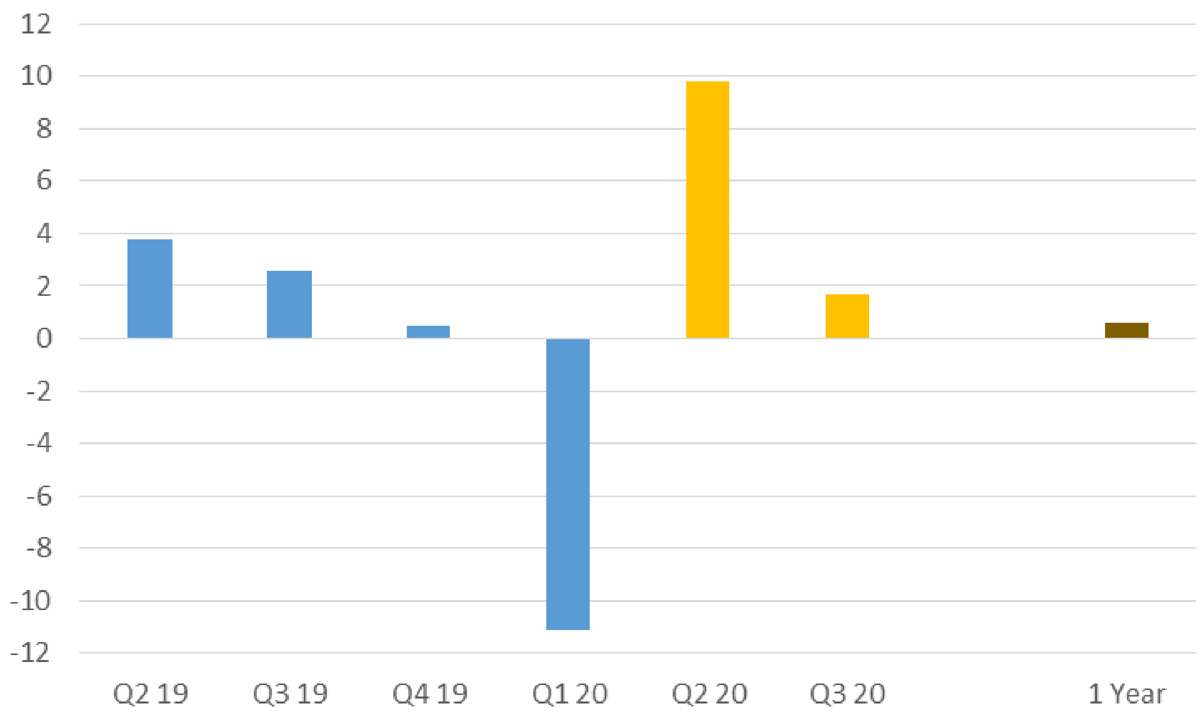
Performance to September 2020

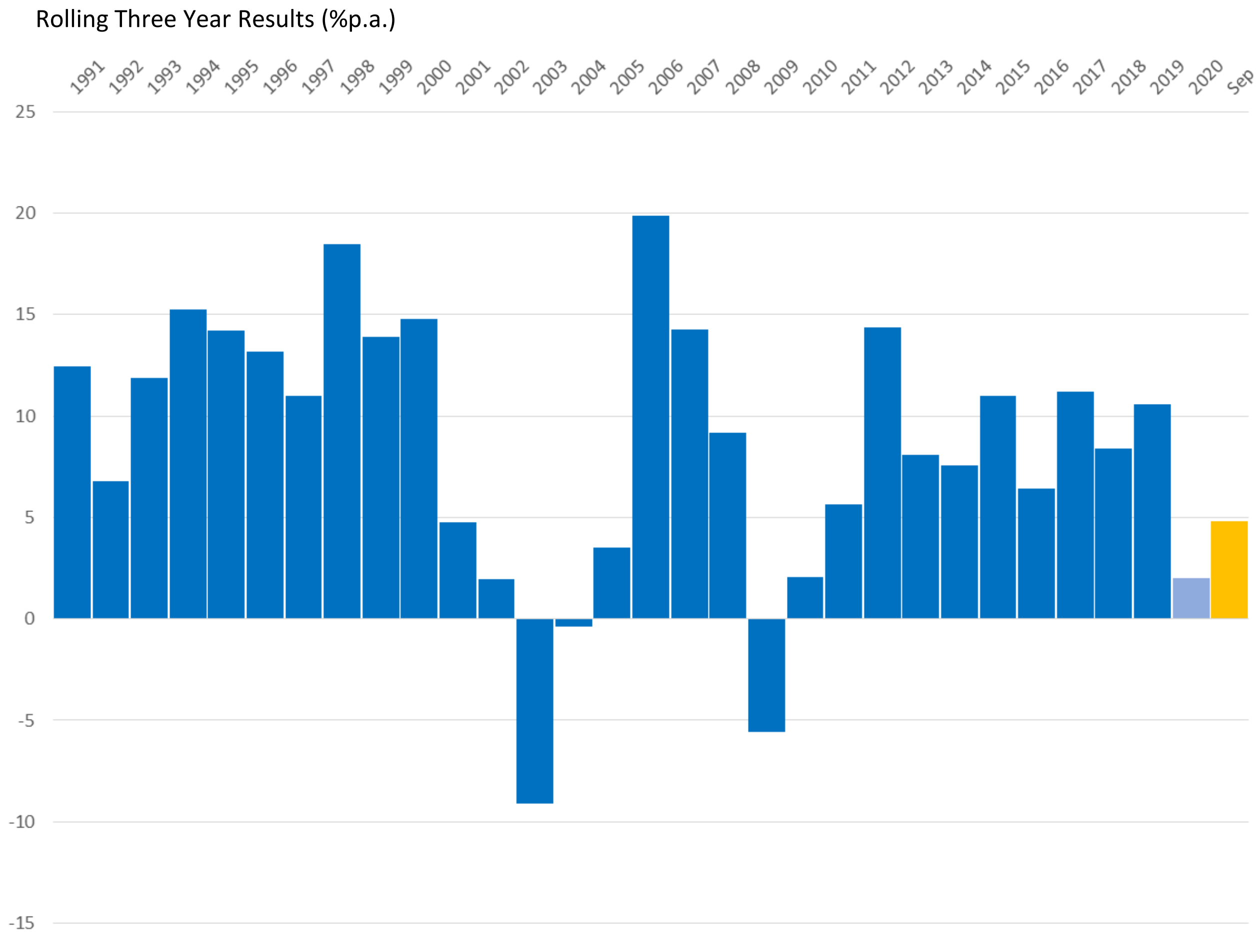
20th January 2021

Karen Thrumble & Neil Sellstrom

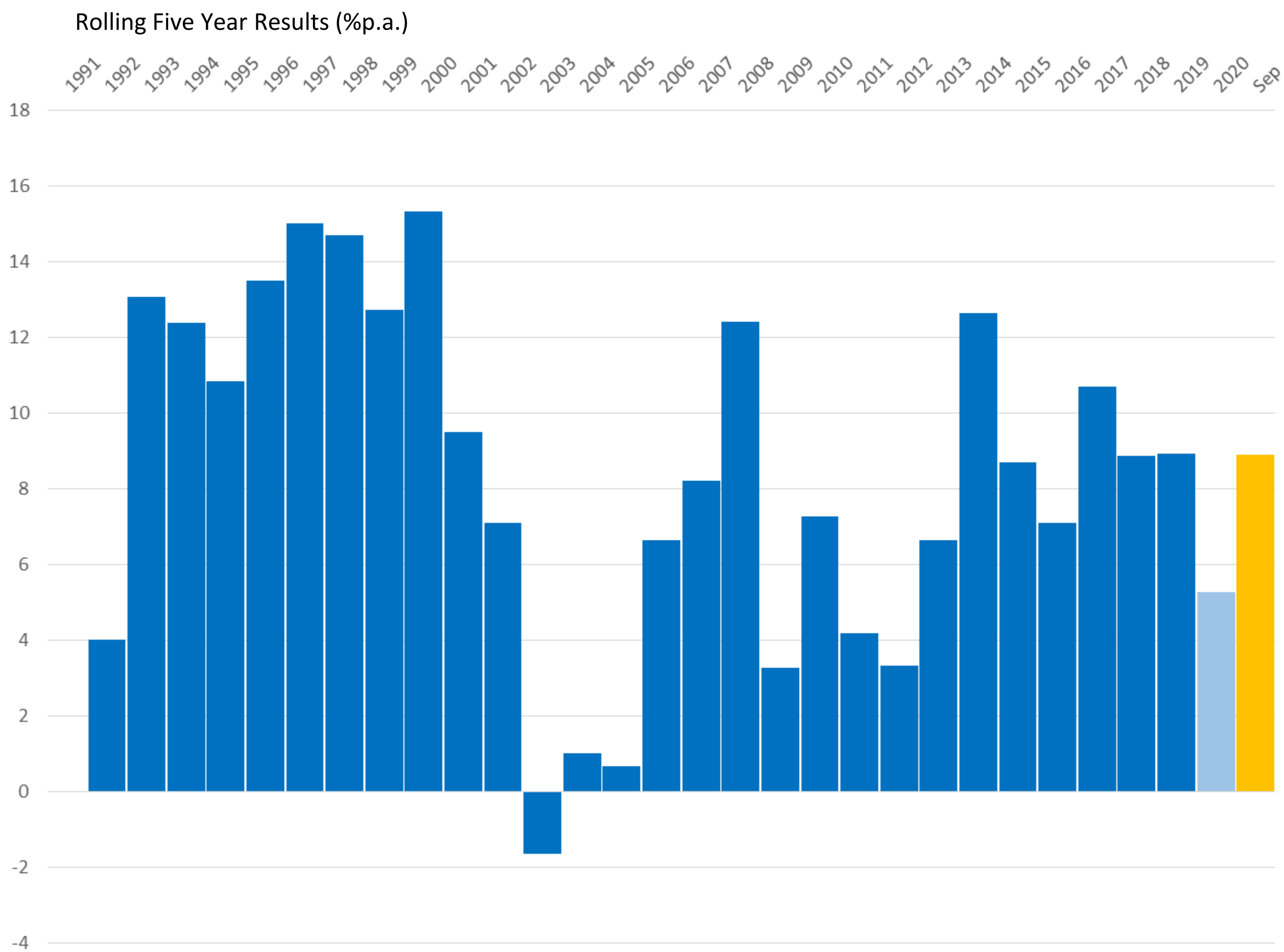
