

TEESSIDE PENSION FUND COMMITTEE

Date: Wednesday 24th September, 2025
Time: 11.00 am
Venue: Mandela Room (Municipal Buildings)

AGENDA

1. Welcome and Fire Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

3. Declarations of Interest

To receive any declarations of interest.

- | | | |
|-----|--|-----------|
| 4. | Minutes - Teesside Pension Fund Committee - 23 July 2025 | 5 - 6 |
| 5. | Border to Coast Presentation (Real Estate) | 7 - 34 |
| 6. | Valuation Communications | 35 - 38 |
| 7. | Investment Activity Report (incl. TM Report, Valuation & Forward Investment Programme) | 39 - 66 |
| 8. | Border to Coast Presentation - Investment Performance | 67 - 80 |
| 9. | Investment Advisors' Reports | 81 - 90 |
| 10. | Pooling Governance | 91 - 96 |
| 11. | TWPF Pensions Administration Report - Tabled | |
| 12. | Recent Developments in the LGPS | 97 - 108 |
| 13. | Draft Annual Pension Fund Report 2024/25 | 109 - 200 |
| 14. | Any other urgent items which in the opinion of the Chair, can be considered | |

15. Exclusion of Press and Public

To consider passing a Resolution Pursuant to Section 100A (4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of the following items on the grounds that if present there would be disclosure to them of exempt information falling within paragraph 3, of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

- | | | |
|-----|--|-----------|
| 16. | Exempt - LGPS Pooling Consolidation | 201 - 224 |
| 17. | Exempt - Actuary Cashflow Presentation | 225 - 258 |

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 16 September 2025

MEMBERSHIP

Councillors J Kabuye (Chair), J Rostron (Vice-Chair), J Ewan, D Branson, D Coupe, T Furness, D Jackson, D McCabe, M Saunders, J Beall, M Fairley, M Scarborough, Ms J Flaws, Mr T Watson and Mr B Foulger

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Claire Jones/Tabitha Frankland , 01642 729112/01642 726241, claire_jones@middlesbrough.gov.uk/tabitha_frankland@middlesbrough.gov.uk

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 23 July 2025.

PRESENT: Councillors J Kabuye (Chair), J Rostron (Vice-Chair), J Ewan, D Branson, D Coupe, D Jackson, J Beall, M Fairley, M Scarborough and Ms J Flaws

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), P Moon (Independent Adviser), J Baillie (Hymans Robertson) and M Galloway (Hymans Robertson)

OFFICERS: Andrew Humble, Wendy Brown, Claire Jones, Tabitha Frankland and Andrew Lister

APOLOGIES FOR ABSENCE: Mr T Watson and Mr B Foulger

25/17 WELCOME AND FIRE EVACUATION PROCEDURE

The Chair welcomed all present to the meeting and read out the Building Evacuation Procedure.

25/18 DECLARATIONS OF INTEREST

Name of Member	Type of Interest	Item / Nature of Business
Councillor Beall	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Branson	Non-Pecuniary	Spouse – Member of Teesside Pension Fund
Councillor Coupe	Non-Pecuniary	Non-Executive Director of Border to Coast Pensions Partnership LTD.
Councillor Ewan	Non-Pecuniary	Member of Teesside Pension Fund and Member of South Tyneside Pension Fund.
Councillor Jackson	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non-Pecuniary	Member of Teesside Pension Fund

25/19 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 18 JUNE 2025

The minutes of the meeting of the Teesside Pension Fund Committee held on 18 June 2025 were taken as read and approved as a correct record.

25/20 DRAFT ANNUAL PENSION FUND ACCOUNTS 2024/25

The Head of Pensions, Governance & Investments presented Members of the Teesside Pension Fund Committee with a summary of the 2024/25 draft unaudited accounts for the Teesside Pension Fund.

The overall financial performance of the Fund for the year to 31 March 2025 was positive and the Fund's value had risen to £5.58 billion, an increase over the year of approximately £87 million.

The Fund was three years into the current triennial valuation cycle. The Fund's asset value as at 31 March 2025 would be used by the Fund actuary when calculating the three-yearly valuation of the Fund. It was important to recognise the long-term nature of the Fund and the volatility of many of its assets meant that the actuary would look beyond just the immediate value of the assets when carrying out the valuation. In addition, the size of the Fund's liabilities (the cost of paying current and future benefits) was just as important when carrying out the valuation and setting employer contribution rates. Factors such as the actuary's view of future inflation rates, future investment returns and life expectancy expectations would play

a key part in the actuary's valuation calculations.

Total membership of the Fund had increased by 1,505, with total membership at the year-end now standing at 83,718. The number of active members had remained broadly similar, increasing by just 121 or 0.46% over the year. The number of pensioners increased by 1,072 or 3.9% over the year and the number of deferred members had increased by 312 or 1.1% over the year.

Every three years the Fund actuary carried out a full actuarial valuation of the Fund, the purpose of which was to calculate how much employers in the scheme would need to contribute going forward to ensure that the Fund's liabilities would be covered. Unlike all the other major public sector schemes the Local Government Scheme was a funded scheme which meant there was a pool of investments producing income which met a significant part of the liabilities.

The last actuarial valuation of the Fund was as at 31 March 2022, with the final report published at the end of March 2023. The actuary calculates to what extent the Fund's assets meet its liabilities. This is presented as a funding level. The aim of the Fund was to be 100% funded, and at the latest valuation the actuary was able to declare a funding level of 116%. The 31 March 2025 valuation was underway, the final report was due to be published in March 2026 and any changes required to employer contribution rates would come into force from April 2026.

Members were advised that the Pension Fund Accounts were presented in draft form and, whilst the main numbers and outcomes were not expected to change, changes may be needed as further review took place. In addition, the audit process was not complete and further changes may be required.

AGREED that the information was received and noted.

25/21 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

25/22 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

25/23 **EXEMPT - FUND ACTUARY 2025 ASSUMPTIONS**

A report was presented to provide Members with an update from the Fund Actuary, relating to the main recommended financial and demographic assumptions to be used in the ongoing triennial valuation of the Fund.

AGREED that the information was received and noted.

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25/24 **EXEMPT - REAL ESTATE TRANSFER**

A report was presented to update Members on the transfer of the Fund's direct property portfolio to the Border to Coast (Real Estate) UK Main Fund

AGREED that the information was received and noted.

UK REAL ESTATE

UK REAL ESTATE TEESSIDE PENSION UPDATE

24TH SEPTEMBER 2025

UK REAL ESTATE

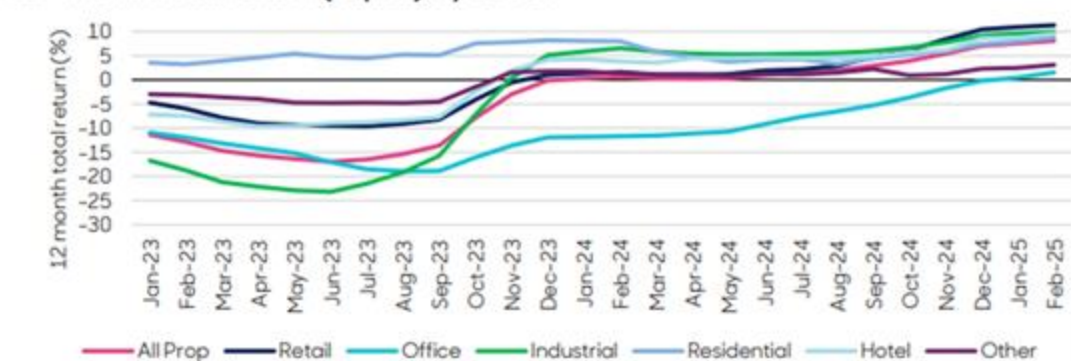
- 1) Market Update
- 2) Portfolio Update
- 3) Performance
- 4) Pipeline

Page 6

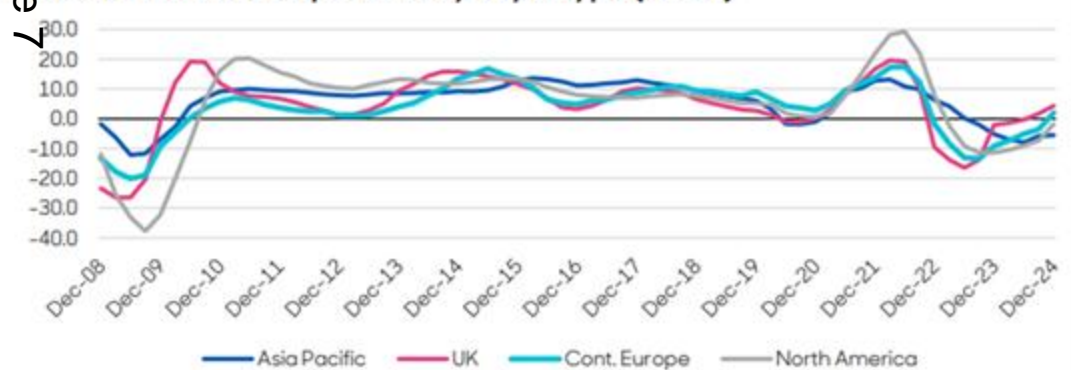


MARKET UPDATE

12-month total return (% p.a.) by sector



Source: MSCI UK Monthly Digest, Aberdeen, March 2025
UK real estate net acquisitions by buyer type (£ bn's)



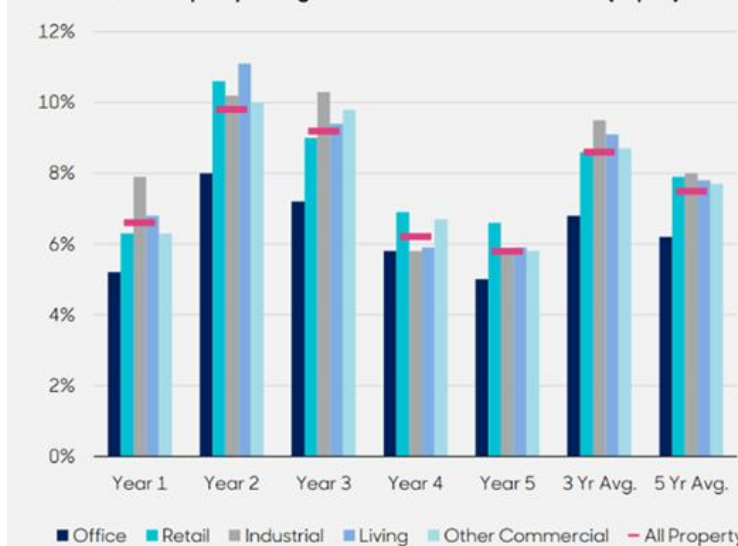
Source: MSCI Global Property Fund Index, Aberdeen, March 2025

Please Note: Past Performance is not indicative of future performance

Aberdeen, UK All Property rolling annual total return forecasts (% p.a.)



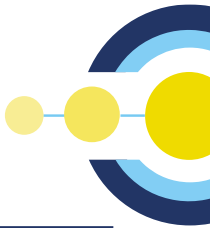
Source: Aberdeen, March 2025
Aberdeen, All Property rolling annual total return forecasts (% p.a.)



Source: Aberdeen, March 2025
Forecasts are not a reliable indicator of future results and there can be no guarantee that these will be achieved

UK REAL ESTATE MAIN FUND

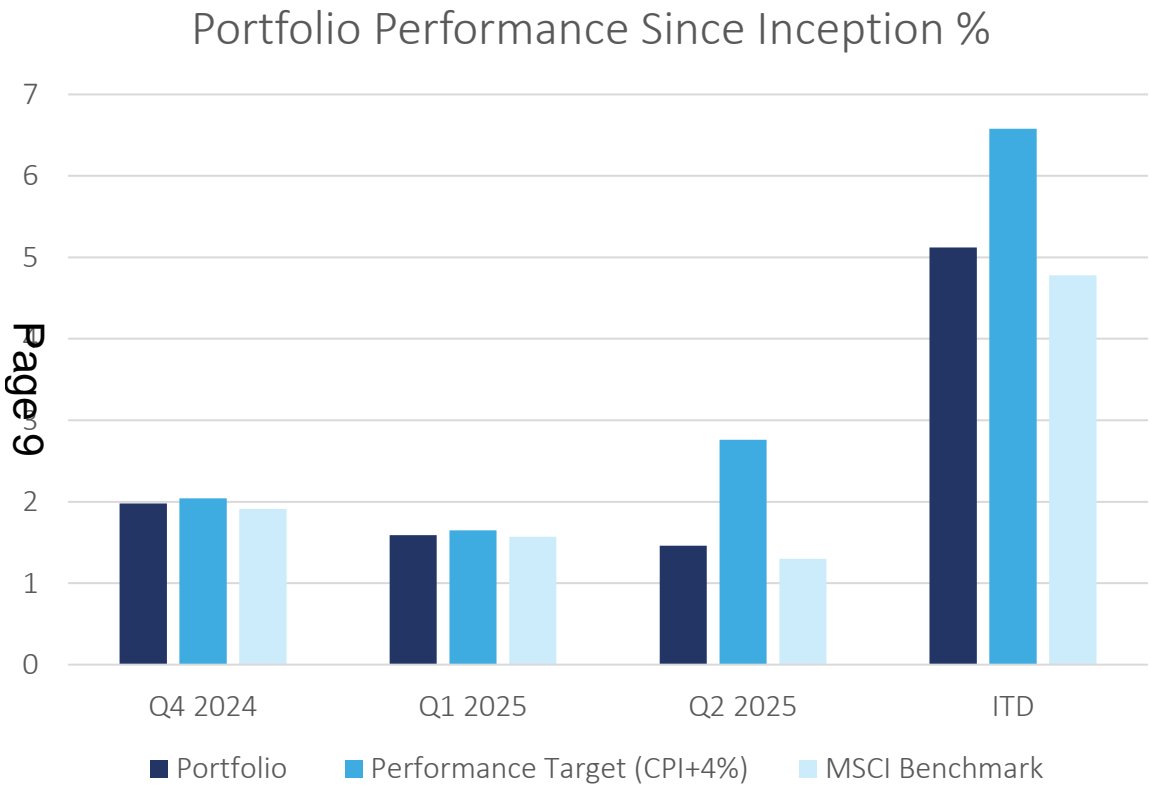
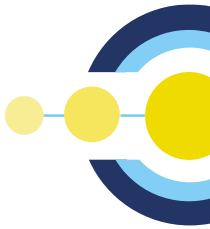
KEY CHARACTERISTICS AS AT 30 JUNE 2025



Overview	Main Fund	Teesside	UK Main Fund Post Closure of Seeding Window
Number of Properties	69	29	98
Capital Value	£1.18bn	£395m	£1.57bn
Passing Rent (£m p.a.)	£60.6m	£23.6m	£84.2m
Estimated Rental Value (ERV) (£m p.a.)	£71.8m	£25.1m	£96.9m
Key Risk Metrics			
Largest Asset (£ value)	4.1%	9%	3.1%
Average Lot Size (£m)	£17.09m	£13.65m	£16.07m
Top 5 Assets (£ value)	17.4%	39%	13.0%
Lease Length (WAULT)	10.3 years	6.49 years	9.4 years
Vacancy Rate	4.5%	2.7%	4%
Yields			
Net Initial Yield (NIY)	4.87%	5.55%	4.96%
Reversionary Yield (RY) based on ERV above	5.81%	5.46%	5.39%

Source: Border to Coast Quarterly Investment Report June 2025
 UK Real Estate Teesside Pension Committee Presentation September 2025

PORTFOLIO PERFORMANCE

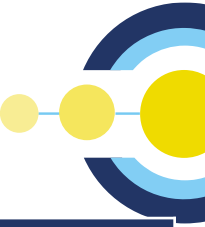


Forecast Performance vs Forecast Performance Target

	3yr (ann)	5yr (ann)	10 yr (ann)
Oxford Economics CPI Forecast	2.5%	2.3%	2.2%
Forecast 10yr CPI+4%	6.5%	6.3%	6.2%
Forecast UK Main Fund Performance	7.5%	7.1%	7.1%

Please Note: Past Performance is not indicative of future performance

UK MAIN FUND PIPELINE – SEPTEMBER 2025



City	Address	Sector	Net Price	Gross Price*	NIY	Status	Comments
London	BMW Battersea	Industrial - South East	£20,900,000	£22,214,500	2.96%	Acquired	Completed 29 th November
Woking	Lion Yard, Woking	Retail - Retail Warehouse & Supermarket	£40,430,000	£43,057,950	5.25%	Acquired	Exchanged 24 th December Completed 20 th March
London	27 Mortimer Street	Office - London West End	£48,250,000	£52,104,750	3.04%	Acquired	Exchanged 16 th May Completed 3 rd June
Cambridge			£109,580,000	£117,377,200			
	Springstead Village	Residential	Initial Commitment £18,000,000 (£69,000,000)	£73,485,000	4.82%	Bidding	Forward Commitment of 139 Single Family Housing units within a wider scheme being developed by Bellway. Bidding 7 th April 2025
			£127,580,000 (£178,580,000)	£190,862,000			
Leeds	Lisbon Street	Other	£43,200,000	£45,792,000	5.60%	Monitoring	200 bed apart hotel let to Room2
Various	Various	Residential	£167,000,000	£171,350,000	4.13%	Monitoring	Off market sale of stablshed portfolio of 437 SFH units, across 5 sites.

*** Gross price is including purchase costs such as surveys, fees, SDLT etc**

Key
Acquired
Under Offer
Bidding/Monitoring
Monitoring

Q&A

Page 11



APPENDIX

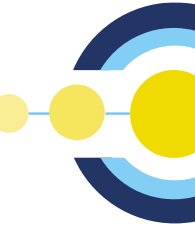
Page 12



UK MAIN – INVESTMENT OPPORTUNITY

BMW BATTERSEA, 102-104 STEWART'S ROAD, LONDON.

Acquired

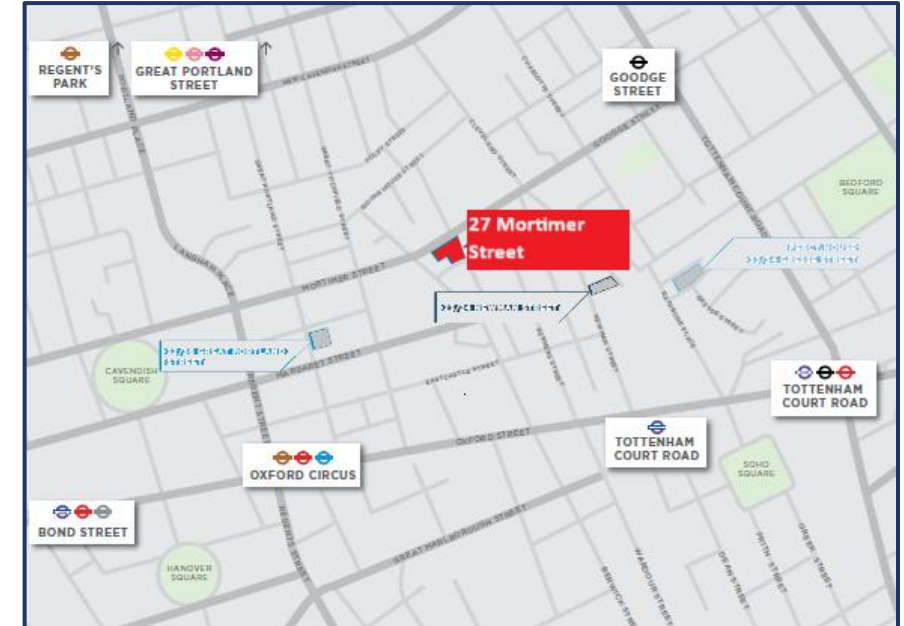
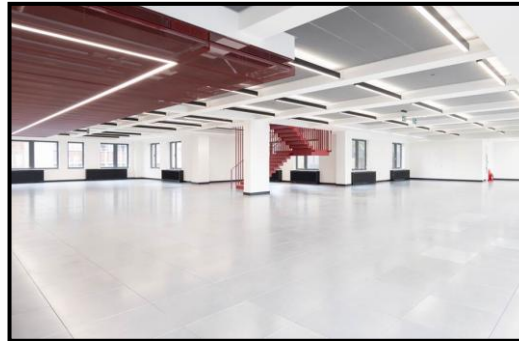
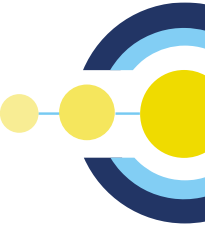


- The purchase price is £20,900,000, equating to £370 psf, exclusive of VAT and subject to contract. This reflects 2.96% niy, 5.41% EY and a 5.81% RY.
- The property is held freehold and encompasses a service centre with a gross internal area (GIA) of 39,812 sq ft, along with an additional 16,656 sq ft of first-floor mezzanine car parking.
- BMW have occupied the premises since 2003, and the property is leased to BMW (UK) limited under a 10-year lease expiring on 13 March 2026, with a current rent of £659,518 p.a/ £11.68 psf.

UK MAIN – INVESTMENT OPPORTUNITY

27-35 MORTIMER STREET, LONDON W1T 3BL

Acquired

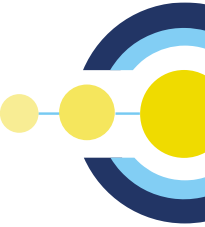


- The purchase price is £48,250,000, equating to £1,446 psf, exclusive of VAT and subject to contract, this reflects 3.04% net initial yield, a reversionary yield 6.09% and an equivalent yield 5.59%
- The property is held freehold with a net internal area (NIA) of 33,358 sq ft, with floor plates of 5,000-6,000 sq ft, each with its own roof terrace.
- The property was comprehensively refurbished by great portland estates in 2018 and the mechanical and electrical services upgraded in 2022.
- The property benefits from a vault of 7.5 years, let to helsing ltd, wallace LLP and aspire academy limited, with a net rent of £1,880,615 pa, the 3rd floor is Un refurbished and let at £62.73psf, with the refurbished upper floors let at £92.50 psf and £95 psf respectively. The 1st floor is vacant with an ERV of £115psf.
- Currently owned by orchard street, this held in the st james place fund which is due to foreclose.

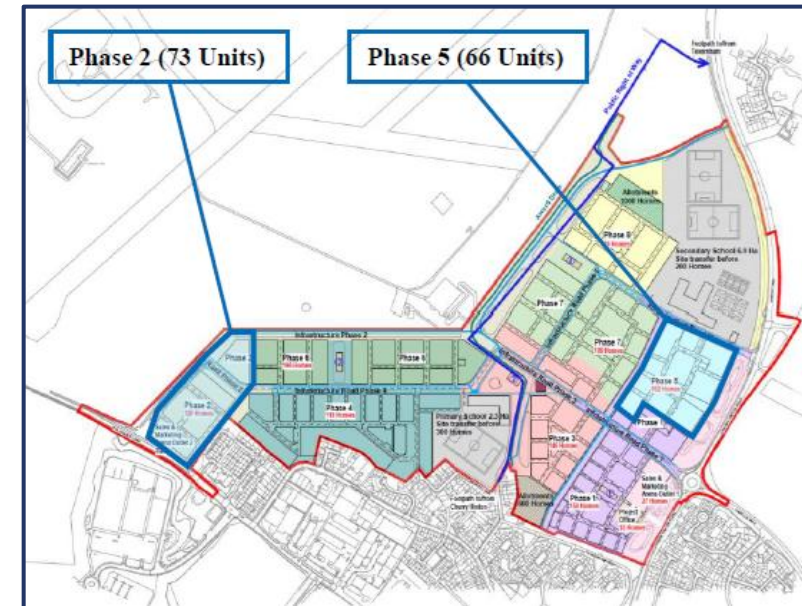
UK MAIN – INVESTMENT OPPORTUNITY

SPRINGSTEAD VILLAGE, CAMBRIDGE

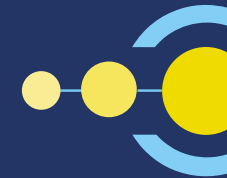
Under Offer



Page 16



- This opportunity relates to the forward funding of 139 houses and apartments located on phases 2 and 5 of the Springfield village masterplan in Cambridge. The scheme is located in the attractive eastern suburb of Cherry Hinton.
- Phase 2 is located off Coldhams Lane at the westernmost edge of the Springstead village masterplan, while phase 5 is located further east off Cherry Hinton Road. The development will be connected to Coldhams Lane (west) for both vehicle and pedestrian access, with phase 2 located closest to Cambridge city centre.
- The units offered for single family housing are efficiently clustered, with the majority of units not included in the sale being affordable/shared ownership tenures. We note there are also a small number of apartments and ‘aviator’ house types marked on the plans for phase 2 as ‘private sale’, the masterplan will offer a range of living options and attract different types of tenants to contribute to the scheme’s overall vibrancy.
- The units will benefit from a phased handover from July 2026 – July 2027, with staged payment on phases.



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Suitable for professional clients only



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Border to Coast - UK Real Estate ACS

Private Monitor Reporting

Investment Risk & Analytical Services

June 2025

Table of Contents

Section 1		
1.1	Commentary	3
	Portfolio Summary & Return Time Series	6
	Performance by Property Type	7
	Performance by Region	8
	Top Contributors	9
	Purchase & Sales Details	10
Section 2	Glossary	12

Property Fund Market Environment

The impact of ongoing global tariff negotiations initiated by US announcements in April and the impact of tax increases in play, and anticipated, leads to the expectation that, while Q1 growth showed promise ahead of expectation, it is anticipated that business sentiment in the UK will be impacted as growth expectations are tempered. While the UK is not as directly affected by higher US tariff rates, the wider global disruption they bring will likely influence the UK's economic performance in the future.

The inflation picture as defined by Annual Rate CPI, while declining in Q1 (from 3.0% to 2.6% Jan to Mar) has been more challenging as cost pressures have risen in Q2 (3.5% to 3.6% Apr – Jun)¹. CPI therefore remains ahead of the Bank of England 2% target. As above cost pressure both internal to the UK (minimum wage, salary and NI and utility costs) and external from materials, goods and supply chain pressures will test the economy as input cost pressures rise.

On the fiscal policy side, the Bank of England reduced the base Rate from 4.5% (Feb '25) to 4.25% in May² and while consensus suggests further reductions towards a suggested 3.75% rate may follow, the persistence of inflation may delay the reduction to be announced beyond this calendar year.

In the UK Real Estate markets performance has been primarily driven by income growth in the favoured sectors of industrial, hotel and residential. The lack of transactional evidence to support capital growth continues in a market that has seen subdued trading volumes. In addition, the ongoing polarisation trend of demand towards best-in-class assets (by occupiers and capital) further narrows the overall levels of market activity.

Q2 Real Estate Investment volumes showed transactional activity totalled c £10Bn and c £21.9Bn for H1³. While this is 18% below H1 2024, on a rolling year basis volumes have improved c 6%. C 72% of investment in the UK markets was domestic capital with the balance of foreign capital led by US money accounting for c 14% of the total. Industrial, office and hotel investment accounted for c50% of capital deployed with c 21% each placed into the industrial and office sectors

Across the main sectors there has been stabilisation of values in the office sector where income is driving return off rebased capital values. We are witnessing positive prospects in key sub sectors where the quality, locational, amenity and building specification are attracting healthy occupier “flight to quality” demand.

In the industrial sector cost and operational pressures have dampened demand in certain areas and take up has slowed as occupiers seek to optimise their operations and cost base relative to customer demand and business volumes. Rental values are however protected to a certain extent for prime distribution assets as construction volumes have declined. All these factors have led to increased levels of interest and demand in smaller scale inner urban “last mile” buildings.

In the retail sector retail parks are showing the strongest performance and also dominating market activity with significant yield compression and a range of bidders looking to invest in the sector. This sector showed strong relative performance relative to the All Property MSCI index at 5.9% versus 2.1% in Feb 2025 (latest data available). For supermarkets however their challenges are represented by narrow margins being hit by cost and tax increases which has led all the major UK operators to make headcount reductions in advance of NI increases.

In the living sector strong growth performance was apparent with ONS data showing 8.1% for the private rental sector in the year to Feb 2025. This exceeded both inflation (2.8%) and overall residential capital value growth (4.9%) rates over the period. In the Build to Rent (BtR) sector investment volumes rose 13% to c £5bn with one third of that in the Single-Family Home (SFH) sub sector.

In the Purpose Built Student Sector Accommodation (PBSA) investor interest remains for this asset class around in-demand University cities. This is however a sector where careful consideration needs to apply as the potential impact of geo-political matters and visa restrictive policies are perils to international and cross border student demand. It is also the case that some senior institutions have now entered endangered territory as poor financial management coupled to volatility of demand, and thus income, are leading to the necessity of major cost reductions to remain viable. Even Russell Group institutions are now making rigorous revisions to their budget outgoings and future business plans to ensure their long-term viability. Further witness to this is current analysis that student take up of accommodation provided by seasoned operators in the sector are not yet at target levels for the forthcoming academic year.

In summary there remains good reason to believe that UK real estate has the potential to continue to deliver outperformance going forward but there are increased levels of risk headwinds. To address this, greater precision of identification of sub sector areas of growth will be necessary, as will rigorous asset level business plan focus on value improvement and enhancement maintain tenant interest and rental growth prospects.

The headwinds above will potentially lead to a muted H2 2025, but we are of the view this will also remain to be a period where good opportunities will be available to UK Main Fund to identify and secure new assets that will have the attributes required to support and deliver the funds return objectives in the long-term.

1 ONS data June 2025

2 Bank Of England Stats

3 CBRE – UK Real Estate Investment Q2 2025

4 MSCI data

Portfolio Performance Summary

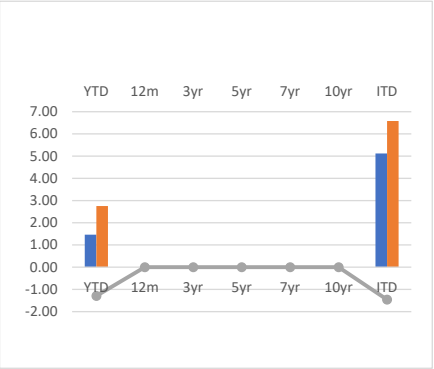
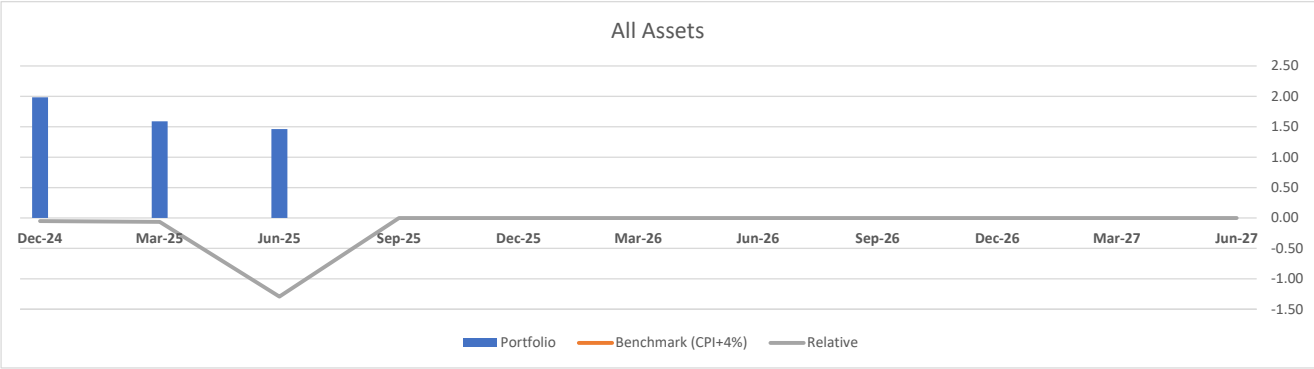
The fund aims to outperform the UK Consumer Price Index (CPI) by 4% for each year on average over a 10-year period to provide growth in excess of inflation, net of all fees and expenses, including the calculation of the ACS Manager's Annual Management Charge. Over the quarter the fund underperformed the benchmark by 1.29%, delivering a total return of 1.46% relative to the Benchmark return of 2.76%. The most significant proportion of the Funds' performance was driven by income delivering 1.24% over the quarter, which was assisted by the 0.22% of capital return. The fund saw an increase in the average lot size from £16.2m last quarter to £17.09m this quarter with the purchase of 27-35 Mortimer Street, London for £48.25 million. There was an increase in the Vacancy rate in the portfolio from 3.7% to 4.5%. The WAULT on the fund reduced from 10.8 years to 10.3 years. The changes in both metrics were again impacted by the recent acquisition of 27-35 Mortimer Street, London as the property has become the largest asset in the Fund but is also approximately 20% vacant and has a comparatively short WAULT of 3.82 years to expiry.

