Appendix A

Teesside Pension Fund

Quarterly Investment Report - Q1 2020

Contents

Note
1) Border to Coast

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£1,577,207,762
Inflows	£0
Outflows	£0
Net Inflows / Outflows	£0
Realised / Unrealised gain or loss	£(359,498,953)
Value at end of the quarter	£1,217,708,809

Over Q1 2020, Teesside's holdings performed as follows:

- The UK Listed Equity Fund out-performed its benchmark by 1.13%
- The Overseas Listed Equity Fund out-performed its benchmark by 0.55%

Teesside did not make any subscriptions or redemptions during Q1 2020.

Note
1) Source: Northern Trust
2) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund
3) Returns for periods greater than one year are annualised
4) Past performance is not an indication of future performance and the value of investments can fall as well as rise.
5) Income is included within the Net Inflows / Outflows or Unrealised Gain or Loss figures.

Portfolio Analysis - Teesside Pension Fund
at 31 March 2020

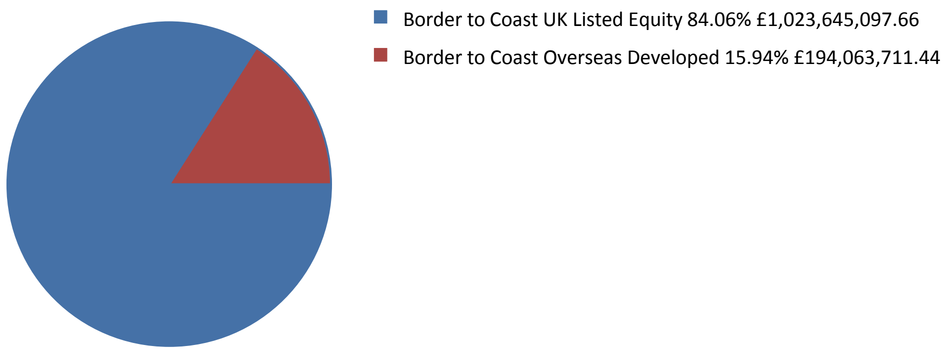
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	1,023,645,097.66	84.06
Border to Coast Overseas Developed	40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan	194,063,711.44	15.94

Available Fund Range

Fund
Border to Coast UK Listed Equity
Border to Coast Overseas Developed
Border to Coast Emerging Markets Equity
Border to Coast UK Listed Equity Alpha
Border to Coast Global Equity Alpha
Border to Coast Sterling Investment Grade Credit Fund

Teesside Pension Fund - Fund Breakdown



Note
1) Source: Northern Trust

Portfolio Contribution - Teesside Pension Fund
at 31 March 2020

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Border to Coast UK Listed Equity Fund	84.06	(24.00)	(25.13)	1.13	(20.47)
Border to Coast Overseas Dev Markets Equity	15.94	(15.76)	(16.32)	0.55	(2.32)
Total	**100.00**	**(22.79)**			

The UK Listed Equity Fund returned -24.00% over the quarter, which was 1.13% ahead of the FTSE All Share Index.
The Overseas Listed Equity Fund returned -15.76% over the quarter, which was 0.55% ahead of the composite benchmark.

Overall, Teesside's investments with Border to Coast returned -22.79% during Q1 2020.

Note
1) Source: Northern Trust & Border to Coast

Valuation Summary
at 31 March 2020

Fund	Market value at start of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)	Inflows (GBP)	Outflows (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)
Border to Coast UK Listed Equity	1,346,829,947.54	85.39				(323,184,849.88)	1,023,645,097.66	84.06	
Border to Coast Overseas Developed Equity	230,377,814.43	14.61				(36,314,102.99)	194,063,711.44	15.94	
Total	**1,577,207,761.97**	**100.00**				**(359,498,952.87)**	**1,217,708,809.10**	**100.00**	

Note
1) Source: Northern Trust
2) Values do not always sum due to rounding
3) Income is included within the Net Inflows / Outflows or Unrealised Gain or Loss figures.

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund at 31 March 2020

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity Fund	(11.07)	(12.89)	1.81	(24.00)	(25.13)	1.13	(16.45)	(18.45)	2.00	--	--	--	--	--	--
Border to Coast Overseas Dev Markets	(4.24)	(5.29)	1.05	(15.76)	(16.32)	0.55	(6.20)	(7.59)	1.39	--	--	--	--	--	--

Note
1) Source: Northern Trust
2) Values do not always sum due to rounding
3) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund
4) Performance is net of ACS charges such as depository and audit fees. Investment management fees have not been included in the performance calculations.
5) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 31 March 2020

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity Fund	(11.06)	(12.89)	1.82	(24.00)	(25.13)	1.13	(16.45)	(18.45)	2.01	--	--	--	--	--	--
Border to Coast Overseas Dev Markets	(4.22)	(5.29)	1.06	(15.76)	(16.32)	0.56	(6.19)	(7.59)	1.40	--	--	--	--	--	--

Note
1) Source: Northern Trust
2) Values do not always sum due to rounding
3) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund
4) The performance shown above does not include the costs of operating the ACS such as the investment management, depository and audit fees.
5) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Border To Coast UK Listed Equity Fund - Overview at 31 March 2020

UK Listed Equity Fund

The Fund generated a total return of -24.00% during the quarter, compared to -25.13% for the benchmark, resulting in 1.13% of out-performance.

The key theme affecting the sub-fund during the quarter has been the extremely sharp fall in markets as a result of the escalation of the covid-19 crisis, resulting in a nationwide lockdown. The UK market was also significantly affected by the fall in commodity prices, particularly the sharp drop in oil prices given that c. 18% of the UK market consists of Resources stocks.

The Fund has been impacted by the market falls - but has benefited relatively from the following factors:

- Bias towards quality companies with relatively strong balance sheets and resilient business models;
- Underweight position in smaller companies, which tend to underperform larger companies during periods of stress;
- Exposure to companies with overseas earnings, which have benefited from the fall in sterling;
- Underweight exposure to discretionary consumer spending, which has fallen sharply due to the lockdown; and
- Modest cash holdings.

