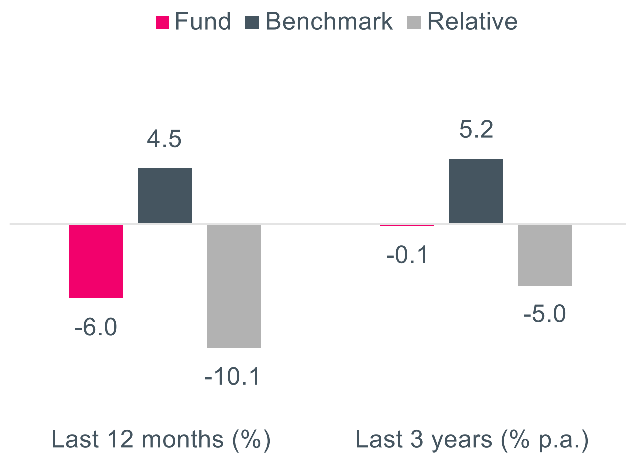
Remaining capital commitments as at 31 March 2021 are as follows:

Alinda II: $3,458,896
Alinda III: $7,861,913

The following net distributions (distributions less contributions) were made over Q1:

Alinda II: $235,629
Alinda III: $429,818

Fund performance vs benchmark



Summary as at 31 March 2021 ($)

Alinda Fund II	
IRR (Gross)	5.5%
IRR (Net)	2.9%
Cash yield	6.9%
TVPI (Net)	1.2x

Alinda Fund III	
IRR (Gross)	20.6%
IRR (Net)	13.1%
Cash yield	10.1%
TVPI (Net)	1.3x

Source: Investment Manager

LCIV Infrastructure

Target: Absolute return of 8.0-10.0% p.a.

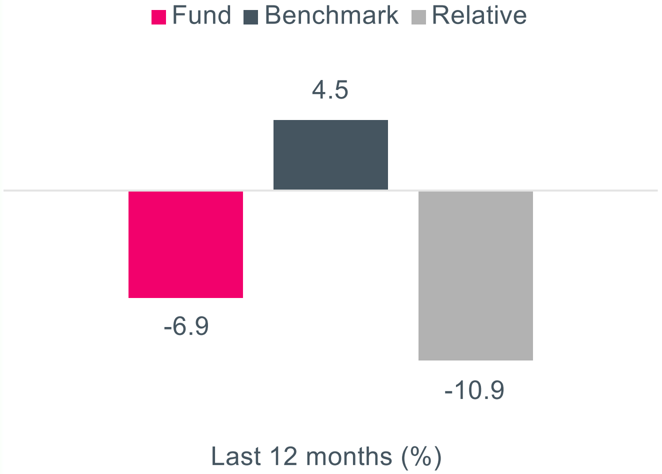
The LCIV Infrastructure fund is managed by Stepstone.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date. We will be able to provide TVPI figures in future reports.

The LCIV Infrastructure fund is in the ramp-up stage, with a further £1.4m drawn down over Q2, bringing the NAV at 30 June 2021 to £13.2m.