Portfolio Profile	End of Period Portfolio	Investment Activity (£m)	End of Period Portfolio	Key Statistics	End of Period Portfolio
Number of Properties	69	Net Investment	£ 73.12	Net Initial Yield (%)	4.84
Capital Value (£m)	£ 1,179.20	Total Purchase Expenditure	£ 74.42	Reversionary Yield (%)	5.71
Net Operating Income (£/m ²)	£ 60.90	Improvement Expenditure	£ 0.16	Equivalent Yield (%)	5.81
Average Lot Size (£/m ²)	£ 17.09	Development Expenditure	£ 0.19	Vacancy Rate (%)	4.5
		Capital Receipts	£ -	Weighted Unexpired Lease Term (Years)	10.3
		Total Sales Receipts	-£ 1.65		

Return Time Series

Quarterly

YTD & Annualized Returns



Total Return	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Portfolio	1.98	1.59	1.46								
Benchmark (CPI+4%)	2.04	1.65	2.76								
Relative	-0.05	-0.06	-1.29								

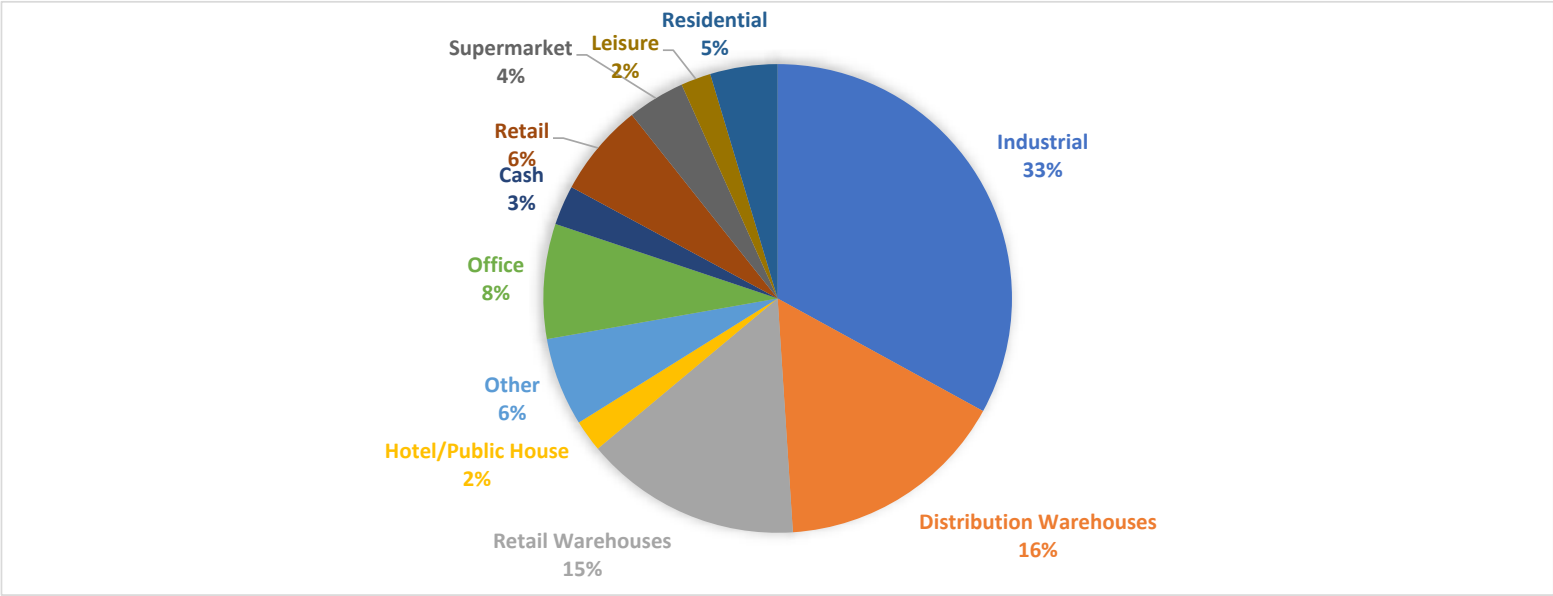
YTD	12m	3yr	5yr	7yr	10yr	ITD
1.46						5.12
2.76						6.58
-1.29						-1.46

Income Return	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Portfolio	1.27	1.28	1.24								
Capital Growth	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Portfolio	0.72	0.31	0.22								

YTD	12m	3yr	5yr	7yr	10yr	ITD
1.28						3.83
0.31						1.26

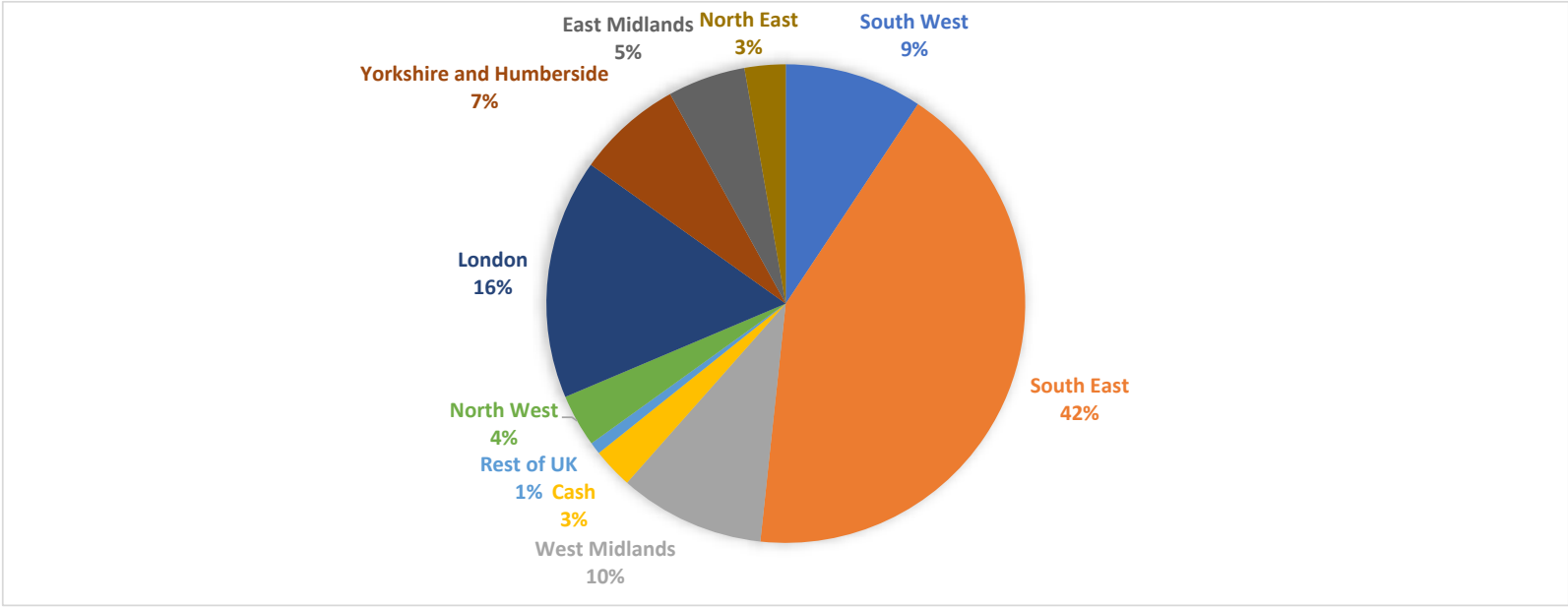
Performance by Property Type

UK Real Estate	Avg capital Employed Weight	Total Return			Income Return	Capital Growth
		Portfolio	Benchmark	Relative	Portfolio	Portfolio
Industrial	32.98	2.17	2.76	-0.58	1.18	0.99
Distribution Warehouses	15.98	2.21	2.76	-0.55	1.28	0.92
Retail Warehouses	14.96	1.94	2.76	-0.81	1.60	0.34
Office	7.92	-4.63	2.76	-7.38	1.25	-5.88
Retail	6.44	1.01	2.76	-1.75	1.44	-0.44
Other	6.11	2.17	2.76	-0.59	1.35	0.82
Residential	4.65	3.60	2.76	0.85	1.33	2.27
Supermarket	3.97	2.34	2.76	-0.41	1.50	0.84
Cash	2.73	1.18	2.76	-1.58	1.18	0.00
Hotel/Public House	2.20	3.53	2.76	0.77	1.62	1.91
Leisure	2.07	1.40	2.76	-1.35	1.57	-0.17
Total	100.00	1.46	2.76	(1.29)	1.24	0.22



Performance by Geography

UK Real Estate	Avg capital Employed Weight	Total Return			Income Return	Capital Growth
		Portfolio	Benchmark	Relative	Portfolio	Portfolio
South East	42.38	2.22	2.76	-0.54	1.27	0.94
London	16.23	-0.88	2.76	-3.63	0.99	-1.87
West Midlands	9.84	2.25	2.76	-0.51	1.53	0.72
South West	9.31	0.99	2.76	-1.77	1.64	-0.65
Yorkshire and Humberside	7.12	2.16	2.76	-0.60	1.40	0.76
Cash	2.73	1.18	2.76	-1.58	1.18	0.00
East Midlands	5.25	2.70	2.76	-0.06	1.46	1.23
North West	3.55	2.09	2.76	-0.67	1.86	0.23
North East	2.77	1.46	2.76	-1.29	1.46	0.00
Rest of UK	0.81	1.26	2.76	-1.50	1.26	0.00
Total	100.00	1.46	2.76	(1.29)	1.24	0.22



Top Contributors

								Weighted Contribution
Investment.Name	Property Type	Region	Capital Value	Average Capital Employed	Total Return	Income Return	Capital Growth	Absolute
Top 5 by Capital Value			(£m)	(%Last 3 months)	(%q-o-q)	(%q-o-q)	(%q-o-q)	(%q-o-q)
London, 27-35 Mortimer Street	Office	London	48.43	4.0%	-4.97	0.33	-5.30	-0.20
Egham, Thorpe Industrial Park	Industrial	London	40.58	3.3%	-1.25	1.15	-2.40	-0.04
Woking, Lion Retail Park	Retail Warehouses	South East	40.49	3.3%	1.46	1.49	-0.03	0.05
Newcastle Under Lyme, Wolstanton Retail Park.	Retail Warehouses	West Midlands	38.80	3.2%	1.68	1.68	0.00	0.05
Wakefield, Woolley Edge, Motorway Service Area	Other	Yorkshire and Humberside	37.00	3.1%	2.17	1.49	0.68	0.07
Total			205.29	16.9%				-0.07

Top 5 by Positive Contribution (Relative Total Return)

Slough, Langley Park	Industrial	South East	34.10	2.8%	5.44	1.16	4.28	0.15
London, Oxgate Centre	Industrial	South East	33.80	2.8%	4.23	0.63	3.60	0.12
Basildon, DC1 & DC2, Prologis Park	Distribution Warehouses	South East	29.30	2.4%	4.46	1.30	3.16	0.11
Tooting, Springfield Place, Glenburnie Road	Residential	South West	24.15	2.0%	4.99	1.34	3.65	0.10
Aylesford, Quarry Wood, Burnt Ash Trade Park	Industrial	South East	17.65	1.5%	5.15	1.39	3.76	0.08
Total			139.00	11.5%				0.55

Assets with Negative Contribution (Relative Total Return)

London, 27-35 Mortimer Street	Office	London	48.43	4.0%	-4.97	0.33	-5.30	-0.20
Bristol, Hartwell House	Office	South West	17.45	1.4%	-11.61	2.22	-13.83	-0.17
Guildford, 58/62 High Street	Retail	South East	2.55	0.2%	-28.98	1.16	-30.14	-0.06
Egham, Thorpe Industrial Park	Industrial	London	40.58	3.3%	-1.25	1.15	-2.40	-0.04
Reading, Forbury Works	Office	South East	6.55	0.5%	-1.21	2.46	-3.68	-0.01
Total			115.55	9.5%				-0.48

Tenant Name	Rental Income (%)	Rental Income	Market Rental Value (GBP)
Sainsburys	5.4%	3,274,098.00	2,716,598.00
Moto Hospitality	3.5%	2,114,933.00	2,000,000.00
Quantum Care	2.9%	1,779,721.00	1,720,320.00
University of Chichester	2.8%	1,680,061.00	1,840,000.00
Anixter	2.8%	1,678,205.00	1,715,000.00

Purchase and Sales Details - Q1 2025

During the quarter the Fund acquired 27-35 Mortimer Street, which comprises a c.67,000 sq ft West End office building for £48,250,000, representing a NIY of 3.04%, a NRY of 6.09%, a NEY of 5.59% and a Capital Value of £1,446psf. The asset is strategically located in close proximity to major transport hubs including the new Elizabeth Line Station (Crossrail) at Tottenham Court Road. It provides highly desirable office space ideally situated to meet the strong local demand. The building has a WAULT of 3.82 years to expiries and 2.38 years to break options on the let space and one vacant floor offering active asset management and value-add opportunities for the Fund.

During the quarter, the Fund transitioned Springfield Place, Tooting for a value of £23,300,000. Springfield Place comprises 50 new built flats (27x 1Bed, 22x 2Bed and 1x 3 Bed flats over 33,815sqft NSA) split across three contiguous buildings located in Tooting, South London. Residential is a target sector for UK Main Fund and Springfield Place is the first private rented residential asset in the Fund.

The Fund completed the sale of 79-82 Queen Street, Exeter to Skyline Capital Investment Ltd for £1,600,000. The property comprised a multi-let retail asset let to two tenants Revolution and Snappy Snaps. Revolution occupy by way of a 25-year lease expiring in March 2047, and Snappy Snaps by way of a 10-year lease expiring in January 2029. The property produces a combined total income of £151,800 pa. The property was identified in the Funds Strategic Investment Plan as a short-term hold after the hold/ sell analysis forecast that the asset could underperform the performance target. A sale at £1,600,000 represents a good result for the Fund.

Page 28

SECTION 2

Glossary

Private Monitor Reporting

Investment Risk & Analytical Services

June 2025

Average Capital Employed

Average value of all the assets used to generate earnings

Benchmark

A target figure that is used to measure the performance of an investment fund.

Benchmark Internal Rate of Return (ICM)

A benchmark internal rate of return grows the cash flows in a private equity investment by the return they would have earned if the contributed money was kept in a marketable index (such as the Russell 3000) or if distributions were reinvested in the same index. This is an opportunity cost type measure that demonstrates if a partnership or group of partnerships have met the expectation of better than market performance.

Capital Growth

Investment held at a price that is higher than the initial price that was paid.

Commercial Property Investment

Property used for business purposes.

Equivalent yield

It is a weighted average of the Net Initial Yield and Reversionary Yield and represents the return a property will produce based upon the timing of the income received.

Geography

Physical location / region of a property

Gross Rental Yield

Gross rental yield is calculated using the price of the property and the income generated by the property.

Liquidity Risk

The risk that a buyer may not be found with a reasonable price reflecting the value of an investor's asset.

Loan to Value Ratio

The ratio of a loan to the value of the property

Net Asset Value

The value of an entity's assets minus the value of its liabilities

Net Operating Income

Net Operating income is revenue minus any operating expenses

Net rental income

Net rental income is operating income less any other non-operating expenses, such as interest and taxes.

Net Rental Yield

Gross Annual Income - Annual Expenses purchase price = Rental Yield

Nominal Internal Rate of Return

Unannualized internal rate of return.

Portfolio

Basket of investments by an investor

Property Type

Property characteristics and/or dwelling configuration

Realized Gain Multiple

The average of the ratios of total gain or loss to cost divided by the number of years each investment is held.

Income Return

Return generated by rental income of a property

Indirect property fund

A fund investing in indirect property vehicles including property shares, REITs, limited partnerships, or property unit trusts, etc rather than investments in direct commercial property.

Lease

The grant of a right to exclusive possession of another person's land for an agreed set period of time.

Relative Return

The return an asset or fund achieved over a period of time compared to a benchmark

Rental Growth

The growth of the estimated rental value of a property over a specific period of time.

Reversion

A process whereby a right in a property transferred by a deed of trust or mortgage is returned to the initial owner after the interest held by others on the property ends.

Reversionary yield

The discount rate that is applied to the reversionary income in a valuation for a term and reversion.

REITs (real estate investment trusts)

A REIT is a company that owns, operates or finances income-producing real estate.

Total Return

A share holdings growth in value over a specific period of time.

True Equivalent yield

An internal rate of return that an investment brings, reflecting reversions to current market rent.

Vacancy rate

A percentage of a portfolio that is vacant. This is calculated by dividing the total rental value of the vacant property/properties by the total rental value of the whole portfolio.

Value Creation

Net value of an asset calculated as Adjusted Valuation plus Distributions minus Contributions.

Weighted Contribution

Unit contribution margin by its proportion of total return.

Yield

The income that the investments generate in relation to the price.

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM x

PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

Actuarial Valuation Communications

1. PURPOSE OF THE REPORT

- 1.1 To present Members of the Teesside Pension Fund Committee (the Committee) with the plans to communicate the 2025 Actuarial Valuation for the Teesside Pension Fund.

2. RECOMMENDATION

- 2.1 That the Committee note the communication plans for the 2025 Actuarial Valuation and Funding Strategy Statement.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications arising from this report.

4. BACKGROUND

- 4.1 The terms of reference for the Teesside Pension Fund Committee include approving the Fund's Funding Strategy Statement and overseeing the triennial valuation.
- 4.2 This report sets out the approach to communicating and consulting on the Funding Strategy Statement and Triennial Valuation results.

5. REVISED FUNDING STRATEGY STATEMENT

- 5.1 The LGPS regulations set out the requirement for an administering authority (the fund) to publish a Funding Strategy Statement (FSS). In preparing the FSS, the fund may seek input from their actuary, or take other professional advice, to prepare the document. However, the FSS must be owned and adopted by the administering authority ('the fund').
- 5.2 The LGPS Scheme Advisory Board, MHCLG and CIPFA issued revised "Guidance for Preparing and maintaining a Funding Strategy Statement (FSS)" in January 2025. Hymans are reviewing Teesside's draft FSS to ensure compliance with the latest guidance.

- 5.3 The FSS plays an integral role in setting out the fund's approach to managing long-term funding requirements and funding risk in LGPS whilst enabling stability and sustainability for participating scheme employers.
- 5.4 The purpose of a FSS is to:
- establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities will be met going forward.
 - support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the Local Government Pension Scheme (England and Wales) Regulations 2013 and Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2018.
 - ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund.
 - explain how the fund balances the interests of different employers.
 - explain how the fund deals with conflicts of interest and references other policies/strategies.
- 5.5 It is a requirement that employers within the Fund are consulted upon any revisions to the FSS. The intention is to present the FSS to the next Committee on 10th December 2025 with a view to consulting all employers and the Department of Education from 11th December until mid-January 2026. Responses can then be reviewed and discussed with the Actuary before 4th March Pensions Committee and the finalisation of the Actuarial Valuation by 31st March 2026.

6. COMMUNICATION OF INDIVIDUAL EMPLOYER VALUATION RESULTS

- 6.1 The Actuary will provide individual results for each of the employers in the Fund on its portal. Using the Actuary portal will enable monitoring that all employers have accessed their individual employer results. For employers not accessing their results on the portal these can be sent out to the relevant contact via email.
- 6.2 There will be opportunity to discuss individual reports with employers where issues are identified. For many of Teesside Pension Fund employers the pooling arrangements will reduce the potential for issues for individual employers. All of the Academy employers for example are on a pooled stabilised rate.
- 6.3 The Fund will also be sending out contribution spreadsheets to employers and their payroll providers prior to April 2026 which include the relevant contribution rate for that employer for 2026/27.

7. RATES AND ADJUSTMENTS CERTIFICATE

- 7.1 The Actuary will not complete their work on the triennial valuation until late March 2026 to ensure all available information is included in their consideration of the 2025 Fund Valuation. This allows nearly a full year of investment performance information to be available before completion of the valuation process.
- 7.2 Risks which could undermine the assumptions included in the actuarial process are minimised through delaying the certification of the Rates and Adjustments Certificate to as late as possible in the process. In previous valuations the impact of COVID-19 and market corrections in the first quarter of the year have been factored into the final results of triennial valuations.
- 7.3 The Actuary's Valuation Report including the Rates and Adjustment Certificate will be reported to Pensions Committee and published on the Funds website.

8. NEXT STEPS

- 8.1 The Funding Strategy Statement will be presented to Pension Committee on 10th December 2025.
- 8.2 The Fund will put the Funding Strategy Statement out to consultation to employers until mid January 2026. Responses will be considered in formulating the Final Funding Strategy Statement for presentation to 4th March Pensions Committee.

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

INVESTMENT ACTIVITY REPORT

1. PURPOSE OF THE REPORT

- 1.1 To inform Members how the Investment Advisors' recommendations are being implemented.
- 1.2 To provide a detailed report on transactions undertaken to demonstrate the implementation of the Investment Advice, and to provide the Fund's Valuation.
- 1.3 To report on the treasury management of the Fund's cash balances.
- 1.4 To present to Members the latest Forward Investment Programme.

2. RECOMMENDATION

- 2.1 That Members note the report and pass any comments.

3. FINANCIAL IMPLICATIONS

- 3.1 Decisions taken by Members, in light of information contained within this report, will have an impact on the performance of the Fund.

4. IMPLEMENTATION OF INVESTMENT ADVICE FOR THE PERIOD APRIL - JUNE 2025

- 4.1 The Fund continues to favour growth assets over protection assets. For the period under discussion here, bonds were still not considered value for the Fund.

The Fund has no investments in Bonds at this time.

- 4.2 At the June 2018 Committee it was agreed that a maximum level of 20% of the Fund would be held in cash.

Cash level at the end of June 2025 was 7.77%

- 4.3 Investment in Alternatives, such as infrastructure and private equity, offer the Fund diversification from equities and bonds. They come with additional risks of being illiquid, traditionally they have costly management fees and investing capital can be a slow process.

An amount of £27.3m was invested in the quarter.

5. TRANSACTION REPORT

- 5.1 It is a requirement that all transactions undertaken are reported to the Committee. Appendix A details transactions for the period April - June 2025.

- 5.2 There were net purchases of £23.8m in the period.

6. TREASURY MANAGEMENT

- 6.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice (the Code) sets out how cash balances should be managed. The Code states that the objective of treasury management is the management of the Authority's cash flow, its borrowings and investments, in such a way as to control the associated risks and achieve a level of performance or return consistent with those risks. The security of cash balances invested is more important than the interest rate received.
- 6.2 Middlesbrough Council adopted the Code on its inception and further determined that the cash balances held by the Fund should be managed using the same criteria. The policy establishes a list of counterparties (banks, building societies and others to whom the Council will lend) and sets limits as to how much it will lend to each counterparty. The counterparty list and associated limits are kept under constant review by the Director of Finance.
- 6.3 Although it is accepted that there is no such thing as a risk-free counterparty, the policy has been successful in avoiding any capital loss through default.
- 6.4 As at 30 June 2025, the Fund had £435.2m invested with approved counterparties. This is a decrease of £20.7m over the last quarter.
- 6.5 The attached graph (Appendix B) shows the maturity profile of cash invested. It also shows the average rate of interest obtained on the investments for each time period.
- 6.6 Delegated authority was given to the Director of Finance and Transformation by the Teesside Pension Fund Committee to authorise/approve any changes made to the Treasury Management Principles (TMPs), with subsequent reporting to this committee.

7. FUND VALUATION

- 7.1 The Fund Valuation details all the investments of the Fund as at 30 June 2025, and is prepared by the Fund's custodian, Northern Trust (NT). The total value of all investments, including cash, is **£5,706 million**. This compares with the last reported valuation, as at 31

March 2025 of **£5,539 million**. The NT copy shows the Fund value at £6.318m, this is incorrect due to a duplicate entry of £637m, this has been corrected in the July valuation.

- 7.3 A summary analysis of the valuation (attached with the above), shows the Fund's percentage weightings in the various asset classes as at 30 June 2025 compared with the Fund's customised benchmark.

8. FORWARD INVESTMENT PROGRAMME

- 8.1 The Forward Investment Programme provides commentary on activity in the current quarter and looks ahead for the next three to five years.
- 8.2 At the September 2024 Pension Fund Committee a revised Strategic Asset Allocation was agreed:

Asset Class	Long Term Target SAA	Current 30/06/25	Minimum	Maximum
GROWTH ASSETS	70%	66.58%	50%	90%
UK Equities	10%	11.28%	5%	20%
+Overseas Equities	45%	42.99%	30%	60%
Private Equity	15%	12.31%	0%	20%
PROTECTION ASSETS	30%	33.15%	10%	50%
Bonds / Other debt / Cash	10%	10.65%	0%	20%
Property	10%	10.81%	0%	20%
Infrastructure	10%	11.69%	0%	20%

(Local Investments account for the missing 0.27% in the "current" totals - there is no allocation within the SAA for these assets)

8.4 EQUITIES

As at the 30 June 2025 the Fund's equity weighting was 54.27% compared to 52.83% at the end of March 2025

Summary of equity returns for the quarter April - June 2025:

Asset	Fund Performance	Benchmark	Excess Return
BCPP UK	5.15%	4.39%	0.77%
BCPP Overseas	6.06%	6.28%	-0.22%
BCPP Emerging Market	5.38%	3.29%	2.09%

(BCPP – Border to Coast Pensions Partnership – Active Internal Management)

8.5 BONDS + CASH

The Fund has no investments in bonds at this time, the level of cash invested is 7.77%. Whilst discussions have been held with the Committee around investing in bonds, there has been no directive to invest as yet.

8.6 PROPERTY

The transfer of the Fund's Direct Property portfolio completed in July. The value of the transferred properties was £396m, this equates to 388m units in the Border to Coast UK Real Estate Main Fund.

Five properties will remain outside of the Fund to be managed by Aberdeen.

8.7 LOCAL INVESTMENT

To date the Fund has 3 Investments classified as "Local":

Ethical Housing Company - £5m investment of which £765k has been called.

Waste Knot - £10m investment agreed at the June 2021 Committee, payment made in full December 2021.

FW Capital – At the September Committee agreement was given for an investment of £20m into the Teesside Flexible Investment Fund.
£3.6m has been called to date.

8.8 ALTERNATIVES

As at 31 January 2025 total commitments to private equity, infrastructure and other debt were £2,002m, as follows:

	Total committed	Total Invested
Border to Coast Infrastructure	£630m	£304m
Other Infrastructure Managers	£429m	£380m
Border to Coast Private Equity	£450m	£227m
Other Private Equity Managers	£414m	£354m
Other Debt	£159m	£150m
Totals	£2,003m	£1,374m

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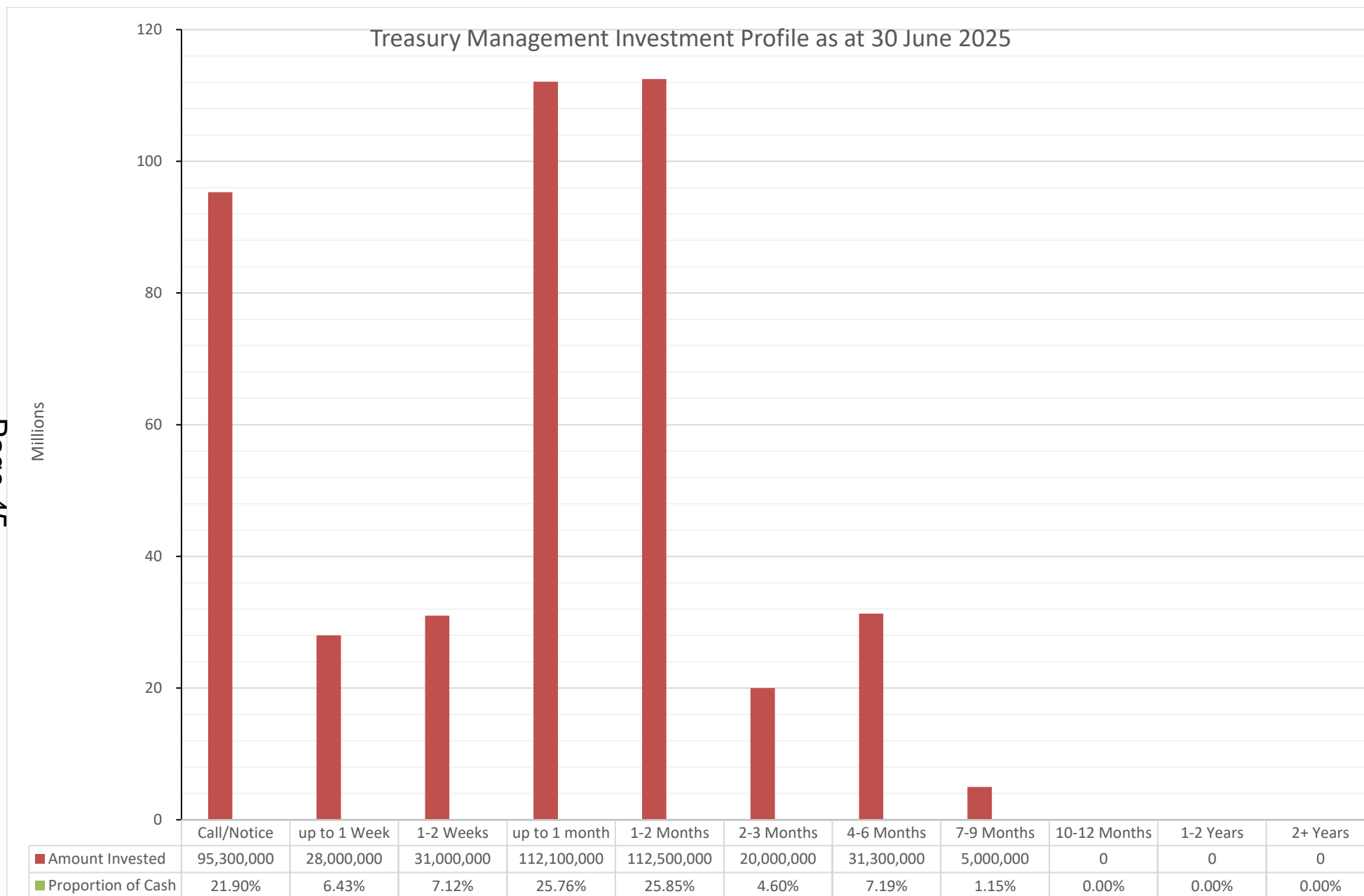
Settlement Date	Buy / Sell	Stock Name	Country/Category	Sector/Country	Nominal Amount of Shares	Price	CCY	Purchase Cost / Sale Proceeds £	Book Cost of Stock Sold	Profit/ (Loss) on Sale
						(P)		(£)	(£)	(£)
01 April 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-580,469.76	-580,469.76	0.00
03 April 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	GBP	404,758.00	404,758.00	0.00
04 April 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	1,754.22	1,754.22	0.00
07 April 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	90,870.68	90,870.68	0.00
07 April 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	700,088.20	700,088.20	0.00
07 April 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	106,230.43	106,230.43	0.00
07 April 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-21,641.96	-21,641.96	0.00
08 April 2025	P	Blackrock Global Energy & Power Infrastructure Fund II	Infrastructure	Infrastructure	~	~	USD	125,931.20	125,931.20	0.00
08 April 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	1,324,472.81	1,324,472.81	0.00
08 April 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-22,305.91	-22,305.91	0.00
09 April 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	EUR	-55,049.21	-55,049.21	0.00
09 April 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	-40,658.26	-40,658.26	0.00
09 April 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-95,066.47	-95,066.47	0.00
11 April 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	177,026.91	177,026.91	0.00
11 April 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	118,233.48	118,233.48	0.00
11 April 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-86,872.25	-86,872.25	0.00
14 April 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	96,883.23	96,883.23	0.00
14 April 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-56,756.14	-56,756.14	0.00
16 April 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	EUR	83,497.22	83,497.22	0.00
17 April 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	49,946.67	49,946.67	0.00
17 April 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	617,533.78	617,533.78	0.00
17 April 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-403,593.13	-403,593.13	0.00
22 April 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-123,666.42	-123,666.42	0.00
22 April 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	201,948.02	201,948.02	0.00
23 April 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	970,651.58	970,651.58	0.00
23 April 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-18,769.28	-18,769.28	0.00
29 April 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	GBP	96,975.47	96,975.47	0.00
06 May 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	1,394,047.10	1,394,047.10	0.00
06 May 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-210,686.20	-210,686.20	0.00
06 May 2025	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-21,421.98	-21,421.98	0.00
07 May 2025	S	ACIF Infrastructure LP	Infrastructure	Infrastructure	~	~	EUR	-472,166.03	-472,166.03	0.00
07 May 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	5,431.45	5,431.45	0.00
07 May 2025	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-27,935.67	-27,935.67	0.00
09 May 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	481,825.56	481,825.56	0.00
13 May 2025	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	-78,883.95	-78,883.95	0.00
14 May 2025	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	250,386.90	250,386.90	0.00
14 May 2025	S	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	-133,562.19	-133,562.19	0.00
14 May 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	43,720.34	43,720.34	0.00
14 May 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-18,044.90	-18,044.90	0.00
16 May 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-580,859.31	-580,859.31	0.00
16 May 2025	P	Border to Coast Infrastructure Series 3A	Infrastructure	Infrastructure	~	~	USD	1,382,538.42	1,382,538.42	0.00
19 May 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-348,347.32	-348,347.32	0.00
20 May 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	42,439.47	42,439.47	0.00
20 May 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-42,439.47	-42,439.47	0.00
20 May 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	78,777.10	78,777.10	0.00
21 May 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	46,506.69	46,506.69	0.00
21 May 2025	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-30,066.32	-30,066.32	0.00
22 May 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	GBP	-12,691.05	-12,691.05	0.00
23 May 2025	P	ACIF Infrastructure II LP	Infrastructure	Infrastructure	~	~	EUR	544,984.45	544,984.45	0.00
23 May 2025	S	ACIF Infrastructure II LP	Infrastructure	Infrastructure	~	~	EUR	-136,515.72	-136,515.72	0.00
27 May 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	35,047.05	35,047.05	0.00
27 May 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-31,889.52	-31,889.52	0.00
27 May 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	2,235,167.87	2,235,167.87	0.00
27 May 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-4,837.62	-4,837.62	0.00
28 May 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	319,554.92	319,554.92	0.00
28 May 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	71,819.73	71,819.73	0.00
28 May 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-213,356.17	-213,356.17	0.00
28 May 2025	P	Border to Coast Infrastructure Series 3A	Infrastructure	Infrastructure	~	~	USD	2,464,467.63	2,464,467.63	0.00

30 May 2025	P	Capital Dynamics Clean Energy Infrastructure VII	Infrastructure	Infrastructure	~	~	GBP	566,666.67	566,666.67	0.00
30 May 2025	P	Capital Dynamics Clean Energy Infrastructure VII Co-Investment	Infrastructure	Infrastructure	~	~	GBP	283,333.33	283,333.33	0.00
03 June 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	3,504.37	3,504.37	0.00
04 June 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-293,802.89	-293,802.89	0.00
04 June 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	79,523.57	79,523.57	0.00
04 June 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	44,402.40	44,402.40	0.00
04 June 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-373,482.60	-373,482.60	0.00
06 June 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-197,721.28	-197,721.28	0.00
06 June 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	11,493.24	11,493.24	0.00
06 June 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-102,561.94	-102,561.94	0.00
06 June 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	19,148.94	19,148.94	0.00
12 June 2025	P	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	~	~	EUR	197,702.68	197,702.68	0.00
12 June 2025	S	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	~	~	EUR	-123,039.94	-123,039.94	0.00
13 June 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	567,777.89	567,777.89	0.00
13 June 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	23,228.18	23,228.18	0.00
13 June 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	-940,993.15	-940,993.15	0.00
13 June 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	2,600,733.70	2,600,733.70	0.00
13 June 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-1,658.75	-1,658.75	0.00
16 June 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	109,545.82	109,545.82	0.00
17 June 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	316,097.79	316,097.79	0.00
17 June 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-27,638.92	-27,638.92	0.00
18 June 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	757,374.25	757,374.25	0.00
18 June 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-1,550,645.75	-1,550,645.75	0.00
19 June 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	1,112,682.51	1,112,682.51	0.00
19 June 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	470,828.46	470,828.46	0.00
20 June 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	16,244.34	16,244.34	0.00
23 June 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	2,928,052.29	2,928,052.29	0.00
24 June 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	EUR	366,072.03	366,072.03	0.00
24 June 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	1,073,849.73	1,073,849.73	0.00
26 June 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	278,089.07	278,089.07	0.00
26 June 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	16,125.72	16,125.72	0.00
26 June 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	91,715.30	91,715.30	0.00
30 June 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	GBP	564,494.90	564,494.90	0.00
								19,582,106.35		
29 April 2025	P	Teesside Flexible Investment Fund	Local Investments	Local Investments	~	~	GBP	101,962.33	101,962.33	0.00
19 June 2025	P	Teesside Flexible Investment Fund	Local Investments	Local Investments	~	~	GBP	190,000.00	190,000.00	0.00
								291,962.33		
22 April 2025	S	Greyhound Retail Park, Chester	Other Debt	Other Debt	~	~	GBP	-109,375.00	-109,375.00	0.00
22 April 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-174,592.00	-174,592.00	0.00
29 April 2025	S	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	GBP	-1,573,778.51	-1,573,778.51	0.00
28 May 2025	S	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	EUR	-4,029,060.40	-4,029,060.40	0.00
26 June 2025	P	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	1,309,749.00	1,309,749.00	0.00
27 June 2025	P	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	EUR	363,437.60	363,437.60	0.00
27 June 2025	P	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	GBP	221,199.46	221,199.46	0.00
27 June 2025	S	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	EUR	6,734.57	6,734.57	0.00
27 June 2025	S	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	EUR	-6,734.57	-6,734.57	0.00
30 June 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-289,730.91	-289,730.91	0.00
30 June 2025	S	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	GBP	-903,859.28	-903,859.28	0.00
								-5,186,010.04		
03 April 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	853,494.20	853,494.20	0.00
07 April 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	1,265,051.62	1,265,051.62	0.00
08 April 2025	P	Crown Co-Investment Opportunities III	Private Equity	Private Equity	~	~	USD	1,178,667.44	1,178,667.44	0.00
10 April 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	1,041,820.26	1,041,820.26	0.00
14 April 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-114,266.88	-114,266.88	0.00
14 April 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	6,051.89	6,051.89	0.00

15 April 2025	P	Foresight Regional Investment IV	Private Equity	Private Equity	~	~	GBP	27,635.86	27,635.86	0.00
15 April 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	353,851.43	353,851.43	0.00
16 April 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	11,952.38	11,952.38	0.00
22 April 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	167,119.04	167,119.04	0.00
22 April 2025	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-120,760.30	-120,760.30	0.00
24 April 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	597,104.56	597,104.56	0.00
24 April 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	102,791.84	102,791.84	0.00
24 April 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	119,984.91	119,984.91	0.00
30 April 2025	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-4,847.70	-4,847.70	0.00
30 April 2025	S	Crown Co-Investment Opportunities III	Private Equity	Private Equity	~	~	USD	-150,633.01	-150,633.01	0.00
02 May 2025	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	EUR	-1,220,494.73	-1,220,494.73	0.00
02 May 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	EUR	229,150.23	229,150.23	0.00
02 May 2025	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	EUR	-47,468.29	-47,468.29	0.00
06 May 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	2,749,976.63	2,749,976.63	0.00
06 May 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-2,742,868.06	-2,742,868.06	0.00
06 May 2025	S	Crown Growth Opportunities Global III	Private Equity	Private Equity	~	~	EUR	-403,186.73	-403,186.73	0.00
08 May 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	562,791.06	562,791.06	0.00
09 May 2025	P	Unigestion Direct III - Global	Private Equity	Private Equity	~	~	EUR	3,618,012.00	3,618,012.00	0.00
09 May 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	109,602.89	109,602.89	0.00
15 May 2025	P	Capital Dynamics LGPS Collective Private Equity for Pools 18/19	Private Equity	Private Equity	~	~	GBP	100,000.00	100,000.00	0.00
15 May 2025	S	Capital Dynamics LGPS Collective Private Equity for Pools 18/19	Private Equity	Private Equity	~	~	GBP	-125,400.00	-125,400.00	0.00
20 May 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	61,630.07	61,630.07	0.00
20 May 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-847,160.48	-847,160.48	0.00
21 May 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	GBP	761,613.35	761,613.35	0.00
23 May 2025	S	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	-569,388.17	-569,388.17	0.00
27 May 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	2,585.18	2,585.18	0.00
27 May 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	123,264.28	123,264.28	0.00
27 May 2025	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	-187,345.41	-187,345.41	0.00
28 May 2025	S	Access Capital Co-Investment Fund Buy-Out Europe II	Private Equity	Private Equity	~	~	EUR	-254,104.14	-254,104.14	0.00
29 May 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	70,436.30	70,436.30	0.00
29 May 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	73,345.79	73,345.79	0.00
03 June 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	381,034.37	381,034.37	0.00
03 June 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	1,112,043.70	1,112,043.70	0.00
04 June 2025	P	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	651,610.51	651,610.51	0.00
04 June 2025	S	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	-249,055.35	-249,055.35	0.00
09 June 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	3,484.33	3,484.33	0.00
10 June 2025	S	Pantheon Global Co-Investment Opportunities IV	Private Equity	Private Equity	~	~	USD	-96,085.05	-96,085.05	0.00
11 June 2025	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-91,940.87	-91,940.87	0.00
11 June 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	2,521,663.03	2,521,663.03	0.00
11 June 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	260,714.15	260,714.15	0.00
11 June 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-343,191.05	-343,191.05	0.00
12 June 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	105,470.87	105,470.87	0.00
17 June 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	3,750,590.60	3,750,590.60	0.00
17 June 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-2,700,349.25	-2,700,349.25	0.00
23 June 2025	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-4,799.91	-4,799.91	0.00
25 June 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	83,929.92	83,929.92	0.00
26 June 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	GBP	900,111.18	900,111.18	0.00
26 June 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	137,600.24	137,600.24	0.00
27 June 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	408,275.48	408,275.48	0.00
30 June 2025	S	Capital Dynamics Global Secondaries V	Private Equity	Private Equity	~	~	USD	-210,240.50	-210,240.50	0.00
30 June 2025	S	Access Capital Fund VIII Growth Buy-Out Europe	Private Equity	Private Equity	~	~	EUR	-788,586.83	-788,586.83	0.00
30 June 2025	S	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	-425,714.95	-425,714.95	0.00
30 June 2025	P	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	115,856.88	115,856.88	0.00
								12,922,430.85		
03 June 2025	S	Local Authorities Property Fund	Property Unit Trusts	Property Unit Trusts	-1,368,174.00	278.09	GBP	-3,804,716.77	-1,282,865.49	2,521,851.28
								-3,804,716.77		
Periods April, May and June 2025 (Cumulative) Total								23,805,772.72		

Total Profit - NB: Losses are shown with a ()

