Brunel Pension Partnership Limited — Annual Report & Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Company registration number 10429110
Authorised and regulated by the Financial Conduct Authority No. 790168

BRUNEL
Pension Partnership

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Directors

Laura Jane Chappell
Michael John Clark
Denise Marie-Reine Le Gal
Mark Robert Mansley
Patrick John Newberry
Stephen John Tyson
Joseph Andrew Webster

Bankers

National Westminster Bank PLC

External Auditors

Grant Thornton UK LLP

Internal Auditors

Deloitte LLP

Tax Advisors

Deloitte LLP
PricewaterhouseCoopers LLP

Legal Advisors

Eversheds Sutherland

Financial Advisors

PricewaterhouseCoopers LLP

Financial Markets Advisors

Alpha Financial Markets Consulting UK Limited

Chair's Foreword —

It has been another exciting and challenging year for Brunel.

We are at a step change in the evolution of the partnership as we move from a start-up organisation towards an increasingly business-as-usual company with all its attendant risks and benefits. With that comes a different focus for the leadership and one which means we are all striving for continuous improvement in our governance and our performance. We remain true to our investment principles and values which underpin Brunel as an organisation committed to long-term, sustainable and resilient investment.

We are proud of the progress we have made thus far and enjoy celebrating many of our successes. Good organisations are made up of great people. Brunel has an excellent, bright, hardworking team that performs well under the leadership of our executives. They have walked the extra mile to ensure timely delivery of our transitions.

Our approach towards responsible and sustainable investing is a key factor in attracting talented staff – our recent staff survey indicates that more than 91% are proud to work for Brunel. The outgoing CEO, Dawn Turner, played a pivotal role in building this culture and for this legacy we offer her our thanks and good wishes. Following a robust recruitment process, our acting CEO, Laura Chappell was appointed to the role permanently. This is great news for our ongoing stability and ensures a strong springboard for the coming year.

Some of the highlights for Brunel this year include: the publication of The Brunel Asset Management Accord to embed the spirit of long-term investing throughout our relationship with external managers; the publication of our Climate Change Position Statement and the plan to publish our Climate Change Policy in January 2020; the launch of several manager selection processes and ending the year with approximately £15 billion in transitioned assets.

Following a successful recruitment process, we selected Patrick Newberry as our new Non-Executive Director. Patrick will also be Chair of the Audit Risk and Compliance Committee. He replaces Freddie Pierre-Pierre who resigned from the Board earlier this year. We thank Freddie for her excellent contribution during her time at Brunel.

Brunel is strategically well-placed to take advantage of the headwinds facing the fund management and the wider Local Government Pensions industry, particularly in the area of responsible investing. We will focus in the coming years on delivering performance for our Clients, helping them meet their financial goals while seeking opportunities to contribute to overall performance of our pool and that of the wider LGPS sector.

We believe our risk-managed, sustainable investment approach will continue to offer benefits to the wider world. Through our engagement strategy, we ensure active dialogue with companies across our portfolios to drive corporate responsibility, governance and transparency. This will undoubtedly lead to enhanced financial risk management. Our thoughtful approach to responsible investing helps to promote investment performance and sustainable growth in the long term for our Clients. Crucially, it also impacts the wider world. We believe we not only have a fiduciary duty towards our Clients but an obligation to do the best we can for the world around us.

Our nation continues to navigate troubled waters, with Brexit, meaningful actions on climate change, global trade wars, and political unrest all creating additional uncertainty in unpredictable times. Nonetheless, Brunel will remain firmly at the helm to exercise its prudential stewardship of our partnership assets, ensuring a secure future for our members and beneficiaries. We look to the horizon with cautious optimism and a steely determination to forge better futures for us all by investing for a world worth living in.

Denise Le Gal —
Chair

Strategic Report and Business Review —

Report of the Chief Executive Officer — Laura Chappell

Business development & highlights of the year

This has been a pivotal year for Brunel with significant progress in all our key areas against our objectives. Our focus in 2019/20 remains on transitioning assets into our pooled funds, delivering value for our Clients through pooling and, of course, maintaining and delivering on our responsible and sustainable investing promises.

We are starting to see the benefits of a robust and transparent governance structure with our shareholders and making headway into truly working as a partnership. We also see the clear benefits of moving closer to our Clients through our strategic asset management capabilities in 2020. This strengthening relationship helps us to continue to align the business to take advantage of opportunities and to bring us closer to realising strategic objectives. At the same time, we have continued to differentiate ourselves through a strong emphasis on sustainable and responsible investing.

Generating safe, sustainable returns requires investment in supporting technology, and in 2019 the team implemented FactSet. This makes it possible for us to improve efficiency for Clients, reduce operational risk and enhance our monitoring of managers' performance.

Our employees have consistently gone over and above the call of duty to deliver to timetable and budget this year. I am immensely proud of the 'can do' culture of Brunel and grateful to all our Clients, shareholders and employees who put the time into making Brunel a success. This is a team effort and we can sincerely say we are working together in partnership.

Despite all this hard work, we must deliver against a backdrop of uncertain markets, a renewed focus on responsible and sustainable investing, new regulation with the Financial Conduct Authority (FCA) Senior Manager and Certification Regime and a challenging timetable of delivery in 19/20.

Highlights of the year encompassed a growing number of strategic affiliations with industry experts working towards making a positive difference through investment choices. These included our membership of the Sustainability Accounting Standards Board (SASB) Investor Advisory Group (IAG). This is a group of leading asset owners and managers committed to improving sustainability-related disclosures to investors. In addition, Transition Pathway Initiative (TPI), which our Chief Responsible Investment Officer (CRIO) Faith Ward co-chairs, is improving the way in which our investment decisions influence companies to meet the overall Paris Agreement target of keeping temperature rise well below 2°C above pre-industrial levels.

In private markets, we have made a number of investments, including a cornerstone $84 million commitment to the Neuberger Berman Private Equity Impact Fund on behalf of four of our LGPS Clients. Brunel is committed to actively seeking opportunities that deliver authentic sustainable financial value; these investments represent excellent opportunities.

Brunel's Clients increased allocation to private markets in 2019 as they looked to diversify as well as attain attractive returns. Our strong private markets team are actively investing the £1 billion of commitments received for 2018-20 and will continue to build on that success in 2020 with the launch of the next cycle. Assuming the successful transfer of legacy property holdings to Brunel's management in 2020, private markets assets under management (AUM) will exceed £3 billion, excluding any new money committed to these asset classes post Strategic Asset Allocation reviews in March 2020. I am immensely proud of this achievement.

The Fund Partners Brunel Pension Partnership Authorised Contractual Scheme (ACS) formally launched in December 2018 and is progressing on target, with £2.2 billion of Client assets already under management and almost £4 billion more due to transition by the end of 2019. We have received excellent feedback from managers about the quality of our selection processes, and the robustness of our investment and operational due diligence – it's become known across the industry that we kick the tyres quite hard. This absolutely fits with our long-term and sustainable approach towards investing for our Clients.

In operations, we have appointed Colmore, our specialist private markets middle-back office provider. Brunel is on the cusp of re-registering circa £1.8 billion of property holdings, which will be phased over the next year. This will amount to significant multi-manager fee savings for Clients and allow portfolios to be further rationalised for enhanced cost savings and performance.

Brunel is a signatory of the LGPS Code of Transparency we believe greater transparency results in better shareholder outcomes. This year we supported our shareholders to complete their new cost transparency reporting obligations. We look forward to this reporting expanding, as the scope and assets grow.

Future plans & outlook

Using a combination of extensive research and data-driven insights, we are busy constructing solutions and selecting managers that meet changing risk profiles. We've been working with partners on the use of Big Data and artificial intelligence to analyse success patterns of trading timing in manager selection and the nature of news flow regarding companies' environmental, social and governance (ESG) impact behaviours. This aids us in fully understanding how our prospective managers work and to analyse companies with a degree of sophistication that has never been possible before for the LGPS sector and has only been made possible through pooling. Quite simply, we're able to dig deeper and smarter.

The LGPS is a pool of circa £280 billion assets; with our collective voice we have already seen the benefit of lower fees. But we need to set this against a backdrop of lower returns, increasing geopolitical risk, more volatility, and a global shift toward more index, passive-driven investments. The right managers can negotiate these challenges and deliver us enhanced returns while addressing long-term risks.

None of this would be possible without a talented and engaged workforce. We pride ourselves on creating an inclusive and diverse culture, and a working environment that promotes flexibility, collaboration and innovation.

We are well positioned to deliver on our objectives in 2019/20. We will continue to invest in our people and strengthen our operational processes, which will maintain the long-term strength of our partnership. Our portfolios are well placed to weather market uncertainty and take advantage of opportunities as they arise.

Laura Chappell —
Chief Executive Officer

Report of the Chief Investment Officer — Mark Mansley

The last year has seen substantial progress in the development of our investment business, with the launch of new portfolios and the transition of significant assets to Brunel's management. We have worked closely with our Clients to deliver these portfolios. One very useful development has been an assurance framework with Clients so they can be satisfied we have met the specification for each portfolio, and so allocate to the portfolios in an expedited manner.

