

TEESSIDE PENSION FUND COMMITTEE

Date: Wednesday 28th June, 2023 Time: 11.00 am Venue: Mandela Room

AGENDA

1. Welcome, Introductions and Evacuation Procedure
2. Apologies for Absence
3. Declarations of Interest
To receive any declarations of interest.
4. Minutes - Teesside Pension Fund Committee - 15 March 2023 3 - 10
5. Investment Activity Report 11 - 38
6. External Managers' Reports with Border to Coast ESG Reports 39 - 116
7. Border to Coast Presentation (1) Investments Summary and Update 117 - 138
8. Border to Coast Presentation (2) UK Real Estate Proposition Update 139 - 166
9. Investment Advisors' Reports 167 - 174
10. CBRE Property Report 175 - 182

11. XPS Pensions Administration Report 183 - 200
12. Any other urgent items which in the opinion of the Chair, can be considered
13. Exclusion of Press and Public
- To consider passing a Resolution Pursuant to Section 100A (4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of the following items on the grounds that if present there would be disclosure to them of exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
14. Local Investment Update 201 - 208

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 20 June 2023

MEMBERSHIP

Councillors J Rostron (Chair), J Ewan (Vice-Chair), D Branson, D Coupe, T Furness, S Hill, J Kabuye, T Livingstone, D McCabe, J Beall, R Creevy, Ms J Flaws, Mr B Foulger and Mr T Watson

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

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 15 March 2023.

PRESENT: Councillors D Coupe, (Chair), J Beall, (Stockton On Tees Council), A Bell, R Creevy, (Hartlepool Council), T Furness, S Hill, J Hobson, E Polano (Vice-Chair), and J Rostron
Ms J Flaws, Mr B Foulger

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), D Green (Hymans Robertson), A Owen (CBRE)
M Kerr (Border to Coast)
P Mudd (XPS)
M Rutter (EY)

VIRTUAL ATTENDANCE: P Moon (Independent Adviser)

OFFICERS: S Lightwing, N Orton, W Brown

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillors D McCabe, G Nightingale (Redcar and Cleveland Council), and G Wilson

22/53 WELCOME, INTRODUCTIONS AND EVACUATION PROCEDURE

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

22/54 DECLARATIONS OF INTEREST

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

22/55 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 14 DECEMBER 2022

The minutes of the meeting of the Teesside Pension Fund Committee held on 14 December 2022 were taken as read and approved as a correct record.

22/56 INVESTMENT ACTIVITY REPORT

A report of the Director of Finance was presented to inform Members of the 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.

At the June 2018 Committee it was agreed that a maximum level of 20% of the Fund would be held in cash. The cash level at the end of December 2022 was 8.37%.

Investment in direct property would continue on an opportunistic basis where the property had good covenant, yield and lease terms. The Fund had purchased two properties in the quarter at a total cost of £53 million.

Investment in Alternatives, such as infrastructure and private equity, offered the Fund diversification from equities and bonds. They came with additional risks of being illiquid,

traditionally had costly management fees and investing capital could be a slow process. £89 million was invested in the quarter.

Appendix A to the submitted report detailed transactions for the period 1 October 2022 to 31 December 2022. There were net purchases of £144 million in the period, compared to net sales of £162 million in the previous reporting period.

As at 31 December 2022, the Fund had £414 million invested with approved counterparties. This was a decrease of £189 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 December 2022, including cash, was £4,953 million, compared with the last reported valuation as at 31 March 2022, of £4,812 million.

A summary analysis of the valuation, attached at Appendix C to the submitted report, showed the Fund's percentage weightings in the various asset classes as at 31 December 2022 compared with the Fund's customised benchmark.

The Forward Investment Programme provided commentary on activity in the current quarter and looked ahead to the next three to five years. Details of the Strategic Asset Allocation agreed at the March 2021 Pension Fund Committee were shown at paragraph 8.2 of the submitted report.

It had been agreed by the Pension Fund Advisers and Fund Officers that there would be no changes to the Strategic Asset Allocation following the Actuarial Valuation. However it was acknowledged that work would continue to ensure the Fund's assets were more closely aligned to the strategic asset allocation. It was also acknowledged that there might be times in the short to medium term where the strategic allocation to a particular asset class was above the long term target. In any such case it should remain within the maximum level set out in the table at paragraph 8.2 of the submitted report.

At the end of 31 December 2022 the Fund's equity weighting was 60.2% compared to 58.3% at the end of September 2022. There were no plans to purchase or sell equities at this time. A summary of equity returns for the quarter 1 October 2022 to 31 December 2022 was shown at paragraph 8.4 of the submitted report.

To date the Fund had agreed three Local Investments. The Committee considered two further local investment proposals at its October 2022 and December 2022 meetings, and agreed that due diligence should be carried out in relation to those proposals.

As at 28 February 2023 total commitments to private equity, infrastructure, other alternatives and other debt were approaching £1,675 million and a breakdown of that figure was included at paragraph 8.8 of the submitted report.

A Member requested information in relation to the Fund's exposure to tobacco companies in BCP and State Street.

ORDERED as follows:

1. That the report was received and noted.
2. Information detailing to the Fund's exposure to tobacco companies in Border to Coast and State Street would be provided.

22/57

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 December 2022 the Fund had investments in the Border to Coast UK Listed Equity, Overseas Developed Markets and Emerging Markets Equity Funds. For all three sub funds the return target was expected to be delivered over rolling 3 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. To date, total commitments of £650 million had been made to these sub-funds (£350m to infrastructure and £300m to private equity) with around 28% 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 had been made. These investments were not reflected within the Border to Coast report attached at Appendix A to the submitted report but were referenced in the Border to Coast presentation at Agenda Item 11 of the meeting.

The Border to Coast report showed the market value of the portfolio as at 31 December 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 achieved returns of 2.06% above benchmark over the last year, nearly meeting its 1% overachievement target. The Overseas Developed Markets Equity Fund had achieved returns of 2.02% above benchmark over the last year, comfortably above its 1% overachievement target, albeit in a falling market. 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 – performance over quarter and year to 31 December 2022 below target and below benchmark.

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 December 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.

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 matched the performance of the respective indices.

Appendix C to the submitted report contained the latest available ESG and carbon exposure in relation to the three Border to Coast listed equity sub-funds the Fund invested in. Amongst other information, the report included 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 was also compared to benchmarks representing the 'average' rating across the investment universe of that particular benchmark.

ORDERED that the report was received and noted.

22/58

DRAFT ACTUARIAL VALUATION REPORT AS AT 31 MARCH 2022

A report of the Director of Finance was presented to provide Members with a copy of the draft actuarial valuation report as at 31 March 2022. The draft actuarial valuation report was provided at Appendix A to the submitted report. The final valuation report would be published at the end of March 2023 and would set the employer contribution rates for scheme employers for the three year period starting 1 April 2023. The Actuary was present at the meeting and provided additional commentary.

Almost all scheme employers had already been provided details of how the valuation outcome would affect them, including details of their expected future employer contribution rate for the three year period from 1 April 2023. At the time of writing the report a small number of employer results were still being finalised - this might affect entries in the Rates and Adjustments certificate included within the report and the whole fund rate disclosed throughout the report. The actuary had confirmed they did not expect any changes to be significant or to materially impact the draft report as presented.

The valuation outcome at a whole Fund level had been positive, with the funding level improving slightly from around 115% to around 116%, largely because of investment returns significantly above the level forecast at the last valuation. Although the value of the Fund had increased by around £1 billion or 25% in the three years since the last valuation, an increase to the expected future inflation rate and a reduction in expected future investment returns had meant the value of liabilities and the future cost of providing scheme benefits had also increased significantly.

The main tax-raising employers in the Fund would see an increase in their employer contribution rate for the three years up to the next valuation. At the end of the three years their employer rates would have increased by 1.5% of pensionable pay. It was highlighted that these employers would still be paying some of the lowest employer contribution rates in the LGPS nationally, partly as a consequence of the Fund's ongoing funding surplus. As at the last valuation, prudence was being applied by the Fund by reducing expectations of the level of future investment returns.

The actuary would continue to work to complete the remaining individual employer outcomes and they would be issued as they were finalised. The final valuation report would be completed by 31 March 2023 and published on the Fund website, with a link circulated to all employers and other relevant parties including Committee and Teesside Pension Board Members.

ORDERED that the report was received and noted.

22/59

REVISED FUNDING STRATEGY STATEMENT

A report was presented, the purpose of which was to ask Members to approve a revised Funding Strategy Statement (FSS), a copy of which was attached at Appendix A to the submitted report.

The Fund actuary presented a report to the Committee at its meeting on 21 October 2022, setting out proposals to consult with the Pension Fund Employers on changes to the Funding Strategy Statement.

The revised FSS was in a more accessible format and took into account the changing regulations and environment the Fund worked in and also reflected the updated approach to funding working with the new Fund actuary (Hymans Robertson).

The most significant changes to the FSS included:

- Review of funding assumptions and approach
The actuary had reviewed the funding approach and assumptions as part of the 2022 valuation. These had been updated to reflect Hymans Robertson's actuarial methodology, and emerging experience and market conditions as at 31 March 2022. The revised approach and assumptions were incorporated into the updated FSS.
- Climate risk
The Fund recognised that climate change was 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 had stress-tested the results under additional climate scenarios. The updated FSS included this ongoing work.
- Risk-based exit valuation approach
The Fund had reviewed the approach to cessation valuations that were carried out when an employer left the Fund. The previous approach was closely tied to gilt yields on a particular day, an approach which introduced much volatility into cessation valuations over time. The revised approach was instead 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.

Concern was raised in relation to employees who were transferred via TUPE regulations where the new employer might subsequently decide to leave the Fund. It was clarified that

employees who transferred to an admission body would have all the protections and that protection would follow them. The changes to the FSS would streamline some of those issues so that there would be less incentive for Employers to leave the Fund and no gain in the future.

All Fund employers were sent a copy of the revised draft FSS as part of the consultation process. A small number of employers responded, with one providing a detailed response. After careful consideration, it was felt no changes were required to the draft FSS following the consultation.

Once approved, the revised FSS would be published on the Fund's website.

ORDERED as follows that the:

1. Report was received and noted.
2. Revised Funding Strategy Statement was approved.

22/60

PENSION FUND BUSINESS PLAN 2023-26

The Head of Pensions Governance and Investment presented the annual Business Plan for the Fund.

The 2023/2024 forecast income and expenditure was set out in the Business Plan and summarised at paragraph 3.1 of the report.

A copy of the Business Plan for 2023/25 was attached at Appendix 1 to the submitted report and included:

- The purpose of the Fund, including the Teesside Pension Fund Service Promise (see Appendix A);
- The current governance arrangements for the Fund;
- The performance targets for the Fund for 2023/24, and a summary of the performance for 2022/23 (latest available) (see Appendix B);
- The arrangements in place for managing risk and the most up to date risk register for the Fund (see Appendix C);
- Membership, investment and funding details for the Fund;
- An estimated outturn for 2022/23 and an estimate for income and expenditure for 2023/24 (see Appendix D and page 21 of Appendix 1); and
- An annual plan for key decisions and a forward work programme for 2023/26 and an outline work plan for 2023 – 2026.

A Member requested a comparison between the previous management costs for the Fund and the costs since pooling. The Head of Pensions Governance and investment commented that it would be difficult to produce a comparison as the asset classes and style of investing had changed with pooling.

ORDERED as follows that the:

1. Report was received and noted.
2. Business Plan including the 2023/24 Pension Fund budget was approved.
3. A comparison of previous and present Fund management costs would be provided.