2,521,851.28



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◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Equities					
Common stock					
Australia					
Common Stock					
FINEXIA FINL GROUP NPV SEDOL : BM4539	0.00 AUD	85.000	0.000	0.27500000	11.180
Common Stock					
YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626	0.00 AUD	225,391.000	283,349.800	0.06900000	7,437.510
Total Australia	0.00	225,476.000	283,349.800		7,448.690
Europe Region					
Common Stock					
ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996	0.00 EUR	19,585,453.630	17,399,642.590	0.96965330	16,267,887.850
Total Europe Region	0.00	19,585,453.630	17,399,642.590		16,267,887.850
Guernsey, Channel Islands					
Common Stock					
AMEDEO AIR FOUR PL RED ORD NPV SEDOL : BQKNKR7	0.00 GBP	3,999,998.000	3,338,588.500	0.57400000	2,295,998.850
Total Guernsey, Channel Islands	0.00	3,999,998.000	3,338,588.500		2,295,998.850
United Kingdom					
Common Stock					
AFREN ORD GBP0.01 SEDOL : B067275	0.00 GBP	1,000,000.000	1,089,449.060	0.01785000	17,850.000
Common Stock					
CARILLION PLC ORD GBP0.50 SEDOL : 0736554	0.00 GBP	436,400.000	0.000	0.14200000	61,968.800
Common Stock					
NEW WORLD RESOURCE ORD EUR0.0004 A SEDOL : B42CTW6	0.00 GBP	250,000.000	1,294,544.760	0.00150000	375.000
Total United Kingdom	0.00	1,686,400.000	2,383,993.820		80,193.800
Total Common stock	0.00	25,497,327.630	23,405,574.710		18,651,529.190
Funds - common stock					
Guernsey, Channel Islands					
Funds - Common Stock					
VISTRA FD SERVICES DARWIN LEISURE DEV D GBP SEDOL : BD41T35	0.00 GBP	15,000,000.000	15,000,000.000	0.82670000	12,400,500.000
Total Guernsey, Channel Islands	0.00	15,000,000.000	15,000,000.000		12,400,500.000
United Kingdom					
Funds - Common Stock					
BORDER TO COAST PE BORDER TO COAST OVERSEA DEV SEDOL : BS2KPW0	0.00 GBP	2,099,596,093.420	1,500,180,187.320	1.05380000	2,212,554,363.250
Funds - Common Stock					
BORDER TO COAST PE BORDER TO COAST UK LISTED SEDOL : BS2KKB4	0.00 GBP	612,577,167.050	612,577,167.050	1.04680000	641,245,778.470

Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Equities					
Funds - common stock					
Total United Kingdom	0.00	2,712,173,260.470	2,112,757,354.370		2,853,800,141.720
Total Funds - common stock	0.00	2,727,173,260.470	2,127,757,354.370		2,866,200,641.720
Unit trust equity					
Guernsey, Channel Islands					
Unit Trust Equity					
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION SEDOL : 4A8UCZU	0.00 GBP	14,359,563.469	15,000,000.000	1.10700000	15,896,036.760
Total Guernsey, Channel Islands	0.00	14,359,563.469	15,000,000.000		15,896,036.760
Luxembourg					
Unit Trust Equity					
ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U	0.00 EUR	324.970	20,636,888.600	97,612.41000000	27,172,485.200
Total Luxembourg	0.00	324.970	20,636,888.600		27,172,485.200
United Kingdom					
Unit Trust Equity					
CANDOVER INVSTMNTS PLC GBP0.25 SEDOL : 0171315	0.00 GBP	60,000.000	321,939.430	0.00000000	0.000
Total United Kingdom	0.00	60,000.000	321,939.430		0.000
Total Unit trust equity	0.00	14,419,888.439	35,958,828.030		43,068,521.960
Total Equities	0.00	2,767,090,476.539	2,187,121,757.110		2,927,920,692.870

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Real Estate					
Real estate					
Europe Region					
Real Estate					
CAPITAL DYNAMICS MID-MARKET DIRECT V CUSIP : 993RBZ993	0.00 EUR	16,284,291.510	14,027,877.030	1.70124070	23,730,980.770
Real Estate					
La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997	0.00 EUR	13,134,322.550	11,473,508.750	0.92533290	10,410,863.110
Total Europe Region	0.00	29,418,614.060	25,501,385.780		34,141,843.880
United Kingdom					
Real Estate					
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994	0.00 GBP	10,000,000.010	10,000,000.010	1.01393770	10,139,377.010
Real Estate					
HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992	0.00 GBP	20,000,000.000	20,000,000.000	0.87072280	17,414,456.000
Real Estate					
TEESSIDE PENSION FUND - DIRECT PROPERTY CUSIP : 9936HG995	0.00 GBP	488,512,883.480	488,512,883.480	1.08183730	528,491,458.880
Total United Kingdom	0.00	518,512,883.490	518,512,883.490		556,045,291.890
Total Real Estate	0.00	547,931,497.550	544,014,269.270		590,187,135.770
Funds - real estate					
United Kingdom					
Funds - Real Estate					
DARWIN LEISURE PRO UNITS CLS 'C' SEDOL : B29MQ57	0.00 GBP	6,493,057.480	10,611,644.050	1.79000000	11,622,572.890
Funds - Real Estate					
DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU	0.00 GBP	34,527,436.047	35,000,000.000	0.50460000	17,422,544.230
Funds - Real Estate					
HERMES INVEST MNGM HERMES PROPERTY UNIT TRUST SEDOL : 0426219	0.00 GBP	2,589,184.000	15,720,126.330	6.07400000	15,726,703.620
Total United Kingdom	0.00	43,609,677.527	61,331,770.380		44,771,820.740
Total Funds - real estate	0.00	43,609,677.527	61,331,770.380		44,771,820.740
Total Real Estate	0.00	591,541,175.077	605,346,039.650		634,958,956.510

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
Europe Region					
Partnerships					
ACCESS CAPITAL FUND INFRASTRUCTURE II - EUR CUSIP : 993QEX997	0.00 EUR	16,386,116.380	14,320,826.320	1.20020880	16,846,663.330
Partnerships					
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999	0.00 EUR	18,417,172.610	15,888,343.480	1.58583290	25,018,509.750
Partnerships					
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995	0.00 EUR	12,180,911.700	10,492,082.480	1.17832000	12,294,874.470
Partnerships					
ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993	0.00 EUR	13,641,986.070	11,676,781.750	1.12098650	13,099,630.310
Partnerships					
Darwin Bereavement Services Fund, Incomeunits CUSIP : 993XBG992	0.00 GBP	30,000,000.000	30,000,000.000	0.82426010	24,727,803.000
Partnerships					
FORESLIGHT ENERGY I NFRASTRUCTURE PARTNERS - EUR CUSIP : 995KLQ995	0.00 EUR	14,199,071.660	13,533,793.120	1.17172080	14,251,649.910
Partnerships					
UNIGESTION DIRECT III - EUR CUSIP : 994RLP993	0.00 EUR	24,143,016.940	20,808,510.180	1.26387020	26,138,163.380
Total Europe Region	0.00	128,968,275.360	116,720,337.330		132,377,294.150
Global Region					
Partnerships					
CAPITAL DYNAMICS GLOBAL SECONDARIES V (FEEDER) SCSP CUSIP : 995F09997	0.00 USD	7,741,760.190	10,053,062.890	2.66304360	15,044,801.270
Partnerships					
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992	0.00 USD	8,210,130.030	6,211,108.320	3.57229540	21,402,566.940
Partnerships					
INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990	0.00 GBP	50,000,000.000	50,000,000.000	1.01712190	50,856,095.000
Partnerships					
LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992	0.00 GBP	8,042,550.000	8,042,550.000	1.46239730	11,761,403.410
Partnerships					
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994	0.00 USD	21,004,956.000	16,502,178.570	1.82993280	28,049,516.650
Partnerships					
UNIGESTION DIRECT II - EUR CUSIP : 993MTE992	0.00 EUR	20,212,828.800	17,431,981.920	1.49274830	25,846,083.200
Total Global Region	0.00	115,212,225.020	108,240,881.700		152,960,466.470
Luxembourg					
Partnerships					
Crown Growth Opportunities Global III fund CUSIP : 995NRV992	0.00 EUR	27,144,357.140	21,098,509.830	1.51059270	35,124,325.840
Partnerships					
UNIGESTION SA CUSIP : 995NRW990	0.00 EUR	32,926,944.380	26,424,348.320	1.50918030	42,567,055.790
Total Luxembourg	0.00	60,071,301.520	47,522,858.150		77,691,381.630
United Kingdom					

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
United Kingdom					
Partnerships					
ANCALA INFRASTRUCTURE FUND II SCSP CUSIP : 993FSE998	0.00 EUR	18,708,347.540	16,419,513.000	1.26374300	20,252,341.750
Partnerships					
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A CUSIP : 994MVX996	0.00 GBP	38,165,718.290	38,165,718.290	1.05295790	40,186,894.580
Partnerships					
BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997	0.00 GBP	246,131,815.690	246,131,815.690	0.90803450	223,496,180.190
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999	0.00 USD	102,272,671.940	81,081,285.620	1.00564950	75,054,149.590
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999	0.00 USD	46,017,741.580	36,014,456.430	1.10834160	37,219,231.300
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992	0.00 GBP	40,366,745.910	40,366,745.910	1.19887910	48,394,848.010
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 2 A (GBP) CUSIP : 994NWK991	0.00 GBP	80,797,297.050	80,797,297.050	1.09342270	88,345,598.690
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996	0.00 USD	86,679,352.240	67,481,350.580	1.50760340	95,361,095.060
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998	0.00 USD	41,715,166.280	33,081,327.830	1.39814180	42,561,180.290
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998	0.00 GBP	43,246,307.262	43,246,307.260	1.14223450	49,397,424.150
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 2A- GBP CUSIP : 994JQY997	0.00 GBP	42,494,154.064	42,494,154.060	1.06307790	45,174,596.060
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 2B CUSIP : 994WH4994	0.00 GBP	22,534,870.850	22,534,870.850	1.19699120	26,974,042.100
Partnerships					
BORDER TO COAST UK LISTED EQUITY FUND (AINC) - GBP CUSIP : 995SBQ999	0.00 GBP	612,577,167.050	612,577,167.050	1.04070000	637,509,057.750
Partnerships					
Capital Dynamics Clean Energy Infrastructure Uk - GBP CUSIP : 995J65991	0.00 GBP	5,110,000.000	5,110,000.000	0.79815540	4,078,574.090
Partnerships					
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP :	0.00 GBP	9,367,043.720	9,367,043.720	1.02659950	9,616,202.400
Partnerships					
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp CUSIP : 993FP0991	0.00 GBP	19,300,754.070	19,300,754.070	1.07856740	20,817,164.140
Partnerships					
DARWIN LEISURE PROPERTY FUND T ,INCOME UNITS CUSIP : 995NZ7996	0.00 GBP	5,000,000.000	5,000,000.000	0.71310000	3,565,500.000
Partnerships					
FORESIGHT REGIONAL INVESTMENT LP CUSIP : 994JXS992	0.00 GBP	1,637,106.860	1,637,106.860	0.88967120	1,456,486.820
Partnerships					
GB Bank Limited CUSIP : 993QJB990	0.00 GBP	59,843,728.320	59,843,728.320	0.55718040	33,343,752.480
Partnerships					
GRESHAM HOUSE BSI HOUSING FUND LP CUSIP : 993FP6998	0.00 GBP	19,546,066.490	19,546,066.490	1.09999480	21,500,571.500
Partnerships					
GRESHAM HOUSE BSI INFRASTRUCTURE LP CUSIP : 993FP5990	0.00 GBP	17,533,330.700	17,533,330.700	1.35214900	23,707,675.570

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
United Kingdom					
Partnerships					
GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993	0.00 GBP	24,740,491.880	24,740,491.880	1.17113460	28,974,446.060
Partnerships					
GREYHOUND RETAIL PARK, CHESTER CUSIP : 9948YV998	0.00 GBP	18,950,238.000	18,950,238.000	0.00000010	1.900
Partnerships					
HERMES GPE INNOVATION FUND CUSIP : 993NEB992	0.00 GBP	15,774,054.360	15,774,054.360	1.33207090	21,012,158.790
Partnerships					
INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992	0.00 GBP	8,672,972.000	8,672,972.000	1.07726340	9,343,075.300
Partnerships					
INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999	0.00 GBP	7,728,331.000	7,728,331.000	1.09173970	8,437,325.770
Partnerships					
St Arthur Homes CUSIP : 994NJF997	0.00 GBP	17,213,507.190	17,213,507.190	0.93214840	16,045,543.190
Partnerships					
Teesside Flexible Investment Fund - GBP CUSIP : 995EFQ996	0.00 GBP	2,850,019.000	2,850,019.000	1.04155890	2,968,462.650
Partnerships					
TITAN - PRESTON EAST CUSIP : 995NRY996	0.00 GBP	18,776,850.000	18,776,850.000	0.99323700	18,649,862.160
Partnerships					
Titan- investors loan for Hogmor House,Templars way,bordon CUSIP : 995EEZ997	0.00 GBP	10,983,472.000	10,983,472.000	0.98559820	10,825,290.230
Partnerships					
TPF CO-INVESTMENT BSI LP - WASTE KNOT GBP CUSIP : 994FFL995	0.00 GBP	10,000,000.000	10,000,000.000	1.21687030	12,168,703.000
Partnerships					
Verdant Regeneration Ltd - GBP CUSIP : 995J64994	0.00 GBP	25,000,000.000	25,000,000.000	1.00000000	25,000,000.000
Total United Kingdom	0.00	1,719,735,321.336	1,658,419,975.210		1,701,437,435.570
United States					
Partnerships					
BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :	0.00 USD	16,638,817.000	13,101,816.380	1.14189420	13,864,901.120
Partnerships					
BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992	0.00 USD	21,124,248.850	16,696,254.950	0.80331950	12,383,347.160
Partnerships					
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997	0.00 USD	19,453,684.000	14,751,961.430	1.34499860	19,093,790.510
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 2B- GBP CUSIP : 9952EV992	0.00 GBP	50,671,200.200	50,671,200.200	0.87271860	44,221,698.900
Partnerships					
BRIDGES EVERGREEN TPF HOUSING CO-INVEST LP CUSIP : 993XEU998	0.00 GBP	806,792.760	806,792.760	0.95340220	769,197.990
Partnerships					
CROWN CO-INVEST OPPORTUNITIES III CUSIP : 993XBM999	0.00 USD	23,676,932.670	18,569,472.760	1.29322270	22,344,324.130
Partnerships					
CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991	0.00 USD	22,485,823.390	17,817,593.870	1.40733470	23,092,696.900
Partnerships					
LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995	0.00 USD	19,857,837.380	15,487,203.770	1.38141240	20,018,141.930

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
United States					
Partnerships					
PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999	0.00 USD	23,986,331.440	18,899,195.930	0.77729700	13,605,649.730
Total United States	0.00	198,701,667.690	166,801,492.050		169,393,748.370
Total Partnerships	0.00	2,222,688,790.926	2,097,705,544.440		2,233,860,326.190
Total Venture Capital and Partnerships	0.00	2,222,688,790.926	2,097,705,544.440		2,233,860,326.190

◆ Asset Detail - Customizable

Asset Subcategory										
Description/Asset ID	Accrued		Nominal	Book Cost	Market Price	Market Value				
	Income/Expense	Curr								
Hedge Fund										
Hedge equity										
Global Region										
Hedge Equity										
IIF UK I LP CUSIP : 993FP3995	0.00	USD	95,257,109.310	79,266,010.890	1.12511550	78,210,123.220				
Total Global Region	0.00		95,257,109.310	79,266,010.890		78,210,123.220				
Total Hedge equity	0.00		95,257,109.310	79,266,010.890		78,210,123.220				
Total Hedge Fund	0.00		95,257,109.310	79,266,010.890		78,210,123.220				

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
All Other					
Recoverable taxes					
Recoverable taxes					
GBP - British pound sterling	97,715.75	0.000	0.000	0.00000000	0.000
Recoverable taxes					
DKK - Danish krone	291,409.85	0.000	0.000	0.00000000	0.000
Recoverable taxes					
EUR - Euro	1,103,019.20	0.000	0.000	0.00000000	0.000
Recoverable taxes					
CHF - Swiss franc	2,473,430.14	0.000	0.000	0.00000000	0.000
Total	3,965,574.94	0.000	0.000		0.000
Total Recoverable taxes	3,965,574.94	0.000	0.000		0.000
Total All Other	3,965,574.94	0.000	0.000		0.000

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Cash and Cash Equivalents					
Cash					
Cash					
AUD - Australian dollar	0.14	3,772.650	3,772.650	1.00000000	3,772.650
Cash					
GBP - British pound sterling	0.00	340.200	340.200	1.00000000	340.200
Cash					
THB - Thai baht	0.00	4,848.660	4,848.660	1.00000000	4,848.660
Cash					
USD - United States dollar	57.10	67,043.050	67,043.050	1.00000000	67,043.050
Total	57.24	76,004.560	76,004.560		76,004.560
Total Cash	57.24	76,004.560	76,004.560		76,004.560
Cash (externally held)					
Cash (externally held)					
GBP - British pound sterling	0.00	442,881,540.150	442,881,540.150	1.00000000	442,881,540.150
Cash (externally held)					
EUR - Euro	0.00	0.330	0.330	1.00000000	0.330
Total	0.00	442,881,540.480	442,881,540.480		442,881,540.480
Total Cash (externally held)	0.00	442,881,540.480	442,881,540.480		442,881,540.480
Funds - short term investment					
Funds - Short Term Investment					
GBP - British pound sterling	774.50	225,000.000	225,000.000	1.00000000	225,000.000
Total	774.50	225,000.000	225,000.000		225,000.000
Total Funds - short term investment	774.50	225,000.000	225,000.000		225,000.000
Total Cash and Cash Equivalents	831.74	443,182,545.040	443,182,545.040		443,182,545.040
Report Total:					
	3,966,406.68	6,119,760,096.892	5,412,621,897.130		6,318,132,643.830

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued		Nominal	Book Cost	Market Price
	Income/Expense	Curr			

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<u>ASSET</u>	<u>BOOK COST</u>	<u>PRICE</u>	<u>MARKET VALUE</u>	<u>FUND %</u>
<u>GROWTH ASSETS</u>				
<u>UK EQUITIES</u>				
AFREN ORD GBP0.01	1,089,449.06	0.02	17,850.00	0.00%
AMEDEO AIR FOUR PLUS LTD	3,907,776.01	0.02	2,295,998.85	0.04%
BORDER TO COAST PE UK LISTED EQUITY FUND (AINC)	612,577,167.00	1.26	641,245,778.47	11.24%
CANDOVER INVESTMENTS PLC GBP0.25	321,939.43	0.00	0.00	0.00%
CARILLION ORD GBP0.50	0.00	0.14	61,968.80	0.00%
NEW WORLD RESOURCE ORD EURO0.0004 A	1,294,544.76	0.00	375.00	0.00%
TOTAL UK EQUITIES			643,621,971.12	11.28%
<u>OVERSEAS EQUITIES</u>				
BORDER TO COAST EMERGING MARKET HYBRID FUND	246,131,815.69	0.97	240,429,991.57	4.21%
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY (AINC)	2,099,596,093.42	1.19	2,212,554,363.25	38.77%
FINEXIA FINL GROUP NPV	85.00	0.29	11.18	0.00%
YOUNG AUSTRALIAN MINES LTD	225,391.00	0.07	7,437.51	0.00%
TOTAL OVERSEAS EQUITIES			2,452,991,803.51	42.99%
TOTAL EQUITIES			3,096,613,774.63	54.27%
<u>PRIVATE EQUITY</u>				
ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II	7,858,117.11	0.98	13,099,630.31	0.23%
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE	14,502,844.73	1.43	25,018,509.75	0.44%
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL	15,821,278.95	1.20	19,093,790.51	0.33%
BORDER TO COAST PRIVATE EQUITY SERIES 1A	65,530,115.76	1.09	95,361,095.06	1.67%
BORDER TO COAST PRIVATE EQUITY SERIES 1B	28,741,211.36	0.99	42,561,180.29	0.75%
BORDER TO COAST PRIVATE EQUITY SERIES 1C	21,162,341.01	1.04	49,397,424.15	0.87%
BORDER TO COAST PRIVATE EQUITY SERIES 2A	4,957,913.17	0.76	45,174,596.06	0.79%
BORDER TO COAST PRIVATE EQUITY SERIES 2B	6,508,313.21	0.98	26,974,042.10	0.47%
CAPITAL DYNAMICS GLOBAL SECONDARIES V	11,042,925.55	1.66	15,044,801.27	0.26%
CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19	6,979,550.00	1.36	11,761,403.41	0.21%
CAPITAL DYNAMICS MID-MARKET DIRECT V	13,201,080.63	1.25	23,730,980.77	0.42%
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD	12,309,133.55	2.04	21,402,566.94	0.38%
CROWN CO INVESTMENT OPPORTUNITIES III	10,447,059.01	1.14	22,344,324.13	0.39%

CROWN GLOBAL OPPORTUNITIES VII	15,563,768.96	1.31	23,092,696.90	0.40%
CROWN GROWTH OPPORTUNITIES GLOBAL III	20,496,138.42	1.52	35,124,325.84	0.62%
CROWN SECONDARIES SPECIAL OPPORTUNITIES II	13,140,741.71	1.34	20,018,141.93	0.35%
DARWIN LEISURE DEVELOPMENT FUND ACCUMULATION UNITS - D CLASS	15,000,000.00	1.10	12,400,500.00	0.22%
DARWIN LEISURE PRO UNITS CLS 'C'	10,611,644.05	2.53	11,622,572.89	0.20%
DARWIN LEISURE PROPERTY FUND, K INCOME UNITS	35,000,000.00	0.70	17,422,544.23	0.31%
DARWIN LEISURE PROPERTY FUND, T INCOME UNITS	5,000,000.00	1.00	3,565,500.00	0.06%
FORESIGHT REGIONAL INVESTMENTS IV LP	777,508.40	0.85	1,456,486.82	0.03%
GB BANK LIMITED	50,043,721.94	1.00	23,445,973.32	0.41%
HERMES GPE INNOVATION FUND	13,341,398.86	1.32	21,012,158.79	0.37%
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV	19,141,292.79	1.63	28,049,516.65	0.49%
UNIGESTION DIRECT II	14,547,379.23	1.33	25,846,083.20	0.45%
UNIGESTION DIRECT III	7,213,426.37	0.90	26,138,163.38	0.46%
UNIGESTION SA	22,917,577.35	1.35	42,567,055.79	0.75%
PRIVATE EQUITY			702,726,064.49	12.31%
FW CAPITAL TEESSIDE FLEXIBLE INVESTMENT FUND	2,850,019.00	0.00	2,968,462.65	0.05%
PRIVATE EQUITY - LOCAL INVESTMENT			2,968,462.65	0.05%
TOTAL PRIVATE EQUITY			705,694,527.14	12.37%
PROPERTY				
DIRECT PROPERTY				
TEESSIDE PENSION FUND - DIRECT PROPERTY	399,152,598.72	1.03	524,275,000.00	9.19%
TOTAL DIRECT PROPERTY			524,275,000.00	9.19%
PROPERTY FUNDS				
ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND	20,636,888.60	120,966.80	27,172,485.20	0.48%
GRESHAM HOUSE BSI HOUSING LP	15,638,997.82	1.10	21,500,571.50	0.38%
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP	10,000,000.01	0.96	10,139,377.01	0.18%
HEARTHSTONE RESIDENTIAL FUND 2	13,740,773.16	0.91	17,414,456.00	0.31%
HERMES PROPERTY PUT	15,720,126.33	6.37	15,726,703.62	0.28%
TOTAL PROPERTY FUNDS			91,953,593.33	1.61%
BRIDGES EVERGREEN TPF HOUSING CO-INVESTMENT LP	765,180.38	0.93	769,197.99	0.01%
PROPERTY FUNDS - LOCAL INVESTMENT			769,197.99	0.01%
TOTAL PROPERTY			616,997,791.32	10.81%

PROTECTION ASSETS**INFRASTRUCTURE**

ACCESS CAPITAL FUND INFRASTRUCTURE II	13,946,299.76	1.11	16,846,663.33	0.30%
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)	7,629,082.71	1.02	12,294,874.47	0.22%
ACIF INFRASTRUCTURE FUND LP	13,421,191.08	0.74	16,267,887.85	0.29%
ANCALA INFRASTRUCTURE FUND II SCSP	16,729,179.08	1.12	20,252,341.75	0.35%
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III	15,874,716.01	0.98	13,864,901.12	0.24%
BLACKROCK GLOBAL RENEWABLE POWER FUND III	11,308,739.08	1.06	12,383,347.16	0.22%
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A	12,551,872.31	1.02	40,186,894.58	0.70%
BORDER TO COAST INFRASTRUCTURE SERIES 1A	67,321,263.18	0.87	75,054,149.59	1.32%
BORDER TO COAST INFRASTRUCTURE SERIES 1B	24,942,901.60	0.89	37,219,231.30	0.65%
BORDER TO COAST INFRASTRUCTURE SERIES 1C	33,456,001.70	1.08	48,394,848.01	0.85%
BORDER TO COAST INFRASTRUCTURE SERIES 2A	32,109,979.63	0.98	88,345,598.69	1.55%
BORDER TO COAST INFRASTRUCTURE SERIES 2B	6,540,791.64	1.00	44,221,698.90	0.77%
BORDER TO COAST INFRASTRUCTURE SERIES 3A			3,867,954.13	0.07%
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp	17,500,754.07	1.01	20,817,164.14	0.36%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE UK	3,770,000.00	1.00	9,616,202.40	0.17%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP	8,750,377.05	1.04	4,078,574.09	0.07%
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION	15,000,000.00	1.27	15,896,036.76	0.28%
DARWIN BEREAVEMENT SERVICES FUND, INCOME UNITS	30,000,000.00	1.01	24,727,803.00	0.43%
FORESIGHT ENERGY INFRASTRUCTURE PARTNERS	8,516,087.18	0.93	14,251,649.91	0.25%
GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II	18,010,845.93	1.07	28,974,446.06	0.51%
GRESHAM HOUSE BSI INFRASTRUCTURE LP	19,070,660.40	1.21	23,707,675.57	0.42%
IIF UK I LP	80,595,460.34	1.05	78,210,123.22	1.37%
INNISFREE PFI CONTINUATION FUND	8,672,972.00	1.20	9,343,075.30	0.16%
INNISFREE PFI SECONDARY FUND 2	7,728,331.00	1.17	8,437,325.77	0.15%

INFRASTRUCTURE			667,260,467.10	11.69%
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CO-INVESTMENT BSI LP - WASTE KNOT	10,000,000.00	1.11	12,168,703.00	0.21%
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INFRASTRUCTURE - LOCAL INVESTMENT			12,168,703.00	0.21%
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TOTAL INFRASTRUCTURE			679,429,170.10	11.91%
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OTHER DEBT

GREYHOUND RETAIL PARK CHESTER	19,715,863.00	0.98	18,950,238.00	0.33%
INSIGHT IIFIG SECURED FINANCE II FUND	50,000,000.00	0.98	50,856,095.00	0.89%
LA SALLE REAL ESTATE DEBT STRATEGIES IV	7,833,117.70	0.95	10,410,863.11	0.18%

PANTHEON SENIOR DEBT SECONDARIES II	18,185,235.62	0.60	13,605,649.73	0.24%
ST ARTHUR HOMES	18,265,116.33	1.00	16,045,543.19	0.28%
TITAN - PRESTON EAST	18,776,850.00	1.00	18,649,862.16	0.33%
TITAN - TEMPLAR'S WAY	10,983,472.00	1.00	10,825,290.23	0.19%
VERDANT REGENERATION LTD	25,000,000.00	1.00	25,000,000.00	0.44%
TOTAL OTHER DEBT			164,343,541.42	2.88%

CASH				
	71,874.10	1.00	67,043.05	0.00%
	5,541.86	1.00	3,772.65	0.00%
	8,000.00	1.00	5,189.19	0.00%
CUSTODIAN CASH			76,004.89	0.00%

INVESTED CASH	198,539,861.68	1.00	443,106,540.00	7.77%
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TOTAL CASH			443,182,544.89	7.77%
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TOTAL FUND VALUE 30TH JUNE 2025			5,706,261,349.50	100.00%
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Market Value timing differences

Market Value

Overseas Equities

BORDER TO COAST PE UK LISTED EQUITY FUND (AINC)	-637,509,057.75	Duplicate entry
BORDER TO COAST EMERGING MARKET HYBRID FUND	16,933,811.38	
	-620,575,246.37	

Private Equity

GB BANK LIMITED	-9,897,779.16
	-9,897,779.16

Property

TEESSIDE PENSION FUND - DIRECT PROPERTY	-4,216,458.88
	-4,216,458.88

Infrastructure

BORDER TO COAST INFRASTRUCTURE SERIES 3A	3,867,954.13
	3,867,954.13

Other Debt

GREYHOUND RETAIL PARK CHESTER

18,950,238.00
18,950,238.00

Total

-611,871,292.28

Asset Allocation Summary

UK Equities

	Actual
643,621,971.12	11.28%

Overseas Equities

2,452,991,803.51	42.99%
------------------	--------

Private Equity

702,726,064.49	12.31%
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Property

616,997,791.32	10.81%
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Infrastructure

667,260,467.10	11.69%
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Other Debt

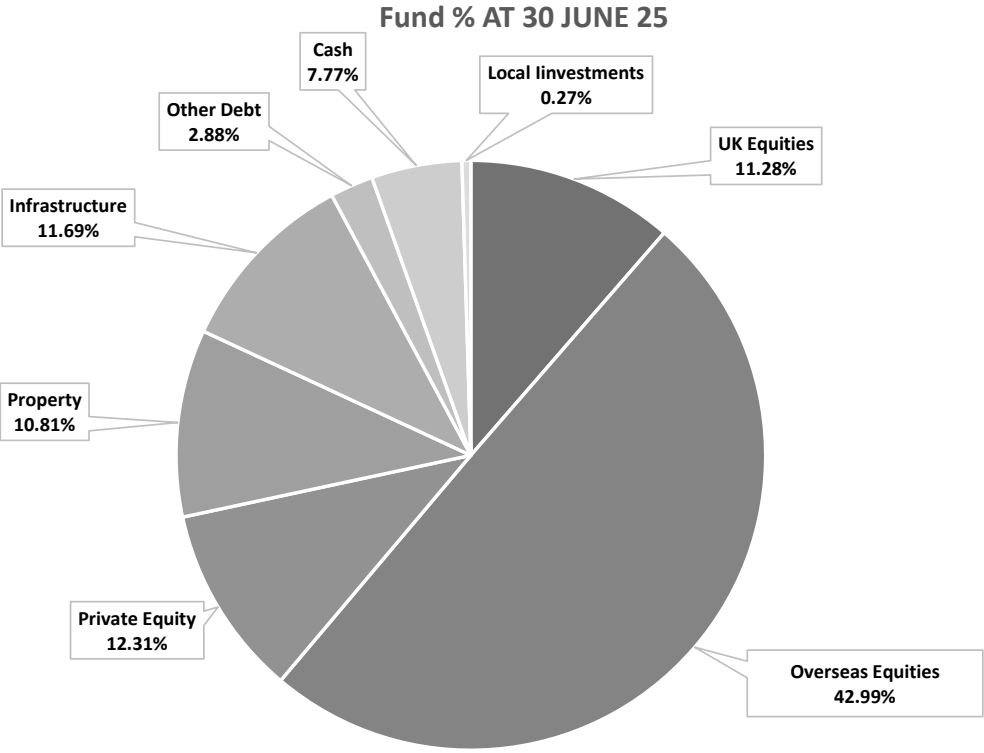
164,343,541.42	2.88%
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Cash & Bonds

443,182,544.89	7.77%
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Local Investments - Private Equity, Other Alternatives & Infrastructure

15,137,165.65	0.27%
5,706,261,349.50	100.00%





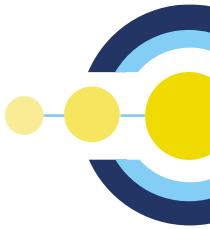
TEESSIDE PENSION FUND

Border to Coast

Teesside Pensions Committee - September 2025

Agenda Item 1

YOUR INVESTMENTS WITH BORDER TO COAST



LISTED INVESTMENTS AS AT 30TH JUNE 2025

Listed Investments	Value (as at 30/06/2025)	Value % of Total Assets
UK Listed Equity	£641m	20.7%
Overseas Developed Markets	£2,213m	71.5%
Emerging Markets Equity	£240m	7.8%

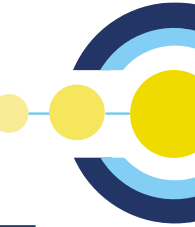
COMMITMENT TO BORDER TO COAST'S PRIVATE MARKET STRATEGIES

Sleeve	Series 1	1A	1B	1C	Series 2	2A	2B	Series 3	3A
Private Equity	£200m	£100m	£50m	£50m	£200m	£100m	£100m	£50m	£50m
Infrastructure	£200m	£100m	£50m	£50m	£300m	£150m	£150m	£50m	£50m
Climate Opportunities	N/a	N/a	N/a	N/a	£80m	£80m	N/a	N/a	N/a

Source: Northern Trust/Border to Coast

FUND EXPOSURE TO DEFENCE AND TOBACCO

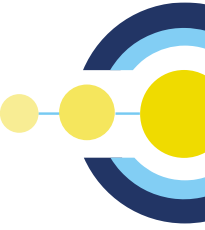
AS OF 30TH JUNE 2025



	Number of Fund Holdings	Fund Exposure (£m)	Fund Exposure (%)	Benchmark Exposure (%)
Defence				
UK Listed Equity	5	46.4	7.3	6.3
Overseas Developed	4	45.2	2.1	2.5
Emerging Markets Equity	1	2.1	0.9	0.6
Tobacco				
UK Listed Equity	2	29.1	4.6	3.6
Overseas Developed	0	0	0	0.4
Emerging Markets Equity	1	2.4	1.0	0.2

Page 67

MACRO OUTLOOK – AS AT END Q2 2025



Page 68

Macro and Monetary Outlook

- Global growth slowed in Q2 amid intensifying tariff conflicts and geopolitical instability.
- Inflation stayed elevated, fuelled by energy costs and supply disruptions. The ECB and BoE cut rates to support demand, while the Fed held firm.
- Despite macro headwinds, global equities remained resilient—supported by dovish policy moves, sector rotation, and bargain-hunting in oversold markets.

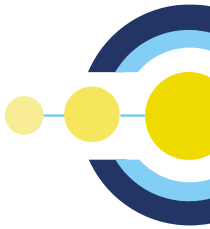
Market Outlook

- The era of U.S. exceptionalism is facing headwinds, with early signs of labour market softening rising continuing claims and slowing wage growth challenging its resilience.
- Meanwhile, fiscal pressures are mounting across developed economies, where persistently high deficits and rising debt-to-GDP ratios are raising sustainability concerns.
- Asset valuations remain stretched across both equities and credit markets, leaving little margin for error.

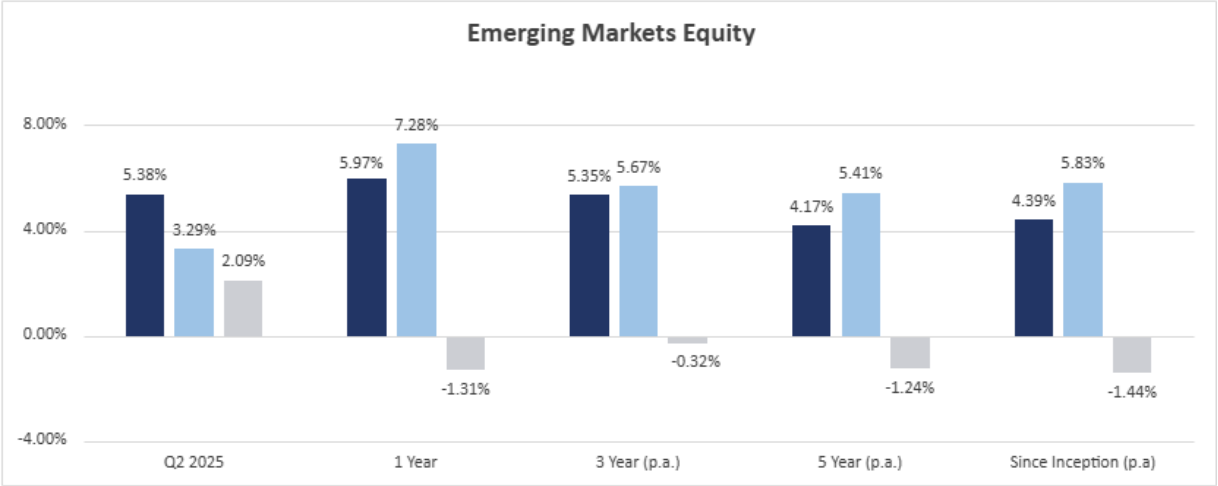
Risks

- Higher-yielding credit assets may continue outperforming cash if global economies stay in a steady state, encouraging investors to chase yield and extend risk exposure longer than expected.
- On the other hand, signs of a hard landing or recession could trigger a sharp drop in long-term rates, supporting long duration fixed income but reflecting deeper economic vulnerability.

LISTED INVESTMENTS – PERFORMANCE TO Q2 2025



Page 69



- Fund
- Benchmark
- Relative Performance

Overseas Developed Markets Benchmark: 40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Ex Japan, 10% FTSE Japan

UK Listed Equity Market Benchmark: FTSE All Share GBP

Emerging Market Equity Benchmark¹: FTSE Emerging Markets

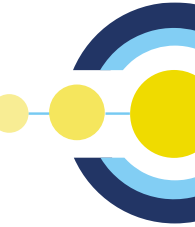
¹S&P Emerging Markets BMI (Net) between 22nd October 2018 to 9th April 2021. Benchmark equal to fund return between 10th April to 28th April 2021 (Performance holiday for fund restructure)

Source: Northern Trust, Border to Coast, as at 30th June 2025.

Note: Figures refer to the past. Past performance is not an indicator of future performance and is not guaranteed.