The portfolio has been positioned with a relatively low risk profile since launch, initially due to the uncertainty regarding Brexit. This low risk profile has been beneficial in the current environment and it is unlikely that there will be material changes to portfolio positioning in the short term. There has been some modest rotation into more cyclical, value-oriented stocks to take advantage of relative performance as well as adding to favoured companies at lower valuations. The Fund will continue to focus on long term fundamentals with a bias towards quality companies with strong balance sheets and earnings and income visibility.

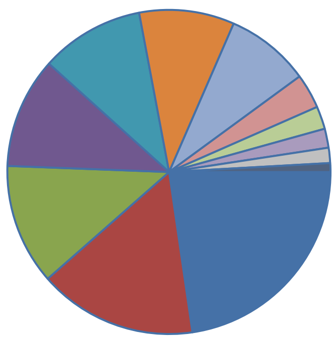
Note
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2020

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.50
Basic Materials	+1.03
Industrials	+0.97
Consumer Goods	+0.27
Oil & Gas	+0.06
Financials	-3.32
Consumer Services	-1.77
Utilities	-0.27
Technology	-0.14
Telecommunications	-0.13

Sector Portfolio Breakdown



Note
1) Source: Northern Trust

UK Listed Equity Fund

The Border to Coast UK Listed Equity Fund aims to provide a total return (income and capital) which outperforms the total return of the FTSE All Share Index by at least 1% per annum over rolling 3 year periods (before calculation of the management fee).

The majority of the Fund's performance will arise from stock selection decisions.

Sector Weights:

Common Stock Funds (o/w) – exposure to smaller companies and sector-specialist investments via collective vehicles with long-term track records of outperformance.

Basic Materials (o/w) – strong cash generation enabling significant debt reduction, increased shareholder distributions, and increased capital investment over the long term.

Industrials (o/w) – diversified sector benefiting from exposure to longer-term growth in global investment capital expenditure.

Financials (u/w) – underweight Banks due to UK consumer debt and Brexit uncertainty; partially offset by overweight in Insurers and Wealth Managers, who should gain from increased Asian Emerging Market wealth.

Consumer Services (u/w) – high street suffers from pressure on UK discretionary spending and high occupancy costs; remains challenged by online operators, who also face a more cautious UK consumer.

Utilities (u/w) – regulatory and political headwinds alongside increased scrutiny of shareholder returns.

Border To Coast UK Listed Equity Fund Attribution at 31 March 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Glencore	0.00	0.00	0.76	(47.40)	0.32
International Airlines Group	0.00	0.00	0.19	(65.58)	0.23
Carnival	0.00	0.00	0.09	(72.73)	0.15
Royal Bank of Scotland	0.00	0.00	0.29	(50.10)	0.15
National Grid	2.42	0.07	1.87	0.24	0.15

Glencore (u/w) – Ongoing investigations by the US Department of Justice and UK Serious Fraud Office, together with unresolved operational issues at several key growth assets and one of the highest debt levels amongst global diversified miners.

International Airlines Group (u/w) – Operations severely restricted by the grounding of airline fleets globally due to the coronavirus pandemic.

Carnival (u/w) – Cruise operations curtailed due to the coronavirus pandemic with a number of high-profile cases where the virus has transmitted on board resulting in quarantine of the cruise ships.

Royal Bank of Scotland (u/w) – Pressure on net interest margins (lower Bank of England base rate) and expectations of rising impairments due to economic lockdown.

National Grid (o/w) – Relative defensive attributes despite fall in economic activity, with attractive mix of a regulated monopoly in the UK and growth from US diversification.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 31 March 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
HSBC	4.95	(23.20)	5.24	(20.94)	(0.14)
Elementis	0.12	(71.52)	0.02	(72.63)	(0.14)
Next	0.70	(41.94)	0.30	(41.98)	(0.12)
William Hill	0.16	(63.56)	0.03	(63.84)	(0.12)
Lloyds Banking Group	1.51	(48.83)	1.27	(48.80)	(0.12)

HSBC (u/w) – Recovery in Asian economic activity post-Covid shutdown offset concerns over declining interest margins and delay in confirming the appointment of the new CEO.

Elementis (o/w) – Disappointed the market with a cut to earnings forecast, triggered by weakness in its cyclical chromium and energy markets.

Next (o/w) – Both stores and online operations closed due to coronavirus containment measures.

William Hill (o/w) – Outlets closed, and online operations severely impacted by cancelled sporting events.

Lloyds Banking Group (o/w) – Pressure on net interest margins and anticipated increase in impairments from rising unemployment and economic lockdown.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2020

Largest Relative Over/Underweight Stock Positions (%)

Antofagasta	+1.05
Impax Environmental Markets	+0.81
BHP Billiton	+0.77
Schroder UK Smaller Companies Fund	+0.77
Liontrust UK Smaller Companies	+0.72
Glencore	-0.76
British American Tobacco	-0.62
BP	-0.60
Scottish Mortgage Investment Trust	-0.48
SEGRO	-0.47

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Antofagasta - operates at the lower end of the cost curve and benefits from attractive long-term demand for copper, driven by electric vehicles and Chinese infrastructure.

Impax Environmental Markets - leading ESG-focused fund delivering strong long-term out-performance.

BHP Billiton - diversified commodity exposure operating at the lower end of the cost curve with strong cash generation enabling increased dividends and share buybacks.

Schroder UK Smaller Companies Fund - specialist fund manager providing small-cap exposure, with a long-term track record of out-performance. Added to holding at net asset value (NAV) during the quarter.

Liontrust UK Smaller Companies - specialist UK small-cap fund manager with long-term track record of outperformance. Added to holding at NAV during the quarter.

Bottom 5 Holdings Relative to Benchmark:

Glencore - higher risk commodity company with significant operations in geographies with weak governance; ongoing corruption investigation and allegations of bribery; poor relative ESG score.

British American Tobacco - traditional tobacco sales in long term structural decline and new generation products under regulatory scrutiny. Underweight position has been reduced given more positive regulatory outlook.

BP - preference for Royal Dutch Shell with its broader diversification across oil and gas and its exposure to liquefied natural gas (LNG).

Scottish Mortgage Investment Trust - investment trust with a focus on global large-cap technology. Preference for Alliance Technology Trust within the portfolio with a similar investment focus.