We are on course to transition half of our total assets by the end of 2019. By quarter four 2020, we should have launched the majority of our portfolios and the transition of Client assets to Brunel should be nearly complete. We are increasingly focused on management and how we can continue improving the portfolios and the service we provide to Clients.

Listed markets

The listed markets investment team was restructured during the year, recognising the growing demands in listed markets and the need for improved resourcing. David Cox was appointed to the newly created position of Head of Listed Markets in the first quarter.

Following the launch of the four passive portfolios last year, activity has picked up tremendously this year and we are now very much in the midst of the transition of our Clients' assets.

Key highlights:

- Our Authorised Contractual Scheme (ACS) launched in December 2018 in association with FundRock as the fund 'operator' and State Street as the administrator. This provides a very tax efficient and low-cost platform to host our portfolios;
- Active UK equities launched as the first portfolio (sub-fund) on the platform, with an initial value of over £1.5 billion. We appointed three managers: Investec, Baillie Gifford and Aberdeen Standard Investments;
- Low volatility global equities was the second portfolio on the ACS, launched in March 2019. It has grown rapidly since launch and is now over £600 million, with more expected over coming months. It is managed by two quantitative managers: Robeco and Quoniam;
- Emerging markets, the third portfolio, launched in November 2019, with around £1 billion of assets, which have been allocated to three managers: Genesis, Investec and Wellington;
- Managers have been selected for our largest portfolio, high alpha equities, which is expected to launch by the end of 2019 with over £2.5 billion of assets;

Totals since Brunel inception in July 2017

130+ investment managers engaged

530+ investment strategies reviewed

32k+ pages of tenders assessed

17 strategies selected for 8 portfolios

- We have developed a platform in partnership with BlackRock to enable our Clients to access Liability Driven Investment and other risk management strategies;
- Work has started on the searches for diversified growth funds, sustainable global equities and small cap global equities for launch in 2020.

We have concentrated on refining our processes and analysis. For manager searches, we continue to make open searches whenever practical, even though we sometimes receive over 100 responses from managers, which involves a significant volume of work. Our manager evaluation process is rigorous, and we use a range of tools to ensure managers have genuine skill and are doing what they say they do. We work in particular with Inalytics, who provide detailed analysis of how good managers are at buying and selling. We also integrate responsible investment into our manager selection, expecting managers to be able to demonstrate how they have considered ESG issues in the portfolio.

One area we have particularly developed is portfolio construction. Detailed analysis equips us to build the best combination of managers in the best proportion, balancing risks and other factors. The aim is to reduce idiosyncratic manager risk and manage other risks while meeting our cost and return targets, thereby achieving the portfolio objectives in a more controlled manner.

We have also been developing ongoing portfolio management processes. Our scrutiny of appointed managers is thorough, although we are aware of the dangers of creating undue short-term pressures on managers. We are pleased with how our managers have responded to the challenges we have set them, particularly in the area of climate risk, and we are working with them to develop mandates with reduced climate risk.

Private markets

Our private markets team, under the leadership of Head of Private Markets, Richard Fanshawe, has made great strides forward. Clients made allocations to the private equity and infrastructure portfolios at the start of the financial year. Investing these, together with investing outstanding commitments to secured income, has been the hub of the team's activity in the current cycle.

The priority for private equity was to invest in secondary funds (interests in established private equity funds) and co-investment funds (investing directly in private equity alongside a lead private equity fund), as these offer the potential for faster deployment of capital, diversification and cost savings. Three investments were made in the year – two co-investment funds, one hinged on impact investing (including some allocation to primary funds) and one secondary fund. Complementary primary funds will be selected to commit the remaining capital.

We made four infrastructure portfolio investments. Three have been in renewable energy funds with distinct geographic remits: the UK, Western Europe and the US. The fourth was in a general infrastructure fund with a strong focus on sustainability, investing into sectors such as fibre broadband, district heating, smart metering, mobility and social infrastructure.

Our secured income portfolio launched in 2018 with two long-lease property funds. With the addition of a UK-based operational infrastructure fund centred on renewable energy and heat, this portfolio is now fully committed although it will take time for the team to fully invest all committed assets.

The other private markets portfolio property, has seen intense activity as the team prepared to take on Clients' legacy property fund holdings and move away from using incumbent multi managers, which will provide immediate savings to Clients. The first Client was successfully onboarded just after Brunel's financial year end with several others due to follow before the end of March 2020.

It is already clear that pooling offers tremendous advantages in investing and offers much more than cost saving – although we have achieved significant cost savings. The scale and professionalism of the team means that managers want to work with us, which has resulted in strategic partnerships and other enhanced relationships.

Responsible investment

I am hugely pleased with the continued impact we have had on responsible investment in our second year, led by CRIO Faith Ward. Working with Clients on priority areas, we published our position statements on tax and on climate change.

In 2018 we published our Responsible Investment Policy based on three pillars: 'To Integrate', 'To Collaborate' and 'To Be Transparent'. The policy identifies six key priorities. Below we outline some of the work we have undertaken in each area.

To integrate

To collaborate

To be transparent

UK Policy Framework

It has been encouraging to see increased interest across UK government and regulators in responsible investment, stewardship, and environment and social issues. Responding to the numerous initiatives, consultations and reviews creates challenges in terms of resources, and we have had to prioritise.

Key highlights:

- Brunel's CIO and CRIO were interviewed for the Brydon Review into the quality and effectiveness of audit, providing the perspective of long-term investors,
- The UK government has been active in cultivating commercial links with China. One part of the programme relates to climate and environmental disclosures. Brunel are part of a group of UK investors who shared best practice and experience with Chinese investors through workshops,
- We supported letters calling for the UK government to commit to legislate a Committee on Climate Change recommendation for a UK 2050 net-zero greenhouse gas emissions target, and calling for the Task Force on Climate Related Financial Disclosures (TCFD) to be made mandatory;
- We carried out extensive work with Department for Work and Pensions (DWP) and The Pensions Regulator (TWP) on climate disclosure;
- We responded to the FCA Climate Change and Green Finance discussion paper.

Our full list of consultation responses are published on our website page policy advocacy.

Cost and Tax Transparency

- Brunel supported the Cost Transparency Initiative;
- Brunel is a signatory to the LGPS Cost Transparency Code;
- We produced a public summary position statement regarding our tax policy;
- Brunel supported the Global Reporting Initiative (GRI) draft standard: Tax and Payments to Governments.

Human Capital & Diversity

- Continuing to work with the Diversity Project, Brunel provided insight into a paper *Addressing Barriers to Diversity in Portfolio Management: Performance Continuity and Turnover;*
- We supported a letter from The 30% Club to company boards with no female representation on the board;
- Brunel supported Investor Alliance on Human Rights letters to companies on improving human rights.

Supply Chain Management

- Brunel is a member of the Principles of Responsible Investment (PRI) Plastic Working Group (PWG). We supported a PRI in person roundtable, where four companies in the plastic value chain discussed the opportunities and challenges of plastic. The group has published three reports, Plastics: The challenges and possible solutions, Risks and opportunities along the plastics value chain and The plastics landscape: regulations, policies and influencers;
- We supported letters on plastic pellet loss and fishing ghost gear, and endorsed the Ellen MacArthur Foundation's New Plastics Economy Global Commitment;

- Engaging with a collaborative effort with benchmark providers, we are seeking the removal of providers of controversial weapons from standard benchmarks;

- Brunel joined the Business Benchmark on Farm Animal Welfare (BBFAW). Now in its seventh year, this is a measure of farm animal welfare management, policy commitment, performance and disclosure in food companies, including management of antibiotic use;

- Brunel joined the Investor Mining and Tailings Safety Initiative, which has called for a global independent and transparent classification system of the world's tailings dams based on the consequences of failure. Companies have been asked to make disclosures on their tailing's facilities. The initiative feeds into a global review co-convened by International Council on Mining and Metals (ICMM), the PRI and the United Nations Environment Programme (UNEP).

Cyber Security (IT Security and misuse)

- Brunel signed an Investor statement on corporate accountability for digital rights;

- We supported an engagement letter to three social media companies asking them to strengthen controls on live streaming and the distribution of objectionable content;

- We contributed to a report written by the National Employment Savings Trust (Nest) and The Railways Pension Scheme (Railpen), entitled *Why UK Pension Funds Should Consider Cyber And Data Security In Their Investment Approach*. Our case study examined how Brunel raises cyber security pre-investment.

Collaboration has been a key theme. Brunel continues to secretariat the Cross Pool Working Group on responsible investment. We are an active member of the Institutional Investors Group on Climate Change (IIGCC) and a key supporter of the Transition Pathway Initiative (TPI) and Climate Action 100+, which support the integration of carbon and climate risk into our due diligence and engagement. Brunel was the first LGPS pool to become a signatory of the UN-backed Principles for Responsible Investment.

Transparency is a core element of our responsible investment approach. Brunel is committed to decarbonising listed portfolios, providing carbon foot printing to assist in reducing unrewarded carbon risk, and offering low carbon portfolio opportunities. We advocate strongly for improved transparency and disclose in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

Our affiliations can be found at the bottom of our website home page: www.brunelpensionpartnership.org

Finally...