Short and Sharp



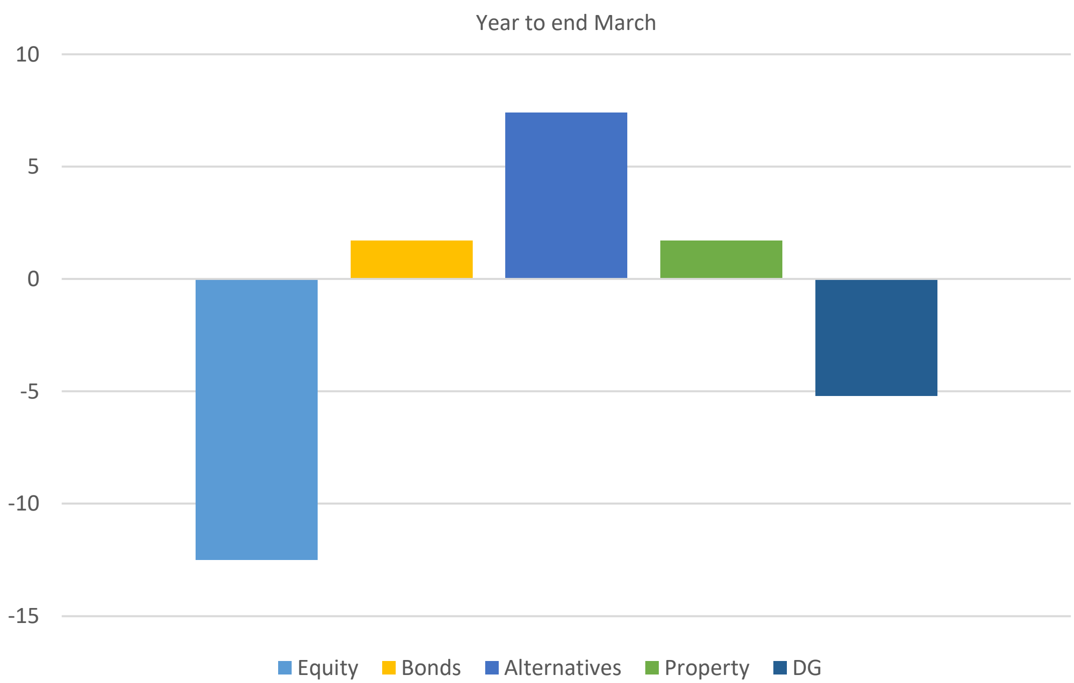
Longer Term Results



Five Year Results Back in Line



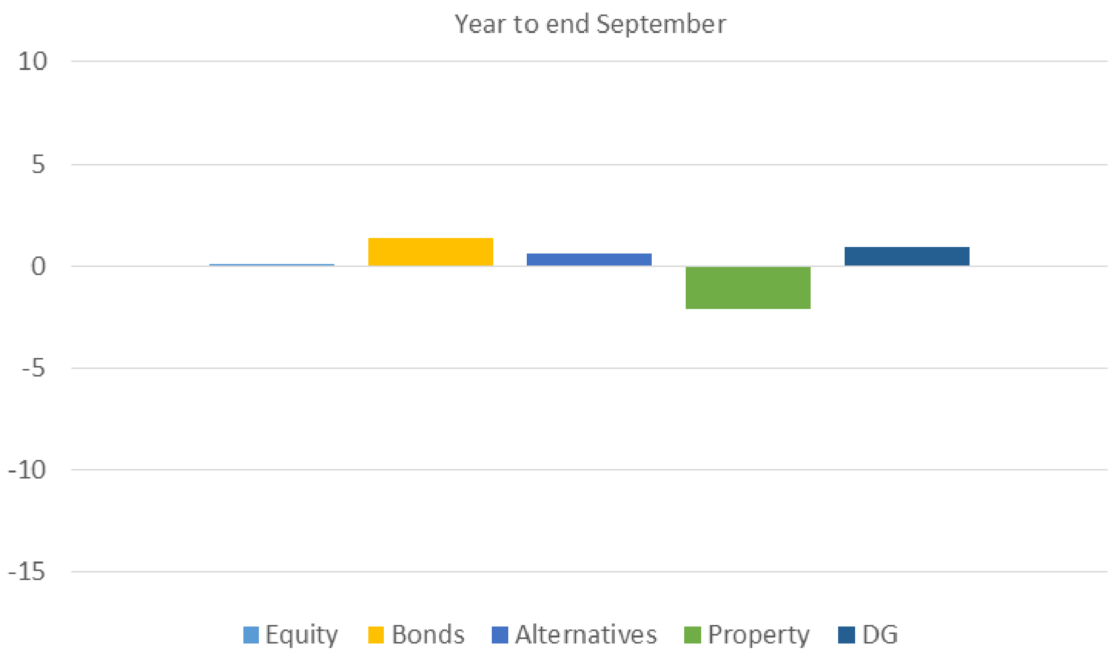
Asset Class Performance to end March



The successful asset allocation for fiscal 2019/20:

- Low exposure to equities
- Equity protection
- High level of alternatives – particularly private equity