SEGRO - real estate holding company focussed upon logistics/industrial units across Europe. Preference for UK-exposed real estate companies within the Fund.

Major transactions during the Quarter

Purchases:

British American Tobacco (£8.1m) - strong cash flows, attractive dividend and easing of regulatory headwinds.

BHP (£6.2m) - added on recent weakness despite relatively stable iron ore price.

Sales:

Hansa Trust (£5.8m) - reduced legacy holding as buying interest for this otherwise relatively illiquid holding increased.

Blackrock Smaller Companies Trust (£3.7m) - reduced overweight position with shares trading at historic premium to NAV.

Border To Coast Overseas Developed Markets Equity Fund - Overview at 31 March 2020

Overseas Developed Markets Fund

The Fund generated a total return of -15.76% during the quarter compared to -16.32% for the composite benchmark, resulting in 0.55% of out-performance. Japan (-11.15%) was the strongest markets in relative terms, with Pacific ex-Japan (-21.35%) the weakest.

The key theme affecting the Fund during the quarter has been the sharp fall as a result of the impact of the escalation of the Covid-19 crisis which had a particularly negative impact on Pacific ex-Japan, specifically Hong Kong (proximity to China), Australia (significant trading relationship with China) and Korea (restrictive lockdown).

The Fund has been impacted by the market falls - but has benefited relatively from the following factors:

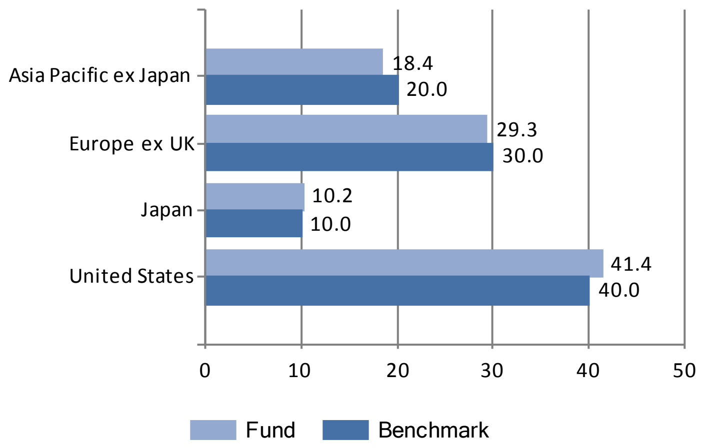
- Bias towards quality companies with relatively strong balance sheets and resilient business models.
- Underweight to smaller companies which typically underperform during a market correction.
- Underweight positions in Consumer sectors which have been severely affected by the sharp fall in consumer spending as a result of the lockdowns and social distancing measures and the impact of rising unemployment on consumer confidence.
- Overweight position in Technology which has been relatively resilient, particularly those sectors that are beneficiaries of the lockdowns e.g. gaming and media streaming.
- Strong selection in the majority of sectors.

The Fund has a relatively low risk profile which is driven by low correlations between the four constituent portfolios. There has been a continuation of the rationalisation of the number of holdings in portfolios. This is expected to continue in the short to medium term, which is likely to result in a modest increase in the risk profile. It is unlikely that there will be material changes to portfolio positioning in the short term and the sub-fund will continue to focus on long term fundamentals, with a bias towards quality companies with strong balance sheets and earnings and income visibility.

Note
1) Source: Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2020

Regional Breakdown



Overseas Developed Markets Fund

The Border to Coast Overseas Developed Equity Fund aims to provide a total return (income and capital) which outperforms the total return of the Benchmark (*) by at least 1% per annum over rolling 3 years period (before calculation of the management fee).

The Fund will not generally make active regional allocation decisions and the majority of its performance will arise from stock selection.

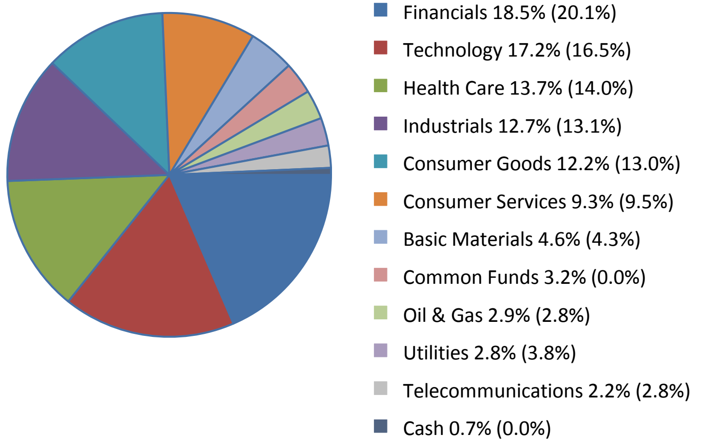
(*) The Benchmark is a composite of the following indices:
•40% S&P 500
•30% FTSE Developed Europe ex UK
•20% FTSE Developed Asia Pacific ex Japan
•10% FTSE Japan

	Inception to Date			Quarter			1 Year			3 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Equity Fund	**(4.24)**	**(5.29)**	**1.05**	**(15.76)**	**(16.32)**	**0.55**	**(6.20)**	**(7.59)**	**1.39**	**--**	**--**	**--**
United States	0.62	(0.82)	1.43	(12.76)	(14.22)	1.47	(1.00)	(2.83)	1.83	--	--	--
Japan	(4.06)	(5.06)	1.00	(12.07)	(11.15)	(0.92)	(1.54)	(2.53)	0.99	--	--	--
Europe ex UK	(7.38)	(7.55)	0.17	(18.11)	(17.47)	(0.64)	(8.47)	(8.63)	0.16	--	--	--
Asia Pacific ex Japan	(9.42)	(11.08)	1.66	(20.73)	(21.35)	0.62	(15.76)	(17.81)	2.06	--	--	--

Note
1) Please note that only the total Overseas Developed Equity Fund performance line is net of ACS charges such as depository and audit fees.
Investment management fees have not been included in the performance.

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2020

Sector Portfolio Breakdown



Overseas Developed Markets Fund

Sector Weights:

Common Stock Funds (o/w) – exposure to smaller companies via collective vehicles, specifically in US, Europe, and Japan.

