

Press Release

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Brunel Pension Partnership Makes Major Investment in Fund Backed by Scientific Beta Indices

Brunel Pension Partnership, the Local Government Pension Scheme (LGPS) in the UK managing investment of the pension assets for the funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire Funds, has confirmed a major investment of almost £1bn in the LGIM (Legal & General Investment Management Ltd) Diversified Multi-Factor Equity Fund backed by Scientific Beta indices. In April, Brunel announced the appointment of LGIM as its passive equity fund manager and has since been transitioning assets to the manager.

The LGIM Diversified Multi-Factor Equity Fund, launched in July 2017 as a commingled life fund for UK institutional clients, allocates between Scientific Beta indices according to regional weights determined by LGIM. The Scientific Beta High-Factor-Intensity Multi-Beta Multi-Strategy EW indices are custom indices that provide strong exposure to the rewarded risk factors (Low Volatility, Value, Low Investment and High Profitability) and a good level of diversification using an equal-weighted combination of the Maximum Deconcentration and Diversified Risk Weighted approaches.



“We looked at a range of approaches to multi factor smart beta investing and believe that the LGIM Diversified Multi-factor Equity fund product which incorporates factor data and research by Scientific-Beta has several distinct advantages, including relatively simple construction, purity of approach and excellent track record,” says **Mark Mansley, CIO at Brunel Pension Partnership**. “These are combined in a sensible way which avoids many of the issues of some multi-factor approaches. We regard it as a positive that LGIM has been actively involved in developing this product with Scientific-Beta.”



“Brunel Pension Partnership’s investment in the LGIM Diversified Multi-factor Equity fund is a major vote of confidence in our approach of offering exposure to long-term rewarded risk factors, ensuring a good reward for these factors through good diversification of unrewarded risk, and guaranteeing sound risk management of the investment by implementing risk allocation between well-diversified factor indices,” says **Noël Amenc, CEO at ERI Scientific Beta**. “We are delighted to see that this philosophy is appealing to one of the major institutional investors in the UK.”

Contact:

For more information, please contact: **Séverine Cibelly**

Tel.: +33 493 187 863 – E-mail: severine.cibelly@scientificbeta.com

To visit our web site: www.scientificbeta.com



About Brunel Pension Partnership

Brunel Pension Partnership (Brunel) brings together circa £30 billion investments of 10 likeminded Local Government Pension Scheme funds. We believe in making long term sustainable investments supported by robust and transparent process. We are here to protect the interests of our clients and their members. In collaboration with all our stakeholders we are forging better futures by investing for a world worth living in.

Brunel is one of eight national pooled funds and will manage the investment of the pension assets for the funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire. Find out more at www.brunelpensionpartnership.org

About ERI Scientific Beta

ERI Scientific Beta aims to be the first provider of a smart beta indices platform to help investors understand and invest in advanced beta equity strategies.

Established by EDHEC-Risk Institute, one of the very top academic institutions in the field of fundamental and applied research for the investment industry, ERI Scientific Beta shares the same concern for scientific rigour and veracity, which it applies to all the services that it offers investors and asset managers.

The ERI Scientific Beta offering covers three major services:

- **Scientific Beta Indices**

Scientific Beta Indices are smart beta indices that aim to be the reference for the investment and analysis of alternative beta strategies. Scientific Beta Indices reflect the state-of-the-art in the construction of different alternative beta strategies and allow for a flexible choice among a wide range of options at each stage of their construction process. This choice enables users of the platform to construct their own benchmark, thus controlling the risks of investing in this new type of beta (Smart Beta 2.0).

Within the framework of Smart Beta 2.0 offerings, ERI Scientific Beta provides access to smart factor indices, which give exposure to risk factors that are well rewarded over the long term while at the same time diversifying away unrewarded specific risks. By combining these smart factor indices, one can design very high performance passive investment solutions.

- **Scientific Beta Analytics**

Scientific Beta Analytics are detailed analytics and exhaustive information on its smart beta indices to allow investors to evaluate the advanced beta strategies in terms of risk and performance. The analytics capabilities include risk and performance assessments, factor and sector attribution, and relative risk assessment. Scientific Beta Analytics also allow the liquidity, turnover and diversification quality of the indices offered to be analysed. In the same way, analytics provide an evaluation of the probability of out-of-sample outperformance of the various strategies present on the platform.

- **Scientific Beta Fully-Customised Benchmarks and Smart Beta Solutions** is a service proposed by ERI Scientific Beta, and its partners, in the context of an advisory relationship for the construction and implementation of benchmarks specially designed to meet the specific objectives and constraints of investors and asset managers. This service notably offers the possibility of determining specific combinations of factors, considering optimal combinations of smart beta strategies, defining a stock universe specific to the investor, and taking account of specific risk constraints during the benchmark construction process.

With a concern to provide worldwide client servicing, ERI Scientific Beta is present in Boston, London, Nice, Singapore and Tokyo. As of June 30, 2018, the Scientific Beta indices corresponded to USD 34bn

in assets under replication. ERI Scientific Beta has a dedicated team of 45 people who cover not only client support from Nice, Singapore and Boston, but also the development, production and promotion of its index offering. ERI Scientific Beta signed the United Nations-supported Principles for Responsible Investment (PRI) on September 27, 2016.