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Legal and Governance

TEESSIDE PENSION FUND COMMITTEE

Date:	**Friday 21st October, 2022**
Time:	**11.00 am**
Venue:	**Mandela Room**

AGENDA

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.

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Thursday 13 October 2022

MEMBERSHIP

Councillors D Coupe (Chair), E Polano (Vice-Chair), J Beall, A Bell, R Creevy, Ms J Flaws, Mr B Foulger, T Furness, S Hill, J Hobson, D McCabe, G Nightingale, J Rostron, Mr T Watson and G Wilson

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Susan Lightwing, 01642 729712, susan_lightwing@middlesbrough.gov.uk

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TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 29 June 2022.

PRESENT: Councillors D Coupe (Chair), A Bell, R Creevy, Ms J Flaws, Mr B Foulger, J Hobson, D McCabe, E Polano (Vice-Chair), J Rostron, G Wilson and Mr T Watson (UNISON Representative)

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), P Moon (Independent Advisor) P Mudd (XPS Administration), Baillie (Hymans Robertson), D Green (Hymans Robertson), Baxter (CBRE), A Peacock (CBRE) and Lyons (Border to Coast)

OFFICERS: W Brown, S Lightwing and N Orton

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillors J Beall, T Furness, S Hill and G Nightingale

22/1 **WELCOME AND EVACUATION PROCEDURE**

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

22/2 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Interest
Councilor J Rostron	Non Pecuniary	Member of Teesside Pension Fund
Councillor R Creevy	Non Pecuniary	Member of Teesside Pension Fund

22/3 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 16 MARCH 2022**

The minutes of the meeting of the Teesside Pension Fund Committee held on 16 March 2022 were taken as read and approved as a correct record.

22/4 **INVESTMENT ACTIVITY REPORT**

A report of the Director of Finance was presented to inform Members of the Teesside Pension Fund Committee how the Investment Advisors' recommendations were being implemented.

A detailed report on the transactions undertaken to demonstrate the implementation of the Investment Advice recommendations and the Fund's valuation was included, as well as a report on the treasury management of the Fund's cash balances and the latest Forward Investment Programme.

The Fund continued to favour growth assets over protection assets and currently had no investments in Bonds. Whilst it was considered that Bond yields would rise in the long run, at present yields did not meet the actuarial requirements for the Fund and should continue to be avoided at these levels unless held as a short term alternative to cash. The Fund had no investments in Bonds currently.
At the June 2018 Committee it was agreed that a maximum level of 20% of the Fund would be held in cash. Cash levels at the end of March 2022 were 16.13%. The Fund would continue to use cash to move away from its overweight position in equities and invest further in Alternatives.

Investment in direct property would continue on an opportunistic basis where the property had good covenant, yield and lease terms. No property transactions were undertaken in this quarter.

During the quarter, £26.7 million was invested in Alternatives. The Fund was underweight its customised benchmark and, providing suitable investment opportunities were available, would look to increase its allocation to this asset class up to the customised benchmark level.

Appendix A to the submitted report detailed transactions for the period 1 January 2022 to 31 March 2022. There were net sales of £252 million in the period, this compared to net sales of £60.3 million in the previous reporting period.

As at 31 March 2022, the Fund had £817.4 million invested with approved counterparties. This was an increase of £252.2 million over the last quarter. Appendix B to the submitted report showed the maturity profile of cash invested as well as the average rate of interest obtained on the investments for each time period.

The total value of all investments as at 31 March 2022, including cash, was £5,071 million, compared with the last reported valuation as at 31 December 2021, of £5,040 million.

The Forward Investment Programme provided commentary on activity in the current quarter as well as looking ahead to the next three to five years.

Details of the current commitments in equities, bonds and cash, property, local investments and alternatives were included in paragraph 8 of the submitted report.

In line with the agreed strategy, the Fund had reduced its equity allocation from 70% to 60% by selling units in BCP equity funds.

A pie chart showing the current asset allocation in visual form was provided on page 41 of the submitted report.

The Border to Coast Series 2 Alternative Funds went live on 1 April 2022 and the Teesside Pension Fund had agreed to commit £150m per year for the next 3 years to the Infrastructure Fund and £100m per year for the next 3 years to the Private Equity Fund.

The Fund had also subscribed to an investment of £100m over the 3 year period to a new Border to Coast Climate Opportunities Fund, however due to over-commitments this was scaled back to £80m.

As at 31 May 2022 total commitments to private equity, infrastructure, other alternatives and other debt were approaching £1,533m.

ORDERED that the report was received and noted.

22/5 **EXTERNAL MANAGERS' REPORTS**

A report of the Director of Finance was presented to provide Members with quarterly investment reports in respect of funds invested externally with Border to Coast Pensions Partnership Limited (Border to Coast) and with State Street Global Advisers (State Street).

As at 31 March 2022 the Fund had investments in the Border to Coast UK Listed Equity Fund and the Border to Coast Overseas Developed Markets Equity Fund. For both sub funds the return target was an annual amount, expected to be delivered over rolling three year periods, before calculation of the management fee.

The Fund also had investments in the Border to Coast Private Equity sub-fund and the Border to Coast Infrastructure sub-fund. As at 31 May 2022 total commitments of £750 million had been made to these sub-funds (£350m to infrastructure and £300m to private equity) with around 20% of this commitment invested so far. These investments were not reflected within the Border to Coast report attached at Appendix A to the submitted report.

The Border to Coast report showed the market value of the portfolio as at 31 March 2022 and the investment performance over the preceding quarter, year, and since the Fund's investments began. Border to Coast had also provided additional information within an appendix to that report in relation to the Overseas Developed Markets Equity Fund, giving a breakdown of key drivers of and detractors from performance in relation to each of its four regional elements. Market background information and an update of some news items related to Border to Coast were also included. Border to Coast's UK Listed Equity Fund had underperformed over the last year, whereas the Overseas Developed Markets Equity Fund had over performed. Since inception, both Funds had delivered performance roughly in line with their targets. The performance of the Emerging Markets Equity Fund had been below benchmark throughout most of the period of the Fund's investment – recent performance had been adversely affected by an overweight position in Russia prior to the invasion of Ukraine. It was confirmed that the Fund had approximately £5 million in Russian investments through Border to Coast which equated to about 0.1% of the Fund's assets.

State Street had a passive global equity portfolio invested across four different region tracking indices appropriate to each region. The State Street report (attached at Appendix B to the submitted report) showed the market value of the State Street passive equity portfolio and the proportions invested in each region as at 31 March 2022.

State Street continued to include additional information with their report this quarter, giving details of how the portfolio compared to the benchmark in terms of environmental, social and governance factors including separate sections on climate and stewardship issues. As the State Street investments were passive and closely tracked the appropriate regional equity indices, the portfolio's rating in these terms closely matched the benchmark indices ratings.

The latest report showed the performance of the State Street funds against revised indices – excluding controversies (UN Global Compact violators) and excluding companies that manufactured controversial weapons. As expected for a passive fund, performance closely matched the performance of the respective indices.

ORDERED that the report was received and noted.

22/6 **INVESTMENT ADVISORS' REPORTS**

The Independent Investment Advisors had provided reports on current capital market conditions to inform decision-making on short-term and longer-term asset allocation, which were attached as Appendices A and B to the submitted report.

Further commentary was provided at the meeting.

It was highlighted that all pools were struggling to recruit staff on the investment side and whilst Border to Coast had been set up well there was a concern that another pool that was not doing so well might be forced to join it.

Although inflation might be persistent there would still be economic growth due to the fact that people had kept savings during the pandemic.

It was also noted that even if the funding level came down the fund was well placed to pay pensions in the future.

ORDERED that the information provided was received and noted.

22/7 **PRESENTATION FROM BORDER TO COAST**

Members received a presentation from Border to Coast in respect of the following items:

- Border to Coast Update
- Investment Valuation and Commitments
- Listed Equity Fund Updates
- UK Listed Equity Fund
- Overseas Developed Markets
- Emerging Markets Equity
- Alternatives Update
- Private Equity
- Infrastructure

ORDERED that the information provided was received and noted.

22/8 **CURRENT ISSUES**

A report was presented to provide Members of the Pension Fund Committee (the Committee) with an update on current issues affecting the Pension Fund locally or the Local Government

Pension Scheme (LGPS) in general.

LGPS and Levelling Up

Further to the information provided at the March meeting of the Committee,_as yet, nothing was confirmed, but the current expectation was that the Government would not be expecting LGPS Funds to report on investments made within their specific local area, but was instead looking to leverage LGPS assets to invest further in projects across the UK (or possibly across England and Wales) – primarily infrastructure but possibly private equity investments as well. Further updates would be provided when available.

Scheme Advisory Board Annual Report 2021/2022

Earlier this month the Scheme Advisory Board (SAB) published its ninth Annual Report for the Local Government Pension Scheme (LGPS) in England and Wales. The report was available on the SAB website at the following link: https://lgpsboard.org/index.php/foreword-2021

The report emphasised that the LGPS was one of the largest defined benefit (DB) schemes in the world and the largest DB scheme in England and Wales, with 14,448 active employers, 6.2 million members and assets of £342 billion.

Key highlights for the LGPS were listed as follows:

- Total membership of the LGPS grew by 66,624 (1.08%) to 6.226 million members in 2021 from 6.160 million in 2020.
- The total assets of the LGPS increased to £342 billion (a change of 23.4%). These assets were invested in pooled investment vehicles (66.2%), public equities (13.4%) bonds (4.6%), direct property (2.3%), as well as other asset classes (8.7%).
- The Local Authority net return on investment over 2020/21 was 20.56%. This was reflective of the market conditions during the year and set against the UK equities return of 30%.
- The scheme maintained a positive cash-flow position overall, including investment income.
- Over 1.8 million pensioners were paid over the year.
- Covid-19 significantly impacted life expectancy - with a drop of 0.9 years and 0.5 years for males and females respectively (2019 figures v 2020).
- Total management charges increased by £196 million (+12.9%) from £1,517 million. This was primarily driven by a £193 million (14.9%) rise in investment management charges, while administration and oversight and governance costs remained broadly stable.

The main activity for the SAB during the year ending 31 March 2021 was listed as dealing with issues relating to the McCloud discrimination case, the Good Governance Project, the government's introduction of the £95k Exit Payment Cap (subsequently removed) and Responsible Investment guidance. In addition, the SAB directed a large part of its resources to responding to the Covid-19 crisis and supporting the sector through that and the ensuing changes in ways of working.

LGPS Online Learning Academy

The Fund had recently purchased Hymans Robertson's LGPS On-Line Learning Academy and had ensured that every Pension Fund Committee and Local Pension Board member had access to it. The Learning Academy allowed Members to access a suite of short training videos explaining different aspects of the pension scheme, covering administration, governance and investments as well as current pension issues such as measuring the carbon exposure of the Fund's investments and other responsible investment issues. It was intended to cover all of the 'knowledge and understanding' requirements that Pension Board members were legally required to obtain (and Pension Committee members were strongly encouraged to obtain).

It was suggested that Members worked through the training at their own pace and provide feedback to the Head of Pensions Governance and Investment.

ORDERED that the information provided was received and noted.

22/9 **CBRE PROPERTY REPORT**

A report was submitted that provided an overview of the current property market and informed Members of the individual property transactions relating to the Fund.

The market in real estate had slowed as investors paused due to higher inflation and debt rates. There was strong competition for the best assets and fewer buyers. The available stock was not related to any particular sectors although there was still some nervousness around the retail and office sectors. There was still a healthy amount of capital available for the markets.

It was confirmed that the Fund was underweight in office accommodation and was less exposed to the lower demand in this sector following the pandemic.

The portfolio valuation had shown an increase of 3.4% in June 2022 which was above the 2% expected. There are had been no sales or acquisitions during the period and the void rate for properties remained low.

One of the Fund's largest debtors - Nuffield Health - had cleared their arrears and overall arrears were now back to pre-pandemic levels. Shoe Zone Retail Ltd currently had the highest amount of arrears (16.7% of the collectable arrears) and the Accounts Team were in regular dialogue with this tenant.

The Fund has completed a lease renewal with Harrow Green for a 10-year term with a 23% rental uplift on the previous passing rent.

In 2021, the Fund completed the purchase of an income strip to forward fund the development of a 210,000 sq ft industrial unit. A year on, the development was coming to fruition with ground works being complete and the recent assembly of the steel frame.

ORDERED that the information provided was received and noted.

22/10 **XPS PENSIONS ADMINISTRATION REPORT**

A report was presented to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration. The report was presented in a new format and Members were invited to provide feedback on it.

The report provided information into the following sections:

- Overview.
- Membership Movement.
- Member Self Service.
- Pension Regulator Data Scores.
- Customer Service.
- Completed Cases Overview.
- Completed Cases by Month.
- Complaints.

XPS was currently working on closing the 2021/2022 financial year and opening the new one. A newsletter had been sent to active members and pensioners in May as well as pension increase statements. The team had also been working through the Annual Benefit Statement programme to ensure that the Statements would be issued on time. Work was also ongoing on the Pensions Savings Statements which need to be issued in early October.

In relation to the Key Performance Indicators (KPIs) there had only been three failures which were on non-payment or retirement estimates. Over one thousand pieces of work had been carried out and none of the three failures had a time critical impact. The KPIs themselves related to around one fifth of the total work carried out by the team during the reporting period.

New staff had been recruited into the Payroll Team and Employer Liaison Systems Unit. as well. A new admin tool called I-Connect was being introduced and some testing would take place with Employers. I-Connect would help ensure that pensions information would be more accurate and up to date and should provide a more efficient service for Members.

There had been no new Complaints during the last quarter.

Analytics on website usage were provided on page 12 of the submitted report. XPS continued to develop the website and seek feedback from Employers during their health checks.

Details of late payments from Employers were included in the submitted report. It was confirmed that some of these were from the same Employers but there might be genuine reasons for this, such is if the Employer had changed finance systems.

ORDERED that the information provided was received and noted.

22/11 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

22/12 **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.

22/13 **FUND ACTUARY - ADVICE ON 31 MARCH 2022 VALUATION ASSUMPTIONS**

A report from the Fund Actuary was provided giving recommendations on the main financial and demographic assumptions to be used in the ongoing triennial valuation of the Fund.

ORDERED that the information provided was received and noted.

22/14 **LOCAL INVESTMENTS UPDATE**

A report of the Director of Finance was presented to provide Members of the Pension Fund Committee with an update on the three local investments the Fund had made.

ORDERED that the information provided was received and noted.

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 27 July 2022.

22/15 WELCOME AND EVACUATION PROCEDURE

A formal notice had been issued to all concerned of a meeting of the Teesside Pension Fund Committee to be held on 27 July 2022.

At the appointed time of 11.00 am the following were present: Councillors D Coupe, (Chair), S Hill, J Hobson, E Polano (Vice Chair), J Rostron, and G Wilson
J Flaws (Other Employers Representative)

Officers: W Brown, S Lightwing, N Orton

Apologies for absence were submitted on behalf of: Councillors Bell, J Beall (Stockton On Tees Council), J Creevy (Hartlepool Council), T Furness, D McCabe and G Nightingale (Redcar and Cleveland Council) B Foulger (GMB Representative) and T Watson (UNISON Representative)

Part 3, Paragraph 16, of the Council's Constitution states that if at the start of the meeting there is not a quorum present, then if after a period of five minutes there is still not a quorum, the meeting will be abandoned. The business will be considered at the next ordinary meeting.

The quorum for meetings of the Teesside Pension Fund Committee is eight, of which five members must be Middlesbrough Councillors. As eight Members were required to achieve a quorum, the Chair declared there was not a quorum present, and abandoned the meeting, with the remaining business to be considered at the next meeting of the Committee.

22/16 DECLARATIONS OF INTEREST

DEFERRED

22/17 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 29 JUNE 2022

DEFERRED

22/18 DRAFT ANNUAL TEESSIDE PENSION FUND REPORT AND ACCOUNTS 2021/22

DEFERRED

22/19 ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED

DEFERRED

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

PENSION FUND COMMITTEE REPORT

21 OCTOBER 2022

DIRECTOR OF FINANCE – HELEN SEECHURN

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 recommendations and 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 2022**

4.1 The Fund continues to favour growth assets over protection assets. It is considered that in the long run, Bond yields will rise, but at present and while central banks intervene in the Bond markets, through quantitative easing, yields do not meet the actuarial requirements for the Fund and should continue to be avoided at these levels unless they are held as a short term alternative to cash.

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 levels at the end of June 2022 were 14.9%. The Fund will look to use this cash to move away from its overweight position in equities and invest further in Alternatives.

4.3 Investment in direct property to continue where the property has a good covenant, yield and lease terms.

No direct property purchases or sales were made in the period, however an additional investment of £15m was made into an existing Property Unit Trust.

4.4 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. The Fund is underweight its customised benchmark and, providing suitable investment opportunities are available, the Fund will look to increase its allocation to this asset class up to the customised benchmark level.

An amount of £31.6m was invested in the quarter.

5. TRANSACTION REPORT

5.1 It is a requirement that all transactions undertaken are reported to the Investment Panel. Appendix A details transactions for the period 1 April 2022 – 30 June 2022.

5.2 There were net purchases of £131m in the period, this compares to net sales of £252m in the previous reporting 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 2022, the Fund had £724.5 million invested with approved counterparties. This is a decrease of £92.9 million 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 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 2022, and is prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, is **£4,868 million.** The detailed valuation attached as Appendix C is also available on the Fund's website www.teespen.org.uk. This compares with the last reported valuation, as at 31 March 2022 of **£5,071 million**.

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 2022 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 March 2021 Pension Fund Committee a revised Strategic Asset Allocation was agreed:

Asset Class	Long Term Target Strategic Asset Allocation
GROWTH ASSETS	75%
UK Equities	**10%**
Overseas Equities	**45%**
Property	**10%**
Private Equity	**5%**
Other Alternatives	**5%**
PROTECTION ASSETS	25%
Bonds / Other debt / Cash	**15%**
Infrastructure	**10%**

8.3 **EQUITIES**

As at the end of June 2022 the Fund's equity weighting was 58.1% compared to 59.9% at the end of March 2022. There are no plans to purchase or sell equities at this time.

Summary of equity returns for the quarter 1 April 2022 – 30 June 2022:

Asset	Fund Performance	Benchmark	Excess Return
BCPP UK	-3.76%	-5.04%	1.27%
BCPP Overseas	-8.10%	-8.80%	0.70%
BCPP Emerging Market	-2.45%	-2.75%	-0.30%
SSGA Pacific	-8.51%	-8.52%	0.01%
SSGA Japan	-6.83%	-6.94%	0.11%
SSGA Europe	-8.61%	-9.05%	0.44%
SSGA North America	-9.82%	-9.94%	0.12%

(BCPP – Border to Coast Pensions Partnership – Active Internal Management)
(SSGA – State Street Global Advisers – Passive Management)

8.4 **BONDS + CASH**

The Fund has no investments in bonds at this time, the level of cash invested is 14.90%. Until there is clear instruction from the Committee, through its Investment Advisors, to invest in bonds this will remain the short term strategy. It is planned to reduce cash through investment into other asset classes (property, alternatives and equities) in the near term. In addition, cash is being used to supplement the gap in contribution receipts and pension payments.

8.5 **PROPERTY**

Investment in direct property to continue on an opportunistic basis where the property has a good covenant, yield and lease terms.

There are two assets that we are currently waiting to exchange contracts on, progress will be reported at the next committee.

8.6 **LOCAL INVESTMENT**

To date the Fund has agreed 3 Local Investments:

GB Bank – Initial agreement of £20m called in full in September 2020.
An additional £6.5m was paid to the bank in December 2021.
Further payment of £13.5m was made in August as the bank received regulatory approval to exit mobilisation.

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

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

8.7 **ALTERNATIVES**

The Border to Coast Series 2 Alternative Funds went live on 1st April, we have agreed to commit £150m per year for the next 3 years to the Infrastructure Fund and £100m per year for the next 3 years to the Private Equity Fund and £80m over the 3 year period to the Climate Opportunities Fund.

As at 31 August 2022 total commitments to private equity, infrastructure, other alternatives and other debt were approaching £1,563m, as follows:

	Total committed	Total Invested
Border to Coast Infrastructure	£350m	£90m
Other Infrastructure Managers	£257m	£168m
Border to Coast Private Equity	£300m	£81m
Other Private Equity Managers	£332m	£215m
Other Alternatives	£224m	£122m
Other Debt	£100m	£84m
Totals	**£1,563m**	**£760m**

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040

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Bargain 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)		(£)	(£)	(£)
05 April 2022	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	674,409.26	674,409.26	0.00
07 April 2022	P	Blackrock Global Renewable Power Infrastructure III	Infrastructure	Infrastructure	~	~	USD	923,279.05	923,279.05	0.00
07 April 2022	S	Blackrock Global Renewable Power Infrastructure III	Infrastructure	Infrastructure	~	~	USD	-23,596.40	-23,596.40	0.00
11 April 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	680,887.87	680,887.87	0.00
11 April 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	332,487.16	332,487.16	0.00
11 April 2022	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-7,696.48	-7,696.48	0.00
12 April 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	135,544.86	135,544.86	0.00
22 April 2022	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	252,306.50	252,306.50	0.00
22 April 2022	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	837,963.04	837,963.04	0.00
22 April 2022	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-57,769.64	-57,769.64	0.00
27 April 2022	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-43,278.90	-43,278.90	0.00
28 April 2022	S	ACIF Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	-153,001.75	-153,001.75	0.00
28 April 2022	P	Gresham House British Sustainable Infrastructure Fund II	Infrastructure	Infrastructure	~	~	GBP	7,537,646.07	7,537,646.07	0.00
29 April 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	1,025,623.86	1,025,623.86	0.00
03 May 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	280,662.57	280,662.57	0.00
10 May 2022	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	-290,711.23	-290,711.23	0.00
12 May 2022	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	305,461.91	305,461.91	0.00
12 May 2022	P	Capital Dynamics Clean Energy Infrastructure VIII	Infrastructure	Infrastructure	~	~	GBP	1,333,333.33	1,333,333.33	0.00
12 May 2022	P	Capital Dynamics Clean Energy Infrastructure VIII Co-Investment	Infrastructure	Infrastructure	~	~	GBP	666,666.67	666,666.67	0.00
16 May 2022	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	1,198,648.15	1,198,648.15	0.00
23 May 2022	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	52,791.65	52,791.65	0.00
01 June 2022	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-295,446.50	-295,446.50	0.00
01 June 2022	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	5,598.72	5,598.72	0.00
06 June 2022	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	1,637,746.68	1,637,746.68	0.00
06 June 2022	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-398,993.84	-398,993.84	0.00
07 June 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	573,603.77	573,607.77	0.00
07 June 2022	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-6,468.28	-6,468.28	0.00
13 June 2022	P	Foresight Energy Infrastructure Partners	Infrastructure	Infrastructure	~	~	EUR	393,458.94	393,458.94	0.00
14 June 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	17,498.11	17,498.11	0.00
14 June 2022	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-16,834.98	-16,834.98	0.00
14 June 2022	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	183,060.96	183,060.96	0.00
14 June 2022	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-11,546.62	-11,546.62	0.00
14 June 2022	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	2,202,536.80	2,202,536.80	0.00
15 June 2022	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	45,994.77	45,994.77	0.00
15 June 2022	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-1,363,519.09	-1,363,519.09	0.00
17 June 2022	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	1,608,005.94	1,608,005.94	0.00
28 June 2022	S	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-237,591.01	-237,591.01	0.00
28 June 2022	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	21,018.50	21,018.50	0.00
28 June 2022	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	529,153.92	529,153.92	0.00
								20,548,934.33		
11 April 2022	P	Hearthstone Residential Fund 2	Other Alternatives	Other Alternatives	~	~	GBP	1,709,378.48	1,709,378.48	0.00
11 April 2022	P	Pantheon Private Debt PSD II	Other Alternatives	Other Alternatives	~	~	USD	2,859,301.77	2,859,301.77	0.00
19 April 2022	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	GBP	1,026,146.12	1,026,146.12	0.00
24 May 2022	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	EUR	1,172,862.78	1,172,862.78	0.00
24 May 2022	S	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	EUR	-2,263,846.94	-2,263,846.94	0.00
27 May 2022	S	Pantheon Private Debt PSD II	Other Alternatives	Other Alternatives	~	~	USD	-5,484,960.72	-5,484,960.72	0.00
30 June 2022	P	Pantheon Private Debt PSD II	Other Alternatives	Other Alternatives	~	~	USD	2,644,328.06	2,644,328.06	0.00
								1,663,209.55		

31 May 2022	P	Insight, IIFIG Secured Finance II Fund	Other Debt	Other Alternatives	25,275,502.98	0.99	GBP	25,000,000.00	25,000,000.00	0.00
								25,000,000.00		
01 April 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	925.00	925.00	0.00
08 April 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	6,300.00	6,300.00	0.00
29 April 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	1,583,653.69	1,583,653.69	0.00
13 May 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	3,000.00	3,000.00	0.00
24 May 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	1,984,613.31	1,984,613.31	0.00
17 June 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	3,150.00	3,150.00	0.00
27 June 2022	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	1,968,498.03	1,968,498.03	0.00
								5,550,140.03		
31 May 2022	P	Border to Coast Emerging Markets Hybrid Fund	Overseas Equities	Overseas Developed Markets	~	2.49	GBP	3,625,118.56	3,625,118.56	0.00
31 May 2022	P	Border to Coast Overseas Developed Markets Equity Fund	Overseas Equities	Overseas Developed Markets	~	2.94	GBP	30,163,952.11	30,163,952.11	0.00
								33,789,070.67		
04 April 2022	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-429,806.53	-429,806.53	0.00
04 April 2022	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	EUR	558,394.53	558,394.53	0.00
07 April 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	756,026.48	756,026.48	0.00
07 April 2022	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-142,790.16	-142,790.16	0.00
07 April 2022	S	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	-1,846,872.94	-1,846,872.94	0.00
07 April 2022	P	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	168,796.42	168,796.42	0.00
13 April 2022	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	-180,425.00	-180,425.00	0.00
13 April 2022	P	Crown Secondaries Special Opportunities II	Private Equity	Private Equity	~	~	USD	259,705.78	259,705.78	0.00
19 April 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	469,671.75	469,671.75	0.00
25 April 2022	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-95,846.40	-95,846.40	0.00
26 April 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	49,146.19	49,146.19	0.00
27 April 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	1,128,818.02	1,128,818.02	0.00
27 April 2022	P	Blackrock Private Opportunities Fund IV	Private Equity	Private Equity	~	~	USD	545,438.73	545,438.73	0.00
28 April 2022	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	996,477.42	996,477.42	0.00
28 April 2022	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-477,006.75	-477,006.75	0.00
04 May 2022	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	554,161.75	554,161.75	0.00
04 May 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	279,100.61	279,100.61	0.00
05 May 2022	P	Crown Co-Investment Opportunities III	Private Equity	Private Equity	~	~	USD	973,762.06	973,762.06	0.00
09 May 2022	P	Unigestion Direct II - Asia	Private Equity	Private Equity	~	~	EUR	413,051.52	413,051.52	0.00
09 May 2022	P	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	759,560.45	759,560.45	0.00
09 May 2022	P	Unigestion Direct II - North America	Private Equity	Private Equity	~	~	EUR	2,451,949.47	2,451,949.47	0.00
12 May 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	535,912.09	535,912.09	0.00
16 May 2022	P	Blackrock Private Opportunities Fund IV	Private Equity	Private Equity	~	~	USD	1,039,761.19	1,039,761.19	0.00
16 May 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	88,522.31	88,522.31	0.00
17 May 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	160,194.42	160,194.42	0.00
20 May 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	191,622.24	191,622.24	0.00
23 May 2022	S	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	-1,337,112.57	-1,337,112.57	0.00
23 May 2022	P	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	2,271,124.86	2,271,124.86	0.00
24 May 2022	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	EUR	508,915.81	508,915.81	0.00
27 May 2022	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	258,558.27	258,558.27	0.00
30 May 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	331,252.30	331,252.30	0.00
01 June 2022	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-27,758.28	-27,758.28	0.00
03 June 2022	P	Crown Co-Investment Opportunities II	Private Equity	Private Equity	~	~	USD	249,779.36	249,779.36	0.00
09 June 2022	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-10,111.15	-10,111.15	0.00
14 June 2022	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	1,691,936.17	1,691,936.17	0.00

14 June 2022	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-908,726.82	-908,726.82	0.00
14 June 2022	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	~	~	GBP	278,714.03	278,714.03	0.00
15 June 2022	P	Capital Dynamics LGPS Collective Private Equity for Pools 2018/19	Private Equity	Private Equity	~	~	GBP	450,000.00	450,000.00	0.00
15 June 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	70,920.65	70,920.65	0.00
15 June 2022	P	Hermes GPE Innovation Fund	Private Equity	Private Equity	~	~	GBP	738,731.40	738,731.40	0.00
17 June 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	19,842.77	19,842.77	0.00
17 June 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	146,808.02	146,808.02	0.00
20 June 2022	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	50,644.81	50,644.81	0.00
22 June 2022	S	Unigestion Secondary V	Private Equity	Private Equity	~	~	EUR	-5,161,290.32	-5,161,290.32	0.00
24 June 2022	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	19,169.99	19,169.99	0.00
24 June 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	197,950.57	197,950.57	0.00
28 June 2022	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	439,317.91	439,317.91	0.00
28 June 2022	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	-143,627.35	-143,627.35	0.00
								9,342,366.06		
17 May 2022	P	Fedrated Hermes Property Unit Trust	Property Unit Trusts/Direct Property	Property Unit Trusts/Direct Property	1,925,546.00	7.79	GBP	15,000,003.34	15,000,003.34	0.00
								15,000,003.34		
31 May 2022	P	Border to Coast Uk Listed Equity Fund	UK Equities	United Kingdom	~	3.87	GBP	20,271,624.37	20,271,624.37	0.00
								20,271,624.37		
Periods April, May and June 2022 (Cumulative) Total								**131,165,348.36**		
Total Profit - ***NB: Losses are shown with a ( )***										**0.00**

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	Call/Notice	up to 1 Week	1-2 Weeks	up to 1 month	1-2 Months	2-3 Months	4-6 Months	7-9 Months	10-12 Months	1-2 Years	2+ Years
Average Rate	0.26%	0.86%	0.72%	0.64%	0.75%	0.85%	0.78%	0.00%	1.95%	2.10%	0.00%
Amount Invested	105,000,000	113,100,000	38,900,000	102,100,000	161,200,000	131,700,000	65,000,000	0	2,500,000	5,000,000	0
Proportion of Cash	14.49%	15.61%	5.37%	14.09%	22.25%	18.18%	8.97%	0.00%	0.35%	0.69%	0.00%

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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 : BMY4539	0.00 AUD	428.000	0.000	0.06500000	15.750
Common Stock YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626	0.00 AUD	225,391.000	287,505.650	0.06900000	8,805.900
Total Australia	**0.00**	**225,819.000**	**287,505.650**		**8,821.650**
Europe Region					
Common Stock ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996	0.00 EUR	25,634,381.280	22,782,712.180	0.82306860	18,162,788.670
Total Europe Region	**0.00**	**25,634,381.280**	**22,782,712.180**		**18,162,788.670**
Guernsey, Channel Islands					
Common Stock AMEDEO AIR 4 PLUS LIMITED SEDOL : BMZQ5R8	0.00 GBP	5,333,332.000	4,682,127.850	0.31500000	1,679,999.580
Total Guernsey, Channel Islands	**0.00**	**5,333,332.000**	**4,682,127.850**		**1,679,999.580**
Malta					
Common Stock BGP HOLDINGS PLC BENEFICIAL INTEREST SHSNPV SEDOL : 3A1MX0W	0.00 EUR	200,000.000	0.000	0.00000000	0.000
Total Malta	**0.00**	**200,000.000**	**0.000**		**0.000**
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 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**	**33,079,932.280**	**30,136,339.500**		**19,931,803.700**
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	1.26790000	19,018,500.000
Total Guernsey, Channel Islands	**0.00**	**15,000,000.000**	**15,000,000.000**		**19,018,500.000**

Asset Detail - Customizable

Asset Subcategory

Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Equities						
Funds - common stock						
United Kingdom						
Funds - Common Stock BORDER TO COAST PE UK LISTED EQUITY A GBP ACC SEDOL : BDD86K3	0.00	GBP	524,261,627.970	524,213,309.960	1.13000000	592,415,639.610
Total United Kingdom	**0.00**		**524,261,627.970**	**524,213,309.960**		**592,415,639.610**
Total Funds - common stock	**0.00**		**539,261,627.970**	**539,213,309.960**		**611,434,139.610**
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	1.20680000	17,329,121.190
Total Guernsey, Channel Islands	**0.00**		**14,359,563.469**	**15,000,000.000**		**17,329,121.190**
Japan						
Unit Trust Equity SSGA MPF JAPAN EQUITY INDEX SEDOL : 001533W	0.00	GBP	48,440,992.757	89,842,364.060	2.03130000	98,398,188.590
Total Japan	**0.00**		**48,440,992.757**	**89,842,364.060**		**98,398,188.590**
Luxembourg						
Unit Trust Equity ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U	0.00	EUR	324.970	21,282,170.990	142,664.10000000	39,909,990.820
Total Luxembourg	**0.00**		**324.970**	**21,282,170.990**		**39,909,990.820**
Pacific Region						
Unit Trust Equity SSGA MPF PAC BASIN EX-JAPAN INDEX SEDOL : 001532W	0.00	GBP	50,692,305.509	242,515,511.220	6.04110000	306,237,286.810
Total Pacific Region	**0.00**		**50,692,305.509**	**242,515,511.220**		**306,237,286.810**
United Kingdom						
Unit Trust Equity CANDOVER INVSTMNTS PLC GBP0.25 SEDOL : 0171315	0.00	GBP	60,000.000	323,674.020	0.00000000	0.000
Unit Trust Equity LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY SEDOL : 0521664	0.00	GBP	1,368,174.000	1,282,865.490	3.63211800	4,969,369.410
Unit Trust Equity MPF EUROPE EX UK SUB-FUND SEDOL : 4A8NH9U	0.00	GBP	15,402,552.970	97,836,405.640	7.29050000	112,292,312.430
Unit Trust Equity MPF N AMER EQTY SUB-FUND SEDOL : 1A8NH9U	0.00	GBP	2,621,178.211	24,012,835.230	13.62600000	35,716,174.300
Total United Kingdom	**0.00**		**19,451,905.181**	**123,455,780.380**		**152,977,856.140**

Asset Detail - Customizable

Asset Subcategory

Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Equities						
Total Unit trust equity	**0.00**		**132,945,091.886**	**492,095,826.650**		**614,852,443.550**
Total Equities	**0.00**		**705,286,652.136**	**1,061,445,476.110**		**1,246,218,386.860**

◆ 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	13,163,356.570	11,303,729.310	1.25107760	14,176,680.460
Real Estate La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997	0.00 EUR	2,180,058.930	1,855,295.490	0.99271250	1,863,010.830
Total Europe Region	**0.00**	**15,343,415.500**	**13,159,024.800**		**16,039,691.290**
United Kingdom					
Real Estate HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994	0.00 GBP	10,000,000.010	10,000,000.010	0.96749100	9,674,910.010
Real Estate HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992	0.00 GBP	4,799,408.810	4,799,408.810	0.96467290	4,629,859.620
Real Estate TEESSIDE PENSION FUND - DIRECT PROPERTY CUSIP : 9936HG995	0.00 GBP	280,289,446.350	280,289,446.350	1.18133240	331,115,004.350
Total United Kingdom	**0.00**	**295,088,855.170**	**295,088,855.170**		**345,419,773.980**
Total Real estate	**0.00**	**310,432,270.670**	**308,247,879.970**		**361,459,465.270**
Funds - real estate					
United Kingdom					
Funds - Real Estate DARWIN LEISURE PRO UNITS CLS 'C' SEDOL : B29MQ57	0.00 GBP	6,493,057.480	9,893,933.940	3.64840000	23,689,270.910
Funds - Real Estate DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU	0.00 GBP	15,000,000.000	15,000,000.000	1.03070000	15,460,500.000
Funds - Real Estate HERMES PROPERTY UT SEDOL : 0426219	0.00 GBP	2,589,184.000	15,720,126.330	7.97400000	20,646,153.220
Funds - Real Estate LEGAL AND GENERAL MANAGED PROPERTY FUND SEDOL : 004079W	0.00 GBP	108,263.760	385,000.000	70.21640000	7,601,891.480
Funds - Real Estate THREADNEEDLE PROP THREADNEEDLE PROP UNITTRST SEDOL : 0508667	0.00 GBP	12,750.000	1,527,939.200	335.70000000	4,280,175.000
Total United Kingdom	**0.00**	**24,203,255.240**	**42,526,999.470**		**71,677,990.610**
Total Funds - real estate	**0.00**	**24,203,255.240**	**42,526,999.470**		**71,677,990.610**
Total Real Estate	**0.00**	**334,635,525.910**	**350,774,879.440**		**433,137,455.880**

◆ 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	13,734,365.490	12,078,326.210	1.08907730	12,876,296.330
Partnerships ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999	0.00	EUR	11,640,000.000	10,061,709.950	1.33710130	13,398,030.060
Partnerships ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995	0.00	EUR	5,025,000.000	4,294,803.550	1.05242210	4,552,497.140
Partnerships ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993	0.00	EUR	8,825,000.000	7,584,417.900	0.98790490	7,505,048.620
Partnerships Darwin Bereavement Services Fund, Incomeunits CUSIP : 993XBG992	0.00	GBP	10,000,000.000	10,000,000.000	1.02640000	10,264,000.000
Total Europe Region	**0.00**		**49,224,365.490**	**44,019,257.610**		**48,595,872.150**
Global Region						
Partnerships CAPITAL DYNAMICS GLOBAL SECONDARIES V - GBP CUSIP : 993LJT992	0.00	GBP	10,988,394.730	10,988,394.730	2.05289260	22,557,994.230
Partnerships CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992	0.00	USD	24,692,130.030	18,643,041.070	1.32766960	26,994,104.660
Partnerships INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990	0.00	GBP	50,000,000.000	50,000,000.000	0.97782490	48,891,245.000
Partnerships LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992	0.00	GBP	5,100,000.000	5,100,000.000	1.32318590	6,748,248.090
Partnerships PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994	0.00	USD	25,256,771.000	19,820,522.810	1.48473910	30,877,940.990
Partnerships UNIGESTION DIRECT II - EUR CUSIP : 993MTE992	0.00	EUR	11,775,305.980	10,251,970.700	0.71279970	7,225,424.470
Total Global Region	**0.00**		**127,812,601.740**	**114,803,929.310**		**143,294,957.440**
United Kingdom						
Partnerships ANCALA INFRASTRUCTURE FUND II SCSP CUSIP : 993FSE998	0.00	EUR	17,621,560.720	15,557,897.070	1.10348050	16,739,122.590
Partnerships BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997	0.00	GBP	230,000,000.000	230,000,000.000	0.98933610	227,547,303.000
Partnerships BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A CUSIP : 993BRK994	0.00	GBP	1,380,016,235.210	1,380,016,235.210	0.15159410	209,202,319.160
Partnerships BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996	0.00	USD	59,295,524.560	44,368,358.390	1.11268320	54,326,760.270
Partnerships BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998	0.00	USD	21,435,816.540	16,031,251.910	1.00298000	17,703,236.260
Partnerships BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998	0.00	GBP	8,590,138.180	8,590,138.180	1.02940590	8,842,738.920

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 CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP :	0.00 GBP	4,550,377.040	4,550,377.040	1.06754010	4,857,709.960
Partnerships CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp CUSIP : 993FP0991	0.00 GBP	11,100,754.080	11,100,754.080	1.03605490	11,500,990.660
Partnerships GRESHAM HOUSE BSI HOUSING FUND LP CUSIP : 993FP6998	0.00 GBP	13,096,624.570	13,096,624.570	1.02545690	13,430,024.030
Partnerships GRESHAM HOUSE BSI INFRASTRUCTURE LP CUSIP : 993FP5990	0.00 GBP	17,971,505.340	17,971,505.340	1.17782640	21,167,313.440
Partnerships GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993	0.00 GBP	7,537,646.070	7,537,646.070	0.95302220	7,183,544.040
Partnerships GREYHOUND RETAIL PARK, CHESTER CUSIP : 9948YV998	0.00 GBP	20,000,000.000	20,000,000.000	1.00000000	20,000,000.000
Partnerships HERMES GPE INNOVATION FUND CUSIP : 993NEB992	0.00 GBP	9,631,282.650	9,631,282.650	1.30502490	12,569,063.680
Partnerships INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992	0.00 GBP	8,672,972.000	8,672,972.000	1.18267640	10,257,319.300
Partnerships INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999	0.00 GBP	7,728,331.000	7,728,331.000	1.17863400	9,108,873.680
Partnerships LEONARDO WAREHOUSE UNIT CUSIP : 9948YW996	0.00 GBP	3,478,888.760	3,478,888.760	0.99729550	3,469,480.110
Partnerships THE MODEL T FINANCE COMPANY - GBP CUSIP : 993QJB990	0.00 GBP	26,499,975.000	26,499,975.000	1.00000000	26,499,975.000
Partnerships TPF CO-INVESTMENT BSI LP - WASTE KNOT GBP CUSIP : 994FFL995	0.00 GBP	10,000,000.000	10,000,000.000	1.00000000	10,000,000.000
Total United Kingdom	**0.00**	**1,857,227,631.720**	**1,834,832,237.270**		**684,405,774.100**
United States					
Partnerships BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :	0.00 USD	12,096,308.000	9,350,762.970	1.00796680	10,039,669.700
Partnerships BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992	0.00 USD	5,037,160.000	3,727,094.510	0.95426700	3,958,002.030
Partnerships BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997	0.00 USD	19,974,430.000	15,004,392.520	1.30925590	21,533,731.590
Partnerships BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999	0.00 USD	53,793,446.950	41,086,037.750	0.79693850	35,299,986.760
Partnerships BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999	0.00 USD	19,202,279.020	14,442,653.410	0.83291820	13,169,688.070
Partnerships BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992	0.00 GBP	24,435,103.510	24,435,103.510	0.90865460	22,203,069.210
Partnerships BRIDGES EVERGREEN TPF HOUSING CO-INVEST LP CUSIP : 993XEU998	0.00 GBP	765,180.380	765,180.380	0.94177270	720,625.990

◆ 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 CROWN CO-INVEST OPPORTUNITIES III CUSIP : 993XBM999	0.00 USD	5,340,000.000	3,893,682.070	0.98508950	4,331,489.920
Partnerships CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991	0.00 USD	13,480,000.000	10,309,462.080	1.33009530	14,763,625.210
Partnerships Crown Growth Opportunities Global III fund CUSIP : 993FYM993	0.00 USD	24,267,421.820	17,974,077.540	1.82626040	36,492,759.260
Partnerships FORESIGHT ENERGY INFRASTRUCTURE PARTNERS CUSIP : 993FS9999	0.00 USD	4,151,351.490	3,092,951.950	0.86289610	2,949,635.650
Partnerships LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995	0.00 USD	14,612,500.000	11,055,075.240	1.24068780	14,928,198.340
Partnerships PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999	0.00 USD	6,353,657.710	4,702,901.810	1.13637500	5,945,191.470
Partnerships UNIGESTION SA CUSIP : 993FYL995	0.00 USD	28,431,426.760	21,098,394.380	1.20268890	28,156,088.250
Total United States	**0.00**	**231,940,265.640**	**180,937,770.120**		**214,491,761.450**
Total Partnerships	**0.00**	**2,266,204,864.590**	**2,174,593,194.310**		**1,090,788,365.140**
Total Venture Capital and Partnerships	**0.00**	**2,266,204,864.590**	**2,174,593,194.310**		**1,090,788,365.140**

Asset Detail - Customizable

Asset Subcategory Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Hedge Fund					
Hedge equity					
Global Region					
Hedge Equity IIF UK I LP CUSIP : 993FP3995	0.00 USD	49,519,860.780	37,842,438.780	0.94837610	38,670,552.460
Total Global Region	**0.00**	**49,519,860.780**	**37,842,438.780**		**38,670,552.460**
Total Hedge equity	**0.00**	**49,519,860.780**	**37,842,438.780**		**38,670,552.460**
Total Hedge Fund	**0.00**	**49,519,860.780**	**37,842,438.780**		**38,670,552.460**

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	293,800.27	0.000	0.000	0.00000000	0.000
Recoverable taxes EUR - Euro	1,108,474.39	0.000	0.000	0.00000000	0.000
Recoverable taxes CHF - Swiss franc	2,320,565.75	0.000	0.000	0.00000000	0.000
Total	**3,820,556.16**	**0.000**	**0.000**		**0.000**
Total Recoverable taxes	**3,820,556.16**	**0.000**	**0.000**		**0.000**
Total All Other	**3,820,556.16**	**0.000**	**0.000**		**0.000**

**Generated by Northern Trust from periodic data on 22 Jul 22*

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 GBP - British pound sterling	0.00	200.630	200.630	1.00000000	200.630
Total	**0.00**	**200.630**	**200.630**		**200.630**
Total Cash	**0.00**	**200.630**	**200.630**		**200.630**
Invested cash					
Invested cash USD - United States dollar	0.86	13,214.620	13,214.620	1.00000000	13,214.620
Total	**0.86**	**13,214.620**	**13,214.620**		**13,214.620**
Total Invested cash	**0.86**	**13,214.620**	**13,214.620**		**13,214.620**
Cash (externally held)					
Cash (externally held) GBP - British pound sterling	0.00	724,993,745.930	724,993,745.930	1.00000000	724,993,745.930
Cash (externally held) EUR - Euro	0.00	-0.010	-0.010	1.00000000	-0.010
Total	**0.00**	**724,993,745.920**	**724,993,745.920**		**724,993,745.920**
Total Cash (externally held)	**0.00**	**724,993,745.920**	**724,993,745.920**		**724,993,745.920**
Funds - short term investment					
Funds - Short Term Investment GBP - British pound sterling	132.73	179,000.000	179,000.000	1.00000000	179,000.000
Total	**132.73**	**179,000.000**	**179,000.000**		**179,000.000**
Total Funds - short term investment	**132.73**	**179,000.000**	**179,000.000**		**179,000.000**
Total Cash and Cash Equivalents	**133.59**	**725,186,161.170**	**725,186,161.170**		**725,186,161.170**
Report Total:	**3,820,689.75**	**4,080,833,064.586**	**4,349,842,149.810**		**3,534,000,921.510**