Technology (o/w) – long term structural growth drivers including Internet of Things, Artificial Intelligence, Electric/Autonomous vehicles, new generation memory chips, the continued transition towards cloud-based services and change in software business models to long term subscription revenues.

Basic Materials (o/w) – valuations significantly below the long-term average and strong free cash flow generation enabling increased shareholder distributions.

Financials (u/w) – significant underweight in Banks due to concerns over profitability in a low interest rate environment, non-performing loans, legacy litigation issues and the risk of increased regulation. This is partly offset by overweight positions in Insurers and Wealth Managers as they are expected to benefit from long-term increase in investment wealth, although shorter-term pressures from the sharp fall in financial markets.

Utilities (u/w) – considered to be a relatively defensive sector in current market conditions; however, pressure from increased capital investment, changes in government policy, increased regulatory risk and technological advances in renewable power generation are having an adverse impact on “traditional” power generation companies.

Consumer Goods (u/w) – modest underweight to consumer staples due to high valuations and reducing exposure following significant out-performance during the quarter, and larger underweight to tobacco due to concerns over long-term business models; recent market correction has provided an opportunity to add to favoured companies at lower valuations.

Note
1) Source: Northern Trust
2) The pie-chart shows the sector allocation of the fund . The benchmark sector allocation is shown in brackets.

Border To Coast Overseas Developed Markets Equity Fund Attribution at 31 March 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
NVIDIA Corporation	0.72	19.76	0.30	19.74	0.13
Novo Nordisk	0.96	11.21	0.55	11.80	0.10
Microsoft	2.71	7.35	2.25	7.05	0.10
Dollar General	0.44	3.76	0.07	3.58	0.07
Alphabet A	1.35	(7.33)	0.65	(7.31)	0.06

NVIDIA Corporation (o/w) – exposure to hyperscale data centre growth, machine learning applications and leading-edge gaming graphics, have afforded some resilience in current market conditions.

Novo Nordisk (o/w) – defensive healthcare company with market leading position in diabetes treatment seen as non-discretionary in current environment.

Microsoft (o/w) – resilient business mix in current market conditions with its Azure cloud platform, online MS 365 business suite, mobile computing hardware and X Box gaming.

Dollar General (o/w) – defensive exposure to grocery staples and consumers in receipt of increased Federal food stamp issuance, with low exposure to the current Covid-19 US hot spots**.**

Alphabet A (o/w) – parent company of Google has been relatively resilient and out-performed the broader market; large overweight position in the ‘A’ shares is offset by a zero weighting in the non-voting ‘C’ shares.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 31 March 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Airbus	0.50	(52.40)	0.20	(52.50)	(0.23)
Vanguard US Mid Cap ETF	2.69	(20.59)	0.00	0.00	(0.14)
Citigroup	0.41	(43.56)	0.17	(43.40)	(0.09)
The Cheesecake Factory	0.11	(52.12)	0.00	0.00	(0.08)
BNP Paribas	0.33	(45.58)	0.18	(45.62)	(0.08)

Airbus (o/w) – significant weakness driven by the grounding of the majority of the global aircraft fleet, increased risk of airline failure, and potential for significant cancellations of new orders.

Vanguard US Mid Cap ETF (o/w) – significant underperformance from smaller companies in the index during the quarter, but the US portfolio is underweight mid-cap stocks overall.

Citigroup (o/w) – the most international of the large US banks, Citigroup has been significantly impacted by the current crisis.

The Cheesecake Factory (o/w) – operationally and financially levered restaurant business experiencing extensive unit closures in the current situation.

BNP Paribas (o/w) – impacted by relative weakness in the financials sector, concerns regarding an increase in non-performing loans and asset valuations as a result of the current crisis, and impact of weak economic conditions on future loan growth.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund at 31 March 2020

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.69
Alphabet A	+0.70
Visa Inc	+0.47
Microsoft	+0.46
NVIDIA Corporation	+0.42
Alphabet C	-0.65
Mastercard	-0.40
PepsiCo	-0.31
Walmart Inc	-0.30
Enel SPA	-0.30

Top 5 Holdings Relative to Benchmark:

Vanguard US Mid Cap ETF – provides exposure to the smaller companies in the US index, although the portfolio has an underweight exposure to smaller companies overall.

Alphabet A – zero holding in the C shares results in a modest underweight exposure to Alphabet overall.

Visa Inc – exposed to strong drivers of the move to cashless payments and growth in cross border transactions.

Microsoft – structural growth from Azure cloud hosting business and migration of Business Office to MS 365 online, with associated opportunity for value added sales and increased customer stickiness.

NVIDIA Corporation – sells into strong end markets for cloud servers, machine learning and cutting-edge gaming graphics.

Bottom 5 Holdings Relative to Benchmark:

Alphabet C – exposure in A shares results in a modest underweight exposure to Alphabet overall.

Mastercard – preference for Visa, the other global payment network company due to relative valuation.

PepsiCo – current valuation does not adequately reflect the trend away from carbonated drinks and increasing competition in the snack category.

Walmart Inc – high valuation attaches too much credit to the continued successful penetration of Walmart's online offering.

Enel SPA – higher risk profile due to large exposure to Italy (political uncertainty) as well as exposure to Latin America, particularly Brazil.

Note
1) Source: Northern Trust

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NVIDIA Corporation	0.72	0.30	0.13
Microsoft	2.71	2.25	0.10
Dollar General	0.44	0.07	0.07
Alphabet A	1.35	0.65	0.06
Amazon	1.82	1.52	0.06

NVIDIA Corporation (o/w) – exposure to hyperscale data centre growth, machine learning applications and leading-edge gaming graphics, have afforded some resilience in current market conditions.

Microsoft (o/w) – resilient business mix in current market conditions with its Azure cloud platform, online MS 365 business suite, mobile computing hardware and X Box gaming.

Dollar General (o/w) – defensive exposure to grocery staples and consumers in receipt of increased Federal food stamp issuance with low exposure to the current Covid-19 US hot spots.

Alphabet A (o/w) – parent company of Google has been relatively resilient and out-performed the broader market; large overweight position in the ‘A’ shares is offset by a zero weighting in the non-voting ‘C’ shares.