Fund performance vs benchmark

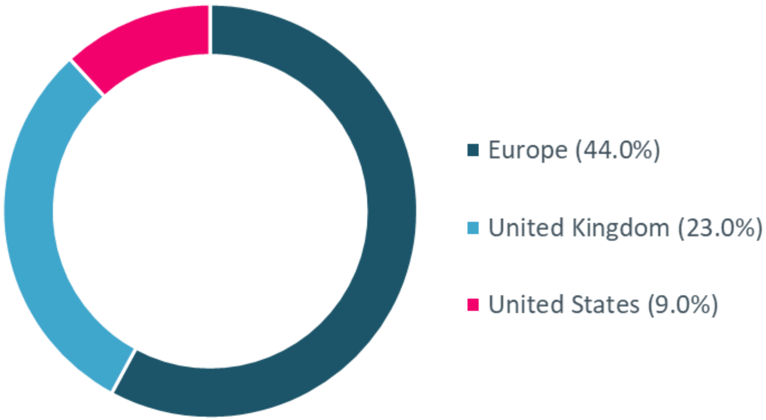


Fund Statistics as at 30 June 2021

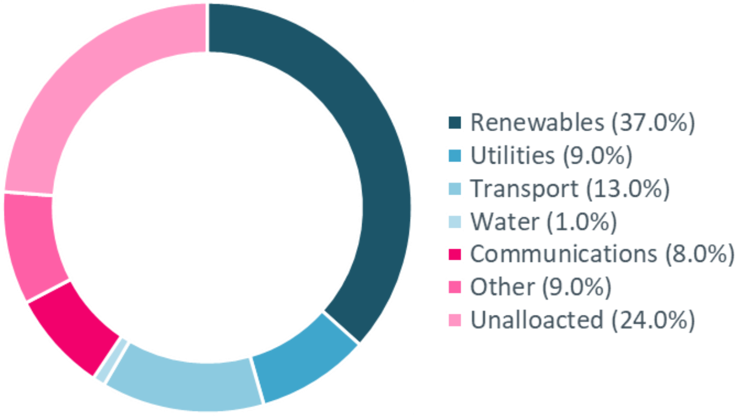
Capital committed	£50.0
Total contributed	£13.6
Distributions	£0
Value created	(£0.4)
Net asset value*	£13.2

*as provided by Northern Trust

Fund Geographical Allocation



Fund Sector Allocation



Source: Investment Manager

Capital Dynamics Infrastructure

Target: Absolute return of 8.0% p.a.

The Fund's holdings are currently solely held within the Capital Dynamics Clean Energy and Infrastructure fund.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

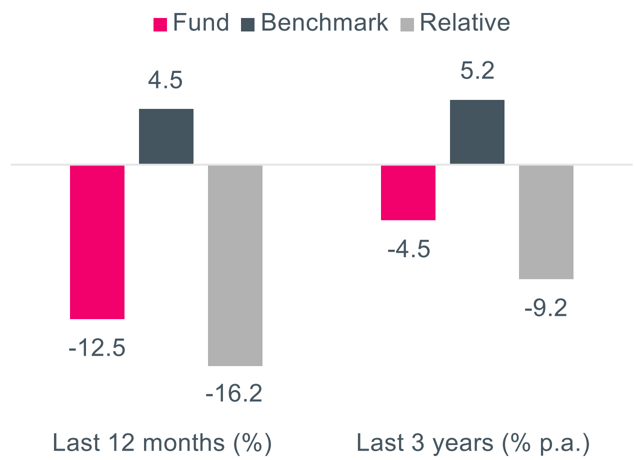
With the fund having deployed most of the capital commitment it is appropriate to assess performance on both measures.

Reporting on underlying commitments is as at 31 March 2021 due to the lag in reporting from the manager, which is typical for funds of this nature.

As can be seen by both the IRR and TVPI, performance has been lower than expected to date.

This level of performance is primarily driven by challenges experienced by one project in particular which represents a material proportion of the fund. This is a Texas wind power project, which the manager has previously acknowledged.

Fund performance vs benchmark



Summary as at 31 March 2021 (figures in $m where applicable)

Capital committed	$15.0
Total contributed	$14.7
Distributions	$1.2
Value created	($6.2)
Net asset value	$7.3

Net IRR since inception	(7.5%)
Total value-to-paid-in-ratio (TVPI)	0.61x

Source: Investment Manager

LCIV CQS Multi Credit

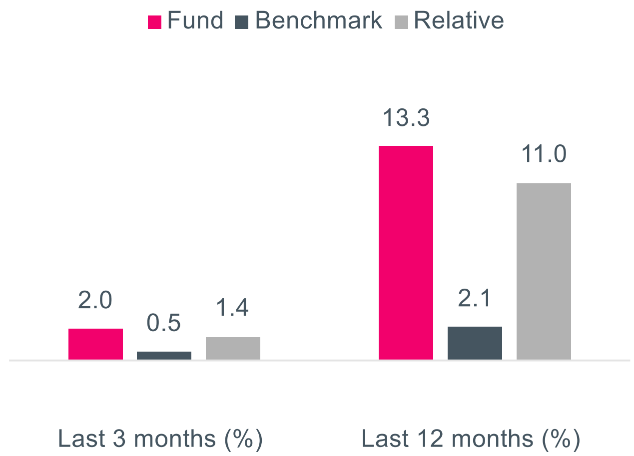
Over the second quarter of 2021 the LCIV's multi-asset credit strategy returned 2.0% against a benchmark of 0.5%. 12 month performance has been strong, with the fund returning 13.3%.