**Generated by Northern Trust from periodic data on 22 Jul 22*

Asset Detail - Customizable

Asset Subcategory

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

ASSET	BOOK COST	PRICE	MARKET VALUE	FUND %
GROWTH ASSETS				
UK EQUITIES				
BORDER TO COAST PE UK LISTED EQUITY A GBP ACC	524,213,309.96	1.13	592,415,639.61	12.17%
AFREN ORD GBP0.01	1,089,449.06	0.02	17,850.00	0.00%
CARILLION ORD GBP0.50	0.00	0.14	61,968.80	0.00%
CANDOVER INVESTMENTS PLC GBP0.25	323,674.02	0.00	0.00	0.00%
NEW WORLD RESOURCE ORD EUR0.0004 A	1,294,544.76	0.00	375.00	0.00%
TOTAL UK EQUITIES			**592,495,833.41**	**12.17%**
OVERSEAS EQUITIES				
YOUNG AUSTRALIAN MINES LTD	287,505.65	0.07	8,805.90	0.00%
MEJORITY CAPITAL NPV (FINEXIA FINL GROUP)	0.00	0.07	15.75	0.00%
BGP HOLDINGS PLC BENEFICIAL INTEREST SHSNPV	0.00	0.00	0.00	0.00%
SSGA MPF PAC BASIN EX-JAPAN INDEX	242,515,511.22	6.04	306,237,286.81	6.29%
SSGA MPF JAPAN EQUITY INDEX	89,842,364.06	2.03	98,398,188.59	2.02%
MPF EUROPE EX UK SUB-FUND	97,836,405.64	7.29	112,292,312.43	2.31%
MPF N AMER EQTY SUB-FUND	24,012,835.23	13.63	35,716,174.30	0.73%
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A	1,380,016,235.21	0.15	1,477,879,017.12	30.36%
BORDER TO COAST EMERGING MARKET HYBRID FUND	230,000,000.00	0.99	205,657,214.75	4.22%
TOTAL OVERSEAS EQUITIES			**2,236,189,015.65**	**45.93%**
TOTAL EQUITIES			**2,828,684,849.06**	**58.10%**
PRIVATE EQUITY				
CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19	5,100,000.00	1.32	6,899,563.00	0.14%
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD	18,643,041.07	1.33	32,782,991.00	0.67%
CROWN CO INVESTMENT OPPORTUNITIES III	3,893,682.07	0.99	6,474,712.00	0.13%
CROWN SECONDARIES SPECIAL OPPORTUNITIES II	11,055,075.24	1.24	18,129,550.00	0.37%
UNIGESTION SA	21,098,394.38	1.20	34,194,162.00	0.70%
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV	19,820,522.81	1.48	40,562,765.00	0.83%
CROWN GLOBAL OPPORTUNITIES VII	10,309,462.08	1.33	17,929,684.00	0.37%
CROWN GROWTH OPPORTUNITIES GLOBAL III	17,974,077.54	1.83	44,318,631.00	0.91%
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL	15,004,392.52	1.31	25,064,303.00	0.51%

BORDER TO COAST PRIVATE EQUITY SERIES 1A	44,368,358.39	1.11	54,326,760.27	1.12%
BORDER TO COAST PRIVATE EQUITY SERIES 1B	16,031,251.91	1.00	17,703,236.26	0.36%
BORDER TO COAST PRIVATE EQUITY SERIES 1C	8,590,138.18	1.03	8,842,738.92	0.18%
BORDER TO COAST PRIVATE EQUITY SERIES 2A	19,169.99	1.00	19,169.99	0.00%
UNIGESTION DIRECT II	10,251,970.70	0.71	14,748,003.00	0.30%
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE	10,061,709.95	1.34	15,563,858.75	0.32%
ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II	7,584,417.90	0.99	7,505,048.62	0.15%
HERMES GPE INNOVATION FUND	9,631,282.65	1.31	12,569,063.68	0.26%
CAPITAL DYNAMICS GLOBAL SECONDARIES V	10,988,394.73	2.05	23,484,997.00	0.48%
CAPITAL MID-MARKET DIRECT V	11,303,729.31	1.25	14,176,680.46	0.29%
FORESIGHT ENERGY INVESTMENTS LP	278,714.03	1.00	278,714.03	0.01%
PRIVATE EQUITY			**395,574,631.98**	**8.13%**
GB BANK LIMITED	26,499,975.00	100,000.00	26,499,975.00	0.54%
PRIVATE EQUITY - LOCAL INVESTMENT			**26,499,975.00**	**0.54%**
TOTAL PRIVATE EQUITY			**422,074,606.98**	**8.67%**

OTHER ALTERNATIVES				
AMEDEO AIR FOUR PLUS LTD	4,682,127.85	0.32	1,679,999.58	0.03%
DARWIN LEISURE PRO UNITS CLS 'C'	9,893,933.94	3.65	23,689,270.91	0.49%
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION	15,000,000.00	1.21	17,329,121.19	0.36%
DARWIN BEREAVEMENT SERVICES FUND, INCOME UNITS	10,000,000.00	1.03	10,264,000.00	0.21%
DARWIN LEISURE DEVELOPMENT FUND ACCUMULATION UNITS - D CLASS	15,000,000.00	1.27	19,018,500.00	0.39%
DARWIN LEISURE PROPERTY FUND, K INCOME UNITS	15,000,000.00	1.03	15,460,500.00	0.32%
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP	10,000,000.01	0.97	9,674,910.31	0.20%
HEARTHSTONE RESIDENTIAL FUND 2	4,799,408.81	0.96	4,629,859.62	0.10%
GRESHAM HOUSE BSI HOUSING LP	13,096,624.57	1.03	13,587,643.00	0.28%
PANTHEON SENIOR DEBT SECONDARIES II	4,702,901.81	1.14	5,945,191.47	0.12%
LA SALLE REAL ESTATE DEBT STRATEGIES IV	1,855,295.49	0.99	1,863,010.83	0.04%
OTHER ALTERNATIVES			**123,142,006.91**	**2.53%**
BRIDGES EVERGREEN TPF HOUSING CO-INVESTMENT LP	765,180.38	0.94	720,625.99	0.01%
OTHER ALTERNATIVES - LOCAL INVESTMENT			**720,625.99**	**0.01%**
TOTAL OTHER ALTERNATIVES			**123,862,632.90**	**2.54%**

PROPERTY

DIRECT PROPERTY				
TEESSIDE PENSION FUND - DIRECT PROPERTY	280,289,446.35	1.18	340,100,000.00	6.99%
TOTAL DIRECT PROPERTY			**340,100,000.00**	**6.99%**
PROPERTY UNIT TRUSTS				
ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND	21,282,170.99	142,664.10	39,909,990.82	0.82%
LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY	1,282,865.49	3.63	4,969,369.41	0.10%
HERMES PROPERTY PUT	15,720,126.33	7.97	20,644,979.54	0.42%
THREADNEEDLE PROP PROPERTY GBP DIS	1,527,939.20	335.70	4,280,175.00	0.09%
LEGAL AND GENERAL MANAGED PROPERTY FUND	385,000.00	70.22	7,601,891.48	0.16%
TOTAL PROPERTY UNIT TRUSTS			**77,406,406.25**	**1.59%**
TOTAL PROPERTY			**417,506,406.25**	**8.58%**

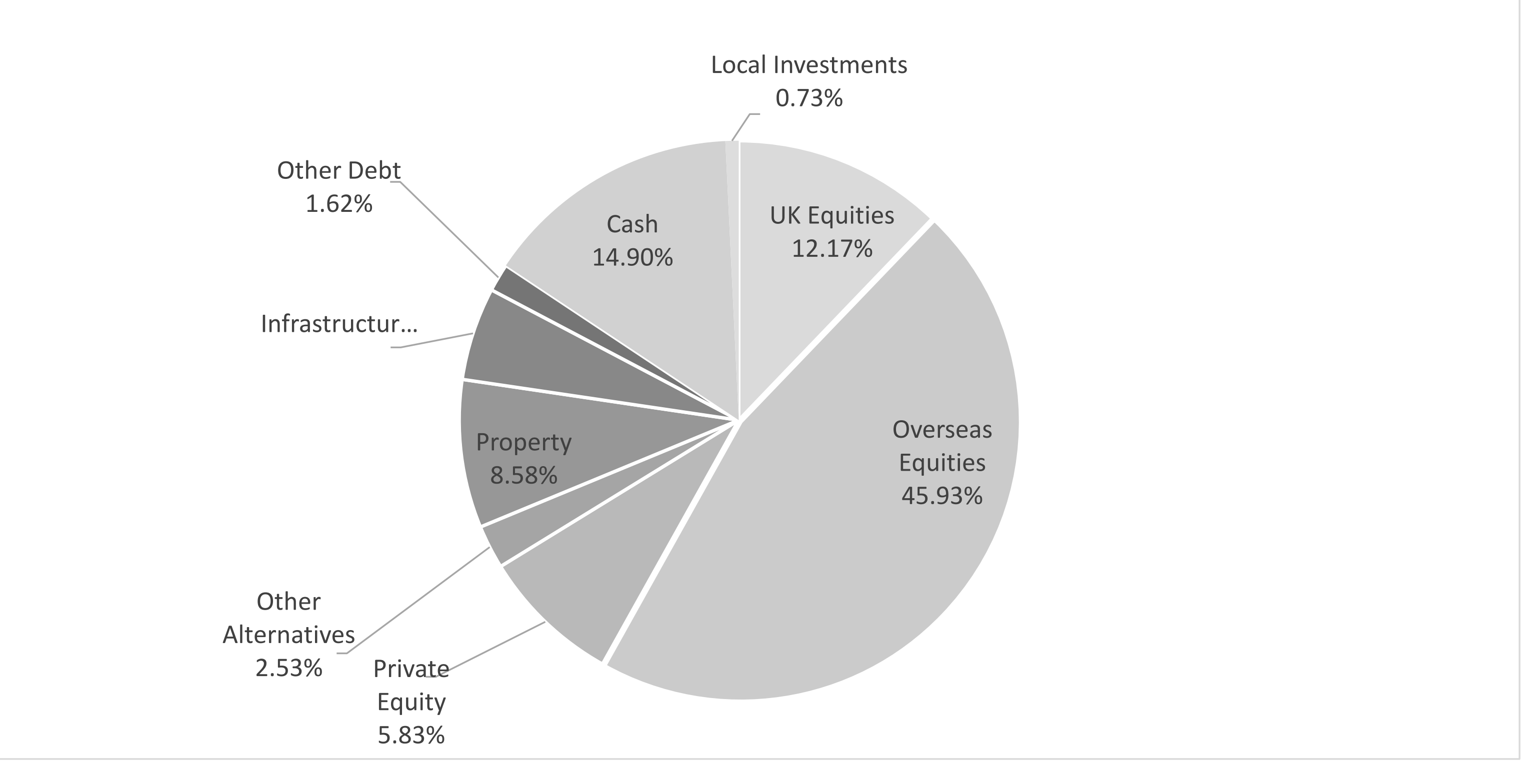
PROTECTION ASSETS

INFRASTRUCTURE				
ACIF INFRASTRUCTURE FUND LP	22,782,712.18	0.82	21,098,855.28	0.43%
ACCESS CAPITAL FUND INFRASTRUCTURE II	12,078,326.21	1.09	12,876,296.33	0.26%
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)	4,294,803.55	1.05	5,468,421.39	0.11%
INNISFREE PFI CONTINUATION FUND	8,672,972.00	1.18	10,257,319.30	0.21%
INNISFREE PFI SECONDARY FUND 2	7,728,331.00	1.18	9,108,873.68	0.19%
BORDER TO COAST INFRASTRUCTURE SERIES 1A	41,086,037.75	0.80	35,299,986.76	0.73%
BORDER TO COAST INFRASTRUCTURE SERIES 1B	14,442,653.41	0.83	13,169,688.07	0.27%
BORDER TO COAST INFRASTRUCTURE SERIES 1C	24,435,103.51	0.91	22,203,069.21	0.46%
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III	9,350,762.97	1.01	13,219,989.00	0.27%
BLACKROCK GLOBAL RENEWABLE POWER FUND III	3,727,094.51	0.95	4,946,938.92	0.10%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP	4,550,377.04	1.07	4,857,709.96	0.10%
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp	11,100,754.08	1.04	11,500,990.66	0.24%
IIF UK I LP	37,842,438.78	0.95	46,963,449.92	0.96%
ANCALA INFRASTRUCTURE FUND II SCSP	15,557,897.07	1.10	19,373,839.00	0.40%
FORESIGHT ENERGY INFRASTRUCTURE PARTNERS	3,092,951.95	0.86	3,582,184.93	0.07%
GRESHAM HOUSE BSI INFRASTRUCTURE LP	17,971,505.34	1.18	21,167,313.44	0.43%
GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II	7,537,646.07	0.95	7,183,544.04	0.15%
INFRASTRUCTURE			**262,278,469.89**	**5.39%**

CO-INVESTMENT BSI LP - WASTE KNOT	10,000,000.00	1.00	10,000,000.00	0.21%
INFRASTRUCTURE - LOCAL INVESTMENT			**10,000,000.00**	**0.21%**
TOTAL INFRASTRUCTURE			**272,278,469.89**	**5.59%**
OTHER DEBT				
INSIGHT IIFIG SECURED FINANCE II FUND	50,000,000.00	0.98	48,891,245.00	1.00%
GRAFTONGATE INVESTMENTS LTD (LEONARDO)	9,955,668.94	1.00	9,955,668.94	0.20%
GREYHOUND RETAIL PARK CHESTER	20,000,000.00	1.00	20,000,000.00	0.41%
TOTAL OTHER DEBT			**78,846,913.94**	**1.62%**
CASH				
	200.63	1.00	200.63	0.00%
	13,214.62	1.00	13,214.62	0.00%
	179,000.00	1.00	179,000.00	0.00%
CUSTODIAN CASH			**192,415.25**	**0.00%**
INVESTED CASH	724,993,745.93	1.00	**724,993,745.93**	**14.89%**
TOTAL CASH			**725,186,161.18**	**14.90%**
TOTAL FUND VALUE - 30th June 2022			**4,868,440,040.20**	**100%**

Market Value timing differences included in valuation above		Market Value
Overseas Equities		
BORDER TO COAST EMERGING MARKET HYBRID FUND		21,890,088.25
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A	Error on behalf of Northern Trust, now corrected.	1,268,676,697.96
		1,290,566,786.21
Private Equity		
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD		5,788,886.34
UNIGESTION DIRECT II		7,522,578.53
CROWN GLOBAL OPPORTUNITIES VII		3,166,058.79
CROWN GROWTH OPPORTUNITIES GLOBAL III		39,987,141.08
CROWN SECONDARIES SPECIAL OPPORTUNITIES II		3,201,351.66
UNIGESTION SA		6,038,073.75
PANTHEON GLABAL CO-INVESTMENT OPPORTUNITIES IV		9,684,824.01
BORDER TO COAST PRIVATE EQUITY SERIES 2A		19,169.99
FORESIGHT ENERGY INVESTMENTS LP		278,714.03
		75,686,798.18
Direct Property		
TEESSIDE PENSION FUND - DIRECT PROPERTY		8,984,995.69
		8,984,995.69
Infrastructure		
IIF UK I LP		8,292,897.46
ANCALA INFRASTRUCTURE FUND II SCSP		2,634,716.41
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III		3,180,319.30
		14,107,933.17
Other Debt		
GRAFTONGATE INVESTMENTS LTD (LEONARDO)		6,486,188.83
		6,486,188.83
Total		**1,395,832,702.08**

Asset Allocation Summary		**Actual**	**Benchmark**
UK Equities	592,495,833.41	12.17%	10%
Overseas Equities	2,236,189,015.65	45.93%	45%
Private Equity	395,574,631.98	8.13%	5%
Other Alternatives	123,142,006.91	2.53%	5%
Property	417,506,406.25	8.58%	10%
Infrastructure	262,278,469.89	5.39%	10%
Other Debt	78,846,913.94	1.62%	5%
Cash & Bonds	725,186,161.18	14.90%	10%
Local Investments - Private Equity, Other Alternatives & Infrastructure	37,220,600.99	0.76%	0%
	4,868,440,040.20	100.00%	100%



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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

PENSION FUND COMMITTEE REPORT

21 OCTOBER 2022

DIRECTOR OF FINANCE – HELEN SEECHURN

EXTERNAL MANAGERS' REPORTS

1. PURPOSE OF THE REPORT

1.1 To provide Members with Quarterly investment reports in respect of funds invested externally with Border to Coast Pensions Partnership Limited ('Border to Coast') and with State Street Global Advisers ('State Street')

2. RECOMMENDATION

2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

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

4. PERFORMANCE

4.1 As at 30 June 2022 the Fund had investments in the following three Border to Coast listed equity sub-funds:

- The Border to Coast UK Listed Equity Fund, which has an active UK equity portfolio aiming to produce long term returns of at least 1% above the FTSE All Share index.
- The Border to Coast Overseas Developed Markets Equity Fund, which has an active overseas equity portfolio aiming to produce total returns of at least 1% above the total return of the benchmark (40% S&P 500, 30% FTSE Developed Europe ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan).
- The Border to Coast Emerging Markets Equity Fund, which has an active emerging markets equity portfolio aiming to produce long term returns at least 1% above the FTSE Emerging markets indices. Part of the Fund is managed externally (for Chinese equities) by FountainCap and UBS, and part managed internally (for all emerging markets equities excluding China) by the team at Border to Coast.

For all three sub-funds the return target is expected to be delivered over rolling 3 year periods, before calculation of the management fee.

The Fund also has investments in the Border to Coast Private Equity sub-fund and the Border to Coast Infrastructure sub-fund. To date, total commitments of £650 million have been made to these sub-funds (£350m to infrastructure and £300m to private equity) with around 26% of this commitment invested so far. In addition, a commitment to invest £80 million over a three year period to the Border to Coast Climate Opportunities Fund has been made. These investments are not reflected within the Border to Coast report (at Appendix A) but are referenced in the Border to Coast presentation later in the agenda.

4.2 The Border to Coast report shows the market value of the portfolio as at 30 June 2022 and the investment performance over the preceding quarter, year, and since the Fund's investments began. Border to Coast has also provided additional information within an appendix to that report in relation to the Overseas Developed Markets Equity Fund, giving a breakdown of key drivers of and detractors from performance in relation to each of its four regional elements. Market background information and an update of some news items related to Border to Coast are also included. Border to Coast's UK Listed Equity Fund has achieved returns of 0.94% above benchmark over the last year, nearly meeting its 1% overachievement target, whereas the Overseas Developed Markets Equity Fund has achieved returns of 2.10% above benchmark over the last year, comfortably above its 1% overachievement target, albeit in a falling market. Since inception, both Funds have delivered performance roughly in line with their targets. The performance of the Emerging Markets Equity Fund has been below benchmark throughout most of the period of our Fund's investment – performance over quarter to 30 June 2022 was slightly above benchmark (but below target) with the internal team delivering better results that quarter than the external China managers due to a mixture of sector and stock selection.

4.3 State Street has a passive global equity portfolio invested across four different region tracking indices appropriate to each region. The State Street report (at Appendix B) shows the market value of the State Street passive equity portfolio and the proportions invested in each region as at 30 June 2022. Performance figures are also shown in the report over a number of time periods and from inception – the date the Fund started investing passively with State Street in that region: for Japan and Asia Pacific ex Japan the inception date is 1 June 2001, as the Fund has been investing a small proportion of its assets in these regions passively for since then; for North America and Europe ex UK the inception date was in September 2018 so performance figures only just under four years as this represents a relatively new investment for the Fund. The nature of passive investment – where an index is closely tracked in an automated or semi-automated way – means deviation from the index should always be low.

4.4 State Street continues to include additional information with their report this quarter, giving details of how the portfolio compares to the benchmark in terms of environmental, social and governance factors including separate sections on climate and stewardship issues. As the State Street investments are passive and closely track the appropriate regional equity indices, the portfolio's rating in these terms closely matches the benchmark indices ratings.

4.5 Members will be aware that the Fund holds equity investments over the long term, and performance can only realistic be judged over a significantly longer time-frame than a single quarter. However, it is important to monitor investment performance regularly and to understand the reasons behind any under of over performance against benchmarks and targets.

5. STATE STREET'S BENCHMARKS – EXCLUSION OF CERTAIN COMPANIES

5.1 As reported to the 9 December 2020 Pension Fund Committee meeting, State Street advised investors in a number of its passively-invested funds, including the four State Street equity funds the Fund invests in, that is decided to exclude UN Global Compact violators and controversial weapons companies from those funds and the indices they track.

5.2 The Ten Principles of the United Nations Global Compact (derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption) are as follows (shown against four sub-categories):

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

5.3 As was previously reported, for the four State Street funds the Fund is invested in the combined effect of applying this change to benchmarks excluded around 3.6% by value of the companies / securities across the regions.

5.4 The latest report shows performance of the State Street funds against the revised indices – excluding controversies (UN Global Compact violators) and excluding companies that manufacture controversial weapons. As expected for a passive fund, performance closely matches the performance of the respective indices.

6. BORDER TO COAST – QUARTERLY CARBON AND ESG REPORTING

6.1 Border to Coast has been working with its reporting providers to develop reporting which covers the Environmental Social and Governance (ESG) issues and impact of the investments it manages, together with an assessment of the carbon exposure of these investments. This is easier with some asset classes than others, and Border to Coast has initially focussed on reporting on listed equities as this is the asset class where most information is available and this type of reporting is more advanced.

6.2 Appendix C contains the latest available ESG and carbon exposure in relation to the three Border to Coast listed equity sub-funds the Fund invests in: UK Listed Equity, Overseas Developed Markets Equity and Emerging Markets Equity. Amongst other information, the reports include information on the highest and lowest ESG-rated companies within those Border to Coast sub-funds, together with an analysis of the carbon exposure of the sub-funds on a number of metrics. The sub-funds' ESG position and carbon exposure is also compared to benchmarks representing the 'average' rating across the investment universe of that particular benchmark.

6.3 A colleague from Border to Coast will be available at the meeting to answer any questions Members may have on the information shown in the Quarterly ESG Reports.

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040

Appendix A

Teesside Pension Fund

Quarterly Investment Report - Q2 2022

Page 48

Contents

Note
1) Border to Coast

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,434,931,762
Inflows	£54,060,695
Outflows	£0
Net Inflows / Outflows	£54,060,695
Realised / Unrealised gain or loss	£(213,040,586)
Value at end of the quarter	£2,275,951,871

Over Q2 2022, Teesside's holdings performed as follows:

- The UK Listed Equity Fund outperformed its benchmark by 1.27%
- The Overseas Developed Markets Equity Fund outperformed its benchmark by 0.68%
- The Emerging Markets Equity Fund outperformed its benchmark by 0.30%

Teesside made no subscriptions or redemptions during Q2 2022.

Note
1) Source: Northern Trust
2) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund. Performance start date of 18/05/2021 for the overall Emerging Markets Equity Fund with performance start date of the underlying managers being 29/04/2021 following the restructure of the Fund.
3) Returns for periods greater than one year are annualised
4) Past performance is not an indication of future performance and the value of investments can fall as well as rise.
5) Inflows and Outflows values may include income.

Portfolio Analysis - Teesside Pension Fund
at 30 June 2022

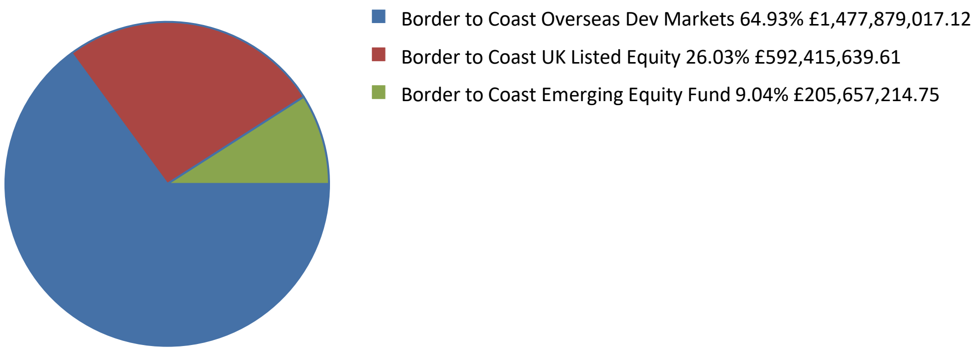
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	592,415,639.61	26.03
Border to Coast Overseas Dev Markets	40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan	1,477,879,017.12	64.93
Border to Coast Emerging Equity Fund	EM Equity Fund Benchmark³	205,657,214.75	9.04

Available Fund Range

Fund
Border to Coast UK Listed Equity
Border to Coast Overseas Dev Markets
Border to Coast Emerging Markets Equity
Border to Coast UK Listed Equity Alpha
Border to Coast Global Equity Alpha
Border to Coast Sterling Inv Grade Credit
Border to Coast Sterling Index-Linked Bond
Border to Coast Multi Asset Credit
Border to Coast Listed Alternatives

Teesside Pension Fund - Fund Breakdown



Note
1) Source: Northern Trust

Portfolio Contribution - Teesside Pension Fund
at 30 June 2022

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Border to Coast UK Listed Equity	26.03	(3.76)	(5.04)	1.27	(0.97)
Border to Coast Overseas Dev Markets	64.93	(8.12)	(8.80)	0.68	(5.35)
Border to Coast Emerging Equity Fund	9.04	(2.45)	(2.75)	0.30	(0.22)
Total	**100.00**	**(6.53)**			

The UK Listed Equity Fund returned –3.76% over the quarter, which was 1.27% ahead of the FTSE All Share Index.
The Overseas Developed Markets Equity Fund returned –8.12% over the quarter, which was 0.68% ahead of the composite benchmark.
The Emerging Markets Equity Fund returned –2.45% over the quarter, which was 0.30% ahead of the FTSE Emerging Markets.

Overall, Teesside's investments with Border to Coast returned –6.53% during Q2 2022.

Note
1) Source: Northern Trust & Border to Coast

Valuation Summary
at 30 June 2022

Fund	Market value at start of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)	Inflows (GBP)	Outflows (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)
Border to Coast UK Listed Equity	615,588,003.56	25.28		20,271,624.37		(43,443,988.32)	592,415,639.61	26.03	
Border to Coast Overseas Dev Markets	1,608,519,656.22	66.06		30,163,952.51		(160,804,591.61)	1,477,879,017.12	64.93	
Border to Coast Emerging Markets Equity	210,824,102.41	8.66		3,625,118.56		(8,792,006.22)	205,657,214.75	9.04	
Total	**2,434,931,762.19**	**100.00**		**54,060,695.44**		**(213,040,586.15)**	**2,275,951,871.48**	**100.00**	

Note
1) Source: Northern Trust
2) Values do not always sum due to rounding
3) Inflows and Outflows values may include income.

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund
at 30 June 2022

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity	2.89	1.93	0.96	(3.76)	(5.04)	1.27	2.58	1.64	0.94	3.01	2.41	0.59	--	--	--
Border to Coast Overseas Dev Markets	7.59	6.30	1.28	(8.10)	(8.80)	0.70	(3.73)	(5.83)	2.10	7.97	6.52	1.45	--	--	--
Border to Coast Emerging Markets Equity	3.63	5.97	(2.34)	(2.45)	(2.75)	0.30	(13.28)	(10.78)	(2.50)	0.62	2.91	(2.29)	--	--	--

Note
1) Source: Northern Trust
2) Values do not always sum due to rounding
3) Performance start date of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund. Performance start date of 18/05/2021 for the overall Emerging Markets Equity Fund with performance start date of the underlying managers being 29/04/2021 following the restructure of the Fund.
4) Performance is net of ACS charges such as depository and audit fees. Investment management fees have not been included in the performance calculations.
5) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 30 June 2022

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Border to Coast UK Listed Equity	2.90	1.93	0.97	(3.76)	(5.04)	1.27	2.58	1.64	0.94	3.01	2.41	0.60	--	--	--
Border to Coast Overseas Dev Markets	7.60	6.30	1.30	(8.10)	(8.80)	0.70	(3.72)	(5.83)	2.11	7.98	6.52	1.46	--	--	--
Border to Coast Emerging Markets Equity	3.76	5.97	(2.21)	(2.39)	(2.75)	0.36	(13.03)	(10.78)	(2.25)	0.77	2.91	(2.14)	--	--	--

Page 54

Note
1) Source: Northern Trust
2) Values do not always sum due to rounding
3) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund. Performance start date of 18/05/2021 for the overall Emerging Markets Equity Fund with performance start date of the underlying managers being 29/04/2021 following the restructure of the Fund.
4) The performance shown above does not include the costs of operating the ACS such as the investment management, depository and audit fees.
5) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Border To Coast UK Listed Equity Fund - Overview at 30 June 2022

UK Listed Equity Fund

The fund generated a total return of -3.76% during the quarter, compared to the benchmark return of -5.04%, resulting in 1.28% of outperformance.

The UK outperformed the broader global market indices during the quarter. This was due to higher weightings in energy and consumer staples stocks which have held up much better during the recent sell-off. Inflation has risen more than in most other countries and the Bank of England is under pressure to raise rates more aggressively to bring inflation under control. This will weigh on the growth outlook, although to this point the Bank has proceeded more slowly than some might have hoped.

The Fund benefited from the following factors:

- Underweight Consumer Discretionary which has been impacted by falling consumer confidence in the face of rising inflation and energy costs, initially driven by the rapid re-opening of the global economy post the pandemic and then exacerbated by the conflict in Ukraine;
- Underweight Financial Services combined with positive stock selection – not holding Scottish Mortgage Investment Trust (underperformance of technology/growth stocks) and 3i Group (consumer under pressure and impact on its largest holding); and
- Underweight Real Estate combined with positive stock selection – not holding Segro and Tritax Big Box as logistics property companies de-rated in the face of Amazon comments regarding excess warehouse space as well as the rising rate cycle.

This was partly offset by the following:

- Overweight Collectives combined with negative stock selection as Schroder UK Smaller Companies and Liontrust UK Smaller Companies have been impacted by the underperformance of small cap/quality stocks;
- Stock selection in Basic Resources (overweight positions in Antofagasta and BHP) as copper and iron ore prices have weakened on concerns over China lockdowns and a slowing global economy/recession fears; and
- Stock selection in Chemicals with overweight positions in Elementis (supply chain, plant closure, and raw material inflation concerns) and Croda (normalisation of valuation rating post the rapid success of its mRNA/lipid technology).

The Portfolio Managers have continued to selectively add to mid-cap exposure including more cyclical stocks during the quarter. The conflict in Ukraine, and likelihood of higher interest rates to combat inflation, has impacted the outlook but we remain vigilant for opportunities to add to quality long term holdings at attractive valuations.

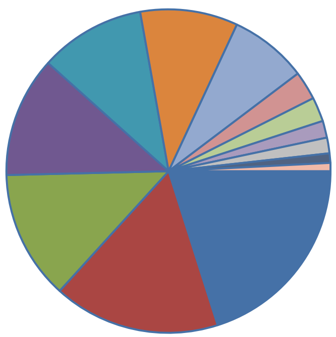
Note
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund
at 30 June 2022

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.57
Industrials	+1.54
Consumer Staples	+0.84
Health Care	+0.45
Telecommunications	+0.06
Financials	-2.27
Real Estate	-1.36
Utilities	-0.69
Consumer Discretionary	-0.45
Technology	-0.37

Sector Portfolio Breakdown



Note
1) Source: Northern Trust

UK Listed Equity Fund

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

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

Sector Weights:

Common Stock Funds (o/w) – exposure to UK smaller companies via specialist funds/collective vehicles. Whilst UK small caps have underperformed the wider market recently, over the longer-term they benefit from stronger growth potential and the funds have long-term track records of outperformance.

Industrials (o/w) – broad mix of companies typically with significant global market positions, benefitting from the post-pandemic global economic re-opening and rising infrastructure expenditure such as in the US.

Consumer Staples (o/w) – broad mix of food and beverage, beauty, personal care and home care product producers, and food retailers which collectively offer strong cash generation, robust balance sheets and have benefited from resilient trading throughout the pandemic and would be expected to perform strongly, relative to the wider equity market, during a global downturn.

Financials (u/w) – predominantly due to being underweight investment trusts and Asian-focused banks (US-China relations remain strained), partly offset by overweight positions in Insurers and Wealth Managers as they are expected to benefit from the long-term increase in Asian and Emerging Market wealth.

Real Estate (u/w) – concerns around retail/leisure sector exposure including vacancy rates, costs associated with mandatory energy rating improvements, rent re-negotiations, impact of rising interest rates on valuations and uncertainty around the longer-term impact of home/flexible working on the demand for office space.

Utilities (u/w) – government policy risk and potential for increased regulatory intervention around allowable investment returns, increased operational and capex costs to meet rising environmental standards and elevated costs associated with energy transition.

Border To Coast UK Listed Equity Fund Attribution at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Scottish Mortgage Investment Trust	0.00	0.00	0.45	(30.09)	0.16
SEGRO	0.00	0.00	0.52	(27.40)	0.16
Euromoney	0.40	36.28	0.06	36.87	0.10
Schroders	0.48	15.78	0.00	0.00	0.09
Melrose Industries	0.65	20.68	0.29	20.90	0.09

Scottish Mortgage Investment Trust (u/w) – global technology-focussed investment trust whose holdings have been out of favour during the quarter with a rotation away from growth stocks, driven by the turn in the interest rate cycle and the shares seeing a widening of the discount to net asset value.

SEGRO (u/w) – logistics-focussed property companies have de-rated from elevated valuations driven by a combination of a sharp turn in the interest rate cycle and comments from Amazon that it may have excess space, despite the comments not directly aimed at the UK where Amazon has been a major acquirer of logistics/fulfilment space in recent years.

Euromoney (o/w) – the company announced receipt of an indicative all-cash bid from a private equity consortium at a 33% premium to the undisturbed share price.

Schroders (o/w) – the non-voting shares rallied on the announcement that the company intends to convert the shares to ordinary voting shares. Historically the non-voting shares have traded at a significant discount to the voting shares despite having the same economic value.

Melrose Industries (o/w) – shares reacted positively to a combination of early signs of recovery in one of its key markets (aerospace), the agreed sale of its Ergotron division at an attractive valuation helping to vindicate Melrose's successful buy/improve/sell model, and the announcement of a share buy-back.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Schroder UK Smaller Companies Fund	0.82	(15.52)	0.00	0.00	(0.10)
Antofagasta	0.49	(26.03)	0.18	(26.89)	(0.09)
Impax Environmental Markets	0.94	(14.87)	0.05	(14.35)	(0.09)
Allianz Technology Trust	0.34	(26.33)	0.04	(26.50)	(0.07)
easyJet	0.27	(34.00)	0.10	(34.14)	(0.07)

Schroder Institutional UK Smaller Companies Fund (o/w) – global and UK recession concerns, exacerbated by interest rate policies to combat rising inflation, and increased geopolitical tensions, have seen smaller cap companies underperform the wider market.

Antofagasta (o/w) – combination of weak copper price (China lockdowns and global recession concerns), operational issues at its largest mine, Los Pelambres and political uncertainty in Chile (potential increase to mining royalty/tax).

Impax Environmental Markets (o/w) – investment trust specialising in water, energy efficiency and sustainable food, adversely impacted by underperformance of renewable energy investments due to inflation/valuation concerns. The shares, which more usually trade at a premium, have recently traded at a modest discount to NAV.

Allianz Technology Trust (o/w) – global technology-focussed investment trust, impacted by the rotation away from long duration growth stocks, driven by the sharp turn in the interest rate cycle.

easyJet (o/w) – post-pandemic recovery in air travel is being held back by enforced capacity reductions, triggered by staffing shortages at airlines (aircrew) and airports (ground handling and security staff). Operations at key airports for easyJet, such as Gatwick and Amsterdam, have been particularly impacted.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Impax Environmental Markets	+0.88
Schroder UK Smaller Companies Fund	+0.82
Liontrust UK Smaller Companies	+0.75
International Biotechnology Trust	+0.48
Herald Investment Trust	+0.48
Glencore	-0.74
NatWest	-0.53
SEGRO	-0.52
3I Group plc	-0.46
Scottish Mortgage Investment Trust	-0.45

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Impax Environmental Markets – leading ESG-focused fund delivering strong long-term out-performance, specialising in alternative energy, energy efficiency, water treatment, sustainable food, clean transport, smart environment and pollution control.

Schroder Institutional UK Smaller Companies Fund – specialist UK smaller companies fund with a strong long-term track record. Incorporate proprietary ESG scoring systems in their investment process and undertake significant direct ESG engagement.

Liontrust UK Smaller Companies – specialist UK small-cap fund, style focussed on intellectual property, strong distribution channels and durable competitive advantage. Strong emphasis on sustainable investment with extensive ESG engagement and reporting.

International Biotechnology Trust – specialist biotechnology trust focussed on investments at the forefront of innovation in key therapeutic areas such as rare diseases, oncology and gene therapy.

Herald Investment Trust – specialist investment trust focussed on smaller cap technology and multimedia stocks. Experienced management team lead by industry veteran Katie Potts, with a long-term track record of outperformance.

Bottom 5 Holdings Relative to Benchmark:

Glencore – historically a higher risk commodity company with significant operations in geographies with weaker governance and coal exposure higher than peers. Ongoing bribery and market manipulation investigations appear to be moving towards conclusion.

NatWest Group – UK-focussed retail and commercial bank, with the UK government as a significant shareholder. The Fund has similar UK bank exposure through a holding in Lloyds Bank PLC.

SEGRO – real estate holding company focussed on logistics and industrial units across Europe; strong demand for on-line fulfilment/logistics sites. Valuation has de-rated closer to net asset value, with the interest rate cycle a headwind.

3i Group plc – global private equity investor with a highly concentrated investment portfolio. Over half (c54%) of the current net asset value is invested in a single asset – Action, a European discount retailer.

Scottish Mortgage Investment Trust – specialist investment trust with a focus on global large-cap technology stocks; the Fund has a preference for Allianz Technology Trust with a similar technology investment focus.

Major transactions during the Quarter

Sales:

Shell (£49.2m) – pro-rata reduction to holding to meet Partner Fund redemptions.
AstraZeneca (£42.7m) – pro-rata reduction to holding to meet Partner Fund redemptions.

Border To Coast Overseas Developed Markets Equity Fund - Overview at 30 June 2022

Overseas Developed Markets Fund

The Fund generated a total return of -8.10% during the quarter compared to the composite benchmark return of -8.80% resulting in out-performance of 0.7%. Japan was the best performing region (-6.8%), while US was the weakest (-9.2%). The Europe ex-UK (+2.0%) and US (+0.8%) portfolios out-performed their respective benchmarks during the quarter, while the Japanese (-2.0%) and Pacific ex-Japan (-0.3%) portfolios under-performed. The Europe ex-UK portfolio's exceptionally strong performance had the largest positive contribution to the Fund's relative performance.

The Fund has navigated the volatility in markets, with differing regions showing strength and weakness at different times. Growth stocks have remained under pressure while cyclicals have also suffered, with classic defensive sectors like consumer staples and healthcare performing better, along with energy. To this point earnings expectations have remained relatively firm across the board but will have to move lower if economic growth slows meaningfully.

The Fund has out-performed due to the following:

- Strong stock selection in Europe ex-UK and the US; and
- Strong stock selection within the Consumer Discretionary sector in US and the Healthcare sector across most regions.

This has been partly offset by:

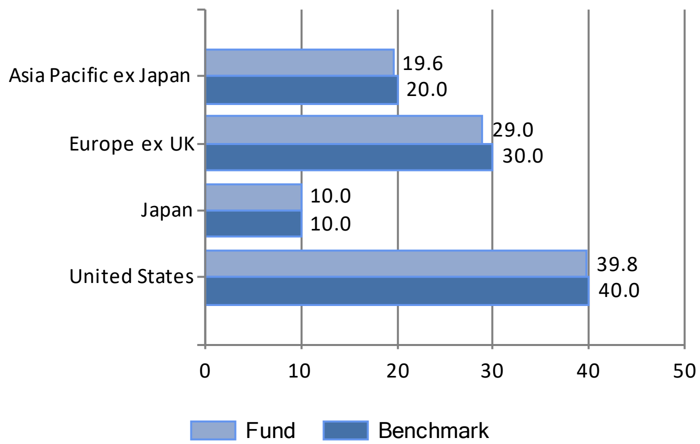
- Overweight positions in Technology and Consumer Discretionary stocks which under-performed; and
- Underweight position in Utility stocks which out-performed.

The Fund has a relatively low risk profile which is driven by low correlations between the four constituent portfolios, whose individual risk profiles are generally in the middle to upper end of the targeted tracking error range of 1 – 3%. It is unlikely that there will be material changes to portfolio positioning in the near term. The emphasis on focusing on long-term fundamentals with a bias towards quality companies with strong balance sheets and earnings and income visibility has proven a resilient approach across different market regimes in recent years.

Note
1) Source: Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 30 June 2022

Regional Breakdown



Overseas Developed Markets Fund

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

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

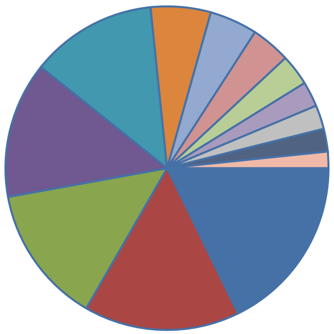
(*) The Benchmark is a composite of the following indices:
- 40% S&P 500
- 30% FTSE Developed Europe ex UK
- 20% FTSE Developed Asia Pacific ex Japan
- 10% FTSE Japan

	Inception to Date			Quarter			1 Year			3 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Equity Fund	**7.59**	**6.30**	**1.28**	**(8.10)**	**(8.80)**	**0.70**	**(3.73)**	**(5.83)**	**2.10**	**7.97**	**6.52**	**1.45**
United States	12.26	11.08	1.18	(8.36)	(9.16)	0.80	3.50	1.23	2.27	13.16	11.79	1.37
Japan	3.11	1.16	1.95	(8.83)	(6.79)	(2.04)	(8.00)	(8.80)	0.81	4.80	2.67	2.13
Europe ex UK	4.24	3.14	1.10	(7.07)	(9.08)	2.01	(7.16)	(10.93)	3.77	4.02	2.86	1.15
Asia Pacific ex Japan	5.17	3.61	1.56	(9.01)	(8.69)	(0.32)	(11.25)	(11.14)	(0.10)	4.56	2.87	1.69

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

Border To Coast Overseas Developed Markets Equity Fund
at 30 June 2022

Sector Portfolio Breakdown



- Technology 17.8% (17.5%)
- Financials 15.6% (15.5%)
- Industrials 13.8% (14.2%)
- Consumer Discretionary 13.6% (13.3%)
- Health Care 12.6% (13.3%)
- Consumer Staples 6.0% (7.1%)
- Basic Materials 4.8% (5.1%)
- Energy 3.9% (4.0%)
- Common Funds 3.1% (0.0%)
- Real Estate 2.5% (3.6%)
- Telecommunications 2.4% (3.1%)
- Utilities 2.3% (3.3%)
- Cash 1.6% (0.0%)

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

Overseas Developed Markets Fund

Sector Weights:

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

Technology (o/w) – high relative exposure in Europe and Pacific ex-Japan, along with full allocations in the US and Japan, based on long term structural growth drivers including Internet of Things, Artificial Intelligence, Electric/Autonomous vehicles, new generation memory chips, the continued transition towards cloud-based services and change in software business models to long term subscription revenues.

Consumer Discretionary (o/w) – small over-weight position driven by larger over-weight in Japan with more neutral positions in other regions. Interest rate cycle in Japan looking more benign than in other regions and thus less of a headwind for consumers, while valuations are attractive.

Utilities (u/w) – companies generally facing higher capital expenditure requirements necessary to position for the energy transition which is expected to challenge their business models and leave them facing increasing political risk.

Consumer Staples (u/w) – although favoured as a safe haven during recessions, high valuations and vulnerability to margin compression due to higher input costs and weaker end demand make the sector less attractive even with the uncertainty surrounding the economy.

Real Estate (u/w) – high leverage leaves the sector exposed in a rising interest rate environment. Improving economies would ordinarily be favourable for asset pricing and demand trends but these compensatory factors are less certain in a post-Covid world.

Border To Coast Overseas Developed Markets Equity Fund Attribution at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Tesla	0.00	0.00	0.71	(32.25)	0.24
TotalEnergies	1.05	12.87	0.57	12.58	0.10
Dollar General	0.44	20.17	0.07	19.73	0.09
Novo Nordisk	1.40	6.52	0.78	7.10	0.09
Eli Lilly	0.62	23.00	0.32	23.04	0.08

Tesla (u/w) – impacted by multiple headwinds including input cost pressure, consumer slowdown, China lockdowns and market wide valuation multiple compression of growth names.

TotalEnergies (o/w) – benefited from higher energy prices driven by increased demand and supply disruption as a result of the Russia/Ukraine conflict.

Dollar General (o/w) – benefiting from consumers trading down in a tough retail environment and better operational execution than retail sector peers recently.

Novo Nordisk (o/w) – experiencing strong revenue and earnings growth from new diabetes and obesity treatments.

Eli Lilly (o/w) – defensively positioned and also benefited from encouraging trial results for a pipeline treatment for obesity.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
NVIDIA Corporation	0.75	(39.58)	0.48	(39.76)	(0.15)
Exxon Mobil	0.00	0.00	0.45	13.22	(0.09)
Prosus	0.00	0.00	0.26	31.03	(0.08)
Alphabet A	1.95	(14.89)	0.82	(15.05)	(0.07)
Amazon	1.46	(29.16)	1.17	(29.36)	(0.07)

NVIDIA Corp (o/w) – valuation impacted by concerns around the semiconductor cycle and broad-based multiple compression of growth names.

Exxon Mobil (u/w) – benefited from higher energy prices driven by increased demand and supply disruption as a result of the Russia/Ukraine conflict.

Prosus (u/w) – recent positive results and the plan to reduce their exposure to its largest holding, Tencent was received well by the market.

Alphabet A(o/w) – quarterly revenues modestly under-performed analyst expectations but gave rise to concerns that digital advertising spend may be slowing and YouTube is losing out to rival TikTok.