Amazon (o/w) – resilience of the core online retail and web service businesses and a relatively strong balance sheet has provided support despite the relatively high valuation.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Vanguard US Mid Cap ETF	2.69	0.00	(0.14)
Citigroup	0.41	0.17	(0.09)
The Cheesecake Factory	0.11	0.00	(0.08)
Alphabet C	0.00	0.65	(0.07)
Bank of America	0.57	0.32	(0.06)

Vanguard US Mid Cap ETF (o/w) – significant underperformance from smaller companies in the index during the quarter, but the US portfolio is underweight mid-cap stocks overall.

Citigroup (o/w) – the most international of the large US banks, Citigroup has been significantly impacted by the current crisis.

The Cheesecake Factory (o/w) – operationally and financially levered restaurant business experiencing extensive unit closures in the current situation.

Alphabet C (u/w) – parent company of Google has been relatively resilient and out-performed the broader market; large overweight position in the 'A' shares is offset by a zero weighting in the non-voting 'C' shares.

Bank of America (o/w) – share price fell in line with the wider Financials sector which has been significantly affected by the coronavirus crisis.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2020

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.69
Alphabet A	+0.70
Visa Inc	+0.47
Microsoft	+0.46
NVIDIA Corporation	+0.42
Alphabet C	-0.65
Mastercard	-0.40
PepsiCo	-0.31
Walmart Inc	-0.30
Comcast	-0.29

Top 5 Holdings Relative to Benchmark:

Vanguard US Mid Cap ETF – provides exposure to the smaller companies in the US index.

Alphabet A – zero holding in the C shares results in a underweight exposure to Alphabet overall.

Visa Inc – exposed to strong drivers of the move to cashless payments and growth in cross border transactions.

Microsoft – structural growth from Azure cloud hosting business and migration of Business Office to MS 365 online, with associated opportunity for value added sales.

NVIDIA Corporation – sells into strong end markets for cloud servers, machine learning and cutting-edge gaming graphics.

Bottom 5 Holdings Relative to Benchmark:

Alphabet C – exposure in A shares results in a modest underweight exposure to Alphabet overall.

Mastercard – preference for Visa, the other global payment network company due to relative valuation.

PepsiCo – current valuation does not adequately reflect the trend away from carbonated drinks and increasing competition in the snack category.

Walmart Inc – high valuation attaches too much credit to the continued successful penetration of Walmart's online offering.

Comcast – sub-scale studio business and broadband expansion that is constrained due to already high penetration and growing competition.

Major transactions during the Quarter

Purchases:
Wabtec (£4.3m) – fall in valuation following a slow-down in US rail freight and poorly received acquisition activity fails to recognise long-term prospects and a strong recurring revenue stream.

Sales:
Clorox (£8m) – valuation premium relative to the market affords too much credit for short term attractions of a defensive product mix and high US domestic exposure.

Occidental Petroleum (£4.4m) – full disposal of highly levered oil exploration company struggling in a low oil price environment.

Note
1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Novo Nordisk	0.96	0.55	0.10
Daimler	0.00	0.13	0.06
Roche	1.41	1.24	0.06
Ubisoft Entertainment	0.24	0.04	0.05
Nestle	1.89	1.63	0.05

Novo Nordisk (o/w) – defensive healthcare company with market leading position in diabetes treatment seen as non-discretionary in current environment.

Daimler (u/w) – despite low valuation the shares under-performed due to the expected sharp reduction in sales in current economic conditions and the relatively weak balance sheet.

Roche (o/w) – defensive healthcare company with the potential to adapt an existing rheumatoid arthritis drug to be effective against Covid-19.

Ubisoft Entertainment (o/w) – beneficiary of global lockdown with increased demand for gaming.

Nestle (o/w) – defensive food producer benefiting from increased spending on consumer staples in the short term and potential beneficiary from an increase in domestic calorie consumption due to restaurant closures.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Airbus	0.50	0.20	(0.23)
BNP Paribas	0.33	0.18	(0.08)
JP Morgan European Smaller Companies	0.30	0.00	(0.08)
Axa	0.46	0.18	(0.07)
ING	0.21	0.11	(0.07)

Airbus (o/w) – significant weakness driven by the grounding of the majority of the global aircraft fleet, increased risk of airline failure, and potential for significant cancellations of new orders.

BNP Paribas (o/w) – impacted by relative weakness in the Financials sector, concerns regarding an increase in non-performing loans and asset valuations as a result of the current crisis, and impact of weak economic conditions on future loan growth**.**

JP Morgan European Smaller Companies (o/w) – smaller companies have generally underperformed on a global basis during current market conditions and European smaller companies have been particularly impacted given the spread of Covid-19 across the region.

AXA (o/w) – the company has been impacted by falling bond yields and potential increase in insurance claims which is putting pressure on the share buyback programme and dividend payment.

ING (o/w) – impacted by relative weakness in the Financials sector due to potential impact of Covid-19 on banking liquidity as well as succession uncertainty with the impending departure of the Chief Executive to UBS.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2020

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.41
HMB Healthcare	+0.39
Koninklijke Philips	+0.38
JP Morgan European Smaller Companies Trust	+0.30
Airbus	+0.30
Enel SPA	-0.30
Zurich Insurance Group	-0.29
Kering	-0.21
EssilorLuxottica	-0.17
Lonza	-0.17

Top 5 Holdings Relative to Benchmark:

Novo Nordisk – defensive healthcare company with market leading position in diabetes treatment with the potential to adapt an existing drug to be effective against Alzheimer's.

HMB Healthcare – excellent long-term track record particularly generating value from the listing of private companies.

Koninklijke Philips – increased demand for healthcare equipment driven by Emerging Markets and the increased adoption of image guided radiation therapy equipment.

JP Morgan European Smaller Companies Trust – provides relatively defensive exposure to smaller companies in Europe with weighting likely to be reduced over time.

Airbus – very large order book with accelerating deliveries which should result in higher cash flow generation through operational gearing, although uncertainties regarding the impact of Covid-19

Bottom 5 Holdings Relative to Benchmark:

Enel SPA – higher risk profile due to large exposure to Italy as well as exposure to Latin America.

Zurich Insurance Group – high valuation relative to peers and over ambitious profitability targets.