22/61

INTERNAL AUDIT REPORTS

A report of the Director of Finance was presented to provide Members with the outcome of two recent internal audit reports.

Middlesbrough Council's Internal Auditor, Veritau, carried out two planned audits of the Pension Fund's activities during the 2022/23 financial year, one covering investments and one covering administration. The reports and recommendations in respect of both audits were attached at appendices A and B to the submitted report.

Both audits had an overall audit opinion of "Substantial Assurance" and concluded that a sound system of governance, risk management and control existed, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

ORDERED that the internal audit reports were received and noted.

22/62

BORDER TO COAST PRESENTATION

The Committee received a presentation from the Customer Relationship Manager from Border to Coast which in relation to the following:

- Strategic Plan.
- Investments Summary.
- Equity Fund Performance.
- Alternatives Update.

It was five years since the launch of Border to Coast and the core building blocks that partner funds needed to implement their investment strategies were in place. One of the key focus alongside building investment solutions was ensuring resilience by having the appropriate financial approach, employees and improving processes, technology and data. Economic conditions were difficult for organisations, there was greater regulation and an ever changing political landscape.

Details of BCP's key launches over the next three years were included on slide 6 of the presentation and other capabilities such as currency hedging were also being explored.

A new Stewardship Manager had been employed and a dedicated Climate Change Manager would also be joining BCP. The organisation continued to look for new talent.

A details overview of performance was provided and it was noted that whilst it was still too early to evaluate the success of private market strategies, three years in, every £1 invested now had a value of £1.38. Expectations to this point had been exceeded.

In relation to the recent collapse of the Silicon Valley Bank it was confirmed that BCP had no direct exposure.

ORDERED that the information provided was received and noted.

22/63

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.

William Bourne stated that inflation was slowly coming down due to central banks raising rates and stopping quantitative tightening. Japan, China and the UK had been pushing money into the system. However in the US Bond market the yield curve was inverted, which was a good indicator there was going to be a recession. It was less likely that interest rates would be raised as much as previously thought, due to the social aspects of a potential recession.

With regard to Bonds, they were now yielding about a 4% positive return and the Fund needed to consider this investment opportunity going forward.

Peter Moon commented on the Silicon Valley Bank collapse adding that despite the rapid action of the authorities there was still some concern for financial sectors.

Whilst the Fund's investment policy was potentially too growth orientated it was a struggle to find safe protection assets that will provide the required returns. The Fund should stay with its current policy in terms of weightings and cash and use equities to finance any excess demands on cash over time.

ORDERED that the information provided was received and noted.

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.

Following valuation falls in Quarter 4 last year, the real estate market looked more positive. There were relatively low levels of activity in January 2023 and investors were attracted to lower pricing. Currently there were stable yields in industrial, stronger in retail, and stable in supermarkets. A more positive outlook was founded on the prime end of markets although there was activity in all sectors. Offices, high street shops and offices were all trending weaker compared with end of last year.

£3.2 billion had been invested in commercial property in January which was 64% down on the five year average. Although more investors were feeling more confident about investing in industrial and retail warehouse sectors, there was a perception that it had bottomed out. With realistic pricing and less competition, UK institutions were also looking more favourably on UK real estate and increased activity was anticipated in Quarter 2. It was likely that 2023 would be a year of two halves in terms of transactions. Increased competition for the lowest risk assets would see lower yield compression in the coming months.

There had been no sales during the period but the Fund had completed the purchase of two new assets in Quarter 4 of 2022.

The total Collectable Arrears on the entire portfolio was £256,995 as at 23 February 2023. This had now reduced to £206, 000. One of the tenants in arrears was due to sign a new lease next week and their arrears would be cleared at the same time.

The Fund's Real Estate Loan Portfolio currently had two committed loans total £35 million. All existing loans were performing in line with the loan agreements. All were covenant compliant and all interest and amortisation payments had been made on time.

ORDERED that the report was received and noted.

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 provided information on the following:

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

The following issues were highlighted:

The LGA were working on guidance to assist administering authorities with McCloud data issues. The guidance would set out what options administering authorities in England and Wales might consider if they were unable to collect the data needed to implement the McCloud remedy. It would cover both missing data and data the authority was not confident was accurate. The Scheme Advisory Board (England and Wales) hoped to publish the guidance by the end of February 2023.

On 20 February 2023, H M Treasury (HMT) published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase (PI) due to apply in April 2023 on 10.1%.

On 10 February 2023, the Department for Levelling Up, Housing and Communities (D LUHC) published a consultation and draft regulations on changing the annual revaluation date in the

LGPS. If laid, the regulations would take effect from 31 March 2023. The proposed change in the revaluation date sought to bring in line the inflationary increases between the opening value of pension benefits and the annual CARE revaluation to remove the imbalance. Previously due to low inflation levels this imbalance has been low however due to this years unprecedented September CPI of 10.1% and imbalance of 7% this would see many more pension scheme members breach the Annual Allowance under current regulations. The outcome of the consultation was awaited.

There had been a reset on the dates for the Pensions Dashboard although this had not yet been confirmed. XPS had improving data quality for readiness and would continue as though the timescales had not moved. In readiness for the pensions dashboard, there was a minimum requirement pension schemes must be able to demonstrate against as required and defined by the Pensions Regulator. This standard was available to XPS through a product used by the central team and were currently undertaking a data mapping exercise in order to be able to carry out the necessary tests. Once this work had been completed, XPS would be able to report a data score in accordance with the Pensions Regulator standards.

With regard to Membership movement there had been increases in the numbers of Actives, Deferred and Pensioner members. There was a positive increase in cash flow from the Actives but more pensions in payment.

On the Completed Cases Overview, an error was highlighted in the column showing Cases Completed Outside Target. There were 3 cases and the Therefore the November monthly percentage was 98.4% and the average over the quarter was 99.6 %.

ORDERED that the report and information provided was received and noted.

22/66 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

The Chair thanked Members, Officers and Advisors for their contributions to the Committee during the last four years.

22/67 **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.

22/68 **BORDER TO COAST STRATEGY UPDATE**

The Committee received a Strategy Update from Border to Coast.

ORDERED that the report was received and noted.

22/69 **LOCAL INVESTMENT UPDATE**

The Committee received an update on due diligence that had been completed regarding a local investment.

ORDERED that the proposed local investment was not progressed.

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 5

PENSION FUND COMMITTEE REPORT

28 JUNE 2023

INTERIM DIRECTOR OF FINANCE – DEBBIE MIDDLETON

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 JANUARY – MARCH 2023

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

The Fund has no investments in Bonds at this time.

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

Cash level at the end of March 2023 was 6.66%

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

There were no purchases or sales during this period

- 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.

An amount of £83m was invested in the quarter.

5. TRANSACTION REPORT

- 5.1 It is a requirement that all transactions undertaken are reported to the Committee. Appendix A details transactions for the period 1 January 2023 – 31 March 2023.
- 5.2 There were net purchases of £84m in the period, this compares to net purchases of £144m 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 31 March 2023, the Fund had £335 million invested with approved counterparties. This is a decrease of £79 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 31 March 2023, and is prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, is **£5,060 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 December 2022 of **£4,953 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 31 March 2023 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 SAA	Current 31/03/23	Minimum	Maximum
GROWTH ASSETS	75%	82.78%	55%	95%
UK Equities	10%	12.81%	40%	80%
+Overseas Equities	45%	48.42%		
Property	10%	9.27%	5%	15%
Private Equity	5%	8.74%	0%	10%
Other Alternatives	5%	3.54%	0%	10%
PROTECTION ASSETS	25%	16.20%	5%	45%
Bonds / Other debt / Cash	15%	8.47%	5%	45%
Infrastructure	10%	7.73%		

(Local Investments account for the missing 1% in the "current" totals - there is no allocation within the SAA for these assets)

- 8.3 It has been agreed by the Pension Fund Advisers and Fund Officers that there will be no changes to the Strategic Asset Allocation shown above following the Actuarial Valuation. However it was acknowledged that work would continue to ensure the Fund's assets were more closely aligned to the strategic asset allocation. It was also acknowledged that there may be times in the short to medium term where the strategic allocation to a particular asset class is above the long term target – in any such case it should remain within the maximum level set out in the table at paragraph 8.2.
- 8.4 **EQUITIES**

As at the 31 March 2023 the Fund's equity weighting was 61.23% compared to 60.2% at the end of December 2022. As cash levels are reducing the team are looking at cashflow projections to determine if and when equity redemptions may be required.

Summary of equity returns for the quarter 1 January 2023 – 31 March 2023:

Asset	Fund Performance	Benchmark	Excess Return
BCPP UK	3.13%	3.08%	0.05%
BCPP Overseas	4.66%	4.78%	-0.12%
BCPP Emerging Market	0.73%	0.14%	0.59%
SSGA Pacific	0.19%	0.20%	-0.01%
SSGA Japan	3.29%	3.14%	0.15%
SSGA Europe	8.70%	8.70%	0.00%
SSGA North America	5.23%	5.12%	0.11%

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

(SSGA – State Street Global Advisers – Passive Management)

8.5 BONDS + CASH

The Fund has no investments in bonds at this time, the level of cash invested is 6.66%. Discussions were held within the Committee Meeting re investing in bonds, although there was no directive to invest at this time the Advisers have since indicated the levels at which they feel investment would be appropriate. Officers are monitoring the situation, when the levels come into range we will have a further discussion with the advisers, current thinking is that an investment via the Border to Coast Sterling Index Linked Bond Fund would be the most appropriate vehicle.

8.6 PROPERTY

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

8.7 LOCAL INVESTMENT

To date the Fund has agreed three 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.

8.8 ALTERNATIVES

As at 31 May 2023 total commitments to private equity, infrastructure, other alternatives and other debt were £1,927m, as follows:

	Total committed	Total Invested
Border to Coast Infrastructure	£500m	£153m
Other Infrastructure Managers	£317m	£244m
Border to Coast Private Equity	£400m	£115m
Other Private Equity Managers	£364m	£214m
Other Alternatives	£226m	£159m
Other Debt	£118m	£106m
Totals	£1,927m	£918m