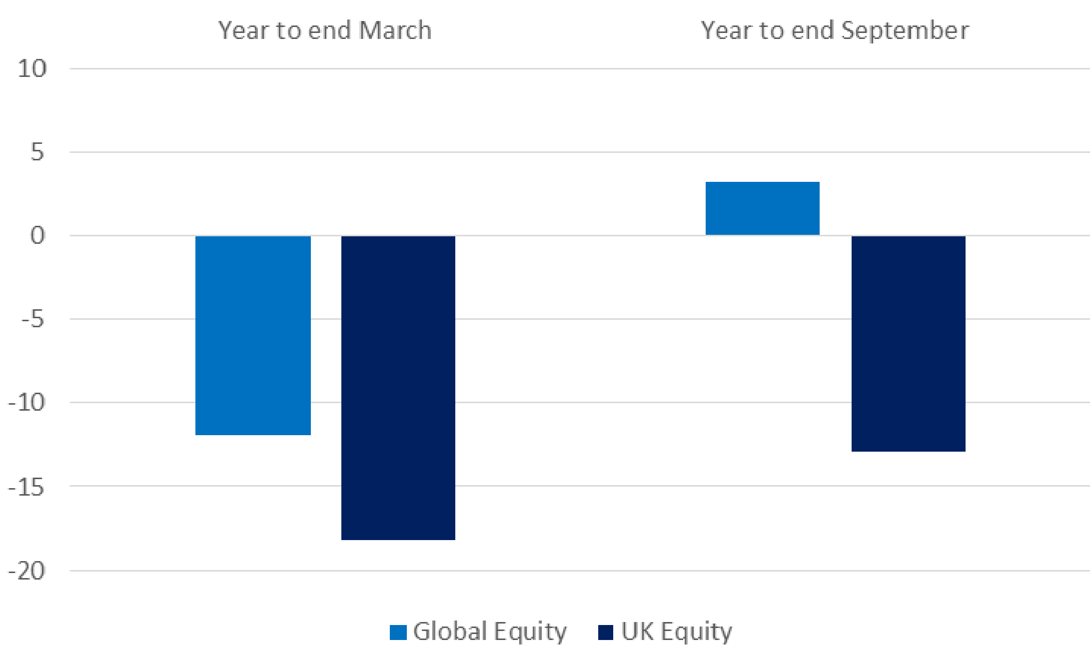
Asset Class Performance to end September



Over the 12 months to September asset class returns came closely into line.

High level asset allocation decisions have had relatively little impact.

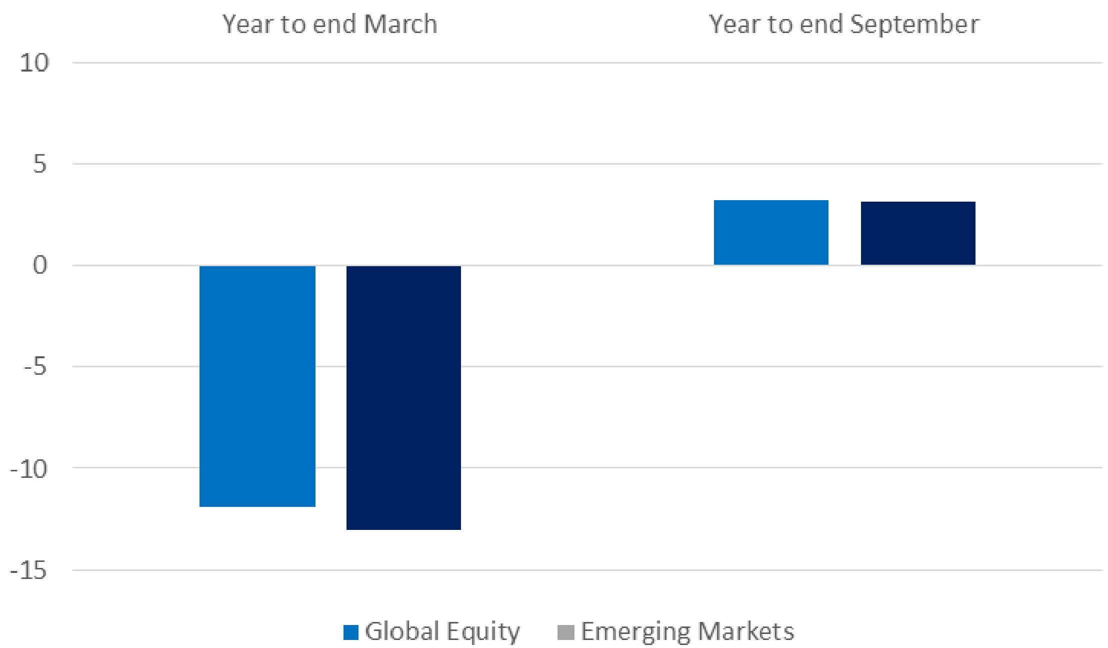
UK Equities Still Trail Badly



While Global Equities have recovered strongly over the six months to September UK equity returns are still deeply negative.