Kering – over reliance on Gucci brand.

EssilorLuxottica – significant concerns the expected benefits of the recent merger will not be captured amid tensions between senior management from the respective companies.

Lonza – current high valuation does not leave any room for disappointment.

Major transactions during the Quarter

Purchases:
UBS (£4.7m) – switch from Credit Suisse due to lower valuation and higher dividend yield.

Sales:
Credit Suisse (£4.7m) – switch into UBS following relative out-performance.

Note
1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Pan Pacific International	0.17	0.03	0.04
Oji Holdings	0.19	0.01	0.04
Nintendo	0.30	0.13	0.03
Daifuku	0.11	0.02	0.02
Chubu Electric Power	0.13	0.03	0.02

Pan Pacific International (o/w) – relatively defensive retailer of essential products delivering strong results.

Oji Holdings (o/w) – relatively defensive manufacturer of paper products expecting to benefit from lower input costs due to falling oil prices; positive ESG attributes with negative net CO2 emissions beginning to be recognised by investors.

Nintendo (o/w) – benefiting from virus lockdowns with increased sales of Switch consoles and games.

Daifuku (o/w) – expectation of increased demand for workplace automation products in the long term due to Covid-19 highlighting the risks of high density employment.

Chubu Electric Power (o/w) – defensive utility outperforming during periods of market weakness.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NTT DoCoMo	0.00	0.11	(0.04)
KDDI	0.00	0.16	(0.04)
Daiichi Sankyo	0.00	0.13	(0.04)
Chugai Pharmaceutical	0.00	0.08	(0.03)
INPEX	0.08	0.02	(0.03)

NTT DoCoMo (u/w) – telecom sector seen as relative safe haven from Covid-19 impact.

KDDI (u/w) – telecom sector seen as relative safe haven from Covid-19 impact.

Daiichi Sankyo (u/w) – cancer drug approval faster than expected and product efficacy exceeded expectations.

Chugai Pharmaceutical (u/w) – excellent full year results and outlook beating analyst expectations, with the possibility of using an existing drug as part of a Covid-19 treatment.

INPEX (o/w) – sharp reduction in oil prices due to the Saudi-led price war and plummeting oil demand due to the Covid-19 outbreak.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2020

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.27
Toyota Motor	+0.20
Takeda Pharmaceutical	+0.19
Sony Corp	+0.19
Shin-Etsu Chemical	+0.18
KDDI	-0.16
Daiichi Sankyo	-0.13
Honda Motor	-0.12
Kao Corporation	-0.12
NTT DoCoMo	-0.11

Top 5 Holdings Relative to Benchmark:

Ballie Gifford Shin Nippon – a small cap focused fund with strong long-term relative performance.

Toyota Motor – has the experience in hybrid electric vehicles (EVs) and the scale and resources to successfully transition to full battery EVs.

Takeda Pharmaceutical – scale benefits from Shire acquisition and strong pipeline with valuation re-rating expected once strong cash flows and disposals reduce debt.

Sony Corp – diversified portfolio with growth potential in gaming and financial services.

Shin-Etsu Chemical – best in sector with strong cash generation, good growth prospects, margin sustainability and increasing shareholder returns.

Bottom 5 Holdings Relative to Benchmark:

KDDI – underweight telecoms on competition concerns with a preference for Nippon and Softbank.

Daiichi Sankyo – preference for other names in the healthcare sector.

Honda Motor – Toyota and Subaru preferred on EV strategy and growth prospects.

Kao Corporation – rising input prices pressuring the cosmetic & chemicals company's margins. Preference for quality premium brand, Shiseido.

NTT DoCoMo – underweight telecoms on competition concerns with a preference for Nippon Telegraph & Telephone and Softbank.

Major transactions during the Quarter

Purchases:
Baillie Gifford Shin Nippon (£2.4m) – added to holding on discount to NAV.

Sales:
Kao Corporation (£4.9m) – disposal of holding due to rising input prices pressuring margins**.**

Note
1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
CSL	1.11	0.84	0.05
NCSoft	0.27	0.09	0.05
Santos	0.00	0.04	0.04
Samsung SDI	0.29	0.11	0.03
Westpac Bank	0.27	0.37	0.02

CSL (o/w) – despite its high rating, the shares continued to outperform on the back of further solid results, upgraded guidance and continued resilience of the business model.

NCSoft (o/w) – the online gaming sector is perceived to be one of the few beneficiaries of virus outbreaks.

Santos (u/w) – Australian oil company that has been impacted by the sharp fall in oil prices.

Samsung SDI (o/w) – Korean electric vehicle (EV) battery companies benefited from expectations of significant medium term growth following positive comments from the Korean President.

Westpac Bank (u/w) – reduction in interest rates putting further pressure on net interest margins combined with continued litigation issues.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Macquarie Group	0.32	0.17	(0.07)
Qantas Airways	0.08	0.01	(0.06)
Downer	0.06	0.01	(0.06)
Origin Energy	0.10	0.05	(0.04)
Aristocrat Leisure	0.17	0.09	(0.04)

Macquarie Group (o/w) – Australian asset management company has been adversely affected by the recent sharp correction in financial markets.

Qantas Airways (o/w) – severely impacted by the grounding of the majority of the global airline fleet as a result of Covid-19 travel restrictions.

Downer (o/w) – profit warning on cost overruns, combined with concerns that the exit from the Mining business will be delayed.

Origin Energy (o/w) – despite decent results, the shares were impacted by the significant fall in oil prices.

Aristocrat Leisure (o/w) – adversely impacted by Covid-19 related closures of casinos in Australia and the US.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2020

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.29
CSL	+0.27
Samsung SDI	+0.18
NCSoft	+0.18
BHP Group	+0.16
Samsung Electronics Prefs	-0.28
Hong Kong & China Gas	-0.17
Commonwealth Bank of Australia	-0.11
Fisher & Paykel	-0.10
Westpac Bank	-0.10

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Samsung Electronics – exposed to structural growth in the memory chip market which appears to be gaining momentum, has a diversified earnings stream, and shareholder return potential.

CSL – competitive advantage in the plasma market and strong growth expected for Immunoglobulins (antibodies) and recent positive results underpin the investment rationale.