Amazon (o/w) – warning from the company that they have recently overextended the company's logistics build out compounded what was already a tough quarter for retail stocks.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.71
Alphabet A	+1.13
Novo Nordisk	+0.62
Visa Inc	+0.51
Microsoft	+0.50
Alphabet C	-0.76
Tesla	-0.71
Exxon Mobil	-0.45
Mastercard	-0.34
AbbVie	-0.34

Top 5 Holdings Relative to Benchmark:

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

Alphabet A – parent company of Google: zero weight in the C shares nets out to a moderate overweight position overall. Recent derating of the shares affords exposure to high margin digital advertising revenues at a modest valuation.

Novo Nordisk – strong market position in diabetes treatments with extension of products into obesity treatment.

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

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

Bottom 5 Holdings Relative to Benchmark:

Alphabet C – exposure in A shares aggregate to a moderate overweight exposure to Alphabet overall.

Tesla – high valuation requires support from as yet unproven revenue streams from autonomous driving and/or shared mobility.

Exxon Mobil – integrated energy exposure gained via companies with a better record of ESG engagement.

Mastercard – preference for Visa, the other global payment network company with similar exposure to growth trends in the payments space, but which trades on a lower valuation.

AbbVie – patent cliff for leading anti-inflammatory drug creates potential near-term earnings gap.

Note
1) Source: Northern Trust

Summary of Performance - Funds (Net of Fees) Border to Coast Emerging Markets Equity Fund at 30 June 2022

	Inception to Date			Quarter to Date			1 Year			Benchmark
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	
Border to Coast Emerging Markets Equity Fund	3.63	5.97	(2.34)	(2.45)	(2.75)	0.30	(13.28)	(10.78)	(2.50)	EM Equity Fund Benchmark[3]
Border to Coast	(3.07)	0.41	(3.48)	(8.73)	(9.71)	0.99	(6.47)	(3.29)	(3.18)	FTSE Emerging ex China (Net)
FountainCap	(20.27)	(19.12)	(1.16)	8.69	11.33	(2.64)	(25.28)	(21.51)	(3.78)	FTSE China (Net)
UBS	(20.83)	(19.12)	(1.72)	9.70	11.33	(1.63)	(20.88)	(21.51)	0.63	FTSE China (Net)

Page 66

Manager/Strategy	Role in fund	Target	Actual
Border to Coast	Core strategy focused on Emerging Markets ex-China with a tilt towards quality companies.	58%	62%
FountainCap	China specialist with long term, high conviction strategy focused on three megatrends: Innovation Economy, Clean Energy, and Consumption Upgrade.	17%	17%
UBS	China specialist seeking to identify upcoming 'industry leaders' that will benefit from China's structural growth and transition to a services-led economy.	25%	21%

Note

1) Source: Northern Trust & Border to Coast
2) Values do not always sum due to rounding and use of different benchmarks
3) [3]EM Benchmark = S&P EM BMI Net (22-Oct-18 to 9-Apr-21); Fund Return (10-Apr-21 to 28-Apr-21); FTSE EM Net (29-Apr-21 to current)

Border to Coast Emerging Markets Equity Fund - Overview at 30 June 2022

Emerging Markets Equity Fund

Emerging market equities continued to be buffeted by interest rate hiking cycles, increasing recession risk and a strong US Dollar. In more positive news, tough COVID-19 driven lockdowns in China began to ease, lifting sentiment in the region.

In a reversal of trend, commodity sensitive economies such as South Africa and Brazil under-performed materially on recessionary fears and weaker commodity pricing. Taiwan also lagged as the outlook for global trade continued to weaken. The only bright spot, as alluded to, was China. The unwinding of localised (though still of vast scale) lockdowns and the announcement of economic support measures helped restore some optimism – with the market rallying some 10% in GBP terms.

Against this, again, tough backdrop, the Fund out-performed the benchmark by 0.3% but delivered negative absolute returns (minus 2.5%). On a since inception to date basis, however, the Fund is still behind benchmark.

Looking through to the underlying mandates, the internally managed emerging markets ex. China portfolio had a strong relative quarter, out-performing its benchmark by 1%. Key contributors were stock selection in India (ITC and Hero) and South Africa (Naspers), as well as an over-weight to Indonesia, one of the better performing markets during the period.

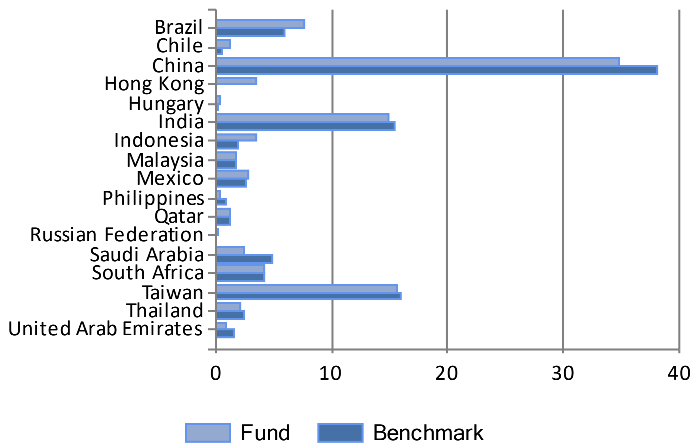
Despite positive absolute returns from China, the Fund's China specialists detracted from performance, with the aggregate allocation 2% behind its benchmark (which was up ~11%). Both FountainCap and UBS struggled in the period, though FountainCap slightly more so. FountainCap's allocation to more cyclically exposed names like SITC (shipping) and Jereh (energy) detracted in a period where global recession fears accelerated. For UBS, strong performance from top position Kweichow Moutai was more than offset by large active weights to China Merchants Bank and Ping An Bank.

As we have discussed before, volatility is likely to persist throughout 2022. We also expect large regional dispersions to continue. Despite many headwinds, we are cautiously optimistic about the long-term prospects for emerging market equities. Our investment philosophy continues to be rooted in long-term thinking and analysis and we believe that our stock and thematic positioning should help turn short-term volatility into opportunities.

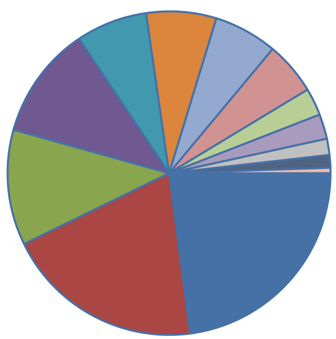
Note
1) Source: Border to Coast

Border to Coast Emerging Markets Equity Fund
at 30 June 2022

Regional Breakdown



Sector Portfolio Breakdown



- Technology 22.9% (22.1%)
- Financials 19.9% (22.0%)
- Consumer Staples 11.6% (6.4%)
- Consumer Discretionary 11.3% (14.3%)
- Industrials 7.1% (7.3%)
- Energy 7.0% (6.3%)
- Basic Materials 6.4% (7.2%)
- Health Care 5.3% (3.9%)
- Cash & Synthetic Cash 2.7% (0.0%)
- Telecommunications 2.5% (4.4%)
- Real Estate 1.6% (2.7%)
- Common Funds 1.2% (0.0%)
- Utilities 0.5% (3.3%)

Note
1) Source: Northern Trust

Emerging Markets Equity Fund

The Border to Coast Emerging Markets Equity Fund aims to provide a total return (income and capital) which outperforms the total return of the FTSE Emerging Markets benchmark by at least 1.5% per annum over rolling 3 year periods (before calculation of the management fee).

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

Sector Weights:

Consumer Staples (+) – the rapidly growing Emerging Market middle class population is expected to lead to an increase in the consumption of staple goods over the long-term. The Fund is over-weight a number of stocks (particularly in China) that are well positioned to benefit from such a tailwind.

Health Care (+) – demographic trends (aging EM populations), increasing prosperity and perhaps even medical tourism are expected to drive medical spending higher (both personal and governmental) in Emerging Markets. The Fund is exposed to a diverse set of innovative businesses in this sector.

Common Funds (+) – the aggregate ETF/Investment Trust exposure within the Fund, used to express country positioning in the internally managed Emerging Markets ex. China sleeve.

Consumer Discretionary (-) – the Fund's under-weight to this sector is primarily driven by the material under-weight to Alibaba and other online marketplaces in China (such as JD.com and Pinduoduo). The Fund also has limited exposure to the Chinese EV sub-sector (which is now a relatively sizeable portion of the sector).

Financials (-) – the Fund maintains a broad exposure to a number of sub-sectors that fall under the broader Financials heading (for example, insurance, exchanges and banking). The under-weight position is driven primarily by an under-weight exposure to banks, particularly state-owned banks in China which are large index constituents.

Utilities (-) – the Fund is under-weighted to this highly regulated sector. Concerns over long-term sustainability of businesses and risk of regulatory interference warrants an under-weight position.

Border to Coast Emerging Markets Equity Fund Attribution at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Kweichow Moutai	3.40	23.26	0.44	23.31	0.64	Consumer Staples	China
Netease	2.38	11.33	0.45	8.73	0.24	Consumer Discretionary	China
Hong Kong Exchanges & Clearing	1.22	12.51	0.00	0.00	0.17	Financials	Hong Kong
Hengli Hydraulic	0.77	23.23	0.01	23.23	0.16	Industrials	China
ITC	1.06	15.60	0.17	15.40	0.14	Consumer Staples	India
LONGi Green Energy	0.60	33.02	0.09	33.04	0.14	Technology	China
Naspers	0.96	37.59	0.50	37.59	0.13	Technology	South Africa
MTN	0.00	0.00	0.24	(32.80)	0.11	Telecommunications	South Africa
United Tractors	0.60	18.78	0.05	19.09	0.11	Industrials	Indonesia
Hero MotoCorp	0.55	23.92	0.07	23.32	0.10	Consumer Discretionary	India

Note
1) Source: Northern Trust & Border to Coast
2) Past performance is not an indication of future performance and the value of investments can fall as well as rise

Border to Coast Emerging Markets Equity Fund Attribution Continued at 30 June 2022

Positive Issue Level Impacts

Kweichow Moutai (o/w) – a leading Chinese baijiu (liquor) producer. After a weak first quarter of 2022, the share price steadily recovered as the firm announced positive earnings and China began to emerge from strict lockdowns (i.e. social re-opening). The firm also announced a move into the potentially lucrative (younger audience) ice cream market. Moutai is the Fund's largest active weight (+3%).

Netease (o/w) – a leading internet technology company that develops and operates online games, electronic commerce, and internet media. The share price moved gradually higher (in GBP terms) in a period in which NetEase reported earnings that came in ahead of consensus; demonstrating defensiveness against the ongoing macro uncertainty. NetEase is another of the Fund's largest active weights (+2%).

Hong Kong Exchanges & Clearing (o/w) – one of the world's major exchange groups operating a range of equity, commodity, fixed income and currency markets. The share price recovered a meaningful amount of Q1 2022's losses in the period but is still in the red year-to-date. New products and the re-opening on the economy (attracting inflows) helped lift investor sentiment late in the period.

Hengli Hydraulic (o/w) – a Chinese manufacturer of hydraulic components and systems for use in industrial equipment (such as excavators, presses and cranes). Despite weak earnings and concerns over decelerating growth, the share price rallied over the period, reversing a recent trend. Investors were seemingly encouraged by the prospects of stimulus measures and future infrastructure spending.

ITC (o/w) – an Indian conglomerate with businesses operating across tobacco, agriculture, food, personal care products and hotels. Recent results showed demand recovering across the majority of underlying businesses as India re-opened after the pandemic. The main concern remains their ability to pass though price increases against an inflationary backdrop, however, they have a history of navigating India's many historic inflationary spikes well.

LONGi Green Energy (o/w) – manufactures solar energy modules. Despite an earnings miss on rising costs, the share price performed well over the quarter as the People's Bank of China announced it would boost support for major wind and solar projects. A similar announcement from the EU a week or so later continued to buoy global renewables names.

Naspers (o/w) – operates in the technology industry by investing in global internet companies worldwide. At their most recent results, management announced a strategy to reduce their discount to net asset value that had continued to expand following their re-organisation and the listing of Prosus in the Netherlands.

MTN (u/w) – a South African multinational telecommunications group, with exposure in Africa and the Middle East. The stock sold-off during the period in line with the broader South African market; exacerbated by a high starting valuation. The Fund has no exposure to MTN Group, and this contributed to performance.

Note
1) Source: Northern Trust & Border to Coast
2) Past performance is not an indication of future performance and the value of investments can fall as well as rise

Border to Coast Emerging Markets Equity Fund Attribution Continued
at 30 June 2022

Positive Issue Level Impacts

United Tractors (o/w) – distributes and leases construction machinery. The company also offers contract mining services along with the assembly of heavy equipment. The stock had a good quarter as demand for heavy equipment in Indonesia remains supported by the high coal price.

Hero MotoCorp (o/w) – designs, manufactures and distributes motorcycles including motorcycle parts and accessories. The stock rebounded from the previous quarter as the company saw a recovery in demand as India re-opened post-COVID. The firm's strong product launch schedule has the potential to further support profitability as they attempt to launch higher margin premium products.

Note
1) Source: Northern Trust & Border to Coast
2) Past performance is not an indication of future performance and the value of investments can fall as well as rise

Border to Coast Emerging Markets Equity Fund Attribution at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Grupo Mexico	1.07	(23.61)	0.21	(24.01)	(0.24)	Basic Materials	Mexico
BYD	0.00	0.00	0.54	51.46	(0.19)	Consumer Discretionary	China
iShares South Africa ETF	1.24	(15.77)	0.00	0.00	(0.19)	Common Stock Funds	South Africa
B3	0.68	(30.45)	0.21	(30.52)	(0.19)	Financials	Brazil
Alibaba	1.24	12.83	3.50	8.01	(0.18)	Consumer Discretionary	China
Itau Unibanco	1.21	(18.54)	0.34	(18.59)	(0.17)	Financials	Brazil
Sao Martinho	0.34	0.00	0.02	(18.72)	(0.16)	Consumer Staples	Brazil
Pinduoduo	0.00	0.00	0.37	67.04	(0.16)	Consumer Discretionary	China
Fubon Financial	0.88	(17.97)	0.23	(18.34)	(0.12)	Financials	Taiwan
Taiwan Semiconductor	7.14	(16.13)	6.27	(16.35)	(0.12)	Technology	Taiwan

Note
1) Source: Northern Trust & Border to Coast
2) Past performance is not an indication of future performance and the value of investments can fall as well as rise

Border to Coast Emerging Markets Equity Fund Attribution Continued at 30 June 2022

Negative Issue Level Impacts

Grupo Mexico (o/w) – the Mexican majority owner of Southern Copper performed poorly in Q2 2022, after a strong first quarter of the year. Concerns over a potential global recession saw a correction of over 20% in the copper price. In addition, new regulatory probes further weakened investor sentiment.

BYD (u/w) – Chinese EV manufacturer (which sold more vehicles globally than Tesla in the first six months of the year). The shares rallied hard in the quarter as strong operating results (vehicle sales) and economic support measures (tax reductions and subsidies on EVs) buoyed investor confidence. The Fund has no exposure to BYD and therefore this was a detractor.

iShares South Africa ETF (o/w) – falling commodity prices, increasing global recession fears and a weaker Rand all contributed to poor performance for the South African market over the quarter.

B3 (o/w) – the Brazilian stock exchange operator struggled over the quarter as transaction volumes and market levels in Brazil fell. Charging a percentage fee means that the firm's revenue base is vulnerable to such market corrections and as such the share price can be highly correlated over the short-term to market levels.

Alibaba (u/w) – the Chinese e-commerce and payments giant has had a tough time of late, with the firm's share price falling more than 60% from late 2020 highs. Investor sentiment was arguably at all time lows coming into the quarter and the delivery of materially better than expected results caused a rally in the share price.

Itaú Unibanco (o/w) – one of the leading banks within Brazil performed poorly over the quarter, however, this was more to do with the overall weakness in the Brazilian market. With the general election approaching, concerns over a global recession, and a correction in commodities, Brazilian equities have been particularly vulnerable. Itaú, as one of the best run Brazilian banks, with a leading deposit franchise and a strong capital base out-performed the local market.

Sao Martinho (o/w) – the Brazilian sugar and ethanol producer performed poorly over the quarter. The price it achieves on ethanol sales is closely linked to that of gasoline. Ongoing attempts to force Petrobras, the Brazilian state oil company, to lower gasoline prices has weighed on investors' confidence that Sao Martinho can continue to capture such attractive prices for their product. Recent cane harvest data has also suggested that this could be another year of low yields due to inclement weather conditions; further undermining confidence in the sector.

Pinduoduo (u/w) – operates an e-commerce platform favoured among the lower-tiered cities in China as well as the countryside. Like with Alibaba, PDD's share price collapsed over 2021 with investors more cautious on the stock's outlook. Strong results in the period as well as positive re-opening and economic support announcements resulted in a strong rally in the share price. The Fund has no exposure to PDD and therefore this was a detractor.

Fubon Financial (o/w) – Fubon is a leading Taiwanese insurance and banking conglomerate. As one of the largest insurance companies in Taiwan, the surge in COVID-19 cases in May 2022 represented a potential risk to Fubon due to related insurance policy claims. Investors were quick to react with both Fubon and Cathay correcting significantly during May.

Note
1) Source: Northern Trust & Border to Coast
2) Past performance is not an indication of future performance and the value of investments can fall as well as rise

Border to Coast Emerging Markets Equity Fund Attribution Continued at 30 June 2022

Negative Issue Level Impacts

Taiwan Semiconductor (o/w) – TSMC's revenue has continued to grow at over 40% year-to-date, however, evidence suggesting inventory levels may be increasing has started to undermine investor confidence in the stock's outlook. There is growing evidence that demand for smartphones, consumer electronics and notebooks is softening despite automotive, hyperscale infrastructure and corporate demand continuing to remain relatively robust.

Note
1) Source: Northern Trust & Border to Coast
2) Past performance is not an indication of future performance and the value of investments can fall as well as rise

Border to Coast Emerging Markets Equity Fund at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Kweichow Moutai	+2.96
Netease	+1.93
iShares South Africa ETF	+1.24
Petrobas	+1.22
Hong Kong Exchanges & Clearing	+1.22
Alibaba	-2.26
China Construction Bank	-1.02
ICBC	-0.76
Tencent	-0.72
Baidu	-0.69

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Kweichow Moutai – a leading Chinese baijiu (liquor) producer with strong brand presence and scale. The business is well positioned to benefit from the consumption upgrade story in mainland China.

Netease – a Chinese internet technology company that primarily develops and operates online PC and mobile games and content. Despite some headwinds in its domestic market, growing success on the international stage (in particular Japan) along with a strong pipeline of games, including a new metaverse gaming platform, should bode well for sales and profit growth.

iShare South Africa ETF – provides exposure to a basket of South African businesses. Overall, the Fund is broadly neutral vs. the benchmark in respect of South African stocks.

Petrobras – the state-owned Brazilian oil and gas company. Despite increasing political pressure to help manage the rising cost of gasoline and diesel, Petrobras continues to benefit from a high oil price which should underpin its strong cashflow generation and generous dividend payments.

Hong Kong Exchanges & Clearing – operates a range of equity, commodity, fixed income and currency markets through its range of subsidiaries. The firm is a key conduit of capital flows to/from China and should benefit from increasing Northbound (foreign investment into China) and Southbound (Chinese investors accessing global markets) volumes over time.

Bottom 5 Holdings Relative to Benchmark:

Alibaba – a Chinese multinational technology company, best known for e-commerce and online payment platforms. The stock is a material proportion of the benchmark, and whilst the Fund does hold some exposure, there are deemed to be better opportunities elsewhere.

China Construction Bank – one of the "big four" banks in China, offering services to millions of personal and corporate customers. The Fund maintains a structural under-weight to Chinese State-Owned Enterprises, many of which are within the banking and finance sector.

ICBC – the world's largest bank providing a multitude of services to corporate customers and individuals. The Fund maintains a structural under-weight to Chinese State-Owned Enterprises, many of which are within the banking and finance sector.

Tencent – a Chinese technology conglomerate with numerous business units – for example, mobile messaging (WeChat) and video games. The stock is a material proportion of the benchmark, and whilst the Fund does hold some exposure, there are deemed to be better opportunities elsewhere.

Baidu – operates a Chinese internet search engine (think Google in China). The Chinese internet sector continues to remain under pressure (from regulation) and, for Baidu in particular, a slow recovery in advertising revenue could constrain any upside from other business units (e.g. autonomous driving).

Major Transactions During the Quarter

Purchases:

Sao Martinho (£5m) – the largest and most efficient Brazilian sugar and ethanol producer was added to the portfolio in June 2022. The company is set to benefit from both high sugar and ethanol prices, as well as hidden assets such as its carbon credits and land portfolio that is gradually being re-zoned for development.

Sales:

Largan Precision (£4m) – Is a supplier of handset lenses and camera modules. The position was exited in early May 2022 as it started to become apparent that high-end Android smartphone demand was softening. With its profitability concentrated in higher end lens, signs that Android smartphone manufacturers were downgrading the specification of their phones to make them more affordable had the potential to undermine the firm's profitability dramatically.

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Tesla	0.00	0.71	0.24
Dollar General	0.44	0.07	0.09
Eli Lilly	0.62	0.32	0.08
Merck	0.58	0.29	0.07
UnitedHealth Group	0.97	0.60	0.06

Tesla (u/w) – impacted by multiple headwinds including input cost pressure, consumer slowdown, China lockdowns and market wide valuation multiple compression of growth names.

Dollar General (o/w) – benefiting from consumers trading down in a tough retail environment and better operational execution than retail sector peers recently.

Eli Lilly (o/w) – defensively positioned and also benefited from encouraging trial results for a pipeline treatment for obesity.

Merck (o/w) – revenue guidance increased for the company's HPV ("human papillomavirus") vaccine, and strong sales for its leading oncology drug as well as approval for new indications.

UnitedHealth Group (o/w) – favoured by the market for its defensive qualities, quarterly results showed a reduction in the medical loss ratio, and the outlook for US mid-term elections point to reduced potential for pricing controls.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NVIDIA Corporation	0.75	0.48	(0.15)
Exxon Mobil	0.00	0.45	(0.09)
Alphabet A	1.95	0.82	(0.07)
Amazon	1.46	1.17	(0.07)
AT&T	0.00	0.19	(0.05)

NVIDIA Corporation (o/w) – valuation impacted by concerns around the semiconductor cycle and broad-based multiple compression of growth names.

Exxon Mobil (u/w) – benefited from higher energy prices driven by increased demand and supply disruption as a result of the Russia/Ukraine conflict.

Alphabet A (o/w) – quarterly revenues modestly under-performed analyst expectations but gave rise to concerns that digital advertising spend may be slowing and YouTube is losing out to rival TikTok.

Amazon (o/w) – warning from the company that they have recently overextended the company's logistics build out compounding what was already a tough quarter for retail stocks.

AT&T (u/w) – modest valuation and high dividend yield saw the shares hold up relatively well, and recent disposals left the market less concerned about balance sheet risk.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States
at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.71
Alphabet A	+1.13
Visa Inc	+0.51
Microsoft	+0.50
Dollar General	+0.37
Alphabet C	-0.76
Tesla	-0.71
Exxon Mobil	-0.45
Mastercard	-0.34
AbbVie	-0.34

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

Alphabet A – parent company of Google: zero weight in the C shares nets out to a moderate over-weight position overall. Recent derating of the shares affords exposure to high margin digital advertising revenues at a modest valuation.

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

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

Dollar General – well managed discount retailer operating in locations away from big box competition.

Bottom 5 Holdings Relative to Benchmark:

Alphabet C – exposure in A shares aggregate to a moderate over-weight exposure to Alphabet overall.

Tesla – high valuation requires support from as yet unproven revenue streams from autonomous driving and/or shared mobility.

Exxon Mobil – integrated energy exposure gained via companies with a better record of ESG engagement.

Mastercard – preference for Visa, the other global payment network company with similar exposure to growth trends in the payments space, but which trades on a lower valuation.

AbbVie – patent cliff for leading anti-inflammatory drug creates potential near-term earnings gap.

Major transactions during the Quarter

Purchases:

Fidelity National Information Services (£7.4m) – competitive threat from new entrant payment fintech companies moderating, and core banking service business typically operates on “inflation plus” contracts providing an element of revenue protection in an inflationary environment.

Sales:

Vanguard Small Cap Value ETF (£30.5m) – completed disposal of holding as higher exposure to leveraged and often loss-making companies makes it vulnerable in a slowing economic environment.

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
TotalEnergies	1.05	0.57	0.10
Novo Nordisk	1.40	0.78	0.09
Sanofi	0.74	0.49	0.05
ING	0.46	0.17	0.05
Deutsche Telekom	0.48	0.30	0.05

TotalEnergies (o/w) – benefited from higher energy prices driven by increased demand and supply disruption as a result of the Russia/Ukraine conflict.

Novo Nordisk (o/w) – experiencing strong revenue and earnings growth from new diabetes and obesity treatments.

Sanofi (o/w) – analyst expectations regarding product pipeline are improving, received European approval of a children's asthma drug, and completed the successful spin-off of their drugs ingredients business, EuroAPI.

ING (o/w) – one of the top-quality banks in Europe and should benefit from the normalisation of interest rates.

Deutsche Telekom (o/w) – strong results with increasing revenue and earnings growth and the potential to extract increased value from a sale of its telecom towers business, an area that is experiencing increased attention from infrastructure investors.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Prosus	0.00	0.26	(0.08)
ASML	1.15	0.82	(0.06)
Schneider Electric	0.58	0.28	(0.06)
Siemens	0.61	0.34	(0.04)
Infineon Technologies	0.28	0.14	(0.03)

Prosus (u/w) – recent positive results and the plan to reduce their exposure to its largest holding, Tencent was received well by the market.

ASML (o/w) – impacted by production disruption as a result of a factory fire as well as general investor rotation away from highly valued growth stocks.

Schneider Electric (o/w) – under-performed on the back of recession talks and divestment of its local Russian business.

Siemens (o/w) – adversely impacted by the Russia/Ukraine conflict as well as a profit warning from wind turbine subsidiary, Siemens Gamesa.

Infineon Technologies (o/w) – under-performed as sentiment towards higher valuation companies has deteriorated as interest rates have started to rise.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.62
TotalEnergies	+0.48
AXA	+0.34
ASML	+0.33
Air Liquide	+0.32
Zurich Insurance Group	-0.29
Prosus	-0.26
Mercedes-Benz	-0.22
Banco Santander	-0.21
EssilorLuxottica	-0.20

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Novo Nordisk – strong market position in diabetes treatments with extension of products into obesity.

TotalEnergies – shifting away from its core oil business and is now the second largest player in LNG as well as seeking to diversify further into green energy.

AXA – attractive valuation, trading at a significant discount to key peers such as Allianz and Zurich, despite having an increasingly similar business mix

ASML – strong demand expected due to economic recovery, ongoing microchip shortages, and increasing trend for companies and governments to reduce their reliance on imported microchips.

Air Liquide – defensive player in the cyclical chemical sector due to a large proportion of "take or pay" contracts which should protect revenues in an economic downturn.

Bottom 5 Holdings Relative to Benchmark:

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

Prosus – concerns over concentrated exposure in its largest investment, Tencent (Chinese technology company) and a management team that is not always considered to be aligned with shareholders.

Mercedes-Benz – concerns that margins are peaking and valuation is high relative to peers leaving less room for disappointment.

Banco Santander – considered to be one of the weakest banks in the sector with concern over its future.

EssilorLuxottica – high valuation and although previous governance concerns have been resolved there is integration risk around its last major acquisition.

Major transactions during the Quarter

Purchases:

Novo Nordisk (£10.0m) – expectations of growth driven by new diabetes and obesity products as well as extension of existing products into new treatments including Alzheimer's.

Sales:

Banco Santander (£4.0m) – completed disposal as the company is considered to be lower quality than its European peers.

Border To Coast Overseas Developed Markets Equity Fund - Japan at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
MatsukiyoCocokara	0.12	0.01	0.03
Subaru	0.13	0.03	0.02
INPEX	0.20	0.03	0.02
Mitsubishi Estate	0.22	0.05	0.02
Takeda Pharmaceutical	0.27	0.12	0.02

MatsukiyoCocokara (o/w) – drug store chain operator that has been supported in the recent market shift to more defensive names, as well as potential growth and synergies from the Cocokara acquisition.

Subaru (o/w) – bouncing back from a poor quarter, the company has benefited from good production figures, as it is not reliant on China for components, and Yen weakness.

INPEX (o/w) – energy producer with a strong position in LNG benefited from higher energy prices as a result of strong demand and supply disruption as a result of the Russia/Ukraine conflict.

Mitsubishi Estate (o/w) – property names out-performing on defensive qualities as global inflation rises and economies recover from Covid-induced weakness, with property rents holding up better than expected.

Takeda Pharmaceutical (o/w) – continued to recover following share price weakness in late 2021 with better than expected results driven by strong revenue growth.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan
at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Tokyo Electron	0.32	0.14	(0.06)
Daiichi Sankyo	0.00	0.14	(0.04)
Ballie Gifford Shin Nippon	0.25	0.00	(0.04)
Shin-Etsu Chemical	0.31	0.13	(0.03)
ZOZO	0.09	0.01	(0.02)

Tokyo Electron (o/w) – manufacturer of semiconductor manufacturing machines impacted by the recent market aversion to growth and technology themes, combined with expectations of falling microchip demand.

Daiichi Sankyo (u/w) – a strong quarter from this volatile pharmaceutical company on positive news regarding trials of its breast cancer drug, Enhertu (developed jointly with AstraZeneca).

Baillie Gifford Shin Nippon (o/w) – impacted by a weak Yen and under-performance of smaller growth companies.

Shin-Etsu Chemical (o/w) – market pricing in downside risks to US PVC spreads owing to concerns about stagflation, and concerns that demand for semiconductor wafers has peaked.

ZOZO (o/w) – results missed estimates and forecast operating profit growth was weaker than analysts had expected due to cost increases as the company prepares the foundations for future growth.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.25
Hitachi	+0.21
Shin-Etsu Chemical	+0.19
Tokyo Electron	+0.18
Oji Holdings	+0.18
Daiichi Sankyo	-0.14
Honda Motor	-0.12
Mitsui & Co	-0.10
NTT	-0.10
SoftBank	-0.09

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Ballie Gifford Shin Nippon – a smaller companies fund, focussed on growth stocks, with strong long-term relative performance.

Hitachi – the benefits from restructuring will soon become apparent as Hitachi enters a new growth phase, with a strong balance sheet supporting increased returns for shareholders.

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

Tokyo Electron – Good growth prospects, strong balance sheet and potential for increased shareholder returns.

Oji Holdings – pulp and paper manufacturer has not yet been recognised by the market for its significant forest resources.

Bottom 5 Holdings Relative to Benchmark:

Daiichi Sankyo – preference for other names in the health care sector due to the significant volatility of this pharmaceutical stock.

Honda Motor – preference for Toyota – electric vehicle ("EV") strategy and growth prospects, and Subaru – prospects from collaboration with Toyota, US sales resilience, and possibility of Toyota increasing stake.

Mitsui & Co – slight preference for other general trading companies, Itochu and Mitsubishi Corp.

NTT – preference for KDDI as a purer play in the mobile and broadband sector.

Softbank – we hold the parent Softbank Group and prefer KDDI to give direct exposure in the telecoms sector.

Major transactions during the Quarter

Purchases:

Recruit (£13.9m) – new holding in this recruitment company which demonstrates long-term quality growth at an attractive valuation and benefits from tighter labour markets, particularly in the US and Japan.

Sales:

Yamato (£5.3m) – full disposal of this delivery company as it was difficult to see any catalysts to rerate as shoppers gradually resume in-store shopping, as well as margins being impacted as fuel prices increase.

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 30 June 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
AIA Group	1.21	0.96	0.05
Hong Kong Exchanges & Clearing	0.68	0.46	0.04
Amcor	0.30	0.14	0.04
Kakao	0.00	0.12	0.04
Bank of China (Hong Kong)	0.27	0.10	0.03

AIA Group (o/w) – Hong Kong listed stocks staged a recovery in the quarter on gradually easing Covid restrictions and normalisation of economicactivity whilst AIA also benefited from expectations of sequential recovery in its business trends in coming quarters.

Hong Kong Exchanges & Clearing (o/w) – recovered almost all the under-performance of the previous quarter with new initiatives such as the start of MSCI derivatives holiday trading and announcement of ETF inclusion in the stock connect with China.

Amcor (o/w) – out-performed with quarterly results ahead of expectations with pass-through of rising input costs highlighting its stable growth and defensive characteristics.

Kakao (u/w) – under-performed on concerns relating to the deteriorating environment for its advertisement, e-commerce and internet related services as a result of slowing economic growth.

Bank of China (Hong Kong) (o/w) – continued to enjoy strong momentum on rising interest rates and its strong domestic franchise.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 30 June 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Techtronic Industries	0.32	0.10	(0.05)
NAVER	0.37	0.19	(0.04)
Samsung Electronics	1.98	1.52	(0.04)
Goodman	0.33	0.16	(0.03)
SK Hynix	0.45	0.28	(0.03)

Techtronic Industries (o/w) – concerns regarding deteriorating demand trends in the US on the back of rising inflation and interest rates.

NAVER (o/w) – in a similar position to Kakao (above) the company under-performed on concerns relating to the deteriorating environment for its advertisement and e-commerce businesses as a result of slowing economic growth.

Samsung Electronics (o/w) – under-performed due to the potential impact of slowing economic growth on demand for its memory chips and consumer electronic products.

Goodman (o/w) – expectations of slowing demand due to rising interest rates and Amazon's comments on overexpansion of its logistics facilities.

SK Hynix (o/w) – in similar fashion to Samsung Electronics, the company was impacted due to uncertainty over demand and pricing for memory chips.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 30 June 2022

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.46
AIA Group	+0.25
Hong Kong Exchanges & Clearing	+0.22
Techtronic Industries	+0.22
Samsung SDI	+0.20
Samsung Electronics Prefs	-0.24
UOB	-0.18
Kakao	-0.12
Kia	-0.11
Celltrion	-0.11

Note
1) Source: Northern Trust

<u>Top 5 Holdings Relative to Benchmark:</u>

Samsung Electronics – exposed to structural growth in the memory chip market; the group also has a diversified earnings stream and large shareholder return potential.

AIA Group – best-in-class provider of insurance and financial services with a strong distribution franchise in Asia Pacific and sizeable potential for growth in the underpenetrated Life Insurance market in China.

Hong Kong Exchanges & Clearing – largest listed exchange company in Asia Pacific enjoying a monopolistic market position in Hong Kong whilst at the forefront of connecting China to the financial world.

Techtronic Industries – the group's technology leading focus on cordless power tools market should lead to improving margins and market share as global penetration continues rising.

Samsung SDI – one of the global market leaders in terms of the development of EV batteries with attractive competitive position in premium EV battery cells and small-size batteries.

<u>Bottom 5 Holdings Relative to Benchmark:</u>

Samsung Electronics Prefs – the portfolio is over-weight Samsung Electronics overall via the more liquid Ordinary shares.

UOB – preference for other Singaporean banks with stronger capital positions.

Kakao – Korean internet company with fintech, e-commerce and entertainment businesses; the Fund has a preference for NAVER.

Kia – preference for Hyundai Motor and Hyundai Mobis in the Korean autos sector .

Celltrion – position was exited in early 2022 as reports of accounting regularities emerged as well as concerns over the deteriorating competitive dynamics in the biosimilars space in pharmaceuticals.

<u>Major transactions during the Quarter</u>

Purchase:

Santos (£11.6m) – provides diversification in the energy sector, the company has a superior production growth profile relative to peers and ample scope for improved shareholders' returns.

Sales:

Woodside Energy Group (£5.3m) – switched into Santos to diversify energy sector exposure.

Market Background at 30 June 2022

The Russian invasion of Ukraine has continued unabated through the second quarter. There has been more limited impact on market behaviour as time has passed, with the impact on commodity supply being of most concern. These developments have largely conformed with expectations – that of ongoing tightness in energy markets resulting in higher prices despite political attempts to boost alternative supplies and plan demand mitigation responses. In a related development, inflation has reasserted itself as the dominant factor confronting markets reaching levels which have not been seen for decades. Central bank postures have become markedly more hawkish as they attempt to convince the markets that they will get the inflation genie back in the bottle. The means by which they do so will seemingly have material, negative consequences for the global economy and financial markets.

Equity markets have suffered as investor confidence has evaporated in the face of an increasingly bleak outlook. The extent to which weakness in the second quarter has been a belated recognition of the far-reaching consequences of the Russian invasion of Ukraine, or a typical market reaction to the re-emergence of a cyclical economic threat to the global economy, is a moot point. The overall effect has been profound, with many indices in bear market territory after a torrid second quarter.

In aggregate, global equity markets (MSCI indices) fell nearly 10% in sterling terms during the quarter. In a reversal of the first quarter developed markets (-10.0%) under-performed emerging markets (-5.4%) as China rose in anticipation of the easing of Covid lockdown restrictions. The UK market proved relatively resilient during the quarter, as did Japan while the US and Europe ex-UK were the weakest markets.

At a sector level, the evidence in support of the broader market move being driven by one set of circumstances or the other was inconclusive. Consumer Staples, Utilities, and Healthcare – all classic defensive sectors one would expect to out-perform through a cyclical downturn – proved safe havens and acted as almost perfect protectors of investors' capital with the worst of the 3 – Utilities – falling around 1%. Energy was the best performing sector though, rising 1.5% during the quarter and reflecting the change in the outlook for the sector precipitated by the invasion of Ukraine. Up to the middle of June the gains were more impressive with the sector up over 20% before concerns over potential demand softness triggered by a global recession caused some weakness in commodity prices. Industrials performed in-line with broader markets, somewhat surprisingly given they are typically considered highly levered to economic cycles, while Technology fared poorly as lofty valuations were pressured by higher interest rates and a feeling that expectations may need to be adjusted lower. Materials stocks were initial beneficiaries of supply chain disruptions brought about by the invasion of Ukraine, but as time has passed commodity prices outside of the energy space have begun to recede. The worst affected sector was Consumer Discretionary due to concerns that higher inflation will pressure margins and erode consumer spending power with consumer confidence indicators deteriorating rapidly.

Inflation was front and centre of investors' minds as we entered 2022 and was already higher than expected before the Ukraine conflict impacted commodity prices. As 2022 has progressed it has become clear that inflation is likely to be higher for longer than central banks and most investors had been anticipating only 6 months ago. Central banks seem intent on erasing their earlier missteps by raising interest rates aggressively and maintaining hawkish rhetoric and guidance. This could result in another policy error which may result in a deep recession which both they (with interest rates still low by historic standards) and governments (with sizeable budget deficits and substantial debt burdens) would lack the tools to counter. Markets are thus confronted with the uncomfortable position of not only having to determine the extent to which current inflationary pressures are already easing or not, but also answer the question as to whether central banks are capable of making the right decisions in correctly assessing conditions in a timely fashion and act with the requisite foresight? Or in their desire to prove their inflation busting mettle will they plunge the economy into a deep recession rather than a soft landing?

Note
1) Source: Border to Coast

Market Background
at 30 June 2022

Commodity prices fell considerably towards the end of the quarter. The exception to this is in the energy space, where gas prices in Europe show clear signs of moving higher. However, pressure on inflation from commodity prices looks to be moderating at least. In addition, the supply chain disruptions that created extremely tight supply side dynamics as the global economy recovered from Covid disruptions also seem to have eased with inventories in the US above the levels that prevailed prior to Covid. This is also reflective of efforts to add some robustness to business models through carrying increased inventory to better position companies to manage disruptions, but which would have added to demand during a period of tight supply further putting upward pressure on prices. With demand now weakening, there is the possibility that some of this increased inventory may morph into excess inventory (as has been noted by one or two of the major US retailers) and the same process unwinds putting some downward pressure on prices. Even without de-stocking, there are signs that softening demand will reduce inflationary pressures.

The counter argument, that inflation has not peaked and may become entrenched, would largely centre on wage inflation which is showing signs of strength. Labour markets remain very tight despite weakening economic growth, with unemployment rates low and vacancy rates high. In light of this, workers are increasingly demanding, and getting, wage increases that are meaningfully higher than has been the case for many years. Union leaders recognise they have a window of opportunity and are trying to capitalise on it to secure better terms for their members. This is particularly evident in the transport sector, not only in the UK but across Europe, and is also emerging in other sectors too. Norway narrowly avoided industrial action by its gas workers in early July, averting significant regional disruption given Norwegian gas production is one of the alternatives to curtailed Russian supply. Although workforce participation rates below pre-Covid levels suggest that there is more slack in the system than the headline figures suggest, there seems to be few politicians with the political strength and conviction to address this, leaving the task of balancing labour supply and demand to central banks.

As the conflict in Ukraine continues, Putin is increasingly usingenergy policy as a political tool with which to extract a greater price from those opposing his invasion. As we move into winter, the issue could become critical and the economic impact on Germany, and Europe more broadly, could be profound. Gas inventories and supply levels will be extremely important and politicians, industrialists and the broader public will be devoting an unusual amount of time to watching the weather forecasts. Beyond this winter, the process of reconfiguring global supply chains, securing critical production inputs, and reducing reliance on Russia is likely to be a multi-year process. This will continue to impose a cost in terms of higher pricing and residual inefficiencies for some time.

In the face of these risks, it is natural that valuations of equity markets move lower. By many measures they now incorporate the risk of a mild recession. Further adjustment will be necessary though if a recession proves deeper. The comfort is that both consumer and corporate balance sheets are in a healthy state, over-inflated property markets are confined to a few smaller economies such as Canada, and the global banking system is seemingly well-capitalised. However, high levels of government debt, inflated central bank balance sheets, and weak political incumbents in most of the Western democracies may act as headwinds.

The global economy is at a juncture which presents multiple risks for investors, with the odds of a favourable soft-landing outcome further weakened by central banks intent upon proving their inflation-fighting credentials and the potential for further geopolitical events to add even more volatility to the mix. In this context, and even in light of the weakness in equity markets and thus incorporation of a degree of these concerns into investor expectations, it remains more likely that equity markets will move lower than higher over the remainder of the year. Careful stock selection, and conservative positioning, thus seems appropriate.

Note
1) Source: Border to Coast

Border to Coast News

People:

- Following Jamie Roberts' departure from CRM, we are pleased to announce that Dave Knight will be joining the team as his replacement from mid-August. Dave joins from an investment consulting background.

Investment Funds:

- The launch of a £1bn Emerging Markets Equity Alpha fund in 2023 will give Partner Funds further opportunity to access emerging market economies, complementing our existing hybrid Emerging Markets Equity fund. We will be awarding up to two Emerging Market ex-China mandates, to sit alongside our existing China specialist managers. Responsible investment (integration of ESG and stewardship) will be central to manager selection.
- The restructure of the UK Listed Equity Alpha Fund is now complete, with the addition of Lindsell Train and Redwheel, who join Baillie Gifford and Janus Henderson in this multi-manager fund. The change is designed to provide greater downside protection and to better balance risks across mandates. Further developing the fund's environmental, social and governance (ESG) and carbon credentials was a key consideration when assessing the managers.

Responsible Investment:

- As a responsible investor and representative of our Partner Funds, Border to Coast use the strength of our collective voice to influence real world change. As such we supported a shareholder resolution at the Credit Suisse AGM calling for tangible steps to ensure its climate change disclosures and targets cover all capital market activity and meet a timeline consistent with the Paris agreement. Nearly a quarter of shareholders supported it and it is the first climate resolution to be voted on at a Swiss company. While it didn't pass on this occasion, we believe it sent a strong message.
- Climate change is a global issue, and needs joined up global action. It's for this reason that we've joined with a collaboration of UK pension funds, representing £400bn in assets, to look at how we can support the climate transition in emerging markets. This aimsto understand how we can best work with emerging market companies on their readiness for the transition to a low carbon economy, and to consider the investment opportunities to support the transition.
- In this peak voting season, we have seen a record number of shareholder proposals on ESG issues, with climate change topping the list. To the end of May we had voted against 13 companies' climate transition plans, against the Chair or the Accounts for a further 14 companies where they are rated zero or level one by the Transition Pathway Initiative or failed the first four indicators of the Climate Action 100+ net zero indicators. We have also voted against the Chair or other director at 26 UK companies where gender and ethnic diversity recommendations have not been met.

Other News:

- The Government has announced its new legislative programme which includes several Bills that may be of interest to the LGPS—including Levelling Up; Boycotts, Divestment and Sanctions; and the UK Infrastructure Bank. We'll continue to monitor and discuss our potential response to these issues with our Partner Funds as more information on these Bills becomes available.
- The PLSA held its first in-person LGPS Conference since 2019 this month. Daniel Loughney, one of our fixed income portfolio managers, spoke on his reflections on the future of the sustainable bond market and the effect of the International Capital Market Association's green bond principles. We are currently working with Partner Fund Officers to consider how we can best provide access to this important development in capital markets.
- We have refurbished and donated 36 laptops to three schools in Durham, South Shields and Luton. These laptops will support children's learning via access to resources online, while supporting the development of their skills in an increasingly digital world. The laptops have been repurposed with the support of Razorblue, our IT provider.