Border to Coast – Teesside Pensions Committee

PRIVATE EQUITY: SUMMARY



Page 70

Private Equity	Key Metrics - 31 Mar 2025
Target IRR (Series 1)	10%
Series 1 IRR	12.7%
Series 1 TVPI	1.34x

Series 1A	30 Jun 2025	31 Mar 2025
Capital Committed	99.7%	99.7%
Capital Drawn	90.5%	88.3%
Capital Distributed ¹	31.8%	29.9%

Series 1B	30 Jun 2025	31 Mar 2025
Capital Committed	99.1%	99.1%
Capital Drawn	89.2%	87.9%
Capital Distributed ¹	21.5%	15.7%

Series 1C	30 Jun 2025	31 Mar 2025
Capital Committed	100.0%	100.0%
Capital Drawn	84.4%	81.4%
Capital Distributed ¹	0.6%	0.5%

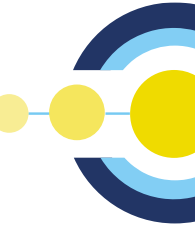
Private Equity	Target IRR
Series 1	10%
Series 2	10%
Series 3	10%

Series 2A	30 Jun 2025	31 Mar 2025
Capital Committed	99.8%	99.8%
Capital Drawn	45.8%	38.2%
Capital Distributed ¹	0.5%	0.5%

Series 2B	30 Jun 2025	31 Mar 2025
Capital Committed	99.0%	99.0%
Capital Drawn	27.6%	22.2%
Capital Distributed ¹	1.1%	0.8%

Series 3A	30 Jun 2025	31 Mar 2025
Capital Committed	39.6%	N/A
Capital Drawn	0.0%	N/A
Capital Distributed ¹	0.0%	N/A

INFRASTRUCTURE: SUMMARY



Page 71

Infrastructure	Key Metrics - 31 Mar 2025
Target IRR	8%
Series 1 IRR	7.3%
Series 1 TVPI	1.20x

Series 1A	30 Jun 2025	31 Mar 2025
Capital Committed	98.7%	98.7%
Capital Drawn	92.0%	90.4%
Capital Distributed ¹	29.4%	27.8%

Series 1B	30 Jun 2025	31 Mar 2025
Capital Committed	98.7%	98.7%
Capital Drawn	80.5%	78.4%
Capital Distributed ¹	6.8%	6.3%

Series 1C	30 Jun 2025	31 Mar 2025
Capital Committed	100.0%	100.0%
Capital Drawn	90.9%	87.9%
Capital Distributed ¹	15.2%	14.5%

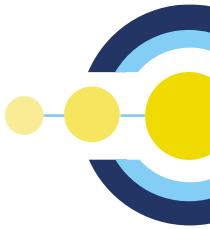
Infrastructure	Target IRR
Series 1	8%
Series 2	8%
Series 3	8%

Series 2A	30 Jun 2025	31 Mar 2025
Capital Committed	99.7%	99.7%
Capital Drawn	59.7%	57.2%
Capital Distributed ¹	4.7%	3.9%

Series 2B	30 Jun 2025	31 Mar 2025
Capital Committed	99.9%	99.9%
Capital Drawn	35.7%	29.4%
Capital Distributed ¹	0.3%	0.2%

Series 3A	30 Jun 2025	31 Mar 2025
Capital Committed	37.8%	N/A
Capital Drawn	20.8%	N/A
Capital Distributed ¹	0.0%	N/A

CLIMATE OPPORTUNITIES: SUMMARY



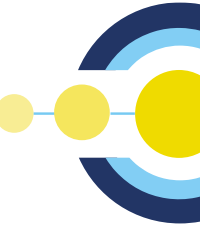
Page 72

	30 Jun 2025	31 Mar 2025
Target IRR	8%	
Capital Committed	99.9%	99.9%
Capital Drawn	56.4%	50.8%
Capital Distributed ¹	7.2%	6.0%

Source: Albourne / Private Monitor
¹Including Recallable Distributions.

NOTABLE EXITS – ENDLESS FUND V – THE KTC GROUP

PRIVATE EQUITY SERIES 1B



Overview

Investment Date	May 2022
Realisation Date	April 2025
Business	Manufacturer and distributor of branded edible oils, fats and world foods
Sector	FMCG
Location	UK
Invested Amount	£45m
Business Overview	<p>Established in 1972 as an independent family-owned retail store.</p> <p>Today, KTC is a fully integrated business that expertly sources, blends, packs and distributes a wide array of oils to manufacturers, retailers and wholesalers throughout the UK and globally.</p> <p>KTC products are enjoyed by over 50 million people each year, and the business is a key supplier to the UK restaurant industry.</p>

Strategy and Execution

- Endless acquired KTC in May 2022 after a failed trade process had occurred with the family owners looking to exit.
- Despite having a market leading position and key expertise in the industry, the business lacked key management information and governance. It had also lacked investment in both equipment and personnel.
- Endless worked to appoint an experienced board as well as an experienced C-Suite to work alongside the CEO. Sites have been modernised, improving output and creating a better working environment for KTC employees.

Exit

- KTC was sold to Whitworths Food Group Ltd, a dried fruit, nuts, home baking and snack products company.

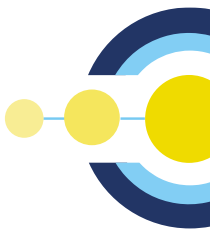


Source: Endless Fund V Reports, email comms

Border to Coast – Teesside Pensions Committee

NOTABLE EXITS – I SQUARED (ISQ) III – HYDROGEN TECHNOLOGY & ENERGY CORPORATION (HTEC)

INFRASTRUCTURE SERIES 1B



Overview

Investment Date	September 2021
Realisation Date	May 2025
Business	Hydrogen
Sector	Power & Utilities
Location	Canada
Invested Amount (m)	\$124,467
Business Overview	<p>HTEC is a vertically integrated green hydrogen business focused on three core verticals:</p> <ol style="list-style-type: none">1. Hydrogen fuelling stations: For light duty & heavy-duty vehicles across Canada.2. Clean Fuels: Build, own and operate green hydrogen production facilities.3. Transportation Solutions: designs and implement heavy-duty hydrogen projects.

Strategy and Execution

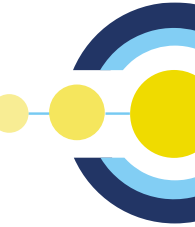
- Under ISQ’s ownership, HTEC underwent a significant transformation into a scalable and strategically anchored hydrogen infrastructure platform.
- ISQ supported a vertically integrated strategy forced on 3 core verticals: fueling stations, hydrogen production and mobility solutions.
- ISQ led a major build out effort, securing long term partnerships, developing SPVs for risk isolation, and launching new hydrogen stations across British Columbia. During the hold period, HTEC’s workforce grew from 42 to 144 employees and key infrastructure including electrolyzers, fuelling stations, and the liquefier was advanced through both development and construction stages.

Exit

- ISQ successfully exited its full stake in HTEC to an undisclosed buyer achieving the first realisation for ISQ GlobalFund III.



BORDER TO COAST UPDATE



WELCOMING OUR NEW CHAIR: JOHN LISTER

We are incredibly grateful for all Chris Hitchen has done for the organisation. We wouldn't be where we are today without his valuable insight, support and leadership. Chris Hitchen's term as our Chair has now come to an end. Our new Chair, John Lister joined us on 1st September. John has extensive experience having spent over 30 years as an executive with Aviva Group and almost a decade at Phoenix Group Life Companies as a non-executive director, most recently as Chair.

OUR AGM AND ANNUAL REPORT

In July Partner Funds joined us for our Annual General Meeting (AGM). All motions were passed, including the receipt by shareholders of our 2024/25 Annual Report and Accounts.

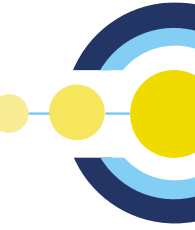
Highlights from the last year include more than £55bn of Partner Fund assets overseen or managed, a cumulative £178m in cost savings to date, and the launch of innovative propositions such as UK Opportunities and Climate Opportunities II. You can read the full document on our website.

THE LEEDS REFORMS

The Leeds Reforms highlight financial services as a real success story for the UK and its regions. We welcome wider recognition of the need to support good, skilled jobs in the sector. It is not only good for the economy, but key to supporting savers and pension members far into the future. It is why at Border to Coast we have launched apprenticeships, continue to invest in our long-running graduate programme, and foster a focus on learning throughout the organisation.

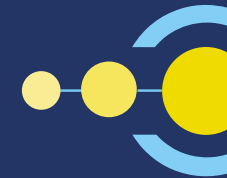


PRIVATE EQUITY / INFRASTRUCTURE – IRR AND TVPI DEFINITIONS



IRR and TVPI (Pages 6 - 7)

- **Internal Rate of Return (IRR):** Most common measure of Private Equity performance. IRR is technically a discount rate: the rate at which the present value of a series of investments is equal to the present value of the returns on those investments.
- **Total Value to Paid-in Capital (TVPI):** TVPI is the sum of the DPI and RVPI. TVPI is net of fees. TVPI is expressed as a ratio.
- **Distributions to Paid-in-Capital (DPI):** The amount a partnership has distributed to its investors relative to the total capital contribution to the fund. DPI is expressed as a ratio. Also known as realization ratio.
- **Residual Value to Paid-in Capital (RVPI):** The measure of value of the limited partner's interest held within the fund, relative to the cumulative paid-in capital. RVPI is net of fees and carried interest. This is a measure of the fund's "unrealized" return on investment. RVPI is expressed as a ratio.



DISCLAIMER

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

INVESTMENT ADVISORS' REPORTS

1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an update on current capital market conditions to inform decision-making on short-term and longer-term asset allocation.

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

- 3.1 Decisions taken by Members, in light of information contained within this report, will have an impact on the performance of the Fund.

4. BACKGROUND

- 4.1 The Fund has appointed Peter Moon and William Bourne to act as its independent investment advisors. The advisors will provide written and verbal updates to the Committee on a range of investment issues, including investment market conditions, the appropriateness of current and proposed asset allocation and the suitability of current and future asset classes.
- 4.2 Brief written summaries of current market conditions from William Bourne and Peter Moon are enclosed as Appendices A and B. Further comments and updates will be provided at the meeting.

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

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Investment report for Teesside Pension Fund

September 2025

Political and economic outlook

Yet another quarter passes and again it's another quarter in which the political and economic situation appears to have deteriorated. At the present rate of progress we could still have a number of deteriorating quarters ahead of us, the bottom, unbelievably, appears a long way off. The recent incursion of Russian drones into Polish airspace has led to heightened military readiness from NATO states. Clearly the air defence systems over Poland were shown to be inadequate and NATO can be expected to increase its air presence in the area.

Globally there has been a significant decline in press and media freedom. Civil liberties have been restricted and there has been a general undermining of democratic rights. The shooting of Charlie Kirk in the United States is a reflection of the decline in the democratic checks and balances in democracies that have existed up until now.

The blatant disregard for international law by Israel's incursion into Qatar leading to the killing of Hamas leaders and a Qatari officer will certainly lead to a diplomatic backlash and maybe broader regional instability.

The European move towards more economic and strategic autonomy is not without risk. It is defensively weaker than previously and trade disputes will make any move towards a stronger position more difficult as economic growth slows down.

Across the globe it is difficult to find an area where political tensions aren't heightened. There are continuing conflicts in Africa and political violence and unrest in Southeast Asia. These protests are mainly driven by

corruption, inequality and restrictions on civil liberties. In the main governments have responded by suppressing the population.

It is not surprising given the above that the commitment to tackling climate change has been diluted significantly. Unfortunately this has implications for water shortages, agriculture and supply chain shocks which will themselves heighten political tensions.

On the economic front rising national debt in the G7 economies has caused bond yields to rise and to an increased risk of ratings downgrades. The UK, France, Japan and the US look especially vulnerable.

Inflation continues to remain above target levels which is limiting Central Banks ability to reduce short-term interest rates because of the fear of reigniting inflation. Additionally many emerging markets are also facing high debt levels increasing the risk of default and currency devaluation.

American economic policies and other factors are pointing the way to a global growth slowdown which is likely to increase the chances of further financial instability.

The transition to a green economy requires huge capital investment and this is increasingly unlikely to happen as country finances become constrained. Without this investment it is likely that there will be food insecurity and commodity price volatility with a disproportionate impact on poorer countries.

Labour market demographics, AI transitioning and rising income inequality all point to an increasingly challenging economic management position making higher growth even more difficult to achieve.

Markets

Despite the rising political tensions and the poorer economic outlook equity markets continue to rise however it's an increasingly difficult balancing act to perpetuate. I would expect equity outperformance against other assets to

reverse in the medium term. Poorer economic performance is likely to put pressure on corporate profits and might lead to an improving inflationary outlook which would favour bonds over equities.

Government bond yields have fallen slightly from their recent highs and the recent auction of US Treasury bonds went well on the basis of better than expected wholesale prices inflation and weak jobs data. After a long period of underperformance bonds might just be able to hold their own.

After 5 years of extraordinary underperformance index linked stocks may well be showing signs of bottoming out on a yield basis not dissimilar to conventional government bonds.

Greater economic insecurity and slower growth point to a subdued property market. No more funds should be committed until the outlook becomes more certain and favourable. This should give us a chance to assess how well our new property team at Borders to Coast is performing.

Tight liquidity will continue to impact on the unquoted and private equity markets and this will lead to further underperformance over the medium term.

Tight finance would indicate that no asset class will be off to the races.

Portfolio recommendation

As noted previously the fund remains in a strong financial position and as a result there is little reason to adopt a high level of risk. The fund has reduced exposure to equities and built higher cash levels which should serve it well. I'm not averse to allowing cash levels to creep up a little more to hopefully reinvest at lower market levels, but in a way this is all fine tuning and therefore not suited to investment planning.

Our exposure to unquoted and infrastructure assets are likely to impact on the performance of the fund due to the liquidity environment but there is little we can do about this.

Apart from allowing cash levels to build up a tad and maybe dipping a toe into index linked to markets (when Borders to Coast has the appropriate investment vehicle) there is little to be done on the asset allocation profile of the fund.

Peter Moon

11 September 2025

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Independent Adviser's Report for Teesside Pension Fund Committee

William Bourne

12th September 2025

Market Commentary

1. In my last report I commented on the resilience of equity markets against the fundamental background of low growth and higher inflation. I suggested it was largely due to easy monetary policy, but that we should brace for market volatility at some point.
2. If anything this background has intensified. Although monetary policy is already loose, low economic growth is leading to **political pressure to cut interest rates further**. Central banks have resisted on the basis that consumer inflation is above target at 2.7% in the U.S., 3.8% in the U.K. and 2.3% in Europe. But further rate cuts look inevitable at least in the U.S. as economic growth data deteriorates.
3. U.S. Bond yields have steepened (yields on longer dated bonds have risen, while short-dated ones have fallen). This can indicate accelerating economic growth, but at least in America it is more likely to be a function of the dire fundamentals at the longer end of the bond yield curve and rate cut expectations driven by worsening economic data at the short end.
4. There has been a lot of speculation about the identity of the next Federal Reserve Chair. Trump is evidently trying to pack the Fed. Board in his favour by trying to sack one Governor, Lisa Cook, and appointing his chief economic adviser, Stephen Miran, to another vacant slot. Though the dollar has weakened and bond yields have risen, markets have not yet reacted adversely to these moves.
5. The tariffs 'war' rumbles on. China and the U.S. have agreed to another 90-day pause, taking us to November. India and Switzerland have become Trump's latest targets, while other countries such as the E.U. and Japan have done deals. I repeat what I said last time, that **in aggregate tariffs will be bad for global prosperity**. They contravene the bedrock principle of economics that trade benefits both parties. Ultimately the private sector, whether consumers or producers, must pay for them. The U.S. may – I stress the word 'may' – be a winner in the short term, but there will be losers elsewhere.
6. The resilience of equities is perhaps less surprising today than two months ago, given the easy liquidity background. But U.S. valuations remain high, albeit concentrated in the mega tech stocks, relative

both to their own history and to the rest of the world, and global indices are even more concentrated.

7. **The exception to the big picture is China, which remains mired in deflation.** Producer price inflation (i.e., goods coming out of factories) at -3.6% has been negative for nearly 3 years. Consumer inflation over the last 12 months has been zero. Chinese economic growth at 5.2% remains higher than the West but it is slowing under the pressure of demographics and an overvalued currency. It may also have been affected by the front-loading of exports ahead of the imposition of further U.S. tariffs.
8. The fiscal stimulus earlier this year failed to have much beneficial effect on the Chinese economy, and the People's Bank of China's monetary stance is out of line with the world, probably because it fears easier policy would force it to devalue the Chinese currency. The collapse in trade is undoubtedly one of the reasons behind China's travails, but their problems feel more structural.
9. In the U.K the Government's fiscal problems have come to the fore, and spending cuts or (more likely) **tax rises are inevitable at the 26th November Budget.** Despite the Government's stated focus on growth, the 2025 forecast is 1%, half of what was expected a year ago. This puts further pressure on the Government's finances.
10. It is worth keeping an eye on Japan, where bond yields have risen even more steeply, and the Prime Minister has just resigned. There is a tussle within the LDP (the leading partner of the current coalition Government) which could lead to a sharp turn in economic and financial policy.
11. I commented above that market volatility had reduced. We should not conclude from this that all is well. Tariffs, low economic growth, fiscal incontinence, and higher bond yields are all negatives for corporate earnings growth. In the short term investors have chosen to ignore them and continue to be 'risk on' while monetary policy is loose. But **at some point the fundamentals will come back into play and valuations will fall back.** The question is when.
12. The most important determinants of both bond and equity markets in the short term will be i) how far the next Federal Reserve chair will accommodate Trump ii) what China does to extricate itself from its deflationary spiral. There are potential positives as well as negatives here, but the downside is greater because equity valuations, especially in the U.S., are so high compared to history.

Portfolio Recommendations

13. We are back to an environment of quantitative easing. For the time being this is benign for assets, but there will be a reckoning sooner or later. I believe that (much) higher inflation is almost inevitable unless politicians grow a backbone, and we should look for ways to mitigate that risk. The Fund's equity weighting is lower than it has been historically, and I believe that is appropriate.

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – Andrew Humble

POOL GOVERNANCE

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the Border to Coast Pension Partnership governance arrangements and potential changes to governance in response to the Government's Fit for the Future consultation.

2. RECOMMENDATION

- 2.1 That the Pensions Committee notes this paper.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications resulting from this report.

4. BACKGROUND

- 4.1 Teesside Pension Fund are one of eleven members of Border to Coast Pension Partnership which was formed in 2017 following the government requirement for LGPS Pension Funds to form pooled structure manage Pension Fund assets.
- 4.2 Under the Middlesbrough Council constitution Pension Committee has the following responsibilities;

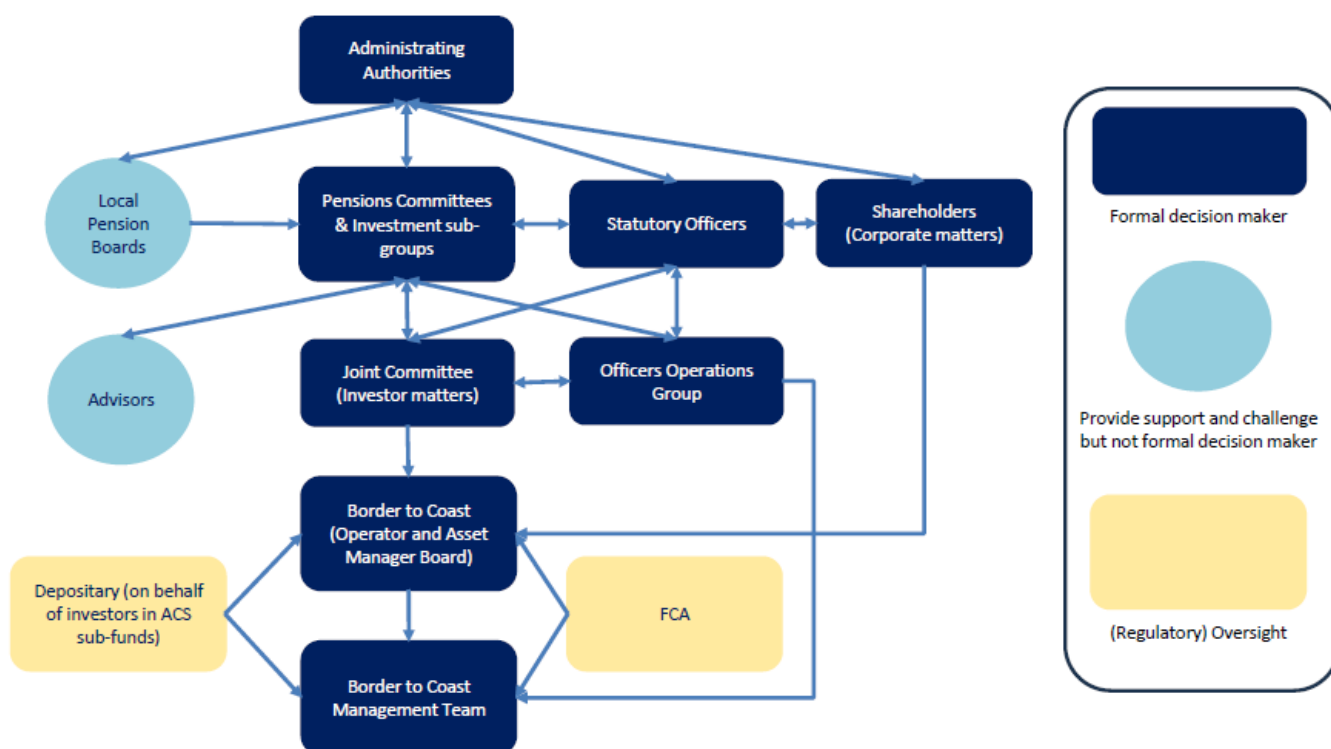
In relation to the Borders to Coast Pension Partnership; the Asset Pooling Collaboration arrangements:

- i) Monitoring of the performance of the Borders to Coast Asset Pooling Collaboration and its Operator and recommending actions to the Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or BCPP Ltd, as appropriate.
- ii) Undertake the role of Authority in relation to the Inter Authority Agreement, including but not limited to:
 - Requesting variations to the Inter Authority Agreement
 - Withdrawing from the Inter Authority Agreement
 - Appointing Middlesbrough Council officers to the Officer Operations Group.

- 4.3 As members are aware, the Government is taking forward a series of changes to the way investment pooling in the LGPS works through its “Fit for the Future” consultation. Changes include Administration Authorities delegating implementation of investment strategy to the pool and taking their principal investment advice from them. Management of all assets is also to be transferred to the pool.

5. GOVERNANCE OVERSIGHT OF BORDER TO COAST

- 5.1 There are various strands of governance arrangements for Border to Coast Pensions Partnership covering corporate decisions, investor matters and operational matters. The diagram below illustrates the decision-making, advisory support and regulatory oversight processes.



- 5.2 The Corporate Governance arrangements for Border to Coast Pensions Partnership are laid out in the Articles of Association, Inter-Authority Agreement, Shareholder Agreement and Partnership Agreement. These set out the constitution for the partnership including rights, roles and responsibilities of each of the parties. Any changes to these agreements require shareholder approval
- 5.3 Administering Authorities exercise corporate governance through its shareholder, which for Teesside is the Chair based on recommendations by Pension Committee. Note for all other Partner Funds in the Border to Coast Pension Partnership the Shareholder is either the Section 151 Officer or Head of Pensions. Changes to corporate governance arrangements have been infrequent although the current expansion of the Pool will require some amendments.

- 5.4 Joint Committee is responsible for oversight of performance of Border to Coast Pension Partnership as a whole and of individual sub funds and to receive reports from Border to Coast Pension Partnership Board with advice from the Officer Operations Group. Joint Committee facilitate the adoption of relevant contracts and policies by Border to Coast and Administering Authorities. Policies such as Responsible Investment, Voting Policy and Conflicts of Interest will be considered by the Joint Committee. Joint Committee also consider the range of sub funds offered by Border to Coast. Teesside are represented on Joint Committee by the Chair.
- 5.5 Border to Coast Pension Partnership is overseen by its Board which includes two Non-Executive Directors nominated by Partner Funds one of which is Councillor David Coupe from Teesside Pension Fund.

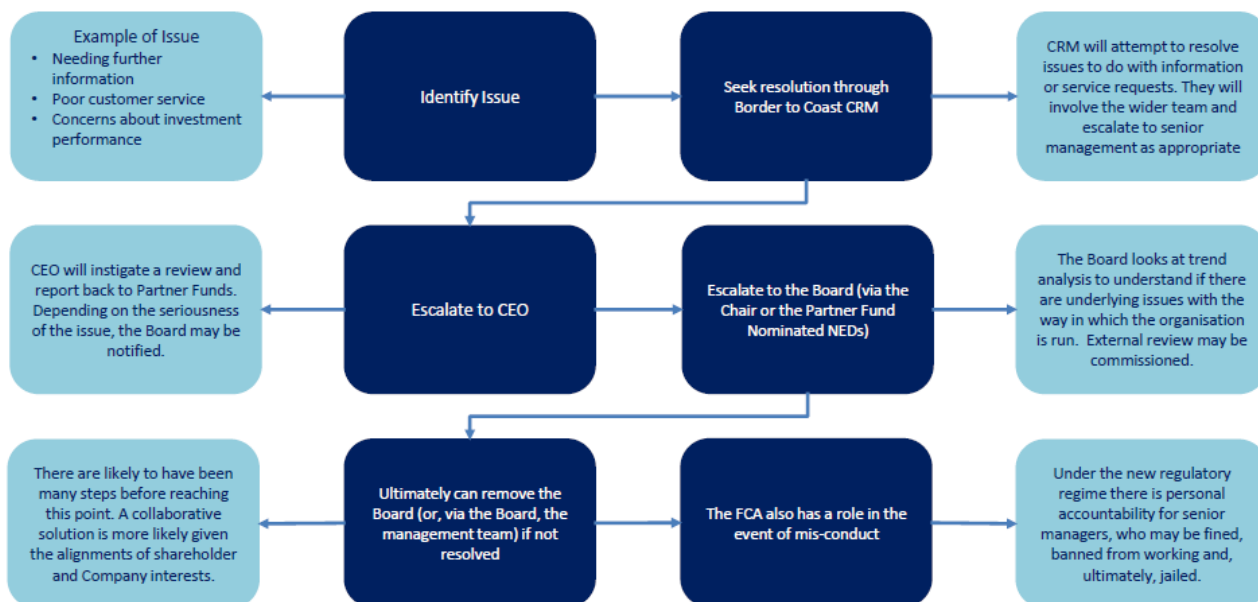
6. MEETINGS AND REPORTING

- 6.1 Oversight of Border to Coast is exercised through the regular reporting and meeting arrangements between Border to Coast and its Partner Funds. Operational issues are discussed at Officers Operations Group with officer representatives of each Partner Fund and Border to Coast. There are sub groups of this forum to explore investment issues and responsible investment. This forum gives an opportunity for Partner Funds to collaborate in developing their pensions service and holding Border to Coast to account.
- 6.2 The Chief Executive of Border to Coast Pension Partnership holds regular meetings with Statutory Officers of the Partner Funds drawn largely from Section 151 Officers or Finance Directors. This forum is to ensure any developments at Border to Coast are understood and supported by senior management of the Administering Authorities, particularly in relation to shareholder matters.
- 6.3 The Chair represents Teesside Pension Fund at the Joint Committee of all of the Partner Funds which receives reports covering all of the policy decisions for Border to Coast. This forum allows Partner Funds a voice in shaping the future developments of Border to Coast and setting the future direction of the organisation.
- 6.4 Investment performance is reported quarterly to Partner Funds on each sub fund through reports and webinars for Officers and then to each Partner Fund Pension Committee. These forum give the opportunity for Officers, Members and Committee Advisors to challenge the approach taken by Border to Coast and request further explanations where necessary. Each Investment type is also subject to a more detailed regular review which is reported to the Investment Officer Operation Group.
- 6.5 Border to Coast arrange strategy sessions with Partner Funds to shape the future direction of the company incorporating input from interested parties. This collaborative approach has worked well in developing the Partnership over the relatively short period and building to the scale required to deliver for the Partner Funds.

7. ESCALATION OF ISSUES

- 6.1 Border to Coast Pensions Partnership has put in place an escalation process to work through any issues identified as illustrated below.

THE ESCALATION PROCESS



- 6.2 Through the processes outlined in the diagram above any issues a Partner Fund has can be identified and resolved.

8. FUTURE DEVELOPMENTS

- 8.1 The “Fit for the Future” consultation has introduced a further change in the relationship between Partner Funds and the pooling companies. Pooling companies are to become the principal source of strategic investment advice to Partner Funds. Pools will determine most of the investments made by the Fund based on the Strategic Asset Allocation set by the Partner Funds.
- 8.2 The Fund will have to be clear in its Investment Strategy Statement incorporating its Strategic Asset Allocation and including Investment Belief’s and its approach to local investments. The Investment Strategy Statement will inform Border to Coast of the preferred investments of the Fund. Border to Coast will then implement the Investment Strategy deciding the investments to make.
- 8.3 It is not expected that all of the developments will be in place for 1st April 2026 but Border to Coast are building up their capabilities to be able to meet the new requirements. Many of the changes will be implemented in an incremental way building upon existing arrangements.

9. CONCLUSION

- 9.1 The Fund has many levers to influence Border to Coast Pension Partnership and many forums to hold the pool to account for performance of the pool and the investments which it manages on behalf of the Fund. Teesside Pension Fund is one voice of eleven, soon to be eighteen, but Border to Coast Pension Partnership has put in place processes and procedures to listen and react to feedback from Partner Funds.
- 9.3 The collaborative approach which Border to Coast has adopted with each Partner Fund having an equal vote and say has allowed the organisation to develop whilst minimising conflicts despite differences in scale and views of the Partner Funds.
- 9.2 The relationships between the pool and partner funds are still developing and will go through further change as the reforms following the fit for the future consultation are implemented.

10. NEXT STEPS

- 10.1 Future reports will update Committee on changes in pooling arrangements in response to the “Fit for the Future” consultation.

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 12

PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – Andrew Humble

RECENT DEVELOPMENTS IN THE LGPS – BACKGROUND PAPER

1. PURPOSE OF THE REPORT

- 1.1 To update Members on recent developments in the Local Government Pension Scheme (LGPS).

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications resulting from this report.

4. HIGHLIGHTS

- 4.1 The Pension Schemes Bill introduced, enabling reforms to investment management in the LGPS following the 'Fit for the Future' consultation. More can be found in paragraph 5.
- 4.2 His Majesty's Treasury published its response to the consultation held on Inheritance Tax. More can be found in paragraph 8.
- 4.3 Palestine Solidarity Campaign issued a letter to all LGPS Funds calling for divestment from Involved Companies. More can be found in paragraph 9.
- 4.4 Reform have announced its potential policy in relation to the LGPS. More can be found in paragraph 10 along with some responses to the proposals.

5. LGPS UPDATES

- 5.1 Following the Government's access and fairness consultation which launched on 29 July 2025 and closed on 7 August 2025, the Local Government Association (LGA) and the Scheme Advisory Board (SAB) have published their responses. The general consensus is that whilst the proposals are mainly welcomed, due to the number of areas affected this would have an impact on administration workload, particularly in backdating survivor benefits.

- 5.2 The Pension Schemes Bill has been introduced, and the second reading took place on 7 July 2025, with the Government publishing a press release outlining how the Bill aims to transform the pensions landscape and delivering better outcomes for savers. The Bill has now been sent to the House of Commons Public Bill Committee who scrutinise this and to inform its work, the Committee have launched a call for evidence. Chapter 1 of Part 1 of the Bill sets out the proposed changes to the LGPS following the Government's response to the 'Fit for the Future' consultation. The Government has published a roadmap together with an Explanatory Notes, but the clauses broadly affecting the LGPS where the Government would have new powers are:
- a) Clause 1 relates to asset pool companies. This includes the requirement to participate in an asset pool with those assets being managed by the pool company, allowing the Secretary of State to issue guidance to asset pool companies and in prescribed circumstances to participate, or cease, in a particular asset pool.
 - b) Clause 2 relates to management of LGPS funds and other assets. This includes each administering authority setting out, publishing and maintaining an investment strategy, co-operating with strategic authorities in order to identify and develop investment opportunities. In addition, regulations may be made about where administering authorities must or may take advice when developing their investment strategies and the matters that must or may be covered by them.
 - c) Clause 4 relates to independent governance reviews taking place, with the Secretary of State being able to direct an independent review at any time in prescribed circumstances.
 - d) Clause 5 relates to mergers, including compulsory mergers of two or more LGPS funds.
 - e) Clause 93 amends sections of the Pensions Act 1995 so that a determination made by the Pensions Ombudsman in prescribed circumstances can be implemented without the need for an order from a competent court.
- 5.3. The Government has confirmed it will bring forward legislation to deal with the issues arising from the Virgin Media Ltd v NTL Pension Trustees II Ltd judgement. In 2023 the High Court ruled amendments of pension scheme rules were void in respect of Section 9(2B) rights unless the scheme actuary certified the scheme still met the contracting out adequacy test and the Court of Appeal upheld the High Court decision.
- 6. McCLOUD**
- 6.1 The Pensions Regulator (TPR) issued a statement on 19 June 2025 about their expectations in relation to the McCloud remedy covering the exercising of the discretion, decision making and record keeping. The statement also suggests where the discretion is being exercised, affected members are informed of this before the annual benefit statements are issued. The LGA has queried this with TPR as this is not a regulatory requirement or within the statutory guidance.

- 6.2 As part of the criteria to be met for the McCloud remedy to apply considers membership in other public service pension schemes (PSPS) which has or has not been transferred to the LGPS, it is necessary to collate the periods of membership held with the other PSPS. The LGA have received clarification from MHCLG and His Majesty's Treasury (HMT) that as pension schemes have a legal obligation to pay the correct level of benefits to a member, member consent is not required to enable the sharing of that data between schemes.

7. SCHEME ADVISORY BOARD

- 7.1 Following the launch of the Government's consultation on access and fairness in the LGPS, which includes proposals on the Gender Pensions Gap reporting for the LGPS, the Board hosted a roundtable event bringing together industry figures and representatives from across public sector pensions to discuss the consultation proposals and broader adequacy issues. The group received presentations on how to ensure communication with scheme members could be improved, how scheme design can affect different groups and how to respond to the consultation which builds on the work done by the Board in this area.
- 7.2 The Compliance and Reporting Committee and its Audit working group discussed in June the Government's response to the Local audit reform: a strategy for overhauling the local audit system in England consultation, in which the Government committed to the decoupling of pension fund accounts from administering authority main accounts. It is expected the English Devolution Bill will be the legislative vehicle for the change with decoupling taking effect from the 2026/27 accounts onwards.
- 7.3 The SAB has a number of working groups already set up which rely on the knowledge and expertise of practitioners and are open to join, a new Administration working is in the process of being established which will look at developing the new Administration Strategy guidance in light of the governance proposals set out in the Fit for the Future consultation. In addition, the Board has been asked to contribute to developing pooling governance guidance and wishes to hear from funds and pools on what the guidance should include.
- 7.4 The SAB is holding an in-person Annual Assembly in London on 22 October 2025 for all Pension Committee and Pension Board Chairs and registration is now open. The Assembly will focus on issues and challenges funds face and is a unique opportunity to network with peers and engage directly with the Board.
- 7.5 The SAB launched a consultation on proposed changes to the LGPS Code of Transparency which closed on 15 August 2025. The Code, originally launched in May 2017, sets out obligations on signatories to provide consistent data to LGPS funds and pools on investment management fees and costs. The Board developed the cost transparency initiative (CTI) in 2018, then launching a centralised data system in 2020 to collect CTI templates. This allows the Board oversight of compliance with the Code; however, the Board is now considering replacing the centralised data system with a framework approach and believes some changes are needed to ensure the Code continues to meet the intended aims under the revised arrangements.

8 HIS MAJESTY'S TREASURY (HMT)

8.1. HMT published its response to the consultation on Inheritance Tax on 21 July 2025. It had been proposed for deaths after 5 April 2027, that most unused pension funds and death benefits would be included in valuing the estate for Inheritance Tax purposes and pension scheme administrators would be responsible for reporting and paying any Inheritance Tax due on pension to His Majesty's Revenue and Customs (HMRC). Following many concerns raised, some of the proposals have been amended being:

a) Death in service benefits from registered pension schemes, whether discretionary or not, will not be included in valuing the estate for Inheritance Tax purposes,

b) Personal representatives will be responsible for reporting and paying any Inheritance Tax due on pension benefits,

c) Pension scheme administrators will however have new duties on supporting personal representatives in paying Inheritance Tax due on pension benefits,

d) For personal representatives and beneficiaries struggling to pay Inheritance Tax on pensions the Government will offer multiple payment options, which include allowing pension beneficiaries to instruct pension scheme administrators to pay Inheritance Tax on pensions on their behalf, whilst the pension beneficiary will still remain liable for the Inheritance Tax.

8.2 Following on from the response to the consultation on Inheritance Tax, HMT have published draft clauses to be included in the Finance Bill 2025-26, which are open for technical consultation until 15 September 2025 and would amend the Inheritance Tax Act 1984. HMT have also published a draft explanatory note and policy paper on this. HMRC have confirmed they will continue to work with industry experts, representative bodies and advisers, with the Government consulting further on amendments. The Government also intends to publish tools and guidance to support personal representatives, pension scheme administrators and beneficiaries before the implementation date of April 2027.

9. PALESTINE LETTER

9.1 The Chair received a letter from Palestine Solidarity Campaign (attached as an Appendix) which threatens legal action if the Fund does not divest from "Involved Companies" who operate in the Occupied Palestinian Territory. Involved Companies in this context are those companies aiding or assisting in the commission of serious breaches of international law in the Occupied Palestinian Territory.

9.2 The LGPS Scheme Advisory Board has posted the following:

The Board is aware that many funds will have received a letter this week from the Palestine Solidarity Campaign, alleging that LGPS administering authorities are in breach of their legal obligations in relation to the ongoing humanitarian disaster in Gaza. The letter is

accompanied by a more detailed [position paper](#) that has been prepared by senior lawyers at Doughty Street Chambers.

The letter says that both the Secretary of State, as the responsible authority for the Scheme, and individual administering authorities must take action to address the very serious allegations it contains. Although the letter asks for a response within 21 days, the Board believes that it is more important to take the necessary time to consider the arguments made and the appropriate response to them. The Board has a long-established role in assisting funds to act collectively in responding to this kind of challenge and it will aim to do so again. That may include seeking further legal advice.

Last year, letters were sent from PSC to funds that made similar allegations. In response the Board commissioned [legal advice from Nigel Giffin KC](#) which addressed the issues as they were understood in October 2024. Whilst the latest letter and position paper present more extensive, complex and specialist legal arguments than the earlier letter, they make no reference to the Giffin advice.

While the principles set out in the earlier advice still hold, we recognise that the situation in Gaza is an evolving one and we need to consider whether, and if so what, further advice it would be helpful to provide funds and who would be best placed to provide that. The Board will also write to the Local Government Minister to ask for a Government statement on the issues raised – these matters of international law are clearly more in the competence of central than local government, something which the position paper acknowledges.

In the meantime, funds may wish to review their Responsible Investment policies in relation to human rights abuses and ensure they are both satisfied with the content of those policies and confident they are being applied effectively in practice.