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Appendix A

<u>Bargain Date</u>	<u>Buy / Sell</u>	<u>Stock Name</u>	<u>Country/Category</u>	<u>Sector/Country</u>	<u>Nominal Amount of Shares</u>	<u>Price</u>	<u>CCY</u>	<u>Purchase Cost / Sale Proceeds £</u>	<u>Book Cost of Stock Sold</u>	<u>Profit/ (Loss) on Sale</u>
						(P)		(£)	(£)	(£)
03 January 2023	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	1,124,158.92	1,124,158.92	0.00
03 January 2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	119.72	119.72	0.00
03 January 2023	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-119.72	-119.72	0.00
10 January 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	95,667.34	95,667.34	0.00
13 January 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	614,687.28	614,687.28	0.00
13 January 2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	8,531.32	8,531.32	0.00
13 January 2023	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-49,359.23	-49,359.23	0.00
13 January 2023	P	Access Co-Investment Fund Buy-Out Europe II	Infrastructure	Infrastructure	~	~	EUR	528,955.93	528,955.93	0.00
13 January 2023	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	1,320,839.81	1,320,839.81	0.00
16 January 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	437,089.66	437,089.66	0.00
23 January 2023	P	Gresham House British Strategic Investment Infrastructure Fund	Infrastructure	Infrastructure	~	~	GBP	221,781.76	221,781.76	0.00
24 January 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	764,652.78	764,652.78	0.00
24 January 2023	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-234,770.30	-234,770.30	0.00
27 January 2023	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	-54,105.28	-54,105.28	0.00
30 January 2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	179,317.99	179,317.99	0.00
31 January 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	68,607.12	68,607.12	0.00
06 February 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	83,042.29	83,042.29	0.00
06 February 2023	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	1,822,811.09	1,822,811.09	0.00
08 February 2023	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-130,641.53	-130,641.53	0.00
09 February 2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	837,964.53	837,964.53	0.00
17 February 2023	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	174,965.48	174,965.48	0.00
21 February 2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	148,899.97	148,899.97	0.00
21 February 2023	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-184,895.66	-184,895.66	0.00
27 February 2023	P	ACIF Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	1,135,295.12	1,135,295.12	0.00
03 March 2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	397,208.45	397,208.45	0.00
10 March 2023	P	Foresight Energy Infrastructure Partners	Infrastructure	Infrastructure	~	~	EUR	2,325,506.12	2,325,506.12	0.00
14 March 2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	237,284.05	237,284.05	0.00
14 March 2023	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-41,135.83	-41,135.83	0.00
16 March 2023	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	2,581,910.98	2,581,910.98	0.00
20 March 2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	553,600.71	553,600.71	0.00
20 March 2023	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-7,144.79	-7,144.79	0.00
21 March 2023	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	5,808,389.24	5,808,389.24	0.00
22 March 2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	GBP	2,783,792.00	2,783,792.00	0.00
22 March 2023	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-46,542.27	-46,542.27	0.00
27 March 2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	1,186,964.08	1,186,964.08	0.00
28 March 2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	141,114.09	141,114.09	0.00
29 March 2023	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	276,983.20	276,983.20	0.00
30 March 2023	S	Border to Coast Private Equity Series 1C	Infrastructure	Infrastructure	~	~	USD	-2,599.40	-2,599.40	0.00
31 March 2023	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	1,013,915.94	1,013,915.94	0.00
								26,122,742.94		
04 January 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	1,698,041.60	1,698,041.60	0.00
05 January 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	594,548.90	594,548.90	0.00
10 January 2023	S	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	EUR	-44,962.72	-44,962.72	0.00
20 January 2023	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	EUR	3,952,750.31	3,952,750.31	0.00
26 January 2023	P	Darwin Bereavement Services Fund, Income Units	Other Alternatives	Other Alternatives	19,204,916.46	1.0414	GBP	20,000,000.00	20,000,000.00	0.00
31 January 2023	P	Darwin Leisure Property Fund	Other Alternatives	Other Alternatives	~	0.04	GBP	240,379.48	240,379.48	0.00
01 February 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	713,910.13	713,910.13	0.00
02 February 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	GBP	4,034,370.06	4,034,370.06	0.00
22 February 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	GBP	1,251,270.99	1,251,270.99	0.00
28 February 2023	S	Amedeo Air Four Plus Ltd	Other Alternatives	Other Alternatives	-666,667.00	64.5	GBP	-429,999.57	-774,351.84	-344,352.27
14 March 2023	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	GBP	126,496.45	126,496.45	0.00

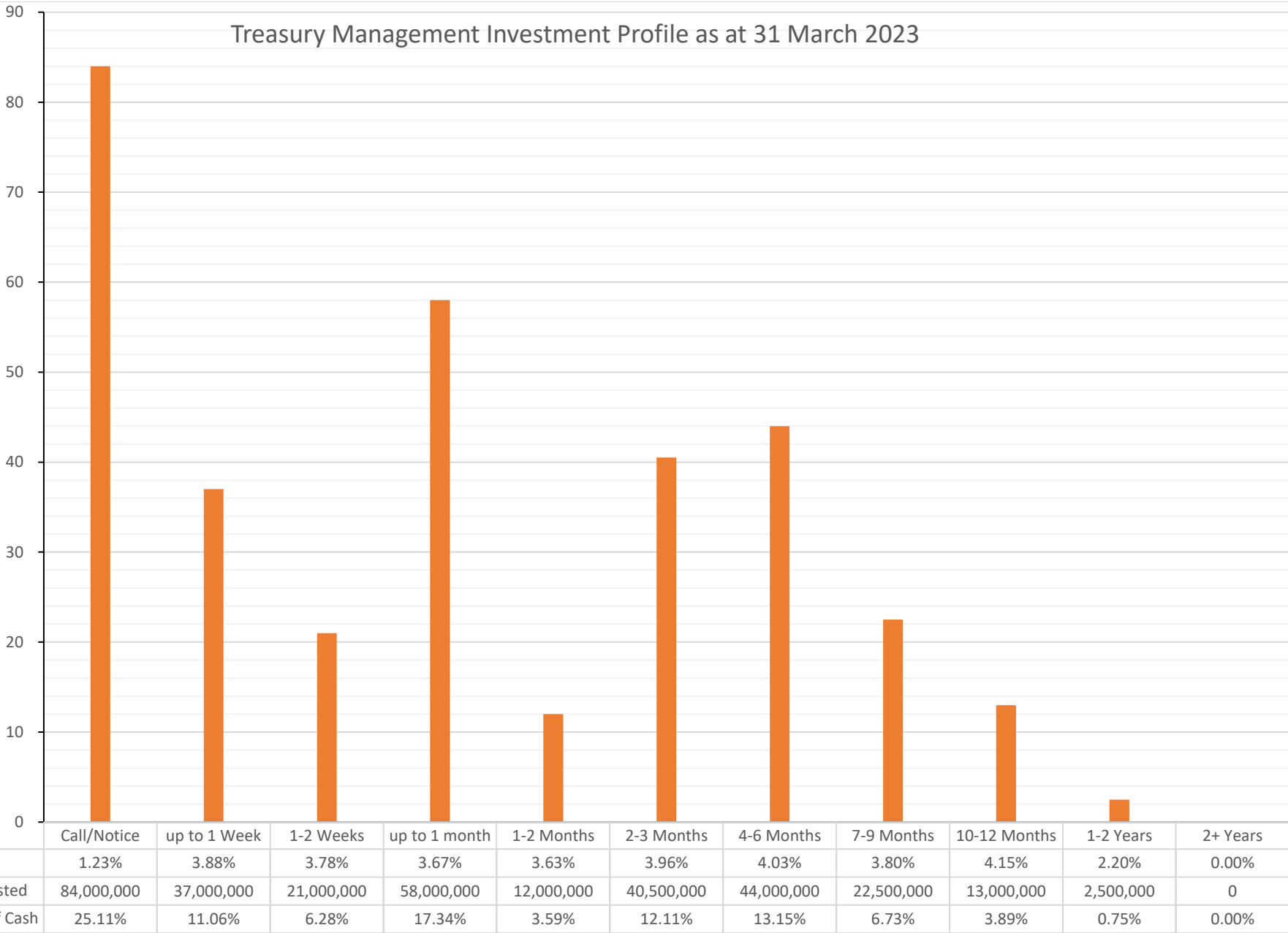
23 March 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	423,495.73	423,495.73	0.00
23 March 2023	S	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	-1,636.79	-1,636.79	0.00
23 March 2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	GBP	213,591.27	213,591.27	0.00
								32,772,255.82		
13 January 2023	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	3,150.00	3,150.00	0.00
08 February 2023	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	414,614.77	414,614.77	0.00
01 March 2023	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	519,704.96	519,704.96	0.00
10 March 2023	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	2,900.00	2,900.00	0.00
29 March 2023	P	Leonardo Warehouse Unit	Other Debt	Property Debt	~	~	GBP	417,342.69	417,342.69	0.00
								1,357,712.42		
12 January 2023	P	Europe ex UK ESG Screened Index Equity Sub-Fund	Overseas Equities	Europe	725.74	8.4785	GBP	6,153.20	6,153.20	0.00
								6,153.20		
05 January 2023	P	Access Capital Fund VIII Growth Buy-Out Europe	Private Equity	Private Equity	~	~	EUR	1,924,161.32	1,924,161.32	0.00
05 January 2023	P	Foresight Reginal Investment IV LP	Private Equity	Private Equity	~	~	GBP	26,745.25	26,745.25	0.00
10 January 2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	2,054,026.68	2,054,026.68	0.00
12 January 2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	1,130,011.64	1,130,011.64	0.00
12 January 2023	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-5,237.09	-5,237.09	0.00
26 January 2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	225,828.61	225,828.61	0.00
31 January 2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	47,864.30	47,864.30	0.00
31 January 2023	P	Capital Dynamics LGPS Collective Private Equity for Pools 2018/19	Private Equity	Private Equity	~	~	GBP	300,000.00	300,000.00	0.00
02 February 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	241,351.13	241,351.13	0.00
02 February 2023	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-35,685.51	-35,685.51	0.00
03 February 2023	P	Crown Secondaries Special Opportunities II	Private Equity	Private Equity	~	~	USD	207,922.91	207,922.91	0.00
06 February 2023	P	Unigestion Direct III - Co-Investment Compartment	Private Equity	Private Equity	~	~	EUR	1,674,888.45	1,674,888.45	0.00
06 February 2023	P	Unigestion Direct III - Global Compartment	Private Equity	Private Equity	~	~	EUR	3,155,205.88	3,155,205.88	0.00
07 February 2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	364,468.10	364,468.10	0.00
14 February 2023	P	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	1,233,551.03	1,233,551.03	0.00
15 February 2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	889,812.52	889,812.52	0.00
20 February 2023	P	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	998,945.95	998,945.95	0.00
21 February 2023	P	Capital Dynamics LGPS Collective Private Equity for Pools 2018/19	Private Equity	Private Equity	~	~	GBP	300,000.00	300,000.00	0.00
21 February 2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	1,545,587.42	1,545,587.42	0.00
21 February 2023	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-1,089,482.48	-1,089,482.48	0.00
22 February 2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	EUR	907,765.78	907,765.78	0.00
27 February 2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	1,023,374.47	1,023,374.47	0.00
28 February 2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	1,085,700.18	1,085,700.18	0.00
01 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	89,490.16	89,490.16	0.00
03 March 2023	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-424.68	-424.68	0.00
03 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	202,486.89	202,486.89	0.00
08 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	104,719.17	104,719.17	0.00
09 March 2023	P	Crown Secondaries Special Opportunities II	Private Equity	Private Equity	~	~	USD	409,520.53	409,520.53	0.00
10 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	1,134,463.99	1,134,463.99	0.00
13 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	20,444.56	20,444.56	0.00
13 March 2023	P	Hermes GPE Innovation Fund LP	Private Equity	Private Equity	~	~	GBP	452,107.99	452,107.99	0.00
13 March 2023	S	Hermes GPE Innovation Fund LP	Private Equity	Private Equity	~	~	GBP	-70,225.07	-70,225.07	0.00
14 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	563,631.92	563,631.92	0.00
16 March 2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	18,620.28	18,620.28	0.00
16 March 2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	34,463.74	34,463.74	0.00
17 March 2023	P	Unigestion Secondary V	Private Equity	Private Equity	~	~	EUR	443,069.94	443,069.94	0.00
17 March 2023	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-155,408.68	-155,408.68	0.00
17 March 2023	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-116,231.72	-116,231.72	0.00

22 March 2023	P	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	1,259,440.38	1,259,440.38	0.00
22 March 2023	S	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	-1,259,440.38	-1,259,440.38	0.00
27 March 2023	P	Crown Growth Opportunities Global III	Private Equity	Private Equity	~	~	EUR	659,050.97	659,050.97	0.00
27 March 2023	P	Crown Co-Investment Opportunities III	Private Equity	Private Equity	~	~	USD	1,208,896.61	1,208,896.61	0.00
30 March 2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	801,660.40	801,660.40	0.00
								24,007,143.54		
Periods January, February and March 2023 (Cumulative) Total								84,266,007.92		
Total Profit - NB: Losses are shown with a ()									-344,352.27	