Disclosures

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

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Quarterly Investment Report - 80237

For the Period 01 Apr 2022 to 30 Jun 2022

Middlesbrough Borough Council

Middlesbrough Borough Council

Report ID: 3317436.1 Published: 13 Jul 2022

Table of Contents

Accounting Summary (expressed in GBP)

As of 30 Jun 2022

Middlesbrough Borough Council

	Market Value 01 Apr 2022		Contributions	Withdrawals	Change in Market Value	Market Value 30 Jun 2022	
Passive Equity Portfolio							
North America ESG Screened Index Equity Sub-Fund	39,603,382	6.57%	0	0	(3,887,207)	35,716,174	6.46%
Europe ex UK ESG Screened Index Equity Sub-Fund	122,869,246	20.38%	0	0	(10,576,933)	112,292,312	20.32%
Japan ESG Screened Index Equity Sub-Fund	105,611,052	17.52%	0	0	(7,212,864)	98,398,189	17.80%
Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund	334,706,086	55.53%	0	0	(28,468,799)	306,237,287	55.41%
Total	**602,789,765**	**100.00%**	**0**	**0**	**(50,145,803)**	**552,643,962**	**100.00%**

Performance Summary (expressed in GBP)

As of 30 Jun 2022

Middlesbrough Borough Council

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Passive Equity Portfolio								
North America ESG Screened Index Equity Sub-Fund								21 Sep 2018
Total Returns	-4.84%	-9.82%	-12.14%	-1.02%	11.84%	N/A	N/A	11.09%
FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX	-4.90%	-9.94%	-12.38%	-1.51%	11.54%	N/A	N/A	10.84%
Difference	**0.06%**	**0.12%**	**0.24%**	**0.49%**	**0.30%**	**N/A**	**N/A**	**0.25%**
Total Returns (Net)	-4.84%	-9.82%	-12.15%	-1.03%	N/A	N/A	N/A	N/A
FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX	-4.90%	-9.94%	-12.38%	-1.51%	N/A	N/A	N/A	N/A
Difference	**0.06%**	**0.12%**	**0.23%**	**0.48%**	**N/A**	**N/A**	**N/A**	**N/A**
Europe ex UK ESG Screened Index Equity Sub-Fund								26 Sep 2018
Total Returns	-6.94%	-8.61%	-15.08%	-9.95%	3.52%	N/A	N/A	3.72%
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX	-7.10%	-9.05%	-15.67%	-10.66%	3.26%	N/A	N/A	3.50%
Difference	**0.16%**	**0.44%**	**0.59%**	**0.71%**	**0.26%**	**N/A**	**N/A**	**0.22%**
Total Returns (Net)	-6.94%	-8.61%	-15.09%	-9.97%	N/A	N/A	N/A	N/A
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX	-7.10%	-9.05%	-15.67%	-10.66%	N/A	N/A	N/A	N/A
Difference	**0.16%**	**0.44%**	**0.58%**	**0.69%**	**N/A**	**N/A**	**N/A**	**N/A**
Japan ESG Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	-3.92%	-6.83%	-10.20%	-8.59%	2.95%	3.35%	8.81%	3.76%
FTSE JAPAN EX CONTROVERSIES EX CW INDEX	-3.95%	-6.94%	-10.41%	-8.96%	2.74%	3.22%	8.75%	3.60%
Difference	**0.03%**	**0.11%**	**0.21%**	**0.37%**	**0.21%**	**0.13%**	**0.06%**	**0.16%**

Middlesbrough Borough Council

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Total Returns (Net)	-3.92%	-6.83%	-10.21%	-8.60%	N/A	N/A	N/A	N/A
FTSE JAPAN EX CONTROVERSIES EX CW INDEX	-3.95%	-6.94%	-10.41%	-8.96%	N/A	N/A	N/A	N/A
Difference	**0.03%**	**0.11%**	**0.20%**	**0.36%**	**N/A**	**N/A**	**N/A**	**N/A**
Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	-7.53%	-8.51%	-7.24%	-11.79%	2.48%	3.91%	7.40%	9.18%
FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX	-7.48%	-8.52%	-7.25%	-11.92%	2.44%	3.87%	7.37%	9.12%
Difference	**-0.05%**	**0.01%**	**0.01%**	**0.13%**	**0.04%**	**0.04%**	**0.03%**	**0.06%**
Total Returns (Net)	-7.53%	-8.51%	-7.25%	-11.81%	N/A	N/A	N/A	N/A
FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX	-7.48%	-8.52%	-7.25%	-11.92%	N/A	N/A	N/A	N/A
Difference	**-0.05%**	**0.01%**	**0.00%**	**0.11%**	**N/A**	**N/A**	**N/A**	**N/A**

For information regarding performance data, including net performance data, please refer to the section entitled "Important Information" at the end of the report.

R-Factor™ Summary

As of 30 Jun 2022

Europe ex UK ESG Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	75.45	75.49	-0.04
ESG	76.04	76.08	-0.04
Corporate Governance	46.75	46.76	-0.01

Source: SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

What is R-Factor?

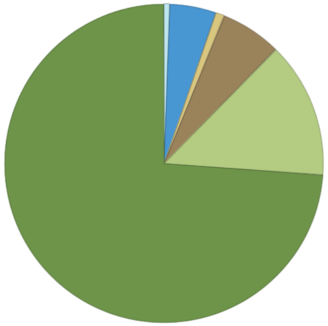
R-Factor™ is built off a transparent scoring methodology that leverages the Sustainability Accounting Standards Board (SASB) Materiality Map, corporate governance codes, and inputs from four best-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	453	97.84%	99.41%
Total Number of Securities in Portfolio	463		

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Fund R-Factor Profile	
Not Available	0.59%
Laggard	4.95%
Underperformer	0.92%
Average Performer	6.49%
Outperformer	14.48%
Leader	77.36%

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.



Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Nestle S.A.	4.85%	4.86%	0.00%	90.37
Roche Holding Ltd Dividend...	3.53%	3.54%	0.00%	72.01
ASML Holding NV	2.75%	2.75%	0.00%	81.26
Novartis AG	2.65%	2.65%	0.00%	89.68
Novo Nordisk A/S Class B	2.61%	2.61%	0.01%	76.06
LVMH Moet Hennessy Louis...	2.29%	2.28%	0.00%	69.69
TotalEnergies SE	1.90%	1.90%	0.01%	77.92
Sanofi	1.66%	1.65%	0.00%	88.26
SAP SE	1.52%	1.52%	0.00%	90.96
L'Oreal S.A.	1.28%	1.28%	0.00%	94.95

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Top 5 R-Factor Ratings				
Danone SA	0.49%	0.48%	0.00%	97.49
Stellantis N.V.	0.37%	0.38%	0.00%	95.46
L'Oreal S.A.	1.28%	1.28%	0.00%	94.95
AXA SA	0.64%	0.63%	0.00%	94.49
Enagas SA	0.08%	0.08%	0.00%	93.69

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Bottom 5 R-Factor Ratings				
PSP Swiss Property AG	0.07%	0.07%	0.00%	28.44
CTS Eventim AG & Co. KGa...	0.04%	0.05%	0.00%	28.84
InPost S.A.	0.02%	0.02%	0.00%	30.26
AUTO1 Group SE	0.01%	0.01%	0.00%	30.66
Cyfrowy Polsat SA	0.02%	0.02%	0.00%	31.25

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

The R-Factor summary reflects certain ESG characteristics only, and does not reflect the portfolio's performance. Certain instruments such as cash & derivatives are excluded. ESG analytics data reported on a one month lag relative to monthly performance reporting period. Please see Important Information section for more information and definitions of the ESG Metrics presented.

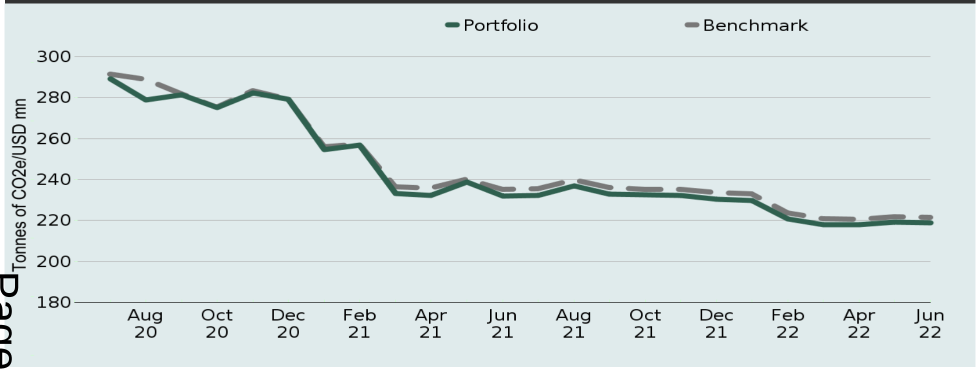
Climate Profile

As of 30 Jun 2022

Europe ex UK ESG Screened Index Equity Sub-Fund

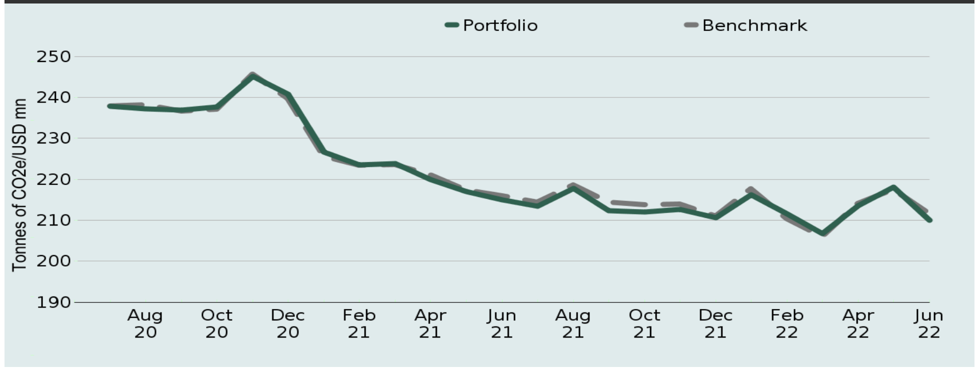
Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX

Carbon Intensity



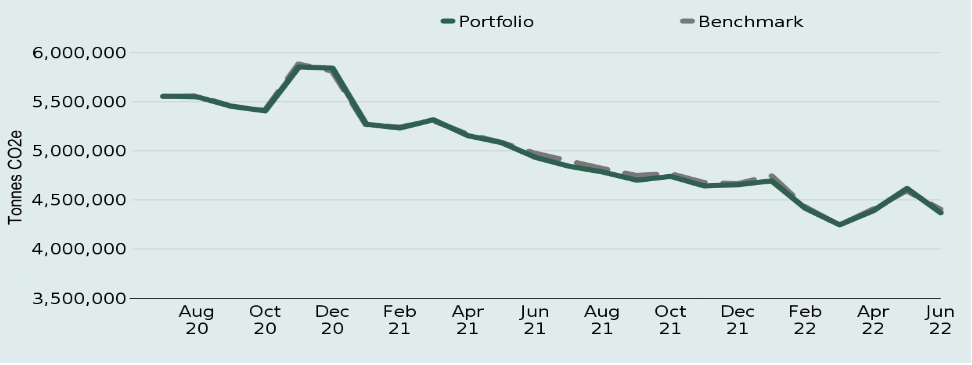
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Weighted Average Carbon Intensity



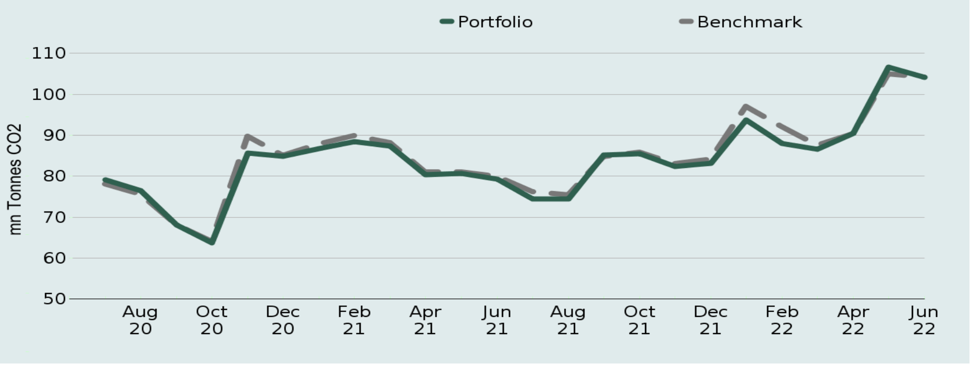
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Page 99

Stewardship Profile

As of 30 Jun 2022

Europe ex UK ESG Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX

Stewardship Profile	Q1 2022
Number of Meetings Voted	525
Number of Countries	14
Management Proposals	1,704
Votes for	89.32%
Votes Against	10.68%
Shareholder Proposals	20
With Management	100%
Against Management	0%

Source: SSGA as of 31 Mar 2022

Page 100

Figures are based on State Street Global Advisors’ general approach to voting at the companies held by the Fund at quarter end. This information is not a substitute for a proxy voting report, which can be requested through your relationship manager.

State Street Global Advisors' (SSGA) asset stewardship program is aimed at engaging with our portfolio companies on issues that impact long-term value creation across environmental, social and governance (ESG) considerations. In the recent past, SSGA has issued extensive guidance on key governance matters such as effective, independent board leadership. SSGA's current focus is on helping boards think about the possible impacts of environmental and social issues and incorporating a sustainability lens into boards' oversight of long-term strategy as a sound business practice.

Gender Diversity

Women on Board	Number of Securities
0	8
1	25
2	55
3	93
4	84
5	82
6	53
7	33
8	14
9	7
10	2
10+	4
Not Available	3
Total	**463**

Source: Factset/SSGA. Holdings as of 30 Jun 2022, Factset data as of 31 May 2022.

R-Factor™ Summary

As of 30 Jun 2022

North America ESG Screened Index Equity Sub-Fund

Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	67.92	67.93	-0.01
ESG	66.58	66.59	-0.01
Corporate Governance	63.92	63.87	0.05

Source: SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

What is R-Factor?

R-Factor™ is built off a transparent scoring methodology that leverages the Sustainability Accounting Standards Board (SASB) Materiality Map, corporate governance codes, and inputs from four best-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

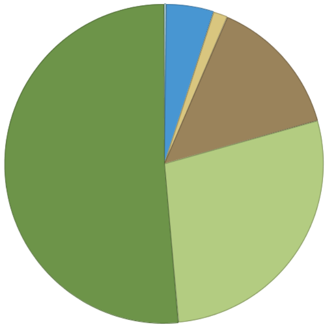
Page 101

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	646	98.33%	99.82%
Total Number of Securities in Portfolio	657		

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Fund R-Factor Profile	
Not Available	0.18%
Laggard	4.95%
Underperformer	1.51%
Average Performer	14.57%
Outperformer	28.70%
Leader	52.89%

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.



Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Apple Inc.	6.29%	6.34%	-0.05%	93.01
Microsoft Corporation	5.78%	5.80%	-0.02%	78.49
Amazon.com Inc.	2.84%	2.88%	-0.04%	64.10
Alphabet Inc. Class A	1.97%	2.00%	-0.03%	71.75
Alphabet Inc. Class C	1.81%	1.84%	-0.02%	71.75
Tesla Inc	1.72%	1.73%	-0.01%	57.77
UnitedHealth Group Incorpo...	1.44%	1.44%	0.01%	52.34
Meta Platforms Inc. Class A	1.11%	1.12%	-0.01%	73.43
NVIDIA Corporation	1.10%	1.11%	-0.02%	78.27
Exxon Mobil Corporation	1.09%	1.11%	-0.02%	63.07

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Top 5 R-Factor Ratings				
HP Inc.	0.11%	0.11%	0.00%	100
Cisco Systems Inc.	0.54%	0.53%	0.01%	99.70
Apple Inc.	6.29%	6.34%	-0.05%	93.01
Adobe Incorporated	0.52%	0.52%	0.00%	88.65
Colgate-Palmolive Company	0.20%	0.20%	0.00%	86.76

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Bottom 5 R-Factor Ratings				
Constellation Software Inc.	0.08%	0.08%	0.00%	3.96
Peloton Interactive Inc. Clas...	0.01%	0.01%	0.00%	12.95
AMC Entertainment Holding...	0.02%	0.02%	0.00%	13.43
Live Nation Entertainment In...	0.04%	0.04%	0.00%	14.42
D.R. Horton Inc.	0.06%	0.06%	-0.01%	21.75

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

The R-Factor summary reflects certain ESG characteristics only, and does not reflect the portfolio's performance. Certain instruments such as cash & derivatives are excluded. ESG analytics data reported on a one month lag relative to monthly performance reporting period. Please see Important Information section for more information and definitions of the ESG Metrics presented.

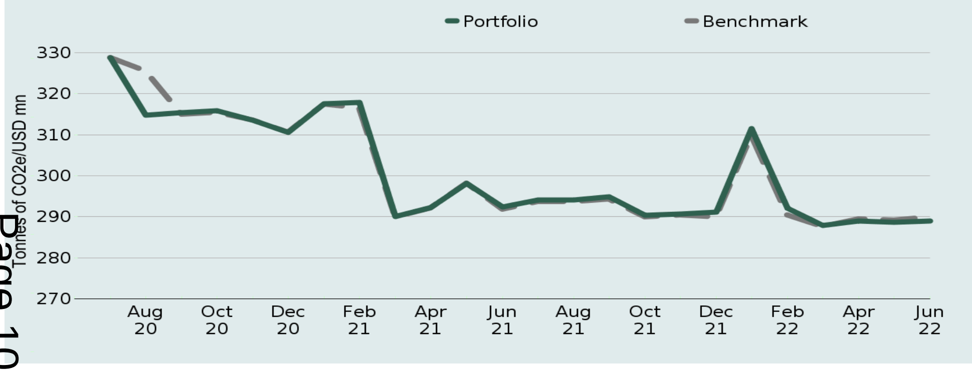
Climate Profile

As of 30 Jun 2022

North America ESG Screened Index Equity Sub-Fund

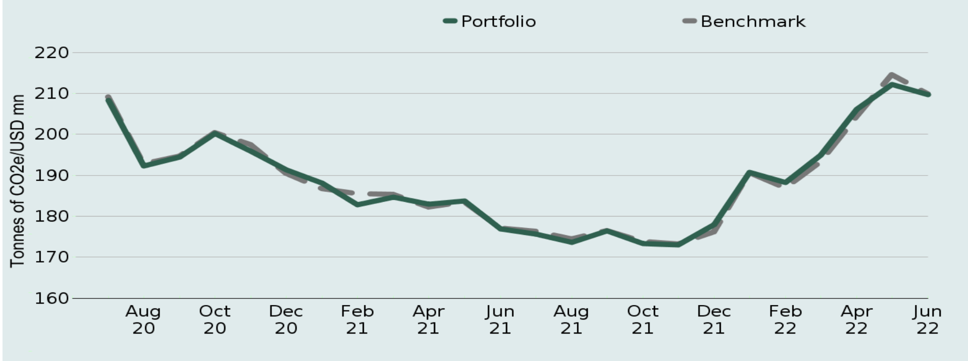
Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX

Carbon Intensity



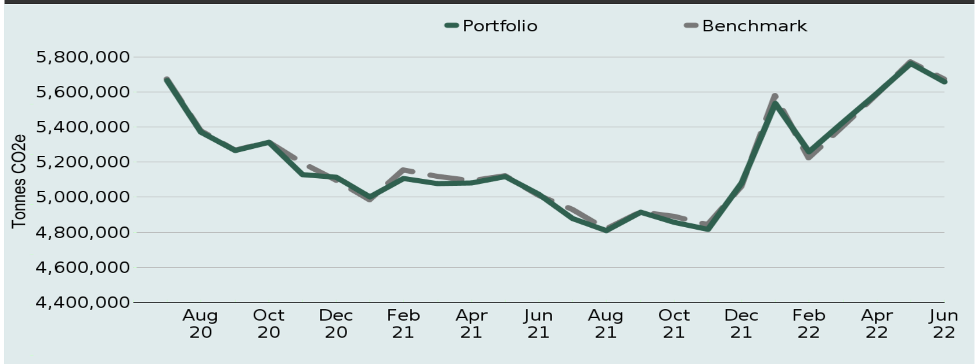
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Weighted Average Carbon Intensity



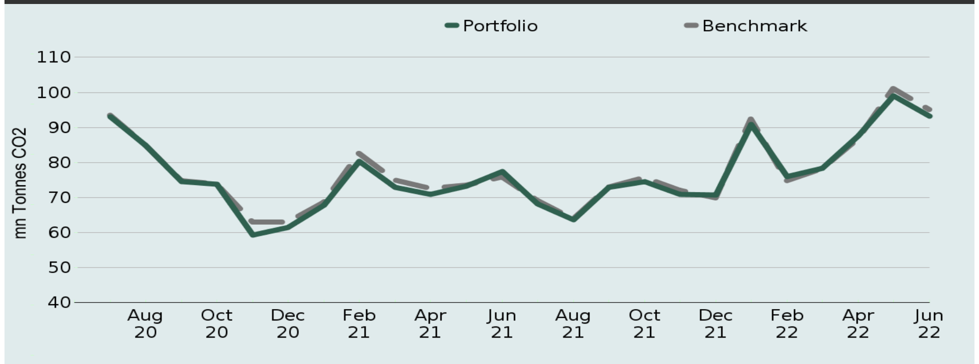
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Stewardship Profile

As of 30 Jun 2022

North America ESG Screened Index Equity Sub-Fund

Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX

Stewardship Profile	Q1 2022
Number of Meetings Voted	639
Number of Countries	6
Management Proposals	538
Votes for	91.64%
Votes Against	8.36%
Shareholder Proposals	34
With Management	70.59%
Against Management	29.41%

Source: SSGA as of 31 Mar 2022

Figures are based on State Street Global Advisors' general approach to voting at the companies held by the Fund at quarter end. This information is not a substitute for a proxy voting report, which can be requested through your relationship manager.

State Street Global Advisors' (SSGA) asset stewardship program is aimed at engaging with our portfolio companies on issues that impact long-term value creation across environmental, social and governance (ESG) considerations. In the recent past, SSGA has issued extensive guidance on key governance matters such as effective, independent board leadership. SSGA's current focus is on helping boards think about the possible impacts of environmental and social issues and incorporating a sustainability lens into boards' oversight of long-term strategy as a sound business practice.

Gender Diversity

Women on Board	Number of Securities
0	4
1	20
2	118
3	227
4	178
5	72
6	23
7	8
8	3
9	1
10	0
10+	0
Not Available	3
Total	**657**

Source: Factset/SSGA. Holdings as of 30 Jun 2022, Factset data as of 31 May 2022.

R-Factor™ Summary

As of 30 Jun 2022

Japan ESG Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	63.50	63.51	-0.01
ESG	61.81	61.81	0.00
Corporate Governance	67.04	67.02	0.02

Source: SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

What is R-Factor?

R-Factor™ is built off a transparent scoring methodology that leverages the Sustainability Accounting Standards Board (SASB) Materiality Map, corporate governance codes, and inputs from four best-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

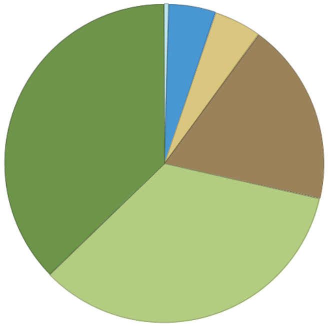
Page 104

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	490	97.03%	99.56%
Total Number of Securities in Portfolio	505		

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Fund R-Factor Profile	
Not Available	0.44%
Laggard	4.95%
Underperformer	4.96%
Average Performer	19.01%
Outperformer	35.23%
Leader	38.41%

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.



Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Toyota Motor Corp.	5.36%	5.36%	-0.01%	77.60
Sony Group Corporation	2.89%	2.88%	0.01%	83.54
Keyence Corporation	1.90%	1.90%	0.00%	52.75
Mitsubishi UFJ Financial Gr...	1.88%	1.87%	0.01%	65.54
KDDI Corporation	1.47%	1.48%	0.00%	64.06
Tokyo Electron Ltd.	1.37%	1.38%	0.00%	74.02
Daiichi Sankyo Company Li...	1.35%	1.36%	-0.01%	68.91
Nintendo Co. Ltd.	1.30%	1.30%	0.01%	63.67
Shin-Etsu Chemical Co Ltd	1.27%	1.28%	0.00%	64.37
HitachiLtd.	1.25%	1.25%	0.00%	74.14

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Top 5 R-Factor Ratings				
Kao Corp.	0.54%	0.53%	0.00%	84.28
Bridgestone Corporation	0.60%	0.60%	0.00%	83.59
Sony Group Corporation	2.89%	2.88%	0.01%	83.54
Ricoh Company Ltd.	0.14%	0.13%	0.00%	81.73
TOTO Ltd	0.13%	0.14%	0.00%	81.37

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Bottom 5 R-Factor Ratings				
Relo Group Inc.	0.05%	0.05%	0.00%	7.59
SMS Co. Ltd.	0.03%	0.03%	0.00%	8.83
Sankyo Co. Ltd.	0.03%	0.04%	0.00%	13.69
Kotobuki Spirits Co. Ltd.	0.03%	0.03%	0.00%	15.40
COSMOS Pharmaceutical C...	0.05%	0.05%	0.00%	18.07

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

The R-Factor summary reflects certain ESG characteristics only, and does not reflect the portfolio's performance. Certain instruments such as cash & derivatives are excluded. ESG analytics data reported on a one month lag relative to monthly performance reporting period. Please see Important Information section for more information and definitions of the ESG Metrics presented.

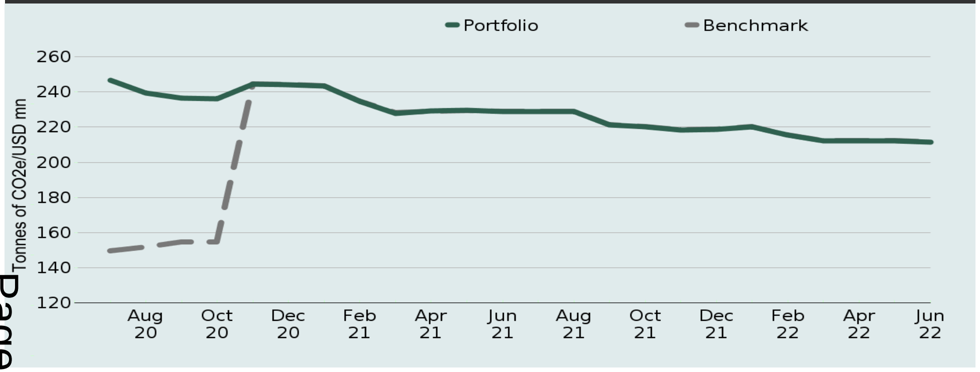
Climate Profile

As of 30 Jun 2022

Japan ESG Screened Index Equity Sub-Fund

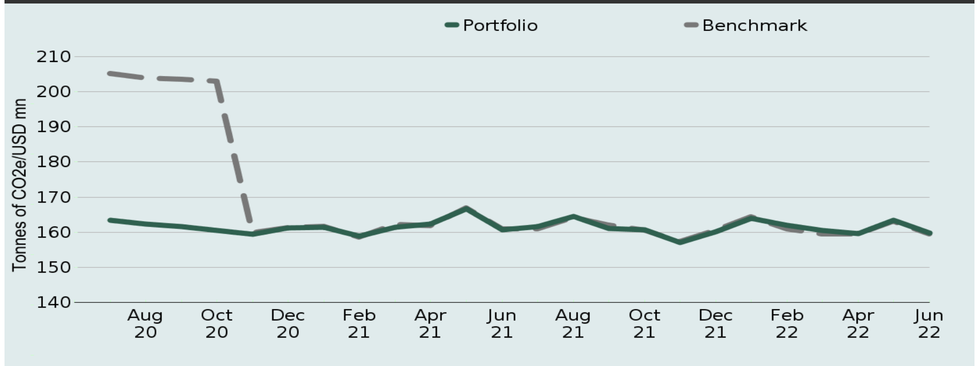
Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW INDEX

Carbon Intensity



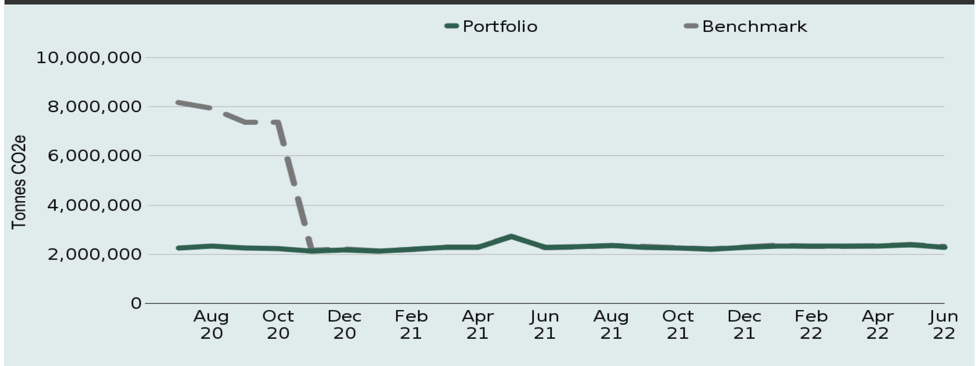
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Weighted Average Carbon Intensity



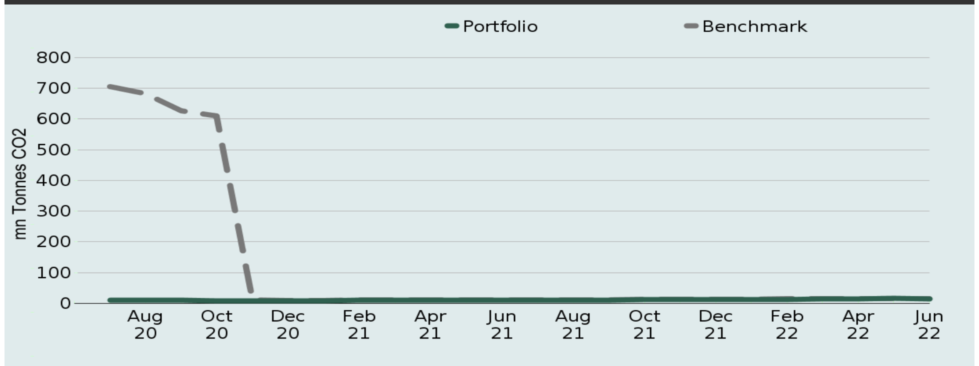
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Stewardship Profile

As of 30 Jun 2022

Japan ESG Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW INDEX

Stewardship Profile	Q1 2022
Number of Meetings Voted	526
Number of Countries	1
Management Proposals	900
Votes for	92.22%
Votes Against	7.78%
Shareholder Proposals	0
With Management	0%
Against Management	0%

Source: SSGA as of 31 Mar 2022

Figures are based on State Street Global Advisors' general approach to voting at the companies held by the Fund at quarter end. This information is not a substitute for a proxy voting report, which can be requested through your relationship manager.

State Street Global Advisors' (SSGA) asset stewardship program is aimed at engaging with our portfolio companies on issues that impact long-term value creation across environmental, social and governance (ESG) considerations. In the recent past, SSGA has issued extensive guidance on key governance matters such as effective, independent board leadership. SSGA's current focus is on helping boards think about the possible impacts of environmental and social issues and incorporating a sustainability lens into boards' oversight of long-term strategy as a sound business practice.

Gender Diversity

Women on Board	Number of Securities
0	153
1	219
2	102
3	23
4	8
5	0
6	0
7	0
8	0
9	0
10	0
10+	0
Not Available	0
Total	**505**

Source: Factset/SSGA. Holdings as of 30 Jun 2022, Factset data as of 31 May 2022.

R-Factor™ Summary

As of 30 Jun 2022

Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	65.07	65.12	-0.05
ESG	65.00	65.05	-0.05
Corporate Governance	52.35	52.38	-0.03

Source: SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

What is R-Factor?

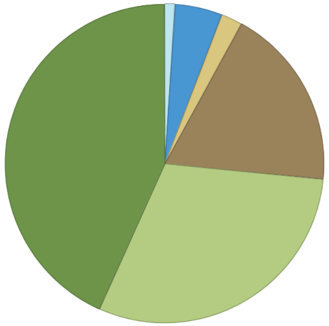
R-Factor™ is built off a transparent scoring methodology that leverages the Sustainability Accounting Standards Board (SASB) Materiality Map, corporate governance codes, and inputs from four best-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	395	97.05%	98.97%
Total Number of Securities in Portfolio	407		

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Fund R-Factor Profile	
Not Available	1.03%
Laggard	4.95%
Underperformer	2.16%
Average Performer	18.90%
Outperformer	30.67%
Leader	44.05%

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.



Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Samsung Electronics Co. Lt...	8.11%	8.11%	0.00%	79.91
AIA Group Limited	5.12%	5.12%	0.00%	76.84
Commonwealth Bank of Aus...	4.15%	4.15%	0.00%	78.70
CSL Limited	3.47%	3.48%	-0.01%	68.65
Hong Kong Exchanges & Cl...	2.45%	2.44%	0.01%	66.05
National Australia Bank Limi...	2.37%	2.37%	0.00%	78.83
Westpac Banking Corporati...	1.83%	1.83%	0.00%	72.55
Australia and New Zealand...	1.65%	1.66%	0.00%	86.05
Woodside Energy Group Ltd	1.62%	1.62%	0.00%	70.90
Macquarie Group Limited	1.54%	1.54%	0.00%	65.92

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Top 5 R-Factor Ratings				
Dexus	0.26%	0.26%	0.00%	88.02
City Developments Limited	0.11%	0.11%	0.00%	87.25
GPT Group	0.22%	0.22%	0.00%	86.67
Australia and New Zealand...	1.65%	1.66%	0.00%	86.05
AMP Limited	0.08%	0.08%	0.00%	80.86

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

Bottom 5 R-Factor Ratings				
JS Global Lifestyle Compan...	0.03%	0.03%	0.00%	3.29
Hanssem Co. Ltd	0.02%	0.02%	0.00%	5.93
SSANGYONGC&E.CO.LTD.	0.02%	0.02%	0.00%	6.31
Medy-Tox Inc.	0.02%	0.02%	0.00%	8.60
HOTEL SHILLA CO. LTD.	0.07%	0.07%	0.00%	9.81

Source: Factset/SSGA. Holdings as of 30 Jun 2022, R-Factor data as of 31 May 2022.

The R-Factor summary reflects certain ESG characteristics only, and does not reflect the portfolio's performance. Certain instruments such as cash & derivatives are excluded. ESG analytics data reported on a one month lag relative to monthly performance reporting period. Please see Important Information section for more information and definitions of the ESG Metrics presented.

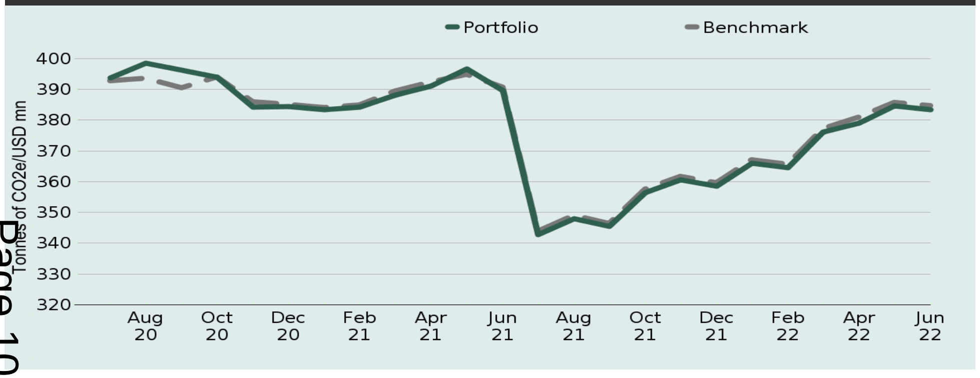
Climate Profile

As of 30 Jun 2022

Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund

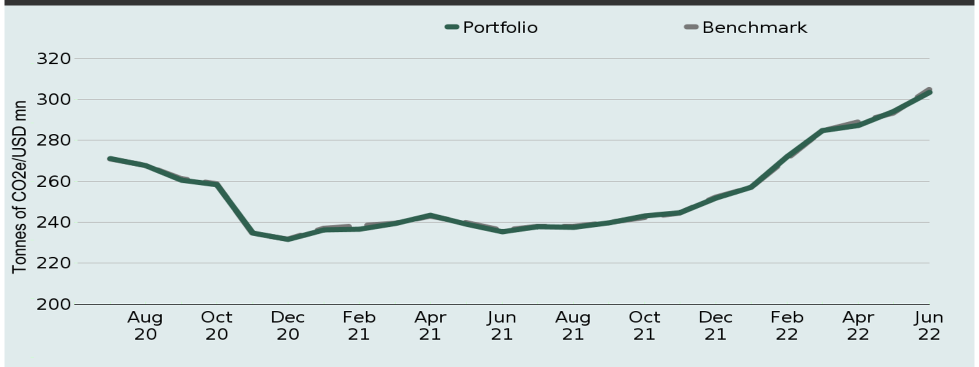
Benchmark: FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX

Carbon Intensity



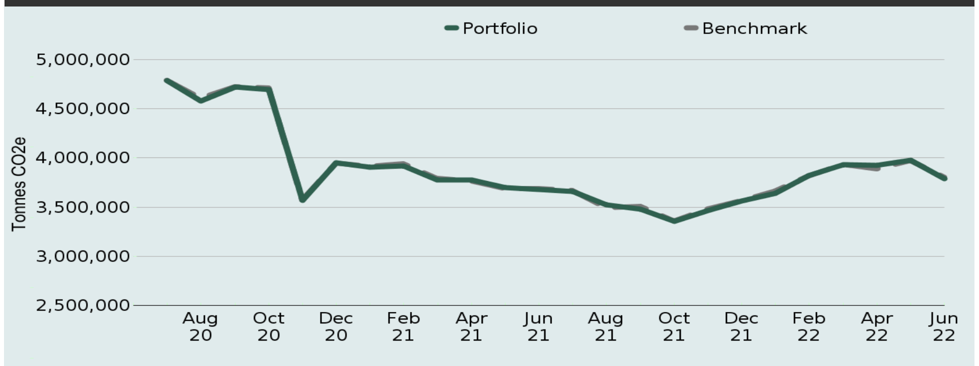
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Weighted Average Carbon Intensity



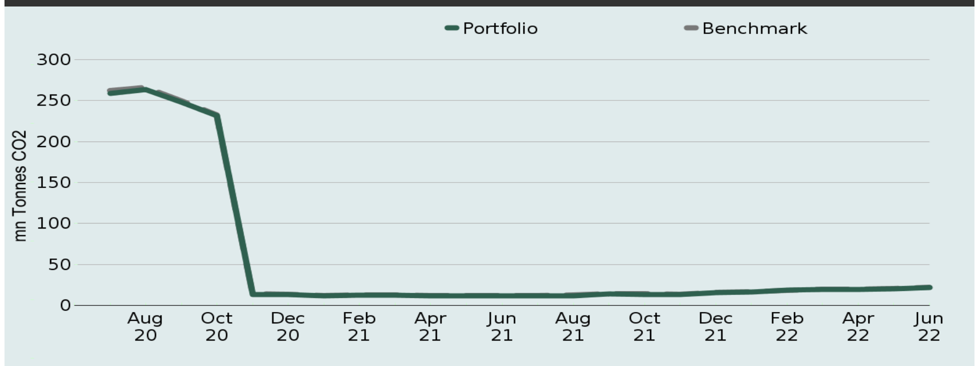
Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 30 Jun 2022. Trucost data as of 31 May 2022.

Stewardship Profile

As of 30 Jun 2022

Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX

Stewardship Profile	Q1 2022
Number of Meetings Voted	425
Number of Countries	7
Management Proposals	1,130
Votes for	78.76%
Votes Against	21.24%
Shareholder Proposals	18
With Management	88.89%
Against Management	11.11%

Source: SSGA as of 31 Mar 2022

Figures are based on State Street Global Advisors' general approach to voting at the companies held by the Fund at quarter end. This information is not a substitute for a proxy voting report, which can be requested through your relationship manager.

State Street Global Advisors' (SSGA) asset stewardship program is aimed at engaging with our portfolio companies on issues that impact long-term value creation across environmental, social and governance (ESG) considerations. In the recent past, SSGA has issued extensive guidance on key governance matters such as effective, independent board leadership. SSGA's current focus is on helping boards think about the possible impacts of environmental and social issues and incorporating a sustainability lens into boards' oversight of long-term strategy as a sound business practice.

Gender Diversity

Women on Board	Number of Securities
0	111
1	92
2	81
3	74
4	34
5	12
6	0
7	1
8	0
9	0
10	0
10+	0
Not Available	2
Total	**407**

Source: Factset/SSGA. Holdings as of 30 Jun 2022, Factset data as of 31 May 2022.

Relationship Management Team

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Important Information

- R-Factor™ is an ESG scoring system that leverages commonly accepted materiality frameworks to generate a unique ESG score for listed companies. The score is powered by ESG data from four different providers in an effort to improve overall coverage and remove biases inherent in existing scoring methodologies. R-Factor™ is designed to put companies in the driver's seat to help create sustainable markets.
- R-Factor™ Scores are comparable across industries. The ESG and Corporate Governance (CorpGov) scores are designed to be based on issues that are material to a company's industry and regulatory region. A uniform grading scale allows for interpretation of the final company level score to allow for comparison across companies.
- Responsible-Factor (R Factor) scoring is designed by State Street to reflect certain ESG characteristics and does not represent investment performance. Results generated out of the scoring model is based on sustainability and corporate governance dimensions of a scored entity.
- The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.
- The R-Factor™ scoring process comprises two underlying components. The first component is based on the framework published by the Sustainability Accounting Standards Board ("SASB"), which is used for all ESG aspects of the score other than those relating to corporate governance issues. The SASB framework attempts to identify ESG risks that are financially material to the issuer-based on its industry classification. This component of the R-Factor™ score is determined using only those metrics from the ESG data providers that specifically address ESG risks identified by the SASB framework as being financially material to the issuer-based on its industry classification.
- The second component of the score, the CorpGov score, is generated using region-specific corporate governance codes developed by investors or regulators. The governance codes describe minimum corporate governance expectations of a particular region and typically address topics such as shareholder rights, board independence and executive compensation. This component of the R-Factor™ uses data provided by ISS Governance to assign a governance score to issuers according to these governance codes.
- Within each industry group, issuers are classified into five distinct ESG performance groups based on which percentile their R-Factor™ scores fall into. A company is classified in one of the five ESG performance classes (Laggard - 10% of universe, Underperformer - 20% of universe, Average Performer - 40% of universe, Outperformer - 20% of universe or Leader - 10% of universe) by comparing the company's R-Factor™ score against a band. R-Factor™ scores are normally distributed using normalized ratings on a 0-100 rating scale.
- Discrepancy between the number of holdings in the R-Factor™ Summary versus the number of holdings in the regular reporting package may arise as the R-Factor™ Summary is counted based on number of issuers rather than number of holdings in the portfolio.
- For examples of public language regarding R-Factor see the ELR Registration Statement here: https://www.sec.gov/Archives/edgar/data/1107414/000119312519192334/d774617d497.html
- Carbon Intensity - Measured in Metric tons CO2e/USD millions revenues. The aggregation of operational and first-tier supply chain carbon footprints of index constituents per USD (equal weighted).
- Weighted Average Carbon Intensity - Measured in Metric tons CO2e/USD millions revenues. The weighted average of individual company intensities (operational and first-tier supply chain emissions over

revenues), weighted by the proportion of each constituent in the index.

- Scope 1+2 Carbon Emissions- Measured in Metric Tons of CO2e.The GHG emissions from operations that are owned or controlled by the company, as well as GHG emissions from consumption of purchased electricity, heat or steam, by the company

- Total Reserves CO2 Emissions - Measured in Metric tons of CO2. The carbon footprint that could be generated if the proven and probable fossil fuel reserves owned by index constituents were burned per USD million invested. Unlike carbon intensity and carbon emissions, the S&P Trucost Total Reserves Emissions metric is a very specific indicator that is only applicable to a very selected number of companies in extractive and carbon-intensive industries. Those companies are assigned Total Reserves Emissions numerical results by Trucost, whereas the rest of the holdings in other industries do not have numerical scores and are instead displaying "null", blank values. In order to present a more comprehensive overview of a portfolio's overall weighted average fossil fuel reserves, State Street Global Advisors replaces blank results with "zeros". While that might slightly underestimate the final weighted average volume, it provides a more realistic result, given that most companies in global indices have no ownership of fossil fuel reserves.

- We are currently using FactSet's own "People" dataset to disclose the number of women on the board, for each company in the Fund's portfolio.

- Data and metrics have been sourced as follows from the following contributors as of the date of this report, and are subject to their disclosures below. All other data has been sourced by SSGA.

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- All data sourced by State Street Global Advisors Limited unless stated otherwise.
- All valuations are based on Trade Date accounting.
- Performance figures are calculated 'Gross of Fees' unless otherwise stated.
- Returns are annualised for periods greater than one year.
- Returns are calculated using the accrual accounting method.
- Performance figures are calculated by the Modified Dietz method or by the True Time-Weighted return method.
- Past performance is not necessarily indicative of future investment performance.
- Performance returns greater than one year are calculated using a daily annualisation formula. Returns for the same time period based on other formulas, such as monthly annualisation, may produce different results.
- The account summary page details the opening balance at the start of the reporting period which is the equivalent of the closing balance of the previous reporting period.
- If you are invested into any pooled fund or common trust fund, it may use over-the-counter swaps, derivatives or a synthetic instrument (collectively "Derivatives") to increase or decrease exposure in a particular market, asset class or sector to effectuate the fund's strategy. Derivatives agreements are privately negotiated agreements between the fund and the counterparty, rather than an exchange, and therefore Derivatives carry risks related to counterparty creditworthiness, settlement default and market conditions. Derivatives agreements can require that the fund post collateral to the counterparty consistent with the mark-to-market price of the Derivative. SSGA makes no representations or assurances that the Derivative will perform as intended.
- If you are invested in an SSGA commingled fund or common trust fund that participates in State Street's securities lending program (each a "lending fund"), the Fund participates in an agency securities lending program sponsored by State Street Bank and Trust Company (the "lending agent") whereby the lending agent may lend up to 100% of the Fund's securities, and invest the collateral posted by the borrowers of those loaned securities in collateral reinvestment funds (the "Collateral Pools"). The Collateral Pools are not registered money market funds and are not guaranteed investments. The Fund compensates its lending agent in connection with operating and maintaining the securities lending program. SSGA acts as investment manager for the Collateral Pools and is compensated for its services. The Collateral Pools are managed to a specific investment objective as set forth in the governing documents for the Collateral Pools. For more information regarding the Collateral Pool refer to the "US Cash Collateral Strategy Disclosure Document." Securities lending programs and the subsequent reinvestment of the posted collateral are subject to a number of risks, including the risk that the value of the investments held in the Collateral Pool may decline in value, be sold at a loss or incur credit losses. The net asset value of the Collateral Pool is subject to market conditions and will fluctuate and may decrease in the future. More information on the securities lending program and on the Collateral Pools, including the "US Cash Collateral Strategy Disclosure Document" and the current mark to market unit price are available on Client's Corner and also available upon request from your SSGA Relationship Manager.
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- If you are invested in a Luxembourg sub-fund applying swing pricing (as set out in the prospectus of the SSGA Luxembourg SICAV, the "Prospectus"), performance of the fund is calculated on an unswung pricing basis, however, the fund price quoted and your mandate's return may be adjusted to take into consideration any Swing Pricing Adjustment (as defined in the Prospectus) . Please refer to the Prospectus for further information.