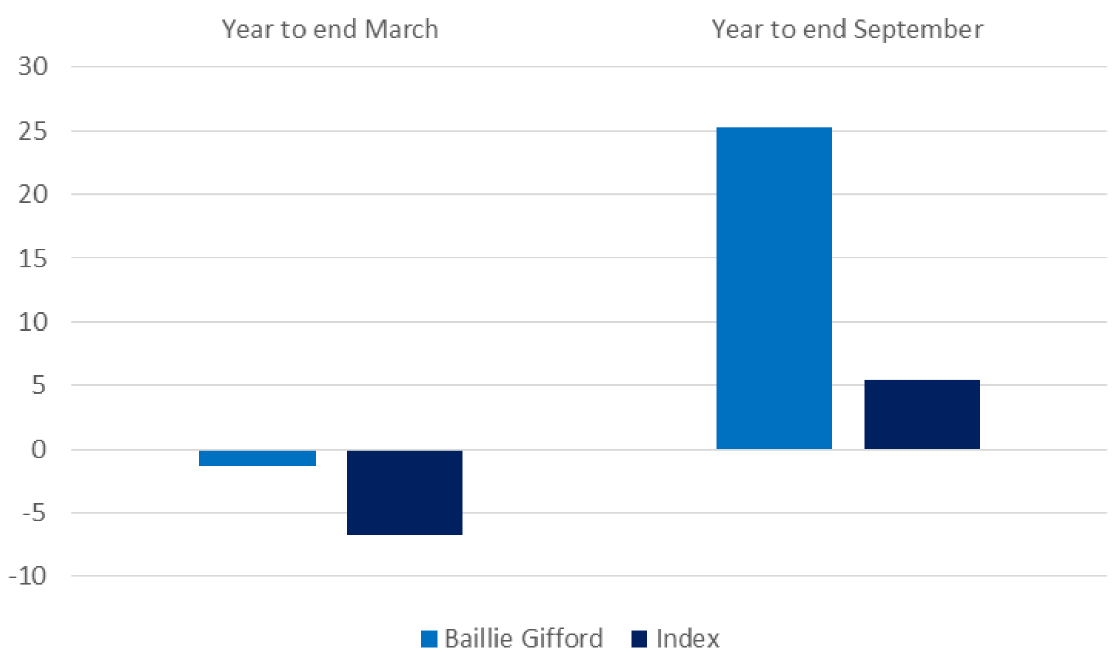
Funds with a relatively high allocation to the UK will have produced returns well behind their peers.

But Emerging Markets Are In Line



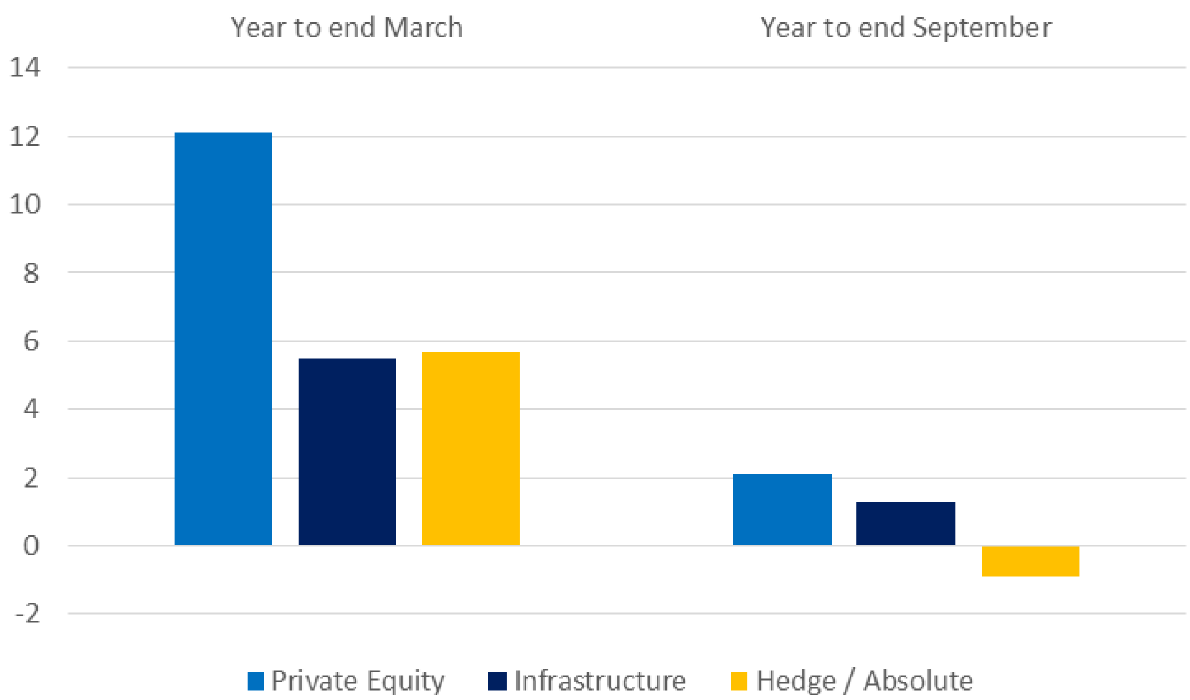
Emerging markets had trailed developed markets over the fiscal year but are now back in line.

Global Equities – Manager Selection Key



- Managers who outperformed over the 12 months to March generally outperformed over the period to September too.
  The same was true for the underperforming managers.
  Value strategies did particularly badly and Baillie Gifford performance remained exceptional.