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Millions

Treasury Management Investment Profile as at 31 March 2023



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TEESSIDE PENSION FUND

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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	85.000	0.000	0.29500000	13.590
Common Stock					
YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626	0.00 AUD	225,391.000	287,505.650	0.06900000	8,424.070
Total Australia	0.00	225,476.000	287,505.650		8,437.660
Europe Region					
Common Stock					
ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996	0.00 EUR	27,162,743.390	24,137,420.940	0.75811940	18,094,409.000
Total Europe Region	0.00	27,162,743.390	24,137,420.940		18,094,409.000
Guernsey, Channel Islands					
Common Stock					
AMEDEO AIR FOUR PL ORD NPV SEDOL : BNDVLS5	0.00 GBP	4,666,665.000	3,907,776.010	0.43500000	2,029,999.280
Total Guernsey, Channel Islands	0.00	4,666,665.000	3,907,776.010		2,029,999.280
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	33,741,284.390	30,716,696.420		20,213,039.740
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	1.32430000	19,864,500.000
Total Guernsey, Channel Islands	0.00	15,000,000.000	15,000,000.000		19,864,500.000
United Kingdom					
Funds - Common Stock					
BORDER TO COAST PE UK LISTED EQUITY A GBP ACC SEDOL : BDD86K3	0.00 GBP	524,261,627.970	544,484,934.330	1.23260000	646,204,882.640
Total United Kingdom	0.00	524,261,627.970	544,484,934.330		646,204,882.640

*Generated by Northern Trust from periodic data on 17 Apr 23

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Equities					
Total Funds - common stock					
	0.00	539,261,627.970	559,484,934.330		666,069,382.640
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	1.25960000	18,087,306.150
Total Guernsey, Channel Islands	0.00	14,359,563.469	15,000,000.000		18,087,306.150
Japan					
Unit Trust Equity					
SSGA MPF JAPAN EQUITY INDEX SEDOL : 001533W	0.00 GBP	48,440,992.757	89,842,364.060	2.22320000	107,694,015.100
Total Japan	0.00	48,440,992.757	89,842,364.060		107,694,015.100
Luxembourg					
Unit Trust Equity					
ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U	0.00 EUR	324.970	20,636,888.600	121.958.60000000	34,824,818.560
Total Luxembourg	0.00	324.970	20,636,888.600		34,824,818.560
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	6.31310000	320,025,593.910
Total Pacific Region	0.00	50,692,305.509	242,515,511.220		320,025,593.910
United Kingdom					
Unit Trust Equity					
CANDOVER INVSTMNTS PLC GBP0.25 SEDOL : 0171315	0.00 GBP	60,000.000	321,939.430	0.00000000	0.000
Unit Trust Equity					
LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY SEDOL : 0521664	0.00 GBP	1,368,174.000	1,282,865.490	2.88269500	3,944,028.350
Unit Trust Equity					
MPF EUROPE EX UK SUB-FUND SEDOL : 4A8NH9U	0.00 GBP	15,403,278.712	97,842,558.840	8.63220000	132,964,182.500
Unit Trust Equity					
MPF N AMER EQTY SUB-FUND SEDOL : 1A8NH9U	0.00 GBP	2,621,178.211	24,012,835.230	14.70200000	38,536,562.060
Total United Kingdom	0.00	19,452,630.923	123,460,198.990		175,444,772.910
Total Unit trust equity	0.00	132,945,817.628	491,454,962.870		656,076,506.630
Total Equities	0.00	705,948,729.988	1,081,656,593.620		1,342,358,929.010

◆ 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	14,195,359.510	12,231,521.010	1.16762250	14,564,045.020
Real Estate					
La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997	0.00 EUR	8,871,101.380	7,725,173.210	0.98404970	7,670,571.760
Total Europe Region	0.00	23,066,460.890	19,956,694.220		22,234,616.780
United Kingdom					
Real Estate					
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994	0.00 GBP	10,000,000.010	10,000,000.010	0.96053710	9,605,371.010
Real Estate					
HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992	0.00 GBP	10,453,506.850	10,453,506.850	0.94090370	9,835,743.270
Real Estate					
TEESSIDE PENSION FUND - DIRECT PROPERTY CUSIP : 9936HG995	0.00 GBP	367,705,160.010	367,705,160.010	1.03033640	378,860,010.830
Total United Kingdom	0.00	388,158,666.870	388,158,666.870		398,301,125.110
Total Real Estate	0.00	411,225,127.760	408,115,361.090		420,535,741.890
Funds - real estate					
United Kingdom					
Funds - Real Estate					
DARWIN LEISURE PRO UNITS CLS 'C' SEDOL : B29MQ57	0.00 GBP	6,493,057.480	10,611,644.050	3.61110000	23,447,079.870
Funds - Real Estate					
DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU	0.00 GBP	34,527,436.047	35,000,000.000	0.99690000	34,420,401.000
Funds - Real Estate					
HERMES PROPERTY UT SEDOL : 0426219	0.00 GBP	2,589,184.000	15,720,126.330	6.41400000	16,607,026.180
Funds - Real Estate					
LEGAL AND GENERAL MANAGED PROPERTY FUND SEDOL : 004079W	0.00 GBP	108,263.760	385,000.000	58.26930000	6,308,453.510
Funds - Real Estate					
THREADNEEDLE PROP THREADNEEDLE PROP UNITTRST SEDOL : 0508667	0.00 GBP	12,750.000	1,527,939.200	266.56000000	3,398,640.000
Total United Kingdom	0.00	43,730,691.287	63,244,709.580		84,181,600.560
Total Funds - real estate	0.00	43,730,691.287	63,244,709.580		84,181,600.560
Total Real Estate	0.00	454,955,819.047	471,360,070.670		504,717,342.450

◆ 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	15,269,853.960	13,418,130.560	1.12155260	15,048,308.700
Partnerships					
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999	0.00 EUR	16,792,108.800	14,502,844.730	1.32616260	19,567,492.550
Partnerships					
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995	0.00 EUR	6,795,000.000	5,849,170.980	1.02043360	6,092,666.030
Partnerships					
ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993	0.00 EUR	9,050,000.000	7,793,842.420	0.93363930	7,424,391.510
Partnerships					
Darwin Bereavement Services Fund, Incomeunits CUSIP : 993XBG992	0.00 GBP	30,000,000.000	30,000,000.000	1.01029370	30,308,811.000
Partnerships					
UNIGESTION DIRECT III - EUR CUSIP : 994RLP993	0.00 EUR	5,426,562.680	4,827,027.090	1.00000000	4,768,238.670
Total Europe Region	0.00	83,333,525.440	76,391,015.780		83,209,908.460
Global Region					
Partnerships					
CAPITAL DYNAMICS GLOBAL SECONDARIES V - GBP CUSIP : 993LJT992	0.00 GBP	11,604,166.810	11,604,166.810	1.86958940	21,695,027.260
Partnerships					
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992	0.00 USD	24,542,130.030	18,532,037.020	1.38626770	27,515,839.220
Partnerships					
INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990	0.00 GBP	50,000,000.000	50,000,000.000	0.98002470	49,001,235.000
Partnerships					
LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992	0.00 GBP	6,129,550.000	6,129,550.000	1.44705890	8,869,819.880
Partnerships					
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994	0.00 USD	27,070,000.000	21,276,407.910	1.48758600	32,568,199.090
Partnerships					
UNIGESTION DIRECT II - EUR CUSIP : 993MTE992	0.00 EUR	16,354,364.700	14,144,667.030	1.42307790	20,450,103.680
Total Global Region	0.00	135,700,211.540	121,686,828.770		160,100,224.130
United Kingdom					
Partnerships					
ANCALA INFRASTRUCTURE FUND II SCSP CUSIP : 993FSE998	0.00 EUR	18,536,840.380	16,327,050.490	1.13482200	18,484,028.030
Partnerships					
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A CUSIP : 994MVX996	0.00 GBP	10,294,720.340	10,294,720.340	0.99510760	10,244,354.450
Partnerships					
BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997	0.00 GBP	233,625,118.960	233,625,118.960	0.97398480	227,547,314.770
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999	0.00 USD	78,793,467.370	62,465,309.060	0.91446580	58,274,839.530
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999	0.00 USD	27,585,867.290	21,485,848.100	0.87348250	19,487,864.760

◆ Asset Detail - Customizable

Asset Subcategory	Accrued				
Description/Asset ID	Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
United Kingdom					
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992	0.00 GBP	32,552,362.340	32,552,362.340	1.08116120	35,194,351.130
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 2 A (GBP) CUSIP : 994NWK991	0.00 GBP	16,059,102.460	16,059,102.460	0.96331800	15,470,022.460
Partnerships					
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A CUSIP : 993BRK994	0.00 GBP	1,410,180,187.320	1,410,180,187.320	1.15166050	1,624,048,819.620
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996	0.00 USD	77,130,175.160	59,659,643.800	1.11020770	69,255,131.570
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998	0.00 USD	30,112,538.600	23,948,655.970	0.99652390	24,269,369.540
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998	0.00 GBP	17,298,294.142	17,298,294.140	1.04422530	18,063,316.390
Partnerships					
BORDER TO COAST PRIVATE EQUITY SERIES 2A- GBP CUSIP : 994JQY997	0.00 GBP	3,678,753.550	3,678,753.550	0.64117630	2,358,729.590
Partnerships					
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP :	0.00 GBP	7,068,643.680	7,068,643.680	1.03505840	7,316,459.020
Partnerships					
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp CUSIP : 993FP0991	0.00 GBP	14,153,719.600	14,153,719.600	0.98243750	13,905,144.900
Partnerships					
FORESIGHT REGIONAL INVESTMENT LP CUSIP : 994JXS992	0.00 GBP	747,987.890	747,987.890	0.89321940	668,117.290
Partnerships					
GB Bank Limited CUSIP : 993QJB990	0.00 GBP	40,080,000.000	40,080,000.000	1.00000000	40,080,000.000
Partnerships					
GRESHAM HOUSE BSI HOUSING FUND LP CUSIP : 993FP6998	0.00 GBP	13,944,082.570	13,944,082.570	1.10487370	15,406,450.100
Partnerships					
GRESHAM HOUSE BSI INFRASTRUCTURE LP CUSIP : 993FP5990	0.00 GBP	19,070,660.400	19,070,660.400	1.19341010	22,759,118.740
Partnerships					
GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993	0.00 GBP	12,383,298.400	12,383,298.400	0.98438850	12,189,976.540
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	13,073,160.790	13,073,160.790	1.30584660	17,071,542.570
Partnerships					
INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992	0.00 GBP	8,672,972.000	8,672,972.000	1.12050320	9,718,092.880
Partnerships					
INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999	0.00 GBP	7,728,331.000	7,728,331.000	1.14533410	8,851,521.030
Partnerships					
LEONARDO WAREHOUSE UNIT CUSIP : 9948YW996	0.00 GBP	24,731,487.330	24,731,487.330	0.99974530	24,725,188.220
Partnerships					
St Arthur Homes CUSIP : 994NJF997	0.00 GBP	4,534,442.000	4,534,442.000	1.00000000	4,534,442.000
Partnerships					
TPF CO-INVESTMENT BSI LP - WASTE KNOT GBP CUSIP : 994FFL995	0.00 GBP	10,000,000.000	10,000,000.000	1.08808690	10,880,869.000
Total United Kingdom					