The achievements we have made have been based on the hard work of the investment team who shares Brunel's values and vision of the future of investment management. In recognition of the workload, the team has expanded over the course of the year. The breadth and depth of the team is extensive, with a wide range of experience and professional qualifications. We support our staff in further developing their professional expertise, with many exam successes during the year, and were particularly pleased that three members of the team passed the inaugural Certificate in ESG Investing qualification from the CFA institute. I would like to thank them all for their efforts over the year.

Mark Mansley —
Chief Investment Officer

Report from Chair of Audit, Risk and Compliance Committee — Mike Clark

Brunel is exposed to a wide range of risks as it implements and continues to develop its business strategy. We are regulated by the FCA and have a unique governance and ownership model, working in partnership with our Clients, who are also our Shareholders.

Effective risk management is key to Brunel's success. We actively monitor current risks and scan the horizon for emerging ones. We place significant reliance on the good conduct of our employees and from inception have developed our culture to help support the Board as it discharges its duties effectively, managing risks within the appetite set by our risk framework. This strong culture supports a clear 'three lines of defence' model to define responsibilities and oversight.

Three lines of defence:

FIRST LINE OF DEFENCE

Brunel Management is responsible for taking, managing and controlling risk

→

SECOND LINE OF DEFENCE

...sets framework & monitors risk-taking, provides oversight & challenges adherence to risk appetite...

→

THIRD LINE OF DEFENCE

...independent challenge from external audit provides assurance over the activities of the first and second line of defence.

The Board is accountable for Brunel's risk management and, in conjunction with the Audit, Risk and Compliance Committee (ARC), has oversight of the most significant risks facing Brunel.

2019 developments

With the Compliance and Risk team acting as a strong second line of defence, a feature of the year has been strengthening the first line of defence in a number of areas of the business. We expect this work to continue in the current year.

During the year we increased our risk focus on business as usual activities. Although we are still building out elements of our business, we are nearing completion and it is important that risk management processes and the related controls reach maturity simultaneously. Significant Client assets are now being managed, and the company is almost three years old by year end.

During the year, ARC developed the view that some risks were approaching the upper levels of our risk appetite. This view was supported by reports from Deloitte who are appointed to carry out the Internal Audit function. ARC therefore encouraged the Executive team to improve prioritisation of the multiple workstreams in progress within the developing business. At year-end, good progress has resulted in overall risk reduction, although further work needs to be done.

The business has continued to carry out regular risk reporting to the Executive team and through to ARC on our key risks, in the context of our risk appetite measures and metrics.

It is possible that resources required to further embed the required risk management controls in the business may lead to delay in the delivery of some fund launches in coming months. It is ARC's view, supported by the Board, that this is the appropriate prioritisation for the business to take.

Key risks

We define risk categories across strategic, financial, operational and conduct risks. Our exposure to these risks is assessed in the light of the current environment. We take into consideration the views of the internal risk owners, the regulatory, Client and political environment together with input from other subject matter experts inside and outside the business. ARC considers those risks it believes are heightened each quarter and we then undertake further work to ensure those risks are mitigated and managed within tolerance.

A key risk to the business emerged when, following the June announcement of the departure of the Chief Executive at the end of September, the Board was unable to achieve shareholder support for its proposed resolution on executive director compensation. This resolution recognised how Brunel came into being, and the Board's view of the appropriate way forward. A governance review of the Shareholder Agreement was already underway, and this work has now been extended to incorporate lessons learnt.

One strategic risk has resurfaced in the political domain. The Board believed that the active vs. passive investment management debate within government had been resolved when pooling arrangements across the LGPS were finalised. This does not now seem to be the case, and the issue is being actively monitored for potential effects on Brunel's business model.

Four internal audit reports have been delivered during the year. Business functions audited were Investment Operations, Investment Management (Governance & Manager Selection), Financial Operations and Client Relationship Management. Brunel's management responded appropriately to closing out identified issues. Deloitte's root cause analysis across these audits assisted management to strengthen risk identification and the control environment, often through strengthening the first line of defence, as noted above.

The Senior Manager and Certification Regime (SMCR), which places greater individual accountability on senior managers and conduct requirements for all staff, comes into effect in December 2019. Comprehensive training has been provided and processes enhanced to ensure Brunel is ready to meet the new requirements.

This report is submitted by the Board member who chaired ARC for the reporting year. Following FCA approval in October 2019, Patrick Newberry has joined the Board as a Non-Executive Director and has taken over the role of ARC chair. Mike Clark remains a member of ARC.

ARC will continue to oversee the risks in our investment management business and to support the Board as it discharges its responsibilities in this area.

Mike Clark —
Non-Executive Director

Overall financial performance

CORPORATE PERFORMANCE

During the year ending 30 September 2019, Brunel provided a chargeable service to Clients recognising revenues of £9.8m (2018: £3.8m).

Brunel's total costs for the year were £8.5m (2018: £5.0m), representing a profit of £1.3m (2018: (£1.2m) loss) before tax and actuarial valuations.

Total comprehensive income for the year was £323k (2018: (£2.1m loss) or 3.5% of total costs. (2018: (33.8%)).

The year-end cash balance was £7.3m, (2018: £5.5m), which includes an amount of deferred revenue relating to the coming year of £1.9m including VAT (2018: £2.1m)

During the year and in line with the Business Plan, Brunel achieved its key objectives, with fund launches progressing well and tools in place for scale-able growth.

The company continues to adopt the going concern basis in preparing its financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. This is explained further in note 3 of the financial statements below.

Disclosures

MANAGING THE RISK OF CLIMATE CHANGE

Governance

Brunel published a Climate Change position statement in May 2019 and a full Climate Change Policy in January 2020. Our commitment is also communicated in our Responsible Investment and Stewardship Policies, all of which are approved by the Brunel Board. The Board is collectively accountable for all our Responsible Investment-related policies, but operational accountability on a day-to-day basis is held by the Chief Responsible Investment Officer.

This year we have worked towards embedding climate change into all our policies and processes. This starts from the top with climate change being explicitly referenced in the Board and its subcommittee terms of reference, job descriptions and regularly part of board and committee agendas and training. This is linked to our implementation of the Senior Managers and Certification Regime (SMCR).

The Board, in developing a comprehensive Climate Change Policy, engaged extensively with Clients and has sought to take account of the views of the beneficiaries of our Client funds. Our Climate Change Policy, like all Brunel's external policies, includes contact details to enable direct dialogue.

Brunel's Board, Executive and Investment team strongly advocate for effective management of climate change through speaking at events, sharing expertise and ensuring it is integrated into all our own investment and operation practices.

Our governance framework is shaped by the policy and regulatory requirements. Policy advocacy, to influence this backdrop, is a core component of Brunel's approach to managing climate change. We support one-to-one meeting, events, and consultations, and are members of working groups and advisory panels for a wide range of policy leads. Our formal dialogue through consultations and letters are all published on our website. We have explicitly advocated for climate change-related recommendations in consultations relating to the work and operations of Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and the Financial Reporting Council (FRC) (Stewardship Code and Kingman Review). We also raised the issue of explicitly needing climate change to be recognised in terms of the regulations, guidance, skills and knowledge in undertaking audits as part of the Brydon Review.

Our focus for 2020 is to follow the public policy engagement work and support policy makers in promulgating best practice in managing climate change.

Strategy

As with our approach to responsible investment more broadly, we recognise that climate change will have impacts across our portfolios. This is fully embedded into our manager selection process. We strive to make sure all our portfolios, across all asset classes, are carbon- and climate-aware. This means we look to all our asset managers to identify and manage climate-related financial risks as part of the day-to-day fund management. The way those risks and opportunities present themselves varies across asset classes and we take this into account when evaluating how the portfolios are positioned in different climate scenarios.

We have already taken steps to address climate change risk and opportunities in our governance, strategy, portfolio construction and monitoring but we recognise there are still gaps, particularly in asset classes where data is not widely available or where tools are still being developed.

Brunel does not consider a top-down approach to disinvestment to be an appropriate strategy for its Clients. By integrating climate change into our risk management process, using carbon foot printing, assessing fossil fuel exposure and challenging managers on physical risks, we seek to reduce unrewarded climate and carbon risk. This results in selective disinvestment based on investment risk, supporting our commitment to decarbonising our listed portfolios.

As examples, Brunel supported Greenhouse gas proposals filed by Climate Action 100+ lead investors. We utilised our voting policy to direct the vote across our passive holdings against the re-election of all ExxonMobil directors.

Brunel supported letters and engagement calls led by Ceres and the FAIRR Initiative seeking disclosures from fast food companies on climate change, water and land use, and scenario analysis.

Brunel has been involved in engagements to discuss letters sent to audit firms setting expectations of auditors to test critical accounting judgments against credible economic scenarios consistent with the Paris Climate Accord agreed in 2015.

We supported a number of Share Action letters to banks regarding their lending policy on coal, seeking a phase-out of lending and new project finance to coal mines and coal-fired power plants.

A core component of our strategic approach to transition risk is the Transition Pathway Initiative (TPI), which allows us to evaluate carbon intense corporates against both current disclosure and future carbon transition risk. As co-chair of the TPI, our Chief Responsible Investment Officer, Faith Ward has continued supporting the initiative. The research has expanded to cover airlines, aluminium producers, automobile manufacturers and updates on the energy sector.