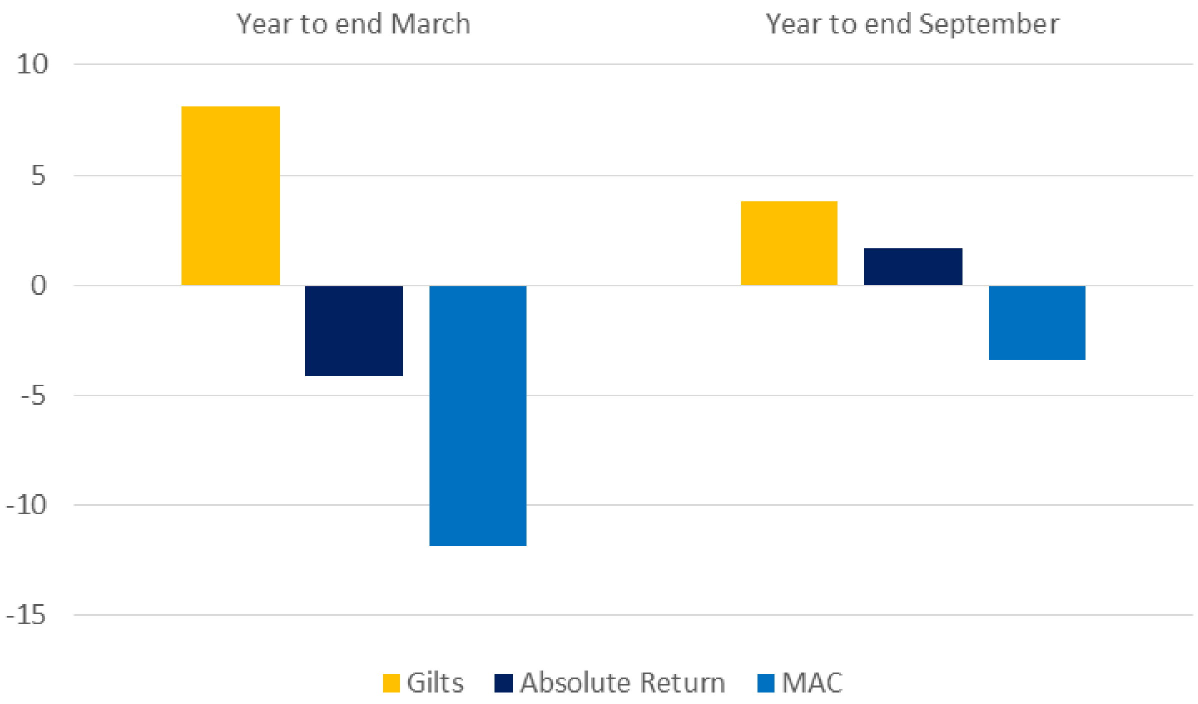
Revaluations Reduced Alternative Results



Private equity had been the best performing asset in the fiscal year but as assets were revalued in the wake of COVID returns were sharply reduced.

A smaller correction was seen in infrastructure and hedge fund assets.

Alternative Bond Strategies Still Struggle

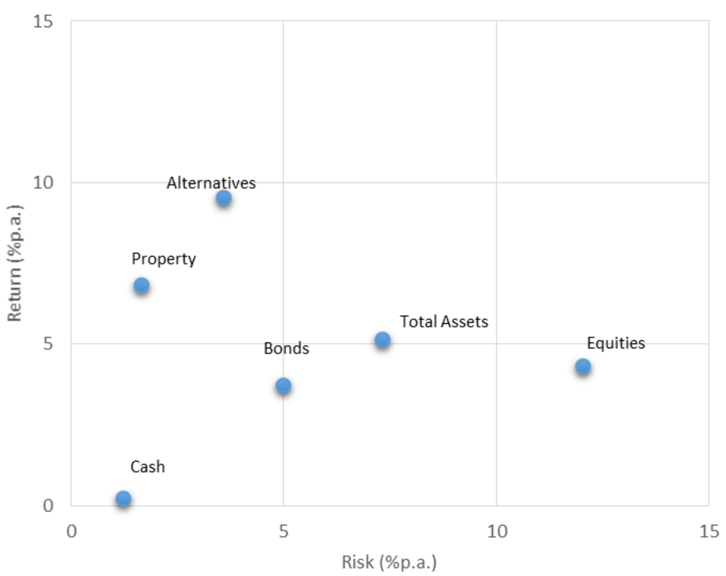


In the year to March both absolute bond strategies and Multi Asset Credit delivered negative results.

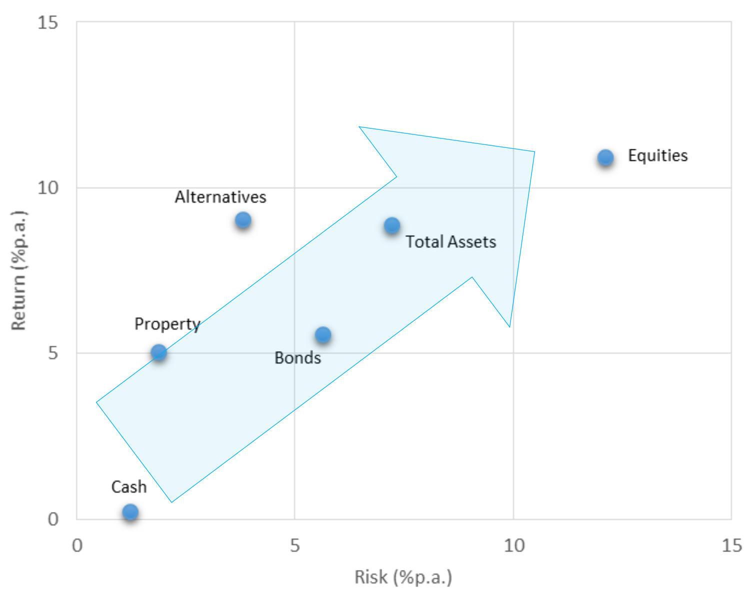
The returns to end September improved but are still behind those achieved from conventional Gilt portfolios.