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
	0.00	2,152,036,213.572	2,103,763,832.190		2,330,805,064.130
United States					
Partnerships					
BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :	0.00 USD	19,480,924.000	15,403,309.240	1.01086440	15,926,702.220
Partnerships					
BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992	0.00 USD	11,011,703.830	8,644,692.510	0.89321000	7,954,841.020
Partnerships					
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997	0.00 USD	20,910,827.000	15,821,278.950	1.17633420	19,894,147.730
Partnerships					
BRIDGES EVERGREEN TPF HOUSING CO-INVEST LP CUSIP : 993XEU998	0.00 GBP	765,180.380	765,180.380	0.92520670	707,950.010
Partnerships					
CROWN CO-INVEST OPPORTUNITIES III CUSIP : 993XBM999	0.00 USD	8,850,000.000	6,785,784.360	1.04298350	7,465,245.850
Partnerships					
CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991	0.00 USD	19,800,000.000	15,719,411.180	1.20450150	19,288,388.350
Partnerships					
Crown Growth Opportunities Global III fund CUSIP : 993FYM993	0.00 USD	25,512,361.920	19,005,895.620	1.67303930	34,520,749.470
Partnerships					
FOREST HILL ENERGY INFRASTRUCTURE PARTNERS CUSIP : 993FS9999	0.00 USD	10,390,337.000	8,516,087.180	0.94514440	7,942,389.940
Partnerships					
LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995	0.00 USD	17,562,500.000	13,655,704.120	1.25574820	17,836,609.630
Partnerships					
PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999	0.00 USD	23,237,242.480	18,304,222.670	0.96079760	18,056,763.320
Partnerships					
UNIGESTION SA CUSIP : 993FYL995	0.00 USD	26,062,926.950	19,912,519.300	1.30681640	27,546,166.540
Total United States	0.00	183,584,003.560	142,534,085.510		177,139,954.080
Total Partnerships	0.00	2,554,653,954.112	2,444,375,762.250		2,751,255,150.800
Total Venture Capital and Partnerships	0.00	2,554,653,954.112	2,444,375,762.250		2,751,255,150.800

◆ Asset Detail - Customizable

Asset Subcategory										
Description/Asset ID	Accrued		Nominal	Book Cost	Market Price	Market Value				
	Income/Expense	Curr								
Hedge Fund										
Hedge equity										
Global Region										
Hedge Equity										
IIF UK I LP CUSIP : 993FP3995	0.00	USD	100,000,000.000	83,000,181.820	0.99549570	80,512,404.020				
Total Global Region	0.00		100,000,000.000	83,000,181.820		80,512,404.020				
Total Hedge equity	0.00		100,000,000.000	83,000,181.820		80,512,404.020				
Total Hedge Fund	0.00		100,000,000.000	83,000,181.820		80,512,404.020				

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	299,380.68	0.000	0.000	0.00000000	0.000
Recoverable taxes					
EUR - Euro	1,131,449.50	0.000	0.000	0.00000000	0.000
Recoverable taxes					
CHF - Swiss franc	2,388,555.72	0.000	0.000	0.00000000	0.000
Total	3,917,101.65	0.000	0.000		0.000
Total Recoverable taxes	3,917,101.65	0.000	0.000		0.000
Total All Other	3,917,101.65	0.000	0.000		0.000

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Cash and Cash Equivalents					
Cash					
Cash					
GBP - British pound sterling	0.00	596.370	596.370	1.00000000	596.370
Cash					
THB - Thai baht	0.00	5,108.750	5,108.750	1.00000000	5,108.750
Total	0.00	5,705.120	5,705.120		5,705.120
Total Cash	0.00	5,705.120	5,705.120		5,705.120
Invested cash					
Invested cash					
USD - United States dollar	135.91	71,601.830	71,601.830	1.00000000	71,601.830
Total	135.91	71,601.830	71,601.830		71,601.830
Total Invested cash	135.91	71,601.830	71,601.830		71,601.830
Cash (externally held)					
Cash (externally held)					
GBP - British pound sterling	0.00	335,173,755.030	335,173,755.030	1.00000000	335,173,755.030
Cash (externally held)					
EUR - Euro	0.00	0.340	0.340	1.00000000	0.340
Total	0.00	335,173,755.370	335,173,755.370		335,173,755.370
Total Cash (externally held)	0.00	335,173,755.370	335,173,755.370		335,173,755.370
Funds - short term investment					
Funds - Short Term Investment					
GBP - British pound sterling	4,446.59	1,532,000.000	1,532,000.000	1.00000000	1,532,000.000
Total	4,446.59	1,532,000.000	1,532,000.000		1,532,000.000
Total Funds - short term investment	4,446.59	1,532,000.000	1,532,000.000		1,532,000.000
Total Cash and Cash Equivalents	4,582.50	336,783,062.320	336,783,062.320		336,783,062.320

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Report Total:					
	3,921,684.15	4,152,341,565.467	4,417,175,670.680		5,015,626,888.600

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<u>ASSET</u>	<u>BOOK COST</u>	<u>PRICE</u>	<u>MARKET VALUE</u>	<u>FUND %</u>
<u>GROWTH ASSETS</u>				
<u>UK EQUITIES</u>				
BORDER TO COAST PE UK LISTED EQUITY A GBP ACC	594,395,481.15	1.23	646,204,882.64	12.77%
AMEDEO AIR FOUR PLUS LTD	3,907,776.01	0.44	2,029,999.28	0.04%
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	321,939.43	0.00	0.00	0.00%
NEW WORLD RESOURCE ORD EURO.0004 A	1,294,544.76	0.00	375.00	0.00%
TOTAL UK EQUITIES			648,315,075.72	12.81%
<u>OVERSEAS EQUITIES</u>				
YOUNG AUSTRALIAN MINES LTD	287,505.65	0.07	8,424.07	0.00%
FINEXIA FINL GROUP NPV	0.00	0.30	13.59	0.00%
SSGA MPF PAC BASIN EX-JAPAN INDEX	242,515,511.22	6.31	320,025,593.91	6.32%
SSGA MPF JAPAN EQUITY INDEX	89,842,364.06	2.22	107,694,015.10	2.13%
MPF EUROPE EX UK SUB-FUND	97,842,558.84	8.63	132,964,182.50	2.63%
MPF N AMER EQTY SUB-FUND	24,012,835.23	14.70	38,536,562.06	0.76%
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A	1,420,228,230.11	1.15	1,647,396,920.40	32.56%
BORDER TO COAST EMERGING MARKET HYBRID FUND	233,625,118.96	0.97	203,394,344.24	4.02%
TOTAL OVERSEAS EQUITIES			2,450,020,055.87	48.42%
TOTAL EQUITIES			3,098,335,131.59	61.23%
<u>PRIVATE EQUITY</u>				
CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19	6,429,550.00	1.45	8,869,819.88	0.18%
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD	18,532,037.02	1.39	27,528,331.45	0.54%
CROWN CO INVESTMENT OPPORTUNITIES III	6,785,784.36	1.04	7,388,377.55	0.15%
CROWN SECONDARIES SPECIAL OPPORTUNITIES II	13,655,704.12	1.26	17,432,932.71	0.34%
UNIGESTION SA	19,912,519.30	1.31	27,546,166.54	0.54%
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV	21,276,407.91	1.49	32,568,199.09	0.64%
CROWN GLOBAL OPPORTUNITIES VII	15,719,411.18	1.20	18,355,005.66	0.36%

CROWN GROWTH OPPORTUNITIES GLOBAL III	19,005,895.62	1.67	37,392,189.22	0.74%
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL	15,821,278.95	1.18	19,894,147.73	0.39%
BORDER TO COAST PRIVATE EQUITY SERIES 1A	59,659,643.80	1.11	92,097,624.00	1.82%
BORDER TO COAST PRIVATE EQUITY SERIES 1B	23,948,655.97	1.00	26,726,911.00	0.53%
BORDER TO COAST PRIVATE EQUITY SERIES 1C	17,298,294.14	1.04	18,063,316.39	0.36%
BORDER TO COAST PRIVATE EQUITY SERIES 2A	3,678,753.55	0.64	2,358,729.59	0.05%
UNIGESTION DIRECT II	14,144,667.03	1.42	20,450,103.68	0.40%
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE	14,502,844.73	1.33	19,567,492.55	0.39%
ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II	7,793,842.42	0.93	7,424,391.51	0.15%
HERMES GPE INNOVATION FUND	13,073,160.79	1.31	17,071,542.57	0.34%
CAPITAL DYNAMICS GLOBAL SECONDARIES V	11,604,166.81	1.87	21,695,027.26	0.43%
CAPITAL MID-MARKET DIRECT V	12,231,521.01	1.17	14,564,045.02	0.29%
FORESIGHT REGIONAL INVESTMENTS LP	747,987.89	0.89	668,117.29	0.01%
UNIGESTION DIRECT III	4,827,027.09	1.00	4,768,238.67	0.09%
PRIVATE EQUITY			442,430,709.36	8.74%
GB BANK LIMITED	40,080,000.00	1.00	40,080,000.00	0.79%
PRIVATE EQUITY - LOCAL INVESTMENT			40,080,000.00	0.79%
TOTAL PRIVATE EQUITY			482,510,709.36	9.54%
OTHER ALTERNATIVES				
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A	10,294,720.34	1.00	10,244,354.45	0.20%
DARWIN LEISURE PRO UNITS CLS 'C'	10,611,644.05	3.61	23,447,079.87	0.46%
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION	15,000,000.00	1.26	18,087,306.15	0.36%
DARWIN BEREAVEMENT SERVICES FUND, INCOME UNITS	30,000,000.00	1.01	30,308,811.00	0.60%
DARWIN LEISURE DEVELOPMENT FUND ACCUMULATION UNITS - D CLASS	15,000,000.00	1.32	19,864,500.00	0.39%
DARWIN LEISURE PROPERTY FUND, K INCOME UNITS	35,000,000.00	1.00	34,420,401.00	0.68%
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP	10,000,000.01	0.96	9,605,371.01	0.19%
HEARTHSTONE RESIDENTIAL FUND 2	10,453,506.85	0.94	9,835,743.27	0.19%
GRESHAM HOUSE BSI HOUSING LP	13,944,082.57	1.10	15,406,450.00	0.30%
LA SALLE REAL ESTATE DEBT STRATEGIES IV	7,725,173.21	0.98	7,670,571.76	0.15%
OTHER ALTERNATIVES			178,890,588.51	3.54%
BRIDGES EVERGREEN TPF HOUSING CO-INVESTMENT LP	765,180.38	0.93	707,950.01	0.01%
OTHER ALTERNATIVES - LOCAL INVESTMENT			707,950.01	0.01%

TOTAL OTHER ALTERNATIVES			179,598,538.52	3.55%
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PROPERTY

DIRECT PROPERTY

TEESSIDE PENSION FUND - DIRECT PROPERTY	367,705,160.01	1.03	378,890,000.00	7.49%
GRAFTONGATE INVESTMENTS LTD (LEONARDO)	24,731,487.33	1.00	24,725,188.22	0.49%
TOTAL DIRECT PROPERTY			403,615,188.22	7.98%

PROPERTY UNIT TRUSTS

ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND	20,636,888.60	121,958.60	34,842,097.79	0.69%
LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY	1,282,865.49	2.88	3,944,028.35	0.08%
HERMES PROPERTY PUT	15,720,126.33	6.41	16,608,060.32	0.33%
THREADNEEDLE PROP PROPERTY GBP DIS	1,527,939.20	266.56	3,398,640.00	0.07%
LEGAL AND GENERAL MANAGED PROPERTY FUND	385,000.00	58.27	6,645,532.73	0.13%
TOTAL PROPERTY UNIT TRUSTS			65,438,359.19	1.29%

TOTAL PROPERTY			469,053,547.41	9.27%
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PROTECTION ASSETS