The second quarter was constructive for credit markets, with issuers' fundamentals supported by continued economic recovery and the steady progress of vaccination programmes.

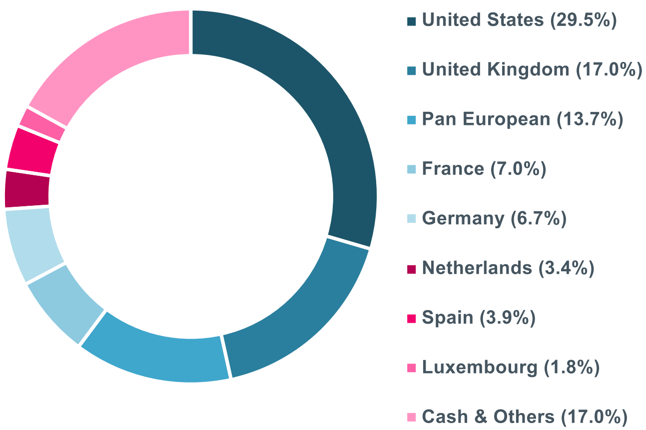
Senior secured loans contributed most to returns, with strong performance from US and European books. During the quarter high yield bonds, in particular US high yield, outperformed the investment grade market and despite a structurally lower allocation to US high yield, the investment manager's security selection contributed to performance significantly.

Asset backed securities continues to deliver low but steady returns whereas Financials continue to outperform through the retracement, in particular in Europe.

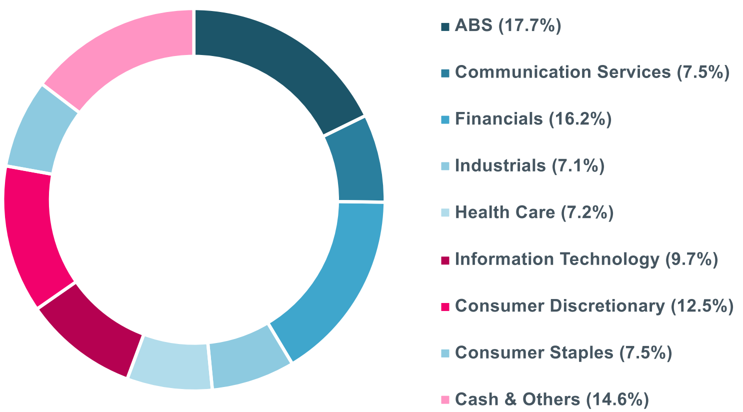
Fund performance vs benchmark



Country Weights



Sector Weights



Source: Investment Manager

BlackRock UK Gilts

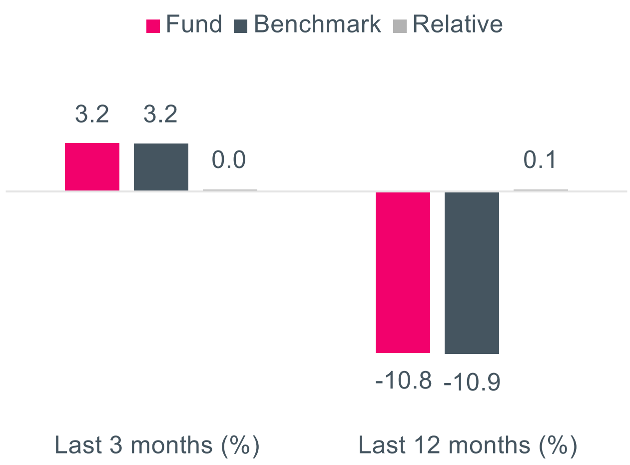
BlackRock were appointed in March 2019 to oversee the Fund's bond allocation.

