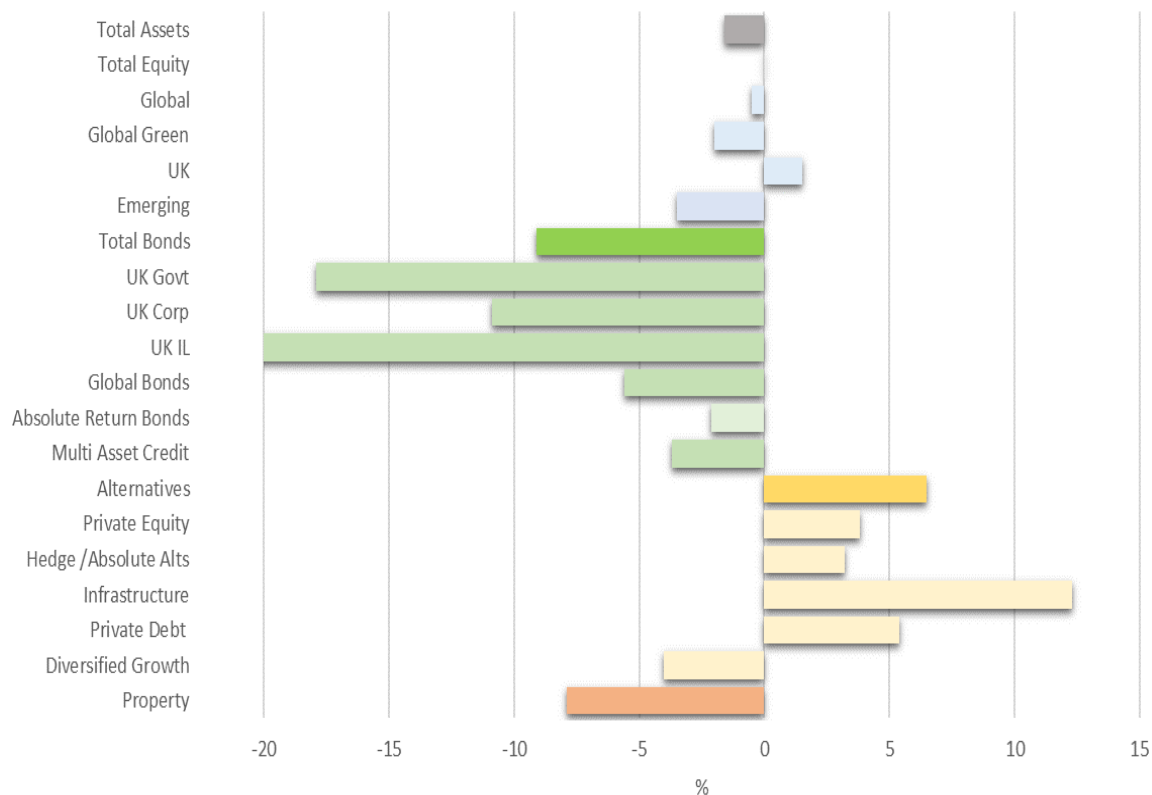




Brent Pension Fund Performance to March 2023

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The Latest Year



A good year for alternative investments, the only area to deliver positive results.

Equity performance was flat – and most active managers failed to add value.

Bond performance was deeply negative with diversified strategies performing least badly.

Property saw a strong decline in values over the year.

Performance Relative to Benchmark Latest Year

Performance relative to other funds will depend on two factors:

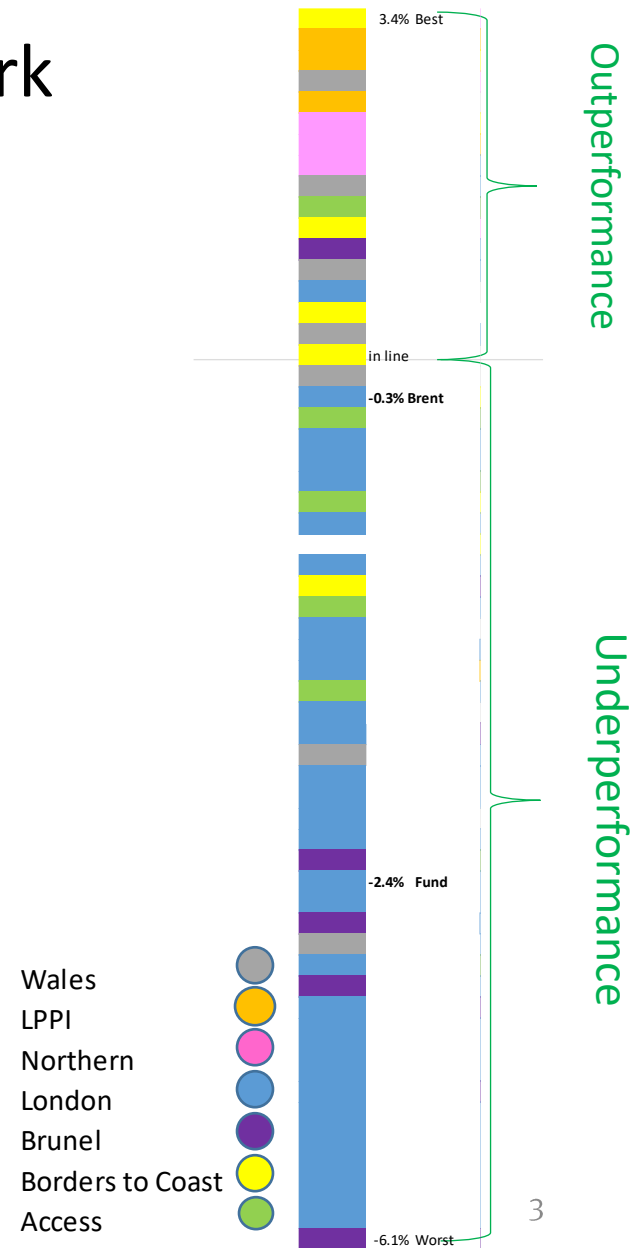
- The benchmark set
- Performance relative to that benchmark

While pooling won't impact the former it should now be having an effect on the latter.

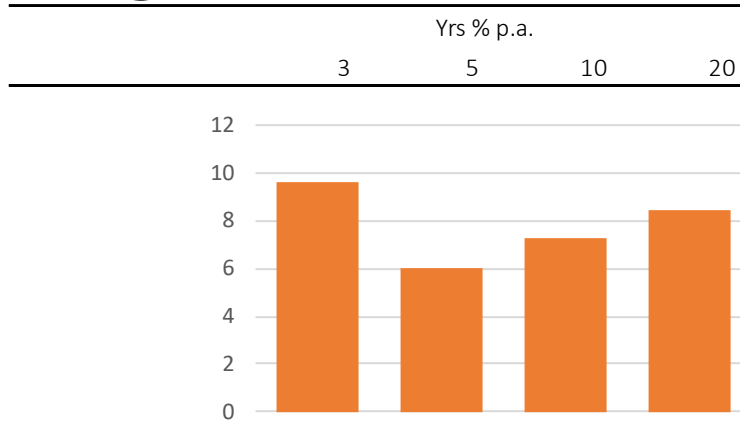
In the latest year three quarters of funds failed to outperform their strategic benchmark.

Only one London Fund outperformed.
Conversely funds within LPPI and the Northern pool all outperformed.