- The Net performance returns reflected in the Performance Summary report is from Jan 2020 reporting onwards.

- If your account holds Russian securities and instruments, then as of the date of this publication, they have been fair valued. Such fair value may be zero. If your portfolio holds such Russian securities and instruments, then the portfolio may not be able to dispose of such securities and instruments depending on the relevant market, applicable sanctions requirements, and/or Russian capital controls or other counter measures. In such circumstances, the portfolio would continue to own and have exposure to Russian-related issuers and markets. Please refer to your portfolio holdings report.

Appendix C

BORDER TO COAST
UK LISTED EQUITY FUND

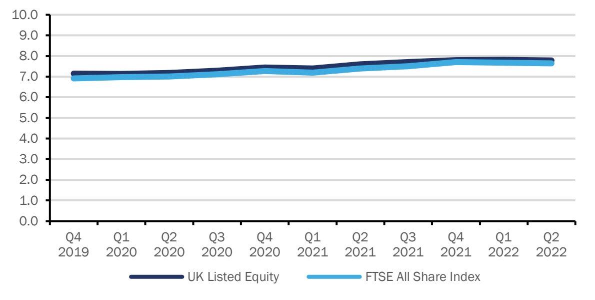
ESG & CARBON REPORT

Q2 2022

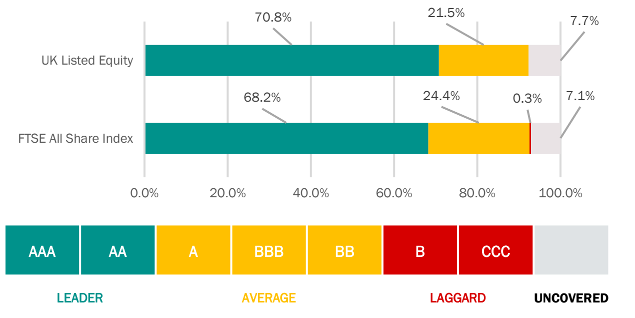
MSCI ESG RATING
AAA

	Q2 2022 Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
UK Listed Equity	AAA [1]	7.8 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE All Share Index	AAA [1]	7.7 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]				Lowest ESG Rated Issuers [1]			
	% Portfolio Weight	% Relative Weight	MSCI Rating		% Portfolio Weight	% Relative Weight	MSCI Rating
Diageo	3.9%	+0.4%	AAA [1]	TP ICAP	0.2%	+0.2%	BB [1]
Relx	2.2%	+0.4%	AAA [1]	British American Tobacco	3.2%	-0.3%	BBB [1]
National Grid	2.0%	+0.3%	AAA [1]	Glencore	1.8%	-0.7%	BBB [1]
CRH	1.2%	+0.2%	AAA [1]	Smith & Nephew	0.7%	+0.2%	BBB [1]
Legal & General Group	0.8%	+0.2%	AAA [1]	M&G	0.5%	+0.2%	BBB [1]

Quarterly ESG Commentary

- The ESG Weighted score remained consistent in the quarter, retaining its ‘AAA’ Rating and slightly above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be ‘Leaders’ and no ‘Laggards’.
- The Fund is generally underweight the lowest ESG rated companies relative to the benchmark.

Feature Stock: Smith & Nephew

Smith & Nephew develops and markets advanced medical devices specialising in orthopaedic reconstruction (hip and knee replacements), sports medicine and advanced wound management. It operates globally with exposure to attractive growth markets (advanced wound management and sports medicine) alongside a more mature orthopaedic division. Historically commercial execution has sometimes fallen short of expectations (product recalls and late adoption of robotics) but has improved notably since 2019 under a new management team. The elective nature of some procedures has been impacted by Covid followed by supply chain challenges, with recovery only now finally emerging. The appointment earlier this year of a new CEO with a track record in the industry for successfully managing turnarounds, offers potential for further progress.

MSCI ESG rating is currently rated ‘BBB’ following a downgrade from an ‘A’-rating in April 2021 At the time this reflected product recall issues for a hip resurfacing product and components. The products in question were withdrawn or phased out between 2012 and 2015 and as such are unlikely to present a risk to new liabilities in the future. While there is ongoing litigation the company provides regular updates to shareholders in their Annual Report. Similar claims are endemic to the medical device industry. Smith & Nephew scores above peers for other material ESG issues such as governance and human capital.

[1]Source: MSCI ESG Research 30/06/2022

BORDER TO COAST
UK LISTED EQUITY FUND

ESG & CARBON REPORT

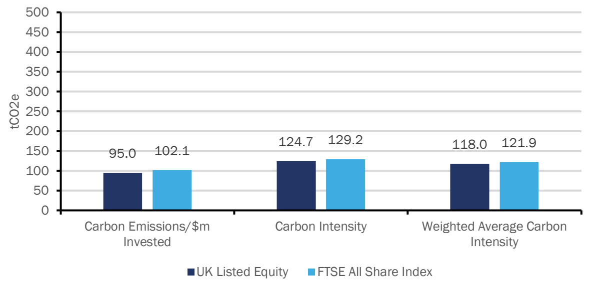
Q2 2022

MSCI ESG RATING

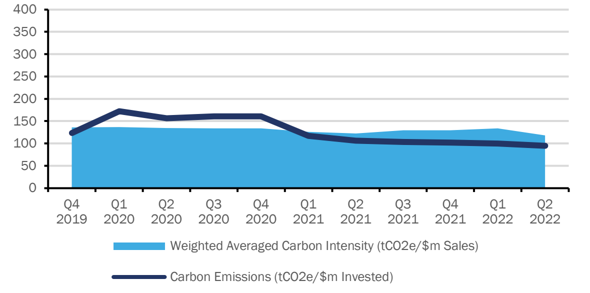
AAA

BORDER TO COAST PENSIONS PARTNERSHIP

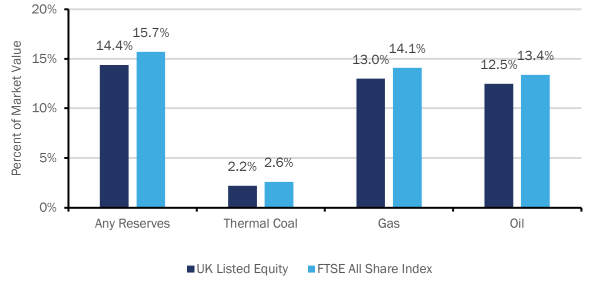
Carbon Emissions and Intensity[1]



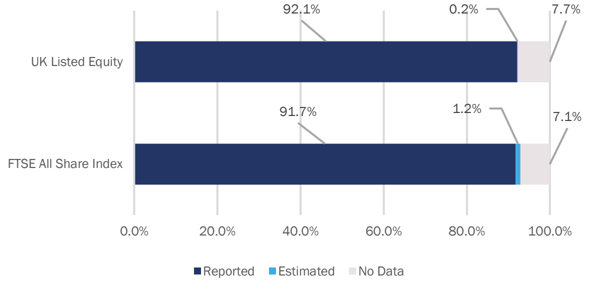
Weighted Average Carbon Intensity Trend[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Weighted Average Carbon Intensity [1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Shell	7.5%	+0.4%	27.2% [1]	Yes	4
CRH	1.2%	+0.2%	12.3% [1]	Yes	4
Rio Tinto	2.1%	-0.3%	9.3% [1]	Yes	4
National Grid	2.0%	+0.3%	6.3% [1]	Yes	4
BP	2.9%	-0.4%	6.2% [1]	Yes	4*

Quarterly Carbon Commentary

- The Fund is currently below the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity (WACI) and all carbon metrics reduced in the quarter.
- All of the largest contributors to portfolio WACI are rated Level 4 or 4* by the Transition Pathway Initiative (highest rating) and many have sector leading Carbon Transition Plans to be net-zero by 2050.

Feature Stock: BP

BP continues to recycle cashflows from the hydrocarbon business into the energy transition. This is to be achieved by investing $3bn to $4bn of capital expenditure per year in low carbon investments by 2025 rising to $5bn a year by 2030. Through these investments they aim to deliver between $9bn and 10bn of earnings, before interest, taxes, depreciation and amortisation (EBITDA), from low carbon businesses by 2030, with the majority coming from the five growth areas of bioenergy, convenience, EV charging, renewables and hydrogen.

The most recent update from the company saw them increase their net-zero ambitions by committing to reduce operational emissions 50% by 2030, compared with their previous commitment of 30-35%. BP has also expanded the scope of its emissions reduction plan to include physically traded sales of energy products and updating their 2030 aim to 15-20%. This leaves the company aiming for net zero across operations, production and sales by 2050 or sooner. This is one of the most ambitious and detailed energy transition plans across the Energy sector.

[1]Source: MSCI ESG Research 30/06/2022

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	0.1%	0.1%
Investment Trust/ Funds	7.6%	7.6%

[1]Source: MSCI ESG Research 30/06/2022

Important Information

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BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

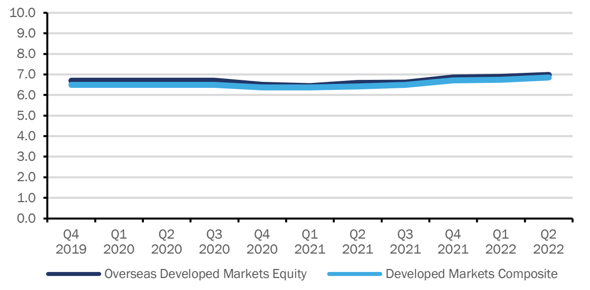
ESG & CARBON REPORT

Q2 2022

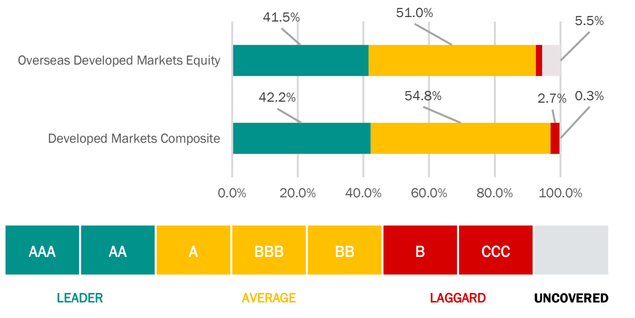
MSCI ESG RATING
AAA

	Q2 2022 Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
Overseas Developed Markets Equity	AAA [1]	7.0 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
Developed Markets Composite	AAA [1]	6.9 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating	Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
Microsoft Corporation	2.9%	-0.1%	AAA [1]	Jardine Matheson Holdings	0.1%	+0.1%	CCC [1]
Novo Nordisk	1.4%	+0.6%	AAA [1]	Hyundai Mobis	0.1%	+0.1%	B [1]
ASML Holding	1.2%	+0.4%	AAA [1]	Pfizer	0.6%	+0.1%	B [1]
Nvidia Corporation	0.8%	+0.2%	AAA [1]	META Platforms	0.4%	-0.2%	B [1]
L'Oreal	0.6%	-0.1%	AAA [1]	Hyundai Motor	0.3%	+0.3%	B [1]

Quarterly ESG Commentary

- The ESG Weighted score increased slightly over the quarter and was upgraded to 'AAA' rating. It remains slightly above the benchmark which is rated as 'AAA'; this is due to the Fund holding fewer ESG 'Laggards'.
- Jardine Matheson is the only 'CCC' rated company in the fund and is the Feature Stock this quarter.

Feature Stock: Jardine Matheson Holdings

Jardine Matheson Holdings ('JM') is a diversified holding company operating in China, Southeast Asia, and UK. Through listed and unlisted subsidiaries and affiliates it has interests in property, hotels, strategic investments, dairy, construction, transport services, and sales and service of motor vehicles. JM gives investors a well-diversified asset portfolio for recovery from the potentially subsiding COVID-19 impact over the next 12 months. For the longer-term it has exposure to economic growth, urbanisation trends and rising middle classes in Southeast Asia and China.

There are several concerns relating to JM in terms of ESG with MSCI rating the company as "CCC". There are governance risks associated with some poor board practices, the presence of a controlling shareholder, and cross-shareholding ties. JM began to address the corporate ownership structure / cross-shareholding concerns with a simplified structure through the privatisation of Jardine Strategic Holdings in April 2021. JM has made a number of commitments; to invest in renewable energy, diversify into non-coal mineral mining and no investments in new coal mines and new thermal coal-fired power plants. JM is also looking at opportunities in clean technology given its exposure to the auto industry and the transition towards electric vehicles. These commitments should lead to improvements in its environmental standing going forward.

[1]Source: MSCI ESG Research 30/06/2022

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

ESG & CARBON REPORT

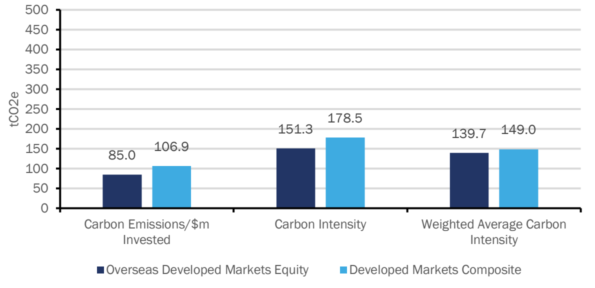
Q2 2022

MSCI ESG RATING

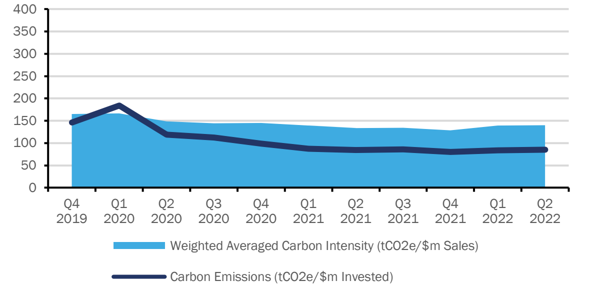
AAA

BORDER TO COAST PENSIONS PARTNERSHIP

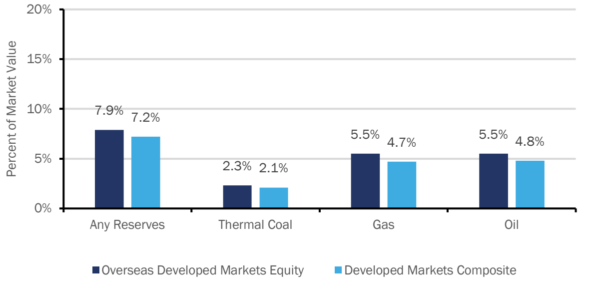
Carbon Emissions and Intensity[1]



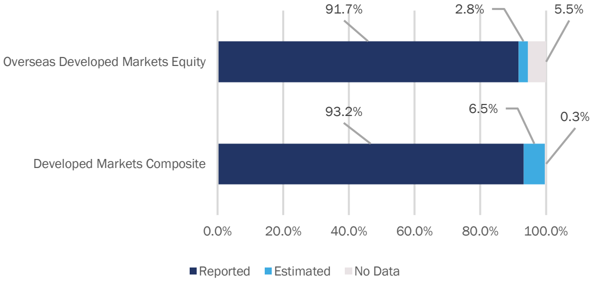
Weighted Average Carbon Intensity Trend[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Weighted Average Carbon Intensity [1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
RWE	0.3%	+0.2%	10.8% [1]	Yes	3
NextEra Energy	0.5%	+0.2%	8.6% [1]	Yes	2
Holcim	0.2%	+0.1%	7.1% [1]	Yes	4
Linde	0.5%	+0.3%	5.5% [1]	Yes	4
L'Air Liquide	0.6%	+0.3%	5.3% [1]	Yes	4

Quarterly Carbon Commentary

- The Fund remains below the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity (WACI).
- All metrics remained flat in the quarter and the largest contributors to WACI remained the same. The largest current emitter (RWE) is the Feature Stock covered below.

Feature Stock: RWE

RWE is looking to become carbon neutral by 2040 and extending its targets to all activities and emissions, setting a science-based target for 2030 covering Scope 1, 2 and 3 emissions. Based on a three-stage CO2 reduction plan, the company has set itself ambitious goals for its strategic realignment. RWE decreased its carbon dioxide emissions by one-third from 2012 to 2018, representing a decline of 60 million metric tons. An additional reduction of approximately 70 percent is envisaged by 2030. Between 2020 and 2022, RWE will decommission power stations with a combined capacity of more than 7,000 megawatts. The objective is to transform electricity generation from fossil fuel in order to achieve carbon neutral production. In addition to a large international portfolio including wind turbines and photovoltaic units which the company intends to expand continuously, RWE will then have invested €50 billion gross in storage, biomass and gas-fired power stations primarily fired by 'green' gas, which will be indispensable to achieving security of supply.

RWE has one of the strongest balance sheets in the sector and will be looking at the renewable space to grow earnings. The valuation compared to peers is at a discount, this is due to the company still having some exposure to coal-fired power generation, but as this reduces further the company should rerate to be in line with other renewable companies.

[1]Source: MSCI ESG Research 30/06/2022

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	0.0%	0.0%
Investment Trust/ Funds	5.5%	5.5%

[1]Source: MSCI ESG Research 30/06/2022

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BORDER TO COAST EMERGING MARKETS EQUITY FUND

ESG & CARBON REPORT

Q2 2022

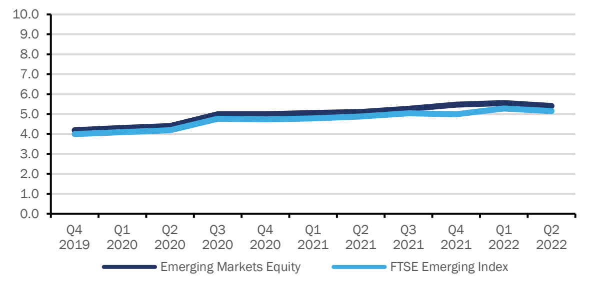
MSCI ESG RATING

BBB

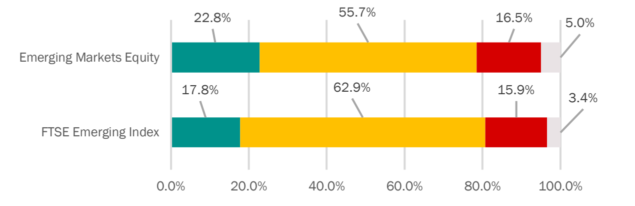
BORDER TO COAST PENSIONS PARTNERSHIP

	Q2 2022 Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
Emerging Markets Equity	BBB [1]	5.4 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE Emerging Index	BBB [1]	5.2 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



AAA	AA	A	BBB	BB	B	CCC	
LEADER		AVERAGE			LAGGARD		UNCOVERED

Highest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating	Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
Taiwan Semiconductor	7.1%	+0.8%	AAA [1]	Kweichow Moutai	3.4%	+3.0%	CCC [1]
Meituan	1.7%	0.0%	AA [1]	Vale	1.1%	+0.1%	CCC [1]
Hong Kong Exchanges & Clearing	1.2%	+1.2%	AA [1]	Formosa Plastics	0.6%	+0.3%	CCC [1]
ITC Limited	1.0%	+0.9%	AA [1]	Sun Pharmaceutical Industries	0.5%	+0.3%	CCC [1]
Naspers Limited	1.0%	+0.5%	AA [1]	Will Semiconductor	0.4%	+0.3%	CCC [1]

Quarterly ESG Commentary

- The ESG Weighted score decreased slightly over the quarter but remains above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be 'Leaders'.
- No stocks were downgraded to 'CCC' in the quarter and one 'CCC' company (PT Gudang Garam) was exited.

Feature Stock: Vale

Vale is one of the 3 largest and lowest cost producers of iron ore in the world, whilst also ranking as the second largest nickel producer and amongst the ten largest copper miners. Its scale and low-cost production base puts it in an enviable position compared to global peers. Despite this and despite its improving ESG practises, it remains on a considerable valuation discount to any comparable peers.

The company suffered two catastrophic tailings dam collapses in 2015 and then again in 2019. The company has undertaken significant actions to rectify the issues stemming from the collapses and undertaken significant efforts to prevent further such events. Their new CEO, who was appointed in 2019 has committed to addressing specific concerns and improving the company's ESG practices. Some of these actions are clearly visible. They have committed to eliminating all upstream structures and are making clear progress, they have substantially reduced their recordable injury frequency, they have exited all coal-based mining activities, and finally they committed to and have relinquished all mining processes on indigenous lands in Brazil. There are clear signs that active engagement in collaboration with our engagement partners Robeco, LAPFF and other like-minded investors has improved practices, raised standards and is reducing risks.

[1]Source: MSCI ESG Research 30/06/2022

BORDER TO COAST EMERGING MARKETS EQUITY FUND

ESG & CARBON REPORT

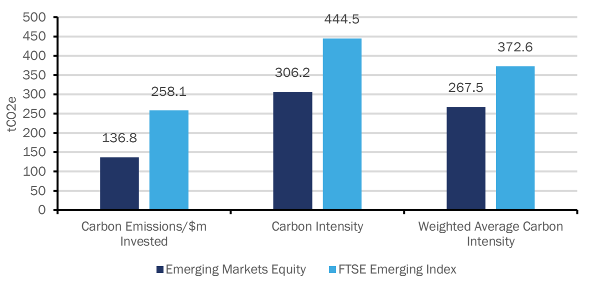
Q2 2022

MSCI ESG RATING

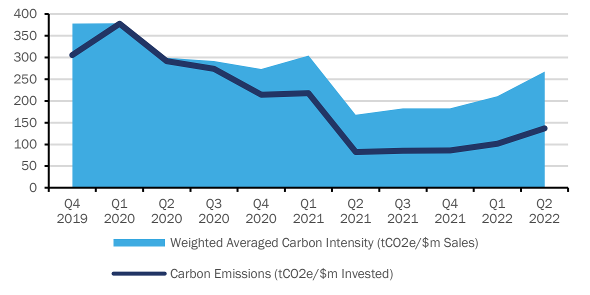
BBB

BORDER TO COAST PENSIONS PARTNERSHIP

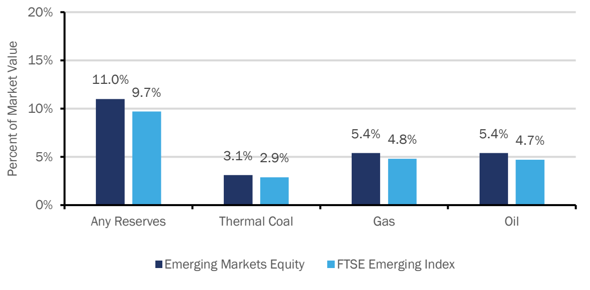
Carbon Emissions and Intensity[1]



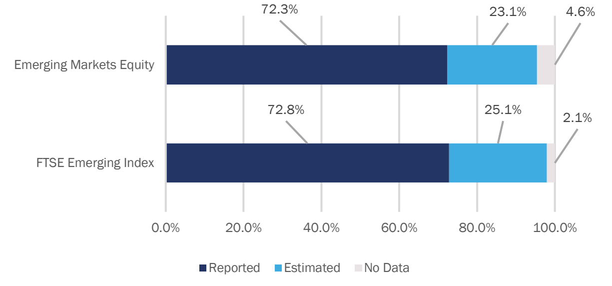
Weighted Average Carbon Intensity Trend[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Weighted Average Carbon Intensity [1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Qatar Gas Transport Company	0.4%	+0.4%	9.1% [1]	No	N/A
China Resources Power Holdings	0.1%	+0.1%	7.8% [1]	No	2
Petrobras	1.6%	+0.8%	6.8% [1]	Yes	4
Reliance Industries	2.7%	0.9%	6.6% [1]	Yes	1
Petronas Chemicals Group	0.8%	+0.7%	6.2% [1]	No	N/A

Quarterly Carbon Commentary

- The Fund is currently significantly below the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity (WACI).
- There was an increase in carbon emissions, intensity and WACI within the quarter, largely driven by the additions of Qatar Gas Transport (covered below) and Anhui Conch Cement.

Feature Stock: Qatar Gas Transport Company

Qatar Gas Transport is a liquefied natural gas ('LNG') transport operator. The company was established in 2004 with the strategic aim of becoming Qatar's LNG sector shipping arm. It currently has the world's largest LNG carrier fleet in operation, with a fleet of 83 vessels both wholly and jointly owned, putting them in control of approximately 13% of the global LNG carrier fleet.

The global awareness of climate change has resulted in commitments across the globe to reduce greenhouse gas. These commitments have timeframes that require an energy transition built on progressive moves to reduce the use of coal and fossil fuels, as well as a rebalancing to cleaner energy sources. Though still a fossil fuel, LNG is perhaps the cleanest and in the context of the current energy transition it represents a complementary pathway to reduce greenhouse gas emissions. To put this in context, LNG does not emit dust, soot or fumes. It generates 30% less carbon dioxide than fuel oil and 45% less than coal, with a two-fold reduction in nitrogen dioxide and almost no sulphur dioxide. The recent invasion of the Ukraine by Russia has resulted in even faster growth in demand for LNG as Europe has looked to improve its energy security and diversify its supply away from Russia. Qatar has the world's third largest proven gas reserves and is undergoing rapid expansion and growth in its LNG capacity. The company is a key means by which this supply can be transported to the customer and as such has attractive long-term growth prospects.

[1]Source: MSCI ESG Research 30/06/2022

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	1.4%	1.0%
Investment Trust/ Funds	3.6%	3.6%

[1]Source: MSCI ESG Research 30/06/2022

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[1]Source: MSCI ESG Research 30/06/2022

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Border to Coast Pensions Partnership Ltd

Teesside Pension Fund

21st October 2022

Agenda Item 8

Contents

Fixed Income

- An introduction
- Border to Coast's Fixed Income Fund Range

Border to Coast Update

- Investment Strategy Capabilities
- Valuation and Commitments
- Listed Equity Fund Updates
- Alternatives Updates

Border to Coast Pensions Partnership Ltd

Fixed Income: An Introduction

What are fixed income assets (bonds)?

A **loan** made for a **defined period of time** at a **pre-determined interest rate**

Issued by **governments (sovereigns) or companies** (corporate bonds or credit)

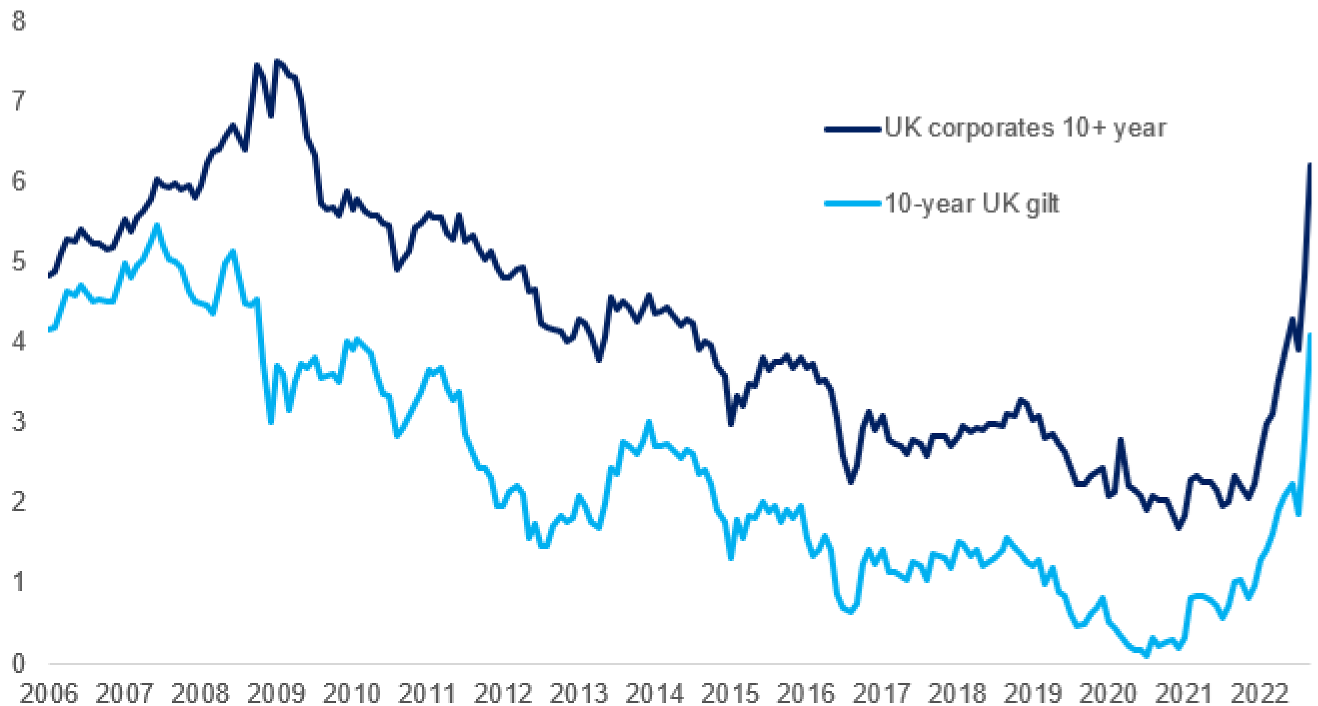
Example

- 2% 10 year bond with a nominal 'par' value of £100 will pay £2 per annum 'coupon' until it redeems in 2032 – at which point the £100 is returned to the lender (bond holder)
- Market value will vary from £100 through the life of the bond – it will rise if interest rates fall (because the previously fixed level of interest looks more attractive) and vice versa
- Price changes will also reflect riskiness of issuer

Uses of fixed income assets (bonds)

Positives – higher income than cash; matching known outflows; risk diversification

Negatives – vulnerable to inflation; capped returns



Source: Bloomberg, Markit
As at October 2022

What are Credit Ratings?

Credit ratings are forward-looking opinions about the ability and willingness of debt issuers, like corporations or governments, to meet their financial obligations on time and in full. The United Kingdom's sovereign credit rating is AA (Standard & Poor's).

Moody's Rating	Standard & Poor's Rating	Grade	Risk	Border to Coast Fund (average rating)
Aaa	AAA	Investment	Lowest Risk	
Aa	AA	Investment	Lower Risk	**Sterling Index-Linked Bond Fund**
A	A	Investment	Low Risk	**Sterling Investment Grade Credit Fund**
Baa	BBB	Investment	Medium Risk	
Ba, B	BB,B	Speculative	Higher Risk	**Multi-Asset Credit Fund**
Caa/Ca/C	CCC/CC/C	Speculative	Highest Risk	
C	D	Speculative	In Default	

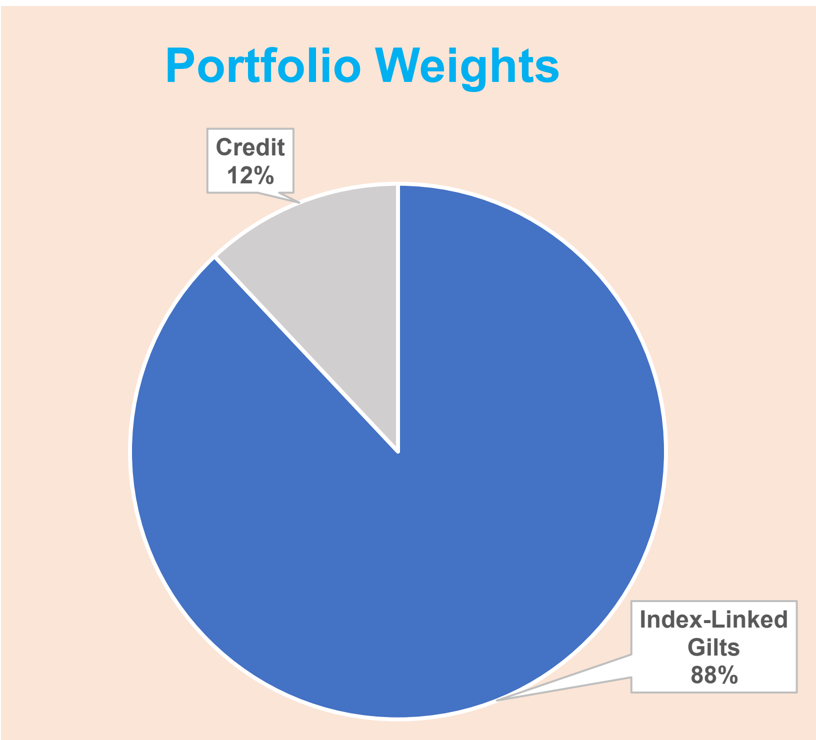
Source: Moody's and Standard & Poor's

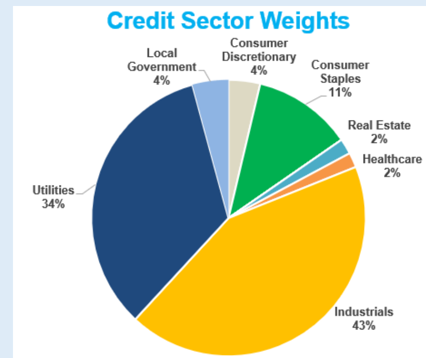
Border to Coast Pensions Partnership Ltd

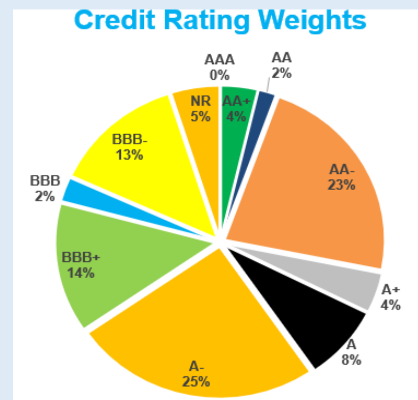
Border to Coast: Our Fixed Income Investment Funds

Sterling Index-Linked Bond Fund – Overview

Launched in October 2020, the internally managed Sterling Index-Linked Bond Fund invests in the inflation-linked debt of the UK government, as well as sterling denominated corporate and supranational inflation-linked debt. It aims to outperform the total return of the FTSE A Index Linked Gilts > 15 years Index by at least 0.2% over rolling five year periods.

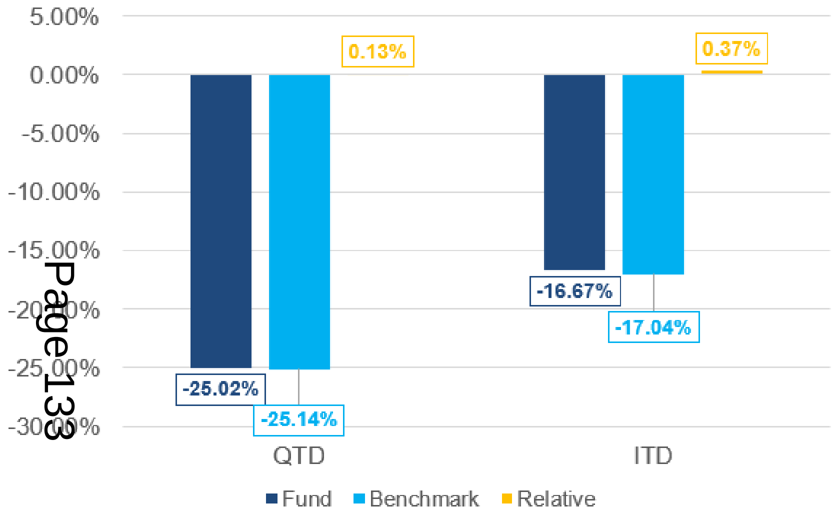


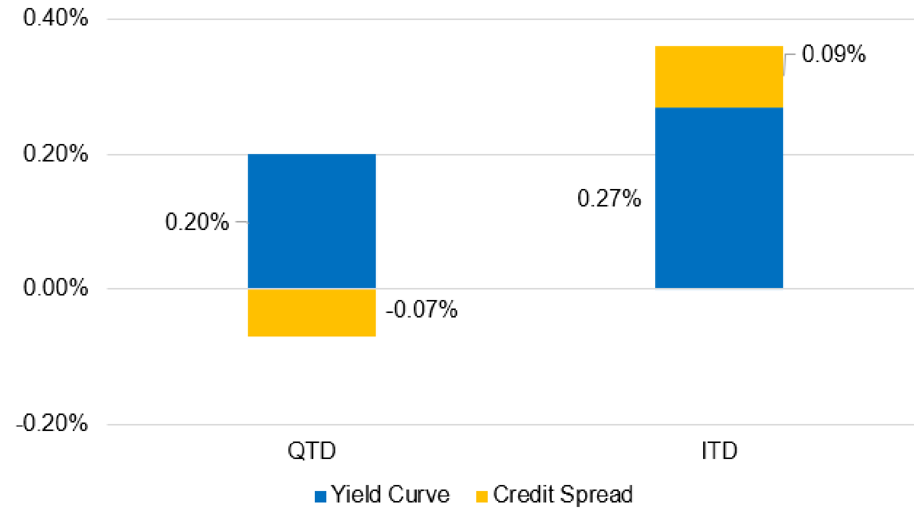




Note: Portfolio Positioning as at 30 June 2022

Sterling Index-Linked Bond Fund – Performance to 30 June 2022





- Since inception, yield curve and duration positioning has contributed the majority of the fund's outperformance.

Source: Northern Trust, Border to Coast (2022)
Note: Inception date for the Sterling Index-Linked Bond Fund was 23 October 2020.
Past performance is not a reliable indicator of future results.

INTERNAL

Sterling Investment Grade Credit - Overview

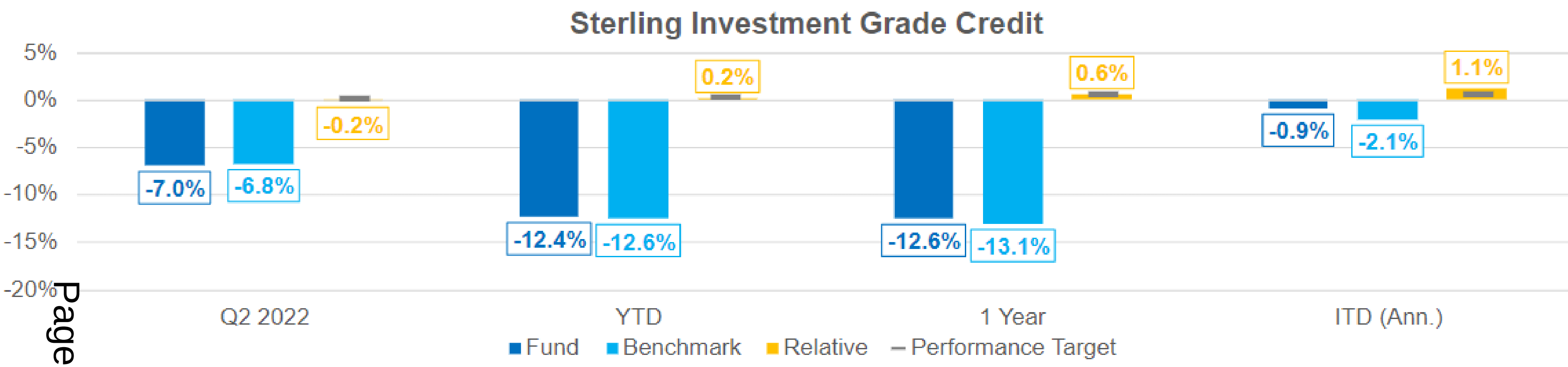
Launched in March 2020, the externally managed Sterling Investment Grade Credit Fund invests primarily in sterling-denominated debt of investment grade companies via three complementary managers. It aims to outperform the iBoxx Sterling Non-Gilts Index by at least 0.6% a year over rolling five-year periods.

Three different manager approaches within one Fund

M&G (33.5%)	*Pragmatic, value approach. Taking opportunities in significant credit events and attractive relative valuations.*
Insight (33.0%)	*Long-term credit quality focused buy and improve manager, harnessing their active management skills.*
RLAM (32.5%)	*Preference for secured bonds and mid-sized issues, highly differentiated from the corporate heavy M&G/Insight.*

Note: Manager Weights as at 30 June 2022. Does not sum to 100% due to cash balances.

Sterling Investment Grade Credit – Performance to 30 June 2022



The Fund aims to provide a total return which outperforms the total return of the **iBoxx GBP Non-Gilts Index by at least 0.6% per annum** over rolling five years periods (net of management fees).

	Q2 2022	YTD	1 Year	ITD
RLAM	**-7.2%**	**-12.6%**	**-12.4%**	**-0.9%**
Vs. iBoxx Sterling Non-Gilt Index	*-0.4%*	*-0.1%*	*0.7%*	*1.2%*
M&G	**-6.6%**	**-11.9%**	**-12.3%**	**-1.2%**
Vs. iBoxx Sterling Non-Gilt Index	*0.2%*	*0.7%*	*0.8%*	*0.9%*
Insight	**-7.1%**	**-12.6%**	**-12.9%**	**-0.7%**
Vs. iBoxx Sterling Non-Gilt Index	*-0.3%*	*0.0%*	*0.2%*	*1.4%*

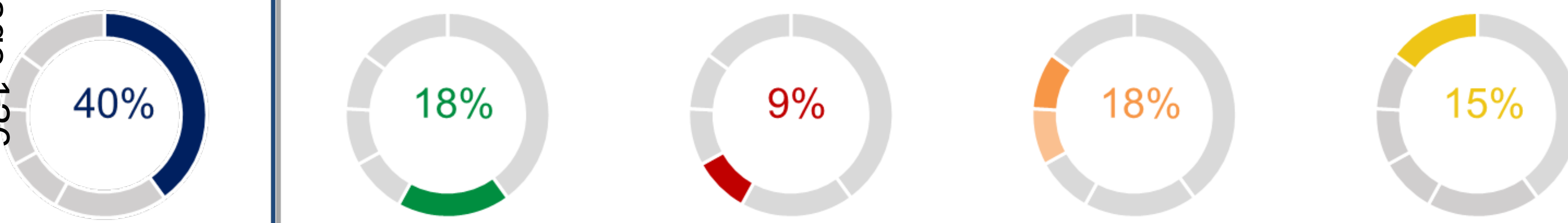
Source: Northern Trust (2022)
Note: Inception date for the SIG Fund was 18 March 2020.
Past performance is not a reliable indicator of future results.

Multi Asset Credit Fund - Overview

Launched in November 2021, the externally managed Multi-Asset Credit Fund provides exposure to specialist global fixed income assets. It aims to outperform the Sterling Overnight Interbank Average (SONIA) by 3-4% over rolling five-year periods.

Core Manager | **Specialist Managers**

CORE | HIGH YIELD | LOANS | EMD | SECURITISED



CORE – PIMCO

- Long-term and transparent approach drawing on their industry-leading asset allocation process.
- Attractive risk-adjusted returns through a full market cycle since 2005.
- Wider partnership with Border to Coast.

HIGH YIELD – WELLINGTON

- Excellent track record from experienced and stable team that has consistently improved process over time (e.g. addition of dedicated quantitative resource).
- Well-run company with potential for additional insight from wider organisation.

LOANS – BARINGS

- Best resourced team in their sector with long history of running dedicated loans mandates.
- Depth of analyst team allows greater research than peers, taking positions others are not able to analyse.

EMD – ASHMORE + BORDER TO COAST

- Ashmore, with its dedicated EM specialists and wide resources, will run a mandate covering corporate bonds in local currencies.
- Border to Coast has the capability to run a cost-effective sovereign bond mandate in US$.

SECURITISED – PGIM

- Run one of world's largest securitised platforms for their insurance parent – major player in the market.
- Modelling tools are market leading. Excellent risk approach.

Note: Strategic Asset Allocation Weights.

INTERNAL

Multi Asset Credit Fund - Benefits

Higher expected return than traditional bonds, with less risk than equities
MAC assets are around half as volatile as equities and more senior in the event of default

Diversifying relative to other assets in a traditional pension fund portfolio
MAC assets have an average correlation of 0.65 with equities and 0.20 with government bonds

Huge opportunity set of investible assets
E.g. there are almost $10trn in outstanding MBS securities – one of the World's largest and most liquid markets

Access to additional sources of return and diversifying characteristics
E.g. Floating coupons (e.g. SONIA-linked loans), access to under-allocated markets (e.g. Zambia and Ghana), exposure to consumer risk (e.g. US auto loans or UK residential mortgages), ability to dictate terms directly to borrowers.

Past performance is not a reliable indicator of future results.

Multi Asset Credit Fund – Performance to 30 June 2022

	Q2 2022			Since Inception (November 2021)		
	Portfolio	Secondary Benchmark	Relative	Portfolio	Secondary Benchmark	Relative
Ashmore *EM Debt (Local & Corp)*	(10.3%)	(8.0%)	*(2.3%)*	(18.9%)	(16.0%)	*(2.9%)*
Barings *Leveraged Loans*	(5.2%)	(4.8%)	*(0.4%)*	(5.3%)	(4.7%)	*(0.6%)*
PGIM *Securitised Credit*	(2.8%)	(4.0%)	*+1.2%*	(3.6%)	(4.6%)	*+1.0%*
PIMCO *Core Manager*	(8.1%)	(7.3%)	*(0.9%)*	(13.7%)	(12.4%)	*(1.3%)*
Wellington *High Yield*	(10.5%)	(9.9%)	*(0.5%)*	(13.9%)	(13.8%)	*(0.1%)*
Border to Coast *EM Debt (Hard)*	(12.0%)	(11.9%)	*(0.0%)*	(20.3%)	(21.8%)	*+1.5%*
Multi-Asset Credit Fund	**(7.9%)**	**(7.5%)**	***(0.4%)***	**(12.5%)**	**(11.9%)**	***(0.6%)***
Primary Benchmark (Cash plus 3.5% p.a.)	**(7.9%)**	**1.1%**	***(9.0%)***	**(12.5%)**	**2.5%**	***(15.0%)***

Primary Benchmark

SONIA + 3.5% (net) over rolling five-year periods

More pertinent over longer-time periods, where incremental spread/yield is the key driver.

Secondary Benchmark(s)

Underlying managers' asset class benchmark.

Allows assessment of a manger's performance relative to their respective asset class – relative performance important.

Source: Northern Trust (2022). Inception is 12 November 2021.
* Secondary Benchmark(s) are detailed in the Appendix.
Past performance is not a reliable indicator of future results.