- 9.3 Whilst the letter from Palestine Solidarity Campaign is addressed to the Teesside Pension Fund this is a national issue and guidance and a response is expected from the Scheme Advisory Board and MHCLG rather than individual Funds.
- 9.4 Border to Coast have so far identified very limited exposures in this area with the largest holding being in a sub fund Teesside Pension Fund are not invested in.
- 9.5 Teesside Pension Fund are part of Local Authority Pension Fund Forum (LAPFF) who have a workstream in their business plan to engage with companies operating in Conflict-Affected and High Risk Areas (CAHRAs). The long term objective of this workstream is to ensure companies fully integrate heightened human rights due diligence into their corporate strategies, governance systems, and decision-making processes when operating in CAHRAs. This approach aims to reduce the risk of companies exacerbating conflicts, prevent their involvement in human rights abuses, and strengthen their ability to operate responsibly in these regions. It does so by fostering robust governance, transparency, and accountability.

10. REFORM STATEMENT ON LGPS

- 10.1 Richard Tice, the deputy leader of Reform has revealed plans to overhaul council controlled pension funds which he says are failing to deliver value for money after becoming blinded by net zero. He also stated environmental, social, and governance (ESG) goals have been hard-wired into many funds' investment strategies – often at the expense of higher returns.

By improving performance, the Reform deputy claims, cash-strapped councils could afford to fund “a world-class social care system” or reduce council tax bills by up to £350.

- 10.2 A spokesman for the Ministry of Housing, Communities and Local Government said: “We do not recognise these claims about the Local Government Pension Scheme, and are absolutely committed to making sure it provides value for money and helps drive economic growth across the UK.

“The Pensions bill will help ensure this by streamlining the pools and consolidating funding so that we can unleash the full potential of the £360bn scheme.”

- 10.3 Pensions UK responded to Reform UK Local Government Pension Scheme claims
- Today Reform UK made claims about the Local Government Pension Scheme that Pensions UK does not recognise.
 - The Local Government Pension Scheme is one of the most successful in the world and is already on a reform journey projected to save millions and further enhance the effectiveness of the scheme.

Any policy proposing changes to the structure or approach of one of the largest pension funds in the world should be supported by evidence, and detailed plans. The duty of LGPS is to look after members' interests and that is where it is fully focussed.

Zoe Alexander, Director of Policy at Pensions UK, said: “The Local Government Pension Scheme is one of the world's most successful pension schemes, delivering pension payments to millions of workers across the country. It has consistently demonstrated financial resilience and operational stability throughout regular periods of rapid change, capitalising on economies of scale and a collaborative culture.

“It provides pensions on behalf of 15,000 employers and close to 7 million workers in Local Government. Those pensions are not generally large: the average sum received is around £5,000 per annum.

“The latest valuation figures show that the LGPS delivered an aggregate return of 8.9% in 2024 with average funding level of 108%. The next valuation is expected to show this position even further improved. Significant improvements in funding over this valuation cycle are already expected to result in reduced employer contributions. Any savings could be passed onto taxpayers via reductions in their council tax but these decisions are for individual councils.

“The policy of consolidation, pursued by both the last and current government, has led to considerable savings, estimated at over £1 billion. These savings are expected to accelerate as the pooling reforms proceed rapidly.

“The vast majority of LGPS investments are now carried out via FCA-authorised Pools, and from spring next year it is expected that all investments in England & Wales will be managed by these large, sophisticated vehicles.

“Like all significant UK pension schemes, the LGPS takes responsible investment seriously and integrates climate considerations into overall risk management.

“The LGPS also has a strong record of investing in Local areas – and we anticipate that the latest Government reforms, and the devolution Bill, to strengthen this further. It has the highest proportion of investments in domestic assets in the UK pension sector.

“Any policy proposing changes to the structure or approach of one of the largest pension funds in the world should be supported by evidence, and detailed plans. The duty of LGPS is to look after members’ interests.”

7. NEXT STEPS

7.1 No next steps are planned.

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328

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28 August 2025

RE: Teesside Pension Fund

By email to: john_kabuye@middlesbrough.gov.uk

Dear Councillor John Kabuye

Divestment from companies involved in breaches of International Humanitarian Law.

Introduction

1. We are Palestine Solidarity Campaign (**'PSC'**), the largest organisation in Britain dedicated to campaigning in solidarity with the Palestinian struggle for freedom, justice and equality. We campaign for an end to Israel's settler-colonialism, occupation and apartheid in Palestine and for peace and justice for everyone living in the region.
2. Our work in support of securing human rights for Palestinians applies more broadly; the points of principle we rely on require you to refrain from making any new investments and to divest from any companies in your investment portfolio which are aiding or assisting in serious breaches of international law. This divestment duty applies to the situation in the Occupied Palestinian Territory (**'the OPT'**) but is not limited to that context.

Overview

3. We are concerned with what we consider to be the unlawful use of the Local Government Pension Scheme (**'LGPS'**) as a vehicle through which the UK invests in companies involved in aiding or assisting in the commission of serious breaches of international law (**'Involved Companies'**). Although our concern has arisen in the context of Israel's serious violations of international law in the OPT we would again emphasise that the legal issues identified will be relevant to other territories involving serious violations of international law by Involved Companies.
4. In view of our concerns, we have instructed specialist counsel to prepare a Position Paper (**'the Position Paper'**) which is a detailed document which sets out the legal consequences under international and domestic law in respect of LGPS investments in companies which are aiding or assisting in the commission of violations of international law in the OPT. That document is **attached**.

Your domestic legal obligations informed by international law

5. The Position Paper sets out in detail the violations of international law by Israel by reason of its actions in the OPT. There are set out powerful legal reasons why you must take account of international law obligations when making any decisions relating to investments that concern proposed or actual investments in Involved Companies. In particular: -
6. The UK owes a number of '**prevention and non-assistance duties**' under international law, which include:
 - 7.1 An obligation not to aid or render assistance to Israel to maintaining situations created by Israel's serious breaches of peremptory norms, and
 - 7.2 An obligation to take all reasonably available measures to bring to an end Israel's violations of peremptory norms, ensure respect of the Geneva Conventions, and prevent genocide.
7. That position was authoritatively stated by the ICJ in its Advisory Opinion of 19 July 2024.
8. The prevention and non-assistance duties apply to the UK's investment relations with Israel and LGPS investment in companies which aid or assist in the commission of Israel's serious breaches of peremptory norms of international law, which may foreseeably assist in the commission of genocide and violations of the Geneva Conventions (i.e. the Involved Companies).
9. Under the LGPS, responsibilities are divided between the Secretary of State for Housing, Communities and Local Government and local administering authorities. Both are organs of the State whose acts and omissions are attributable to the UK under the Articles of Responsibility of States for Internationally Wrongful Acts 2001. The UK's duties under international law are relevant and apply to the acts and omissions of local government, not just central government.
10. If your acts and omissions are incompatible with the prevention and non-assistance duties, they will trigger the UK's responsibility under international law. The prevention and non-assistance duties require action by the Secretary of State and the administering authorities.
11. It is therefore clear that:-
 - 11.1 LGPS administering authorities must refrain from making new investments in companies which aid or assist in the commission of serious breaches of peremptory norms of international law, and/or which may foreseeably assist in the commission of genocide and violations of the Geneva Conventions via Involved Companies. If an administering authority knowingly makes new investments in Involved Companies, that would be unlawful under international law.
 - 11.2 Where pre-existing investments are concerned, administering authorities must take reasonable steps towards divesting from such companies. At all times, investors must exercise due diligence.

12. If LGPS investment decisions are made which are incompatible with the prevention and non-assistance duties, it will trigger the UK's responsibility under international law.
13. Our research indicates that LGPS funds collectively invest £12.2 billion in companies which contribute to violations of international law in Palestine. That includes substantial investments in companies which are involved in the supply of technology, surveillance equipment and weapons to the Israeli military, and the construction and financing of settlements in the West Bank.
14. Such companies have the strongest nexus to Israel's violations of international law in the OPT and should be divested from as a matter of priority. That is also the case for any company in any territory concerned with a breach of international law.
15. There is already a strong emerging trend towards divestment. As far as PSC is aware, 17 local councils have now supported divestment from Involved Companies. On 24 March 2025, Oxford City Council passed by a unanimous vote, which calls on the Oxfordshire Pension Fund to divest from entities complicit in violations of human rights and international law in Palestine, that reflects, at least in that local authority, support for an international law compliant approach to investment. Further, on 26 August 2025 Norway's wealth fund decided to divest from US construction equipment group Caterpillar and five Israeli banking groups "due to an unacceptable risk that the companies contribute to serious violations of the rights of individuals in situations of war and conflict".
16. It is implicit in regulation 7(2)(e) of the 2016 Regulations that administering authorities can take into account ESG considerations in selecting, retaining and realising investments, and can include such a requirement in their investment strategies. Indeed, the LGPS Guidance provides that administering authorities should consider "non-financial factors" where they are relevant to the "critical test" of suitability and/or are "financially material to the performance of their investments", and that "purely non-financial considerations" can also be taken into account (pp 6, 8-9). That is also the effect of the Supreme Court's decision in *R (on the application of Palestine Solidarity Campaign Ltd and another) v Secretary of State for Housing, Communities and Local Government* [2020] UKSC 16.
17. The extent to which administering authorities can take into account non-financial factors and forgo financial return to generate social impact is subject to two constraints. As described by the Law Commission, those are:
 - "(1) trustees should have good reason to think that scheme members would share the concern; and
 - (2) the decision should not involve a risk of significant financial detriment to the fund."
18. While the level of detriment to the local pension fund and the support of members would have to be assessed on a fund-by-fund basis, a number of general propositions can be made:
 - 17.1 The "tie-break" principle, whereby non-financial considerations can only be used to decide between two equally beneficial choices, does not reflect the law. As the Law Commission has explained: "The requirement is that trustees should not incur

the risk of significant financial detriment to the scheme, not that they should avoid theoretical detriment according to a precise mathematical model”.

- 17.2 What constitutes a risk of significant financial detriment is a “question of degree”. It implies a qualitative threshold that must be assessed with regard to the likelihood and magnitude of the financial risk, relative to the size, value and health of the pension fund.
- 17.3 It is permissible to knowingly forgo financial return beneath that threshold. The amount of financial return that can be forgone for non-financial reasons can be substantial.
- 17.4 It is therefore our position that there is a very clear legal basis on which you can and indeed must divest from Involved Companies and set an investment strategy which refrains from such investments.
19. You are put on notice of your legal obligations to divest from Involved Companies as set out in the Position Paper. The urgency of the matters outlined in the Position Paper require you to address these issues at the next Pensions Committee meeting.
20. We require a written response from you in the next 21 days setting out any reason why you disagree with our analysis and confirmation that you have sent this letter and the Position Paper to all the relevant decision makers at your Authority.

Yours faithfully

PALESTINE SOLIDARITY CAMPAIGN

Encl.

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 13**PENSION FUND COMMITTEE REPORT****24 SEPTEMBER 2025****DIRECTOR OF FINANCE – ANDREW HUMBLE****Draft Annual Pension Fund Report and Accounts 2024/25****1. PURPOSE OF THE REPORT**

- 1.1 To present Members with the 2024/25 draft Annual Report and Accounts for the Teesside Pension Fund.

2. RECOMMENDATION

- 2.1 That Members note the 2024/25 draft Annual Report and Accounts (Appendix A).

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications arising from this report.

4. BACKGROUND

- 4.1 The terms of reference for the Teesside Pension Fund Committee require the Annual Report and Accounts to be considered by Members. Attached to this report is the draft unaudited Report and Accounts for the year ended 31 March 2025.

5. PERFORMANCE SUMMARY

- 5.1 The overall financial performance of the Fund for the year to 31 March 2025 was broadly neutral. The Fund's value rose slightly to £5.577 billion, an increase over the year of approximately £87 million. Investment performance was muted but positive for all asset classes.
- 5.3 The membership of the Fund continues to increase, with total membership at the year-end now standing at 83,718 an increase of 1,505 over last year. The number of active members has increased by 121 or 0.5% over the year and increased by 8.7% over the past four years. The number of pensioners increased by 1,072 or 3.9% over the year and increased by 13.9% over the past four years. The number of deferred members has increased by 312 or 1.1% over the year and increased by 22.2% over the past four years.
- 5.4 Every three years the Fund actuary, carries out a full actuarial valuation of the Fund. The purpose is to calculate how much employers in the scheme need to contribute going forward to ensure that the Fund's liabilities, the pensions due to current and

future pensioners, will be covered. Unlike all the other major public sector schemes the Local Government Scheme is a funded scheme. That means there is a pool of investments producing income which meet a significant part of the liabilities.

- 5.5 The actuary carried out the Fund's latest triennial valuation, which looked at the Fund's assets and liabilities as at 31 March 2022. Overall, the Fund's funding level was 116%.
- 5.6 XPS who were the pensions administrator for the period covered by the Annual Report have not provided any performance information for inclusion in the Annual Report.

6. FRS / IAS REPORTS

- 6.1 Financial Reporting Standards (FRS) and International Accounting Standards (IAS) require employers to disclose in their accounts their share of the assets and liabilities in the Pension scheme. The Fund's actuary, Hymans Robertson, offers to produce reports for the employers in the Teesside Pension Fund containing the figures which each needs to disclose in order to comply with the requirements of these standards.
- 6.2 Although the Fund is "actuarially" fully funded the employers will have different outcomes to their valuations on an FRS / IAS accountancy basis because of the way the figures in the reports are calculated and the different assumptions that are used. It should be noted that the FRS / IAS calculations have no impact on the actual Funding Level of the Fund or the Employers within it.

7. INTERNATIONAL FINANCE REPORTING STANDARDS (IFRS)

- 7.1 The Council adopted International Finance Reporting Standards (IFRS) from 1 April 2010. The Pension Fund, accounts comply with the reporting standards.

8. NEXT STEPS

- 8.1 The Annual Report and Accounts presented here are in draft form and, whilst the main numbers and outcomes are not expected to change in any significant way, changes may be needed as further review takes place. Some highlighted text from the previous year exist in this draft where further input is required. In addition, the audit process for the Council's accounts (which include the Pension Fund accounts this Report is based on) is not complete and further changes may be required because of this. When complete the Annual Report and Accounts will be published on the Pension Fund's website.

AUTHOR: Andrew Lister - Head of Pensions Governance and Investments

TEL NO: 01642 726328

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Teesside Pension Fund

**Annual Report and Accounts
for the year ended**

31 March 2025

Contents

<i>Section 1 – Overall Fund Management.....</i>	<i>3</i>
<i>Section 2 - Governance and Training</i>	<i>13</i>
<i>Section 3 - Financial Performance</i>	<i>266</i>
<i>Section 4 - Fund account, net assets statement and notes ..</i>	<i>41</i>
<i>Section 5 - Investments and Funding.....</i>	<i>778</i>
<i>Section 6 – Administration.....</i>	<i>87</i>

Section 1 – Overall Fund Management

Scheme Management and Advisors

1.1 Senior officers responsible for the Fund	
Chief Finance Officer	Andrew Humble
Head of Pensions Governance and Investments	Andrew Lister
Pensions Administration Manager	Graeme Hall, XPS Administration(until 30 th May 2025) Paul McCann, Tyne and Wear Pension Fund (from 1 st June 2025)
Solicitor to the Fund	Charlotte Benjamin
1.2 Asset Pool and Asset Pool Operator	Border to Coast Pensions Partnership Limited

1.3 Investment managers used by the Fund

Manager	Asset class	Website
Border to Coast Pensions Partnership Limited	UK Equities	www.bordertocoast.org.uk/
	Overseas Equities	
	Alternatives	
State Street Global Advisors	Overseas Equities	www.ssga.com/uk/en_gb/institutional/ic
Internal Team	Cash	Link to Pension Fund Committee papers
	Overseas Equities	
	UK Equities	
	Alternatives	
Aberdeen Standard Life	Property / Property Debt	www.abrdn.com/en-gb/
Access Capital Partners	Alternatives	www.access-capital-partners.com/en
Ancala	Alternatives	www.ancala.com
Blackrock Fund Managers Ltd	Alternatives	www.blackrock.com/uk
Bridges	Alternatives	www.bridgesfundmanagement.com
Capital Dynamics	Alternatives	www.capdyn.com
CBRE - Direct Property Portfolio	Property / Property Debt	www.cbre.co.uk/
CCLA Investment Management	Property / Property Debt	www.ccla.co.uk
Darwin Leisure	Alternatives	www.darwinalternatives.com
Foresight Group	Alternatives	www.foresight.group

Manager	Asset class	Website
Gresham House	Alternatives	www.greshamhouse.com
Hearthstone	Alternatives	www.hearthstone.co.uk/
Hermes	Property / Property Debt	www.hermes-investment.com
Innisfree	Alternatives	www.innisfree.co.uk
Insight Investments	Alternatives	www.insightinvestment.com/uk/
JP Morgan IIF UK LP	Alternatives	am.jpmorgan.com/gb
La Salle	Alternatives	www.lasalle.com
Legal & General	Property / Property Debt	www.lgim.com
LGT Capital Partners	Alternatives	www.lgtcp.com
Pantheon Ventures (UK)	Alternatives	www.pantheon.com
Threadneedle	Property / Property Debt	www.columbiathreadneedle.co.uk
Unigestion	Alternatives	www.unigestion.com

1.4 Fund Custodian	The Northern Trust Company	www.northerntrust.com/united-kingdom/home
1.5 Fund Actuary	Hymans Robertson	www.hymans.co.uk
1.6 Additional Voluntary Contribution (AVC) Providers	Prudential Assurance, Phoenix Life	www.mandg.com/pru/hub/en-gb www.phoenixlife.co.uk
1.7 Fund Legal Advisors	CMS LLP Freeth LLP	www.cms.law/en/gbr/ www.freeths.co.uk
1.8 Fund Bankers	The NatWest Bank Plc	www.natwest.com
1.9 Director of Finance	Andrew Humble	www.middlesbrough.gov.uk
1.10 External Auditor	Forvis Mazars LLP	www.forvismazars.com/uk/en
1.11 Pensions Administrator	XPS Administration (until 30 th May 2025) Tyne and Wear Pension Fund (from 1 st June 2025)	www.xpsgroup.com www.twpf.info
1.12 Independent Investment Advisors	Peter Moon William Bourne	

Risk Management

1.13 How risk management is integrated within the governance structure.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (the promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Funding Strategy Statement and the Investment Strategy Statement identify and analyse the risks faced by the pension's operations. These policies are reviewed regularly to reflect changes in activity and market conditions.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The Fund identifies, manages and controls market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

1. The actuarial valuation of the Fund which is carried out every three years and resets the employer contribution rates. The valuation also assesses, and analyses risks associated with the liabilities and future pension costs, such as longevity risks, inflation risks and expected future investment returns.
2. The asset liability study which is carried out every three years or more frequently if required considers alternative asset allocations for the Fund and the long-term impact on employer contribution rates.
3. Quarterly monitoring of the performance of the Fund against selected benchmarks, and annual performance reports to the Pension Fund Committee.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to asset price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Funding Strategy Statement and the Investment Strategy Statement.

1.14 How risks are identified, managed, and reviewed.

The Fund maintains a risk register which is regularly reviewed to ensure mitigations for existing risks remain appropriate, any emerging risks are assessed, and the overall scoring remains appropriate.

The risk register is presented to the Committee at least annually and more frequently where significant emerging risks need to be presented.

1.15 What actions are being taken to mitigate the key risks (covering investment, governance, and administration)

Some of the key risks taken from the Fund's risk register are as follows:

Investment risks

Risk	Mitigation
<i>INFLATION</i> Price inflation is significantly more than anticipated: an increase in long-term inflation of 0.2% a year will increase the liability valuation by 3%.	In assessing the member liabilities, the triennial Fund Actuary assumptions made for inflation are "conservatively" set based on independent economic data and hedged against by setting higher investment performance targets.
<i>ADVERSE ACTUARIAL VALUATION</i> Impact of increases to employer contributions following the actuarial valuation.	Interim valuations provide early warnings. Actuary has scope to smooth impact for most employer liabilities.

Risk	Mitigation
<p>GLOBAL FINANCIAL INSTABILITY</p> <p>Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with declines in oil and commodity prices. Leading to tightened financial conditions, reduced risk appetite and raised credit risks.</p>	<p>Increasing investment diversification will allow the Fund to be better placed to withstand this type of economic instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.</p>
<p>INVESTMENT CLASS FAILURE</p> <p>A specific industry investment class/market fails to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.</p>	<p>Increasing investment diversification will allow the Fund to be better placed to withstand this type of market class failure. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.</p>
<p>CLIMATE CHANGE</p> <p>The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy</p>	<p>In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, e.g. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.</p>
<p>ESG REPUTATIONAL DAMAGE</p> <p>Insufficient attention to environmental, social and governance (ESG) leads to reputational damage and/or negative financial impact</p>	<p>Border to Coast provides increased focus on Responsible Investment / ESG.</p>

Risk	Mitigation
<p><i>TPF INVESTMENT UNDERPERFORMANCE</i></p> <p>Investment Managers fail to achieve performance targets over the longer term: a shortfall of 1% on the investment target will result in an annual impact of £50m.</p>	<ol style="list-style-type: none"> 1) The asset allocation made up of equities, bonds, property, alternatives, cash etc. funds, is sufficiently diversified to limit exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place every three years. 4) Interim valuation data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance of a measure over CPI over gilts is regarded as achievable over the long-term when compared with historical data.

Governance / Pooling risks

Risk	Mitigation
<p>HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING</p> <p>Higher setup and ongoing costs of Border to Coast and of the management associated with investment pooling arrangements (or lack of reduction compared to current costs).</p>	<p>Border to Coast's budget is set annually with the agreement of at least 9 of the 11 partner funds. Expenditure is monitored and reported to the Officer Group and Joint Committee meetings. Tenders for suppliers ensure value for money ethos applies.</p>
<p>KEY PERSON RISK</p> <p>Concentration of knowledge & skills in small number of officers and risk of departure of key staff - failure of succession planning.</p>	<p>Two Deputy positions were created in 2018/19 (although one remains to be filled). These act to support deputise as required for the Head of Investments, Governance and Pensions.</p>
<p>POOLING SYSTEMIC RISKS</p> <p>Systemic and other investment risks not being properly managed within the investment pool; for example, appropriate diversification, credit, duration, liquidity and currency risks.</p>	<p>Appropriate due diligence is carried out regarding the structure, targets, diversification and risk approach for each sub-fund before investment. In addition, The Pensions Head of Service and Section 151 officer, will closely monitor and review Border to Coast sub-fund investment elements on an on-going basis, and report to TPF Committee and Board.</p>
<p>GOVERNANCE SKILLS SHORTAGE</p> <p>Lack of knowledge of Committee & Board members relating to the investment arrangement and related legislation and guidance</p>	<p>Pension Fund Committee and Board new members have an induction programme and have access to on-line training based on the requirements of CIPFA Knowledge and Skills Framework including Pooling.</p>
<p>BORDER TO COAST FAILURE</p> <p>Failure of the operator itself, or its internal risks and controls failure of corporate governance, responsible investment, or the failure to exercise voting rights according to policy.</p>	<p>Ongoing oversight and close working with Border to Coast and the other Partner Funds will provide advance warning of any issues in this area and an opportunity to rectify them</p>
<p>INADEQUATE POOLING INVESTMENT EXPERTISE</p> <p>Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets.</p>	<p>Border to Coast has completed recruitment of experienced and capable management team, alongside its expanding complement of over 100 staff.</p>

Administration risks

Risk	Mitigation
<i>INACCURATE DATA RECORD COLLATION</i> Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.	Administration data quality is assessed as part of the triennial valuation process, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data.
<i>THIRD PARTY SUPPLIER FAILURE</i> Financial failure of third-party supplier results in service impairment and financial loss.	New supplier's financial strength is assessed through the procurement process. Existing suppliers are obliged to report any issues.
<i>INSECURE DATA</i> Failure to hold personal data securely - i.e data stolen.	XPS Administration have advised they have robust data security and are not aware of any attempted hacking events
<i>LIQUIDITY SHORTFALLS</i> Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due.	Daily monitoring of cash position, cash-flow planning
<i>CASH INVESTMENT FRAUD</i> Financial loss of cash investments from fraudulent activity.	Approval processes and systems (audited)
<i>SCHEME MEMBER FRAUD</i> Fraud by scheme members or their relatives (e.g. identity, death of member).	XPS checking processes – e.g. mortality screening
<i>CONTRIBUTION COLLECTION FAILURE</i> Failure to collect employee/er member pension contributions.	Ongoing monitoring of contribution collection at employer level
<i>STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP</i> Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.	The XPS Administration employer liaison team will improve this by working closely with employers

Other risks

Risk	Mitigation
LONGEVITY Pensioners living longer than anticipated: adding one year to life expectancy will increase the future service rate by 0.8%.	In assessing the member longevity and pension liabilities, the Triennial Actuary assumptions made for longevity are "conservatively" set based on the latest life expectancy economic data. They are reviewed and updated at each three-year Actuarial valuation. If required, further investigation can be carried out of scheme specific/employer longevity data.
EMPLOYER FAILURE An employer ceasing to exist with insufficient funding, or being unable to meet its financial commitments, adequacy of bond or guarantee. Any shortfall would be attributed to the fund as a whole.	1) Fund employers should monitor own experience. 2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific assumptions above the actuary's long-term assumption, would lead to further review. 3) Employer's rates are set taking into account the covenant strength of an employer and any underwriting by other employers in the Fund.

1.16 Managing cyber risk

Cyber risk includes, for example, the risk that the Fund's data and / or systems could be infiltrated or taken over by criminals for financial gain and is covered across several of the risks listed above. An assessment of the Fund's approach to cyber risk also forms part of the Teesside Pension Board's workplan.

1.17 The approach taken to risks relating to investment and pooling arrangements

These risks are included within the Fund's risk register – see sample "Governance / Pooling Risks" above. Mitigation relating to risks around investment and pooling arrangements includes:

- The effective partnership arrangements developed with the pool company and with the other partner funds within the Border to Coast Pensions Partnership ensures any issues will be quickly identified and collectively addressed
- As an equal shareholder in Border to Coast, the Council as administering authority to the Fund has joint control over specific company matters relating to

the operation of the pooling company, as set out in documents establishing the company.

- The Fund has both a seat on the Joint Committee overseeing Border to Coast and, currently, a member of the Pension Committee sits as a shareholder director on Border to Coast's company board.
- Investment performance issues are considered at least quarterly through officer group meetings and each Border to Coast investment proposition is more formally and thoroughly assessed at least annually.

1.18 The approach taken to managing third party risk such as late payment of contributions and provision of data by scheme employers and overall performance by scheme employers.

See "Administration Risks" above. In addition, the Fund shares the approach it expects scheme employers to take in ensuring prompt provision of data and contributions through its Administration Strategy.

1.19 The approach taken to risks which arise because of the fund's relationship to the administering authority, such as where reliance is put on shared policies and resources

In common with almost all LGPS funds, the Fund is not a separate legal entity from the administering authority. This means, for example, all the investments the Fund makes are made in the name of Middlesbrough Council, and the Fund's accounts are part of Middlesbrough Council's accounts, albeit as a separate appendix. Middlesbrough Council also employs the Pensions Governance and Investments team and holds most of the places on the Pension Fund Committee. Measures in place to ensure there is clear separation where necessary between the Fund and Middlesbrough Council include the following:

- Middlesbrough Council's Constitution, the Pension Fund's Governance Policy and Compliance Statement and Conflicts Policy all emphasise the need for the Fund, where necessary, to be treated separately from the administering authority. For example, the Pension Fund Committee's responsibilities include the following: "In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests".
- There is a defined procedure around evaluating any potential local investments designed to ensure input from the Fund's independent investment advisors together with external independent validation, where possible, before agreeing to any such investment.
- Officer and member codes of conduct, together with procedures in place at Pension Fund Committee and Teesside Board meetings require the declaration of any identified conflicts.
- The Fund's accounts identify the administering authority as a related party and require relevant transactions to be reported.

Section 2 - Governance and Training

2.1 Governance Structure and compliance with the Governance Compliance Statement

The Teesside Pension Fund (the Fund) is part of the Local Government Pension Scheme is governed by Public Service Pensions Act 2013 and the following 'secondary' legislation (all as amended):

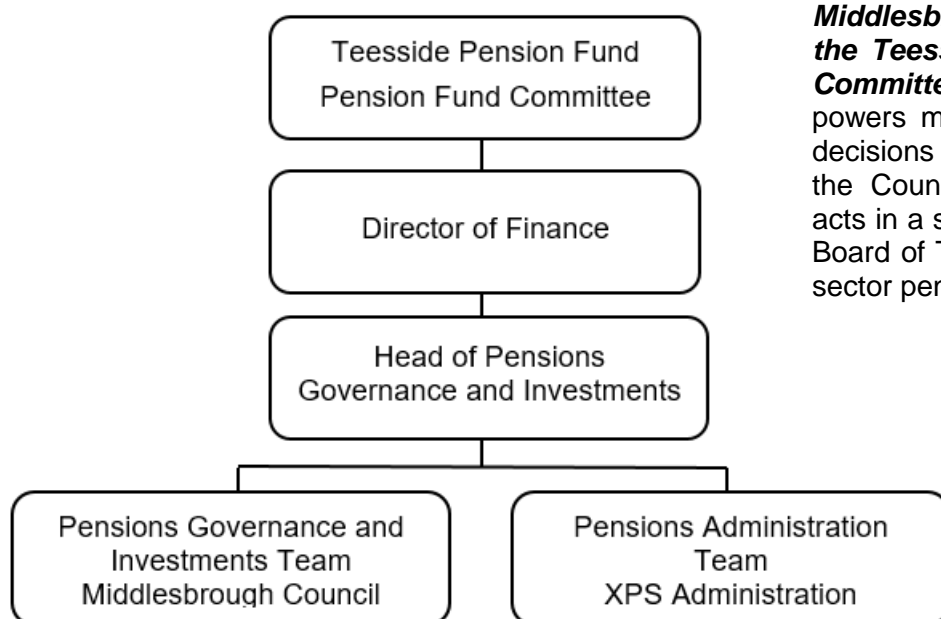
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016;
- The Local Government Pension Scheme Regulations 2013; and
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

The regulations have changed over the years as the nature of the scheme has changed – the most significant recent change applied from April 2014 when the scheme moved (for future benefits) to a career average revalued earnings scheme from a final salary scheme. More information about the scheme, including updated scheme guides and details of scheme member benefits and contributions can be found on the national scheme member website www.lgpsmember.org.

The Regulations specify the pensions and other benefits payable and fix the rates of member contributions. Employer contributions are set every three years by the Fund Actuary. The purpose of the Fund is to provide retirement benefits for local authority employees in the Teesside area and other bodies admitted by agreement. The Fund is administered by Middlesbrough Council on behalf of all participating employers. A full list of participating organisations is given in the Membership section below.

The Fund is financed by way of contributions from employers and employees, based upon a percentage of pensionable pay, and supplemented by earnings from Fund investments. The Fund's assets, after payment of benefits, are invested as directed by the Pension Fund Committee. The Committee comprises elected members of Middlesbrough Council, representatives of the other unitary authorities, a representative of the other employers in the Fund and two scheme member representatives provided by the Trade Unions. The Committee is advised by relevant Council officers supported by external experts including the Fund's Investment Advisors.

Management of the Fund



The Fund is administered by **Middlesbrough Council** via **the Teesside Pension Fund Committee** which has plenary powers meaning it can make decisions without reference to the Council. This Committee acts in a similar manner to the Board of Trustees of a private sector pension fund.

The day to day running of the Teesside Pension Fund is delegated to the Director of Finance of Middlesbrough Council who is responsible for implementing the strategies and policies set by the Pension Fund Committee. Supporting the Director is the Head of Pensions Governance and Investments who oversees two groups: The Pensions Administration Team is responsible for the calculation and payment of pension benefits and for looking after employer interests in the Fund. This function was outsourced and delivered by XPS Administration during 2024/2025. The Pensions Governance and Investments Team manages the investment of the Fund in conjunction with the advice of the Fund's external Investment Advisors, as well as providing support to the Pension Fund Committee and Teesside Pension Board.

The Teesside Pension Fund Committee

Committee membership and meeting attendance during the year 2024/25

	Members (all have voting rights)	12/06/2024	17/07/2024	25/09/2024	11/12/2024	12/03/2025
Middlesbrough Council	Councillor John Kabuye (Chair)	✓	✓		✓	✓
	Councillor Julia Rostron (Vice-Chair)	✓	✓	✓	✓	✓
	Councillor Jill Ewan	✓	✓	✓	✓	✓
	Councillor David Branson	✓		✓		✓
	Councillor David Coupe	✓	✓	✓	✓	
	Councillor Theo Furness		✓	✓		

	Councillor David Jackson	✓		✓	✓	
	Councillor Stephen Hill					
	Councillor Graham Wilson (Substitute)	✓				
	Councillor Jackie Young	✓		✓	✓	
	Councillor Dennis McCabe					✓
Hartlepool BC	Councillor Martin Scarborough		✓	✓	✓	
Redcar & Cleveland BC	Councillor Marian Fairley	✓		✓	✓	✓
Stockton BC	Councillor Jim Beall	✓	✓	✓	✓	
'Other' Employers Representative	Julie Flaws (Teesside University)			✓	✓	
Scheme Members Representative	Tony Watson (UNISON)		✓		✓	
Scheme Members Representative	Brian Foulger (GMB)					

The committee comprises representatives from all the district councils in the former Cleveland County area as well as a representative from the other employers in the Fund and representatives from the Trade Unions. The committee held five meetings during the year. The quorum for the meeting of the 12th March 2025 was not achieved, the meeting was abandoned with remaining business considered at the next meeting on 18th June 2025.

The size and political make-up of the committee is determined annually by Middlesbrough Council, and the Councillors are then nominated by each political party. Representatives of the other district Councils are nominated by them. The 'Other Employers' representative, is chosen by election by the other employers with active members in the Fund.

Terms of Reference – Teesside Pension Fund Committee

Terms of Reference:

The Pension Fund Committee's principal aim is to carry out the functions of Middlesbrough Council as the Scheme Manager and Administering Authority for the Teesside Pension Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently, this fiduciary duty is a responsibility of the Pension Fund Committee and its members must not compromise this with their own individual interests.

The Pension Fund Committee has the following specific roles and functions, taking account of advice from the Chief Finance Officer (the Strategic Director of Finance Governance and Support) and the Fund's professional advisors:

- a) Ensuring the Teesside Pension Fund is managed, and pension payments are made in compliance with the Local Government Pension Scheme Regulations, Her Majesty's

Revenue & Customs requirements for UK registered pension schemes and all other relevant statutory provisions.

- b) Ensuring robust risk management arrangements are in place.
- c) Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Teesside Pension Fund.
- d) Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
 - i) Governance – approving the Fund's Governance Policy and Compliance Statement for the Fund within the framework as determined by Middlesbrough Council and making recommendations to Middlesbrough Council about any changes to that framework.
 - ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.
 - iii) Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.
 - iv) Administration Strategy – approving the Fund's Administration Strategy determining how the Council will the administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers.
 - v) Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers.
 - vi) Discretions – determining how the various administering authority discretions are operated for the Fund.
- e) Monitoring the implementation of these policies and strategies on an ongoing basis.
- f) In relation to the Border to Coast; the asset pooling collaboration arrangements:
 - i) Monitoring the performance of the Border to Coast and recommending actions to the Border to Coast Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or Border to Coast, as appropriate.
 - ii) Undertake the role of Authority in relation to the Inter Authority Agreement, including but not limited to:
 - Requesting variations to the Inter Authority Agreement
 - Withdrawing from the Inter Authority Agreement
 - Appointing Middlesbrough Council officers to the Officer Operations Group.
- g) Considering the Fund's financial statements and the Fund's annual report.
- h) Selection, appointment, dismissal and monitoring of the Fund's advisors, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, independent professional advisors and AVC provider.
- i) Liaison with internal and external audit, including providing recommendations in relation to areas to be covered in audit plans, considering audit reports and ensuring appropriate changes are made following receipt of audit findings
- j) Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.

- k) Agreeing the terms and payment of bulk transfers into and out of the Fund.
- l) Agreeing Pension Fund business plans and monitoring progress against them.
- m) Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.
- n) Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- o) Receiving ongoing reports from the Chief Finance Officer, the Head of Pensions Governance and Investments and other relevant officers in relation to delegated functions.

Draft

Teesside Pension Board

The Public Service Pensions Act 2013 introduced a requirement for public service pension schemes to have pension boards. The pension board for the Teesside Pension Fund is the Teesside Pension Board. The Teesside Pension Fund Committee is still the sole decision-making body for the Fund, whereas the Teesside Pension Board assists Middlesbrough Borough Council, as the Administering Authority, to:

- a) Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme; and
- b) To ensure the effective and efficient governance and administration of the Scheme.

The Teesside Pension Board is made up of six voting members as follows:-

3 employer representatives; and 3 scheme member representatives.

Teesside Pension Board membership and meeting attendance during the year 2024/25

	Members (all have voting rights)	8 April 2024	8 July 2024	25 November 2024	26 February 2025
Scheme member representative (UNISON)	Paul Thompson <i>Chair</i>	✓	✓	✓	✓
Scheme member representative (UNISON)	June Stubbs		✓		
Scheme member representative (pensioner)	Jeffrey Bell	✓	✓	✓	✓
Employer representative (Hartlepool Council)	Councillor Martin Dunbar				
Employer representative (Redcar & Cleveland Council)	Councillor Christopher Massey <i>Deputy Chair</i>		✓		✓
Employer representative (Middlesbrough Council)	Councillor Nicky Walker			✓	

The meeting due to be held on the 8th April 2024 was inquorate and was therefore abandoned.

Pension Fund Committee and Teesside Pension Board Training

All Pension Fund Committee members are invited to annual refresher training covering the investment governance and administration of the Fund. All Pension Fund Committee and Teesside Pension Board members attend induction training, either as part of a small group or on a one-to-one basis prior to their first meeting.

Other training was carried out during the year by Committee and Board members as follows:

Border to Coast Annual Conference investment training September 2024 – Cllrs Coupe and Kabuye from the Pension Fund Committee.