Transition Pathway Initiative

Climate Action 100+
Global Investors Driving Business Transition

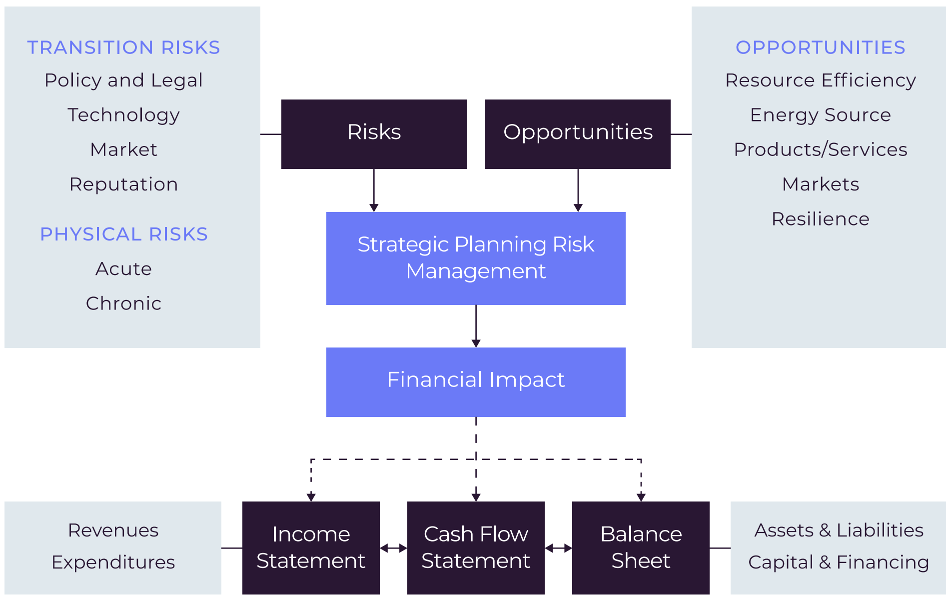
Our focus in 2020 are the projects with the Institutional Investors Group on Climate Change (IIGCC) that will enable us to progress the practical implications of integrating climate risk assessment across asset classes and evaluate what a 'Paris Aligned' portfolio looks like.

Risks

Our framework for assessing the impacts of climate change encompasses adaptation and physical risks (the risks posed by the consequences of climatic change) as well as those risks and opportunities arising from the transition to a low carbon economy (risks from addressing the root causes of climate change).

Decarbonisation is achieved by being selective in the allocation of capital, particularly to carbon intense companies. This process is informed by using the tools identified above in combination with industry and corporate engagement. We are committed to being transparent about the carbon intensity of Brunel portfolios through the publication of annual carbon footprints and fossil fuel exposure, alongside the development of other carbon metrics.

Climate-Related Risks, Opportunities, and Financial Impact



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Climate risks are also thoroughly embedded into our fund selection and due diligence process for our private markets' portfolios. We use tools such as the Global Real Estate Sustainability Benchmark to assist in monitoring real estate managers.

Sustainable and clean technologies are core themes of our infrastructure investment (see charts below) and are one way that Brunel is providing Clients with access to positive climate impact investment opportunities.

Brunel private markets' strategy is to commit 35% of the Infrastructure portfolio and 30% of Secured Income to renewable energy funds. This complements broader sustainable exposure in both these and private equity portfolios.

The focus for 2020 is to further develop the climate risks analytics in the quarterly and annual monitoring of portfolios and communicate climate positive case studies from private market portfolios.

Metrics and targets

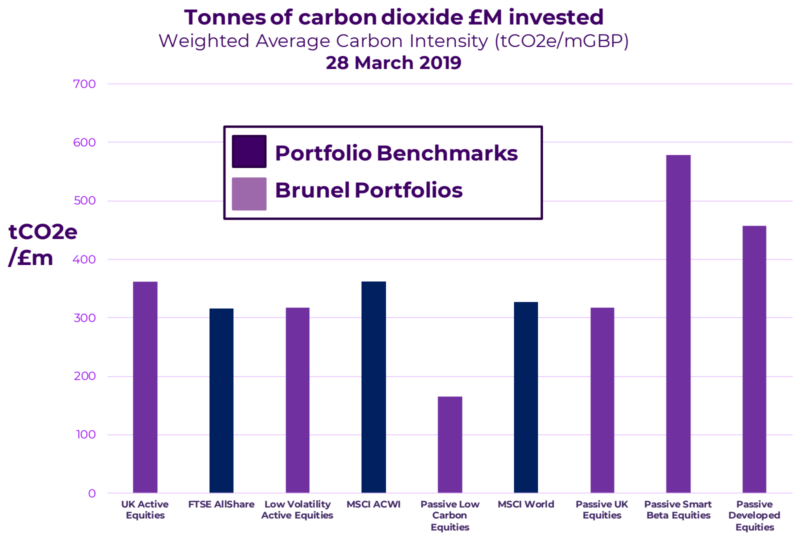
The investments that Brunel manages will form the most significant climate impact for the partnership. However, we are also committed to capturing emissions arising from our own operations, for example we source 100% of our electricity via a renewable tariff.

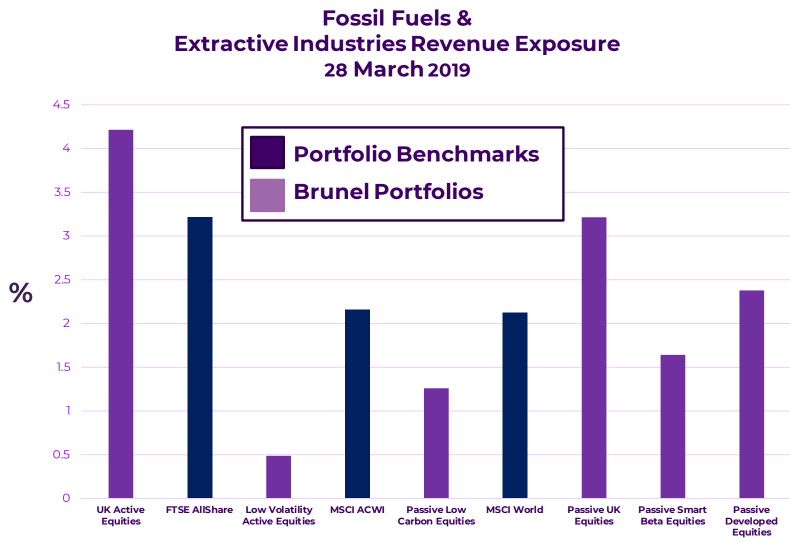
In 2019 we undertook carbon footprints and fossil fuel exposure of all our listed equity portfolios.

We use carbon footprint and fossil fuel exposure data to inform our portfolio monitoring and product governance review. We have had very positive engagement with the managers managing these portfolios to identify areas for improvements in carbon intensity. We target all our equity portfolios to be less carbon intense than their investment benchmark.

A broader set of carbon and climate metrics and targets will be published on our website as part of evidencing our approach to climate change.

The focus for 2020 is a delivery of Client-focused carbon metrics and developing the positive contribution case studies and metrics.





Other Disclosures

GENDER PAY

Brunel has less than 250 employees, so is not required to disclose its gender pay gap. However, as Brunel is committed to being transparent and an attractive employer, the Remuneration Committee voluntarily discloses gender pay gaps.

Brunel acknowledges a gender pay gap. This has occurred because the lower quartile mainly comprises female members of staff (82%). Although this has reduced by 18% over the last year, it remains predominantly female. Brunel is committed to giving staff opportunities to develop and this is most pertinent as a new company. Several members of the team are on development contracts providing planned means to progress, which will contribute to narrow the gender pay gap.

Brunel has reviewed gender pay equality and disclose that there is a slight gender pay inequality in the top quartile (60% / 40%). Where gender pay differentials occur, particularly within lower responsibility roles, they are understood and are being addressed by development plans.

Brunel has, where possible, adopted hiring practices which have an awareness of the gender pay gap, are gender-balanced and look for a gender-balanced cohort of candidates as well as seeking a balance on the much broader range of diversity and inclusion considerations.

As of the snapshot date (01 April 2019) Brunel had 41 employees (23 female and 18 male), which is a small sample and so the data is very sensitive: e.g. a single position represents 2.4% of the population, and a quartile is just 10.25 people. Accordingly, small differences can make pronounced impacts on the outcomes.

Women's mean hourly rate:

Women's mean hourly rate is 15% (2018: 18%) lower than men's hourly rate. In other words, when comparing mean hourly rates, women earn 85p (2018: 82p) for every £1 that men earn.

Women's median hourly rate:

Women's median hourly rate is 41% (2018: 43%) lower than men's. When comparing median hourly rates, women earn 59p (2018: 57p) for every £1 that men earn.

No staff receive bonus pay.

Women make up the following share of each quartile:

2018	2019
50% of Upper	40% of Upper
57% of Upper Middle	50% of Upper Middle
29% of Lower Middle	50% of Lower Middle
100% of Lower	82% of Lower

CEO PAY RATIOS

CEO pay ratios examine the relationship with the highest paid executive directors to employee salaries throughout the organisation. This ratio calculates how many years it would take an employee in each of the quartile salary ranges to earn the same as the highest paid executive.

