

Brunel Pension Partnership

BOB

Brunel Oversight Board Meeting Minutes

Purpose: To review Brunel/Client progress agree next steps

Date and time: Thursday 8th September 2022, 10:30 – 12.15

Location: Microsoft teams

<i>Pension Committee Representatives</i>		
Paul Crossley	Avon	
Timothy Butcher	Buckinghamshire	Apologies
Jayne Kirkham	Cornwall	
James Morrish	Devon	
John Beesley	Dorset	
Robert Gould	EAPF	Chair
Lynden Stowe	Gloucestershire	
Kevin Bulmer	Oxfordshire	Vice-Chair
Sarah Payne	Somerset	Apologies
Richard Britton	Wiltshire	

<i>Member representative observers</i>		
Andy C Bowman (ACB)	Scheme member rep.	
Alistair Bastin	Scheme member rep.	

<i>Fund Officers and Representatives</i>		
Liz Woodyard	Avon	
Julie Edwards	Buckinghamshire	
Sean Johns	Cornwall	
Mark Gayler	Devon	
Craig Martin	EAPF	
Matthew Trebilcock	Gloucestershire	
Sean Collins	Oxfordshire	
Jenny Devine	Wiltshire	
Bijal Patel	Mercer	Secretariat
Toke Joseph	Mercer	Secretariat

<i>Brunel Pension Partnership Ltd</i>		
Laura Chappell	Brunel, CEO	
Joe Webster	Brunel, COO	
David Vickers	Brunel, CIO	
Denise Le Gal	Brunel, Chair	
Tim Dickson	Brunel, HoCR	

Alice Spikings (ASp)	Brunel, SO	
Paul Gillis	Brunel, Consultant	Item 7 only
Stephen Taggart	Brunel, IRA	Item 7 only

Item	Agenda	Paper provided	Action
1	Confirm agenda Requests for Urgent or items for Information Any new declarations of conflicts of interest	Agenda Verbal C of Interest policy	
	<p>RG welcomed everyone to the meeting.</p> <p>BP confirmed apologies from TB and SP. MT noted LS was running late.</p> <p>The agenda was confirmed and it was noted that there were no new declarations of conflicts of interest or urgent actions.</p>		
2	Review 9 June BOB minutes	Minutes	
	<p>The minutes of the previous meeting were agreed. ACB noted that both his and Alistair Bastin's initials were the same in minutes. It was agreed that Andy Bowman would be referenced as ACB in the minutes going forward to avoid confusion with Alistair Bastin (AB).</p>		
3	Brunel CEO Report	Paper	
	<p>LC presented the CEO report.</p> <p>LC stated that the transition for the Fund launches was now over 80% with Brunel being well ahead of other pools. LC reinforced that an 80% fund transition was very good compared to Brunel's peers who were at the 50%-60% transition mark.</p> <p>LC further stated that the Cornwall local impact fund was launched over the quarter and the fund received good press coverage.</p> <p>LC confirmed that Faith would attend the COP 27 meeting in Egypt and noted that if there were any themes that pension committees wanted to raise, Brunel should be informed of these.</p> <p>Next, LC discussed the shareholder strategy meeting that had recently taken place, highlighting that this had been a good and informative meeting and DLG would provide more detail later on in the meeting. The second shareholder strategy meeting is due to take place next week.</p>		
4	Recent changes in government leadership	Verbal	
	<p>LC, John Beesley and DLG discussed the impact of recent changes in government leadership, noting that DLUHC hadn't yet</p>		