The regular Committee and Board meetings provide an opportunity for ongoing training throughout the year as shown below:

Pension Fund Committee Date of Meeting	Training opportunities
12 th June 2024	Market-related updates from Border to Coast and the Independent Investment Advisors. The revised Pensions Regulator General Code of Practice. Pensions administration updates.
	The draft Pension Fund Annual Report and Accounts.
25 th September 2024	Market-related updates from Border to Coast and the Independent Investment Advisors. The Government Actuary Section 13 Results of the 2022 LGPS Valuation. LGPS National Knowledge Assessment. The draft Pension Fund Annual Report and Accounts. Pensions administration updates.
11 th December 2024	Market-related updates from Border to Coast and the Independent Investment Advisors. Review of Governance Policies. Preparation for 2025 Actuarial valuation. Border to Coast presentation on Responsible Investment. LGPS Fit for the Future consultation.

Teesside Pension Board Date of Meeting	Training opportunities
8 th July 2024	Update on recent Committee meetings. Pooling Consultation. Update on Workplan Items . Pensions Regulator Single Code of Practice Compliance Assessment. Pension administration updates.
25 th November 2024	Update on recent Committee meetings. Update on Workplan Items – draft Annual Pension Fund Report and Accounts 2023/24. Pensions Administration Procurement. Pension administration updates.
26 th February 2025	Update on recent Committee meetings. Update on Workplan Items – Conflicts of Interest. Pooling consultation. Pension administration updates

In addition, all Committee and Board members have access to the LGPS On-Line Learning Academy, a series of short videos designed to cover the range of knowledge and understanding Committee members are expected, and Board members are required to acquire and maintain.

Pension Fund Committee and Teesside Pension Board Activity

During the year the Pension Fund Committee met four times. Each meeting included:

- An investment activity report, detailing how the Fund was implementing its strategic asset allocation, and including trades carried out during the quarter, a fund valuation and details of returns on cash investments.
- Reports from Border to Coast and State Street Global Advisors including Environmental Social and Governance reports in relation to the Fund's investments with both these managers.
- A presentation from Border to Coast (our pooling company partner), typically highlighting topical investment issues.
- A presentation from the Fund's direct property manager CBRE detailing performance, market-related issues and any trading during the past quarter.
- Presentations from the Fund's two independent investment advisors giving their views on investment markets, the Fund's performance and any investment strategy recommendations.
- A presentation from XPS Administration setting out relevant current issues in pensions administration as well as providing statistics on activity and performance against targets.

Other issues considered during the year included:

- LGPS National Knowledge and Skills Assessment of the Committee and Board training needs.
- LGPS National Knowledge and Skills Assessment of the Committee and Board training needs.
- Preparation for the 2025 Actuarial Valuation of the Fund's assets and liabilities.
- Details of government Fit for the Future consultation on the future of the LGPS.
- Updates on progress of some of the Fund's local investments.
- Response to Government Letter on complying with Pooling expectations.
- An update on the Strategic Asset Allocation and revised Investment Strategy Statement.
- Updates to Border to Coast's Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy.
- Border to Coast's 2030 Strategy to evolve as a centre of investment expertise to help deliver the propositions and service needed to support Partner Funds.
- The Pensions Regulator's revised General Code of Practice including a gap analysis to identify the degree of compliance the Fund has to the Code and an action plan to address any gaps.
- The draft Pension Fund Annual Report and Accounts for 2023/24.
- Final Audit Results report for years ending March 2022 and March 2023.
- Review of the Fund's Governance Policies.

During the year the Teesside Pension Board met four times. Each meeting included:

- Reports and feedback from recent Pension Fund Committee meetings
- Reports and updates in relation to the Teesside Pension Board's work plan – a rolling schedule designed to ensure the Board keeps its focus on key Local Pension Board areas identified within statutory (and other) guidance.
- A presentation from XPS Administration setting out relevant current issues in pensions administration as well as providing statistics on activity and performance against targets.

Other issues considered during the year included:

- Details of government LGPS Fit for the Future consultation.
- The Pensions Regulator's General Code of Practice Compliance Assessment and an action plan to address any gaps.
- The draft Pension Fund Annual Report and Accounts for 2023/24
- The Pension Fund Business Plan 2024/27
- Conflicts of interest policy
- A review of training arrangements for the Board
-
- Pension Fund Administration procurement outcome.

The Board produces an annual report, typically published at its April meeting. The annual report for 2024-25 can be found at the following link: [Report - Teesside Pension Board Annual Report 2024-25.pdf](#)

Conflicts of interest

All Pension Fund Committee and Teesside Pension Board members are given induction training, with annual refresher training available. This includes information on considering and declaring conflicts of interest in relation to their roles. Ongoing guidance and support on this issue is available from the Fund officers. Members of both bodies are asked to declare any conflicts of interest at the start of each meeting – guidance is available from the Council's Monitoring Officer in addressing any conflicts identified.

Oversight and Governance of Border to Coast

Border to Coast was formed to enable the pooling of assets of certain Administering Authorities of the Local Government Pension Scheme ("Partner Funds"). In order to effect the pooling, the Partner Funds established a Financial Conduct Authority (FCA)-regulated operator of collective investment vehicles, which is also appointed as the Asset Manager for those vehicles. This company is Border to Coast Pensions Partnership Ltd ("Border to Coast"). Border to Coast is wholly owned by the Partner Funds who are its customers and also its shareholders.

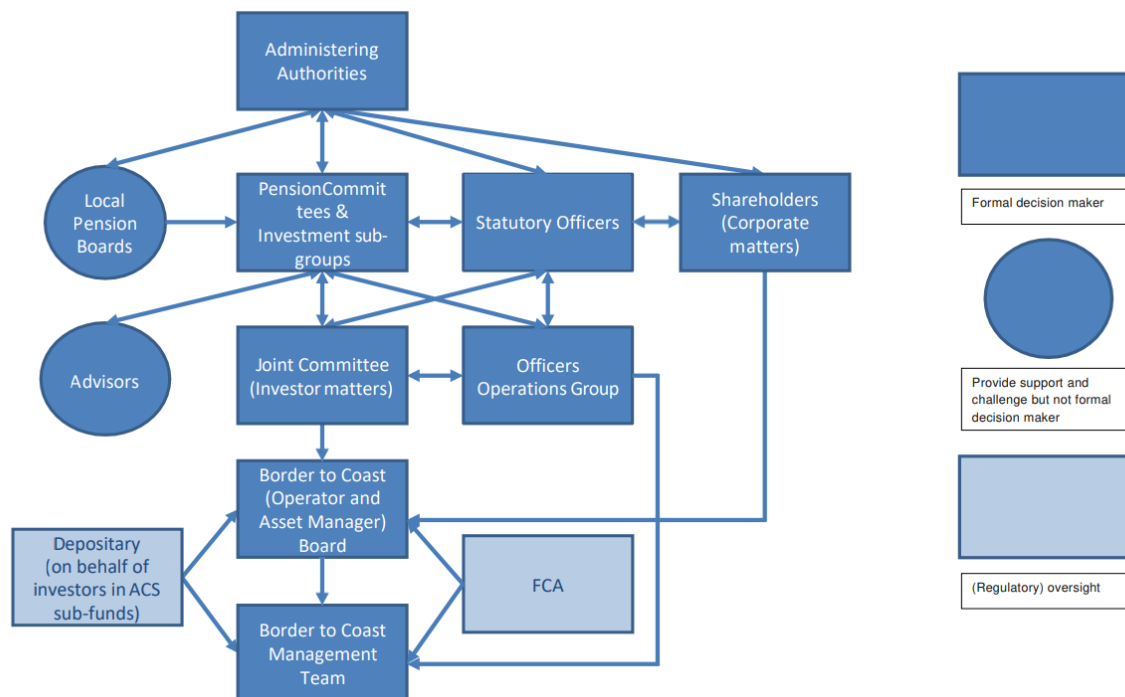
The original guiding principles set out by the Partner Funds have been reflected in the governance structure:

1. Meeting central Government's aims for governance, responsible investing, infrastructure and value for money
2. One fund, one vote
3. Funds retaining governance role and ownership of asset allocation
4. Generating improved net-of-fees risk adjusted performance
5. Border to Coast internal management capability
6. Improved resilience and capacity over existing structures
7. A shared team in one location

Border to Coast's investment performance and capability is overseen by the Partner Funds on a day-to-day basis by the Senior Fund Officers and formally on a quarterly basis by the Border to Coast Joint Committee, which is constituted of elected member representatives from each of the Partner Funds. Border to Coast's performance as a company is overseen by shareholder representatives from the Administering Authorities of the Partner Funds both on an ongoing basis and formally once a year at its AGM.

The Partner Funds and Border to Coast work collaboratively to build the investment capabilities required to ensure that the Partner Funds are able to efficiently and effectively deliver their Strategic Asset Allocations in line with the guiding principles. However, in order to hold Border to Coast to account and to meet FCA requirements for a regulated asset manager, the governance structure is designed to ensure sufficient independence between the Partner Funds and Border to Coast during implementation and ongoing management of the sub-funds.

The diagram below shows the governance structure in place to ensure that appropriate oversight of Border to Coast is carried out both from a shareholder and an investor perspective. (Regulatory) oversight Provide support and challenge but not formal decision maker Formal decision maker Border to Coast Management



More detailed information on Border to Coast's governance arrangements can be found in Border to Coast's Governance Charter, which is available at the following link:

<https://www.bordertocoast.org.uk/publication/governance-charter/>

Other key elements of the governance structure (e.g. key officers)

Key officers involved in the governance of the Fund are listed in Section 1.1 above.

The Pensions Landscape

All of the major public sector schemes changed radically from April 2015, with new public sector schemes established and operated in accordance with the Public Service Pensions Act 2013. This change shifted the methodology of calculation from Final Salary to Career Average for future benefits. However, due in part to its unique 'funded' status amongst these schemes, the LGPS changed a year earlier from April 2014. Whereas the other Public Sector Pension Schemes created new schemes, the LGPS changed the method of calculation for all members from 1st April 2014. More detail on how the current LGPS compares to previous versions of the scheme is contained in the "Summary of LGPS benefits" section.

Government changes to the wider pensions landscape were also introduced from April 2015, promoting "Freedom and choice"; granting greater flexibility in how and when members can access their pension savings. These changes largely impact upon defined contribution schemes and, due to the nature of the LGPS, do not have major impact upon the scheme or its operation. However, members making Additional Voluntary Contributions can now potentially access monies from these funds from age 55, whilst still contributing to the LGPS, on transfer to another provider.

Changes to the limits on tax relief available for pension savings were announced which came into effect on 6 April 2023. The standard annual allowance figure increased from £40,000 to £60,000, with the tapered annual allowance increasing from £4,000 to £10,000.

Lifetime allowance tax charges were removed for retirement events from 6 April 2023. However, a cap on the Pension Commencement Lump Sum (PCLS) amount remained, which broadly mirrored the LTA excess tax charge with the tax now calculated at the members marginal rate rather than 55%. This meant that annual pension payments were no longer subject to lifetime allowance charges.

The Lifetime Allowance was then abolished from 6 April 2024, with the revised regime broadly mirroring the rules from 6 April 2023. The lifetime allowance was only breached by a very small proportion of members. The increase to the annual allowance means that fewer members will face a potential tax charge in the future.

Scheme specific changes

On 1 April 2014 the new look LGPS came into force, reflecting the changes required to public sector schemes derived from the Public Service Pension Commission recommendations.

From 1 April 2014:

- The LGPS became a Career Average Revalued Earnings (CARE) scheme using price inflation – the Consumer Prices Index (CPI) as the revaluation factor (the previous scheme was a final salary scheme).
- The rate pension builds up within the main scheme is 1/49th of pensionable pay each year where the previous scheme rate was 1/60th calculated on a final salary basis.
- There is no fixed scheme pension age, instead each member's Normal Pension Age (NPA) is their State Pension Age, with a minimum of 65 (the former scheme had a fixed pension age of 65).
- Member contributions to the scheme are set at one of nine different contribution bands, between 5.5% and 12.5% of pensionable pay, set based on the level of actual pensionable pay the scheme member receives.
- There is a facility for members to choose to pay half contributions for half the pension. This is known as the 50/50 option (earlier schemes had no such option). The intention was to provide a lower cost option for members who were perhaps considering opting-out of the scheme.
- Members' benefits for service prior to 1 April 2014 are protected, including protecting the earliest age a scheme member could receive a pension without early retirement reductions applying. Protected past service continues to be based on final salary and age 65 NPA.

Following the reformation of public service pension schemes, which were introduced to the LGPS from 1 April 2014, transitional protections were introduced for older members. In respect of the LGPS, older members received an underpin calculation where, if the benefits they would have received under the final salary scheme would be higher, these higher benefits would be awarded. In December 2018, the court of appeal ruled that younger members of the Judicial and Firefighters Pension Schemes had been unlawfully discriminated against as they did not benefit from these protections. This meant that the discrimination must be removed; this ruling is widely known as the McCloud Judgment. The Public Services Pensions and Judicial Officers Act 2022 provided the framework for the changes required and on 1 October 2023 the LGPS regulations were amended to extend the statutory underpin to all applicable members. It is worth noting that unlike other public sector schemes, most members of the LGPS receive higher benefits under the Career Average arrangement, therefore the impact on benefits across the scheme on a whole is expected to be minimal.

In September 2022 the CPI rate was at an unprecedented high of 10.1%. This increase would have applied to CARE pensions from 1 April 2023. As the closing pension in respect of Annual Allowance calculations is calculated as at 6 April, the significant increase in CARE pensions would have seen an increased level of Annual Allowance breaches across the LGPS. On 31 March 2023 the revaluation date used for career average benefits in the LGPS was changed to 6 April each year instead of 1 April. This slight technical change had no impact on the value of scheme members' benefits but prevented significant numbers of LGPS members from exceeding their 'annual allowance' and having to potentially make a tax payment.

Promoting Scheme Membership

The Fund continues to promote Scheme membership and much of this work over the past twelve months has been directed at our newer employers and employees.

Employers have a very important role to play in the operation of the pension scheme, and in giving reassurance to their employees with regards to the scheme's short and long term benefits.

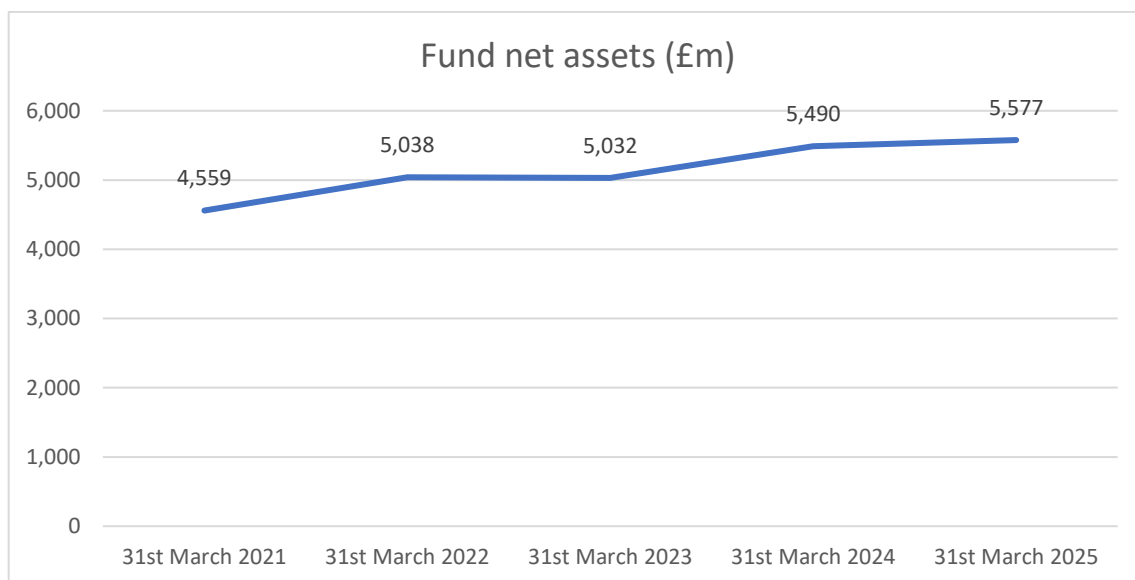
A variety of methods are used here such as workplace posters, presentations and staff briefings and also employer awareness courses that assist the employer to understand and impart general knowledge of the scheme to their staff.

With more people looking towards technology these days, we have continued to promote our Member Self Service (MSS) throughout the year. This facility allows scheme members to view their pension record(s) on-line as well as being able to run their own pension calculations.

Section 3 - Financial Performance

Income, Expenditure and Fund value

The Fund's Financial Statements show that the Net Asset Value has increased by 2% compared to the previous year. Over the last 5 years, from the 2021 value of £4,559 million, the value of Net Assets has increased by 18%.



Finance Performance Report

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Fund Value at the start of the year	3,705,473	4,559,485	5,037,574	5,032,352	5,489,867
Income	117,772	153,596	161,417	196,736	237,210
Expenditure	(165,427)	(167,860)	(193,263)	(206,956)	-225,825
Change in Market Value of Investments	901,667	492,353	26,624	467,735	75,744
Increase/(Decrease) in Fund during the year	854,012	478,089	(5,222)	457,515	87,129
Fund Value at the end of the year	4,559,485	5,037,574	5,032,352	5,489,867	5,576,996
Change in Fund Value %	23%	10%	0%	9%	2%

Financial Highlights

	£000	£000	£000	£000	£000
Pensions Paid	123,640	127,421	134,792	150,993	164,845
Administration Costs	1,938	2,238	2,470	2,234	1,953
Investment Management Costs	4,955	5,474	7,331	9,269	6,062
Oversight and Governance Costs	553	397	672	623	441

Membership

	2021	2022	2023	2024	2025
	No	No	No	No	No
Active	24,238	25,434	26,198	26,220	26,341
Deferred	23,322	26,249	27,225	28,180	28,492
Pensioner	25,366	26,212	26,915	27,813	28,885
Total	72,926	77,895	80,338	82,213	83,718

Fund Averages

	£	£	£	£	£
Fund value per member	62,522	64,671	63,032	66,615	66,616
Average Pension Paid	4,874	4,861	5,012	5,429	5,707
Total management expenses cost per member	102	104	130	146	101
Administration Cost per member	27	29	31	27	23
Investment Management cost per member	68	70	91	113	
Oversight and Governance costs per member	8	5	8	6	72

Analytical review of the financial year

The financial performance of pension funds can vary significantly year on year - the total Fund value can undergo large movements resulting from the change in the market value of investments, and within the fund account the "net additions (withdrawals) from dealings with members" can vary due to external factors affecting the Fund itself or the principal employers within it.

The significant impact of unforeseeable and unquantifiable external factors have resulted in the policy of the administering authority not to set a budget for future periods for the Fund. It was felt that any budget would contain too many unknowable variables to be of any practical use and analysis of budget variances would contain inaccurate assumptions.

For this reason, it was felt that a much more meaningful analysis of the financial performance of the Fund could be gained from comparison with the performance in the previous year and the principal variances and movements in the financial performance of the fund in comparison with the previous year were as follows:

Summary of Analytical Review 2024/25

Fund Account	Notes	2023/24 £ ' 000	2024/25 £ ' 000	Change
Contributions and Other Income				
Employers Normal & Deficit	1	79,598	87,023	9%
Employers Additional	2	16	15	(6%)
Employees Normal	3	36,714	38,245	4%
Transfers in	4	8,055	10,977	36%
Capital Costs of Early Retirements	5	1,255	2,293	83%
Other Income		805	280	(65%)
Total Income		126,443	138,833	10%
Benefits and Other Expenditure				
Benefits	6	150,993	164,845	9%
Benefits - Basic Lump Sum	7	27,950	33,222	19%
Benefits - Lump Sums on Death		3,569	2,421	(32%)
Individual Transfers to other Schemes	8	11,774	16,523	40%
Administrative Expenses	11	2,234	1,953	(13%)
Investment Management Expenses	11	9,269	6,062	(35%)
Oversight and Governance Costs	11	623	441	(29%)
Other Expenditure	10	545	358	(28%)
Total Expenditure		206,957	225,825	9%
Return on Investments				
Dividends	13	22,361	52,749	63%
Rents	14	27,631	27,840	1%
Interest	15	10,384	17,788	71%
Unrealised gain / (loss) on Revaluation		477,652	75,744	(84%)
Total Return on Investments		538,028	174,121	(68%)
Net Increase in the Fund in the Year		457,514	87,129	(81%)

Explanation of variances

	2023/24	2024/25	
1 Employers' Normal Contributions & Deficit contributions - £000	79,598	87,023	increase of 9%

Employers normal contributions have increased by £7.4m, and deficit contributions have decreased by £0.1m, which has given an overall increase of £6.1m in the year.

	2023/24	2024/25	
2 Employers' Additional Contributions - £000	16	15	decrease of (6%)

Payments of additional contributions for authorised leave and maternity from 2023/24 to 2024/25 have decreased by £0.04m.

	2023/24	2024/25	
3 Employees' Normal Contributions - £000	36,714	38,245	increase of 4%

Auto enrolment continues to encourage contributions to the scheme, and the ability for employees to pay 50% contributions instead of opting-out completely continues to have a positive effect for the year.

	2023/24	2024/25	
4 Transfers In - £000	8,055	10,977	increase of 36%

Increase in the volume of transfers in over the 169 transfers at an average value of £47.7k in 2023/24.

	2023/24	2024/25	
5 Capital Cost of Early Retirements - £000	1,255	2,293	increase of 83%

The number of early retirements has increased compared to the previous year, and the average cost per retirement has increased. The retirements from the Councils processed in the year were as follows;

	Number	Total Cost	Average
Hartlepool Borough Council	1	£55,617	£55,617
Middlesbrough Council	7	£507,899	£72,557
Stockton Borough Council	6	£105,374	£17,562
Redcar & Cleveland Borough Council	8	£546,051	£68,256
Total	22	£1,214,941	£55,225

	2023/24	2024/25		
6 Benefits - £000	150,993	164,845	increase of	9%

At the year-end there were 28,885 Pensioner Members / Dependents receiving pension benefits, at an average of £5,707 a year (2023/24 27,813 receiving benefits at an average of £5,429 a year). This significant increase is a reflection of the 6.7% increase to pensions paid in April 2024 (in line with high inflation, based on the increase in the Consumer Prices Index at September 2023).

	2023/24	2024/25		
7 Benefits - Basic Lump Sum - £000	27,950	33,222	increase of	19%

There has been an increase of 19% in the value of Lump Sums paid by the Fund during the year, again mainly a consequence of high inflation.

	2023/24	2024/25		
8 Individual Transfers to Other Schemes - £000	11,820	16,523	increase of	40%

Transfers out can vary quite markedly year on year depending on both numbers and the type of people transferring. For 2024/25, the individual transfers out was £16,523k (2023/24 £11,820k), an increase from the previous year. In term of numbers, the transfers out for 2024/25 were 261 (2023/24 184).

	Number	Total Cost	Average
2024/25	261	£16,523,297	£63,308
2023/24	184	£11,820,324	£64,241

	2023/24	2024/25		
9 Administrative Expenses - £000	2,234	1,953	decrease of	(13%)

There has been a decrease of 13% in Administration costs in 2023/24.

	2023/24	2024/25		
10 Investment Management Expenses - £000	9,269	6,062	decrease of	(35%)

The decrease in investment management expenses reflects the levelling off of diversification in investments away from more expensive asset classes, such as private equity and infrastructure.

	2023/24	2024/25	
11 Oversight and Governance Costs - £000	623	441	decrease of (29%)

	2023/24	2024/25	
12 Other Expenditure - £000	499	358	decrease of 28%

A decrease in Other Expenditure reflects the decrease in refunds to leaving members.

	2023/24	2024/25	
13 Income from Pooled Investment Vehicles - £000	22,361	52,749	increase of 136%

The long-term goal of the fund following the transfer of equity assets to Border to Coast was to increase the income received into the fund on an annual basis to offset expenditure levels.

	2023/24	2024/25	
14 Rent - £000	27,631	27,840	increase of 1%

	2023/24	2024/25	
15 Interest on cash deposits - £000	10,384	17,788	increase of 71%

The base rate for the year to 31 March 2025 has averaged at 4.83%. This has increased the amount of interest received on cash deposits throughout the year, having spent most of the year at higher rates and an increased cash balance across the period has leant itself to more interest returned.

	2023/24	2024/25	
16 Investments - £000	5,285,962	5,107,228	decrease of (3%)

Investment values for the portfolio showed a 3% decrease in value, down by £179 million for the year. However, this was due to the sale of passive State Street equities of £600m with part of the sale value added to cash.

	2023/24	2024/25	
17 Cash - £000	196,652	461,079	increase of 134%

Cash levels have increased over the year. This is mainly due to the sales of State Street equity funds to help with continued investment into new funds for example Other Debt. Also continued investments in Private Equity and Infrastructure.

Cashflow Statement

	£000 2023/24	£000 2024/25
Cashflow from Operating Activities		
Cash received for Contributions	114,713	125,523
Cash received for Early Retirements	4,179	783
Cash Received from Transfers In	8,055	10,977
Cash Received from Investments	132,206	94,363
Cash Received from Sales of Investments	27,368	314,687
Cash from Other Income	805	280
Total Cash Received	287,326	546,613
Cash paid for Benefits	182,512	200,488
Cash paid for Transfers Out	12,318	16,881
Cash paid for Management Expenses	17,174	8,937
Total Cash Paid	212,004	226,306
Net Cash Inflow from Operating Activities	75,322	320,307
Application of Cash		
Net Sales / Purchases of Investments	213,188	56,538
Increase in Cash with Custodian	0	0
Increase in Cash on Deposit	(140,910)	262,750
Decrease in Cash at Bank	2,849	2,361
Increase in Other Debtor Balances	385	(1,222)
Increase in Other Creditor Balances	(190)	(120)
	75,322	320,307

Amounts due to the Fund from Employers

	2023/24 £ ' 000	2024/25 £ ' 000
Current Assets		
Contributions in Respect of Employers	6,823	6,720
Contributions in Respect of Members	3,102	2,965
	9,925	9,685

The Contributions due are in respect of March 2025 and were received in April 2025.

Payment of Contributions to the Fund

Employers are required to pay employers and employees contributions to the Fund within 19 days of the end of the month to which they relate. The payment of contributions is monitored for timeliness and accuracy of payment.

Analysis of Contribution rates and amounts received 2024/25

	Body	Employers Rate %	Employees £0	Employers £0
Ad Astra Academy Trust	S	17.50%	-292	-875
All Saints Academy	S	17.50%	-48	-141
Ash Trees Academy	S	17.50%	-71	-212
Aspens - Dales	A	17.50%	-3	-9
Aspens Services Ltd - Green Lane (LLT)	A	17.50%	-5	-3
Atomix Educational Trust	S	17.50%	-178	-504
Badger Hill Academy	S	17.50%	-18	-53
Beamish Museum Ltd	A	15.70%	-181	-436
Beyond Housing	A	23.40%	-407	-1,442
Bikeability – Middlesbrough BC	A	11.50%	-2	-4
Bikeability – Stockton BC	A	13.10%	-1	-2
Billingham Town Council	A	17.70%	-8	-23
Bullough's - Outwood	A	17.50%	-3	-9
Bullough's - Priory Woods	A	11.50%	-4	-9
Bulloughs - 1Excellence	A	17.50%	-20	0
Bulloughs - Outwood Bishopsgarth	A	17.50%	-2	-7
Bulloughs - TVCT	A	17.50%	-2	-7
Bulloughs Cleaning Services	A	17.90%	-3	-11
Bulloughs Cleaning Services - VALT	A	18.90%	-7	-25
Caldicotes Primary Academy	S	17.50%	-11	-36
Care and Custody Health Ltd	A	19.40%	-2	-7
Care Quality Commission	A	17.90%	-748	-1,731
Carmel Education Trust	S	17.50%	-497	-1,498
Catcote Academy	S	17.50%	-177	-527
Caterlink - NPCAT	A	18.90%	-81	-266
Caterlink - Priory Woods - Outwood Ormesby	A	11.50%	-17	-17
Caterlink - St Oswald's	A	27.90%	-4	-18
Caterlink - VALT	A	17.50%	-75	-12
Chartwells - One Excellence	A	18.90%	-6	-22
Churchill's (Outwood Grange)	S	20.60%	0	0
Churchills AET	A	20.60%	-2	-6
Cleaning & Support Services (LLT)	A	15.20%	-8	-18
Cleveland College of Art and Design	S	15.70%	-162	-405
Cleveland Fire Brigade	S	14.20%	-283	-624
Conyers School	S	17.50%	-80	-242
Creative Management Services (Galileo)	A	29.40%	-11	-34
Creative Management Services Ltd	A	16.90%	-2	-9
Dolce LLT	A	17.50%	-10	-35
Dyke House Academy	S	17.50%	-99	-288
Easterside Academy	S	17.50%	-38	-114
Eden Academy Trust Limited	S	17.50%	-95	-284

Egglescliffe Primary School	S	17.50%	-12	-39
Emmanuel Schools Foundation	S	17.50%	-100	-298
Endeavour Academies Trust	S	17.50%	-151	-439
Enquire Learning Trust (Central)	S	17.50%	-136	-275
Extol Academy Trust (Eldon Grove)	S	17.50%	-182	-544
Fabrick Housing Group	A	22.80%	-878	-2,896
Frederick Nattrass Primary Academy	S	17.50%	-26	-75
Freebrough Academy	S	17.50%	-62	-185
Future Regeneration of Grangetown	A	32.60%	-3	-11
Galileo Multi Academy Trust	S	17.50%	-232	-681
Grangefield Academy	S	17.50%	-67	-197
Guisborough Town Council	S	17.70%	-5	-23
Hardwick Green Primary Academy	S	17.50%	-35	-76
Harrow Gate Primary Academy	S	17.50%	-46	-138
Hartlepool Borough Council	S	12.90%	-3,997	-8,075
Hartlepool College of Further Education	S	15.70%	-211	-558
Hartlepool Free School	S	17.50%	-5	-16
Hartlepool Sixth Form College	S	15.70%	-29	-79
High Clarence Primary	S	17.50%	-14	-42
Holy Trinity Primary School	S	17.50%	-13	-40
Horizons Specialist Academy Trust	S	17.50%	-358	-1,047
Hutchison Catering - AET	A	38.90%	-10	-96
Hutchison Catering - Extol	A	38.90%	-1	-12
Ingleby Barwick Town Council	A	17.70%	-4	-7
Ingleby Manor Free School & Sixth Form	S	17.50%	-44	-125
Ironstone Academy Trust - Ormesby Primary School	S	17.50%	-11	-35
Ironstone Academy Trust - Zetland Primary School	S	17.50%	-19	-61
Ironstone Central	S	17.50%	-27	-48
ISS Mediclean	A	18.90%	-1	-4
Kader Academy	S	17.50%	-2	-6
KTS Academy	S	17.50%	-118	-368
Legacy Learning Trust	S	17.50%	-352	-1,045
Liberata UK Ltd	A	0.00%	-48	0
Lingfield Academy Trust	S	17.50%	-218	-665
Lockwood Parish Council	S	17.70%	-1	-5
Loftus Town Council	S	17.70%	-8	-17
Manor Community Academy	S	17.50%	-82	-247
Maxim - NPCAT	A	17.50%	-73	-39
Maxim - Steel River	A	17.50%	-14	0
Mbro and Stockton Mind	A	28.70%	-1	-4
Mellors - Steel River	A	17.50%	-46	-14
Mellors - Thornaby Academy	A	18.90%	-16	-2
Mellors Catering Services Ltd (Central)	A	17.90%	-7	-1
Mellors Catering Services Ltd (Normanby)	A	17.90%	0	-10
Mellors Dales	A	18.90%	-3	0

Mellors Ironstone	S	17.90%	-2	-6
Mellors Riverdale	A	18.60%	-1	-2
Mellors Skelton	A	40.60%	-1	24
Melrose Learning Trust	S	17.50%	-86	-250
Middlesbrough College	S	15.70%	-432	-1,041
Middlesbrough Council	AA	12.00%	-5,834	-10,926
Mitie Cleveland Fire	S	25.70%	-1	-7
NEAT Academy Trust	S	17.50%	-64	-185
Nicholas Postgate Catholic Academy Trust	S	17.50%	-827	-2,410
NMRN Trading	A	28.10%	-1	-5
Normanby Primary School	S	17.50%	-32	-97
North East Learning Trust	A	17.50%	-62	-183
North Ormesby Primary Academy	S	17.50%	-20	-60
North Shore Academy	S	17.50%	-62	-182
Northern Lights Learning Trust	S	17.50%	-214	-327
Norton Primary Academy	S	17.50%	-30	-89
Nunthorpe Academy	S	17.50%	-78	-227
Nunthorpe Academy - Areté Learning Trust	S	17.50%	-26	-76
Nunthorpe Primary Academy	S	17.50%	-19	-59
Oak Tree Primary Academy	S	17.50%	-31	-90
Oakdene Primary School	S	17.50%	-20	-61
One IT Services and Solutions Ltd	A	18.70%	-59	-132
One IT Services Ltd - Porter	A	15.90%	-3	-7
ONsite Building Trust	A	28.30%	-2	-10
Our Children 1st Academy Trust	S	17.50%	-51	-152
Outwood Academy Acklam	S	17.50%	-87	-257
Outwood Academy Bishopsgarth	S	17.50%	-68	-201
Outwood Academy Bydales	S	17.50%	-43	-126
Outwood Academy Normanby	S	17.50%	-88	-257
Outwood Academy Ormesby	S	17.50%	-61	-185
Outwood Academy Redcar	S	17.50%	-54	-161
Outwood Riverside	S	17.50%	-53	-160
Overfields Primary School	S	17.50%	-18	-54
Pentland Academy	S	17.50%	-24	-71
Police & Crime Commissioner for Cleveland	S	15.50%	-110	-229
Prince Regent Street Trust	S	17.50%	-127	-384
Pristine Cleaning	A	17.50%	-3	-7
Redcar & Eston CIC	A	17.90%	-19	-52
Redcar and Cleveland Borough Council	S	10.70%	-4,261	-7,111
River Tees Multi Academy Trust	S	17.50%	-121	-341
Riverdale Primary School	S	17.50%	-12	-39
Rose Wood Academy	S	17.50%	-27	-83
Saltburn, Marske & New Marske Parish Council	S	17.70%	-3	-9
Samsic UK - Green Lane (LLT)	A	17.50%	0	-1
Skelton and Brotton Parish Council	A	17.70%	-5	-13

Skelton Primary School	S	17.50%	-33	-93
SLM Charitable Trust (MBC)	A	12.00%	-48	-86
SLM Community Leisure Charitable Trust	A	13.30%	-24	-53
SLM Fitness & Health Ltd (MBC)	A	12.00%	-6	-11
SLM Fitness and Health Ltd	A	13.30%	-3	-7
SLM Food & Beverage Ltd (MBC)	A	12.00%	-1	-3
SLM Food and Beverage Ltd	A	13.30%	-2	-4
South Tees Development Corporation	S	16.30%	-67	-124
St Aidan's Primary School	S	17.50%	-21	-63
St Francis of Assisi	S	17.50%	-25	-74
St Mark's Academy	S	17.50%	-45	-135
St Mary's CE Primary School	S	17.50%	-9	-26
Steel River Academy Trust	S	17.50%	-97	-296
Steria Ltd	A		-22	0
Stockton Borough Council	S	13.60%	-6,491	-13,877
Taking Care	A	12.90%	-7	-13
Tascor Services Ltd - PFI	A	18.00%	-1	-2
Tees Active Limited	A	18.20%	-92	-244
Tees Valley Combined Authority	S	16.60%	-529	-1,249
Tees Valley Education Trust	S	17.50%	-181	-541
Teesside University	S	16.50%	-2,662	-6,524
Teesville Primary School	S	17.50%	-21	-64
The Chief Constable for Cleveland	S	15.50%	-2,195	-5,201
The Education Training Collective	A	15.70%	-537	-1,353
Thornaby Academy NET	S	17.50%	-49	-145
Thornaby C of E Primary	S	17.50%	-25	-76
Thornaby Town council	S	17.70%	-1	-6
Unity City Academy	S	17.50%	-92	-266
Veritau Tees Valley	A	10.70%	-3	-5
Vision Academy Learning Trust	S	17.50%	-479	-1,417
Ward Jackson Church of England Primary School	S	17.50%	-12	-37
Whitecliffe Academy	S	17.50%	-14	-43
XPS Administration Ltd	A	12.00%	-34	-45
Yarm Primary School	S	17.50%	-18	-54
			-38,320	-86,948

Performance Monitoring

As part of our commitment to continued service improvements we operate a system of performance monitoring. The Pensions Administration system monitors the key procedures that are performed by the administration unit. Each procedure is measured against its target and monitored on a monthly basis.

Performance

The pension administration unit aim to perform 98.50% of the procedures within each target timescale. The table below highlights the performance of the administration unit against the key procedure targets.

Procedure	Target 2024/25
Processing New Starters	20 days from receipt
Processing Transfer Values (TV's)	10 working days from the date of notification
Refund of Contributions	10 working days from the request date
Estimates of Benefit Entitlements	10 working days from date of request
Pension benefits	10 working days from the receipt of all relevant information
Deferred Benefits	10 working days from notification of leaving

Actuarial Valuation of the Fund

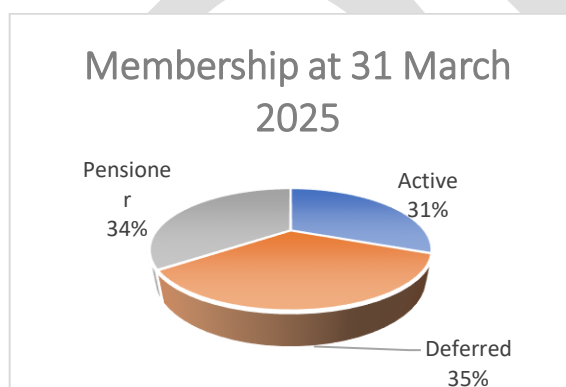
Every three years the Fund is required to appoint a suitably qualified actuary to assess solvency and to measure the level of assets compared to liabilities. This process is known as a valuation and the most recent one, carried out by the actuarial firm Hymans Robertson valued the Fund as at 31 March 2022. The principal conclusions of this valuation were:

- ◆ The ongoing funding level of the Fund on 31 March 2022 was 116% (2019 – 115%).
- ◆ The surplus of assets compared to the past service liabilities was £684 million (2019 – surplus of assets compared to past service liabilities £527 m).
- ◆ The average cost of accruing benefits payable by the employers, including administration expenses and lump sum death in service benefits, is 9.7% of pensionable pay (2019 – 17.2%).
- ◆ Employers will pay revised levels of contributions that will take in to account their specific circumstances and having regard to the principles set out in the funding strategy statement. Some employers will continue to pay lower contributions to take into account distribution of some of the surplus in the Fund identified at the previous valuation. The total aggregate Employer contribution rates to the Fund are anticipated to be 14.4% of Pay (2023/2024), 14.7% of Pay (2024/2025) and 5.3% of Pay (2025/2026).