The figures for Brunel have been based on the gender pay data and quartile calculations. These are shown in the table below for 2017/18 and 2018/19 as at 1 April 2019.

Employee Salaries Quartile	2017/2018	2018/2019	Change
Upper	1.09	1.38	0.29
Upper Middle	1.79	2.01	0.23
Lower Middle	2.78	3.74	0.97
Lower	5.00	6.01	1.01

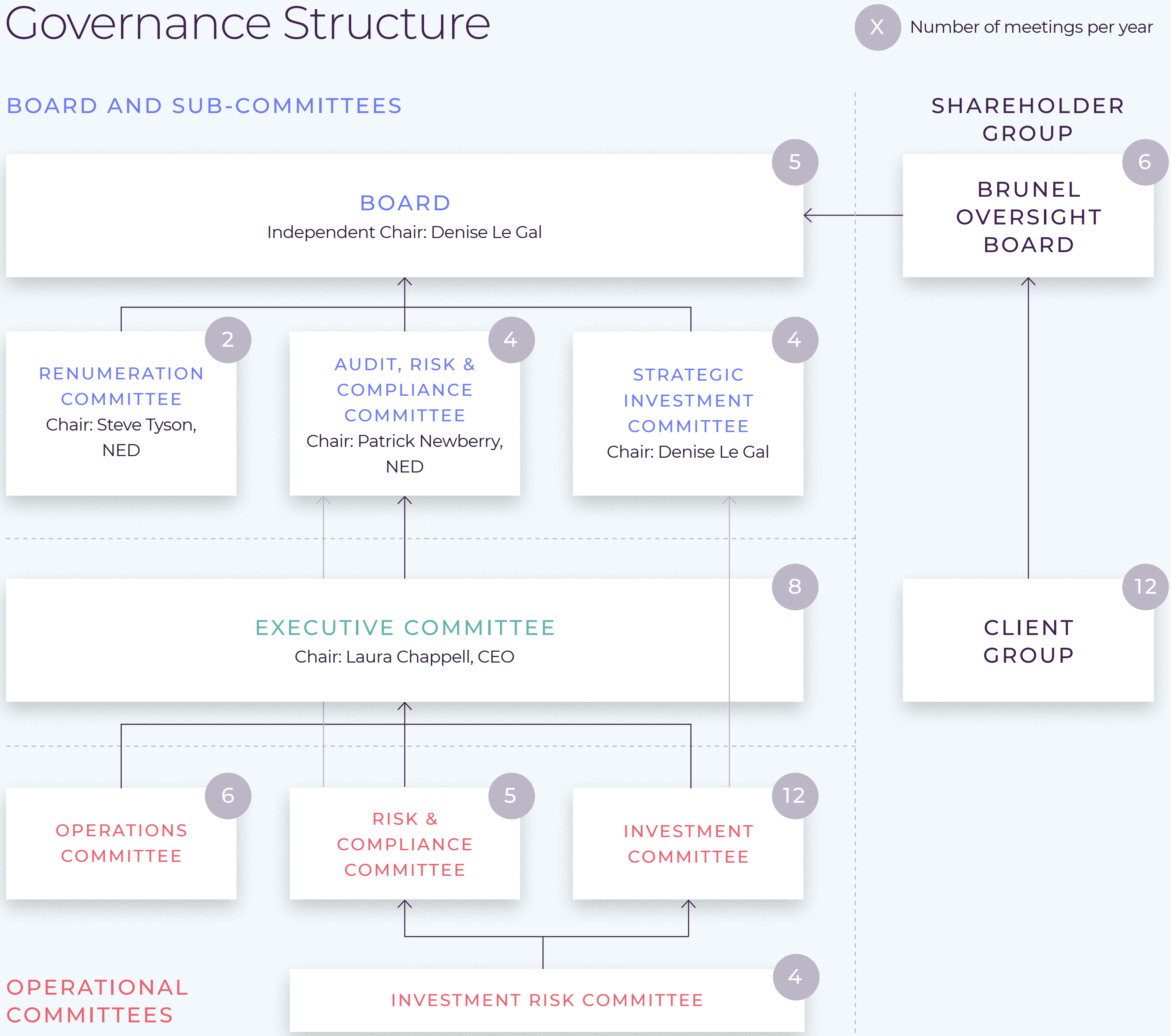
Influence & affiliations

Developing strategic partnerships and affiliations in order to boost our influence as well as enhance our own capabilities has remained a key part of our approach across the business. The following are just a few of the highlights:

- Brunel's Faith Ward spoke out about our expectations of the aviation sector, as part of her role as co-chair of the Transition Pathway Initiative. These include ending a reliance on offsetting;
- We became supporters of the BBFAW Global Investor Collaboration on Farm Animal Welfare, stating: "Supply chain transparency is vital to consumer trust and we are delighted to support what we see as one of the most effective collaborative investor initiatives on farm animal welfare in the area of responsible investment.";
- Richard Fanshawe wrote an article about how our investment decisions are guided by actively seeking opportunities that deliver authentic sustainable financial value;
- Faith Ward took part in an Asset TV masterclass focused on ESG considerations within investment, along with Guillaume Mascotto at American Century Investments, Jane Firth at Border to Coast Pensions Partnership, and Jennifer Anderson at Lazard Asset Management;
- Brunel Chair, Denise Le Gal participated in the first ever LGC podcast, examining how ESG investing can be integrated, as well as how to ensure effective accountability between the pools and underlying funds. The podcast features Denise Le Gal in conversation with Michael Marshall of LGPS Central and LGC editor Nick Golding;
- We shared insights into the thinking behind our processes with features published by select press and via www.brunelpensionpartnership.org. These included in-depth pieces from Mark Mansley on our strategy for building successful manager relationships via our pioneering Asset Management Accord, and our view on the value of a long-term perspective.

Corporate Governance —

Governance Structure



Membership of Board / committees / attendance

Brunel governance

- Brunel is an FCA-regulated MIFID firm and accordingly needs to be compliant with the FCA principles PRIN 2.1 The Principles – FCA Handbook, which is a general statement of fundamental obligations that must apply to a firm;
- The Board of Brunel consists of four Independent Non-Executive Directors (NEDs), including the Chair, and four Executive Directors;

- Independent Non-Executive Directors chair all Board sub-committees and are the only permanent members;
- Executive members of the Board are the CEO, CIO, COO and CCRO;
- Oversight Board is one representative from each Pensions Committee (ten in total) & two member-representative observers;
- Client Group is made up of Client Fund Officers .

Shareholder group engagement

- Brunel is one of eight national Local Government Pension Scheme pools in England and Wales (LGPS);
- Brunel has ten shareholders, each with a ten percent share of the business, these are Brunel's Client funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

There has been excellent engagement throughout the year from our Shareholder Group, which has enabled Brunel to work in partnership through a range of topics. We had several Special and Reserved Matters during the year and have one in discussion at present.

During the year there have been five Brunel Oversight Board (BOB) meetings, which have been well attended by representatives from each Client fund.

During the year there have been 12 Client Group meetings, which have all been attended by a representative of each Client fund. Agreed delegates from the Client Group also meet less formally to move technical topics forward.

The engagement process enables both Client Group and BOB to carry out the responsibilities within their terms of reference of representing the shareholders in oversight and assurance of Brunel.

Stakeholder engagement

In addition to the required governance meetings, the Brunel team held a series of Stakeholder Engagement Days in November 2018. These days were held at three locations across the geographical reach of the pool and gave pension committee and board members an opportunity to directly engage with senior members of the Brunel team. The days focused on providing information in relation to the annual business plan as well as providing information on the governance arrangements that provide oversight and assurance on their behalf.

We intend to hold Investor Days during November 2019, with a focus on investment-related matters as our stakeholders undertake their Strategic Asset Allocation reviews.

We engaged with stakeholders on a variety of topics via a series of workshops throughout the year.

We believe in making long-term, sustainable investments supported by robust and transparent processes.

In collaboration with all our stakeholders we are forging better futures by investing for a world worth living in.

We are here to protect the interests of our clients and their members.

Directors' Report —

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The Directors of Brunel Pension Partnership Limited (Brunel) present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 31 of the Company's Articles of Association outlines an indemnity provision for all Directors and relevant officers. The Company also has in place Directors & Officers Professional Indemnity Insurance to provide an amount of cover for any relevant loss.

Results & dividends

The profit for the year, after taxation, amounted to £323,496 (2018: loss of £2,117,182).

No dividends were paid during the year (2018: nil) and no recommendation is made to pay a final dividend.

Expected future developments

Expected future developments are set out in the strategic report. This includes the launch and transitioning of the emerging markets and global high alpha sub-funds this calendar year, with the development of the diversified growth funds, sustainable equities, multi-asset credit, smaller companies equities and sterling corporate bonds following these. The private markets team will continue to implement and monitor three UK property funds, three international property funds, three to five private equity funds, one infrastructure fund, three to five private debt funds and two secured income funds along with the property funds transferred from legacy multi-manager funds.

Political or charitable donations

During the financial year the Company did not make any political or charitable donations. Brunel staff select a charity or charities to support; donations come directly from people within Brunel and external supporters rather than direct from Brunel itself.