Latest Year Relative Performance



Longer Term Results



	3	5	10	20
Total Assets	9.6	6.0	7.3	8.4
Equity	14.5	7.6	8.8	10.0
Global	14.9	8.4	10.0	6.4
UK	13.1	4.8	6.0	8.3
Overseas	14.2	7.6	9.6	10.6
Emerging	8.6	2.2	4.8	10.0
Bonds	-0.9	0.3	2.6	4.5
Cash	0.9	0.6	0.7	1.0
Alternatives	11.6	10.3	9.8	8.5
Private Equity	17.1	15.7	13.9	9.0
Hedge Funds	6.4	3.9		
Infrastructure	8.0	8.2		
Property	2.9	3.2	6.8	6.0

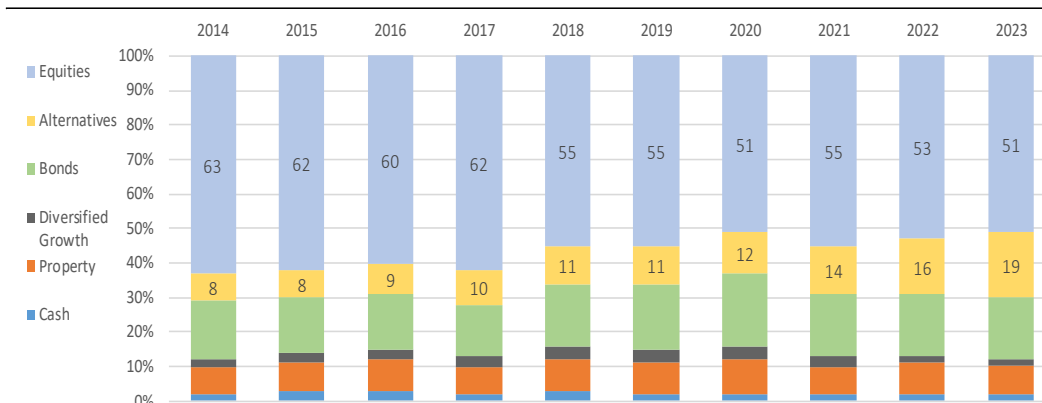
The best results (green) over the longer term were delivered by equities.

Over the medium-term alternatives have performed best, driven by excellent private equity results over all periods. Infrastructure has also delivered strong returns.

Property performance has been poor over the recent past.

Bonds, the worst performing of the major asset classes (in red), have now delivered a return below CPI over the last ten years.

Fund Structures



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Global Equities	6	7	12	30	34	33	33	35	35	36
UK Equities	24	21	20	14	12	11	9	9	7	6
Overseas Equities	33	33	28	13	9	11	10	12	10	9
UK Govt / Inv Grade	13	13	13	8	9	9	10	8	8	8
Overseas Bonds	3	2	2	3	3	2	2	2	1	1
Absolute Return Bonds	1	1	2	3	4	4	5	5	4	3
MAC	0	0	0	1	2	3	3	3	4	5
Private Debt	0	0	0	0	0	0	1	2	2	2
Private Equity	4	4	5	5	5	5	5	7	8	8
Infrastructure	0	0	1	2	3	3	4	5	6	7
Hedge Funds	2	2	2	2	2	2	2	1	2	2
Diversifying Alts	1	2	1	1	1	1	1	1	1	1
Diversified Growth	3	3	3	3	4	4	4	2	2	2
Property	8	8	9	8	9	9	10	8	9	9
Cash	3	3	3	2	3	2	1	3	2	2

Funds have reallocated 12% of total assets from equities into alternatives over the last decade.

This has been the key structural change.

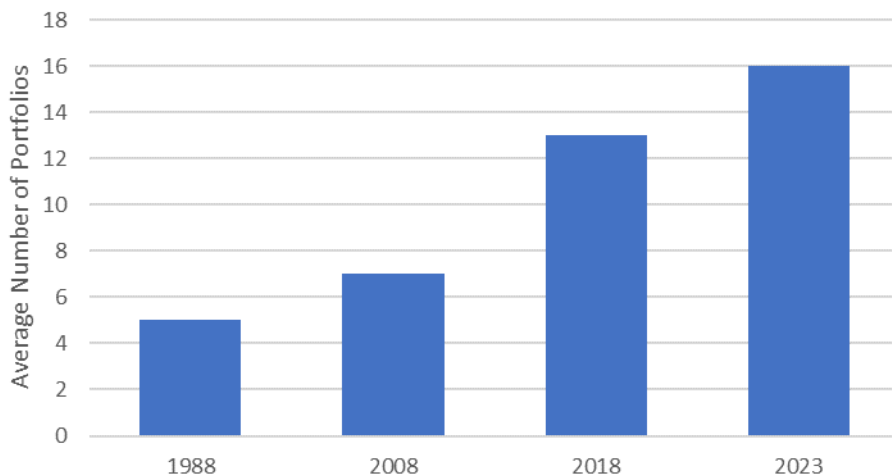
Infrastructure has emerged into a significant proportion of assets.