It is a passively managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index.

Over the quarter the fund returned 3.2% as gilt yields fell. The mandate has a long duration and is therefore more sensitive to changes in yields. This is reflected in the 12 month performance figure which captures some of the yield bounce back witnessed since the initial fall at the onset of the pandemic.

In periods of volatility, gilts offer downside protection due to their 'safe haven' status.

Fund performance vs benchmark



Source: *Investment Manager*

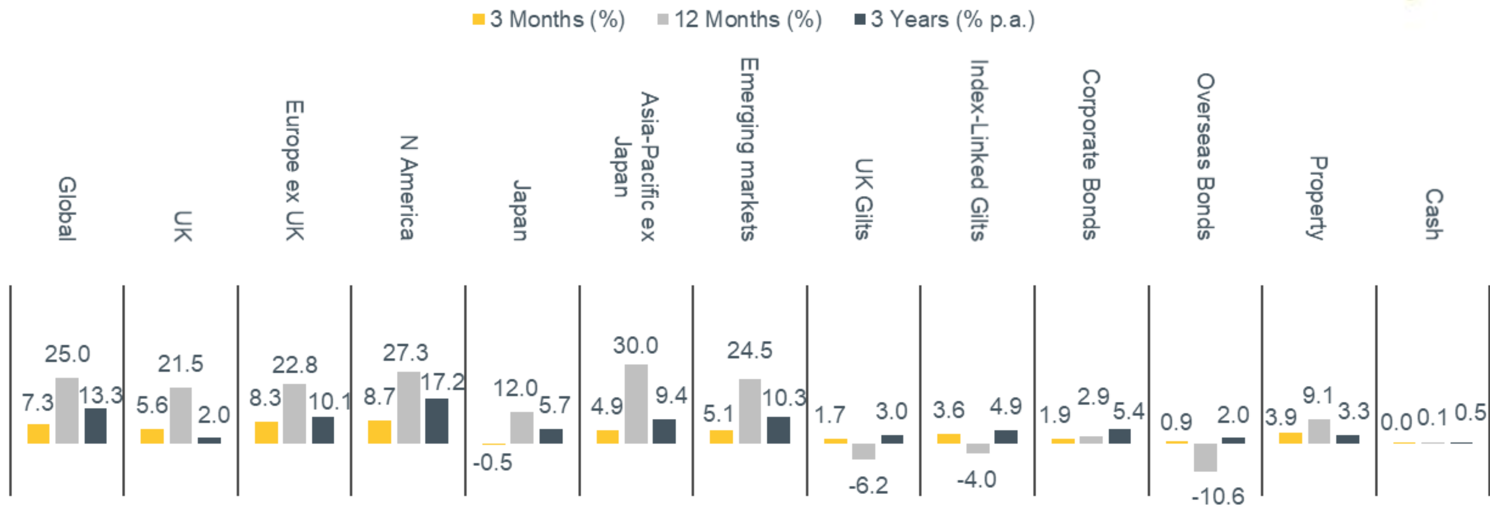
Amid accumulating evidence of the effectiveness of vaccines, the deployment of large US fiscal stimulus, and greater economic resilience to the latest waves of COVID-19, growth forecasts continued to see upwards revisions. A very sharp rebound in global GDP growth is expected to have been recorded in Q2 as restrictions eased in the major advanced economies. Leading indicators, such as PMI business surveys, have reached multi-year highs and suggest growth momentum remains strong.

Global equities have risen 7.1% (Local Currency) in Q2. Cyclical, shorter-duration sectors, such as financials, industrials and basic materials, and styles, such as value and small-cap, have underperformed, having outperformed significantly since the initial positive vaccine news in November last year. Conversely, technology, with its longer-duration growth characteristics, outperformed during Q2.