Samsung SDI – supplier of batteries to the growing EV market; the longer-term trend to transition to electric vehicles is a structural growth story and SDI is well positioned.

NCSoft – online gaming company expected to benefit from increased demand as a result of current global lockdown restrictions.

BHP Group – restructuring potential, strong cash generation, strong balance sheet, and shareholder returns.

Bottom 5 Holdings Relative to Benchmark:

Samsung Electronics Prefs – the portfolio is overweight Samsung Electronics overall via the more liquid Ordinary shares.

Hong Kong & China Gas – although the company has a monopoly on gas supply in Hong Kong, it has a very high valuation with potentially slowing earnings growth and increased regulatory risk in China.

Commonwealth Bank of Australia – despite signs of a housing market recovery, the crisis has forced central banks into reducing interest rates further, putting further pressure on margins.

Fisher & Paykel – beneficiary of the Covid-19 crisis as a manufacturer of humidification devices used to alleviate respiratory conditions.

Westpac Bank – despite recent signs of a housing market recovery, the recent crisis has forced central banks into reducing interest rates further.

Major transactions during the Quarter

Purchases:

Samsung Electronics (£3.4m) – invested additional cash from rebalancing to realign country allocations.

Sales:

Coway (£3.7m) – disposal of holding following disappointing results and concerns over management.

Market Background at 31 March 2020

The impact of the Covid-19 pandemic has had a profound impact on both economic and social activity across the world in the last few months. What started out as an issue broadly isolated to a region of China in late December 2019 quickly spread across the country. Initial parallels were to the SARS outbreak in 2003 with either expectations or hope that it would be contained within the region, albeit with potentially a greater impact given the increase in the size of China's economy and its increased integration in the global supply chain. However, this was dispelled by late February when it became clear that it was a global pandemic with particular hotspots in Italy and Spain.

Many of us looked at the extensive social distancing measures that had been put in place in China and other parts of Asia and couldn't imagine that occurring in western democracies. However, this became reality in March, and we are all having to get used to conditions that we never thought we would have to experience with limited visibility as to when they may be removed. Almost half of the global economy is currently under some form of lockdown or social distancing measures. Even when these are relaxed there is a risk that they are reintroduced to prevent secondary outbreaks.

Whilst China and other parts of Asia appear to have controlled the spread of the virus in the short term, it has not yet peaked in Europe and is likely to escalate further in the US, particularly as there appear to be less restrictions on social movement. Mercifully, regions with less robust healthcare systems - e.g. Africa - have experienced less of an impact to date, but this may change in the next few months. There are particular concerns regarding India given the size of the country, the difficulty in ensuring effective social distancing, and the somewhat haphazard introduction of lockdown measures.

Healthcare companies and research facilities are working hard to create, or adapt existing, testing products, treatments and vaccines. They should ultimately be successful although expectations are that solutions may not be widely available until 2021, particularly due to the level of demand and potential shortages of key ingredients. There will inevitably be a trade-off between speed-to-market and ensuring product safety and efficacy.

Global economic activity has ground to a halt. There are severe restrictions on travel and leisure activities in particular. There has been a combination of a supply shock, as factories have been closed, and a demand shock as social distancing measures has curtailed consumer and business expenditure. At the same time, Saudi Arabia chose not to reduce oil production in line with the sharp fall in demand, resulting in a c. 50% collapse in the oil price. A combination of being unable to agree a suitable strategy with Russia for production curtailment and a desire to remove higher cost US shale production has resulted in supply being maintained despite the sharp fall in demand. There are tentative signs that Saudi Arabia and Russia may come to an agreement to reduce production, but it is not guaranteed.

Governments and monetary authorities have implemented unprecedented levels of fiscal and monetary support in an attempt to alleviate the economic impact of the virus. In the major economies, fiscal stimulus measures exceed $6 trillion (equivalent to c. 10% of GDP) and interest rates have been cut by at least 0.5% in each market. This will result in a significant increase in fiscal deficits which will need to be addressed at some point in the future, either through increased taxation, austerity measures or inflation. However, governments will only attempt to tackle this issue once the crisis has been contained.

Inflation is likely to remain low in the short term. Although supply chain pressures have resulted in some pockets of input price inflation, this is offset by the sharp decrease in demand and the substantial fall in commodity prices. The level of fiscal stimulus is likely to be inflationary over the longer term but is not something that monetary authorities are concerned about at present.

Note
1) Source: Border to Coast

Market Background at 31 March 2020

There is likely to be a significant increase in unemployment in the short term. For example, there have been over 10 million new unemployment claims in the US and c. 1 million Universal Credit claims in the UK in the last two weeks of March. This will have a knock-on effect for wage growth and consumer confidence, resulting in pressures on consumer spending. However, there may be a short-term boost to consumer spending when current restrictions are lifted.

Current expectations are that there will be a sharp reduction in global economic activity throughout 2020 and a V-shaped recovery into 2021. Leading indicators in China suggest that economic activity is tentatively recovering which gives some hope for the rest of the world, although more stringent restrictions have probably helped to reduce the length, if not the severity, of the disruption.

Global financial markets have reacted as they generally do in a crisis. Investors have become more risk averse and there has been extensive selling pressure, particularly in risk markets such as equities and corporate bonds. This has been exacerbated with the increase in leverage and algorithmic trading. Leveraged loan and high yield spreads have increased significantly as investors factor in the increased probability of default. Investment grade spreads also increased but extensions of quantitative easing programmes to include the purchase of these bonds has capped the rise. Government bonds have not been immune to this selling pressure and yields have generally increased. The amount of negative yielding debt has reduced from c. $17 trillion in August 2019 to less than $8 trillion in March 2020.

Global equity markets fell by 16% in sterling terms (based on MSCI ACWI) in Q1, wiping out 2/3 of the gains generated in 2019. The peak to trough fall from mid-February to late-March of 26% heralds a technical bear market (defined as a 20% fall) and the end of the decade long bull market following the global financial crisis. It is also the sharpest equity market correction since Black Monday in 1987. Developed markets (-15%) out-performed Emerging Markets (-18%) reversing the previous quarter's under-performance.