	issued anything in respect of the pooling regulations but had done so on TCFD.	
5	Brunel CIO Update	Verbal
	<p>DV presented the CIO update. DV gave a summary of the current market conditions stating that inflation continued to be a threat globally, alongside interest rates which were still being revised continually. DV noted that prices over the quarter initially went up and then fell down again as the market started to price in a high inflationary and high interest rate environment which then led to a recession being priced in; this led to little change in the current macroeconomic environment but a big change in performance of the quarter.</p> <p>DV described the quarter broken down by month. The performance in April was similar to that of Q1, May as having moderate performance, June being the reversal of performance which has continued.</p> <p>DV stated that performance over the quarter was negative across the majority of assets classes, with most asset classes down on the wrong side of 10% over the quarter. DV explained that these negative performance returns occurred as a result of the market now pricing in the current macroeconomic environment with the trend likely to continue into Q3.</p> <p>DV noted that rising interest rates and the fear of recession also had a disproportional effect on growth vs. value.</p> <p>DV explained that interest rate cuts have now been priced in for next year and in June this stabilised markets and growth stocks. Whilst a recession is still expected, this is now viewed to be on a mild to moderate basis.</p> <p>DV referenced the DRF Fund, noting that despite an underperformance of 2.7%, the fund performed much better than its peers in its universe. DV further highlighted that some of managers within the DRF produced positive returns.</p> <p>DV discussed the private markets allocation; highlighting that they are doing well with regards to its commitment, deployment and performance. DV stated that all the private market funds were either halfway through their commitment or halfway deployed. DV explained how the method with which Brunel invested in these private markets, through the use of secondary funds and direct tactical, and with good market timing, allowed for them to miss the 'J curve; where performance declines before it produces positive returns, instead, the private markets were able to produce positive returns consistently.</p> <p>DV discussed the secured income fund; highlighting that this fund had done very well over the quarter but cautioned the group that this was likely due to the high inflationary environment that the</p>	

	<p>fund is linked to. AB asked whether the group should expect the fund to decline in the future as these returns are fuelled due to the current macroeconomic climate. DV confirmed that this was the case.</p> <p>DV concluded by stating he expected future interest rates to increase but eventually decline back down and settle.</p> <p>JB thanked DV for his detailed update and noted the importance of receiving frequent updates on performance. He highlighted the importance, in particular when a manager is underperforming against the benchmark, that the reasoning is well articulated and heard by committee members. DV noted the frequent updates provided to Client Group and highlighted his availability to formally or informally provide an update to committee members should they wish.</p> <p>JK queried whether the downturn in performance over the quarter would potentially encourage managers to deviate from the Brunel responsible investment policy in order to elevate performance numbers. DV confirmed that this would not be the case as managers invest in line with Brunel's responsible investment policy and do not deviate from this to 'plug in' performance holes.</p> <p>JK also noted she received queries on whether the weighting in the EM fund would be reviewed; in particular in IT. DV explained that these are investments in developed semi-conductors that play a big role in the economy.</p>	
6	Client assurance framework	Paper
	SJ presented the client assurance framework section.	
7	New Client Reporting	Paper
	<p>SJ presented the new client reporting section of the meeting. The final draft that was circulated with the meeting papers for review is for the Cornwall Pension Fund. SJ pointed out that there are further development points which will be worked through and included in future updates of the report.</p> <p>SJ stated that the change in provider of the reports allowed for a better format as well as more flexibility to change the content of the reports are requested by Clients.</p> <p>SJ particularly highlighted the useful inclusion of the new climate metric summary as well as the inclusion of private markets reporting. SJ stated that the final draft of the new report had been approved by Client group and was now being presented to the BOB group for any feedback.</p> <p>JB asked whether he was correct in thinking that Brunel intended to produce individual constituent reports and follow up with a</p>	

	<p>report for the Brunel pool after this. TD confirmed that this was correct, stating that the new style reports for individual constituents would be made available for Q3 with the Brunel pool report following after this.</p> <p>TD shared his screen and provided some comparison slides. The new report received various comments regarding the improved presentation and readability of the report. TD reiterated the ability to make further changes more easily going forward. LC thanked the reporting team and SJ on their work to improve the reports.</p>	
8	Brunel SNED/Chair Update	Verbal
	<p>DLG discussed the shareholder strategy review. LC and DLG noted that the shareholder strategy review was a very informative and constructive meeting with the second meeting due to take place next week.</p> <p>ACB questioned when the pool is likely to reach a conclusion regarding this review. LC noted an update will be given on next steps in December.</p>	
9	Any other Urgent or items for Information	
	<p>The Group requested for Mercer to recirculate the glossary of terms.</p> <p>The meeting dates for 2022 and 2023 were noted.</p> <p>ASp reminded the group about the Brunel Investor day on 28th September.</p> <p>Meeting close: 12:15pm</p>	Mercer