Membership

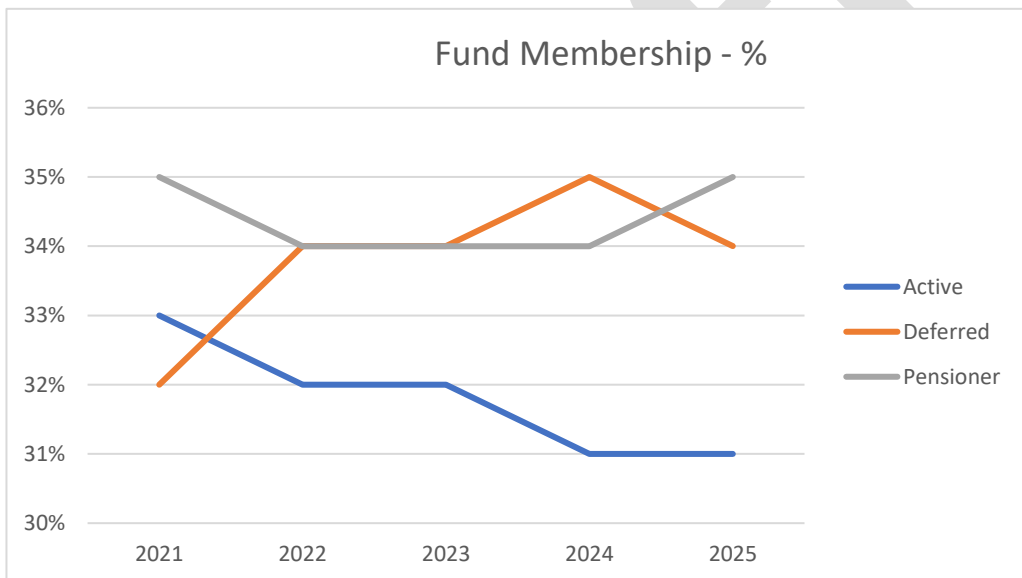
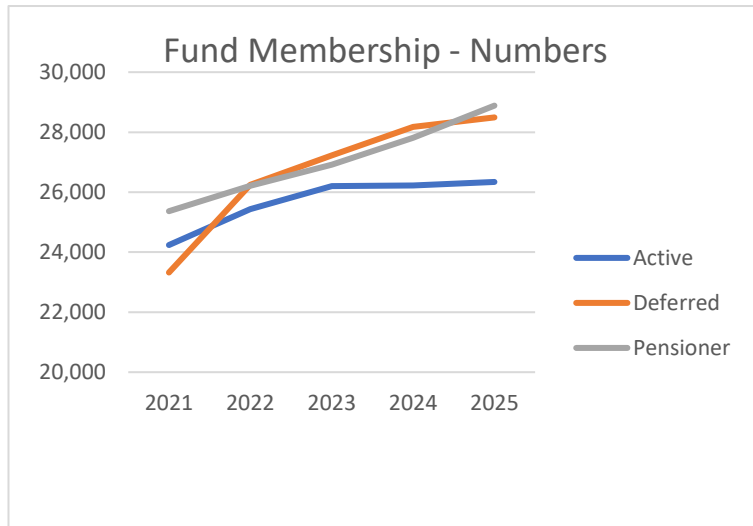
In 2024/25 financial year the total membership of the Fund increased by 1,505 to the current total of 83,718.

The number of pensioners continues to increase but proportionately the Fund membership remains broadly split between the three categories of member.



Membership Numbers

	2021	2022	2023	2024	2025
Active	24,238	25,434	26,198	26,220	26,341
Deferred	23,322	26,249	27,225	28,180	28,492
Pensioner	25,366	26,212	26,915	27,813	28,885
Total	72,926	77,895	80,338	82,213	83,718



Summary of Membership Changes

	Active Members	Deferred Members	Pensioners		Total
			Members	Dependants	
At 1 April 2024	26,220	28,180	24,384	3,429	82,213
Adjustments	312	(271)	256	25	322
New Members	2,316	1,523	1,318	223	5,380
Change in Status	(298)	(37)	(48)		(383)
Leavers	(2,209)	(903)	(543)	(159)	(3,814)
At 31 March 2025	26,341	28,492	25,367	3,518	83,718
% of Total at 31 March 2025	31.5%	34.0%	30.3%	4.2%	100.0%

The Fund participates in the annual National Fraud Initiative (NFI), a data matching exercise operated by the Public Sector Fraud Authority that helps prevent and detect fraud. The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The Fund carries out appropriate and proportionate checks in relation to requests from members to transfer benefits out of the Fund. This includes closely following the available guidance on transfers-out, with the aim of ensuring those progressing a transfer are fully aware of the implications of their decision and have had access to appropriate information and (where necessary) advice.

Draft

Section 4 - Fund account, net assets statement and notes

Financial Statements

INDEX

	Pages
1 Statement of Responsibilities for the Financial Statements	42
2 Auditor's Report	43
3 Fund Account and Net Assets Statement	44
4 Notes to the Financial Statements	45-70

Statement of Responsibilities for the Financial Statements Teesside Pension Fund

Statement of Responsibilities

Middlesbrough Council Responsibilities

The Council is required to:

- Make arrangements for the proper administration of the financial affairs of the Teesside Pension Fund (the Fund) through a Pension Fund Committee;
- Secure that one of its officers has the responsibility for the administration of those affairs, namely the Chief Finance Officer of the Council (Director of Finance and Transformation); and
- Manage the Fund to secure economic, efficient, and effective use of resources and to safeguard its assets and approve the Fund's Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Director of Finance and Transformation is responsible for the preparation of the Fund's Statement of Accounts in accordance with proper practices set out in the Accounts and Audit Regulations (England) 2015.

In preparing the Statement of Accounts, the Director of Finance and Transformation has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonably prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Confirmation of the Statement of Accounts

I confirm that the Teesside Pension Fund Draft Statement of Accounts gives a true and fair view of the financial position of the Fund at 31 March 2025 and of its income and expenditure for that year.

Andrew Humble

Director of Finance and Transformation (Section 151 Officer)

Middlesbrough Council

30 June 2025

**INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF MIDDLESBROUGH
COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS**

To follow once the external audit of the Council's accounts is complete for 2024-25.

Draft

Teesside Pension Fund Statement of Accounts

Fund Accounts for the year ended 31 March 2025

2023/24 £m		Note	2024/25 £m
	Dealings with members, employers and others directly involved in the Fund		
(116.328)	Contributions	6	(125.283)
(8.055)	Transfers in from other pension funds	8	(10.977)
(2.060)	Other income	9	(2.573)
(126.443)	Total Income from Members		(138.833)
182.512	Benefits payable	7	200.488
12.318	Payments to and on account of leavers	10	16.881
194.830	Total Expenditure to Members		217.369
68.387	Net / withdrawals from dealings with members		78.536
12.126	Management expenses	11, 20	8.456
80.513	Net withdrawals including fund management expenses		86.992
	Returns on investment		
(70.293)	Investment income	12	(98.377)
(467.735)	Profits and losses on disposal of investments and changes in the market value of investments	13	(75.744)
(538.028)	Net returns on investment		(174.121)
(457.515)	Net (increase)/decrease in the net assets available for benefits during the year		(87.129)
(5,032.352)	Net assets of the scheme as at 1 April		(5,489.867)
(5,489.867)	Net assets of the scheme as at 31 March		(5,576.996)
	Net Assets Statement as at 31 March		
5,481.614	Investments Assets	13	5,568.307
16.027	Current Assets	16	16.158
(7.774)	Current liabilities	17	(7.469)
5,489.867	Net assets of the Fund at 31 March		5,576.996

Note 1 Basis of Preparation

The financial statements are prepared in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting, which states that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. The Council is established under the Local Government Regulations 2013 as an Administering Authority of the Local Government Pensions Scheme and is therefore a statutory body expected to be a going concern until notification is given that the body will be dissolved, and its functions transferred. The financial statements have been prepared on the assumption that the functions of the Fund will continue in operational existence for the foreseeable future and management is not aware of any material uncertainties in relation to this.

The statement of accounts summarises the Funds' transactions for the 2024/25 financial year and its position at year end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, which is based upon international Financial Reporting Standards (IFRS), as amended for the UK local government sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits, which fall due after the end of the financial year.

Note 2 Accounting standards issued but not yet been adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published and will be introduced by the 2025/26 Codes of Practice of Local Authority Accounting in the United Kingdom:

- **IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of exchangeability)*** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- **IFRS 17 *Insurance Contracts*** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- **IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*** -The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 and IAS 38. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in [paragraph 3.3.1.4](#).

Note 3 Summary of Significant Accounting Policies

Accruals

The accounts have been prepared on an accruals basis, and the accruals threshold set by management is £100,000. The exception to this accruals basis is individual transfer values, which are recognised on a cash transfer basis.

Fund Account – Revenue Recognition

Contributions Income

Normal contributions, from both the members and the employers, are accounted for on an accruals basis in the payroll period to which they relate. The employers' percentage rate is set by the Actuary, whilst the employees' rate is determined by the Local Government Pension Scheme (LGPS) Regulations.

Employer deficit funding contributions are accounted for on the due dates set by the actuary, or on receipt if earlier.

Employer strain on the fund and any augmentation contributions are accounted for in the period in which the liability arises. Amounts due in the year but still outstanding at the year-end are accrued, according to the accruals threshold.

Transfer Values

Transfer values represent the sums receivable in respect of members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations.

Individual transfer values in and out have been accounted for in the period in which they were paid or received.

Transfers in from members wishing to use the proceeds from their additional voluntary contributions to purchase scheme benefits, are accounted for on a receipts basis within transfers in.

Bulk transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment Income

Interest Income

Interest income is recognised in the Fund account on an accruals basis, using the effective interest rate of the financial instrument as at the date of acquisition.

Dividend Income

Dividend income is recognised at receipt of funds from the custodian.

Distributions from Pooled Investment Vehicles and Pooled Property Investments

Distributions from Pooled Funds are recognised on the date of issue. Any amount not received at the year-end is disclosed in the net assets statement as a current financial asset.

Property Related Income

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is accounted for on an accruals basis.

Interest on Cash Balances

All surplus cash balances of the Fund are invested externally, interest being credited to the Fund.

Fund Account – Expense Items

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1 (1) of schedule 36 of the Finance Act 2004 and, as such, is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Any withholding tax recovered is credited on receipt.

Management Expenses

The Code requires that management expenses be categorised into administrative expenses, oversight and governance expenses and investment management expenses. To enhance transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's guidance, "Accounting for Local Government Pension Scheme Management Expenses (2016)".

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. Expenses for actuarial, audit and legal fees are paid directly by the Fund.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. Fees of external investment managers and the Fund's custodians are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The costs of the Council's in house fund management team are charged direct to the Fund and a proportion of the Council's costs representing management time spent by officers on investment management is also charged to the Fund.

Property Expenses

Property expenses have been recorded gross and shown as a deduction from the gross rental income received in determining net rents from properties.

Net Assets Statement

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term, 'financial instrument' covers both financial assets and financial liabilities and includes financial assets and liabilities such as trade receivables and trade payables.

IFRS9 Financial Instruments

Under IFRS9 Financial Instruments, a financial asset or a financial liability shall be recognised in the balance sheet, and only when, the Fund becomes a party to the contractual provisions of the instrument. On initial recognition, the Fund is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss or fair value through other comprehensive income.

- Financial assets at amortised cost are those held to generate cash flows, and the amounts received are solely principal and interest.
- Financial liabilities are classified as amortised cost except in certain circumstances where they are classified as at fair value
- Fair value assets through profit and loss or other comprehensive income, are assets which fail the amortised cost categorisation tests, where they are held for trading purposes and/or the amounts received relate to more than solely principal and interest (e.g. equity instruments).

IFRS 13 Fair Value Measurement

The standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The Fund currently complies with this standard.

For more information on the classification of funds according to fair value hierarchy, please refer to Note 14

Foreign Currency Transactions

Foreign currency transactions are translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable as at 31 March 2025.

Financial Assets

Financial assets are included in the net assets statement on a fair value basis as at 31 March 2025. A financial asset is recognised in the net assets statement on the date the Fund becomes a party to the contractual acquisition of an asset. From this date, any gains and losses arising from changes in the fair value of assets are recognised in the Fund account. Assets with contractual terms that give rise to cash flows on specified dates, consisting solely of payments of principal and interest on the principal amount outstanding, are valued at amortised cost and recognised in the Fund account. The value of investments as shown in the net assets statement have been determined as follows

Market Quoted Investments

Investments are valued at fair value as at 31 March 2025, as provided by the Fund's custodian. Quoted UK securities are valued at the bid price based on quotations in the Stock Exchange Daily Official List. Overseas quoted securities are, similarly, valued at the bid price from overseas stock exchanges, translated at closing rates of exchange.

Pooled Investment Vehicles

Pooled investment vehicles are valued at closing bid prices if both bid and offer prices are published, otherwise at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax.

Fixed Interest Securities

The value of fixed income investments excludes interest earned but not paid over at the year end.

The interest earned is accrued within the investment income receivable.

Unquoted Investments

Unlisted securities, including partnerships, are valued regarding latest dealings and other appropriate financial information as provided by their respective managers or those controlling the partnerships.

Loans

Cash is invested with investment managers for a fixed term at a fixed interest rate. Loan repayment terms are agreed upon at the outset, with repayments including both the initial capital and interest over the agreed fixed term period.

Freehold and Leasehold Properties

Properties are valued at 31 March 2025. An independent external valuer conducts annual valuations on a fair value basis, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). These valuations are professional opinions based on stated

assumptions. It is important to note that a valuation is an estimate, not a fact. The degree of subjectivity and certainty involved can vary from case to case.

Outstanding Commitments

The Fund has made commitments to investments, which are not included in the accounts of the Fund until the monies have been drawn down by the relative manager. These are shown in [Note 13](#).

Cash and Cash Equivalents

Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS26 (Accounting and Reporting by Retirement Benefit Plans) and relevant actuarial standards. As permitted under the Code, the Fund has adopted to disclose the actuarial present value of promised retirement benefits by way of a note, refer to [Note 15](#) and 16.

Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed the Prudential Assurance Co Ltd as the current provider. AVCs are paid to the AVC provider by the employers and are specifically for providing additional benefits for the individual contributors. Each AVC contributor receives an annual statement showing the value of their account and any movements in the year. AVCs are not included in the accounts in accordance with Regulation 4 (1) b of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 but are disclosed as a note only [\(Note 19\)](#).

Value Added Tax

Expenses and property purchase costs are charged net to the Pension Fund. The VAT is reclaimed via Middlesbrough Council's VAT regime.

Note 4 Critical Judgements, Sensitivities and Accounting Estimates

The Code of Practice on Local Authority Accounting requires disclosure of judgements made by management that affect the application of accounting policies. The Fund can confirm it has made no such critical judgements during 2024/25.

Note 5 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of the Accounts contains estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Investment Vehicles	The fair value of these assets is determined using the most recently available valuation reports and financial statements provided by the general partners, adjusted for cash flows between the date of the reports and the accounting date. As these valuations are based on a combination of estimation techniques and unobservable puts, management judgement is therefore required and there is significant estimation uncertainty in the valuations. Consequently, reliance is placed on general partners to perform the valuations and the Fund performs due diligence to maintain confidence in the valuation provided.	Unobservable market values amount to £1,415m and are relating to infrastructure, real estate, and pooled equity vehicles. The effect in of variations in the factors supporting the valuation would be an increase or decrease 7.20% in the value of unobservable market values of £101.900m.
Freehold and leasehold property	The Fund uses independent external valuers (Cushman and Wakefield) to value freehold and leasehold properties. Valuations are based on market yields, calculated by Cushman and Wakefield, which are informed by a combination of expertise and market awareness on behalf of the valuer. The valuations are therefore subject to estimation uncertainty due to the judgements involved. Consequently, reliance is placed on the surveyor's report provided by Cushman and Wakefield and the Fund due diligence to maintain confidence in the valuation provided.	The effect of variations in the factors supporting the valuation would be an increase or decrease 17.4% in the value of directly held property £91.300m, on a fair basis of £524.700m.

Note 6 Contributions

Contributions from both members and employers are accounted for on an accrual basis in the payroll period. The employers' percentage rate is set by the actuary, whilst the employees' rate is determined by the Local Government Pension Scheme (LGPS) Regulations.

2023/24 £m		2024/25 £m
	Employers	
(79.548)	Normal	(87.011)
(0.016)	Additional Contributions	(0.015)
(0.050)	Deficit Recovery Contributions	(0.012)
	Members	
(36.714)	Normal	(38.245)
(116.328)	Total	(125.283)

Analysis of Total Contributions

2023/24 £m		2024/25 £m
(15.676)	Administering Authority – Middlesbrough Council	(16.760)
(87.999)	Scheduled Bodies	(95.393)
(12.653)	Admitted Bodies	(13.130)
(116.328)	Total	(125.283)

Note 7 Benefits Payable

Pensions/lump sum benefits payable include all amounts known to be due at the end of the financial year.

2023/24 £m		2024/25 £m
150.993	Pensions	164.845
27.950	Commutations and lump sum retirement benefits	33.222
3.569	Lump sum death benefits	2.421
182.512	Total	200.488

Analysis of Total Benefits

2023/24 £m		2024/25 £m
29.051	Administering Authority – Middlesbrough Council	32.197
113.846	Scheduled Bodies	123.675
39.615	Admitted Bodies	44.616
182.512	Total	200.488

Note 8 Transfers in from Other Pension Funds

Transfer values represent the sums receivable in respect of members who have joined the Fund during the financial year.

2023/24 £m		2024/25 £m
(8.055)	Individual transfers in from other schemes	(10.977)
(8.055)	Total	(10.977)

Note 9 Other Income

2023/24 £m		2024/25 £m
(1.255)	Capital Costs of Early Retirements	(2.293)
(0.805)	Other income	(0.280)
(2.060)	Total	(2.573)

Note 10 Payments to and on account of leavers

2023/24 £m		2024/25 £m
0.259	Refunds to members leaving scheme	0.234
0.239	Payments for members joining state scheme	0.124
11.820	Individual transfers to other schemes	16.523
12.318	Total	16.881

Note 11 Management Expenses

The Fund discloses its pension fund management expenses in accordance with CIPFA's guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016)'. This includes administrative expenses, investment management expenses and oversight and governance costs.

This note does not cover all expenses that have been incurred by individual funds as these are covered within the movement of funds.

2023/24 £m		2024/25 £m
2.234	Administrative costs	1.953
9.269	Investment management expenses	6.062
0.623	Oversight and governance costs	0.441
12.126	Total	8.456

All investment management expenses are accounted for on an accruals basis. Fees of external managers and custodian are agreed in respective mandates governing their appointments.

2023/24 £m		2024/25 £m
8.671	Management fees	5.267
0.019	Custody fees	0.025
0.579	Loans & investment support service charges	0.770
9.269	Total	6.062

Note 12 Investment Income

Investment income has been recognised as due on the ex-dividend date and is credited to the fund on the date of dividend.

2023/24 £m		2024/25 £m
(32.278)	Income from pooled investment vehicles	(52.749)
(27.631)	Net rents from properties (see note below)	(27.840)
(10.384)	Interest on cash deposits	(17.788)
(70.293)	Total	(98.377)

Rental Income and Property Expenses

2023/24 £m		2024/25 £m
(30.641)	Gross Rental income	(28.825)
3.010	Property Expense / (Income)	0.985
(27.631)	Net Rents from Properties	(27.840)

Note 13 Investment Assets

The Pension Fund invest in several types of assets to maximise the return on the investment for the Fund.

2024/25	Value at 1 April 2024	Reclassified Assets	Purchases at Cost	Sale Proceeds	Change in Market Value	Value at 31 March 2025
	£m	£m	£m	£m	£m	£m
Equities	2.013	-	0.142	(0.569)	0.958	2.544
Pooled Investment Vehicles	4,678.596	(49.827)	619.885	(959.406)	79.979	4,369.227
Pooled Property Investments	59.518	49.827	0.014	(12.271)	(1.310)	95.778
Properties	484.300	-	40.254	-	0.171	524.725
Loans	49.535	-	43.139	(1.466)	0.300	91.508
Directly Held – Private Equity	12.000	-	15.800	-	(4.354)	23.446
	5,285.962	-	719.234	(973.712)	75.744	5,107.228
Cash Deposits	193.440					456.190
Other Investment Balances	2.212					4.889
Net Investment assets	5,481.614					5,568.307

2023/24	Value at 1 April 2023	Reclassified Assets	Purchases at Cost	Sale Proceeds	Change in Market Value	Value at 31 March 2024
	£m	£m	£m	£m	£m	£m
Equities	2.119	-	-	-	(0.106)	2.013
Pooled Investment Vehicles	4,187.376	-	338.170	(329.918)	482.968	4,678.596
Pooled Property Investments	65.438	-	1.149	-	(7.069)	59.518
Properties	403.615	-	86.858	(0.002)	(6.171)	484.300
Loans	24.534	-	25.746	(0.746)	0.001	49.535
Directly Held – Private Equity	9.924	-	3.964	-	(1.888)	12.000
	4,693.006	-	455.887	(330.666)	467.735	5,285.962
Cash Deposits	334.350					193.440
Other Investment Balances	3.226					2.212
Net Investment assets	5,030.582					5,481.614

Change in Market Value

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Realised profit was £314,687m and unrealised loss was £238.943m. Prior year realised profit was £27.368m and unrealised gain was £0.489m.

Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs for 2024-25 are £1.956m. (2023-24 £3.988m).

Investments Analysed by Fund Manager

The funds equities are mainly managed externally by Border to Coast. Private equities, infrastructure, other alternatives, and other debt are all managed in-house with the only exception being the direct property portfolio managed by CBRE Limited.

- for 2024-25 the value at 31 March 2025 of the direct property portfolio was: £524.724m.
 - for 2023-24 the value at 31 March 2024 of the direct property portfolio was: £484.300m.
- The remainder of the Fund is all managed in-house.

The following investments represent more than 5% of the net assets of the scheme.

Market Value 31 March 2024 £m	% of net assets of the scheme	Security	Market Value 31 March 2025 £m	% of net assets of the scheme
1,833.038	33.15%	Border to Coast PE Overseas Dev Mkts	2,086.661	37.51%
612.789	11.08%	Border to Coast PE UK Listed Equity	609.891	10.96%
336.531	6.09%	SSGA MPF Pacific Basin Ex-Japan Index	-	0.00%

In addition, the following investments represent more than 5% of any class or type of security. The asset classes used for this note are not the CIPFA classifications, but those represented in the Fund's valuation by its Custodian and reported to the Teesside Pension Fund and Investment Panel.

Pooled Investment Vehicles and Properties

31 March 2024 £m		31 March 2025 £m
612.789	UK Equity	609.891
59.518	Pooled Property investment Vehicle	95.778
555.182	Private Equity	672.994
531.706	Infrastructure	688.215
194.369	Other Alternative Investments	-
68.169	Other Debt	83.312
2,021.733	UK Unit and Investment Trusts Total	2,150.190
2,716.381	Overseas Equities	2,314.815
2,716.381	Overseas Unit and Investment Trusts Total	2,314.815
4,738.114	Total	4,465.005

UK Properties

31 March 2024 £m		31 March 2025 £m
347.275	Freehold	388.325
137.025	Leasehold	136.400
484.300	Total	524.725

The properties were valued at Fair Value as of 31 March 2025 by Cushman and Wakefield LLP, acting as an External Valuer. The valuer's opinion on the Fair Value of the Fund's interests in the properties has been reported in accordance with VPS4 item 7 of the RICS Red Book. According to these provisions, "Fair Value" is defined by the International Accounting Standards Board

(IASB) in IFRS 13, as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Outstanding Commitments

As at 31 March 2025, the Fund had the following outstanding commitments.

	Initial Commitment	Capital Payments made	Outstanding commitments at 31 March 2025
Private Equity			
	GBP	GBP	GBP
Border to Coast Private Equity Series 1A	100.000	67.639	32.361
Border to Coast Private Equity Series 1B	50.000	34.856	15.144
Border to Coast Private Equity Series 1C	50.000	42.077	7.923
Border to Coast Private Equity Series 2A	100.000	37.736	62.264
Border to Coast Private Equity Series 2B	100.000	20.839	79.161
Capital Dynamics LGPS Collective for Pools 18/19	10.000	8.068	1.932
Foresight Regional Investments IV	5.000	1.609	3.391
Hermes Innovation Fund	20.000	15.743	4.257
Total GBP	435.000	228.567	206.433
	EUR	EUR	EUR
Access Capital Fund VIII Growth Buy-Out Europe	30.000	19.344	10.656
Access Capital Co-Investment Fund Buy-Out Europe II	25.000	14.017	10.983
Capital Dynamics Mid-Market Direct V	20.000	16.568	3.432
Crown Growth Global Opportunities III	30.000	25.097	4.903
Unigestion Direct II	25.000	22.420	2.580
Unigestion Secondary V	50.000	25.000	25.000
Unigestion Direct III	37.500	16.560	20.940
Total EUR	217.500	139.006	78.494
	USD	USD	USD
Blackrock Private Opportunities Fund IV	25.000	19.454	5.546
Capital Dynamics Global Secondaries V	22.000	13.825	8.175
Crown Co-Investment Opportunities II	30.000	9.633	20.367
Crown Co-Investment Opportunities III	30.000	22.380	7.620
Crown Global Opportunities VII	40.000	22.474	17.526
Crown Secondaries Special Opportunities II	25.000	18.458	6.542
Pantheon Global Co Investment Opportunities IV	30.000	21.005	8.995
Total USD	202.000	127.229	74.771
Infrastructure			
	GBP	GBP	GBP
Border to Coast Infrastructure Series 1A	100.000	70.210	29.790
Border to Coast Infrastructure Series 1B	50.000	36.582	13.418
Border to Coast Infrastructure Series 1C	50.000	40.420	9.580
Border to Coast Infrastructure Series 2A	150.000	79.279	70.721
Border to Coast Infrastructure Series 2B	150.000	42.866	107.134
Border to Coast Climate Opportunities Series 2A	80.000	36.024	43.976
Capital Dynamics Clean Energy Infrastructure UK	20.000	5.110	14.890

Capital Dynamics Clean Energy Infrastructure Fund VIII	20.000	18.734	1.266
Capital Dynamics Clean Energy Infrastructure Fund VIII - Co Investment	10.000	9.367	0.633
Gresham House, British Strategic Investment Infrastructure Fund	20.000	17.533	2.467
Gresham House, British Strategic Investment Infrastructure Fund II	25.000	24.740	0.260
Innisfree PFI Continuation Fund	10.000	9.708	0.292
Innisfree PFI Secondary Fund 2	10.000	8.353	1.647
Total GBP	695.000	398.926	296.074
	EUR	EUR	EUR
Access Capital Infrastructure Fund	23.000	13.381	9.619
Access Capital Infrastructure Fund II	20.000	15.729	4.271
Access Capital Infrastructure Fund II (Fund 2)	15.000	11.836	3.164
Ancala Infrastructure Fund II	23.000	17.978	5.022
Foresight Energy Infrastructure	17.000	15.853	1.147
Total EUR	98.000	74.777	23.223
	USD	USD	USD
Blackrock Global Energy & Power Infrastructure Fund III	25.000	16.888	8.112
Blackrock Global Renewable Power III	25.000	21.124	3.876
Total USD	50.000	38.012	11.988
Property Funds			
	GBP	GBP	GBP
Bridges Evergreen TPF Housing Co-Investment LP	5.000	0.807	4.193
Gresham House BSI Housing LP	20.000	19.546	0.454
Total GBP	25.000	20.353	4.647
Other Debt			
	GBP	GBP	GBP
St Arthur Homes	27.500	17.388	10.112
Total GBP	27.500	17.388	10.112
	EUR	EUR	EUR
La Salle Real Estate Debt Strategies IV	25.000	20.148	4.852
Total EUR	25.000	20.148	4.852
	USD	USD	USD
Pantheon Senior Debt Secondaries II	25.000	18.916	6.084
Total USD	25.000	18.916	6.084

Note 14 Financial Instruments

Net Gains and Losses on Financial Instruments

2023/24		2024/25
£m	Financial Assets	£m
(467.735)	Fair Value through profit and loss account	(75.744)

Fair Value of Financial Instruments

Fair Value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair Value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
31 March 2024				31 March 2025		
£m	£m	£m	Financial Assets	£m	£m	£m
2.013	-	-	Equities	2.544	-	-
4,678.596	-	-	Pooled Investments	4,369.227	-	-
59.518	-	-	Pooled Property Investments	95.777	-	-
-	49.535	-	Loans	-	91.508	-
12.000	-	-	Directly Held - Private Equity	23.446	-	-
-	193.440	-	Cash	-	456.190	-
	2.212		Other investment balances		4.889	
	16.027		Sundry debtors and prepayments		16.144	
4,752.127	261.214	-		4,490.994	568.731	-
			Financial Liabilities			
-	-	(7.774)	Sundry creditors	-	-	(7.469)
-	-	(7.774)		-	-	(7.469)
4,752.127	261.214	(7.774)	Net Financial Assets	4,490.994	568.731	(7.469)

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available or where valuation techniques are used to determine fair value based on observable data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Teesside Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken as at 31 March annually. Cash flow adjustments can be used where valuations at 31 March could not be obtained.

Teesside Pension Fund has no investments in hedge funds.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Valuation of Financial Instruments

Value as at 31 March 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit and loss account	6.406	2,924.706	1,559.882	4,490.994
Financial Assets at amortised cost	568.731	-	-	568.731
Financial Liabilities at amortised cost	(7.469)	-	-	(7.469)
Total Financial Assets	567.668	2,924.706	1,559.882	5,052.256

Value as at 31 March 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit and loss account	9.038	3,329.170	1,413.919	4,752.127
Loans and Receivables	261.214	-	-	261.214
Financial Liabilities at amortised cost	(7.774)	-	-	(7.774)
Total Financial Assets	262.478	3,329.170	1,413.919	5,005.567

Sensitivity of Assets at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation classification described above are likely to be accurate to within, the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

Valuation of Financial Instruments carried at fair value – 31 March 2025

	Assessed valuation range (+/-)	Value as at 31 March 2025 £m	Value on increase £m	Value on decrease £m
Pooled Investments - Private Equity	7.20%	672.995	721.451	624.539
Directly Held – Private Equity	7.20%	23.446	25.134	21.758
Pooled Investments - Infrastructure	7.20%	688.215	737.766	638.664
Pooled Investments - Other Debt	7.20%	83.312	89.310	77.314
Pooled Investments - Property	17.40%	91.914	107.907	75.921
Total		1,559.882	1,681.568	1,438.196

Valuation of Financial Instruments carried at fair value – 31 March 2024

	Assessed valuation range (+/-)	Value as at 31 March 2024 £m	Value on increase £m	Value on decrease £m
Pooled Investments - Private Equity	11.40%	555.182	618.473	491.891
Directly Held - Private Equity	11.40%	12.000	13.368	10.632
Pooled Investments - Infrastructure	11.40%	531.706	592.320	471.092
Pooled Investments - Other Alternatives	11.40%	194.369	216.257	172.211
Pooled Investments - Other Debt	11.40%	68.169	75.940	60.398
Pooled Investments - Property	18.30%	52.493	62.099	42.887
Total		1,413.919	1,578.457	1,249.111

Reconciliation of Fair Value Measurements within level 3 during 2024-25

	Market Value as at 1 April 2024 £m	Transfer between asset categories £m	Purchases £m	Sales £m	Unrealised Gains/ Losses £m	Realised Gains/ Losses £m	Market Value as at 1 April 2025 £m
Pooled Investments – Private Equity	555.182	62.400	94.779	(44.280)	4.913	-	672.994
Directly Held - Private Equity	12.000	-	15.800	0.000	(4.354)	-	23.446
Pooled Investments – Infrastructure	531.706	73.480	120.323	(32.507)	(4.787)	-	688.215
Pooled Investments – Other Alternatives	194.369	-194.369	-	0.000	0.000	-	-
Pooled Investments - Other Debt	68.169	10.678	7.588	(2.861)	(.262)	-	83.312
Pooled Investments – Property	52.493	47.811	2.329	(2.724)	(14.248)	6.254	91.915
Total	1,413.919	-	240.819	(82.372)	(18.738)	6.254	1,559.882

Reconciliation of Fair Value Measurements within level 3 during 2023-24

	Market Value as at 1 April 2023 £m	Purchases £m	Sales £m	Unrealised Gains/ Losses £m	Realised Gains/ Losses £m	Market Value as at 1 April 2024 £m
Pooled Investments – Private Equity	442.431	104.942	(24.495)	32.304	-	555.182
Directly Held - Private Equity	9.924	3.964	-	(1.888)	-	12.000
Pooled Investments – Infrastructure	402.107	122.550	(16.592)	23.641	-	531.706
Pooled Investments – Other Alternatives	179.599	38.368	(3.628)	(19.970)	-	194.369
Pooled Investments - Other Debt	67.023	3.448	(0.022)	(2.280)	-	68.169
Pooled Investments – Property	58.095	1.149	-	(6.751)	-	52.493
Total	1,159.179	274.421	(44.737)	25.056	-	1,413.919

Nature and Extent of Exposure to Risk Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that its assets may fall short of its liabilities which includes promised benefits payable to members. Consequently, the aim of investment risk management is to minimise the risk of an overall reduction in the Fund's value while maximising the opportunity for gains across the entire portfolio. The Fund achieves this through asset diversification, which reduces exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. Additionally, the Fund manages its liquidity risk to ensure sufficient liquidity to meet forecasted cash flows

Market Risk

Market risk refers to the potential for loss due to fluctuations in equity and commodity prices, interest rates foreign exchange rates and credit spreads. The Fund is exposed to market risk through its investment activities, particularly its equity holdings. The level of risk exposure is influenced by market conditions, expectations of future price and yield movements, and the asset mix.

The Fund identifies, manages, and controls market risk exposure within acceptable parameters while optimising the return on risk.

Excessive volatility in market risk is generally managed through portfolio diversification across geographical regions, industry sectors, and individual securities. To mitigate market risk, the Fund and its investment advisors conduct appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

1. The actuarial valuation of the Fund which is carried out every three years and resets the employer contribution rates.
2. The asset liability study which is carried out every three years or more frequently if required considers alternative asset allocations for the Fund and the long-term impact on employer contribution rates.
3. Quarterly monitoring of the performance of the Fund against selected benchmarks, and annual performance reports to the Pension Fund Committee.

Other Price Risk

Other price risk refers to the risk that the value of a financial instrument will fluctuate because of changes in the market prices, excluding those arising from interest rate risk or foreign exchange risk. These fluctuations can be caused by factors specific to the individual instrument or its issuer, or by broader market factors affecting all such instruments

The Fund is exposed to share price risk, which arises from investments held by the Fund with uncertain future prices. All securities investments carry a risk of capital loss, with the maximum risk determined by the fair value of the financial instrument

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored by the Council to ensure compliance with the limits specified in the Fund Strategy Statement and the Investment Strategy Statement.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year and in consultation with Portfolio Evaluation Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for the 2024-25 reporting period.

2024/25 Price Risk		Value as at 31 March 2025	Change	Value on Increase	Value on Decrease
Asset Type	Region	£m	%	£m	£m
Equities	UK	2.536	10.90%	2.812	2.260
	Non-UK	0.008	10.90%	0.009	0.007
	Total	2.544		2.821	2.267
Managed and Unitised Funds	UK Equities	609.891	10.90%	676.369	543.413
	UK Alternatives	428.598	7.20%	459.457	397.739
	Non-UK Equities	2,314.815	10.90%	2,567.130	2,062.500
	Non-UK Alternatives	1,107.432	7.20%	1,187.167	1,027.697
Directly Held - Private Equity	UK	23.446	0	25.134	21.758
Total		4,486.726	0	4,918.078	4,055.374

2023/24 Price Risk		Value as at 31 March 2024	Change	Value on Increase	Value on Decrease
Asset Type	Region	£m	%	£m	£m
Equities	UK	2.005	10.50%	2.216	1.794
	Non-UK	0.008	11.00%	0.009	0.007
	Total	2.013		2.225	1.801
Managed and Unitised Funds	UK Equities	612.789	10.50%	677.131	548.446
	Uk Alternatives	421.361	11.40%	469.396	373.326
	Non-UK Equities	2,716.383	11.00%	3,015.185	2,417.581
	Non-UK Alternatives	987.582	11.40%	1,100.166	874.997
Directly Held - Private Equity	UK	12.000	0	13.368	10.632
Total		4,752.128		5,277.471	4,226.783

Interest Rate Risk

Interest rate risk is the risk to which the Fund is exposed to changes in interest rates and relates to its holdings in cash. The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2025 is set out below:

2023/24 £m	Asset Type at 31 March	2024/25 £m
193.440	Cash and cash equivalents	456.190
2.212	Other Investment balances	4.889
195.652	Total	461.079

Sensitivity Analysis

The Fund recognises that fluctuations in interest rates can impact both its income and the value of the net assets available to pay benefits. The following analysis assumes that all other variables, particularly exchange rates, remain constant. It illustrates the effect of a +/- 75 basis points (BPS) change in interest rates on the net assets available to pay benefits in the year.

Asset Type		+ 75 BPS	- 75 BPS
Carrying value at 31 March 2025	£m	£m	£m
Cash and cash equivalents	456.190	3.421	(3.421)
Other Investment balances	4.889	0.037	(0.037)
Total	461.079	3.458	(3.458)

Asset Type		+ 100 BPS	- 100 BPS
Carrying value at 31 March 2024	£m	£m	£m
Cash and cash equivalents	193.440	1.934	(1.934)
Other Investment balances	2.212	0.022	(0.022)
Total	195.652	1.956	(1.956)

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund's currency rate risk is considered by the Fund's Investment Advisors and Investment Managers. The Pension Fund Committee is informed quarterly of the Fund's currency exposure.