Risk Reward Relationship Reappearing

Five Years to March Risk and Return (%p.a.)

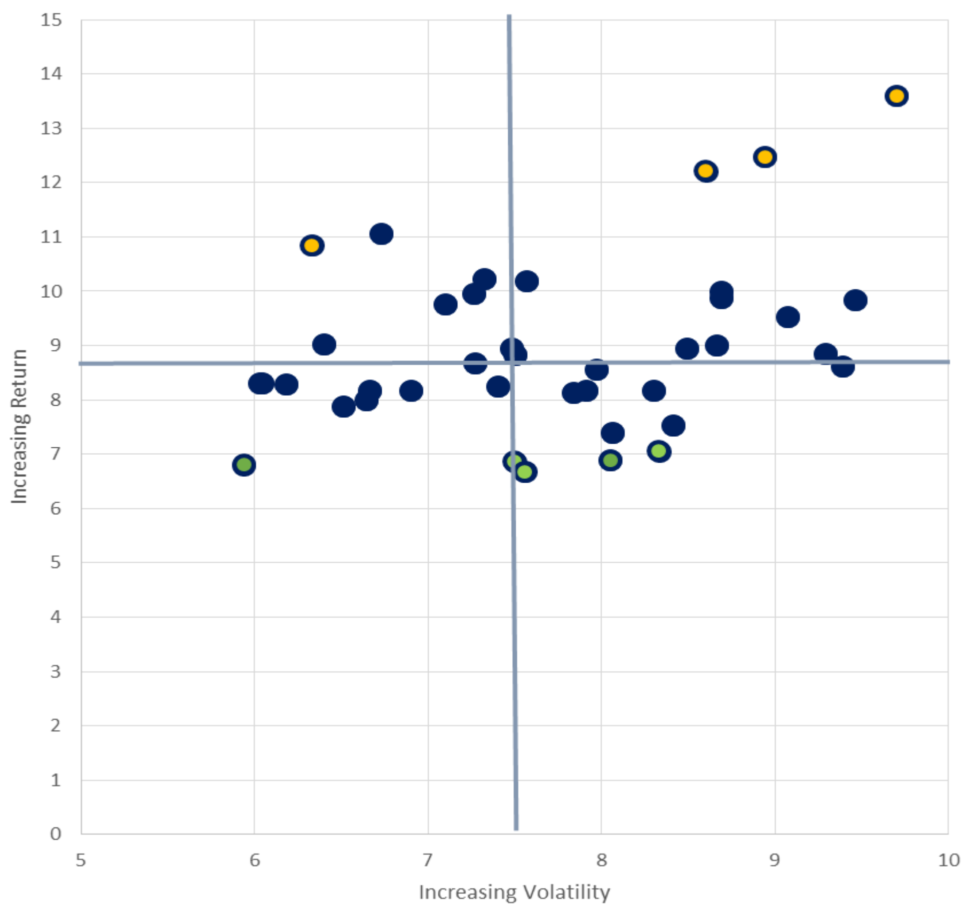


Five Years to September Risk and Return (%p.a.)