Private Credit Fund - Overview

The Private Credit offering seeks to invest in a variety of private credit instruments, with the objective of delivering a long-term annual net return of 6%.

Private credit investments typically provide capital to privately held companies to support growth, refinancing, mergers and acquisitions, or to provide liquidity or capital structuring solutions.

- Returns are typically higher than for public credit (corporate bond) investments, due to lower liquidity and higher risk profile.

- A typical Private Credit fund can be broken down into **three key stages** in terms of activity and cash flow:

Investment Stage (Years 1-3)

- Capital is committed and drawn down
- Repaid capital may be reinvested
- Investments are made in the underlying portfolio companies

Harvest Stage (Years 3-5)

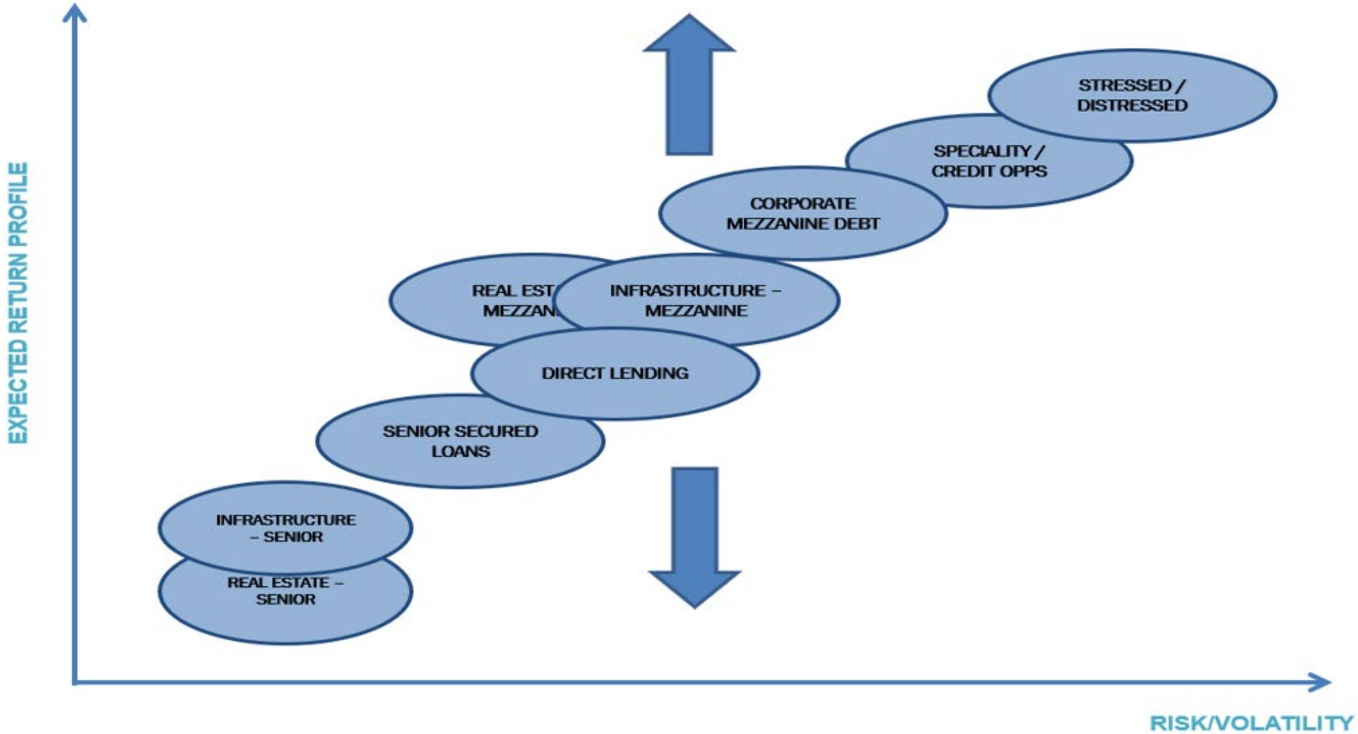
- Initial investments start to mature in line with investment plan
- Regular income distributions
- Follow-on investment are made where appropriate

Maturity/Liquidation (Years 5-7)

- Majority of investments excited through contractual capital repayment

Private Credit Fund – Types of Strategies

Page 140



DIRECT LENDING
Senior position in the capital structure

REAL ASSETS
Lending to owners of property and infrastructure assets

MEZZANINE / SPECIALITY
Subordinated or junior debt

STRESSED / DISTRESSED
Short term pressures but capital expected to be repaid

Border to Coast Pensions Partnership Ltd

Border to Coast Update: Q2 2022

Investment Strategy –
Asset Capability Launch Timetable

	Scheduled 2021	Scheduled 2022	Scheduled 2023	Scheduled 2024
Equities	*Emerging Markets Hybrid*	*UK Alpha - review*	*Regional Alpha*	*Overseas Dev Equity Review*
		Global Alpha – change implementation	*Emerging Markets Alpha*	*ESG / Factor / Index-Tracking*
		Listed Alternatives	*UK Opportunities*	
Alternatives	*Series 1C*	*Series 2 + Climate Opps*		
		Cashflow Mgmt Asset Allocation Legacy		
Fixed Income	*Multi-Asset Credit*		*Green Sustainable Social Bonds*	
Real Estate		*UK Real Estate*		
		Global Real Estate		
Other	*Climate Change Policy*	*Responsible Investment including Climate Change Strategy*		
			Hedging / Income / Liquidity Management	

Delivered Delivery within tolerance	*Forecast Delivery Date*	*Work to do to agree with PF how to take forward*

Border to Coast Pensions Partnership Ltd

Teesside Pension Fund – Investments Summary

Teesside – Valuation & Commitments

Listed Investments	Teesside Value (as at 30/06/2022)	Total Fund Value (as at 30/06/2022)
	£	£
UK Listed Equity Fund	592m	3.4bn
Overseas Developed Markets Equity	1.48bn	5.3bn
Emerging Markets Equity	206m	1.0bn

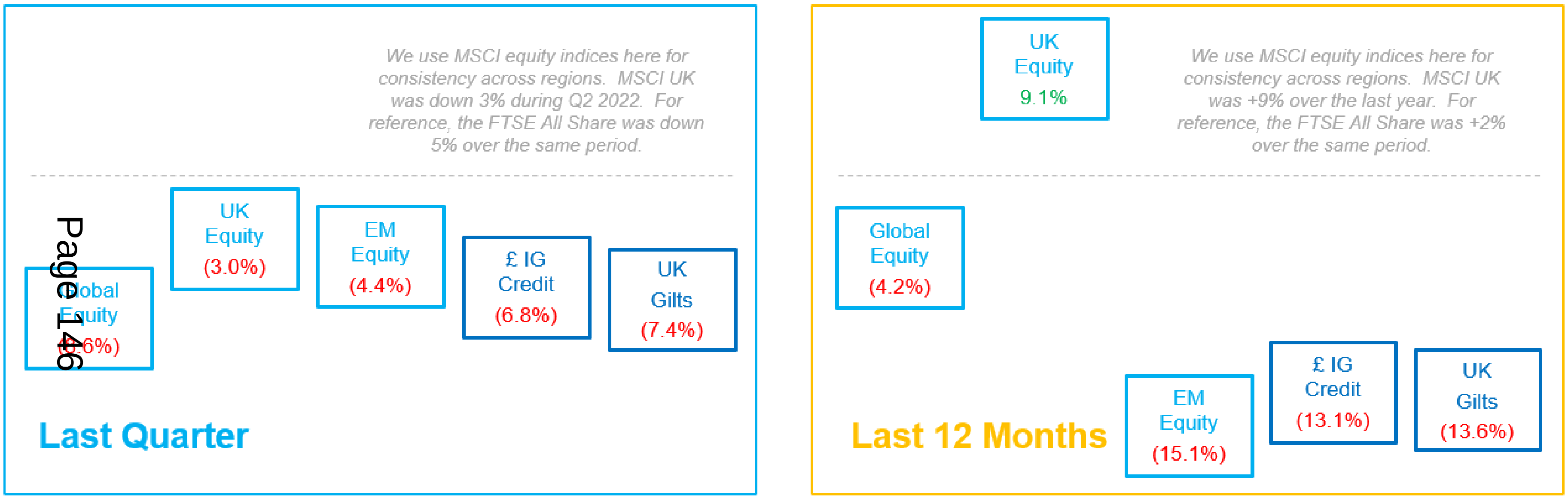
Alternative Investments	Teesside Commitment (Series 1)	Teesside Commitment (Series 2A)	Total Series 1 Commitment (all Partner Funds)	Total Series 2A Commitment (all Partner Funds)
	£	£	£	£
Infrastructure	200m	150m	2,455m	1,025m
Private Equity	200m	100m	1,720m	705m
Private Credit	-	-	1,501m	985m
Climate Opportunities	-	80m	-	1,350m

Source: Border to Coast.
Past performance is not a reliable indicator of future performance and is not guaranteed.

Border to Coast Pensions Partnership Ltd

Equity Fund Performance – Q2 2022

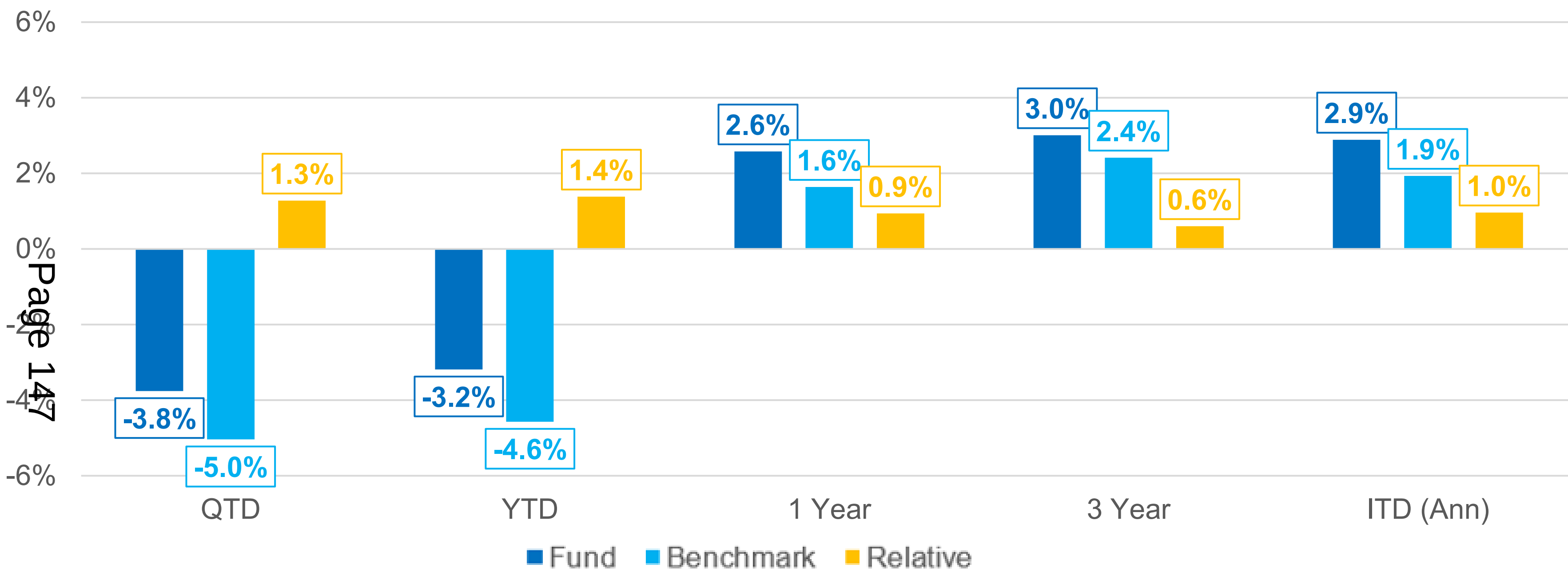
Market Movements (to 30 June 2022)



- Q2 2022 was another very difficult quarter for markets – and like with Q1 2022, there were few places to hide. Developed market equities, emerging market equities, credit and sovereign bonds all fell, with investors looking for the exits as recession risk continued to grow.
- In UK bond markets specifically, rising interest rates (especially at the shorter end of the curve) hurt investment grade and gilt valuations.

Source: Bloomberg (2022). Charts for illustration only and are not to scale.

UK Listed Equity Fund – Performance to 30th June 2022

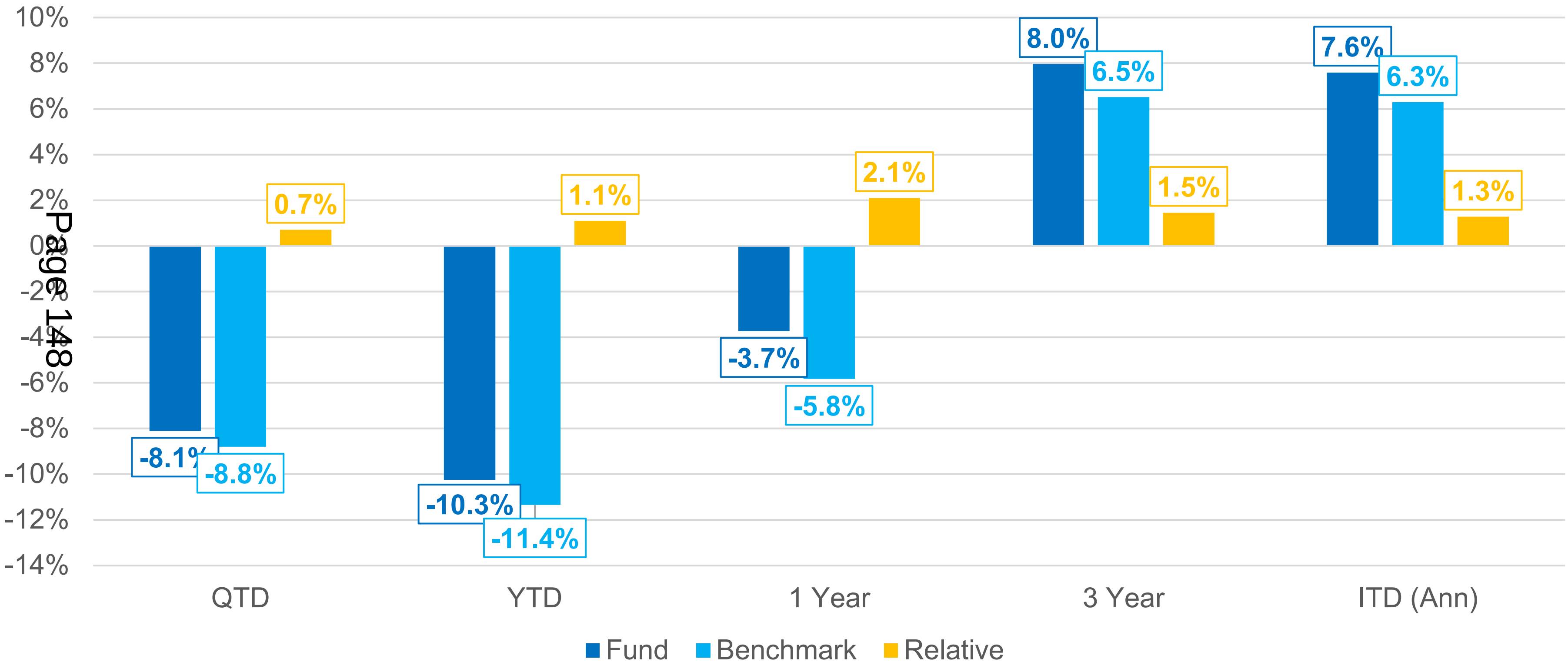


Page 147

- Performance benefitted from good selection in consumer discretionary and healthcare stocks, together with relatively lower exposure to the consumer discretionary sector and higher exposure to the materials sector
- Performance showing an improving trend in recent months as portfolio changes beginning to impact

Source: Northern Trust, Border to Coast **Note:** Inception date: 26 July 2018.
Figures refer to the past. Past performance is not a reliable indicator of future performance and is not guaranteed.

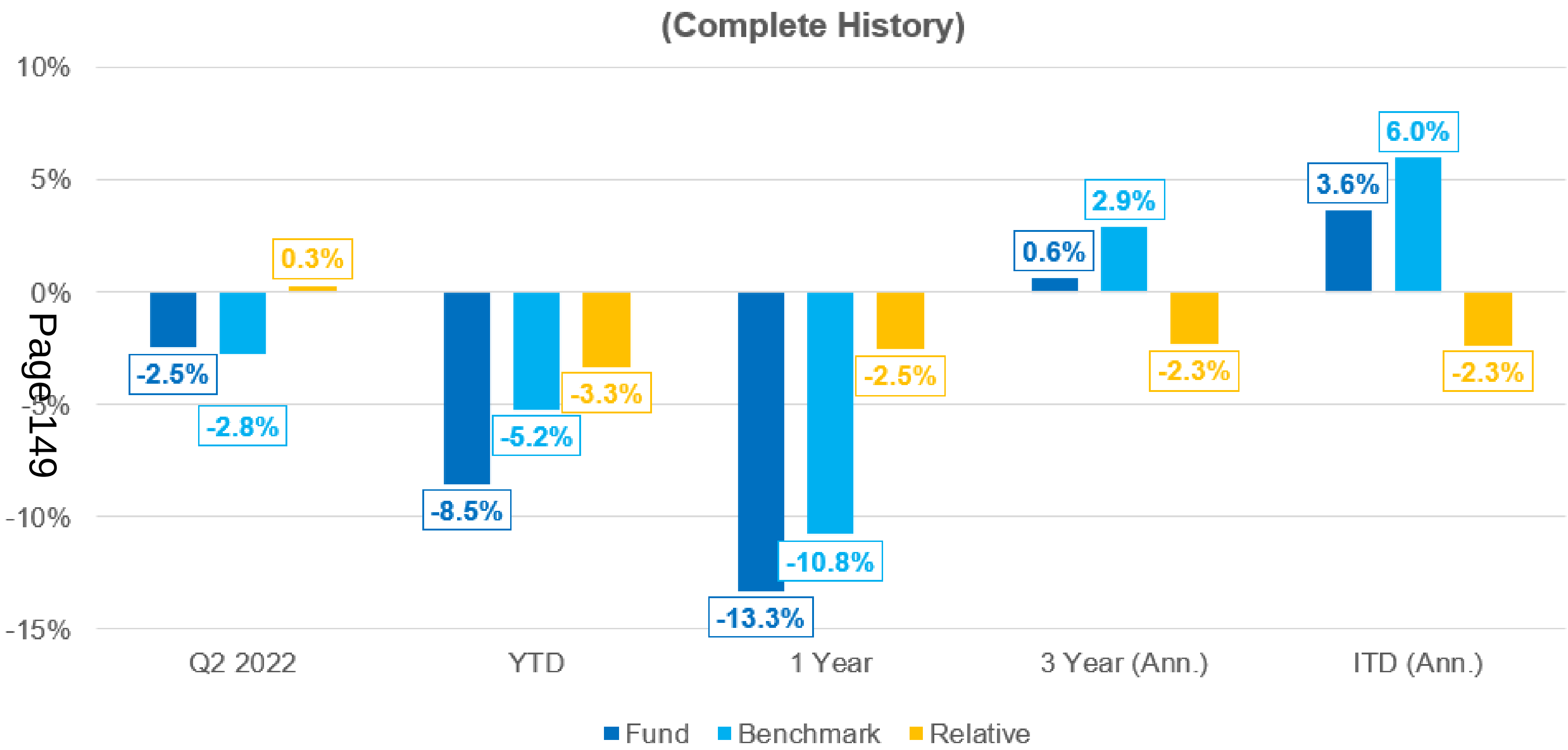
Overseas Developed Equity Fund – Performance to 30th June 2022



- Continued strong performance in US and Europe portfolios ensured a solid start to 2022

Source: Northern Trust, Border to Coast **Note:** Inception date 9 July 2018.
Figures refer to the past. Past performance is not a reliable indicator of future performance and is not guaranteed.

Emerging Markets Equity Fund – Performance to 30 June 2022

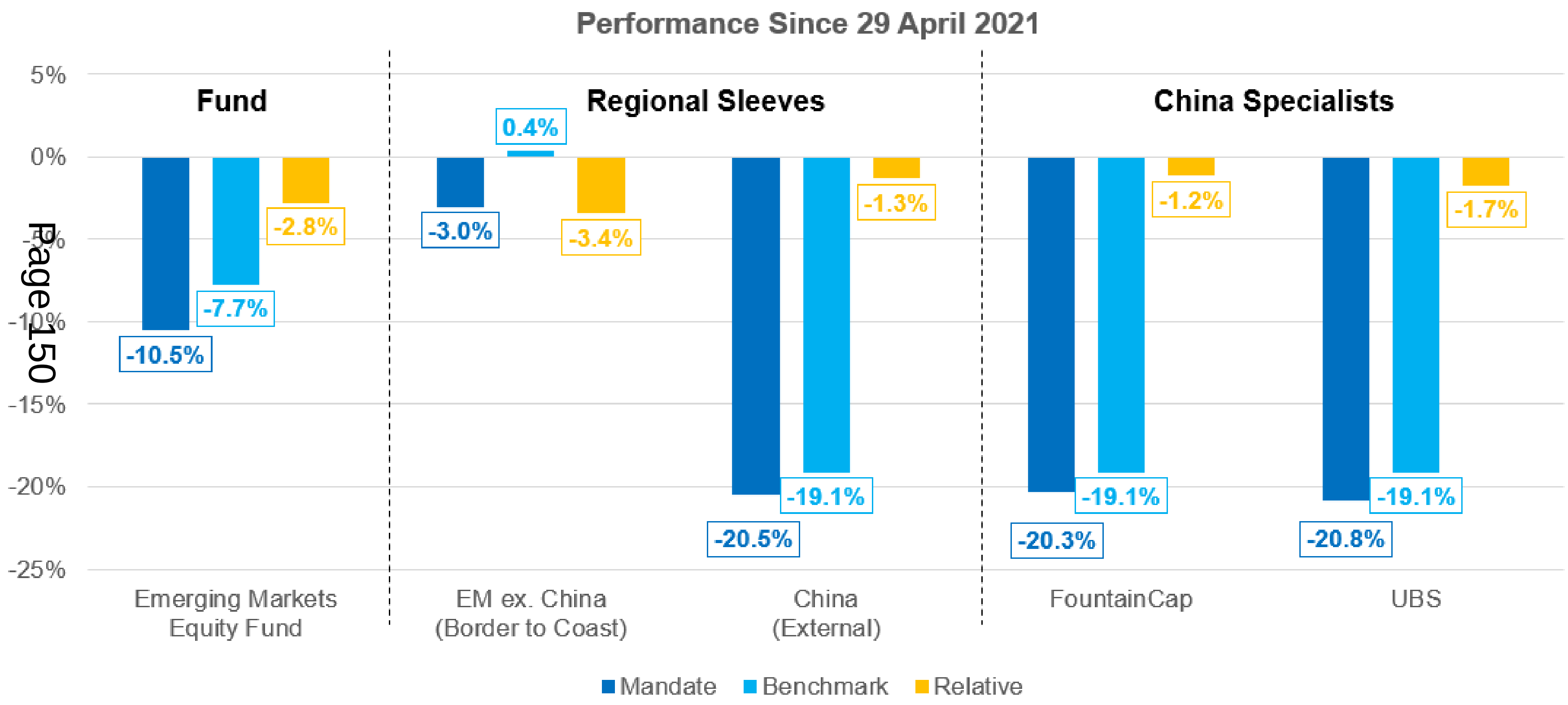


Page149

From **29 April 2021**, the Fund aims to provide a total return which outperforms the total return of the **FTSE Emerging Index by at least 1.5% per annum** over rolling three years periods (net of management fees). Between 10 April and 28 April 2021, the benchmark return was equal to the Fund return (performance holiday for restructure) and prior to 9 April 2021, the benchmark was S&P Emerging BMI with a performance target of 1% per annum.

Source: Northern Trust (2022) **Note:** Inception date for the Emerging Markets Equity Fund was 22 October 2018.
Figures refer to past performance. Past performance is not a reliable indicator for future results.

Emerging Markets Equity Fund –
Post Restructure Performance to 30 June 2022



The Fund aims to provide a total return which outperforms the total return of the **FTSE Emerging Index by at least 1.5% per annum** over rolling three years periods (net of management fees).

Source: Northern Trust (2022) **Note:** Restructure of the Emerging Markets Equity Fund completed on 28 April 2021.
Figures refer to past performance. Past performance is not a reliable indicator for future results.

Border to Coast Pensions Partnership Ltd

Alternatives

Private Equity Series 1: Capital Deployment

Series 1A	30 June 2022	31 March 2022
Capital Committed	99.7%	99.7%
Capital Drawn	51.7%	51.1%
Capital Distributed[1]	9.8%	9.5%
Series 1B	**30 June 2022**	**31 March 2022**
Capital Committed	99.1%	99.1%
Capital Drawn	39.2%	35.0%
Capital Distributed[1]	0.3%	0.7%
Series 1C	**30 June 2022**	**31 March 2022**
Capital Committed	100.0%	100.0%
Capital Drawn	16.0%	14.2%
Capital Distributed[1]	0.0%	0.0%

[1] Including recallable distributions
Source: Albourne

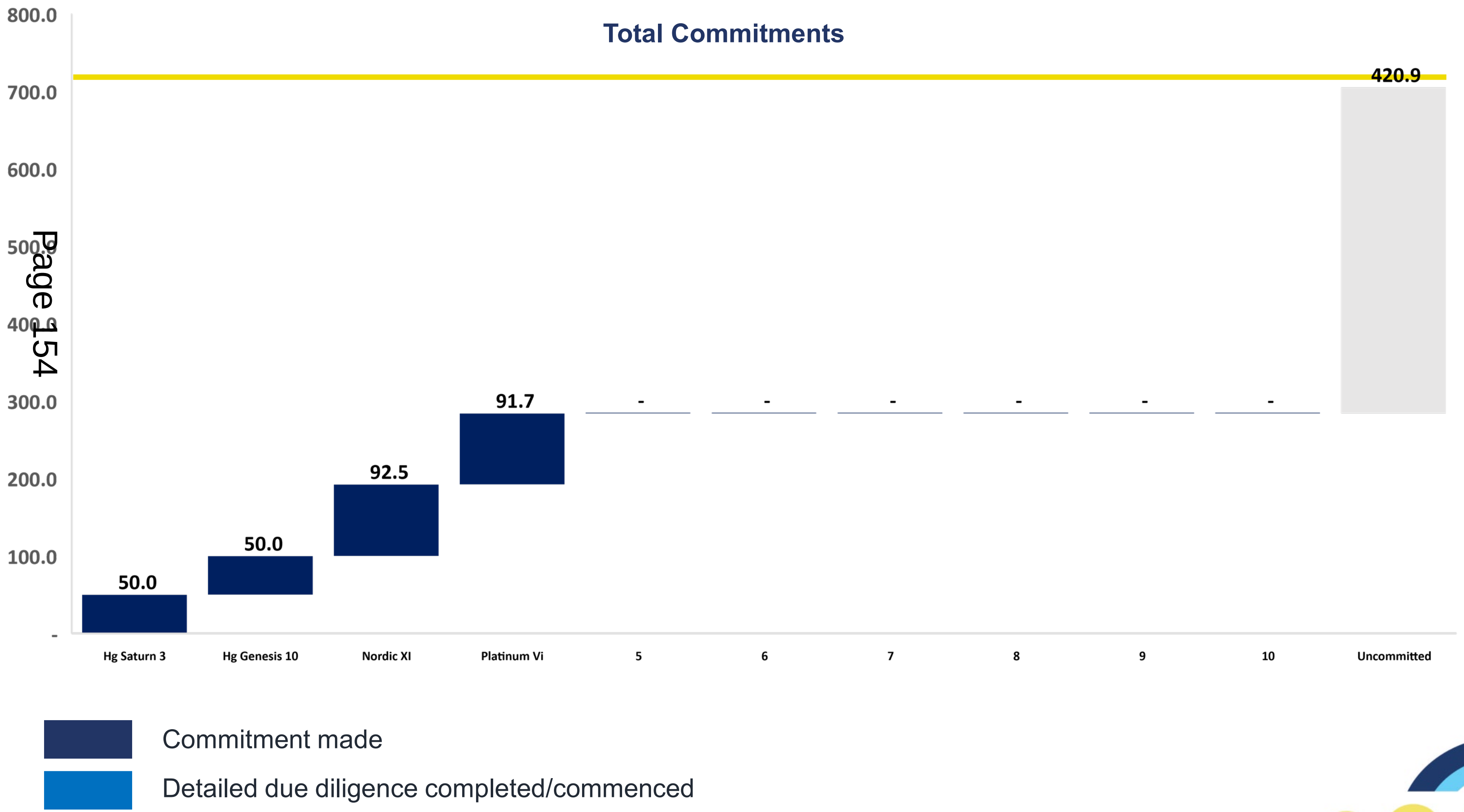
Private Equity Series 1: Since Inception Performance

Series	IRR*	TVPI*
Series 1A	45.5%	1.60x
Series 1B	23.4%	1.11x
Series 1C	6.8%	1.03x
Series 1	**38.9%**	**1.32x**

Fund inception date May 2019
* Please refer to the Appendix for definitions of IRR and TVPI

Performance is effective 31/03/22.
Past performance is not a reliable indicator of future results.
Source: Private Monitor

Private Equity 2A Commitments to Date (from 1st April 2022)



Note: Commitments in £m using exchange rates at time of approval. Residual uncommitted capital to be cancelled
There has been no Series 2 Capital called effective 30/06/22. 40.3% of Series 2A has been committed.

INTERNAL

Infrastructure Series 1: Capital Deployment

Series 1A	30 June 2022	31 March 2022
Capital Committed	98.7%	98.7%
Capital Drawn	50.9%	46.6%
Capital Distributed[1]	7.5%	3.9%
Series 1B	**30 June 2022**	**31 March 2022**
Capital Committed	98.7%	98.7%
Capital Drawn	29.9%	27.0%
Capital Distributed[1]	1.1%	0.5%
Series 1C	**30 June 2022**	**31 March 2022**
Capital Committed	100.0%	84.2%
Capital Drawn	60.9%	61.1%
Capital Distributed[1]	6.2%	4.7%

[1] Including recallable distributions
Source: Albourne

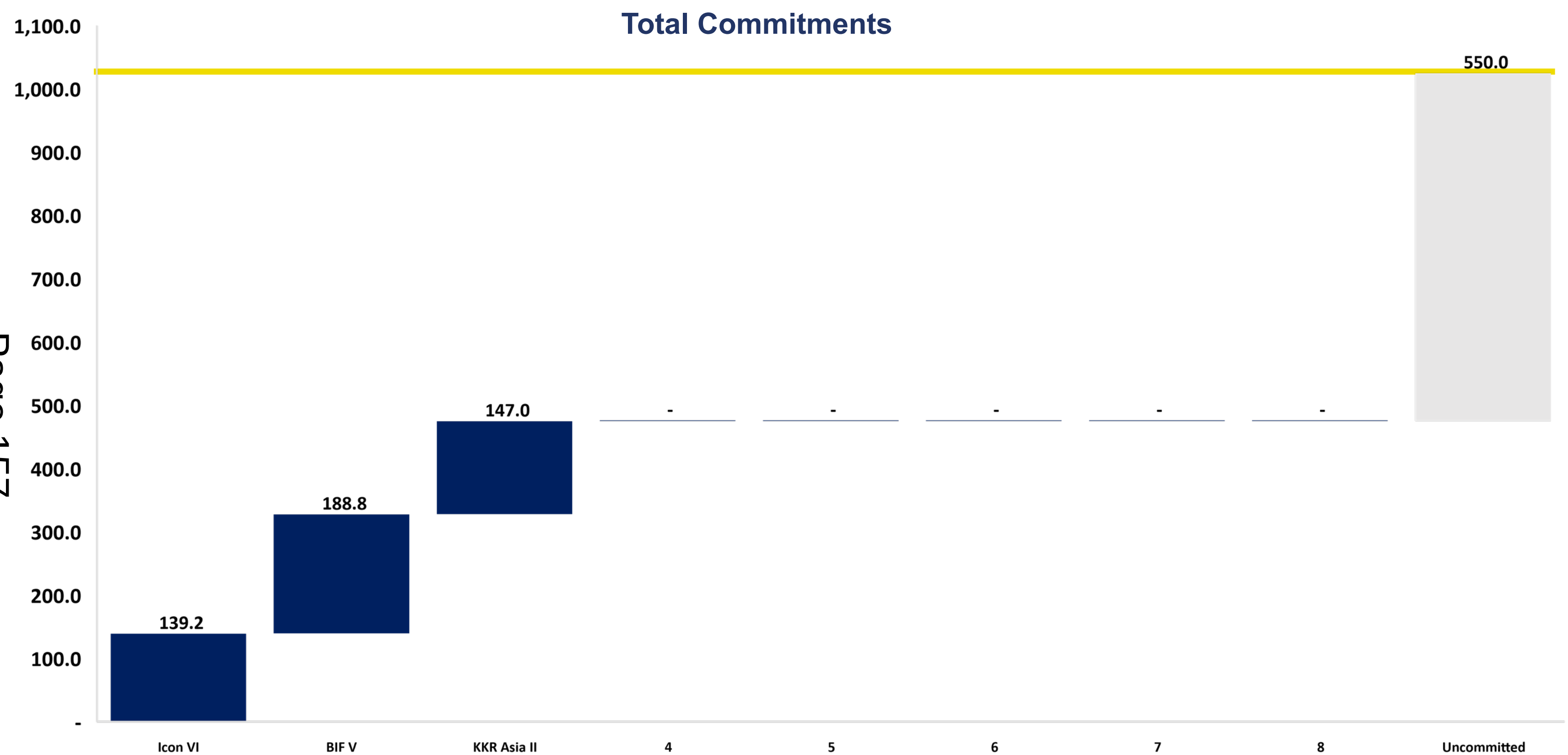
Infrastructure Series 1: Since Inception Performance

Series	IRR*	TVPI*
Series 1A	11.3%	1.16x
Series 1B	5.6%	1.04x
Series 1C	9.4%	1.04x
Series 1	**10.7%**	**1.08x**

Fund inception date July 2019
* Please refer to the Appendix for definitions of IRR and TVPI

Performance is effective 31/03/22.
Past performance is not a reliable indicator of future results.
Source: Private Monitor

Infrastructure 2A: Commitments to Date (from 1st April 2022)



Page 157

Commitment made

Detailed due diligence completed/commenced

Note: Commitments in £m using exchange rates at time of approval. Residual uncommitted capital to be cancelled
There has been no Series 2 Capital called effective 30/06/22. 46.3% of Series 2A has been committed.

INTERNAL

Border to Coast Pensions Partnership Ltd

Appendix

MAC* – Secondary Benchmarks

Secondary Benchmarks (Page 14)

- **Ashmore** – Custom Benchmark *(made up of Local Currency and Corporate EM Debt)*
- **Barings** – Credit Suisse GLLI (Hdgd)
- **PGIM** – JPM A CLO Index (Hdgd)
- **PIMCO** – Custom Benchmark *(composite of underlying asset class benchmarks)*
- **Wellington** – ICE Dev Market High Yield Constrained (Hdgd)
- **Border to Coast** – JPM EMBI Global Diversified (Hdgd)

* Multi-Asset Credit Fund

Private Equity / Infrastructure – IRR and TVPI Definitions

IRR and TVPI (Pages 29 and 32)

- **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.

Source: Private Monitoring Report

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

PENSION FUND COMMITTEE REPORT

21 OCTOBER 2022

DIRECTOR OF FINANCE – HELEN SEECHURN

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: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040

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Appendix A

Independent Adviser's Report for Teesside Pension Fund Committee

William Bourne **10th October 2022**

Market commentary

1. In June I warned that a global recession was looking highly likely. Since then we have seen substantial interest rate rises and evidence of slowing economies almost everywhere.

2. Inflation data is showing some sign of peaking, principally because energy prices have eased off. IMF forecasts for 2022 consumer inflation are an average of 6.6% in developed and 9.5% in developing countries. Although central banks and bond markets are both forecasting that inflation will fall, the recent OPEC accord to cut oil production and sabotage of the Nordstream pipelines make it clear that inflation will be impacted by energy shortages for some time to come.

3. Central banks appear determined to tighten policy further to lower inflation rates. The European central bank has now raised rates to 1.25%, U.K. rates have risen to 2.25%, and U.S. rates are now 3.25%. Only Japan is maintaining rates at close to zero. The U.S. Federal Reserve has also withdrawn over 1 trillion dollars of liquidity from bond markets since the peak, which has the same impact as a much larger rate rise. It is no surprise that the US$ has been super strong, reaching 30- and 40-year highs against both the yen and sterling.

4. The Fed. has started to signal a slightly less aggressive approach to monetary policy and will certainly reverse course (the jargon word here is 'pivot') when they believe inflation is tamed. However, this is unlikely to be in the next six months.

5. The new U.K. government's financial statement unsettled the gilt market and sterling dramatically. After 15 years of governments largely relying on monetary policy to sustain the economy (i.e., Quantitative Easing), the Chancellor chose to throw the fiscal lever by announcing tax cuts and greater government spending. There is some merit in the underlying reasoning, but both the political and the markets' reaction forced a rapid U-turn on some of the measures.

6. Bond investors were upset by the sudden significant increase in borrowing and the insouciance with which the Chancellor refused to either let the Office of Budget Responsibility vet his plans or say how

he planned to pay it back. The gilt sell-off was exacerbated by the U.K. private sector Defined Benefit pension funds' widespread investment in LDI (liability driven investment). The rise in bond yields forced them to liquidate collateral, largely held in the form of gilts, to cover margin calls on their leveraged positions, meaning that gilts sold off further and they had to liquidate more. The Bank of England had to stabilize gilt prices through a short-term emergency purchasing programme.

7. The table below gives current IMF growth forecasts for growth and inflation over the next 18 months. Since the spring of 2022 and 2023 growth forecasts have come down by 0.4% and 0.7% respectively, and the numbers for advanced economies' inflation have risen by 0.8% and 1%. Projected growth in the West is well below the trend at between 0.5% (U.K.) and 1.2% (Europe). The IMF comments that the risks to 2023 growth are skewed to the downside, especially in the U.K.

GDP Real Growth (%)	World	U.S.	China	E.U.	U.K.	Developing	***Inflation***
2020	-3.1	-3.4	2.2	-6.3	-9.3	-2.0	*3.2*
2021	6.1	5.7	8.1	6.8	7.4	6.8	*4.7*
2022	3.2	2.3	3.3	2.6	3.2	3.6	*8.3*
2023	2.9	1.0	4.6	1.2	0.5	3.9	*5.7*

Source: IMF July 2022 World Economic Outlook

8. Higher bond yields have put further pressure on equity valuations, and together with the likely global recession, a further leg down in equity markets is highly likely. However, if and when the Fed 'pivots', they may reverse course quite suddenly, as they did in December 2018 and March 2020.

9. In the longer term, the fog of uncertainty is slowly clearing. Interest rates and bond yields will stay higher, perhaps in the 2% to 5% range. Monetary policy will be used to relieve times of stress (e.g., the Bank of England's recent emergency package) but not as a semi-permanent feature. Governments will shift to fiscal policy to try and stimulate growth. Economic growth in the major economies will notwithstanding remain low. Globalisation is, if not in reverse, no longer moving forward. Tech continues to march on. Capital for investment or leverage is both more expensive and scarcer.

10. Investors such as the Fund who are providers of capital to private companies should therefore be well rewarded in the longer term. However, it is not clear that the same is true of investment into gilts, which are now explicitly being manipulated by the Bank of England (the jargon word here is 'yield curve control'). That means that investors are not receiving the return they should for the risk they are taking. While this may persist for a while, eventually the stresses will show up somewhere.

11. There are some positives from recent events: the UK government's decision to switch to fiscal policy is probably correct, even if the implementation was botched; the Chancellor has (I hope) learnt two lessons, first that he cannot buck the market, and secondly that the U.K. cannot act regardless of

others; and the flaws in LDI, which I and others have long spoken about, have been exposed.

12. However, the immediate course of markets still looks challenging for all investors. The Bank of England is playing a dangerous game, as it is increasingly relying on short-term funding to finance the Government's budget. If it finds itself having to raise finance when markets are stressed, it may find itself forced to take unpalatable measures. Sterling will carry a risk premium for poor financial management, much as in the1970s.

13. The Fund's cash weighting will help mitigate the short-term damage and provide opportunities to invest at better prices but will not insulate it from market falls. The big question will be whether the allocation to bonds should be raised now that gilts yield more than the Fund's discount rate and investors can receive nearly 5% on the best-rated corporate bonds.

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Investment report for Teesside Pension Fund October 2022

Political and economic outlook

On the whole both political and economic fortune's for the world are looking decidedly less rosy as the year progresses. The supply and demand imbalances are looking to be more persistent and embedded than was thought even a year ago. The temporary blip in inflation has become a self-perpetuating beast. The problem for central bank's is how to bring inflation under control without crippling huge swathes of the world economy. We are clearly not in a stagflationary environment, the commodity, energy and labour markets are all dangerously tight meaning that high inflation Is here for some time to come.

High energy prices and the rising cost of borrowing feeding into mortgage rates has acted like a huge tax increase on the average person. Not only that but these two key components have pushed core inflation up substantially. It is going to take careful economic management and political skill to bring this phase to a happy ,or even satisfactory, conclusion. A word of comfort though is that the IMF , no less, does not expect a wage price spiral to develop.

I'll briefly mention the chancellor's mini statement but won't dwell on it as you probably have heard and read quite enough analysis on the subject. Suffice to say the tone and content of the statement is enough to unsettle financial markets for some considerable time to come. This will have a damaging impact on the future performance of the UK economy as if it didn't have enough headwinds to contend with.

Pension funds have not been immune from the market turmoil. Those with Liability Driven Investment strategies have seen a significant increase in their liabilities which has resulted in forced sales of gilt edge stocks and other assets. I seem to remember that portfolio insurance failed to work in

the market slump of 1987. This time around sizable moves in the gilt market, but not to my mind extreme or inappropriate, have led to significant problems for pension funds. This does not look like a problem which will go away easily given the size of UK pension fund holdings in gilts. Fortunately your fund has not got involved in financially engineered products that don't work, you have kept things simple. However it does not mean that the fund is immune from the force selling of other assets as the crisis deepens.
The most influential driver on economics and markets remains the war in Ukraine. Despite the recent gains made by Ukraine it is an increasingly serious situation where Russia could cause immense economic damage globally, not to mention the threat of nuclear war.

Markets

It looks as if we are entering a period of relatively high inflation which might already have peaked but which is likely to remain above central bank targets over the medium term. We are also looking forward to a period of re-entry to an era of more normal interest rates and less accommodative monetary and fiscal policies. This is unchartered territory for both central banks and politicians alike, clearly nothing can go wrong. As I've already mentioned there are other considerable uncertainties.
Fixed interest securities are in negative yield territory which is a position they are likely to be in for some time as central bank's are unlikely to be able to respond adequately to the current inflation pressures. This means there is likely to be further pressure on fixed interest prices.
Fears that economies may be moving into recession will also put pressure on corporate profitability is not good news for credit markets either.
Index-linked would appear to offer some value in an inflationary environment however if we are on a trend to more persistent real positive

interest rates rather than negative then this could be a very volatile asset class to hold without any certainty of a decent positive return.
Real cash returns will be awful over the medium term, better returns might be found in safe cash alternatives.
Equity markets will also struggle in this environment. Equities don't like high or rising inflation but they do like negative interest rates which are likely to be here for some time. Corporate profits are due to fall as a percentage of national income but in an inflationary climate that does not mean that nominal profits will necessarily fall. However given the severity of the energy price rises and potential interest rate increases the consumer will feel a substantial squeeze on real incomes. Many will not be able to cope with a squeeze of this nature and will cut back on consumer expenditure marketly. Assistance from the government will undoubtedly be necessary. Developing markets which are less highly geared than the developed markets are likely to perform better during this period.
Within the property market selective purchases could produce positive outcomes but with the level of uncertainty on all fronts it might be better to keep the powder dry.
Similarly purchases in the alternative market could produce reasonable returns if carefully selected given the variety of investment types.

Portfolio recommendations

This genuinely is one of the most difficult periods in which to make portfolio recommendations. Political uncertainty in every respect is at a near time high and economic uncertainty as we move towards more

conventional economic policies and a normal interest rate environment, argue against putting forward any recommendations.
However :-
Bonds are between a rock and a hard place and should be avoided.
Index-linked I think,on balance, should be avoided for the time being as well.
Given the negative real interest rates real assets such as equities should be considered although the ride will not be easy. Most other assets are giving negative yields currently, equities at least have a chance over the longer term of producing positive real returns as do alternative investments. The same argument applies to property.
In conclusion it's likely to be a rough time for the portfolio whatever action we take.

Peter Moon
11 October 2022

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Agenda Item 10

TEESSIDE PENSION FUND
Q2 2022

CBRE

Quarterly Report
Prepared: 7th October 2022

Fund Objectives

Teesside's Pension Fund's primary objective is to create a sustainable income stream to match its long term pension liabilities. This is achieved through investing into a wide range of asset classes, of which Real Estate is one.

The objective of the direct property allocation is to create a portfolio which produces a consistent total return, over the long term, to meet Teesside Pension Fund's liabilities.

Portfolio Strategy

The portfolio will hold core/core plus properties, over the long term, diversifying the portfolio through different property types, unit sizes, occupier businesses, income expiry and geographical regions.

Stock selection will be favoured over a default asset allocation bias, with a focus on maintaining a long term overweighted position in industrial and retail, alongside an under weight position in offices.

We will seek to extend the weighted average unexpired lease term (WAULT) of the portfolio, as well as diversifying the lease expiry profile.

Individual assets will be well suited to the current occupational market, whilst offering future flexibility. Properties will be leased to good quality businesses on institutional lease terms together with some index-linked assets.

Responsible Investment

In line with Teesside's Pension Fund's Responsible Investment Policy, CBRE considers Environmental, Social and Governance issues (otherwise known as ESG criteria) as part of its decision making process.

Executive Summary (Valuation)

As at 30th June 2022, the portfolio comprised 28 mixed-use properties located throughout the UK, with a combined value of £340.1m. This reflects an overall Net Initial Yield of 4.9%, and an Equivalent Yield of 4.8%.