The UK (-24%) has been the weakest major developed market due to the significant exposure to Resource companies affected by the sharp fall in commodity prices. Japan (-11%) has been the strongest relative performer due to less impact from Covid-19, companies with stronger balance sheets, and continued support from government purchases of securities. In Emerging Markets, China has been the strongest performer (-4%) perhaps reflecting its effective containment measures and recent improvement in economic activity, whereas Brazil (-47%) has been the weakest, due to exposure to weaker commodity prices and concerns regarding the government's response to the crisis.

Although not immune to the correction in equity markets, companies that exhibit Quality and Low Volatility characteristics have outperformed on a relative basis across most regions. Value stocks and smaller companies have been hit particularly hard, as have those that have higher leverage or with higher dividend yields. This variation in returns is not surprising in current market conditions and may partially reverse in the event of a recovery.

Sectors that have been particularly adversely affected include Financials (particularly Insurance and Real Estate), Industrials, Resources (particularly energy stocks) and Consumer Goods (particularly discretionary goods including retail, travel and tourism). Utilities, Telecommunications, Technology and Healthcare have been more resilient

We entered 2020 with equity market valuations looking stretched and corporate profit margins coming under pressure. The yield curve inversion in mid-2019 may have proven itself as an indicator of future weakness, although the catalyst for a slowdown was not clear at the time. Although we were cautious in our outlook clearly no one could have foreseen the impact that Covid-19 would have on financial markets in such a short space of time. In fact,

Note
1) Source: Border to Coast

Market Background
at 31 March 2020

global equity markets increased by c. 5% in January as investors felt the risks were contained to China.

Equity markets have corrected sharply, and earnings are going to be sharply hit in 2020. Companies have responded by cutting dividends, cancelling share buybacks, reducing discretionary capital expenditure and drawing down credit lines to protect cashflow and strengthen their balance sheets in an attempt to weather the next few months. Investment grade companies have also been able to raise more than $100bn in new debt, supported by the extension of quantitative easing programmes. Expectations are that earnings will recover strongly in 2021, although this is very much dependent on how quickly economic activity normalises.

Amongst all the bad news, however, there is a sense of optimism. Companies with strong balance sheets and robust business models will survive and perhaps grow stronger, either organically or through acquisition. It is inevitable that some companies will not survive particularly those that are overleveraged, dependent on discretionary spending, and whose business models have not evolved. Other companies will benefit from changes in consumer and business behaviour e.g. healthcare, video conferencing, online services. In addition, equity markets will tend to anticipate an end to the crisis which is likely to be associated with a slowdown in the spread of the virus, particularly in the US which appears to be at an earlier stage. Time will tell as to whether the 11% rise in global equity markets (in sterling terms) since the recent low in late-March is a false dawn.

We are long-term fundamental investors with a focus on companies that exhibit Quality characteristics. We have a preference for companies with visible sales and earnings, strong balance sheets and an identifiable competitive advantage. This is unlikely to change materially in the future, although portfolios may adjust somewhat to take advantage of recent relative movements. It is also an opportunity to add to favoured companies where valuations are now more attractive.

Note
1) Source: Border to Coast

Border to Coast News

People:

- Daniel Loughney joined Border to Coast in March as a Portfolio Manager in our Fixed Income team. Daniel has 28 years' experience, including 13 years at Alliance Bernstein, and has held roles such as Head of UK Fixed Income at LGIM & Threadneedle, and Head of EM at West LB.

- Our research team also grew this quarter, with two new Research Managers - Hernan Enriquez and Guy Norman. Hernan joins us from IFDC Ltd, where he covered Japanese, Asian, and Global stocks. He previously worked at Mitsubishi UJF Securities International as an Emerging Markets economist. Hernan has an MBA from Oxford University and a Masters in Economics from Universidad Di Tella, Argentina. Guy Norman is a Cambridge graduate who has passed CFA Level III. He joins us from Aberdeen Standard Investments where he was an Emerging Markets equity analyst, and previously worked as a management consultant at Accenture. His sector experience includes software & IT services, gaming, telecommunications, and energy stocks.

Investment Funds:

- In March, we launched the externally managed Investment Grade Credit Fund our first fixed income fund at Border to Coast. With over £2bn in commitments from 5 initial investors, the fund seeks to invest primarily in sterling-denominated bonds issued by a wide range of global companies.

- Border to Coast has appointed Albourne Partners to support our Private Markets offerings. Albourne will provide a range of support services to the team including due diligence, strategy, and analytics, as we continue to grow our Alternatives programme.

- We have secured a new risk management system, FactSet. Adding FactSet capabilities to our existing Bloomberg provisions will enable us to more effectively and efficiently perform risk management and analysis functions.

Responsible Investment:

- We ran a Responsible Investment workshop in early March to seek feedback on our climate change risk management, whether we should have "red lines" in investing, and the use of metrics and targets. The workshop featured external support from Robeco and independent RI expert Deborah Gilshan.

- Events attended by the RI Team this quarter included the Cross-Pool RI Group, hosted by the PRI, and the first Local Authority RI seminar, which is looking to develop a standardised RI reporting framework together with the Scheme Advisory Board (SAB).

- This is our first year as a PRI signatory. We have made the decision to voluntarily report on our RI activity, and submitted our first report at the end of March.

Coronavirus Impact:

- We are all seeing disruption due to the ongoing Coronavirus pandemic. Border to Coast is well-situated to adapt to the new normal, as a new company with modern IT infrastructure and with contingency plans developed to facilitate remote working. Our challenges during this period will be to maintain our company culture, to support colleagues and to continue to engage effectively with our Partners.
  We are proud of how our colleagues have embraced these changes and are grateful for our Partner Funds' collaboration and patience during this period of uncertainty. To minimise impact to our customers, we will continue to seek ways to improve our communication channels and our information-sharing as the situation develops. We have already moved our regular Officers' Group meeting and a number of workshops to a video-conferencing format using WebEx, which is functioning well.
  We are also mindful of our responsibilities as a business and will therefore continue to pay our local independent suppliers despite having temporarily suspended their services because of our office closure.

Disclosures

Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).
Registered in England (Registration number 10795539) at the office 5th Floor, Toronto Square, Leeds, LS1 2HJ

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