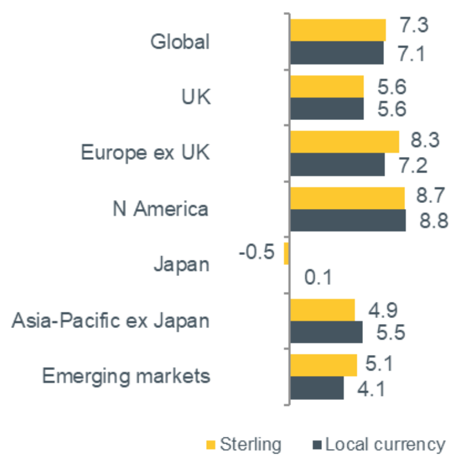
From a regional perspective, Japan has materially underperformed as a resurgence in new COVID-19 cases led to new restrictions. Outperformance by the technology sector helped North America to outperform.

Supply and demand imbalances, largely due to pandemic-induced shortages, and a weak base of comparison in 2020 suggest UK headline CPI will increase above May's 2.1% year-on-year rise. June's 5.0% year-on-year increase in US headline CPI exceeded expectations. However, most forecasters and central bankers expect the inflationary spike will prove temporary.

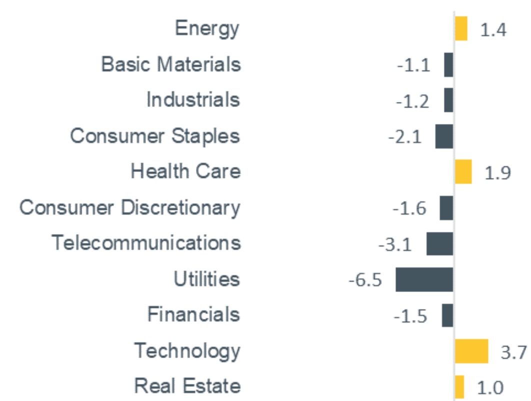
Historic returns for world markets [1]



Regional equity returns [2]



Global equity sector returns (%) [3]



Source: DataStream. [1] Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property; UK Interbank 7 Day. [2] FTSE All World Indices. Commentary compares regional equity returns in local currency. [3] Returns shown in Sterling terms and relative to FTSE All World. FTSE indices migrated to a new ICB structure in Q1 2021.

Market Background

On news that the Fed expects to increase its policy rate twice in 2023, short-term yields rose, and longer-term yields fell. Despite upside inflation surprises, US 10-year treasury yields fell 0.3% p.a. to 1.5% p.a. and UK yields fell 0.1% p.a. to 0.7% p.a. The gathering pace of vaccine roll out in the eurozone helped equivalent German yields rise 0.1% p.a.

UK 10-year Implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, fell from 3.7% p.a. to 3.5% p.a. as nominal yields fell relative to real yields.

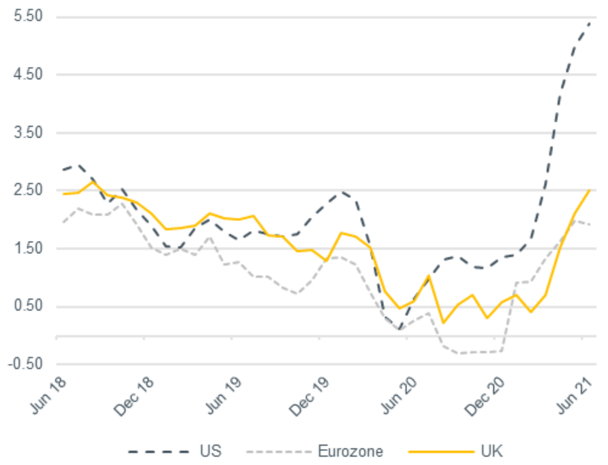
Despite rising 1.4% in June on the back higher near-term rate expectations, the trade-weighted dollar has weakened 1.6% since the end of March, as the global economic recovery became broader based. Sterling has weakened marginally in trade-weighted terms, down 0.5% since the end of March.