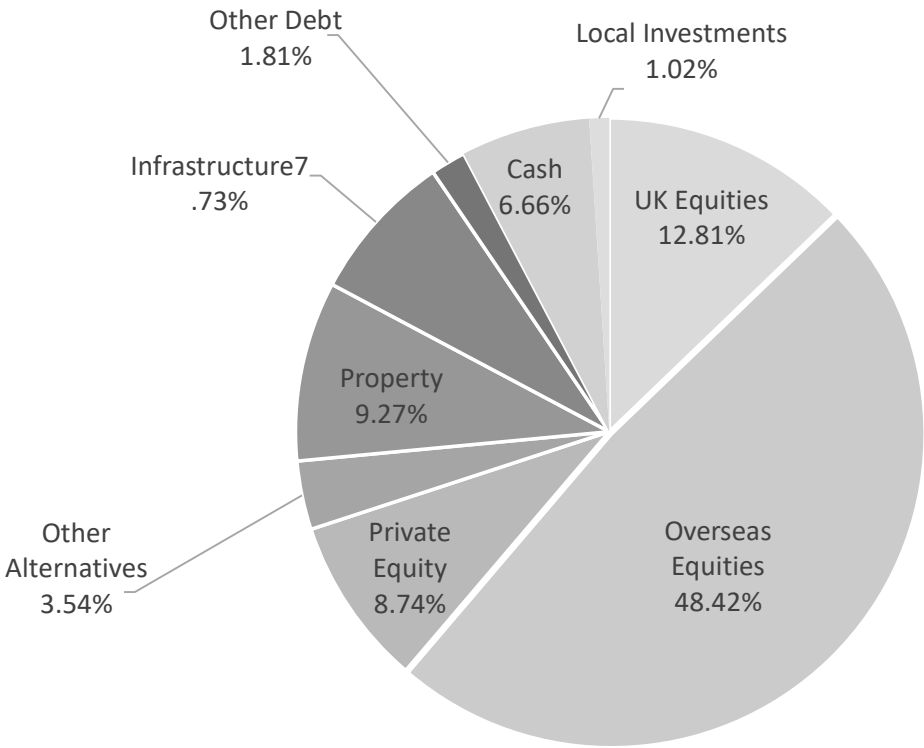
INFRASTRUCTURE

ACIF INFRASTRUCTURE FUND LP	24,137,420.94	0.76	18,094,409.00	0.36%
ACCESS CAPITAL FUND INFRASTRUCTURE II	13,418,130.56	1.12	15,048,308.70	0.30%
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)	5,849,170.98	1.02	6,236,617.90	0.12%
INNISFREE PFI CONTINUATION FUND	8,672,972.00	1.12	9,718,092.88	0.19%
INNISFREE PFI SECONDARY FUND 2	7,728,331.00	1.15	8,851,521.00	0.17%
BORDER TO COAST INFRASTRUCTURE SERIES 1A	62,465,309.06	0.91	72,910,914.00	1.44%
BORDER TO COAST INFRASTRUCTURE SERIES 1B	21,485,848.10	0.87	21,320,891.00	0.42%
BORDER TO COAST INFRASTRUCTURE SERIES 1C	32,552,362.34	1.08	36,986,806.00	0.73%
BORDER TO COAST INFRASTRUCTURE SERIES 2A	16,059,102.46	0.96	15,470,022.46	0.31%
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III	15,403,309.24	1.01	15,926,702.22	0.31%
BLACKROCK GLOBAL RENEWABLE POWER FUND III	8,644,692.51	0.89	7,954,841.02	0.16%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP	7,068,643.68	1.04	7,316,459.02	0.14%

CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSP	14,153,719.60	0.98	13,905,144.90	0.27%
IIF UK I LP	83,000,181.82	1.00	80,512,404.02	1.59%
ANCALA INFRASTRUCTURE FUND II SCSP	16,327,050.49	1.13	18,081,451.43	0.36%
FORESIGHT ENERGY INFRASTRUCTURE PARTNERS	8,516,087.18	0.95	7,942,389.94	0.16%
GRESHAM HOUSE BSI INFRASTRUCTURE LP	19,070,660.40	1.19	22,759,118.74	0.45%
GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II	12,383,298.40	0.98	12,189,976.54	0.24%
INFRASTRUCTURE			391,226,070.77	7.73%
CO-INVESTMENT BSI LP - WASTE KNOT	10,000,000.00	1.09	10,880,868.80	0.22%
INFRASTRUCTURE - LOCAL INVESTMENT			10,880,868.80	0.22%
TOTAL INFRASTRUCTURE			402,106,939.57	7.95%
OTHER DEBT				
INSIGHT IIFIG SECURED FINANCE II FUND	50,000,000.00	0.98	48,966,238.68	0.97%
GREYHOUND RETAIL PARK CHESTER	20,000,000.00	1.00	20,000,000.00	0.40%
ST ARTHUR HOMES	4,534,442.00	1.00	4,534,442.00	0.09%
PANTHEON SENIOR DEBT SECONDARIES II	18,304,222.67	0.96	18,056,763.32	0.36%
TOTAL OTHER DEBT			91,557,444.00	1.81%
CASH				
	596.37	1.00	596.37	0.00%
	5,108.75	1.00	5,108.75	0.00%
	71,601.83	1.00	71,601.83	0.00%
	1,532,000.00	1.00	1,532,000.00	0.03%
CUSTODIAN CASH			1,609,306.95	0.03%
INVESTED CASH	335,173,755.03	1.00	335,173,755.03	6.62%
TOTAL CASH			336,783,061.98	6.66%
TOTAL FUND VALUE - 31st March 2023			5,059,945,372.43	100%

Asset Allocation Summary

		Actual	Benchmark
UK Equities	648,315,075.72	12.81%	10%
Overseas Equities	2,450,020,055.87	48.42%	45%
Private Equity	442,430,709.36	8.74%	5%
Other Alternatives	178,890,588.51	3.54%	5%
Property	469,053,547.41	9.27%	10%
Infrastructure	391,226,070.77	7.73%	10%
Other Debt	91,557,444.00	1.81%	5%
Cash & Bonds	336,783,061.98	6.66%	10%
Local Investments - Private Equity, Other Alternatives & Infrastructure	51,668,818.81	1.02%	0%
	5,059,945,372.43	100.00%	100%



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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

PENSION FUND COMMITTEE REPORT

28 JUNE 2023

INTERIM DIRECTOR OF FINANCE – DEBBIE MIDDLETON

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 31 March 2023 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 1.5% 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 £900 million have been made to these sub-funds (£500m to infrastructure and £400m to private equity) with around 28% 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 31 March 2023 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 2.05% above benchmark over the last year, exceeding its 1% overachievement target, whereas the Overseas Developed Markets Equity Fund has achieved returns of 1.58% above benchmark over the last year, also above its 1% overachievement target. 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 much of the period of our Fund's investment – although performance over the quarter and year to 31 March 2023 was above benchmark, albeit still below the 1.5% over benchmark target.
- 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 31 March 2023. 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 are around 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 or 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 it 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 worked 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



Teesside Pension Fund

Quarterly Investment Report - Q1 2023

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Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,402,615,792
Inflows	£0
Outflows	£0
Net Inflows / Outflows	£0
Realised / Unrealised gain or loss	£94,380,355
Value at end of the quarter	£2,496,996,147

Over Q1 2023, Teesside's holdings performed as follows:

- The UK Listed Equity Fund outperformed its benchmark by 0.05%
- The Overseas Developed Markets Equity Fund underperformed its benchmark by 0.12%
- The Emerging Markets Equity Fund outperformed its benchmark by 0.58%

Teesside made no subscriptions or redemptions during Q1 2023.

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.
- 3) Inflows and outflows may include income paid out and/or reinvested.
- 4) Values do not always sum due to rounding.

Portfolio Analysis - Teesside Pension Fund at 31 March 2023

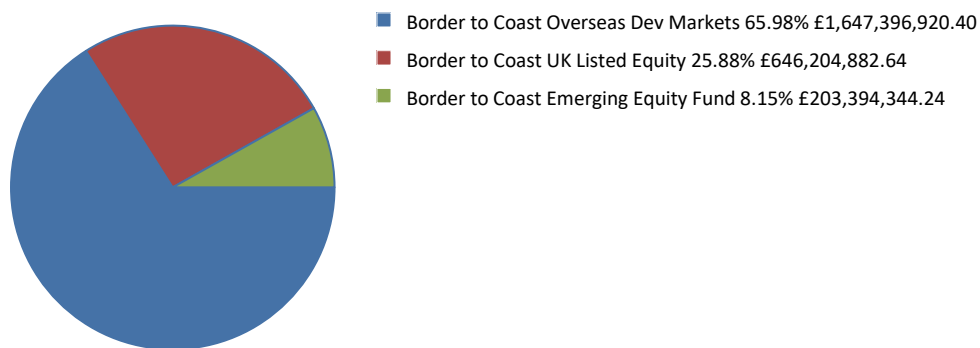
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	646,204,882.64	25.88
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	1,647,396,920.40	65.98
Border to Coast Emerging Equity Fund	EM Equity Fund Benchmark	203,394,344.24	8.15

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 31 March 2023

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	25.88	3.13	3.08	0.05	0.80
Border to Coast Overseas Dev Markets	65.98	4.66	4.78	(0.12)	3.05
Border to Coast Emerging Equity Fund	8.15	0.73	0.14	0.58	0.08
Total	100.00	3.93			

The UK Listed Equity Fund returned 3.13% over the quarter, which was 0.05% ahead of the FTSE All Share Index.

The Overseas Developed Markets Equity Fund returned 4.66% over the quarter, which was 0.12% behind the composite benchmark.

The Emerging Markets Equity Fund returned 0.73% over the quarter, which was 0.58% ahead of the FTSE Emerging Markets.

Overall, Teesside's investments with Border to Coast returned 3.93% during Q1 2023.

Note

- 1) Source: Northern Trust & Border to Coast
- 2) Performance shown is investor-specific, calculated using a time-weighted methodology which accounts for the impact of investor flows, whereby investments held for a longer period of time will have more of an impact than those held for a shorter time.
- 3) Past performance is not an indication of future performance and the value of investments can fall as well as rise.
- 4) Performance shown is net of charges incurred within the ACS, such as depository, audit and external manager fees. Performance is gross of any fees paid to Border to Coast which are set out separately within the papers supporting the Shareholder Approval of the Border to Coast Strategic Business Plan.

Valuation Summary at 31 March 2023

Fund	Market value at start of the quarter		Purchases (GBP)	Sales (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter	
	GBP (mid)	Total weight (%)				GBP (mid)	Total weight (%)
Border to Coast UK Listed Equity	626,597,497.75	26.08			19,607,384.89	646,204,882.64	25.88
Border to Coast Overseas Dev Markets	1,574,094,816.16	65.52			73,302,104.24	1,647,396,920.40	65.98
Border to Coast Emerging Markets Equity	201,923,478.41	8.40			1,470,865.83	203,394,344.24	8.15
Total	2,402,615,792.32	100.00			94,380,354.96	2,496,996,147.28	100.00

Note

- 1) Source: Northern Trust
- 2) Purchases and sales may include income paid out and/or reinvested.
- 3) Past performance is not an indication of future performance and the value of investments can fall as well as rise.
- 4) Values do not always sum due to rounding.