The portfolio comprises principally prime and good secondary assets. High Street retail, retail warehouse and industrial comprise 89.2% of the portfolio by capital value. There are 75 demises and a total net lettable area of 1,959,078 sq ft.

The portfolio has a current gross passing rent of £17,421,167 per annum against a gross market rent of £17,481,795 per annum, making the portfolio broadly rack-rented in nature.

The weighted average unexpired term is 7.2 years to the earlier of the first break or expiry, and 8.3 years to expiry, ignoring break dates.

Fund Summary

Total Pension Fund Value (March 2022)	**£5,071m**
Real Estate Weighting (target allocation)	6.7% (9%)
Direct Portfolio Value (June 2022)	£340.1m

Direct Portfolio

Direct portfolio value (June 2022)	**£340.1m**
Number of holdings	28
Average lot size	£12.15m
Number of demises	75
Void rate (% of ERV) (Estimated UK Benchmark)	0.9% (7.0% – 9.0%)
WAULT to expiry (break)	8.3 years (7.2 years)
Current Gross Passing Rent (Per Annum)	£17,421,167
Current Gross Market Rent (Per Annum)	£17,481,795
Net Initial Yield	4.86%
Reversionary Yield	4.89%
Equivalent Yield	4.82%

Portfolio Highlight (Q2 2022) – Bromford Central

In April 2022, the Fund completed a lease renewal with Harrow Green for a 10-year term with 3-months rent-free at £7.25 psf, a 23% rental uplift on the previous passing rent. The tenant benefits from a break on the 5th anniversary of the lease commencement.

UK Economic Commentary * Prepared pre mini-budget

- UK GDP is estimated to have contracted by 0.1% in Q2 2022, following growth of 0.8% in Q1 2022. GDP in Q1 2022 was 0.6% above its pre-pandemic (Q4 2019) level.
- Retail sales volumes rose by 0.3% in July 2022 following a fall of 0.2% in June 2022; sales volumes were 2.3% above their pre-pandemic February 2020 levels.
- The proportion of retail sales online rose to 26.3% in July 2022 from 25.3% in June. It remains substantially higher than pre-pandemic (19.8% in February 2020) but continues a gradual downward trend since February 2021 (37.5% of sales).
- The UK unemployment rate decreased by 0.2 percentage points to 3.6% in the three months to July 2022. Economic inactivity increased by 0.4 percentage points to 21.7% on the quarter in May-July 2022. The increase in inactivity was driven by increasing numbers of students and long-term sickness.
- The number of job vacancies in May to July 2022 rose to 1,266,000. This constituted a decrease of 34,000 from the previous quarter. It was also the largest quarterly fall in vacancies since June-August 2020, but vacancies are still above pre-pandemic levels.
- Average total pay (including bonuses) grew by 5.5% and regular pay (excluding bonuses) by 5.2% in May-July 2022. In real terms (adjusted for inflation), total pay fell by 2.6% and regular pay fell by 2.8%, compared to Q2 2021. The fall in real pay is due to accelerating inflation in recent months, and the inability of nominal wage growth to keep up with it.
- Looking forward, CBRE forecast UK GDP growth of 3.3% in 2022. The biggest risks to the outlook are a protracted war in Ukraine, leading to ever higher costs of energy and fuel. Unexpected lockdowns in China might further delay the recovery of global supply chains. An overreaction to inflation by central banks might also slow down the economy through excessively high borrowing costs.
- The Bank of England increased the Base Rate to 1.75% in August 2022. CBRE's base case is that short-term interest rates will continue rising throughout 2022 to around 2.3% by the end of the year. After peaking at around 3% in 2023, the Base Rate is expected to then gradually reduced to 2% by 2025.

UK Real Estate Market Commentary

- Year on year total returns for All UK Property were 24.6% (18.8%* capital return, 5.0%* income return) for the period Q2 2021 to Q2 2022**. This was above the five year average and reflected especially strong performance from the industrial sector.
- The quarterly total return for All UK Property for Q2 2022 was 4.1% (3.0% capital return, 1.1% income return). Industrial total returns were 4.7% (3.8% capital return, 0.9% income return), retail total returns were 4.4% (2.8% capital return, 1.6% income return) and office total returns were 2.5% (1.5% capital return, 1.0% income return).
- Rental values for All UK Property increased by 1.0% over Q2 2022. This figure reflected strong quarterly rental growth of 2.2% in industrials, whereas rental growth in the office and retail sectors was 0.4% and 0.0%, respectively, during Q2.
- Much of the capital growth during 2022 has been yield driven and, with this in mind, it must be noted that yields moved out in July and August, causing values for All UK Property to fall by -0.5% and then -1.6% on the previous month. This reversal of the trend up to Q2 2022 was most pronounced in the industrial sector.
- In Q2, UK investment totalled £14.3bn, bringing H1 volumes for 2022 to £32.6bn. Around 40% of this total was purchased by UK-based investors.
- Nearly 24% of capital invested in H1 was attributed to North American buyers. This capital was mostly deployed in three sectors: Office, Industrial and Residential, with an average deal size of £80m. In Q2 alone, three US investors spent a combined £900m across 17 separate industrial transactions.
- In 2022 so far, £4.8bn was invested by Asian investors, making up around 15% of UK volumes. Three-quarters of this total was deployed into Central London Offices.
- European buyers invested 7% of the total capital into UK real estate in 2022 H1, with an average deal size of £40m.

* Return figures will not always sum due to the use of compounding calculations over an annual horizon

** Based on CBRE Monthly Index, all property total returns to June 2022

Investments

Sales

No sales this period.

Acquisitions

No acquisitions this period.

During this quarter the Fund agreed terms in respect of two new assets. Firstly, a Central London flagship retail unit let for a further 7 years to two recognised national retailers. The second, is a retail park located within an affluent south-east commuter town, let to retailers such as M&S, Halfords and Home Bargains.

Direct Portfolio Analysis

Top Ten Holdings (by Capital Value)

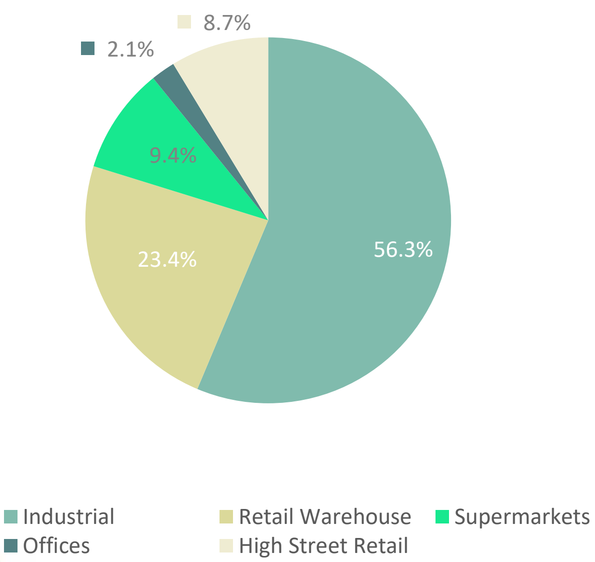
No.	Asset	Sector	Value	% of Direct Portfolio
1	THORNE - Capitol Park	Industrial	£38,000,000	11.2%
2	BIRMINGHAM - Bromford Central	Industrial	£24,350,000	7.2%
3	GATESHEAD - Team Valley	Industrial	£23,600,000	6.9%
4	PARK ROYAL - Minerva Road	Industrial	£22,300,000	6.6%
5	LUTTERWORTH - Magna Park	Industrial	£20,100,000	5.9%
6	RUGBY - Valley Park	Industrial	£19,700,000	5.8%
7	PARK ROYAL - Coronation Road	Industrial	£18,600,000	5.5%
8	STOW-ON-THE-WOLD - Fosse Way	Supermarket	£15,500,000	4.6%
9	SWADLINCOTE - William Nadin Way	Industrial	£15,500,000	4.6%
10	EXETER - H&M High Street	High Street Retail	£14,200,000	4.2%
		Total	**£211,850,000**	**62.3%**

We will seek to extend the weighted average unexpired lease term (WAULT) of the portfolio, as well as diversifying the lease expiry profile.

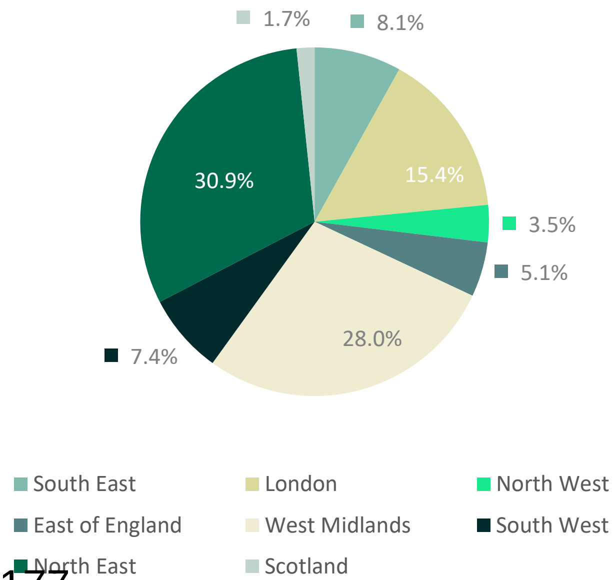
In addition to recommendations on industrial purchases, we may also recommend alternative and long-let investments that offer good covenants, attractive yields and long unexpired terms; these may include hotels, car showrooms, healthcare, leisure, supermarkets and student housing.

Set against a backdrop of low economic growth, we will seek to make purchases where both occupational and investment supply and demand conditions are positive. This should ensure that purchases are accretive to the portfolio's performance.

Sector Allocation (by Capital Value)



Geographical Allocation (by Capital Value)



Direct Portfolio Analysis (continued)

Top Ten Tenants (by Contracted Income)

The portfolio currently has 75 different demises let to 61 tenants. The largest tenant is Omega Plc which accounts for c.8.2% of the annual contracted income. Experian currently lists Omega as representing a "Very Low Risk" of business failure.

As a significant portion of the portfolio income will be from the top ten tenants, we will monitor their covenant strength and flag any potential issues. Our most recent assessment shows that all of these tenants are classed as having a "low risk" of business failure.

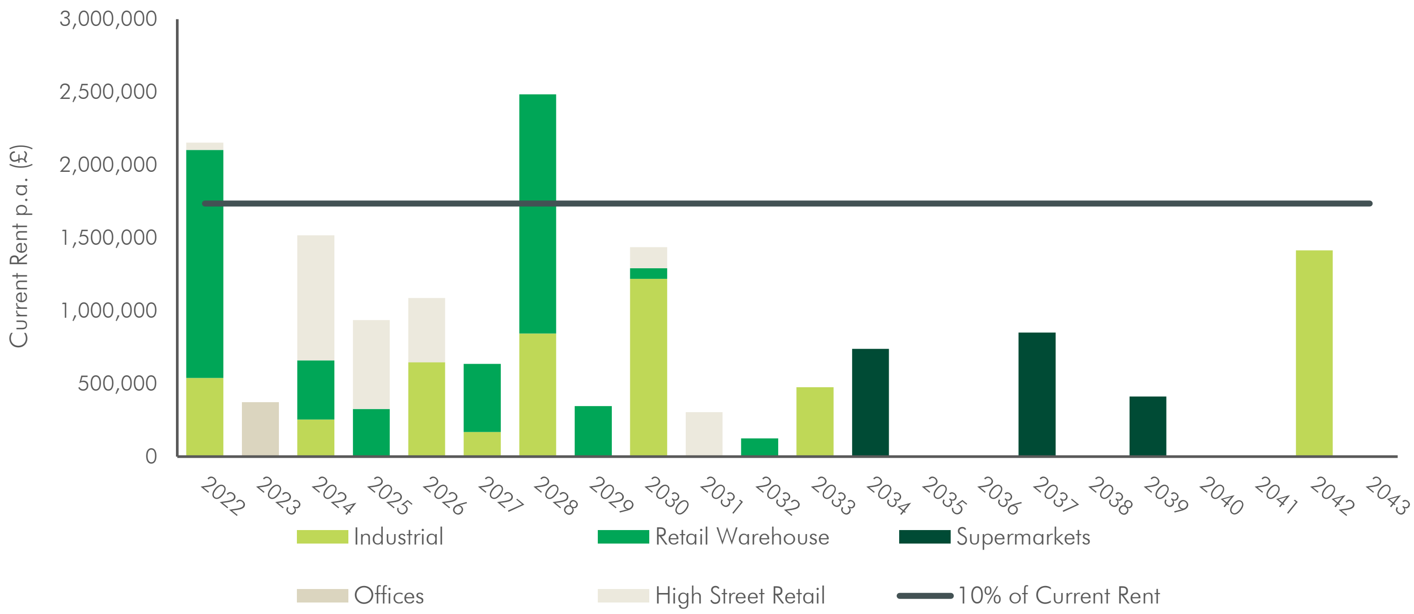
Top Ten Tenants (by Contracted Rent)

#	Tenant	Sector	Number of Leases	Contracted Rent p.a.	% of Portfolio Rent	Risk Rating (Experian)
1	Omega Plc	Industrial	1	£1,413,690	8.2%	Very Low Risk
2	B&Q plc	Retail	2	£997,000	5.7%	Very Low Risk
3	Royal Mail Group Limited	Industrial	1	£899,162	5.2%	Very Low Risk
4	Unipart Logistics Limited	Industrial	1	£868,635	5.0%	Very Low Risk
5	B&M Retail Limited	Retail	3	£863,400	5.0%	Very Low Risk
6	Libra Textiles	Retail	1	£850,000	4.9%	Very Low Risk
7	Brunel Healthcare	Industrial	1	£843,761	4.9%	Very Low Risk
8	H&M	Retail	1	£837,242*	4.8%	Very Low Risk
9	ASDA Stores Limited	Industrial	1	£755,000	4.4%	Very Low Risk
10	Tesco Stores Limited	Supermarkets	1	£737,823	4.3%	Very Low Risk
			Total	£9,065,713	52.3%	

*Subject to inflation-linked rent review

Key Lease Expiries / Income Risk

There is a focus to mitigate against lease expiry risk, by either purchasing properties where the lease expiry profile does not match that of the portfolio, or through active asset management. The graph below identifies the years where more than 10% of the portfolio income is due to expire. A number of the 2022 lease expiries are in negotiations or in solicitor's hands.



Property Portfolio Returns

The below table demonstrates the Portfolio's return compared to a reference index over the past 1, 3 and 5 years. The CBRE Property Index* is provided for illustrative purposes only:

	1 Year Jun 21 - Jun 22			3 Year (p.a.) Jun 19 - Jun 22			5 Year (p.a.) Jun 17 - Jun 22		
	TPF	Index	Variance	TPF	Index	Variance	TPF	Index	Variance
Income Return	5.4%	5.0%	+0.4%	5.6%	5.4%	+0.2%	5.6%	5.4%	+0.2%
Capital Return	21.2%	18.8%	+2.4%	5.1%	3.3%	+1.8%	2.7%	2.6%	+0.1%
Total Return	27.7%	24.6%	+3.1%	11.0%	8.9%	+2.1%	8.6%	8.1%	+0.5%

* Note that the CBRE Property Index is not the performance benchmark for the Portfolio.

Investment Management Update

We continue to seek long-let institutional stock in a range of sectors, primarily industrial, retail warehousing and supermarket sectors to deliver the secure index-linked income streams identified within the Fund's strategy. The Fund's requirement has been articulated to the investment market and we are receiving a substantial number of investment opportunities each week.

Asset Management Update

Regatta Furniture, Ipswich – August 2022

The Fund has agreed terms with Regatta Furniture, the current sub-tenant of Wade Furniture (original tenant) for a new 10-year lease reflecting £17.25 psf, a 6% increase on the existing passing rent, the tenant will benefit from a rent-free period of 4-weeks.

Rentokil, Bromford Central – August 2022

The Fund has agreed terms with Rentokil for a 10-year reversionary lease reflecting £7.65 psf, a 23% increase on the existing passing rent of the unit. The tenant will benefit from 4-months rent free and a break on the 5th anniversary of the lease commencement date.

Tesco, Stow-on-the-Wold – June 2022

The Fund has completed the July 2022 inflation-linked rent review with Tesco, increasing the passing rent by 5%, in line with the RPI cap within the Lease.

Royal Mail, Gateshead – February 2022

The Fund has instructed a rent review surveyor to agree the September 2020 outstanding rent review.

Pets at Home, Arbroath – October 2021

The Fund has agreed terms with Pets at Home for a 5-year reversionary lease reflecting £12.00 psf, a 5% increase in the Retail Park's estimated rental value.

Unipart, Rugby – August 2021

The Fund has instructed a rent review surveyor to agree the October 2021 rent review. An uplift in the passing rent is anticipated to be agreed.

Portfolio Arrears Update – 28th September 2022

			Targets	92.00%	96.00%	98.00%	99.00%		
	Rent Due 24 June	Collectable Rent	Quarter Date up to and including 25/03/2022	Week 1 up to and including 01/04/2022	Week 2 up to and including 08/04/2022	Week 3 up to and including 15/04/2022	Week 4 up to and including 22/04/2022	Payment after 22/04/2022	Difference
	4,698,294.03	4,698,294.03	3,419,695.02	453,154.31	599,295.00	0.00	12,400.00	202,364.70	11,385.00
Non Collectable Total		0.00							
Collections Including non collectables			72.79%	82.43%	95.19%	95.19%	95.45%	99.76%	
Collections Excluding non collectables			72.79%	82.43%	95.19%	95.19%	95.45%	99.76%	

The rent collection across the entire portfolio in the previous three quarters has reflected the following.
June 2022 – 99.8%
March 2022 – 99.9%
December 2021 – 99.9%

The total Collectable Arrears on the entire portfolio is £245,410 as at 28th September 2022.

The Collectable Arrears exclude the following:

- Tenants that have overall credit balances on their accounts
- Tenants with recent charges raised within the last month

Below, is a summary of the tenants that have arrears in excess of £10,000. These eight tenants account for 84.5% (£207,432) of the total collectable arrears:

Royal Mail Group Limited (Gateshead) – Total arrears of £49,316 (20.1% of the collectable arrears). This relates solely to insurance. This is being reviewed due to a query with the reinstatement value and whether this should include tenant's fixtures.

Omega plc (Doncaster) – Total arrears of £43,420 (17.7% of the collectable arrears). This relates solely to insurance and the tenant is being chased.

B&Q plc (Arbroath) – Total arrears of £39,383 (16.0% of the collectable arrears). This relates mainly to service charge arrears. B&Q have service charge queries and we are working with them to resolve.

American Dry Cleaning Company Limited (Gloucester Road) – Total arrears of £22,125 (9.0% of the collectable arrears). This relates to a range of charges but the majority is the December 2021, March and June 2022 rents to which the tenant has made no payments towards.

Pizza Hut (UK) Limited (Ipswich) – Total arears of £20,660 (8.4% of the collectable arrears). Current rents are being paid and this relates to the period of insolvency. We are working with Pizza Hut to justify these arrears in line with their CVA and Deed of Variation to the lease.

Shoe Zone Retail Ltd (Congleton) – Total arrears of £11,550 (4.7% of the collectable arrears). This is the balance of remaining rent due, relating to December 2020.

River Island Fashion Limited (Lincoln) – Total arrears of £10,781 (4.4% of the collectable arrears). This relates mainly to the May 2022 rent, which has been incorrectly allocated. We are working with the tenant to resolve this.

Toni & Guy (South) Limited (Gloucester Road) – Total arrears of £10,198 (4.2% of the collectable arrears). This relates mainly to the March 2021 quarter's rent which they are paying in instalments.

The remaining £37,978 (15.5% of the collectable arrears) of arrears is spread across 27 tenants, ranging from £7,942 to £25.

Responsible Investment Initiatives

Environmental, Social and Governance (ESG) criteria are having an increasingly prominent role in investment decision making and will influence the attractiveness of investments going forward. CBRE will ensure that responsible investment is put at the forefront of the strategy and that ESG factors are considered within each investment and asset management initiative. This will help ensure that the investment portfolio remains resilient over the long term.

We have summarised the relevant of each of the ESG factors below. These will be expanded upon with portfolio level principles and asset specific initiatives as the importance of ESG grows.

Environmental – sustainable factors will continue to play a part in the definition of 'prime' real estate, and buildings that don't meet the increasingly competitive standards are likely to become obsolete faster. Occupiers will demand their buildings adhere to the highest environmental standards.

Social - real estate's impact on the local community and on a company's workforce are becoming equally important. Buildings that contribute positively to the world are therefore likely to be more resilient than those that do not, and as such are likely to benefit from increased occupier demand, leading to future rental and capital growth.

Governance - market participants will increasingly question the governance and management practices of their partners and supply chain. Rigorous standards will mean businesses will need to become more transparent and engage with their stakeholders to ensure access to the best opportunities.

Fund Advisor Contacts

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 11

PENSION FUND COMMITTEE REPORT

21 OCTOBER 2022

DIRECTOR OF FINANCE – HELEN SEECHURN

XPS ADMINISTRATION REPORT

1. PURPOSE OF THE REPORT

1.1 To provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

2. RECOMMENDATIONS

2.1 That Committee Members note the contents of the paper.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications for the Fund.

4. BACKGROUND

4.1 To enable the Committee to gain an understanding of the work undertaken by XPS Administration and whether they are meeting the requirements of the contract. The report is contained within Appendix A.

4.2 The report will also cover progress on recruitment to the posts discussed at previous meetings relating to the improvement to services.

CONTACT OFFICER: Graeme Hall (Operations Manager, XPS Administration)

TEL. NO.: (01642) 030643

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XPS Administration

Teesside Pension Fund

Performance Delivery Report

2022-2023

Contents

Regulations and Guidance

Government confirms academy guarantee will continue

The Government confirmed on 21 July 2022 in a written ministerial statement that it will continue to provide the academy guarantee. The annual ceiling will also increase to £20 million.

Technical consultation on resolving low earners tax relief anomaly

On 20 July 2022, H M R C launched a technical consultation on draft legislation that aims to resolve the tax relief anomaly. The consultation closes on 14 September 2022. The proposed changes will be included in the next Finance Bill. The legislation proposes placing a duty on H M R C to make top up payments directly to eligible members

Cost cap results published

On 29 June 2022, the Government Actuary's Department published the results of the first cost cap valuation for L G P S (England and Wales) and L G P S (Scotland). The results of the first valuations show that the cost has remained within the two per cent corridor for both schemes. This means no changes to benefits or member contributions are needed.

The Public Service Pensions (Employer Cost Cap and Specified Restricted Scheme) Regulations 2022

On 13 July 2022, H M T laid The Public Service Pensions (Employer Cost Cap and Specified Restricted Scheme) Regulations 2022. The regulations take effect from 3 August 2022. Regulation three amends The Public Service Pensions (Employer Cost Cap) Regulations 2014. The margins are currently set at two percentage points above and below the employer cost cap rate. The new regulations amend this to three percentage points

D W P responds to consultation on the draft pensions dashboards regulations

On 14 July 2022, the Department for Work and Pensions (D W P) responded to the consultation on the draft Pensions Dashboards Regulations. The key areas of the response that affect L G P S administering authorities are set out below. D W P will amend the draft regulations ('the Regulations') to reflect the response. The LGA expect D W P to lay the Regulations before Parliament in autumn. The Summary of this can be found in Bulletin 227 (https://lgpslibrary.org/assets/bulletins/2022/227.pdf)

Pensions Dashboard (Prohibition of Indemnification) Bill

On 15 July 2022, Guy Opperman MP, Pensions Minister, confirmed that the Government will support the Pensions Dashboards (Prohibition of Indemnification) Bill. This confirmation was given during the Bill's Second Reading in the Commons

HMT consultation on public sector exit payments

On 8 August 2022, HM Treasury (HMT) launched a consultation on public sector exit payments. The Government is proposing to introduce: • an expanded approval process for employee exits and special severance payments • additional reporting requirements. This does not include local authorities or bodies under devolved administrations. The guidance will apply to academies. The document can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1096743/Guidance_on_Public_Sector_Exit_Payments_27.7.22.pdf

TPO publishes corporate plan The Pensions Ombudsman's

The (TPO) corporate plan for 2022 to 2025 has been published. The corporate plan outlines TPO's key performance indicators, strategic goals and priorities for the period, along with the actions required to deliver those priorities. This can be found at https://www.pensions-ombudsman.org.uk/news-item/corporate-plan-2022-2025-published

Supreme Court decision concerning term time workers

The Supreme Court has ruled in favour of a zero hours contract worker who works on a term-time only contract in a school. The case concerned how to calculate their holiday pay. It also has implications for workers who work varying hours during only certain weeks of the year but have a continuing contract. A Bulletin has been issued to TPF employers to advise of this.

Collective Money Purchase Schemes launched

A new type of pension scheme officially opened for applications on 1 August 2022. Collective Money Purchase Schemes (also known as Collective Defined Contribution or CDC schemes) are designed to provide improved retirement returns for savers with more predictable costs for employers. The new schemes were made possible by the Pension Schemes Act 2021

Letter about discrimination in the LGPS sent to minister

On 26 August 2022, Cllr Roger Phillips, Chair of the SAB, wrote to the Local Government Minister, Paul Scully. The letter to the minister recommends amending the regulations on death grants and survivor benefits. The SAB expressed concern about continuing to restrict death grants to cases where the member died before age 75. It considers the restriction may be at risk of legal challenge and should be removed. The SAB reminded the minister that the LGPS rules on survivor benefits have not yet been amended to reflect the Goodwin judgment. It has previously recommended the Government investigate the feasibility of removing all differences in the survivor benefit rules.

Governance and reporting of climate change risk consultation

On 1 September 2022, the Department for Levelling Up Housing and Communities (DLUHC) launched a consultation called 'Governance and reporting of climate change risks. The consultation seeks views on proposals to require administering authorities to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures. The consultation closes on 24 November 2022 and can be found here https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

TPS McCloud remedy and the LGPS

The implementation of the McCloud remedy in the Teachers' Pension Scheme (TPS) means that some teachers will be retrospectively eligible for the LGPS for the period from 1 April 2015 to 31 March 2022. This is provided for in the Public Service Pensions and Judicial Offices Act 2022 (2022 Act). Chapter 1 of Part 1 of the 2022 Act defines remediable service as including 'excess teacher service'. The Department for Education (DfE) and the Department for Levelling Up, Housing and Communities (DLUHC) will consult on how this will work in practice in due course.

Broad comparability assessments resume in full later this year

The Government Actuary's Department (GAD) announced on 22 September 2022 in a press release that it will resume broad comparability assessments in full this autumn. In August 2020, GAD paused the assessments due to uncertainties from the McCloud judgment. Earlier this year, GAD partially resumed assessments. These assessments were for service from April 2022 only.

02 **Membership Movement**

	Actives		Deferred		Pensioner		Widow/Dependent	
Q2 2022/23	25,713	▼	26,686	▲	23,317	▲	3,321	▼
Q1 2022/23	25,990	▲	26,487	▲	23,128	▲	3,338	▲
Q4 2021/22	25,609	▲	26,240	▲	22,918	▲	3,309	▲
Q3 2021/22	24,729	▼	26,165	▲	22,710	▲	3,240	▲
Q2 2021/22	24,736	▲	26,040	▲	22,640	▲	3,261	▲

03 **Member Self Service**

Below is an overview on the activity and registration of the Member Self Service System:

Member Self Service Statistics
For Teesside Pension Fund
As of 31st March 2022

	REGISTERED	ACCOUNT DISABLED	ACTIVATION LINK SENT	NOT REGISTERED	TOTAL	% Up Take
Actives	3,479	53	573	20,703	**24,182**	**14.6%**
Deferred	1,244	19	241	21,862	**23,106**	**5.5%**
Pensioner	1,701	46	163	21,065	**22,766**	**7.7%**
Widow/Dep	25	0	3	3,376	**3,401**	**0.7%**
Total	**6,449**	**118**	**980**	**67,006**	**73,455**	**8.9%**

04 **Pension Regulator Data Scores**

Common Data

Data Item	Teesside Pension Fund		
	Max Population	Total Fails	% OK
NINo	80,425	177	99.78%
Surname	80,425	0	100.00%
Forename / Inits	80,425	0	100.00%
Sex	80,425	0	100.00%
Title	80,425	133	99.83%
DoB Present	80,425	0	100.00%
Dob Consistent	80,425	1	100.00%
DJS	80,425	0	100.00%
Status	80,425	0	100.00%
Last Status Event	80,425	661	99.18%
Status Date	80,425	1,753	97.82%
No Address	80,425	482	99.40%
No Postcode	80,425	0	100.00%
Address (All)	80,425	5,085	93.68%
Postcode (All)	80,425	4,615	94.26%
Common Data Score	80,425	3,117	96.12%
Members with Multiple Fails	80,425	90	99.89%

Scheme Specific Data

XPS Administration, Middlesbrough are working on a method to report Conditional Data. Discussions are ongoing with Aquila Heywood on a cost for this reporting function along with investigation on whether this can be achieved internally. This follows the issuance by SAB of 22 data fields that should be reported on, this work will be complete by the 31st March 2022.

An overview of the Conditional (Scheme Specific) Data for the Teesside Pension Fund:

Scheme	Member Total	Errors from tests carried out	%age accuracy based on tests carried out
TPF (inc Guaranteed Minimum Pension)	68,296	9,151	86.60
TPF (exc Guaranteed Minimum Pension)	68,296	1,197	98.25

These scores come from the following tests. Only those tests shown in yellow have been reported on; the other reports will be developed and added to results in future reports.

Report	Report Description	Test 1	Test 2	Test 3	Member Totals	Errors	%
1.1.1	Divorce Details						
1.1.2	Transfers in	Date the transfer in was received is present on record	Ensure the transfer value on record isn't blank	N/A	45,183	65	99.86
1.1.3	Additional Voluntary Contribution (AVC) Details and other additional benefits						
1.1.4	Total Original Deferred Benefit						
1.1.5	Tranches of Original Deferred Benefit						
1.1.6	Total Gross Pension						
1.1.7	Tranches of Pension						
1.1.8	Total Gross Dependant Pension						
1.1.9	Tranches of Dependant Pension						
1.2.1	Date of Leaving	Date of Leaving Blank	Date joined blank or <01/01/1900	Date joined later than Date of Leaving	4,164	43	98.97
1.2.2	Date Joined scheme	Check all Key Dates are present and later than 01/01/1900	N/A	N/A	68,296	11	99.98

1.2.3	Employer Details	Employer Code present	N/A	N/A			
1.2.4	Salary	Pay not within 12 months	N/A	N/A	46,338	1,078	97.67
1.3.1	CARE Data	CARE Missing on relevant records	N/A	N/A			
1.3.2	CARE Revaluation						
1.4.1	Benefit Crystallisation Event (BCE) 2 and 6						
1.4.2	Lifetime allowance						
1.4.3	Annual allowance						
1.5.1	Date Contracted Out	Date Contracted Out missing					
1.5.1	NI contributions and earnings history						
1.5.2	Pre-88 Guaranteed Minimum Pension (GMP)				24,400	7,954	67.40
1.5.3	Post-88 Guaranteed Minimum Pension (GMP)						

05 **Customer Service**

Since December 2016, XPS Administration, Middlesbrough have included a customer satisfaction survey with the retirement options documentation.

A summary of the main points are as follows:

Issued	Returned	%
16,162	3,066	18.97

Question	Previous Response*	Current Response*
1. It was easy to see what benefits were available to me	4.26	4.27
2. The information provided was clear and easy to understand	4.19	4.19
3. Overall, the Pensions Unit provides a good service	4.29	4.29
4. The retirement process is straight forward	4.03	4.04
5. My query was answered promptly	4.45	4.45
6. The response I received was easy to understand	4.43	4.44
7. Do you feel you know enough about your employers retirement process	76.46%	76.68%
8. Please provide any reasons for your scores (from 18/05/17)		
9. What one thing could improve our service		
10. Did you know about the www.teespen.org.uk website? (from 18/05/17)	47.27%	47.75%
11. Did you use the website to research the retirement process? (from 18/05/17)	27.24%	27.59%
12. Have you heard of Member Self Service (MSS)? (from 18/05/17)	23.75%	23.80%

*scoring is out 5, with 5 being strongly agree and 1 being strongly disagree

Service Development

Following the agreement of the Pensions Committee to fund enhancements to the Pensions Administration Services at their meeting of 7th March 2018, XPS Administration, Middlesbrough has looked to recruit into the roles required to provide this enhanced service.

Additional funds were only drawn down when roles were filled to undertake the additional services. This has so far led to:

Initial Planning

To help with the creation of the teams that will assist with the additional services two new posts were created to covering Governance & Communications plus Systems & Payroll. These were filled by Paul Mudd and Neale Watson respectively on 11th July 2018. Their roles were then to look at how XPS could then provide the agreed services to the Fund.

Employer Liaison

Following the resignation of the original Team Leader, a replacement has been appointed into the role.

The team are currently working on Year End files from the Teesside Pension Fund employers and commencing the role out of the collation of pension contributions on a monthly basis.

Next steps will be to work with the Fund to determine how to undertake employer covenant.

Communications

The new website was launched to Scheme Members and Employers on the 5th May 2021 which is underpinned with a raft of analytical data which serves to tell us limited information about the audience. This allows us to target news and important items to pages we now know people are viewing and searching for. The following chart provides an overview of the information we have collected.

We can learn a lot from this data, and we will of course be trying to increase footfall to the site by strategically linking the site with participating employers.

As well as these above analytics, we are testing the website regularly to prove its structural and technical integrity. This ensures that people see exactly what we want them to see, regardless of what browser or device they use. We can test these levels and do so several times per week to ensure the web coding is robust and modern. It all helps with the overall Member and Employer experience and allows web indexation to be that much better. This promotes the website in something like a google search.

Next Steps

XPS are currently reviewing processes to enable a move to monthly contribution postings which should lead to greater efficiencies, and more up to date information on member records. The initial stage is currently underway and we have a number of employers who have agreed to undertake the initial rollout. This will help ensure starters, leavers and variations are provided in a timely manner and current data is held to speed up the calculation process.

The next steps will include the recruitment of at least one further member of staff to assist with the processing of the data.

Performance

Following discussions with both the Pension Board and Committee, XPS Administration are investigating a way to report the time between a member being entitled to a benefit and it being finalized (e.g. time between date of leaving and deferred benefit statement being issued or pension being brought into payment).

XPS Administration are therefore investigating whether sufficient reporting tools already exist within the pension administration system or whether bespoke reports are required to be developed (either internally or via the administration software providers).

The Pension Committee will be kept updated on the progress to provide this information.

Employer Liaison

Employers & Members

Employer Health Checks have continued as well as some face-to-face employer training which has been extremely well received and a lovely easing back into a normal way of life. I have also established a relationship with all Local Authorities Financial Wellbeing officers in which we are making ourselves available to work with them on their events and promotions alongside our usual employer and member sessions.

Date	Late Payments	Expected Payments	% Late	<10 Days Late	>10 Days Late
Apr-21	4	148	3.00%	3	1
May-21	3	148	2.00%	0	3
Jun-21	3	149	2.00%	3	0
Jul-21	1	149	1.00%	0	1
Aug-21	4	149	3.00%	2	2
Sep-21	1	149	1.00%	0	1
Oct-21	3	144	2.00%	0	3
Nov-21	11	144	7.00%	0	11
Dec-21	5	144	3.00%	2	3
Jan-22	10	146	7.00%	1	9
Feb-22	9	146	6.00%	2	7
Mar-22	8	146	5.00%	0	8
Apr-22	9	146	6.00%	1	8
May-22	4	146	3.00%	4	0
Jun-22	3	142	2.11%	2	1
Jul-22	2	142	1.41%	0	2
Aug-22	4	139	2.88%	1	3

06 Completed Cases Overview

2022/23

Teesside Pension Fund	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
April	392	392	0	100%
May	346	346	0	100%
June	434	434	0	100%
Quarter 1	**1172**	**1172**	**0**	**100%**
July	458	458	0	100%
August	590	590	0	100%
September	426	426	0	100%
Quarter 2	**1474**	**1474**	**0**	**100%**
October				
November				
December				
Quarter 3				
January				
February				
March				
Quarter 4				
Year - Total	**2646**	**2646**	**0**	**100%**

07 **Completed Cases by Month**

July 2022

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Day	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANC E LEVEL (A	Average Case Time (day	Number of Cases	Over targ	TOTAL (case	Within Targ
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100%	4.19	183	0	183	183
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	5	26	0	26	26
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	16	0	16	16
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	233	0	233	233
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

August 2022

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Day	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANC E LEVEL (A	Average Case Time (day	Number of Cases	Over targ	TOTAL (case	Within Targ
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.43	299	0	299	299
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	8	15	0	15	15
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	23	0	23	23
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	253	0	253	253
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	#DIV/0!	N/A				
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

September 2022

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANC E LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	3.51	107	0	107	107
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	6	49	0	49	49
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	16	0	16	16
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	254	0	254	254
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

08 **Complaints**

Full Name	Description	Date received	Date completed	Comment
Nil return				

Graeme Hall
Operations Manager
01642 030643

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 12

PENSION FUND COMMITTEE REPORT

21 OCTOBER 2022

DIRECTOR OF FINANCE – HELEN SEECHURN

Consultation on Managing and Reporting Climate-Related Risks

1. PURPOSE OF THE REPORT

1.1 To provide Members of the Pension Fund Committee (the Committee) with details of an ongoing consultation exercise on managing and reporting climate-related risks in the Local Government Pension Scheme (LGPS), and to ask Members to agree that a consultation response can be provided as set out in the recommendations

2. RECOMMENDATIONS

2.1 That Members note this report.

2.2 That Members agree that the Head of Pension Governance and Investments, in consultation with the Chair and Vice Chair, provides a response to the consultation by the 24 November 2022.

3. FINANCIAL IMPLICATIONS

3.1 There are no specific financial implications in respect of the information contained in this report.

4. GOVERNMENT CONSULTATION ON MANAGING AND REPORTING ON CLIMATE-RELATED RISKS IN THE LGPS

4.1 On 1 September 2022 the Government issued a long-anticipated consultation document on managing and reporting climate-related risks in the LGPS. The proposals in the consultation are mainly aimed at administering authorities ('AAs') of LGPS Funds and are summarise in the consultation document as follows:

Area	Proposal
Overall	Each LGPS AA must complete the actions listed below and summarise their work in an annual Climate Risk Report.

Area	Proposal
Scope and Timing	The proposed regulations will apply to all LGPS AAs. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.
Governance	AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. They must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.
Strategy	AAs will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.
Scenario Analysis	AAs will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2 degree temperature rise above pre-industrial levels) and one scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.
Risk Management	AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
Metrics	AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below. Metric 1 will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions. Metric 2 will be an emissions intensity metric. We propose that all AAs should report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report. Metric 3 will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable. Metric 4 will be the Paris Alignment Metric. Under the Paris Alignment Metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner. Metrics must be measured and disclosed annually.

Area	Proposal
Targets	AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.
Disclosure	AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. We propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.
Scheme Climate Report	We propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.
Proper advice	We propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

4.2 The full consultation document is attached at Appendix A and can also be found at the following link: https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks#scope-of-the-consultation . Points to note:

- The proposed requirements are similar to those that already apply to trustees of larger private sector pension schemes – those with 'relevant assets' of £5 billion or more have been in scope of similar requirements since 1 October 2021 and those with assets of £1 billion or more since 1 October 2022. There is no proposed phasing in introducing these requirement to the LGPS, they will come in force from the year starting 1 April 2023 with the first report due to be published by 1 December 2024.

- The consultation makes explicit reference to not wanting to encourage schemes to divest from energy companies, but instead to encourage a (more gradual) transition to cleaner energy:

  "The UK Energy Security Strategy was published in April 2022 and emphasises the importance of investment in energy by the private sector to improve energy security and support the transition to clean energy. The LGPS has an important role to play as a major investor with a commitment to stewardship and engagement. These proposals seek to support that approach to addressing high carbon emissions and discourage any pursuit of lower emissions through withdrawing investment from energy companies."

This pragmatic approach is unlikely to placate pressure groups.

- There is acknowledgement in the document that data quality will be an issue, and administering authorities will be required to report on their assessment of the quality of the data available to them. The methods for analysing the data are also less than perfect, and the document acknowledges this, for example stating: "We would expect AAs to aim to do the best scenario analysis that they can, and to aim to improve their scenario analysis over time"

- The document considers the increasingly important role the LGPS pool companies will play in providing data and analysis in relation to climate risks and recommends close working between funds and pools to ensure consistency:

  "Pool operators are required to report on climate risks in relation to pooled assets by the Financial Conduct Authority. If AAs' strategies significantly differ it will be resource intensive for their pool to produce analysis for them. We expect to see this issue reduce in importance over time as more assets transition into the pools. …AAs could also minimise this issue by aligning their strategies and targets within their pool and ensuring as shareholders that the pool's strategy also aligns with that of the partner AAs. This would enable AAs to commission their pool to conduct analyses for both pooled and non-pooled assets on a consistent basis with the pool's own reporting."

- Administering authorities will be required to take "proper" advice on the issues set out in the consultation. No clear definition is given of this, but it appears further guidance will be provided in due course:

  "The scheme manager will need to appoint properly qualified advisers, fully consider their advice, and take appropriate action in order to address these risks. The committee's officers and advisers and the pool, where appropriate, will need to provide advice which is accessible for non-specialists and adequately addresses climate risks to the fund, bringing in additional expertise where needed. We propose to provide statutory guidance to assist AAs"

5. NEXT STEPS

5.1 The consultation period ends on 24 November 2022. If Members agree the recommendation, the Head of Pensions Governance and Investments will provide a response to the consultation taking into account views and information from Border to Coast and the other Partner Funds, where available.

5.2 Further information on the final regulations and guidance will be provided to the Committee as it becomes available.

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040

Scope of the consultation

Topic of this consultation:

This consultation seeks views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Scope of this consultation:

DLUHC is consulting on proposals for new requirements on LGPS administering authorities.

Geographical scope:

This consultation applies to England and Wales.

Impact assessment:

The proposed interventions affect the investment of assets by local government pension scheme administering authorities. These authorities are all public sector organisations, so no impact assessment is required.

Body responsible for the consultation:

Department for Levelling Up, Housing and Communities (DLUHC)

Duration:

This consultation will last for 12 weeks from 1 September 2022 to 24 November 2022.

Enquiries:

For any enquiries about the consultation please contact: LGPensions@levellingup.gov.uk

How to respond:

Please respond by completing an online survey (https://consult.levellingup.gov.uk/local-government-finance/lgps-england-and-wales-climate-risk/).

Alternatively, please email your response to the consultation to LGPensions@levellingup.gov.uk.

Alternatively, please send postal responses to:

> LGF Pensions Team
> Department for Levelling Up, Housing and Communities
> 2nd Floor
> Fry Building
> 2 Marsham Street
> London
> SW1P 4DF

When you reply it would be very useful if you could make it clear which questions you are responding to. Additionally, please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name
- your position (if applicable)
- the name of organisation (if applicable)
- an email address

1. Introduction and summary of proposals

1. Addressing climate change is one of the major challenges we face in the UK and globally. The UK government is a world leader in commitments to transition to a low carbon economy and in 2019 set the target of achieving net-zero greenhouse gas emissions by 2050.

2. Investment in more sustainable projects and activities is essential in order to reduce climate change and to mitigate its impacts. Investors will also need to understand and manage the financial risks and opportunities arising from climate change in order to protect and grow their assets and cashflow.

3. To enable investors to make high-quality decisions and to encourage better pricing and capital allocation in markets, high quality disclosures will be needed regarding how their assets will affect and be affected by climate change.

4. The international Taskforce on Climate-related Financial Disclosures (TCFD) published a set of recommendations in 2017 with the aims of improving assessment, management, and disclosure of climate-related financial risks. In November 2020, the government announced the UK's intention to make TCFD-aligned disclosures mandatory in the UK across the economy by 2025, with a significant portion of mandatory requirements in place by 2023. The joint Government Regulators Taskforce's Interim Report, and accompanying roadmap (https://www.gov.uk/government/publications/uk-joint-regulator-and-government-tcfd-taskforce-interim-report-and-roadmap), published alongside the announcement, sets out an indicative pathway to achieving that ambition.

5. In July 2021, the government went further by announcing its new, economy-wide Sustainability Disclosure Requirements (SDR) regime. This regime will build on the UK's world-leading implementation of the TCFD recommendations and streamline UK sustainability reporting. SDR will be broader than financial risk, extending to environmental impact (including disclosures based on definitions contained in the UK Green Taxonomy), and over time, to factors beyond climate, including broader sustainability factors such as environmental and social considerations.

6. In October 2021, the government published details of the regime, along with an implementation pathway, in its publication Greening Finance: A Roadmap to Sustainable Investing (https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing). This announced the intention to set up an endorsement and adoption function in the UK for standards issued by the International Sustainability Standards Board (ISSB). Standards issued by the ISSB will not have any legal force in the UK until they have been endorsed and adopted to ensure that the Standards applied in the UK reflect UK circumstances. The government will consult on proposals for a framework to introduce reporting against IFRS Sustainability Disclosure Standards in the UK in due course. SDR for the LGPS is not covered in this consultation but we will work with the Scheme Advisory Board to develop proposals.

Role of the LGPS

7. The LGPS is one of the largest pension schemes in the UK with 6.2 million members and a significant UK and global investor with £342 billion of assets in 2022. It is locally managed and funded by 86 administering authorities (AAs). The primary purpose of LGPS investments is to meet the scheme's long-term pension liabilities by balancing risk and return appropriately. However, the LGPS's scale and market power give it an opportunity to drive change through the investment chain through asset managers to investee companies.

8. AAs are already required to consider factors that are financially material to the performance of their investments, including environmental, social, and corporate governance considerations. They also must have a policy stating how such considerations will be considered in setting their investment strategy (https://www.legislation.gov.uk/uksi/2016/946/contents). The aim of the proposals in this consultation document is to build on that position by ensuring that the financial risks and opportunities arising specifically from climate change are properly understood and effectively managed by AAs, and that they report transparently on their approach in line with broader UK policy.