2016/17 was a pivotal year in terms of equity management away from regional to global mandates.

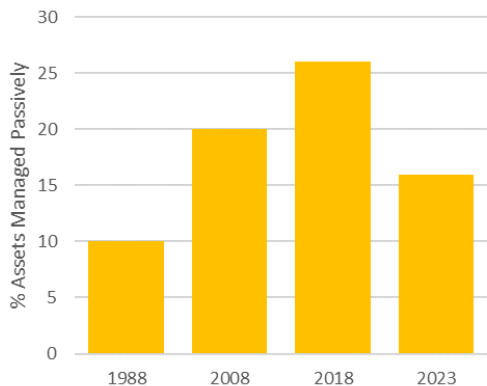
This was also the year funds really began to diversify bond exposure away from government to alternative forms of credit.

Complexity

Growth in Complexity Over Time



Decline In Passive Management



The top chart shows funds have continued to become ever more complex. Pooling has made little impact.

Brent, with 15 Portfolios is in line with average.

Increased complexity brings increased administration, cost and governance.

Passive management, the lowest cost of investment strategies has declined as funds continue to believe in active management despite the evidence of poor returns.

Brent has 57% in passive management, keeping costs down and reducing active management risk.



Fund Performance

Latest Year Range of Results

The blocks on the right show the funds listed from that with the highest to that with the lowest return.

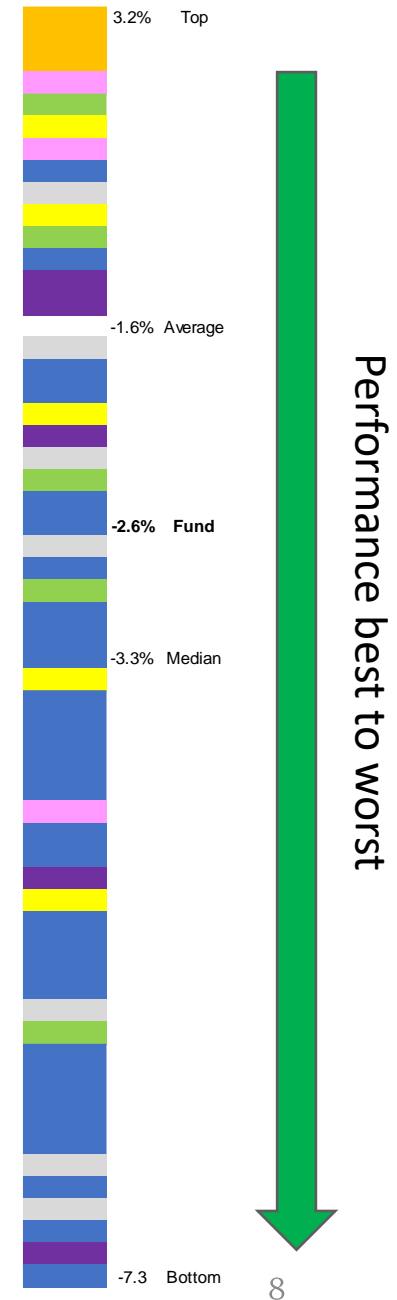
The Fund, with a return of -2.6% ranked in the 38th percentile.

All top three funds this year (in green) were in LPPI.