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund at 31 March 2023

Fund	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Border to Coast UK Listed Equity	4.34	3.38	0.96	3.13	3.08	0.05	4.97	2.92	2.05	14.14	13.81	0.33	--	--	--
Border to Coast Overseas Dev Markets	8.83	7.56	1.27	4.66	4.78	(0.12)	2.45	0.87	1.58	16.93	15.52	1.42	--	--	--
Border to Coast Emerging Markets Equity	2.75	4.56	(1.81)	0.73	0.14	0.59	(3.52)	(4.29)	0.77	6.53	9.11	(2.58)	--	--	--

Note

- 1) Source: Northern Trust
- 2) Performance shown is for the pooled fund, which may differ to the investor-specific performance.
- 3) Performance inception dates are shown in the appendix.
- 4) Performance for periods greater than one year are annualised.
- 5) Performance shown is net of charges incurred within the ACS, such as depository, audit and external manager fees. Performance is gross of any fees paid to Border to Coast which are set out separately within the papers supporting the Shareholder Approval of the Border to Coast Strategic Business Plan.
- 6) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 31 March 2023

Fund	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Border to Coast UK Listed Equity	4.35	3.38	0.97	3.13	3.08	0.05	4.98	2.92	2.06	14.15	13.81	0.34	--	--	--
Border to Coast Overseas Dev Markets	8.84	7.56	1.29	4.66	4.78	(0.12)	2.46	0.87	1.59	16.94	15.52	1.43	--	--	--
Border to Coast Emerging Markets Equity	2.90	4.56	(1.66)	0.79	0.14	0.65	(3.28)	(4.29)	1.01	6.74	9.11	(2.36)	--	--	--

Note

- 1) Source: Northern Trust
- 2) Performance shown is for the pooled fund, which may differ to the investor-specific performance.
- 3) Performance inception dates are shown in the appendix.
- 4) Performance for periods greater than one year are annualised.
- 5) Performance shown is gross of charges incurred within the ACS, such as depository, audit and external manager fees. Performance is gross of any fees paid to Border to Coast which are set out separately within the papers supporting the Shareholder Approval of the Border to Coast Strategic Business Plan.
- 6) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Border To Coast UK Listed Equity Fund - Overview at 31 March 2023

UK Listed Equity Fund

The fund generated a total return of 3.13% during the quarter, compared to the benchmark return of 3.08%, resulting in 0.05% of outperformance.

The Fund benefited from the following factors:

- Stock selection in Consumer Discretionary including overweight positions in Easyjet and Flutter, while not holding Entain;
- Stock selection in Basic Materials with overweight positions in Antofagasta and BHP and an underweight position in Glencore have all contributed positively; and
- Stock selection in Energy with a preference for Shell relative to BP.

This was partly offset by the following:

- Stock selection in Technology where NCC (overweight) issued a profit warning at the end of the quarter.
- Stock selection in Financial Services where 3i Group (not held) outperformed and Biotech Growth Trust (overweight) underperformed.
- Overweight Common Stock Funds where UK smaller company funds underperformed the wider market.

Note

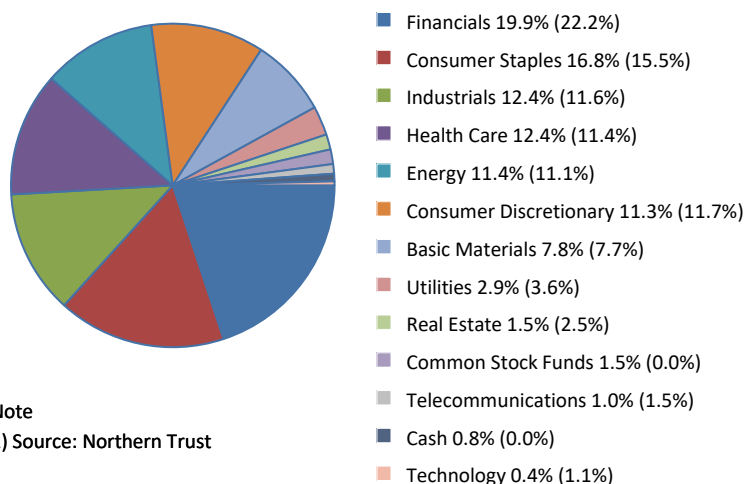
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2023

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.46
Consumer Staples	+1.27
Health Care	+1.02
Industrials	+0.76
Energy	+0.28
Financials	-2.33
Real Estate	-0.98
Utilities	-0.75
Technology	-0.65
Telecommunications	-0.55

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. While UK small caps have underperformed the wider market over the past year, over longer periods they typically benefit from stronger growth potential with the funds delivering long term outperformance.

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 and robust balance sheets. Demonstrated resilient trading throughout the pandemic, and would be expected to perform strongly, relative to the wider equity market, during a global downturn.

Healthcare (o/w) – an ageing and growing global demographic, greater incidence of chronic health conditions, and increasing ability of emerging market populations to fund modern healthcare help drive above-GDP growth in global healthcare spending. Sector benefits from pricing power and barriers to entry (e.g. patent protection/drug approval process).

Utilities (u/w) – government policy risk and potential for increased regulatory intervention, such as allowable investment returns and increased capital expenditure to meet rising environmental standards (e.g. limiting raw sewage overflows for water companies) and elevated costs associated with an accelerated energy transition.

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

Financials (u/w) – predominantly due to underweight in investment trusts and Asian-focused banks (US-China relations remain strained), as well as increased near term recessionary risks with potential for deteriorating bank loan books and rising credit risk in insurers bond portfolios. Partly offset by overweight positions in Wealth Managers and Insurers with Asian exposure as they are expected to benefit from the long term increase in Asian and emerging market wealth.

Border To Coast UK Listed Equity Fund Attribution at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Glencore	1.89	(15.92)	2.51	(15.89)	0.15
easyJet	0.44	59.71	0.14	59.70	0.11
Melrose Industries	0.76	24.90	0.29	24.93	0.09
Flutter Entertainment	1.49	29.66	1.10	29.58	0.09
John Wood Group	0.27	48.70	0.06	47.98	0.08

Glencore PLC (u/w) – increasing global macro headwinds, and in particular weaker thermal coal prices, together with concerns over the potential impact on Glencore’s trading division from uncertainty in the global banking sector, combined to weigh on the shares.

EasyJet PLC (o/w) – resilient consumer and recovering demand for air travel post Covid continues to drive pricing and capacity growth, with the recently launched “EasyJet holidays” also experiencing strong growth.

Melrose Industries PLC (o/w) – as the demerger of the automotive and powder metallurgy divisions approaches, shares have responded well to improving momentum and profitability in the aerospace division, with an improving outlook in both commercial and defence aerospace markets.

Flutter Entertainment PLC (o/w) – company continues to gain significant market share in US online sports betting and gaming, remaining on track for breakeven in the US in 2023; the share price also reacted well to the announcement that management are considering an additional US listing.

John Wood Group PLC (o/w) – company disclosed it has rejected several all-cash offers from private equity firm Apollo, with the deadline to make a formal offer extended to mid-April allowing for further discussions.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Rolls Royce	0.00	0.00	0.53	59.89	(0.19)
NCC	0.15	(48.44)	0.01	(48.46)	(0.14)
3i Group plc	0.00	0.00	0.69	25.61	(0.12)
Biotech Growth Trust	0.43	(15.32)	0.01	(15.44)	(0.09)
BT	0.00	0.00	0.43	30.12	(0.06)

BT Group PLC (u/w) – exited during the quarter. Despite the deteriorating outlook for the business, including increased competition from alternative network providers, diminishing returns from elevated capex, and pricing concerns, the share price continued to rally from its lows at the start of the year.

Biotech Growth Trust PLC (o/w) – interest rate cycle has continued to weigh on biotechnology growth stocks, particularly smaller cap stocks (where the trust is focused) in a risk-averse environment.

3i Group PLC (u/w) – not held. Action, the European discount retailer which accounts for over half of the net asset value, has performed ahead of expectations since the start of the year.

NCC Group PLC (o/w) – profit warning as cyber assurance division sees order delays and cancellations, principally from large US tech companies as they adjust staffing levels, and from the banking sector amid uncertainty post the SVB bank collapse.

Rolls Royce Holdings PLC (u/w) – not held. Full year results demonstrated a faster than anticipated recovery in air traffic/engine hours towards the end of the year, partly driven by the rapid relaxation of covid restrictions in China.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Impax Environmental Markets	+0.92
Schroder UK Smaller Companies Fund	+0.75
Liontrust UK Smaller Companies	+0.70
Shell	+0.51
Herald Investment Trust	+0.50
3i Group plc	-0.69
Glencore	-0.62
NatWest	-0.61
Rolls Royce	-0.53
Bunzl	-0.44

Top 5 Holdings Relative to Benchmark:

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

Schroder UK Smaller Companies Fund – UK smaller companies fund with a strong long term track record; Schroders incorporate proprietary ESG scoring systems in their investment process and undertake direct ESG engagement with portfolio holdings.

Shell – shares continue to benefit from elevated oil and gas prices, in particular Shell's global LNG scale, which has enabled significant debt reduction and supporting Shell's commitment to increase investment in energy transition.

Liontrust UK Smaller Companies – fund with an investment style focussed on intellectual property, strong distribution channels and durable competitive advantage, factors considered relevant to the stronger long term growth profile of smaller companies.

Herald Investment Trust PLC – specialist investment trust focussed on smaller quoted companies in telecommunications, multimedia and technology, with a global investment mandate. Long track record of outperformance with impressive investment team.

Bottom 5 Holdings Relative to Benchmark:

Bunzl PLC – sales which had been boosted through Covid, such as sales of disposable personal protection equipment, facing significant post-Covid headwinds.

Rolls-Royce Holdings PLC – recently exited holding on uncertainty over the recovery profile of long-haul air travel post-Covid lockdown relative to that of short-haul, and the associated demand for wide-bodied engines and engine flying hours.

NatWest Group PLC – UK-focussed retail and commercial bank, with the UK government as a significant shareholder. The increased risk of the UK entering recession may impact provisioning, surplus capital and shareholder distributions.

Glencore PLC – historically a higher risk commodity company with significant operations in geographies with weaker governance and thermal coal exposure higher than peers.

3i Group PLC – global private equity investor with a highly concentrated investment portfolio. Approximately 60% of the current net asset value is invested in a single asset, Action, a European discount retailer.

Major transactions during the Quarter

Purchases:

Admiral Group PLC (£5.0m) – de-rating of shares enabled initiation of a position in the UK's leading non-life insurance operator.

Spirent Communications PLC (£4.6m) – leading telecoms equipment testing company benefiting from the roll out of complex 5G networks and equipment. Software sales growth continues to dilute hardware sales, improving the quality of earnings.

Sales:

BT Group PLC (£13.9m) – exited holding. Combination of rising capex requirements and increased competition from alternative network providers, while retail pricing increases appear unsustainable. Pension deficit remains significant in relation to market cap.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Overview at 31 March 2023

Overseas Developed Markets Fund

The Fund generated a total return of 4.66% during the quarter compared to the composite benchmark return of 4.78% resulting in 0.12% of underperformance.

The Fund has navigated the volatility in markets, with differing regions showing strength and weakness at differing times. With interest-rate sensitive financials and real estate under pressure globally, certain cyclical sectors have continued to show strength, while the performance of classic defensive sectors like consumer staples and healthcare has been more mixed. Earnings expectations have remained relatively firm but are likely to move lower if the economy slows meaningfully.

The key driver of underperformance was in the US where a pronounced rally in lower quality, cyclical stocks in the first half of the quarter hurt relative performance of high-quality stocks favoured by the Fund. Weaker stock selection in Consumer Discretionary and Industrials was also a detractor.

This has been partly offset by:

- Strong stock selection in Asia Pacific ex-Japan and Europe.
- Strong stock selection in Technology, Financials, and Materials.
- Underweight in Real Estate.