The following tables summarise the Fund's currency exposure as at 31 March 2024 and as at 31 March 2025, showing the sensitivity analysis of foreign exchange movements.

Currency Risk 31 March 2025	Value £m	Change %	Value on Increase £m	Value on Decrease £m
Australian Dollar	0.008	6.50%	0.009	0.007
Euro	262.244	6.90%	280.339	244.149
US Dollar	327.180	9.20%	357.281	297.079
Total	589.432		637.629	541.235

Currency Risk 31 March 2024	Value £m	Change %	Value on Increase £m	Value on Decrease £m
Australian Dollar	0.008	6.50%	0.009	0.007
Euro	249.087	4.40%	260.047	238.127
US Dollar	328.854	7.90%	354.833	302.875
Total	577.949		614.889	541.009

Based on an analysis of historical data conducted in consultation with Portfolio Evaluation Ltd, the Fund has assessed the likely volatility associated with foreign exchange rate movements. A percentage strengthening or weakening of the pound against the various currencies in which the Fund holds investments would correspondingly decrease or increase the net assets available to pay benefits as illustrated above

Expected Credit Loss Allowance

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The Fund is exposed to credit risk on its investment portfolio, including its cash deposits, and on the contribution's receivable from the Fund's participating employers.

The market values on investments typically reflect an assessment of credit risk in their pricing, implicitly accounting for the risk of loss in the fair value of the Fund's investments. Credit risk on cash deposits is managed by Middlesbrough Council's in-house Treasury Management Team, in accordance with the Council's Treasury Management Policy. This policy is described in detail in Middlesbrough Council's Annual Report.

Credit risk on receivables from employers is minimised through regular monitoring of monthly payments from employees. As of 31 March 2025, there is no provision for doubtful debts against the amounts due from employers. The LGPS Regulations require that a risk assessment be conducted of any new transferee admission body, and that a bond or guarantee is obtained where necessary

The Teesside Pension Fund Committee must approve the admission of any new body. Bonds or guarantees have been obtained for the Fund's admission body employers, where possible. The Fund is potentially exposed to credit risk from certain scheduled employers that have neither tax-raising powers nor a guarantee from central government.

Collateral and other Credit Enhancement

The pension fund does not use collateral and other credit enhancement.

Liquidity Risk

Liquidity risk is the risk that the Fund will be unable to meet its financial obligations as they fall due. To manage this risk, the Fund holds in-house cash resources to meet the day-to-day needs and to pay pensions. If there is insufficient cash available to meet immediate needs, there are sufficient other assets available which can be liquidated at short notice and at minimal cost. Apart from investments in private equity, infrastructure partnerships and other alternatives, there are no commitments to contribute further capital to existing fund investments. When capital calls for private equity, infrastructure partnership and other alternatives are received, payments are made from cash or, if necessary, by liquidating other assets.

Note 15 Actuarial Valuations

Contributions are paid to the Fund by the employers to provide for the benefits which will become payable to Scheme members when they fall due. The funding objectives are to meet the cost of

Scheme members' benefits whilst they are working and to build up assets to provide adequate security for the benefits as they accrue.

To assess that the funding objectives are being met the Fund is required to carry out an Actuarial Valuation every 3 years, The Triennial Valuation. Typically, each final triennial valuation report is published around a year after the effective date. An Actuarial Valuation was carried out as at 31 March 2022 using the 'Projected Unit Method' which produced the following results;

	2019 Valuation £m	2022 Valuation £m
Net Liabilities	3.561	4.351
Assets	4.088	5.036
Surplus	0.527	0.685
Funding Level	115%	116%

The actuarial assumptions used to calculate the promised value of benefits at 31 March 2025 were:

Funding Assumptions

	2019 Valuation	2022 Valuation
Pension Increase Rate (CPI %)	2.10%	2.70%
Salary Increase Rate (%)	3.10%	3.70%
Discount Rate (%)	4.45%	4.25%

The assumed life expectancy from age 65 (years) assumptions

Mortality Assumptions (Years)	2019 Valuation	2022 Valuation
Longevity at 65 for current pensioners:		
• Men	21.8	20.9
• Women	23.4	23.9
Longevity at 65 for future pensioners:		
• Men	23.1	21.9
• Women	25.2	25.5

The next triennial valuation is due as at 31 March 2025 and any change in employers' contribution rates because of that valuation will take effect from 1 April 2026.

Note 16 Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits at 31 March 2025 was £3.983bn (31 March 2024 £4.554bn). The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022, but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and uses different assumptions to those used for a triennial funding valuation. The net assets of the Scheme available to pay benefits at 31 March 2025 was £5.577bn (31 March 2024 £5.490bn). The fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

	31 March 2024	31 March 2025
Pensions Increase rate (CPI %)	2.75%	2.75%
Salary Increase Rate (%)	3.75%	3.75%
Discount Rate (%)	4.85%	5.80%

Virgin Media Limited v NTL Pension Trustees II Limited

In June 2023 the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by section 37 actuarial certificates. The Court of Appeal rejected an appeal of this decision in July 2024. The Local Government Pension Scheme is affected by this ruling.

The Government Actuary's Department is the actuary for the Local Government Pension Scheme and has so far failed to evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS26 or if it can be reliably estimated.

Although this is the current position in law, the Government is being lobbied to make a change to the regulations which would retrospectively validate amendments which would otherwise be void because of a failure to have obtained section 37 certificates. The Government has an existing power to make the necessary regulations but not yet said whether it will do anything. There is also the possibility that Virgin Media could seek permission to appeal to the Supreme Court.

Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

Note 17 Current Assets

Current assets are cash and any other asset that will be turning into cash within one financial year.

31 March 2024 £m	Debtors	31 March 2025 £m
1.105	Other Debtors	2.615
1.530	Sundry Debtors	2.752
-	Contributions due in respect of:	

6.823	Employers	6.720
3.102	Members	2.965
3.467	Cash balances	1.106
16.027	Total	16.158

31 March 2024	Analysis of Debtors	31 March 2025
£m		£m
4.718	Other local authorities	5.095
7.842	Other entities and individuals	9.957
3.467	Add cash balances	1.106
16.027	Total	16.158

Note 18 Current Liabilities

Current Liabilities are the amounts owing within the next financial year.

31 March 2024	Amounts due within one year	31 March 2025
£m		£m
(2.859)	Rents received in advance	(2.915)
(3.210)	Accrued expenses	(2.729)
(1.705)	Other payables	(1.825)
(7.774)	Total	(7.469)

31 March 2024	Analysed by	31 March 2025
£m		£m
(1.136)	Other local authorities	(1.001)
(0.020)	Public Corp & Trading Funds	-
(6.618)	Other entities and individuals	(6.468)
(7.774)	Total	(7.469)

Note 19 Additional Voluntary Contributions (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested with the Fund's nominated AVC providers, the Prudential Assurance Co Ltd. These contributions are not part of the Pension Fund and are not reflected in the Fund's accounts in accordance with regulation 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The value of AVC investments are as follows:

Prudential AVC balances

2023/24 £m	Prudential AVC balances	2024/25 £m
5.504	With Profits and Deposit Accounts	7.041
5.171	Unit Linked Accounts	6.443
10.675	Total	13.484

Note 20 Related Party Transactions

In accordance with International Accounting Standard (IAS) 24 and International Public Sector Accounting Standard (IPSAS) 20 'Related Party Disclosures', material transactions with related parties not disclosed are detailed below:

The officer responsible for the proper administration of the financial affairs of the Teesside Pension Fund (the Section 151 officer) is also the Section 151 officer of Middlesbrough Council.

The Teesside Pension Fund is administered by Middlesbrough Council. During the financial year, the Council incurred costs of £1.701m (2023-24 £1.475m) comprising of pensions administration costs of £0.946m (2023-24 £0.896m) and investment management costs of £0.770m (2023-24 £0.579m). The Council was subsequently reimbursed by the Fund for these expenses. Middlesbrough Council is one of the largest members of the pension fund and, during the financial year, made employer contribution payments of £10.926m (2023-24 - £10.059m). As at 31 March 2025, the Council was a net debtor to the Fund of £1.336m (2023-24 £1.138m).

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with the Council, for the supply of goods or service to the Fund.

The key management personnel of the Pension Fund are the Head of Pensions Governance and Investments and the Director of Finance, who is also the S151 officer. Please refer to Note 21 for costs.

Councillor David Coupe is the Partner Fund nominated non-executive director on Border to Coast Pensions Partnership's Board of Directors.

Note 21 External Audit Costs

The external fees payable to the Fund's external auditors Forvis Mazars.

2023/24 £m	External Audit Costs	2024/25 £m
0.102	Scale Fee from Forvis Mazars	0.118
0.010	IAS 19 procedure fees (recurring) (2021/22)	0.000
0.112	Total Fees	0.118

*Notional Note Figures are included in Note 11 Management expenses - oversight & governance.

Note 22 Senior Employees' Remuneration

2023/24 £m	Key Management Personnel	2024/25 £m
0.068	Short Term Benefits	0.070
0.008	Post-Employment Benefits	0.008
0.076	Total	0.078

Note 23 Events after the Balance Sheet Date

There are no specific events to report after the balance sheet date (30 June 2025) for the Teesside Pension Fund accounts.

The Compliance Statement

The Compliance Statement Local Government Pension Scheme Regulations

Middlesbrough Council administers the Teesside Pension Fund in accordance with:

The Local Government Pension Scheme Regulations 2013 (as amended)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

Full details of the Governance Policy and Compliance Statement can be seen at

[Appendix A - 2024 Teesside PF Governance Policy and Compliance Statement.pdf](#)

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that Local Government Pension Scheme's administering authorities prepare, publish, and maintain an Investment Strategy Statement (ISS). The current version of the Teesside Pension Fund ISS was approved by the Pension Fund Committee in March 2021 and contains statements on:

- Investment responsibilities, setting out the key responsibilities of the Teesside Pension Fund Committee, key officers of the Fund, the Fund's Custodian, and the Independent Investment Advisors.
- The investment strategy and the type of investments held, e.g., equities, bonds, property etc.
- The maximum and minimum amount allowable in each asset class and any discretion by the administering authority to increase the limits on various types of investment.
- Risk, including the ways in which risks are to be measured and managed.
- The existing investment management arrangements, including details of the Fund's commitment to investment pooling through its jointly owned pooling company Border to Coast.
- The Fund's position as a responsible investor and its promotion of ethical, social, and corporate governance best practice.
- The exercise of the rights (including voting rights) attaching to investments, and the Fund's statement of commitment to the Stewardship Code.
- The Fund's commitment to measure and report investment performance.
- The level of compliance with the Myners Principles.

The statement is maintained and published by Middlesbrough Council, copies of which are available on application, or it can be seen at the Fund's website:

[Investment Strategy Statement 2024-10 - October 2024.pdf](#)

The Funding Strategy Statement

The Local Government Pension Scheme Regulations 2013, require each Administering Authority, to produce a Funding Strategy Statement, setting out a long-term view on funding liabilities. The main areas covered by the statement are:

- The purpose of the statement:

- Establishes a clear and transparent strategy which identifies how employers' pension liabilities are best met going forward;
 - Supports the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
 - Take a prudent longer-term view of funding liabilities.
- The purpose of the Fund, i.e., receive contributions and make pensioner payments.
 - The solvency and target funding levels of the Fund, i.e., 100% of the liabilities of the Fund can be met over the long term.
 - The identification of key risks to the Fund, and the control mechanisms in place to mitigate these risks.
 - Links to the Fund's investment strategy.
 - The key responsibilities of the administering authority, scheme employers and the Fund's Actuary are also set out.

The latest Funding Strategy Statement was approved by the Pensions Fund Committee and was effective from March 2020, and can be seen at

[tees-2022-valuation-fss-30-march-2023.pdf](https://www.teessidepensionfund.co.uk/tees-2022-valuation-fss-30-march-2023.pdf)

Governance Policy

Under the Local Government Pension Scheme Regulations 2013 Middlesbrough Council, the Administering Authority to the Teesside Pension Fund, is required to draw up a Governance Policy which sets out the procedures for the governance of the Fund. In summary, the policy sets out that the administering authority delegates its functions under the above Regulations to the XPS group (previously Kier Business Services Ltd) as administrator and the Pension Fund Committee to act in a similar manner to a Board of Trustees

The Policy also sets out the:

- Terms of reference of the Pension Fund Committee
- Structure of meetings
- Membership
- Principles of governance.

The latest policy document can be viewed at:

[Appendix A - 2024 Teesside PF Governance Policy and Compliance Statement.pdf](https://www.teessidepensionfund.co.uk/Appendix%20A%20-%202024%20Teesside%20PF%20Governance%20Policy%20and%20Compliance%20Statement.pdf)

Communications Policy

Under the Local Government Pension Scheme Regulations 2013 Middlesbrough Council, the Administering Authority to the Teesside Pension Fund, is required to draw up a statement(s) of policy concerning communications with members and Scheme employers.

The Teesside Pension Fund actively communicates with all of its stakeholders, including the members, the employers, and other external organisations. For example, we have been providing every active member of the scheme with a statement of accrued benefits since 2001, well before it became compulsory to do so. The statement of accrued benefits also includes the member's State Pension Forecast to aid in their financial planning.

We also provide newsletters twice a year to all of our active and pensioner members; this allows us to inform participants of any scheme changes which may be made.

A Communications Policy Statement has been drawn up in order to ensure that the Fund offers clear communication to stakeholders of the Local Government Pension Scheme. The latest policy statement can be seen at:

[Appendix F - Communication Policy 2024.pdf](https://www.teessidepensionfund.co.uk/Appendix%20F%20-%20Communication%20Policy%202024.pdf)

Statement of the Actuary for the year ended 31 March 2025

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £5,306 million, were sufficient to meet 116% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £684 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows: Financial assumptions
Discount rate

31 March 2022

4.25% pa

Salary increase assumption
Benefit increase assumption (CPI)

3.70% pa
2.70% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	20.9 years	23.9 years
Future Pensioners*	21.9 years	25.5 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

Jamie Baxter FFA C.Act

14 May 2025

For and on behalf of Hymans Robertson LLP

Summary of LGPS benefits and comparison to previous versions of the scheme.

	LGPS 2014	LGPS 2008	LGPS pre-2008
Basis of pension	Career Average Revalued Earnings (CARE)	Final salary	
Accrual rate	1/49 th	1/60 th	1/80 th pension with separate 3/80 th lump sum
Revaluation rate (active members)	Consumer Price Index (CPI)	Based on final salary	
Pensionable pay	Pay including non-contractual overtime and additional hours for part time staff	Pay excluding non-contractual overtime and non-pensionable additional hours	
Scheme member contributions	9 bands between 5.5% and 12.5%: rate paid is based on actual pensionable pay	7 bands between 5.5% and 7.5%: rate paid based on whole-time equivalent pensionable pay	6% of pensionable pay 5% pensionable pay for some former manual workers
Contribution flexibility	Members can pay 50% for 50% of the benefits	None	
Normal pension age	Individual member's state pension age (min 65)	65	65 but benefits can be paid without reductions from age 60 with enough service (25 years)
Lump sum option	Yes, £12 for each £1 of pension		
Death benefits	Yes, lump sum of 3 x pensionable pay and survivor pension based on 1/160 th accrual		
Indexation of pension in payment	Consumer Prices Index (CPI)	CPI (Retail Prices Index (RPI) for pre 2011 increases)	RPI
Qualifying period for benefits	2 years	3 months	3 months (2 years before 2004)

Pension increases

Public service pensions are increased under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975. With effect from April 2011 increases are based on the Consumer Price Index for September each year and are paid the following year from the first Monday in the new financial year.

Pensions awarded after the date of the last increase receive an apportioned increase related to the date the pension began. Those Pensions payable under age 55 on ill health grounds may have increases applied subject to meeting certain additional criteria. Other pensions are subject to the increase (including backdating) from the member's 55th birthday.

The following table shows the rate of pension increases that have applied during the last 10 years.

From April	Increase %
2016	0.0%
2017	1.0%
2018	3.0%
2019	2.4%
2020	1.7%
2021	0.5%
2022	3.1%
2023	10.1%
2024	6.7%
2025	1.7%

Section 5 - Investments and Funding

5.1 Asset Allocation Strategy – Investment Strategy Statement

The Investment Strategy Statement sets out how the Fund plans to invest its assets. This strategy is set for the long term and is reviewed every 3 years as part of the Fund's Asset/Liability study to ensure that it remains appropriate to the Fund's liability profile. The Investment Strategy Statement and the Funding Strategy Statement are both fully compliant with the regulations and appropriate statutory guidance. As part of the strategy the Administering Authority has adopted a strategic benchmark representing the mix of assets best able to meet the long-term liabilities of the Fund. As of 31 March 2025, the actual assets compared to the benchmark as follows.

	Pension Fund at 31/03/2025	Pension Fund Target Strategic Allocation	Investment Strategy Statement Max	Investment Strategy Statement Min
<u>Growth Assets</u>		<u>70%</u>	<u>90%</u>	<u>50%</u>
UK Equities	11.0%	10%	80%	35%
Overseas Equities	41.6%	45%		
Private Equity	12.5%	15%	20%	0%
<u>Protection Assets</u>		<u>30%</u>	<u>50%</u>	<u>10%</u>
Bonds / Other Debt / Cash	11.3%	10%	20%	0%
Infrastructure	12.4%	10%	20%	0%
Property	11.2%	10%	20%	0%
	100%	100%		

The Fund asset mix % varies slightly from the statutory accounts due to internal classification differences.

The value of the Teesside Fund at 31 March 2025 was £5.58 billion, an increase of approximately £109 million on the year. The Fund is invested in a wide range of assets. This meets the requirement to have diversification of investments in a fund, so that too great a concentration of investments in one asset class does not expose the Fund to risk of underperformance should that particular asset class perform badly. The 10 largest holdings (excluding direct property and cash), which make up 61.49% of the value of the portfolio as at 31 March 2025 are:

Security Description	% of Total Investments	Market value £'000
Border to Coast - Overseas Dev Mkts Listed Equity	37.51%	2,086,661
Border to Coast - UK Listed Equity	10.96%	609,891
Border to Coast – Emerging Mkts (Hybrid) Listed Equity	4.10%	228,154
Border to Coast Private Equity Series 1A	1.85%	103,092
Border to Coast Infrastructure Series 1A	1.50%	88,289
JP Morgan Infrastructure Investments Fund	1.50%	83,339
Border To Coast Infrastructure Series 2A	1.46%	81,324
Insight IIFIG Secured Finance Fund II	0.91%	50,731
Border to Coast Infrastructure Series 1C	0.85%	47,446

Security Description	% of Total Investments	Market value £'000
Border to Coast Private Equity Series 1B	0.85%	47,268
	61.49%	3,426,195

INVESTMENT MANAGERS / INVESTMENTS

As at 31 March 2025 the market value of the fund was allocated to the following investment managers / investments:

Manager / Investment	Asset class	Market Value £'000	% of Fund
Border to Coast Pensions Partnership	Overseas Equities	2,086,661	37.51%
	UK Equities	609,891	10.96%
	Alternatives	581,184	10.45%
	Emerging Markets	228,154	4.11%
CBRE - Direct Property Portfolio	Property and Property Debt	524,725	9.43%
Internal Team	Cash	456,190	8.20%
	UK Equities	2,536	0.04%
	Overseas Equities	8	0.00%
LGT Capital Partners	Alternatives	125,272	2.25%
Darwin Alternatives	Alternatives	93,234	1.68%
Gresham House	Alternatives	86,382	1.55%
Unigestion	Alternatives	86,340	1.55%
Capital Dynamics	Alternatives	86,039	1.55%
Access Capital Partners	Alternatives	83,655	1.50%
JP Morgan IIF UK LP	Alternatives	83,339	1.50%
Insight Investments	Alternatives	50,731	0.91%
Blackrock Fund Managers Ltd	Alternatives	48,769	0.88%
Pantheon Ventures (UK)	Alternatives	46,446	0.83%
Hermes	Alternatives	35,173	0.63%
Hearthstone	Property	27,554	0.50%
Aberdeen Standard Life	Property	26,369	0.47%
Verdant Regeneration Ltd	Other Debt	25,000	0.45%
GB Bank Ltd	Alternatives	23,446	0.42%
Innisfree	Alternatives	22,719	0.41%
Ancala	Alternatives	19,759	0.36%
Greyhound Retail Park	Other Debt	19,716	0.35%
Titan Preston East	Other Debt	18,896	0.34%
St Arthur Homes	Other Debt	16,913	0.30%
La Salle	Alternatives	15,986	0.29%
Foresight Group	Alternatives	13,743	0.25%
Titan – Templar's Way	Other Debt	10,983	0.20%
CCLA Investment Management Ltd	Property	3,863	0.07%
FW Capital	Alternatives	2,968	0.05%
Bridges Fund Management	Property	773	0.01%

Total			100.00%
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PERFORMANCE

Fund performance is measured by Hymans Robertson, a leading actuarial consultancy and provider of performance measuring services to the public and private sector. The return the Fund achieves is one of the factors which the Fund Actuary takes into account when fixing the employer's contribution rate. Any increase in the contribution rate would mean less money to pay for other services. The benefits of scheme members of the Local Government Pension Scheme are related to their salary and length of service, not the value of the Fund.

As Pension Fund investment is a long-term business, it is appropriate that longer-term measures of performance are viewed as more important than short-term measures. It has become standard practice to report the performance of the Fund over 1, 3, 5 and 10 years and to compare performance with the Fund's benchmark – the return that would be expected based on the mix of assets the Fund is invested in.

In the year 2024/2025 the Fund achieved a return of 0.0% compared to our benchmark return of 0.4%.

In the three-year period to 2024/2025 the Fund achieved a return of 4.8% per annum compared to our benchmark return of 3.7%.

In the five-year period to 2024/2025 the Fund achieved a return of 10.3% per annum compared to our benchmark return of 8.3%.

In the ten-year period to 2024/2025 the Fund achieved a return of 7.3% per annum compared to our benchmark of 6.3%.

Further detail of the performance of each asset class held by the fund over 2024/2025 is shown below:

Asset class	Performance measurement period					
	Three months			One Year		
	Fund return	Benchmark return	Excess	Fund return	Benchmark return	Excess
UK Equities	4.2%	4.5%	-0.3%	8.1%	10.5%	-2.3%
Overseas Equities	-2.1%	-1.2%	-0.9%	0.9%	1.6%	-0.7%
Property	0.5%	1.1%	-0.6%	3.4%	5.1%	-1.9%
Alternatives	1.0%	1.0%	-0.1%	2.3%	4.2%	-3.6%
Cash	1.8%	1.1%	0.7%	3.8%	5.1%	-1.2%
Total Fund	0.0%	0.4%	-0.4%	2.9%	3.9%	-1.0%

The benchmarks used for each asset class and for the total Fund are as follows:

Asset Class	Benchmark
UK Equities	10% FTSE All Share Index
Overseas Equities	40% BCPP Overseas Developed Markets Index Split as follows: 40% S&P 500 30% FTSE Developed Europe ex UK 20% FTSE Developed Asia Pacific ex Japan 10% FTSE Japan 5% FTSE Emerging Markets Index
Alternatives	28% Absolute return: +4.25%
Cash	12% SONIA
Total Bonds	5% Teesside Total Bond Composite 50.0% FTSE All Stocks Gilt Index 37.5% FTSE All Stocks Gilt Index 12.5% FTSE Over 5 Year Index-Linked Gilts Index

Ordinarily, the key to good performance is to get the big asset allocation decisions right. The weightings between equities and bonds in particular will go a long way to determining the fund performance. The Teesside Fund continues to be under-represented in bonds when compared to our customised benchmark and other Funds. Central Bank policies and their programmes of quantitative easing have helped bonds performance over past years, continuing a “bull-run” in bond prices lasting over two decades. The significant rises in interest rates and bond yields over the recent period have impacted bond prices and made them relatively more affordable. The Fund will continue to work with its advisors to assess the situation and determine whether or when to return to investing in bonds.

The Teesside Fund continues to invest for long term returns in order to remain fully funded and continue to meet its future liabilities. The Fund continues to promote the view that the best way for the Fund to achieve the level of returns required to meet the liabilities of the Fund is to invest in growth assets over protection assets.

The Fund’s position regarding risk monitoring and risk control is set out in the Investment Strategy Statement, which can be viewed on-line at <https://www.twpf.info/article/26895/Teesside-Pension-Fund-Investment-Strategy-Statement> This is principally concerned with the three forms of risk:

- that associated with security of the Fund’s assets,
- that associated with loss of value relating to those assets, and
- that associated with the ability of those assets to provide the required rates of return.

As some of the Fund is managed on an in-house basis, appropriate measures are in place to manage investment risk and the Director of Finance determines the limits on delegation to individual managers.

INVESTMENT POOLING

In the July 2015 Budget the Chancellor announced the Government’s intention to work with the LGPS administering authorities to ensure that investments were pooled while

maintaining overall investment performance. The criteria for developing proposals were set in November 2015:

- Asset pools achieve the benefits of scale (£25 billion as a minimum).
- Strong governance and decision making.
- Reduced cost and excellent value for money, with savings made across the LGPS.
- Improved capacity to invest in infrastructure.

The Teesside Pension Fund made the decision to work with twelve (now eleven) other administering authorities as part of the Border to Coast Pensions Partnership ("Border to Coast"). All of the administering authorities in Border to Coast formally approved arrangements for setting up Border to Coast before the end of the 2016/17 financial year. It represents a major collaboration between the funds with the aim of giving access to new investments and providing resilience. The twelve LGPS funds that initially formed Border to Coast were: Bedfordshire, Cumbria, Durham, East Riding, Lincolnshire, North Yorkshire, Northumberland, South Yorkshire, Surrey, Teesside, Tyne & Wear and Warwickshire. The Northumberland fund is no longer a separate entity following its (long-planned) merger with the Tyne & Wear fund which took effect from April 2020.

During 2017/18 Border to Coast Pension Partnership Limited was established and registered as a company limited by shares, with each of the twelve administering authorities as equal shareholders. Border to Coast formed a new Board, recruited several key management and operational staff, acquired office space in Leeds and developed many of the other arrangements required to operate as an investment management company.

During 2018/19 the transfer of investment assets to Border to Coast began – all the Fund's UK equities were transferred to Border to Coast to manage and further investments during the year were made to Border to Coast's overseas equity fund.

During 2019/20 work was completed to allow Border to Coast to provide access to private markets investments (such as private equity and infrastructure) and the Fund has begun making investments through Border to Coast in these areas and has made significant commitments to make similar investments in coming years. Over time it is expected that investing in private markets via Border to Coast will, through the advantages of economies of scale, be possible at a significant saving to the costs the Fund incurs investing in these areas as an individual entity.

During 2020/21 the Fund started the process of moving most of its overseas equity holdings to be managed by Border to Coast. This process continued during 2021/22 and by the end of that year three quarters of the Fund's overseas equities were actively managed by Border to Coast, with the remainder under passive management with State Street Global Advisers. Within this overseas equity allocation, the Fund chose to invest in Border to Coast's Emerging Markets Equities fund, which is set up as a 'hybrid' arrangement, with the Chinese equity market managed by two external specialist investment managers, and the other emerging market regions managed internally by the team at Border to Coast.

During 2022/23 the Fund committed further investment in Border to Coast's private market funds – private equity and infrastructure and made an initial investment in the newly launched climate opportunities fund – expected to invest in private markets in a low carbon way.

During 2023/24 the Fund paused further commitments to Border to Coast's private market funds as invested amounts were quickly reaching or exceeded those set out in the Investment Strategy Statement.

During 2024/25 the Fund committed further investments in Border to Coast's private market funds – private equity and infrastructure. The Fund took the decision to disinvest from its passive equities held with State Street Global Advisers, redemption proceeds were used to make additional investment in the Border to Coast Overseas Equity Fund. In 2024 the Government issued its "Fit for the Future" consultation, both the Fund and Border to Coast are responding to questions on further LGPS consolidation, a government response is expected sometime in 2025.

Although savings are expected over the medium to long term, there are costs associated with setting up and running Border to Coast and transferring assets to be managed by the new company. More detail on costs and savings related to Border to Coast is shown on the following page.

Before pooling the Fund was principally internally managed, meaning the Fund's investment team directly traded assets such as equities and bonds instead of appointing external investment managers to do this. Consequently, the Fund had very low costs for investing in public markets, costs which would inevitably increase if the investment was carried out by an external manager, even one as low-cost as Border to Coast. However, pooling brought other potential advantages to the Fund, such as greater operational resilience and an opportunity to benefit from greater resource in areas such as Responsible Investment. From a financial cost / benefit perspective, pooling also offered the opportunity to deliver reduced fees as external fund managers repositioned their pricing for a world where the LGPS would operate more collectively. Border to Coast has also been able to negotiate better pricing from private markets investment managers, and as the Fund changes its asset mix to include more of these types of investments the cost / benefit balance will become more favourable. Information collated by Border to Coast suggests that 2023/24 was the second year that the Fund is showing a small net financial gain in respect of asset pooling and that with another four or five years the Fund will have made a net cumulative financial gain from pooling, purely considering investment costs.

Pooling Savings / Costs

Border to Coast has worked with the Partner Funds to gather data, agree assumptions, and build a savings model and process that will enable consistent reporting against this key metric going forward. This supports one of the original objectives of pooling i.e., to reduce costs and deliver value for money. Savings from future launches are not included and the level of savings should grow over the long term as further funds are developed or as additional investments are made to existing Border to Coast propositions. The table below shows the position to 2024/25:

	Total to 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m	£m
Border to Coast - Set up and Operating Costs	1.07	0.42	0.53	0.57	0.58	0.43	0.41
Transition Costs	1.61	-	-	-	-	-	-
Fee savings/ costs due to pooling (reduced fees or passive management as a consequence of pooling)	0.36	0.48	0.42	0.27	0.18	0.20	0.20
Border to Coast fee savings - Private markets	-	(0.14)	0.40	0.97	2.67	3.05	4.45
Border to Coast fee savings - Public markets (additional costs)	(0.10)	(0.34)	(0.89)	(2.21)	(2.48)	(2.77)	(2.94)
One-offs (Crossing deals)	-	-	0.02	-	-	-	-
Other savings (lower projected staffing costs at the Fund)	0.30	0.33	0.33	0.34	0.35	0.37	0.38
Total Fee Savings	0.56	0.33	0.27	(0.63)	0.73	0.84	2.09
Net Position	(2.12)	(0.09)	(0.26)	(1.20)	0.15	0.41	1.68
Cumulative Net Position	(2.12)	(2.21)	(2.47)	(3.67)	(3.52)	(3.11)	(1.43)

Pooling – Asset transfers

A summary of the progress of asset transfers to Border to Coast is set out in the table below:

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Assets Under Management: £m							
Border to Coast	1,432	1,239	2,294	2,589	2,793	3,022	3,492
Assets not currently in transition plan	2,156	1,935	916	1,421	599	668	-
Assets in transition plan	495	525	1,342	1,061	1,668	1,684	2,052
Total	4,083	3,700	4,552	5,071	5,060	5,374	5,544
Assets Under Management: %							
Border to Coast	35%	33%	50%	51%	55%	57%	63%
Assets not currently in transition plan	53%	52%	20%	28%	12%	12%	0%

Assets in transition plan	12%	14%	29%	21%	33%	31%	37%
Total	100%	100%	100%	100%	100%	100%	100%

By the end of 2024/25 Border to Coast had 176 employees and was managing £31.2 billion of assets (including £3.5 billion of the Fund's assets) within 18 different investment propositions (the Fund is invested in 6 of these), and in addition had commitments of £18.1 billion to its alternative 'private markets' assets programme (the Fund's commitments are around £1 billion of this sum).

As part of the governance arrangements for Border to Coast and its partner funds, a Joint Committee comprising of a representative from each Pension Committee has an oversight role over the arrangements of Border to Coast. The Joint Committee includes two (non-voting) scheme member representatives nominated by the eleven Partner Funds' Local Pension Boards. The Joint Committee represents the Funds as investors in Border to Coast. Border to Coast is jointly owned by the administering authorities of the Pension Funds so there is also a shareholder role that the authorities provide - the responsibilities are defined in a shareholder agreement. Pension Fund Officers provide ongoing day-to-day oversight and work closely with Border to Coast to ensure that the company provides the necessary investment vehicles to enable the Funds to implement their investment strategies.

SHAREHOLDER GOVERNANCE

Since the 1980s the policies of the Fund have promoted the view that it is not sufficient to simply hold shares in companies in which it invests. As a responsible shareholder the Fund has sought to influence those companies on a range of issues through dialogue and by voting at AGMs in order to promote shareholder value.

All Local Authority Pension Funds are required to produce an Investment Strategy Statement (ISS) setting out the Fund's position on a range of issues, including the need to state to what extent, if any, environmental, social and governance (ESG) considerations are taken into account in the fund's investment policy and the formulation of a policy on the exercise of voting rights attached to share ownership.

The Fund's ISS can be viewed on the Fund's website <https://www.twpf.info/article/26895/Teesside-Pension-Fund-Investment-Strategy-Statement>. The ISS has been amended to take into account the recommendations of the Myners Report on Institutional Investment.

The Fund's Investment Strategy Statement states that:

“As a responsible investor, the Teesside Pension Fund wishes to promote corporate social responsibility, good practice and improved company performance amongst all companies in which it invests. The Fund monitors investee companies to ensure they meet standards of best practice in relation to their key stakeholders. The Fund considers that the pursuit of such standards aligns the interests of Fund members and beneficiaries with those of society as a whole. In furtherance of this policy, the Fund will support standards of best practice on disclosure and management of corporate social responsibility issues by companies and will pursue constructive shareholder engagement with companies on these issues, consistent with the Fund's fiduciary responsibilities.

Responsible investment aims to incorporate ESG factors into investment decisions to better manage risks and generate long term returns, as part of the Fund's fiduciary duty. As a result, ESG factors are incorporated into the investment process and the Fund takes non-financial considerations, including climate change risks and

opportunities, into account when making investments, and engages with companies in which we invest to ensure that they are minimising the risks and maximising the opportunities presented by non-financial considerations, including climate change and climate policy. The Fund has not excluded any investments on purely non-financial considerations and will continue to invest in accordance with the Regulations in this regard. However, the overriding consideration for any investment is whether it generates an acceptable risk-adjusted return for the Fund, meeting the Fund's fiduciary duty.

It is considered that the Pensions Committee represents the views of the Fund membership and that the views of the Local Pension Board will be taken into account as part of their review of this document.

The Fund has adopted the Institutional Shareholders' Committee Statement of Principles and members will agree and periodically review its implementation.

In accordance with this policy, the Fund will seek where necessary through its own efforts and in alliances with other investors to pursue these goals. To this end the Fund is an active member of the Local Authority Pension Fund Forum."

In order to pursue a policy of positive engagement, the Fund is an active member of the Local Authority Pension Fund Forum, (whose website is www.lapfforum.org) which has 87 Local Authority funds as members. Seven of the eight LGPS asset pools including Border to Coast are also members of the Forum.

The Forum works by concentrating on a number of key long-term campaigns, covering corporate governance and corporate responsibility issues, as well as being able to mobilise support for campaigns relating to individual companies. The Forum produces a quarterly Research and Engagement report which highlights latest engagement news.

Much of this engagement work is carried out on the Fund's behalf by Border to Coast. Border to Coast has worked with its partner funds to develop jointly agreed Corporate Governance & Voting Guidelines and a Responsible Investment Policy. These can be found on Border to Coast's website:

<https://www.bordertocoast.org.uk/investments/responsible-investment/>

Asset table

Asset Class	Asset values as at 31 March 2025: £m			
	Pooled	Under pool management	Not pooled	Total
Equities (including convertible shares)	2,924	-	3	2,927
Bonds	-	-	-	-
Property	-	-	621	621
Hedge funds	-	-	-	-
Diversified Growth Funds (including multi-asset funds)	-	-	-	-
Private equity	251	-	445	696
Private debt	-	-	175	175
Infrastructure	330	-	358	688
Derivatives	-	-	-	-
Cash and net current assets	-	-	456	456
Other	-	-	-	-
Total	3,505	-	2,058	5,563

Other Investment Balances not included 5
Total Investments 5,568

Supplementary asset table

	Asset values as at 31 March 2025: £m			
	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	609.90		2.51	612.41
UK Government Bonds	-		-	-
UK Infrastructure	46.23		168.54	238.74
UK Private Equity	27.37		122.03	149.40
Totals	683.50		293.08	1,000.55

Note, in addition to the £999.69 million of UK investment set out in the table above, at 31 March 2025 the Fund had UK property assets of £594.13 million, meaning in total £1,593.82 million or around 29% of the Fund was invested in the UK.

Section 6 – Administration

Activities undertaken by the administration function during the year

During the year the administration function continued to be delivered by the Fund's outsourced pensions administration provider, XPS Administration Limited ('XPS').

XPS lost the contract to provide administration services during 2024/2025 with the new administrator, Tyne and Wear Pension Fund, taking over from 1st June 2025. XPS have not provided performance metrics for inclusion in this Annual Report.

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Internal Dispute Resolution Procedure

Where a scheme member, prospective scheme member or beneficiary, or employer has a complaint or concern they are unable to resolve after initial contact with their employer / the Fund, they can follow the Fund's dispute resolution procedure. In the first instance they should contact the Fund at the address shown at the end of the Annual Report. The Fund will send a detailed guide explaining the Internal Dispute Resolution Procedure (IDRP) and how the appeal process will be handled. Any appeal must, ordinarily, be made within six months of receipt of the notification of the decision which is being disputed.

The initial review (stage 1) of each case is conducted by a person nominated by the body who made the decision (the 'adjudicator'). Where an appeal concerns the employer's decision, the adjudicator is an individual nominated by that employer, if the appeal is about the calculation of benefits, it will be reviewed by the adjudicator for the Fund.

If, after the initial review, the member is still dissatisfied with the decision, they can apply via the second stage of the process to have decision reconsidered. This application must be made within six months of the receiving the decision of the initial review. At the second stage, if the appeal concerns an employer decision, it is reviewed by the Fund. If the appeal concerns the administrator, then an independent third-party pension specialist is appointed.

If the member is still not satisfied following the second stage decision, an appeal can be made to the Pensions Ombudsman.

Details of IDRP cases processed in the year

	Stage 1	Stage 2
Cases raised in 2024/2025	Not available	2
Cases completed in 2024/2025	Not available	2

Actuarial report on Fund – see page 73 above.

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