Despite slipping 7% in the wake of the Fed meeting in June, gold prices were still up 3.6% over the quarter while oil prices rose strongly .

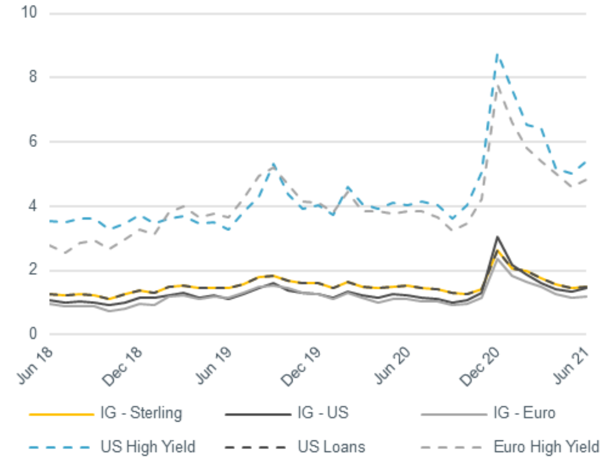
Global credit spreads continued to trend lower in-line with declining default rates and improving credit fundamentals.

Rolling 12-month UK Monthly Property Index metrics have improved as March 2020 values fell out of the comparison. The rolling 12-month total return on the index was 9.1% to end-June, with monthly returns positive since July 2020. Capital values, in aggregate, have risen 3.4% over the last 12 months, with values rising month-on-month since November 2020: Industrial capital values are responsible for the rise, having risen 17.9% over the last 12 months, while retail and office values have fallen, by 5.4% and 3.4%, respectively. The office sector has been experiencing the largest capital declines in recent months.

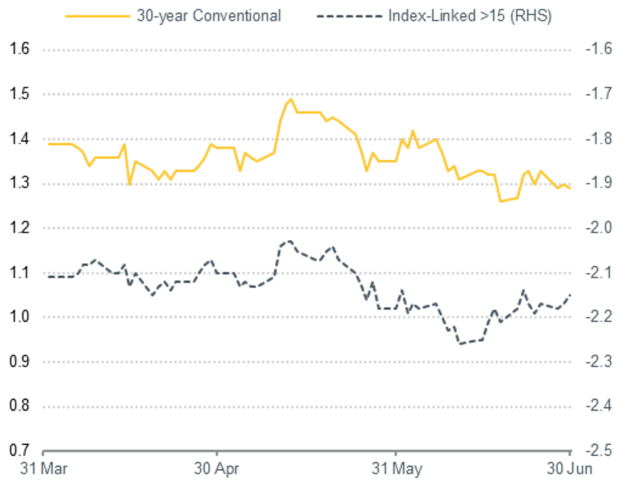
Annual CPI Inflation (% p.a.)



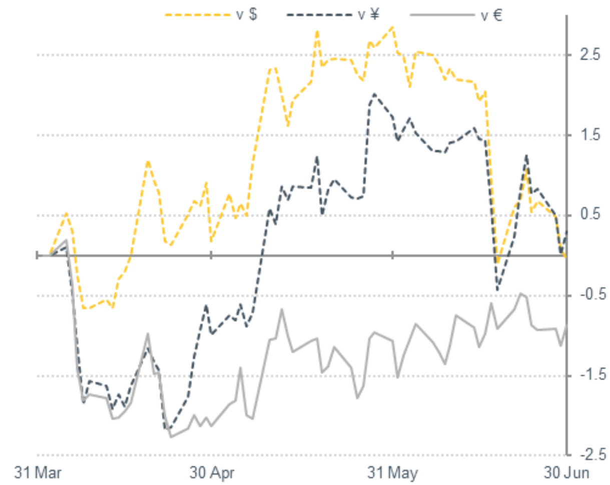
Investment and speculative grade credit spreads (% p.a.)



Gilt yields chart (% p.a.)



Sterling trend chart (% change)



Source: DataStream, Barings and ICE

Hymans Rating

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Investment

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + Fund\ Performance)}{(1 + Benchmark\ Performance)} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.