Directors

The Directors who served during the year and their appointment / resignation dates were:

Name	Appointed	Resigned
Laura Jane Chappell	-	-
Michael John Clark	-	-
Denise Marie-Reine Le Gal	-	-
Mark Robert Mansley	-	-
Patrick John Newberry	12 August 2019	-
Frederique Pierre-Pierre	-	9 May 2019
Dawn Suzanne Turner	-	30 September 2019
Stephen John Tyson	-	-
Joseph Andrew Webster	-	-

Board attendance

The list below shows the attendance at Brunel Board meetings by Board directors during the year. There were four formal Board meetings held during the financial year ending 30 September 2019.

Director	Meetings
Laura Jane Chappell	4/4
Michael John Clark	4/4
Denise Marie-Reine Le Gal	4/4
Mark Robert Mansley	4/4
Patrick John Newberry	0/0
Frederique Pierre-Pierre	3/3
Dawn Suzanne Turner	4/4
Stephen John Tyson	4/4
Joseph Andrew Webster	4/4

Pension scheme

The Company participates as an Admitted Body in the Wiltshire Pension Fund (the 'Fund') which operates a defined benefit pension scheme. As at 30 September 2019, the actuary has reported a pension deficit of £1,521,000, (2018: £454,000).

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events that affect the Company since 30 September 2019.

Independent auditors

At the Annual General Meeting held on 31 January 2019, Grant Thornton UK LLP was reappointed as auditor of the Company, in accordance with s487 of the Companies Act 2006. Grant Thornton UK LLP have expressed their willingness to continue in office as auditor. Following the finalisation of the 2018-19 external audit, Grant Thornton UK LLP will be proposed for reappointment as auditor of the Company at the Annual General Meeting on 19 March 2020.

This report was approved by the Brunel Board on 09 January 2020 and signed on its behalf.

Joe Webster —
Director and Chief Operating Officer
16 January 2020

Report of the Independent Auditor —

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNEL PENSION PARTNERSHIP LIMITED

Opinion

We have audited the financial statements of Brunel Pension Partnership Limited (the 'Company') for the year ended 30 September 2019, which comprise the statement of total comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Flatley —
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON
16 January 2020

Financial Statements —

Statement of Total Comprehensive Income

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2019

	Note	2019 (£)	2018 (£)
Turnover		9,753,026	3,752,325
Cost of sales	*14*	(4,540,865)	(1,312,285)
Gross profit		5,212,161	2,440,040
Administrative expenses	*15*	(3,960,829)	(3,657,413)
Operating profit/(loss)		1,251,332	(1,217,373)
Interest receivable and similar income		10,063	-
Interest payable and similar charges		(907)	(834)
Profit/(loss) before taxation		1,260,488	(1,218,207)
Taxation	*18*	(204,102)	170,065
Profit/(loss) for the year		1,056,386	(1,048,142)
Other comprehensive income		1,056,386	(1,048,142)
Actuarial gains and losses	*20*	(883,000)	(1,288,000)
Tax on items of other comprehensive income	*18*	150,110	218,960
Total comprehensive income/(loss) for the year		323,496	(2,117,182)

Statement of Financial Position

BRUNEL PENSION PARTNERSHIP LIMITED

As at 30 September 2019

	Note	2019 (£)	2018 (£)
Assets			
Non-current assets			
Tangible assets	*8*	297,913	330,924
Intangible assets	*9*	132,604	222,202
Long term debtors	*10*	49,750	49,750
Total		480,267	602,876
Deferred tax asset	*18*	806,143	860,134
Current assets			
Debtors	*11*	2,270,083	962,453
Cash at bank and in hand	*12*	7,262,084	5,500,838
Total		9,532,167	6,463,291
Total assets		10,818,577	7,926,301
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	*13*	4,936,601	3,434,821
Total		4,936,601	3,434,821
Non-current liabilities			
Net defined benefit obligations	*20*	1,521,000	454,000
Provisions for other liabilities	*19*	90,000	90,000
Total		1,611,000	544,000
Total liabilities		6,547,601	3,978,821
Net current assets		4,595,566	3,028,470
Net assets		4,270,976	3,947,480
Equity			
Capital and reserves			
Called up share capital	*21*	20	20
Share premium account	*22*	8,399,980	8,399,980
Retained earnings	*22*	(4,129,024)	(4,452,520)
Total equity		4,270,976	3,947,480

The financial statements were approved by the Brunel Board and were signed on its behalf on 16 January 2020.

Joe Webster - Director and Chief Operating Officer, *16 January 2020*

Statement of Cash Flows

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2019

	Note	2019 (£)	2018 (£)
Cash flows from/(used in) operating activities			
Operating profit/(loss)		1,251,332	(1,217,373)
Adjustments for:			
Depreciation of tangible assets	*8*	101,544	92,491
Amortisation of intangible assets	*9*	112,598	38,542
Interest paid		(907)	(834)
Interest received		10,063	-
Increase in trade and other debtors	*10/11*	(1,307,631)	(852,214)
Increase in creditors	*13*	1,501,780	725,503
Post-employment benefits less payments		184,000	(834,000)
Cash from operations		**1,852,779**	**(2,047,885)**
Income taxes paid		-	-
Net cash generated from/(used in) operating activities		**1,852,779**	**(2,047,885)**
Cash flows used in investing activities			
Purchase of tangible assets	*8*	(68,533)	(44,719)
Purchase of intangible assets	*9*	(23,000)	(260,744)
Net cash used in investing activities		**(91,533)**	**(305,463)**
Cash flows from financing activities			
Issue of ordinary share capital		-	5,400,000
Net cash generated from financing activities		-	**5,400,000**
Net increase in cash and cash equivalents		**1,761,246**	**3,046,653**
Cash and cash equivalents at the beginning of the year		5,500,838	2,454,185
Cash and cash equivalents at the end of the year		**7,262,084**	**5,500,838**

Statement of Changes in Equity

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2019

	Share capital (£)	Share premium (£)	Retained earnings (£)	Total (£)
Issue of share capital	20	8,399,980	(2,335,338)	**6,064,662**
Loss for the year	-	-	(2,117,182)	**(2,117,182)**
Balance at 01 October 2018	**20**	**8,399,980**	**(4,452,520)**	**3,947,480**
Profit for the year	-	-	323,496	**323,496**
Balance at 30 September 2019	**20**	**8,399,980**	**(4,129,024)**	**4,270,976**

Please see notes 21 and 22 below.

Notes to the Financial Statements

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2019

1. Company information

The Company is a private company limited by shares and is registered in England and Wales.
Registered Number: 10429110
Registered office: 101 Victoria Street, Bristol, BS1 6PU
Authorised and regulated by the Financial Conduct Authority No. 790168

2. Statement of Compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain defined benefit plan financial instruments as specified in the accounting policies below. Financial statements are presented in Sterling (£).

3. Going Concern

The Company continues to adopt the going concern basis in preparing its financial statements.

The Company meets its day-to-day working capital requirements through current cash levels and agreed capital funding. The service model launched in April 2018 defined a cost-plus basis which is to be received in advance of delivering the service.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performances, show that the Company should be able to operate within the level of its current cash levels. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4. Principal Accounting Policies

4.1 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Computer hardware	3 years
Furniture and equipment	5 years

4.2 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over the estimated useful lives, using the straight-line method.

The Internal Control Environment is a bespoke software application that has been developed for Brunel on the Salesforce platform. The cost of this has been amortised over the term of the contract with Salesforce ending on 30/11/2020, using the straight-line method. It forms a charge within the Administration Expenses.

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

4.5 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Payments under operating leases are charged to the Statement of Total Comprehensive Income on a straight-line basis over the period of the lease. Lease incentives are credited to the Statement of Total Comprehensive Income to reduce the lease expense on a straight-line basis over the period of the lease.

4.7 Pensions

The Company participates in a defined benefit plan administered by Wiltshire Council. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the estimated present value of the Company's share of the estimated defined benefit obligation at the balance sheet date less the Company's share of the fair value of plan assets at the balance sheet date out of which the obligations are to be met.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to estimate the defined benefit obligation.

The fair value of plan assets is measured in accordance with FRS102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, compromises:

a) The increase in net pension benefit liability arising from employee service (including transfers received) during the period; and

b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the Company's share of plan assets. This cost is recognised in the Statement of Comprehensive Income within Administration Expenses.

4.8 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

4.9 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting years using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Brunel's business plan stipulates that revenues will be earnt on a cost-plus basis, defining the income as probable.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense/(income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

4.10 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover comprises of budgeted cost plus a mark-up of 5% as agreed in the Services Agreement with Clients.

4.11 Equity

Equity instruments issued by the company are recorded at a level representing the value of the proceeds received. Share capital represents the nominal value of shares that have been issued.

5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires management to make judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Deferred taxation

The financial statements include estimates with regards to timing of future cashflows with respect to deferred taxation as disclosed in notes 4.9 and 18.

Pension Valuation

Estimations of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An actuary is engaged to provide the Company with expert advice about the assumptions to be applied. However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Notes 4.7 and 20 detail this further.