9. The government's view is that the requirements for the LGPS should set as high a standard as for private schemes. We have therefore made the requirements for private schemes (https://www.gov.uk/government/consultations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes-response-and-consultation-on-regulations/taking-action-on-climate-risk-improving-governance-and-reporting-by-occupational-pension-schemes) the starting point for our proposals but have aimed to take account of the unique features of the LGPS including its local administration and democratic accountability through the AAs.

10. The UK Energy Security Strategy (https://www.gov.uk/government/publications/british-energy-security-strategy) was published in April 2022 and emphasises the importance of investment in energy by the private sector to improve energy security and support the transition to clean energy. The LGPS has an important role to play as a major investor with a commitment to stewardship and engagement. These proposals seek to support that approach to addressing high carbon emissions and discourage any pursuit of lower emissions through withdrawing investment from energy companies.

Summary of proposals

11. The new requirements on which we are consulting are discussed throughout this document. For ease, we have summarised the key proposals below.

Area	**Proposal**
Overall	Each LGPS AA must complete the actions listed below and summarise their work in an annual Climate Risk Report.
Scope and Timing	The proposed regulations will apply to all LGPS AAs. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.
Governance	AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. They must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.
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Area	Proposal
Risk Management	AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.
Metrics	AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below. Metric 1 will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions. Metric 2 will be an emissions intensity metric. We propose that all AAs should report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report. Metric 3 will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable. Metric 4 will be the Paris Alignment Metric. Under the Paris Alignment Metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner. Metrics must be measured and disclosed annually.
Targets	AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.
Disclosure	AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. We propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.
Scheme Climate Report	We propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.
Proper advice	We propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

*This refers to reported emissions calculated in line with the GHG Protocol and verified by a third-party.
**This refers to reported emissions calculated in line with the GHG Protocol without verification by a third-party.

12. The remainder of this chapter sets out the background to the proposals. In chapter 2, the proposed actions to be undertaken by LGPS AAs are discussed, and chapter 3 sets out the disclosure requirements. Chapter 4 discusses other issues, including our proposal for a Scheme Climate Report and the role of the LGPS asset pools. A summary of the consultation questions is at the end of the document.

Background

The TCFD recommendations

13. The TCFD is a global, private sector led group assembled in December 2015 at the instigation of the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system. Following extensive public consultation, they published their recommended disclosures in June 2017.

14. The recommendations were designed to be adoptable by all organisations, including those inside and outside the financial industry, from asset managers to asset owners, including banks, insurers and pension schemes.

15. The TCFD designed the set of recommendations as a flexible framework for these organisations. The framework is meant to produce decision-useful, forward-looking information on the financial impacts of climate change. It is also meant to accommodate continued rapid evolution in climate-related modelling, management, and reporting.

16. The final report included 11 recommendations. These are split into Governance, Strategy, Risk Management, and Metrics and Targets.

Core elements of recommended climate-related financial disclosures

Governance: The organisation's governance around climate-related risks and opportunities.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk Management: The processes used by the organisation to identify, assess and manage climate-related risks.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Benefits of the TCFD recommendations for the LGPS

17. A TCFD-aligned approach to climate risks will offer the opportunity for LGPS AAs to build on the relatively high-level requirements of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016 (https://www.legislation.gov.uk/uksi/2016/946/contents). It permits them to

demonstrate how the consideration of climate change risks and opportunities are integrated into the AA's entire decision-making process.

18. Carrying out scenario analysis, reporting on appropriate metrics that include greenhouse gas emissions, and setting appropriate targets, would provide valuable inputs to inform an AA's investment strategy. It would also allow AAs to monitor and review progress and to make amendments to the investment strategy where necessary. Disclosing this information would provide greater transparency to members and taxpayers about how their money is being managed.

19. The flexible structure of the TCFD recommendations also allows AAs to continuously improve climate risk governance and reporting in the light of rapidly increasing data quality and completeness and emerging best practice.

20. Many aspects of the tools and data used for climate-related analysis are still in development, but AAs can take substantive action now to address climate risk and to report on it as part of their duties to scheme members, employers and the public. There are already enough data, analysis and tools to effect real change when AAs use the data to manage risks and opportunities.

Comparison with regime for private pension schemes

21. The Department for Work and Pensions (DWP) has already introduced requirements on climate risk management and reporting for private pension schemes, in regulations which came into force on 1 October 2021. Implementation will be staged for private pension schemes. Private schemes with £5 billion or more in assets were immediately in scope, with those with £1 billion or more to follow in October 2022. Schemes with less than £1 billion in assets are not currently covered. The DWP has published statutory guidance on the requirements (https://www.gov.uk/government/publications/governance-and-reporting-of-climate-change-risk-guidance-for-trustees-of-occupational-schemes).

22. DWP's intention to implement the UK's new Sustainability Disclosure Requirements (SDR) regime for private pension scheme is outlined in Greening Finance: A Roadmap to Sustainable Investing (https://www.gov.uk/government/publications/greening-finance-a-roadmap-to-sustainable-investing). SDR requirements for the LGPS are not covered by this consultation.

23. The proposals set out in this consultation are broadly similar to the requirements for private pension schemes, and encompass the same four areas of governance, strategy, risk management and metrics and targets. However, a key difference is that our proposed requirements will apply to all LGPS AAs from 2023/24 regardless of fund size. Currently the assets held by LGPS funds range from around £0.5 billion to £25 billion with 65 funds holding less than £5 billion and 8 funds holding less than £1 billion.

24. We recognise that larger LGPS funds are likely to have more capacity to meet new requirements than smaller funds. However, our view is that it would not be right to stage implementation within a single pension scheme in which all funds face climate risks, are democratically accountable and subject to high external scrutiny. We also believe that the LGPS asset pools can play a key role in supporting implementation (see discussion in Chapter 4).

25. Another key difference is the proposed requirement to report data quality as a mandatory metric. This aims to help the LGPS use its scale and market power to drive improvements in the quality of emissions data, which will be a critical factor in raising the quality of climate risk management.

Other relevant regulated areas

26. Pension schemes sit at the top of an investment chain, whereby the assets are usually invested in products via a financial intermediary, who may then invest directly in products such as equities. Therefore, schemes rely on high quality data being provided up the chain to produce meaningful climate related disclosures. In preparing these proposals we have been mindful of regulation in other areas which may impact the ability of LGPS AAs to carry out the requirements.

27. The Department for Business, Energy and Industrial Strategy (BEIS) has consulted on TCFD-aligned regulations for certain publicly quoted companies, large private companies, and Limited Liability Partnerships (LLPs). The requirements came into effect in April 2022[footnote 1].

28. The Financial Conduct Authority (FCA) have introduced a new listing rule and guidance (https://www.handbook.fca.org.uk/instrument/2022/FCA_2022_6.pdf) which requires commercial companies with a UK premium listing to include a compliance statement in their annual financial report. This statement must

indicate whether the company has made disclosures consistent with the recommendations of the TCFD or provide an explanation if it has not done so.

29. In addition, the FCA has introduced TCFD related rules and guidance at the portfolio and entity level for asset managers, life insurers, and FCA-regulated pension providers. This is particularly relevant to the LGPS as some of the LGPS asset pools will be subject to these requirements in their capacity as asset managers.

30. The Pensions Regulator (TPR) also has a role in this area. It has published guidance intended to help trustees of private sector occupational pension schemes (https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/climate-related-governance-and-reporting). While TPR has no remit regarding the investments of LGPS funds, their advice and guidance may be useful for LGPS AAs wishing to adopt best practice. In addition, TPR has a role in overseeing the governance of LGPS AAs, which would include the governance requirements outlined here.

31. Our proposals are intended to facilitate consistency across the investment chain and take account of these consultations and requirements by other regulators.

32. Finally, we view these proposals as the first step on the journey to implementing in full the new UK Sustainability Disclosures Regime, announced by the then Chancellor in July 2021 (https://www.gov.uk/government/news/chancellor-sets-out-how-uk-financial-services-can-create-prosperity-at-home-and-project-values-abroad-in-first-mansion-house-speech).

2. Proposed requirements

33. The TCFD recommendations cover requirements in four areas: governance, strategy, risk management, and metrics and targets. In this chapter, we discuss how these recommendations can be implemented in the LGPS, taking account of its existing structure and framework. We also set out our proposed requirements for AAs. Proposals on disclosure in relation to each area are discussed in Chapter 3.

34. The proposed requirements relate only to the assets and liabilities in respect of the pension scheme and not to other AA activity. For example, emissions caused by travel to meetings, or office provision, would not need to be disclosed as they are not directly attributable to the assets of the LGPS.

Governance

35. The TCFD recommendations on governance aim to place development of a robust climate governance framework at the centre of an organisation's operations. The framework itself is designed to be adoptable by all organisations and easily translatable into sector-specific arrangements.

36. For LGPS AAs, however, we believe that the governance requirements in particular may require some adjustment in order to reflect the nature of their existing governance.

37. The role of the AA's scheme manager is broadly similar to that of the board, as described in the TCFD recommendations. The scheme manager of an LGPS AA usually takes the form of a pensions committee, and is assisted by the local pensions board. The scheme manager is accountable for funding strategy, investment strategy, asset allocation, and overall risk management. It will therefore be responsible for the assessment and management of climate risks and opportunities in relation to the investments. The LGPS asset pool in which the AA is a partner, in turn, is responsible for implementation of the investment strategy except in respect of non-pooled assets which remain with the fund.

38. Decisions on investment matters may therefore be taken by the scheme manager, informed by advice from external advisers and officers, or delegated to an officer or to the pool. All have important roles in effectively assessing and managing climate change risk and opportunities, and all will be central to the AA's efforts to fully embed climate risks into their governance processes.

39. The scheme manager will need to appoint properly qualified advisers, fully consider their advice, and take appropriate action in order to address these risks. The committee's officers and advisers and the pool, where appropriate, will need to provide advice which is accessible for non-specialists and adequately

addresses climate risks to the fund, bringing in additional expertise where needed. We propose to provide statutory guidance to assist AAs. The role of the LGPS asset pools and knowledge and skills requirements are discussed further in Chapter 4.

40. However, we are not proposing to place any legal duties on individuals, whether officers or advisers, or on the pool. Our proposal is to place new duties on AAs to:

- establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities
- establish and maintain processes by which they can, on an ongoing basis, satisfy themselves that those who undertake climate-related governance activities, advisors, and those who assist the AA (including officers and advisors) with respect to climate related governance are doing so effectively.

Question 1: Do you agree with our proposed requirements in relation to governance?

Strategy

41. The TCFD's recommendations on strategy are intended to promote continuous assessment of the implications of climate change for an organisation's strategy.

42. For AAs, climate risks will be relevant to both their investment and funding strategies. AAs will need to consider what physical and transition risks and opportunities may affect both strategies and over what time periods. These may include a wide range of factors, including carbon pricing, adoption of new technology or lower carbon alternatives, and extreme weather events.

43. AAs will also need to assess the impacts of the identified risks and opportunities over the same time periods on their strategies. They also need to consider what actions to take in response. The assessment will need to take account of the materiality of the risks, and the liquidity and time horizon of the assets, as well as the cashflow and liabilities of the fund. It will be for the AA to determine the appropriate time periods and to take a view on materiality of risks taking account of these factors.

44. We propose to provide statutory guidance to assist AAs to identify risks and opportunities, and to assess the impacts, including consideration of factors to be taken into account.

45. Our proposal is to place new duties on AAs to:

- identify, on an ongoing basis, climate-related risks and opportunities that will impact the investment and funding strategy of the AA, over the short, medium and long term.
- assess, on an ongoing basis, the impact of the identified risks and opportunities on the AA's investment and funding strategy.

Question 2: Do you agree with our proposed requirements in relation to strategy?

Scenario analysis

46. The TCFD recommends that organisations undertake scenario analysis in order to improve the quality of strategies. It recommends that organisations consider credible, distinctive, and relevant scenarios for the future path of climate change and that they test the assessment of impacts and the proposed actions against these scenarios.

47. Scenario analysis is particularly relevant to AAs seeking to assess the medium- and long-term impacts of climate change on their assets, liabilities and strategies. These longer-term potential impacts, as well as sudden events such as climate tipping points, may not be captured by traditional risk management,

particularly where there are high levels of uncertainty. Scenario analysis can also help to create and maintain strategies which take full account of climate risks and opportunities.

48. We recognise that at present the use of climate scenarios is still new and that current assumptions and methodologies vary. Data quality and availability may also be a problem particularly for some asset classes. Nevertheless, we expect the development of expertise, methodologies, and data to accelerate rapidly in the next few years and hope to see greater consensus in the future.

49. We therefore propose that regulations would require AAs to conduct scenario analysis as far as they are able to. This analysis may be qualitative or quantitative, but we would expect AAs to carry out quantitative analysis where possible and to expand the assets covered by quantitative analysis as quickly as possible.

50. We also propose to provide statutory guidance on scenario analysis to assist AAs, including guidance on dealing with missing or poor-quality data and other barriers. We would expect AAs to aim to do the best scenario analysis that they can, and to aim to improve their scenario analysis over time.

51. The TCFD also recommends that organisations consider a range of climate scenarios, including a scenario based on global temperatures increasing by 2°C or lower over pre-industrial levels. The 2° or lower scenario is important because this level of temperature rise is believed to limit catastrophic physical risks such as flooding and droughts, but there may still be significant short term transition risks due to changes to policy, technology and markets. Scenarios based on higher temperature rises may see more impacts from physical risks both in the short and long term, with lower transition risks.

52. We therefore believe that AAs must consider two or more climate-related scenarios, at least one of which must be a scenario of 2°C or lower temperature rise. AAs will need to assess their assets and liabilities, and their investment and funding strategies against these scenarios.

53. Investment and funding decisions are made triennially in accordance with the valuation cycle. As scenario analysis should feed into these decisions, we recommend that it is incorporated into the valuation cycle and carried out at least every three years. In the interim years, AAs should consider whether a new scenario analysis should be carried out to reflect any changes in the fund. In a normal year, where there have been only minor changes in the scheme, we would not expect AAs to repeat scenario analysis given it is a substantial piece of work.

54. We propose to place a new duty on AAs to:

- assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?

Risk management

55. The TCFD's recommendations aim to ensure that risk management in relation to climate risks is rigorous, comprehensive, and fully integrated into wider risk management.

56. In line with the TCFD recommendations, we propose that regulations require that AAs identify and assess their fund's exposure to climate-related risks and take action to manage the risks identified. This will include consideration of both physical and transition risks and the materiality of those risks, as well as proximity and likelihood.

57. This means having effective processes for identifying climate-related risks and opportunities, and assessing their likely impact on assets, liabilities, investment and funding strategies. We propose that guidance will support AAs in ensuring they have the most appropriate processes in place and that they consider the full range of relevant factors and types of risk and opportunity.

58. AAs will already have risk management processes in place to manage investment risks. We therefore propose to require AAs to integrate these climate-related processes in their existing risk management processes. AAs may also wish to identify, assess and take action on climate-related opportunities, and integrate the consideration of these opportunities in their risk management. We propose to provide statutory guidance to assist AAs.

59. Our proposed requirements are for AAs to:

- Establish and maintain processes for the purpose of enabling them to identify and assess climate-related risks.
- Establish and maintain processes for the purpose of enabling them to effectively manage climate-related risks.
- Ensure, on an ongoing basis, climate-related risk management processes are integrated into their overall risk management.

Question 4: Do you agree with our proposed requirements in relation to risk management?

Metrics

60. The TCFD recommends that organisations select and disclose metrics to assess and monitor climate risks and opportunities over time. This section discusses the various metrics under consideration.

61. We propose to require AAs to measure and disclose four metrics: Total Carbon Emissions, Carbon Footprint, Data Quality and a Paris Alignment Metric. Total Carbon Emissions and Carbon Footprint both use emissions which can be divided into Scope 1, 2 and 3. The metrics relate to assets held by the AA in respect of paying benefits, not to other activity carried out by the AA such as travel.

Scope 1, Scope 2 and Scope 3 emissions

62. Scope 1 emissions are all direct emissions from the activities of an organisation or activities under its control. These emissions include fuel combustion on site such as gas boilers.

63. Scope 2 emissions are indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy which is eventually used by the organisation.

64. Scope 3 emissions are all other indirect emissions from activities of the organisation, occurring from sources that they do not directly control. These are sometimes the greatest share of a carbon footprint, covering emissions associated with business travel, procurement, production of inputs, use of outputs, waste, and water.

65. Scope 1 and Scope 2 emissions are much more widely available and reliable statistics, which are highly desirable features in understanding an asset's carbon exposure. Scope 3 emissions are less widely reported, and when they are reported, they are often calculated on an approximate basis.

66. For many assets, Scope 3 will be by far the largest single category of emissions, and therefore excluding Scope 3 would significantly underreport total emissions. Excluding Scope 3 emissions will also favour some industries such as online retailers which have low Scope 1 and 2 but high Scope 3 emissions.

67. Therefore, in including Scope 3 emissions in reporting there is a trade-off. Reporting a figure which includes Scope 3 emissions is subject to more inaccuracy than Scopes 1 and 2. However, we propose to require reporting on all three types of emission as this gives the fullest picture of carbon exposure.

Absolute emissions metric: Total carbon emissions

68. Absolute emissions metrics measure the overall carbon emissions attributable to the fund's invested assets. A figure for total carbon emissions enables the AA to set a baseline for climate action and to understand the scale of the climate impact of its investments. Without a clear baseline, AAs cannot assess the impact of different scenarios.

69. We propose to require AAs to obtain, as far as they are able to Scope 1, Scope 2 and Scope 3 GHG emissions for the fund's assets – that is, the pension scheme's financed emissions. These are the emissions referred to as category 15 (investment emissions) in the [Greenhouse Gas (GHG) Protocol Technical guidance (https://ghgprotocol.org/scope-3-technical-calculation-guidance)](https://ghgprotocol.org/scope-3-technical-calculation-guidance). This measure is referred to as Total Carbon Emissions.

70. We propose that Scope 1, Scope 2 and Scope 3 emissions should be recorded separately and that the sum of the three should also be reported. Therefore, four figures should be reported to comply with the Total Carbon Emissions Metric.

71. There are different methodologies for attributing carbon emissions to investments. We propose to clarify the appropriate methodology in supporting guidance.

72. We propose that Total Carbon Emissions is calculated and reported annually via the Climate Risk Report (see Chapter 3).

73. The Total Carbon Emissions should be reported at the level of the whole of the fund. That is, it should be the total of the carbon emissions of all of the investments it holds. If the AA wishes, they may wish to consider the Total Carbon Emissions for each of its investments separately as well, as doing so may give the AA a clearer picture of where its carbon exposures lie. However, investment level reporting is not required in the annal Climate Risk Report.

Emissions intensity metric: Carbon footprint

74. Absolute emissions are a useful baseline to assess the fund's overall carbon exposure. However, they are hard to compare across assets and across funds, because larger investments naturally will have larger emissions.

75. We therefore propose that an Emissions Intensity Metric is calculated in addition. This should be calculated by dividing the Total Carbon Emissions by the total assets held by the fund for which data was available or estimated. This calculation we refer to as Carbon Footprint.

76. Carbon Footprint is easier to interpret as it does not depend on the size of the investment. A disadvantage of this metric however is that an increase in market capitalisation or revenue, all else being equal, will result in a decrease in the AA's emissions per £ million invested.

77. As explained above, using Scope 1 and 2 emissions only produces a more reliable but less complete picture of carbon exposure. We propose that Carbon Footprint is reported for Scope 1, Scope 2 and Scope 3 emissions, in each case calculated as Scope X Emissions divided by Assets for which Scope X emissions were available or estimated.

78. We propose that Carbon Footprint is calculated and reported annually via the Climate Risk Report (see Chapter 3).

79. We propose that only the top-level figure at the whole fund level is required to be produced and reported by AAs.

80. We propose that funds should report Carbon Footprint, however if they cannot do so they should report another similar metric such as Weighted Average Carbon Intensity. In these cases, the administering authority should explain why they have done this.

Data quality and the data quality metric

81. The lack of available data is a commonly reported pitfall when schemes seek to calculate the TCFD's emissions metrics. Few, if any, AAs will be able to obtain full underlying data to allow the calculation of metrics across their whole fund at present.

82. Where gaps in data do exist, it should be regarded as preferable to use modelling or estimation to fill them, rather than to leave them unaddressed or reporting as null. Beginning with estimated or proxy data can help identify carbon-intensive areas within investments. This also serves as a benchmark for asset-specific data points as and when they become available. AAs may choose to calculate metrics and set targets only for assets for which reliable data can be found. AAs may also request that service providers analyse their funds using market average techniques and assumption-based modelling.

83. We regard the inevitable gaps in data as being an important part of the challenge AAs face. We believe that the level of certainty in the data should be understood by those making decisions and should also be visible externally.

84. We also believe that the LGPS can play its part in increasing data availability and quality through increasing transparency on data quality and by adopting metrics consistent across the LGPS and private pension schemes. We therefore propose that regulations require that AAs obtain data on data quality as far as they are able and calculate a data quality metric. We also propose that guidance should set out how AAs should assess and disclose the quality and availability of data.

85. We propose that AAs should state the percentage of the value of their assets for which emissions have been Verified, Reported, Estimated or are Unavailable.

86. “Verified” and “Reported” are defined as data produced using the methodology for reporting and verifying carbon emissions given in the GHG protocol. Data can be verified by an independent third party, not necessarily an audit firm. “Estimated” includes data which has been estimated, for example using industry averages or modelling based on assumptions.

87. Where an asset has associated emissions data but the data quality as defined above cannot be confirmed, then it should be classed as estimated. “Unavailable” means that emissions data was unavailable, not that confirmation of the data quality was unavailable.

88. The data quality metric should be reported for Scope 1, Scope 2 and Scope 3 emissions separately.

89. The data quality metric on its own does not replace proper scrutiny of data. Examples of this include data which is “reported” but may not have been reported recently and it may not be completely clear whether emissions relate to a whole company or a subsection of it. “Unknown” data may be known to the company but not submitted to investors. AAs are encouraged to ask questions of their fund managers to be effective stewards of their data. Third party firms may be used to investigate and summarise issues such as these into an overall narrative to be included in the Climate Risk Report.

90. We propose that only the top-level figure for each Scope of emissions is required to be produced and reported by AAs in the Climate Risk Report.

Paris alignment metric

91. The TCFD’s guidance recommends that financial institutions should describe the extent to which their activities are aligned with a well-below 2°C scenario (i.e. with the goals of the Paris agreement), which is consistent with net zero carbon emissions by 2050. 92. We propose to introduce a requirement that the LGPS AAs should report a Paris Alignment Metric in line with the TCFD’s recommendation.

93. Paris Alignment Metrics look at the future trajectory of emissions, whereas Total Carbon Emissions and Carbon Footprint only measure emissions which have already taken place. Forward-looking metrics such as Paris Alignment are more useful for active decision making than historic ones. They will be key to investors robustly assessing and reporting their portfolios’ alignment with their own climate goals and may help address exposure to transition risk. They are also useful for plotting trends over time.

94. There are multiple ways to report Paris Alignment Metrics, which are explored in the Portfolio Alignment Team’s [Measuring portfolio alignment: Technical Considerations (https://www.tcfdhub.org/wp-content/uploads/2021/10/PAT_Measuring_Portfolio_Alignment_Technical_Considerations.pdf)](https://www.tcfdhub.org/wp-content/uploads/2021/10/PAT_Measuring_Portfolio_Alignment_Technical_Considerations.pdf), which was commissioned by the TCFD. This states that financial institutions should use whichever portfolio alignment tool best suits their institutional context and capabilities, and describes three main types of portfolio alignment metrics, as follows:

- binary target measurements: This tool measures the alignment of a portfolio with a given climate outcome based on the percentage of investments in that portfolio that either have declared net zero/Paris-alignment targets or are already net zero/Paris-aligned.
- benchmark divergence models: These tools assess portfolio alignment by comparing the forecast emissions performance of investments or counterparties in the portfolio against benchmarks.
- implied temperature rise (ITR) models: these tools translate an assessment of alignment with a benchmark into a measure of the consequences of that alignment in the form of a temperature score.

95. These metrics are ambitious and if calculated reliably can create an extremely useful picture of a fund's climate risks. ITR in particular links a portfolio to a specific climate outcome in a way which is scientific, incentivises action and is comprehensible to the lay audience.

96. The main problem with Paris Alignment Metrics is data, as in most cases only limited or approximate data is available. At best this means only a partial view is possible, and at worst it can create a false picture of the true exposure of a fund by over- or underestimating the metric.

97. However we believe that an imperfect metric will still be useful. Calculating ITR will be useful for funds to understand their carbon trajectories. Moreover, the more funds choose to calculate the ITR the faster the data will improve.

98. The LGPS has a responsibility to its members, employers and the public, and the Government considers it important that publicly accessible data is accurate and as useful as possible. In addition, it is useful for funds to report consistently with each other and for the results to be possible to aggregate into an overall scheme view for the LGPS.

99. We regard the Binary Target Measure to be the most appropriate for the LGPS at this point having taken these factors into account. It is simple to understand while still providing useful insights, and less subject to the data issues which exist for the other metrics. As data improves, the Government may change its approach to reflect this, and we encourage the LGPS and the sector to take a lead in promoting the most useful metrics.

100. Therefore, we propose that all AAs should report the percentage of their total assets with declared net zero or Paris-aligned targets. This is the Binary Target Measurement described above.

101. We also encourage AAs to calculate other Paris Alignment Metrics which they consider to be useful in managing their climate risks. We note that it is not only the commitment to net zero but also the pathway towards net zero which dictates Paris-alignment. For instance, a company may have made a net zero commitment, but still be making insufficient emissions reductions in the short term. For this reason, AAs should consider whether collecting and reporting an additional Paris Alignment Metric would be useful.

102. We propose that only the top-level figure at the whole fund level is required to be produced and reported by AAs.

Other metrics

103. We have proposed requirements for four metrics. However, we do not intend to limit the range of additional and more ambitious metrics AAs may select. The Government encourages AAs to calculate other metrics which are endorsed by the TCFD, such as Climate Value at Risk (VAR)[footnote 2].

Guidance and regulation

104. We propose that the requirement to publish metrics is set out in regulations, but that the metrics themselves are defined in statutory guidance. This has the advantage that as metrics become more available and accurate over time, changes may be made to update the metrics without amending regulations.

Summary of metrics proposals

105. We propose to require AAs to calculate and report the following metrics:

- Metric 1 (absolute emissions metric) - Total Carbon Emissions, which includes the Scope 1, 2 and 3 emissions reported separately, as well as the sum of the three.
- Metric 2 (emissions intensity metric) - Carbon Footprint. This is Carbon Emissions divided by the total assets of the fund to which the data relates. It should be calculated separately for Scope 1, Scope 2 and Scope 3 emissions.
- Metric 3 (data quality metric) – the percentage of assets for which Scope 1, 2 and 3 emissions are verified, reported, estimated or unavailable, in line with the GHG Protocol.
- Metric 4 (Paris Alignment Metric) – the percentage of the fund's assets for which a public Paris aligned commitment has been made, i.e. net zero by 2050.

106. We also propose to recommend in statutory guidance that AAs consider whether they wish to calculate any other climate related metrics recommended by the TCFD in order to inform assessment of climate risks.

Question 5: Do you agree with our proposed requirements in relation to metrics?

Targets

107. The TCFD recommends that organisations set targets based on the metrics they select, including a target date, baseline and performance indicators, in order to focus efforts on managing climate risk.

108. The metrics proposed support AAs to assess the current climate risks and opportunities to their assets. Targets will assist AAs to take the next step to set their strategy for managing climate risks and opportunities to the fund and to measure their progress, as well as increasing accountability.

109. We therefore propose that regulations require at least one target to be set either for one of the mandatory metrics listed above or another TCFD-endorsed metric. This additional metric may be one of the more ambitious climate-related metrics, such as Climate VAR or Implied Temperature Rise, but must be limited to metrics endorsed by the TCFD or any of the mandatory metrics.

110. We also propose that AAs should be required to measure and report performance against their targets annually, as far as they are able, as for the requirement on obtaining data. This recognises that measuring and disclosing performance is dependent on data provided by others in the investment chain, in the same way as the requirement to obtain data for metrics. In order to ensure that targets are used and kept up to date, AAs will also be required to consider annually whether to continue with the target or replace it. We propose to provide statutory guidance to assist AAs.

111. Our proposed requirements for AAs are:

- AAs must set a target for their fund in relation to one of the metrics which they have selected. The target may be in relation to one of the mandatory metrics (absolute emissions, emissions intensity, data quality or Paris alignment), or any other climate-related metric endorsed by the TCFD which the AA chooses.
- AAs must annually measure, as far as they are able, the performance of their fund against the target they have set and taking into account that performance, determine whether the target should be retained or replaced.

112. There is no expectation that AAs should set targets which require them to divest or invest in a given way, and the targets are not legally binding.

Question 6: Do you agree with our proposed requirements in relation to targets?

As far as able

113. We propose that AAs must carry out scenario analysis, obtain data, calculate, and use metrics and measure performance against AA-set targets 'as far as they are able'. This means that AAs are expected to take all reasonable and proportionate steps given costs and time constraints. However, we recognise that there will inevitably be some gaps in the work produced, and while we would expect AAs to do as much as they can we recognise that some elements are outside of their control. Therefore, where authorities are not able to comply with these proposals, they must include in their report both the areas and reasons where they are not able to comply in full.

114. The requirement for AAs to comply as far as they are able will enable them to produce metrics for only part of the portfolio or using estimation or incomplete data sets. This will still be decision-useful information for AAs. The urgency of climate change means that the AAs cannot wait until they have perfect data before they start putting it to use.

Ongoing and annual duties

115. We distinguish between ongoing and discrete duties. For duties which are regular discrete events such as reporting, we have proposed specific time intervals for AAs to follow. Ongoing duties on the other hand are those which do not take place as a distinct event but a continuous requirement. For example, AAs should always be managing the risks of the fund, and so we would think of risk management as an ongoing requirement. In practice, we recognise that these requirements will be considered at regular intervals as well, but the requirement itself would be ongoing.

116. All duties are ongoing, except requirements to conduct scenario analysis, calculate metrics, and set and review performance against targets.

117. Scenario analysis must be carried out in the reporting year 2023/24 and at least every three years thereafter. In the intervening years, AAs should review whether circumstances have changed enough to refresh their analysis. This decision should take account of availability of data, or a significant change in investment or funding strategy. AAs should explain in their Climate Risk Report whether they have carried out a new analysis, and if not give a short explanation as to why.

118. Underlying data for metrics and targets must be obtained, the metrics calculated, and performance against targets measured, at least annually.

3. Reporting on climate risks

119. High quality reporting on climate risks is central to the TCFD's recommendations. The aim is to enable stakeholders to understand as fully as possible their climate exposures and the AA's approach to addressing those risks, in the short, medium and long term. Transparency will also enable users of the reports to measure and monitor current performance against targets and the planned trajectory and to assess the implications for future performance.

120. To achieve these aims in the LGPS, reporting will need to be clear, comprehensive and consistent, as well as timely, verifiable and comparable across the sector, in line with the TCFD's principles for effective disclosure[footnote 3]. This chapter sets out our proposals ensuring that reporting both at AA and at scheme level meets these standards, and delivers proper accountability to members, locally and across the scheme.

Annual climate risk report

121. We propose that each AA publishes a Climate Risk Report every year, at the same time as the AA's annual report is published – i.e. 1 December for the reporting year which ended the previous 31 March. Once published, the Climate Risk Report must be easily and freely accessible online and members must be informed of where to find it. In addition, links to each AA's Climate Risk Report will be included in the Scheme Climate Report and may be shown on the Scheme Advisory Board's (SAB) website. The Climate Risk Report may be a constituent part of the AA's Annual Report, or a standalone report.

122. This means that the first report for the year 2023/24 must be available by 1 December 2024.

123. The Climate Risk Report should be accessible to two distinct types of user: specialist and non-specialist. The Climate Risk Report will contain detailed and useful data, and we hope that the metrics, targets and scenario analysis in particular will be important resources for specialist audiences. This role of the Climate Risk Report may require it to be technical in content, and dense with information.

124. In addition, various non-specialist stakeholders including scheme members, members of the public and other parties will also need to be considered. The Climate Risk Report should include enough information to be understood by the lay reader.

125. The AA will have to decide on how best to approach these dual requirements. One approach is to split the Climate Risk Report into two sections: a body and a short executive summary. The executive summary would be written to explain the AA's approach and high-level findings to the lay reader. This allows the body

of the Climate Risk Report to be technical as is useful to specialist audiences. We regard this as a very effective way to address this balance, although other approaches would also be valid.

126. We would like to stress that the narrative provided in the Climate Risk Report will be as valuable as the data for most audiences. Metrics by themselves are difficult to interpret for the lay reader.

127. For example, differences in an AA's investment allocation, such as its strategic allocations between the main asset types will affect its carbon emissions. Moreover, a high carbon exposure or poor alignment with the Paris climate goals may be managed by effective stewardship and engagement from the AA. AAs should ensure that messages such as these are presented in a way to help the lay reader interpret the report and understand the fund's strategy towards managing the risks from climate change.

128. It is important that the report must be easily accessible to scheme members, on the AA's website and via an internet search. We propose that AAs must at least inform members of the Climate Risk Report and how to find it when they issue their annual benefit statements. This does not necessarily mean including wording in the annual benefit statement itself.

129. Climate Risk Reports should be produced in line with the Local government transparency code 2015 (https://www.gov.uk/government/publications/local-government-transparency-code-2015/local-government-transparency-code-2015).

130. We propose that the Climate Risk Report must include the following information:

Area	**Disclosure Requirement**
Governance	Describe the AA's oversight of climate-related risks and opportunities Describe the role of any person other than the scheme manager who undertakes relevant governance activities and the process by which the committee satisfy themselves that this is being done Describe the role of any person who (other than a legal advisor) advises the scheme manager on relevant governance activities and the process by which the committee satisfies itself that adequate steps are being taken
Strategy	Describe the climate-related risks and opportunities which the scheme manager has identified Describe the scheme manager's definition of short term, medium term and long term
Scenario Analysis	Describe the most recent scenarios the scheme manager has analysed Describe the impact of the climate-related risks and opportunities on the AA's investment and funding strategies Describe the potential impacts on the AA's assets and liabilities which the AA has identified in the most recent scenarios and the reason for any data which is missing from the analysis Describe the resilience of the AA's investment and funding strategies in the most recent scenarios the AAs have analysed
Risk Management	Describe the processes which the AA has established for identifying and assessing climate-related risks to their fund Describe the processes which the AA has established for managing climate-related risks to the AA Describe how these processes are integrated into the AA's overall risk management
Metrics	Report the metrics which the AA has calculated (or an explanation as to why these were not possible to calculate)
Targets	Report the target which the AAs have set and the performance of the AA against that target.

Question 7: Do you agree with our approach to reporting?

Scheme climate risk report

131. In addition to the Climate Risk Reports published by each AA, we are proposing an annual Scheme Climate Risk Report to provide an overview of the LGPS and climate risks, produced by the Scheme Advisory Board (SAB). Such an overview would be useful for scheme members and other stakeholders. It would also enable the LGPS to demonstrate progress and impact, and showcase good practice.

132. We therefore propose as a minimum that the Scheme Climate Risk Report would include links to each AA's Climate Risk Report and the four aggregated metrics for the whole LGPS.

133. In relation to metrics, we propose that Total Carbon Emissions and Carbon Footprint should be calculated and reported at an aggregate level. This would involve a simple sum of Total Carbon Emissions for Aggregate Total Carbon Emissions. In order to calculate Aggregate Carbon Footprint, this would be calculated as Aggregate Total Carbon Emissions divided by the overall size of the LGPS investment portfolio for which total emissions are at least estimated. This would be done separately for Scope 1, Scope 2 and Scope 3 emissions.

134. When reporting the data quality metric, each AA must report the proportion of its assets for which overall emissions data is: Verified, Reported, Estimated or Unavailable. One reason that we have proposed this metric is that it can be aggregated across AAs. As risk management is a key objective of TCFD reporting, we believe that visibility of data quality, which is essential to the understanding of risk, will be a useful way to measure progress. Therefore, we propose to show overall data quality in the Scheme Climate Report, whereby the LGPS's entire assets will be divided into verified, reported, estimated and unknown.

135. We propose that the SAB reports on an aggregate Paris Alignment Metric based on AA level reports. This would show the proportion of the value of the whole LGPS's assets for which there is a net zero commitment in line with the Paris goals.

136. In the above paragraphs we have outlined our minimum proposals for the Scheme Climate Risk Report. In addition, we are inviting views about whether emissions, data quality and Paris-alignment metrics for each AA should be shown in the Scheme Climate Risk Report.

137. Emissions and data quality metrics will already be available in the Climate Risk Reports published by each AA and it will be possible to make comparisons between AAs. AAs may be concerned about being compared unfairly, and may fear that this may lead to pressure to reduce emissions through divestment. There is no expectation from Government that AAs should reduce emissions via divestment.

138. We recognise that transparency is an important feature of the LGPS's approach to managing climate risks. It is important for all those to whom the Scheme is accountable have easy access to climate-related information.

139. We do not propose to include any aggregate data on the scenario analysis requirement. This is because scenario analysis may be very difficult to aggregate in a meaningful way.

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

4. Other issues

140. This chapter deals with a number of other issues relevant to the implementation of the TCFD recommendations in the LGPS.

The role of the LGPS asset pools

141. Since 2015, 8 LGPS pools have been set up with the aim of securing the benefits of scale including more professional management, reduced investment costs, increased net returns, improved resilience, and access to a wider range of assets, including infrastructure. Many of the pools have developed significant capabilities in relation to climate risks and responsible investment more broadly.

142. As of March 2021 around 80% of the Scheme's assets are either pooled, in a transition plan to be pooled, or have some oversight by their pool, although the proportion varies widely across AAs and across pools. For pooled assets, we expect that the pools will be able to provide data, calculate metrics and carry out scenario analysis on these assets where that data is available. There are differing views on the extent to which pools will be able to deliver these services for assets that are not held by the pool, especially where there are already contracts with data providers in place. Some pools will already be able to provide advice on data, metrics and scenario analysis and other relevant issues or will wish to develop or jointly commission such advice.

143. In this landscape there is potential for a multiplicity of different analyses and reports to be required on the same LGPS assets. Pool operators are required to report on climate risks in relation to pooled assets by the Financial Conduct Authority. If AAs' strategies significantly differ it will be resource intensive for their pool to produce analysis for them.

144. We expect to see this issue reduce in importance over time as more assets transition into the pools. AAs which have transferred close to 100% of their assets excluding cash to their pools would be able to use the analyses conducted by their pool for their own purposes. AAs could also minimise this issue by aligning their strategies and targets within their pool and ensuring as shareholders that the pool's strategy also aligns with that of the partner AAs. This would enable AAs to commission their pool to conduct analyses for both pooled and non-pooled assets on a consistent basis with the pool's own reporting. Both completing transition and aligning strategies would also have significant wider benefits for costs and performance through delivering greater scale.

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

Guidance and reporting template for administering authorities

145. DLUHC intends to provide high level statutory guidance to accompany changes to regulations. This will include guidance relating to the governance activities required of AAs and the Climate Risk Report. We have also asked the SAB to produce more detailed operational guidance.

146. The SAB will also be asked to produce a standard template which AAs will be required to follow in producing their Climate Risk Report. This will help AAs to comply with the requirements, and help to ensure that the Scheme Climate Risk Report is as comprehensive and consistent as possible.

Question 10: Do you agree with our proposed approach to guidance?

Knowledge, skills and advice

147. It is important that individuals making decisions in response to climate-risk management processes have the adequate skills and information to make choices. While we will not be imposing any legal requirement on an individual's knowledge and skills, we wish to promote best practice in our approach. It is important to note that scheme managers are not expected to be technical experts in climate science or climate finance. However, a base knowledge regarding climate risks will be necessary in order to, for example, interpret the results of scenario analysis.

148. Firstly, we propose to require that AAs must take proper advice regarding assessing and managing climate risks. This should help the scheme manager, who may not be a technical expert to take proper account of climate risks in setting their investment strategy and asset allocation.

149. AAs will need to satisfy themselves that the advice is high quality and provided by appropriately qualified people. We welcome views as to how this may be practically ensured. We welcome responses on whether and how pools could jointly procure expert advice for their partner funds.

Question 11: Do you agree with our proposed approach to knowledge, skills and advice?

Consideration of impact on protected groups

150. Section 149 of the Equality Act 2010 requires Government to have due regard to the potential impact of new decisions, policies or policy changes on particular groups with protected characteristics and to avoid disproportionate negative impacts (the public sector equality duty).

151. We have made an initial assessment under the duty and do not believe there would be impacts on protected groups from the proposals in this consultation, as they do not affect member contributions or benefits. We have considered whether the reporting requirements could give rise to negative impacts on certain groups with protected characteristics and believe they would not. However, administering authorities and the Scheme Advisory Board are also subject to the public sector equality duty and we would expect them to take steps to ensure compliance with the duty, including that their reports under these proposals are available in accessible formats.

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

Summary of consultation questions

This section contains a summary of the questions contained above, for ease.

Question 1: Do you agree with our proposed requirements in relation to governance?

Question 2: Do you agree with our proposed requirements in relation to strategy?

Question 3: Do you agree with our suggested requirements in relation to scenario analysis?

Question 4: Do you agree with our proposed requirements in relation to risk management?

Question 5: Do you agree with our proposed requirements in relation to metrics?

Question 6: Do you agree with our proposed requirements in relation to targets?

Question 7: Do you agree with our approach to reporting?

Question 8: Do you agree with our proposals on the Scheme Climate Risk Report?

Question 9: Do you have any comments on the role of the LGPS asset pools in delivering the requirements?

Question 10: Do you agree with our proposed approach to guidance?

Question 11: Do you agree with our proposed approach to knowledge, skills and advice?

Question 12: Do you have any comments on the impact of our proposals on protected groups and on how any negative impacts may be mitigated?

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Funding Strategy Statement (FSS) – Update for Pensions Committee Meeting 21 Oct 2022

Background

Under Local Government Pension Scheme Regulations, all LGPS funds have a statutory obligation to produce an FSS. It is a key document for the Fund, in two ways:

1 The inputs it requires: the Fund's officers and Pensions Committee need to go through a process to be satisfied that the Fund is managing funding risks and will be collecting an appropriate level of contributions from all employers in the Fund. The FSS provides a helpful framework for organising this process and covering all the necessary areas.

2 The outputs it gives: the finalised FSS itself should be a clear and transparent reference point for the Fund's stakeholders. It will set out how the Fund manages funding risks and provide evidence that the contribution arrangements are solidly derived, fair and consistent. It will also help in any future discussions with employers, perhaps where an approach is queried or questions are raised.

The FSS is prepared in collaboration with the Fund Actuary and forms an integral part of the triennial valuation. The FSS also outlines how the funding strategy fits in with the investment strategy.

The current FSS was presented to Committee on 23 June 2021 to reflect updates required for the administering authority to be able to exercise powers in relation to "employer flexibilities", for exiting employers and for contribution reviews between triennial valuations.

2022 FSS review

The 2022 review has focussed on adapting the FSS to the changing regulations and environment within which the Fund operates. The 2022 review also reflects the updated approach to funding, working with the new Fund Actuary Hymans Robertson.

The evolving challenges, increasing diversity of employers, and growing complexity and regulation in the LGPS over the last few years have together meant that many LGPS Funds have found themselves with an FSS that has become understandably but increasingly long and complex. While the purpose of the FSS is to act as a compliant and robust reference document, it is acknowledged that a more streamlined document and modular approach to policies would improve accessibility and useability - ultimately making it more practical for all stakeholders (particularly employers).

The revised structure will be a streamlined "core" FSS document which is complemented by a number of "satellite" policies. This will replace the current approach of having a single FSS covering all circumstances.

- The **core document** includes all the funding information required by LGPS Regulations and Statutory Guidance. It is also restructured into sections within an LGPS employer's lifecycle (ie arrangements on joining, calculating assets and liabilities, setting contributions, arrangements on leaving, etc).

- The **satellite policies** work both to complement the core FSS and also as standalone documents in their own right. These documents set out the Fund's policies with regards to specific elements of strategy and include more details on process and practicalities. These cover areas such as:

a) Pass-through policy for new contractor admission bodies

b) Policies for new and existing academies and free schools

c) Policies relating to exiting employers, to include exit credits, subsumption, spreading of payments, managed exits, etc.

d) Bulk transfers policy including academy consolidations and approach to deferred and pensioner members for consolidating academies

e) Treatment of Secondary contributions

f) Information relating to how the fund has approached climate-related funding risk

g) Information relating to documentation of key risks and controls.

h) Information relating to the FSS consultation process, the review process and how the FSS is made available.

Alongside the restructure there are regulatory and other updates required since the current FSS was prepared. The most significant changes to bring to the Committee's attention include:

1. Review of funding assumptions and approach

The actuary has reviewed the funding approach and assumptions as part of the 2022 valuation. These have been updated to reflect Hymans Robertson's actuarial methodology, and emerging experience and market conditions as at 31 March 2022. The Committee considered and noted these at its 29 June 2022 meeting, and they need to be incorporated into the FSS.

2. Climate risk

The Fund recognises that climate change is a key risk due to the open-ended time horizons of the liabilities. As part of the modelling analysis for reviewing the Council's contribution strategy, the actuary will stress-test the results under additional climate scenarios. The Fund's draft FSS will clarify this ongoing work.

3. Risk-based exit valuation approach

The Fund is reviewing the approach to cessation valuations that are carried out when an employer leaves the Fund. The current approach is closely tied to gilt yields on a particular day, an approach which introduces much volatility into cessation valuations over time. The new approach under consideration would instead be linked to the expected investment return of the assets held by the Fund, with a prudent level of risk incorporated for the protection of the Fund. Details of this proposed approach will be made available by the Fund Actuary for discussion with Fund officers.

FSS - next steps

A draft version of the FSS and policies is being prepared by Fund officers and Hymans Robertson working in collaboration. LGPS Regulations require the FSS to be subject to formal consultation with employers. This will likely take place during December 2022 and January 2023.

Following the end of the consultation period, any comments received may lead to amendments to the document. The Committee will then be asked to approve the final version of the FSS at its 15 March 2023 meeting thus allowing the Actuary to sign off the final valuation documents in time for the statutory deadline of 31 March 2023.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 16

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