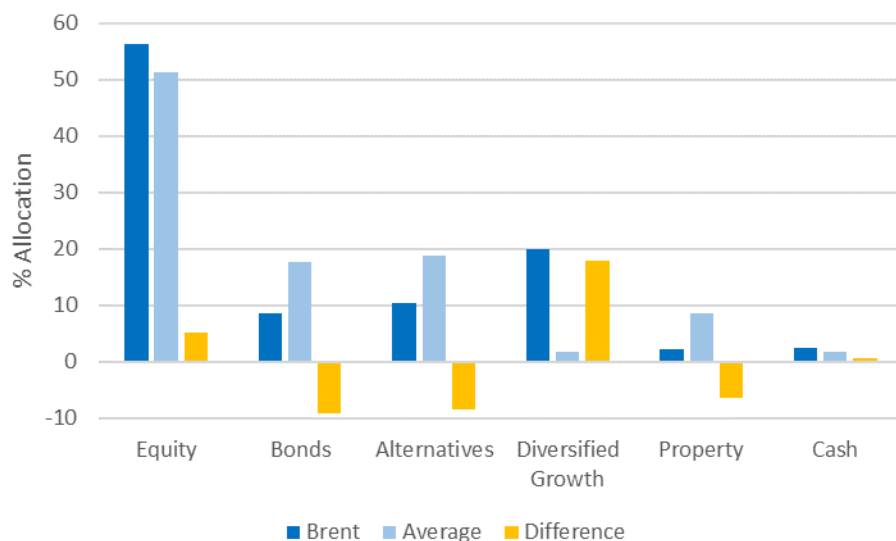
London funds performed relatively poorly with all bar one underperforming its benchmark over the period.

Large funds had a strong year with 6 of the 7 top performers being over £5bn in value. The smallest funds largely delivered bottom quartile results.

- Wales
- LPPI
- Northern
- London
- Brunel
- Borders to Coast
- Access



How Differently Was The Fund Structured?



The Fund has a higher allocation to equities and a much higher allocation to diversified growth.

It has a commensurately lower exposure to bonds, alternatives and property.

Unusually, last year this allocation had a broadly neutral impact on the relative performance.

Latest Year Asset Class Results

	Fund	Universe	Relative	Ranking
Fund	-2.6	-1.6	-1.0	38
Asset Class Performance				
Equity	-0.6	0.0	-0.6	35
Bonds	-20.5	-9.1	-12.5	90
Alternative	13.1	6.5	6.2	17
Diversified	-4.4	-4.0	-0.4	65
Property	-11.9	-7.9	-4.3	65

The Fund had a below average result in most areas last year.

The well below average result from bonds had the largest impact with the Fund suffering from holding long dated index linked securities.

Longer Term Performance

Fund Performance

	3 yrs	5 yrs	10 yrs	20yrs
Fund	8.7	5.8	6.6	6.4
Average	9.6	6.0	7.3	8.4
Relative	-0.8	-0.2	-0.6	-1.8
<i>Ranking</i>	<i>63</i>	<i>48</i>	<i>76</i>	<i>100</i>

Equity Performance

	3 yrs	5 yrs	10 yrs	20yrs
Fund	15.5	8.9	9.1	8.7
Universe	14.5	7.6	8.8	10.0
Relative	0.9	1.2	0.3	-1.2
<i>Equity Ranking</i>	<i>17</i>	<i>19</i>	<i>37</i>	<i>100</i>

Recent performance has been mixed but the Fund remains close to average over the last five years.

Longer term the Fund still trails the Universe average.

Equity selection has been key – the poor performance has been turned around in the last decade and has driven the much-improved overall Fund result.

However, the high commitment to Diversified Growth has had a drag on the overall result.

In Summary

LGPS had a challenging year. Like most others, the Brent Fund delivered a negative return.

The key structural difference between this and other funds is the high level of diversified growth held. This has reduced the return delivered.

Despite the mixed recent performance the Fund remains in line with average over the last five years and has improved significantly over the last decade.

This fund has retained a higher proportion of passive management than its peers which should have a positive impact on cost.

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