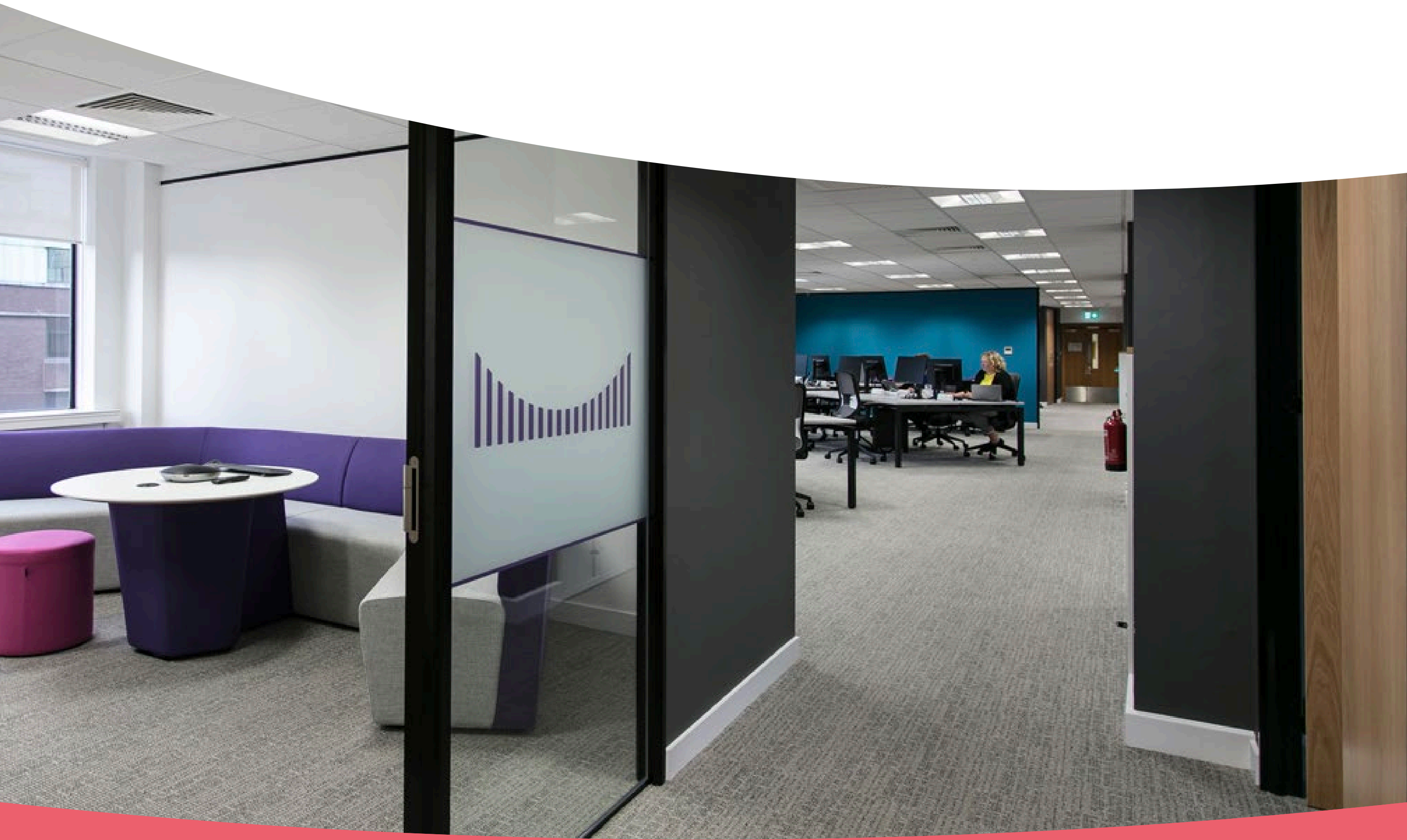
Restoration Provision

The financial statements include an estimate in relation to our site restoration obligations. Details relating to this are detailed in note 19.

6. Auditors remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £41,200 (2018: £40,000) ex VAT.

Fees payable to the Company's auditor in respect of other audit related services were £15,000 (2018: £7,500) ex VAT. These services relate to the provision of a Client Assets report to the Financial Conduct Authority in 2018 and 2019 and for an additional MLRO audit in 2019.



7. Directors and employees

Staff costs during the year were as follows:

	2019 (£)	2018 (£)
Wages and salaries	2,566,149	1,506,093
Social security costs	308,692	180,783
Other pension costs	408,863	262,212
Total	**3,283,704**	**1,949,088**

The Company operates a defined benefit pension scheme for the benefit of the employees and executive directors. The assets of the scheme are administered by the Wiltshire Penson Fund. Employer contributions are recognised as an expense during the year, these amount to £408,863 (2018: £262,212). Not included in these tables are FRS102 pension cost adjustments made at the 2019 year-end that bring the expense to £752,863 (2018: £429,413).

The average number of employees, including Directors, during the year was 36 (2018: 23).

Remuneration in respect of key personnel was as follows:

	2019 (£)	2018 (£)
Emoluments	1,144,685	459,778
Social security costs	145,325	57,208
Pension contributions to defined benefit scheme	203,148	77,469
Total	**1,493,158**	**594,455**

Remuneration in respect of Directors was as follows:

	2019 (£)	2018 (£)
Emoluments	705,822	671,875
Social security costs	87,644	83,531
Pension contributions to defined benefit scheme	87,486	83,190
Total	**880,951**	**838,596**

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2019 (£)	2018 (£)
Emoluments	138,130	125,000
Social security costs	17,885	16,106
Pension contributions to defined benefit scheme	24,449	22,125
Total	**180,464**	**163,231**

8. Tangible fixed assets

	Furniture & Equipment (£)	Computer Hardware (£)	Total (£)
Cost			
At 01 October 2018	360,464	63,896	424,360
Additions*	41,914	26,619	68,533
Disposals	-	(1,211)	(1,211)
At 30 September 2019	**402,378**	**89,304**	**491,682**
Depreciation			
At 01 October 2018	72,666	20,770	93,436
Provided in the year	74,598	26,946	101,544
Disposals	-	(1,211)	(1,211)
At 30 September 2019	**147,264**	**46,505**	**193,769**
Net book value at 30 September 2019	**255,114**	**42,799**	**297,913**
Net book value at 30 September 2018	**287,798**	**43,126**	**330,924**

*Includes £16,410 (2018: £90,000) on account of estimated cost of site restoration obligations included in Furniture and Equipment.

9. Intangible fixed assets

	Internal Control Environment (£)	Total (£)
Cost		
At 01 October 2018	260,744	260,744
Additions	23,000	23,000
Disposals	-	-
At 30 September 2019	**283,744**	**283,744**
Amortisation		
At 01 October 2018	38,542	38,542
Provided in the year	112,598	112,598
Disposals	-	-
At 30 September 2019	**151,140**	**151,140**
Net book value as at 30 September 2019	**132,604**	**132,604**
Net book value as at 30 September 2018	**222,202**	**222,202**

The Internal Control Environment (ICE) asset stated above is a bespoke Customer Relationship Management environment built on the Salesforce platform, developed by Alpha Financial Markets Consulting UK Limited (Alpha).

The tools on ICE are essential for the delivery of Brunel's core services and allows the efficient management of Clients and dealing services. It also assists in mitigating risks in the provision of services, as required for an FCA-authorised company.

10. Long term debtors

	2019 (£)	2018 (£)
Lease Deposit	49,750	49,750
Total	**49,750**	**49,750**

The deposit is not expected to mature until the end of the lease on 31/07/2027 and no earlier than the break-date on 31/07/2022.

11. Debtors

Due within one year	2019 (£)	2018 (£)
Input VAT	194,287	142,197
Accrued Income	455,175	175,894
Prepayments	339,009	208,941
Trade debtors*	1,281,612	435,421
Total	**2,270,083**	**962,453**

**trade debtor amounts are solely due from related parties*

12. Cash at bank and in hand

	2019 (£)	2018 (£)
Cash at bank and in hand	7,262,084	5,500,838
Total	**7,262,084**	**5,500,838**

13. Creditors: amounts falling due within one year

	2019 (£)	2018 (£)
Payroll Costs	65,146	43,442
Output VAT	534,515	357,687
Social Security Costs	92,244	66,124
Accruals	1,178,446	929,532
Deferred Revenue	2,671,805	1,787,996
Trade Creditors	363,118	206,018
Deferred Rent	31,327	44,022
Total	**4,936,601**	**3,434,821**

14. Cost of sales

	2019 (£)	2018 (£)
Strategic Transition Management	166,000	30,000
Research Fees	6,349	7,000
Custodian & Administrator Services	912,337	632,024
Fund investment advice	893,315	66,000
Data Views, Sources & Benchmarks	313,808	16,977
Costs Associated to Investment team activities*	2,249,056	560,284
Total Cost of Sales	**4,540,865**	**1,312,285**

**Costs associated to Investment team activities include direct salaries and an apportionment of overheads. This amount includes staff costs of £1,391k (2018: £460k), and an apportionment of Operating Lease rentals of £30k (2018: £16k).*

15. Administrative expenses

	2019 (£)	2018 (£)
Statutory Audit Fees	41,200	40,000
Fees for non audit services: Client Asset Assurance	15,000	7,500
Legal Fees	10,300	68,320
Consulting & Advisory	415,134	461,267
Operating Lease Rentals	40,340	55,960
Directors Emoluments	804,034	838,276
Staff Costs*	1,263,792	596,052
Depreciation	101,544	56,898
Amortisation	112,598	30,012
Other Expenses	1,156,887	1,324,708
Consulting & Advisory costs relating to the setup of Brunel	-	178,420
Total Administrative Expenses	**3,960,829**	**3,657,413**

**Brunel recognises a provision of £20,497 (2018: £26,169) for annual leave accrued by employees as a result of services rendered in the current year, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.*

Costs associated to Investment team activities have been classified as Cost of Sales in the Statement of Comprehensive Income.