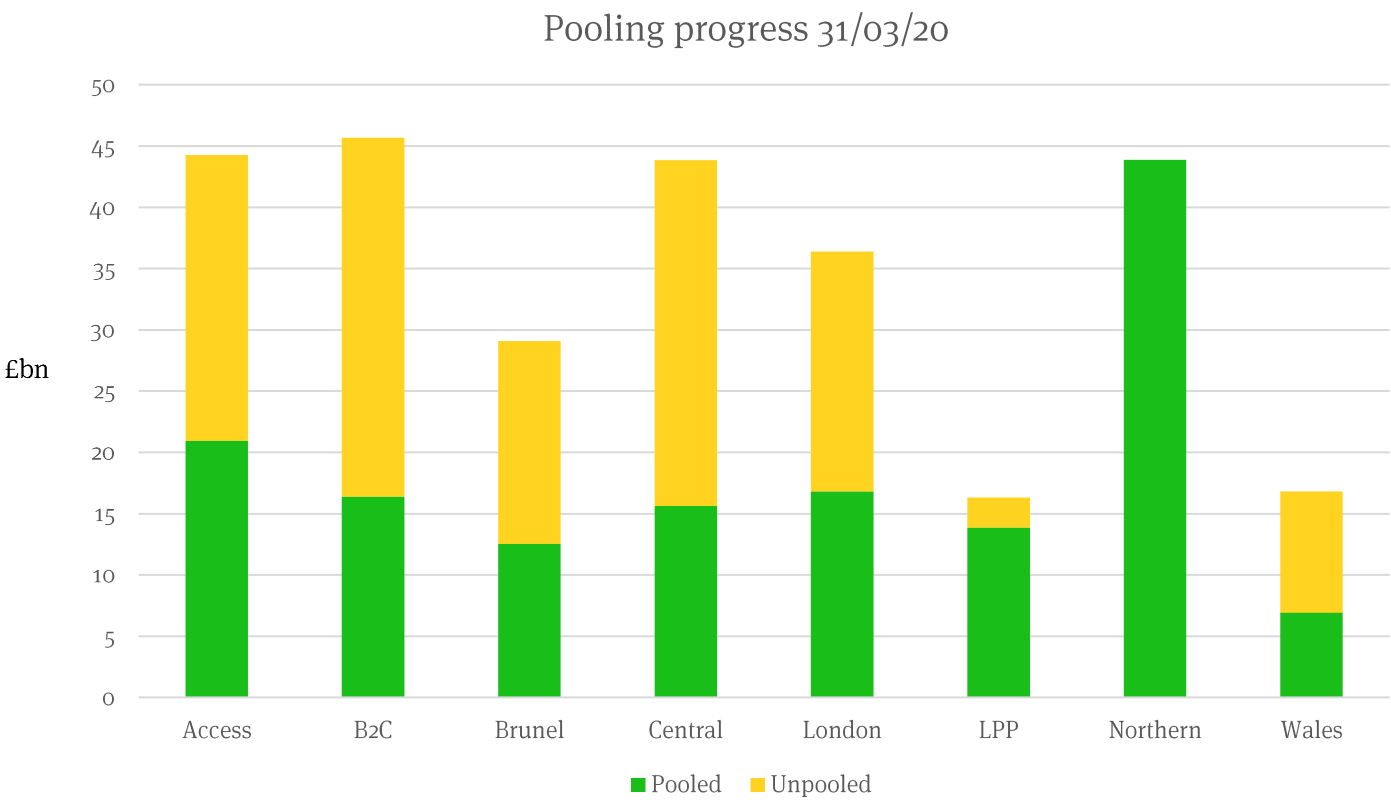


Top and Bottom remain constant

Five Years to September Risk and Return (%p.a.)

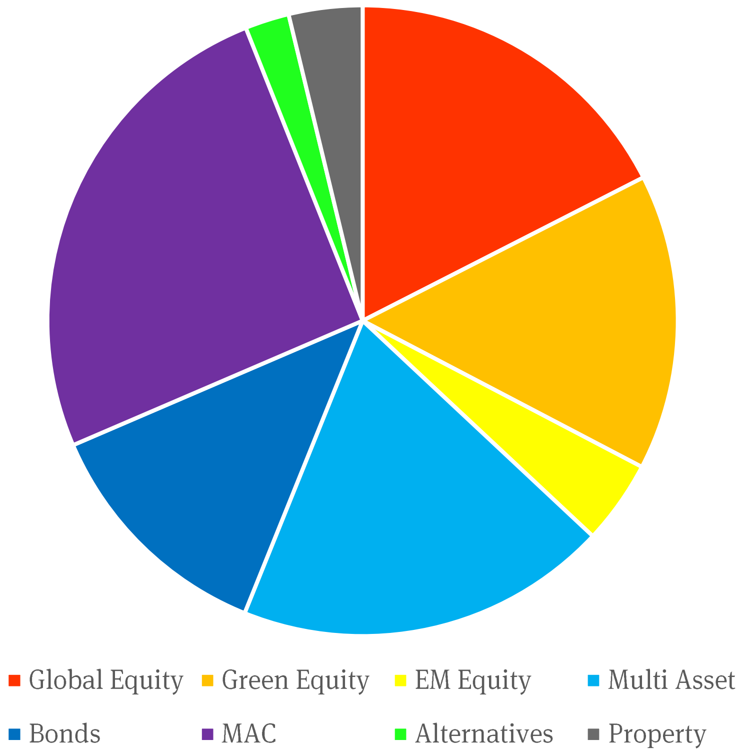


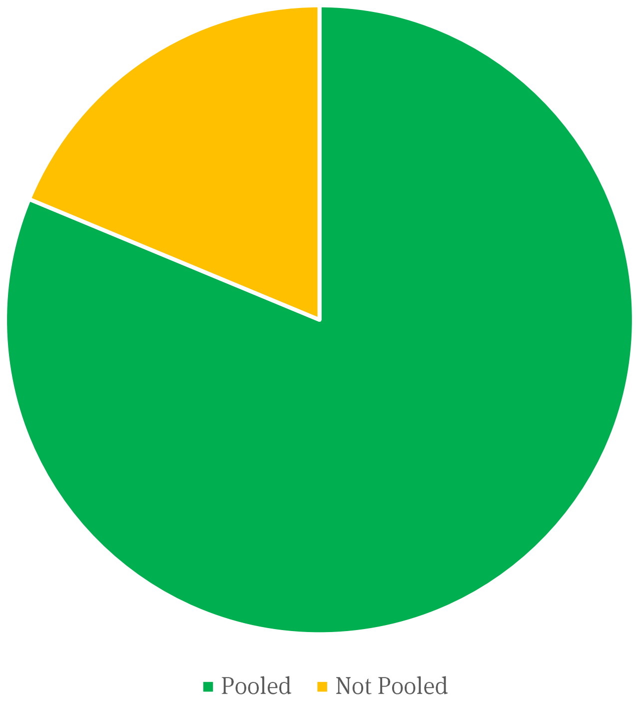
Progress on pooling assets



All Pools have now made significant progress in pooling assets.
More than half of all assets now classed as "pooled".

New Mandates April – September 2020 (£5.5bn)





Over three quarters of new mandates were under 'pooled' structures.
MAC was the most popular new asset class but also moves into 'green' equities and diversify asset strategies (Brunel)