16. Operating lease commitments

The Company has total future commitments in respect of non-cancellable operating lease on office space of £234,932 (2018: £317,849), to the break date of 31/07/2022.

	2019 (£)
In the next year (ending 30/09/2020)	82,917
Later than one year and not later than five years (01/10/2020 - 30/09/2024)	152,015
Total	**234,932**

	2018 (£)
In the next year (ending 30/09/2019)	82,917
Later than one year and not later than five years (01/10/2019 - 30/09/2023)	234,932
Total	**317,849**

17. Transactions with related parties

In the prior year, Brunel reimbursed its Shareholders £178,420 relating to development costs of the Company. (£2019: nil)

Brunel's Shareholders paid £9,614,598 (2018: £5,363,987) for Core Services, of which £1,653,359, (2018: £1,787,996) was income received in advance relating to the October – December 2019 Quarter. £1,540, (2018: £440) was received in relation to elective services delivered to one Client.

Payments of £8,561 (2018: £3,568) were made to Wiltshire Council for Payroll and HR services in the financial year, of which £nil, (2018: £1,123) was a year-end accrual.

Transactions with related parties that the Directors of Brunel are associated with are as follows:

- Payment of Directors salaries
- Payment of pension contributions to the Wiltshire Pension Fund for Executive Directors

Further information in note 7.

18. Taxation

	2019 (£)	2018 (£)
Current Tax:	-	-
Deferred Tax:		
Origination and reversal of timing differences	247,669	(187,543)
Adjustment in respect of previous periods	(17,497)	(2,264)
Effect of changes in tax rates	(26,070)	19,742
Total Deferred Tax	**204,102**	**(170,065)**
Total tax per income statement	204,102	(170,065)
Other comprehensive income items:		
Deferred tax current year credit	**(150,110)**	**(218,960)**

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2018: 19%). The differences are explained as follows:

Profit/(loss) for the year before tax:	**1,260,488**	**(1,218,219)**
Tax on profit/(loss) at standard UK tax rate of 19% (2018: 18%)	239,493	(231,462)
Effects of:		
Expenses not deductible	8,176	43,918
Adjustments from previous periods	(17,497)	(2,264)
Tax rate changes	(26,070)	19,743
Tax charge/(credit) for the year	**204,102**	**(170,065)**

Deferred tax assets: at a rate of 17% (2018: 17%)		
Provision at start of period	(860,134)	(471,109)
Adjustment in respect of prior years	(17,497)	(2,264)
Deferred tax charge/(credit) to income statement for the year	221,599	(167,801)
Deferred tax credit in OCI for the year	(150,110)	(218,960)
Provision at end of period	**(806,143)**	**(860,134)**

	30 Sep 2019 (£)	30 Sep 2018 (£)
Fixed asset timing differences	(16,654)	(4,523)
Fixed asset timing differences - pension	(273,870)	(7,385)
Losses	(515,619)	(848,226)
	(806,143)	**(860,134)**

Deferred tax assets:		
Recoverable within 12 months	(806,143)	(860,134)
	(806,143)	**(860,134)**

19. Provisions for other liabilities

Brunel has an obligation for the restoration of its office space on termination of its lease. A provision of £90,000 for dilapidations has been recognised which represents management's best estimate of the site restoration costs at the end of the lease term as outlined in note 16. The timing of this cost is uncertain as it would only become payable on vacating the current Brunel offices, and the earliest this cost could arise would be at the rent review date of 31/07/2022.

Site Restoration Obligations	(£)
As of 1 October 2018	90,000
Provision made in the year	-
As of 30 September 2019	**90,000**

20. Pension commitments

Brunel participates in the Local Government Pension Scheme (LGPS) administered by the Wiltshire Pension Fund, on behalf of Wiltshire Council. The LGPS is an HMRC approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The benefits under the scheme are based on the length of membership and the average salary. Each member contributes a proportion of their salary, within a 5.5% to 12.5% range depending on their rate of pay. Brunel, as the employing body, also contributes into the scheme at 17.7% of the employee's salary.

LGPS is accounted for as a defined benefits scheme. The liabilities of the LGPS attributable to Brunel are included in the statement of Financial Position on an actuarial basis using the projected unit method – i.e. an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

The schemes in the UK typically expose Brunel to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk as follows:

- Investment risk – the present value of the defined benefit schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, a deficit will be created;

- Interest risk – a decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return of the plan's debt instruments;

- Longevity risk – the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability; and

- Salary risk – the present value of the defined benefit scheme liability is calculated by reference to the future salaries of plan participants, as such, an increase in the salary of the plan participants will increase the plan's liability.

This is a funded scheme, meaning that Brunel and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

Brunel joined the LGPS on inception of the Company on 18 July 2017, although the admission agreement was signed in the financial year ended 30 September 2018.

Pension costs have been charged to the Total Comprehensive Income on the basis required by FRS 102.

Costs for 2019 described below £1,067,000 (2018: £454,000) are recognised in the 2019 financial statements.

Post-employment benefits summary

	2019 (£)	2018 (£)
Net Assets	5,078,000	2,521,000
Net Liabilities	(6,599,000)	(2,975,000)
Total	**(1,521,000)**	**(454,000)**

Reconciliation of opening and closing balances of the defined benefit obligation

	2019 (£)	2018 (£)
Defined benefit obligation at start of year	2,975,000	19,000
Current service cost	736,000	391,000
Interest expense	120,000	8,000
Contributions by plan participants	263,000	124,000
Transfers In	1,459,000	1,133,000
Remeasurements:		
Changes in financial assumptions	1,418,000	(82,000)
Other experience	(372,000)	1,382,000
Defined benefit obligation at end of year	**6,599,000**	**2,975,000**

Reconciliation of opening and closing balances of the fair value of plan assets

	2019 (£)	2018 (£)
Fair value of plan assets at start of year	2,521,000	5,000
Interest income	106,000	5,000
Return on plan assets in excess of interest income	163,000	11,000
Contributions from the employer	566,000	1,243,000
Contributions from employees	263,000	124,000
Transfers In	1,459,000	1,133,000
Fair value of plan assets at end of year	**5,078,000**	**2,521,000**

The actual return on plan assets over the year ending 30 September 2019 was 6.8%.

Defined benefit costs recognised in statement of comprehensive income

	2019 (£)	2018 (£)
Current service cost	736,000	391,000
Net interest cost	120,000	8,000
Defined benefit costs recognised in statement of total comprehensive income	**856,000**	**399,000**

Defined benefit costs recognised in Other Comprehensive Income

	2019 (£)	2018 (£)
Return on plan assets (excluding amounts included in net interest cost)	163,000	11,000
Experience gains and losses on the plan liabilities	372,000	(1,382,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	(1,418,000)	82,000
Total amount recognised in other comprehensive income	**(883,000)**	**(1,289,000)**

The cost recognised in the statement of Other Comprehensive Income for 2019 is £883,000, (2018: £1,288,000 which included total cost of £1,289,000 for 2018 and a gain of £1,000 for 2017).

Assets

Assets in the Wiltshire Pension Fund are valued at a fair value, principally market value for investments and consists of the following categories, by proportion:

	2019 (%)	2018 (%)
Equities	71	71
Bonds	14	14
Property	13	13
Cash	2	2
Total assets	**100**	**100**

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by the Company.

Assumptions

	30 Sep 2019 (%pa.)	30 Sep 2018 (%pa.)	30 Sep 2017 (%pa.)
Discount rate	1.9	2.9	2.8
Salary increase rate	3.0	3.0	3.0
Pension Increase Rate (CPI)	2.2	2.4	2.4

Average life expectancies	**Males**	**Females**
Current Pensioners	21.4 years	23.7 years
Future Pensioners*	22.3 years	25.1 years

*Figures assume members aged 45 as at the last formal valuation date.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 30 September 2019:	Approximate % increase to Defined Benefit Obligation	Approximate Monetary amount (£)
0.5% decrease in Real Discount Rate	15%	957,000
0.5% increase in the Salary Increase Rate	4%	237,000
0.5% increase in the Pension Increase Rate (CPI)	11%	694,000

21. Called up share capital

Authorised, allotted and fully paid:	2019	2018
20 ordinary shares of £1 each	20	20
	20	**20**

Ordinary Shares

	2019 Number
At 01 October 2018	20
Share issue	-
At 30 September 2019	**20**

22. Reserves

Called-up share capital represents the nominal value of shares that have been issued. Share premium account includes any premiums received on issue of share capital. Retained earnings includes all current and prior year retained profit or losses.

23. Post Balance Sheet events

There are no known Post Balance Sheet Events at the point of publication.