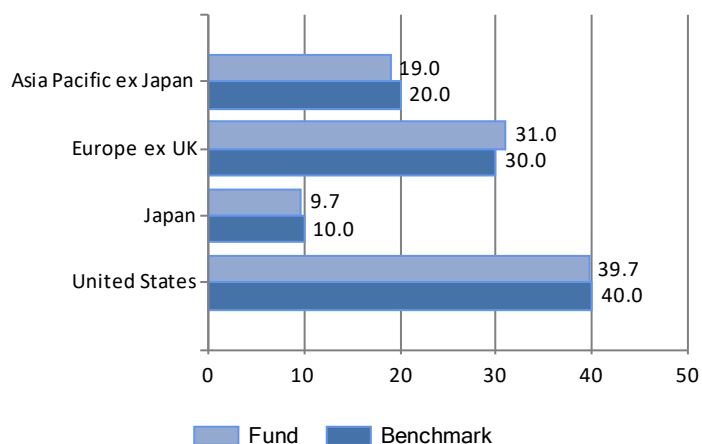
The Fund has a relatively low risk profile which is driven by low correlations between the four constituent portfolios, whose individual risk profiles are generally in the middle to upper end of the targeted tracking error range of 1 – 4%. It is unlikely that there will be material changes to portfolio 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 31 March 2023

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

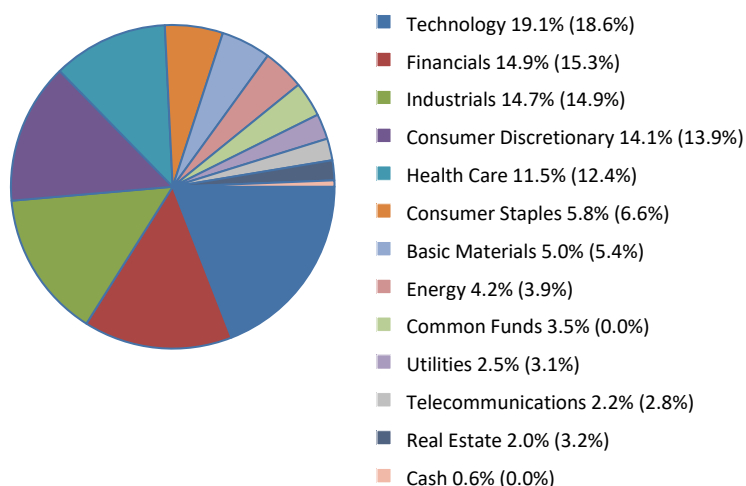
Fund	Inception to Date			Quarter			1 Year			3 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Overseas Developed Equity Fund	8.83	7.56	1.27	4.66	4.78	(0.12)	2.45	0.87	1.58	16.93	15.52	1.42
United States	11.92	10.95	0.97	2.87	4.45	(1.58)	(1.47)	(2.25)	0.78	18.81	18.16	0.65
Japan	4.55	2.83	1.72	3.58	3.12	0.46	(0.45)	1.52	(1.97)	9.72	7.54	2.18
Europe ex UK	7.80	6.39	1.40	9.53	8.68	0.86	12.21	7.64	4.57	17.39	15.13	2.26
Asia Pacific ex Japan	5.61	4.16	1.45	1.17	0.43	0.74	(3.64)	(3.86)	0.22	15.12	13.85	1.28

Note

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

Border To Coast Overseas Developed Markets Equity Fund at 31 March 2023

Sector Portfolio Breakdown



Overseas Developed Markets Fund

Sector Weights:

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

Technology (o/w) – 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.

Energy (o/w) – supply dislocations and disruptions likely to support higher prices in the medium term, generating strong cashflows with which to address the challenges of the energy transition and offer attractive returns for shareholders.

Real Estate (u/w) – high leverage leaves the sector exposed in a rising interest rate environment; longer-term concerns around impact of home/flexible working on the longer-term demand for office space.

Health Care (u/w) – despite favourable longer-term growth characteristics, reduced exposure to Covid-beneficiaries whose valuations no longer reflect fundamentals.

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.

Note

1) Source: Northern Trust

2) The pie-chart shows the sector allocation of the fund . The benchmark sector allocation is shown in brackets.

Border To Coast Overseas Developed Markets Equity Fund Attribution at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
NVIDIA Corporation	1.26	84.88	0.80	84.94	0.20
Alphabet A	1.71	14.37	0.72	14.38	0.08
Renesas Electronics	0.24	55.78	0.05	55.94	0.08
LVMH	1.32	22.87	0.87	23.00	0.07
Charles Schwab	0.00	0.00	0.09	(38.66)	0.07

NVIDIA Corp (o/w) – significant rerating driven by emerging opportunity in generative AI and large language models, with quarterly results indicating that this is already driving incremental sales.

Alphabet Inc Class A (o/w) – indications that digital advertising sales are stabilising, generally supportive market for large cap technology names.

Renesas Electronics (o/w) – positive reaction to strong results, above consensus guidance, and share buyback announcement.

LVMH Moet Hennessy Louis Vuitton SE (o/w) – the luxury goods maker benefited from faster-than-expected relaxation in Chinese lockdown at the beginning of the year.

Charles Schwab Corp (u/w) – investor concern around mark-to-market risks for fixed income securities on the balance sheet.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Tesla	0.00	0.00	0.65	63.85	(0.23)
Vanguard US Mid Cap ETF	2.86	0.86	0.00	0.00	(0.11)
ConocoPhillips	0.50	(17.30)	0.14	(17.59)	(0.09)
CVS Health Corp	0.37	(21.83)	0.11	(22.05)	(0.08)
Dollar General	0.34	(16.83)	0.05	(16.85)	(0.08)

Tesla Inc (u/w) – strong bounce from depressed levels on regulatory tail winds and confidence that recent price cuts will drive a strong demand response.

Vanguard Mid-Cap ETF (o/w) – weakness in March due to regional bank exposure, and market concerns that second order effects of the banking situation will weigh disproportionately on smaller companies.

ConocoPhillips (o/w) – predominately unhedged exposure to weakening energy prices.

CVS Health Corp (o/w) – large acquisition (Oak Street Health) underlines significant extent to which the company needs to invest behind its evolving business model.

Dollar General Corp (o/w) – consecutive quarters of gross margin pressure a challenge to investor faith in management's usual operational assurance.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund at 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.86
Alphabet A	+0.99
Novo Nordisk	+0.72
Visa Inc	+0.57
Microsoft	+0.50
Tesla	-0.65
Alphabet C	-0.63
Exxon Mobil	-0.53
Mastercard	-0.36
AbbVie	-0.33

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – parent company of Google: zero weight in the C shares nets out to a moderate overweight position overall. Recent de-rating of the shares allows for exposure to high margin digital advertising revenues at a modest valuation.

Novo Nordisk – strong market position in type 2 diabetes treatment and extension of product line into obesity treatment.

Visa Inc Class A – revenues positively correlated with inflation, exposed to post-pandemic 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, including company's emerging capability in generative AI.

Bottom 5 Holdings Relative to Benchmark:

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

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

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

Alphabet Inc Class C – position in A shares results in a moderate overweight exposure to Alphabet overall.

Tesla Inc – accelerating production capacity meets potentially weakening demand, concerns around viability of full self-drive capability.

Note

1) Source: Northern Trust

Summary of Performance - Funds (Net of Fees) Border to Coast Emerging Markets Equity Fund at 31 March 2023

Fund	Inception to Date			Quarter to Date			1 Year			Benchmark
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	
Border to Coast Emerging Markets Equity Fund	2.75	4.56	(1.81)	0.73	0.14	0.59	(3.52)	(4.29)	0.76	EM Equity Fund Benchmark ³
Border to Coast	0.78	2.02	(1.25)	1.83	(0.72)	2.55	(3.91)	(6.62)	2.71	FTSE Emerging ex China (Net)
FountainCap	(17.38)	(16.72)	(0.65)	(1.54)	1.75	(3.29)	(1.80)	0.41	(2.21)	FTSE China (Net)
UBS	(18.62)	(16.72)	(1.90)	(0.45)	1.75	(2.20)	(2.94)	0.41	(3.35)	FTSE China (Net)

Manager/Strategy	Role in fund	Target	Actual
Border to Coast	Core strategy focused on Emerging Markets ex-China with a tilt towards quality companies.	65%	64%
FountainCap	China specialist with long term, high conviction strategy focused on three megatrends: Innovation Economy, Clean Energy, and Consumption Upgrade.	14%	22%
UBS	China specialist seeking to identify upcoming 'industry leaders' that will benefit from China's structural growth and transition to a services-led economy.	21%	14%

Note

1) Source: Northern Trust & Border to Coast

2) Values do not always sum due to rounding and use of different benchmarks

3) ³EM 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 31 March 2023

Emerging Markets Equity Fund

It is hard to remember a recent quarter without a major market event. Q1 2023 was no different. High profile banking collapses (SVB and Credit Suisse) damaged sentiment and caused volatility in certain sectors to spike. In emerging market equities specifically, top billing went to the share price collapse of the Adani group of companies following allegations of major corporate fraud. Despite such events, global equity markets gained ground over the quarter as global recession fears eased somewhat.

Performance was mixed across the major emerging markets. India underperformed as sentiment soured and economic data came in below expectations. Brazil also underperformed, with politically driven riots and softening economic data weighing on returns. Chinese markets were positive, but softer as the quarter went on. Taiwanese equities performed well as global growth fears eased.

Against this backdrop, the Fund outperformed the benchmark by 0.6%. On a since inception to date basis, however, the Fund remains well behind benchmark (underperforming by 1.8% per annum).

Looking through to the underlying mandates, the internally managed emerging markets ex. China portfolio had a strong quarter, outperforming its benchmark by 2.6%. Key contributors were stock selection in Industrials (no Adani holdings) and Consumer Staples (ITC), as well as being overweight Technology and underweight Utilities.

Despite China outperforming at the benchmark level, the Fund's China specialists underperformed, delivering negative absolute performance. The aggregate allocation finished the quarter 2.7% behind benchmark (which was up ~2%). Neither manager fared particularly well, with UBS ~2% behind and Fountain Cap ~3% behind. UBS' overweight to NetEase and underweight to JD.com were key contributors, but were offset by holdings in China Merchants Bank, CSPC Pharmaceutical and Chinasoft. With Fountain Cap, strong performance from Anta Sports and PetroChina was again more than offset by having no Alibaba exposure and an underweight to Tencent.

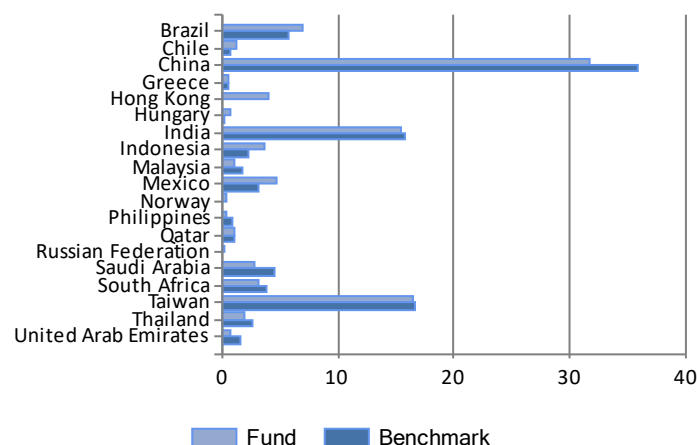
Whilst global recession fears may be subsiding, the impact of higher interest rates is yet to be fully understood. The collapse of high-profile names like SVB and Credit Suisse highlights that pockets of risk exist in markets, with weak companies likely to be found out. Stock selection is as important as it has ever been. In emerging markets, we expect large regional dispersions to continue as economies continue to solve growth and inflation puzzles. Overall, 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

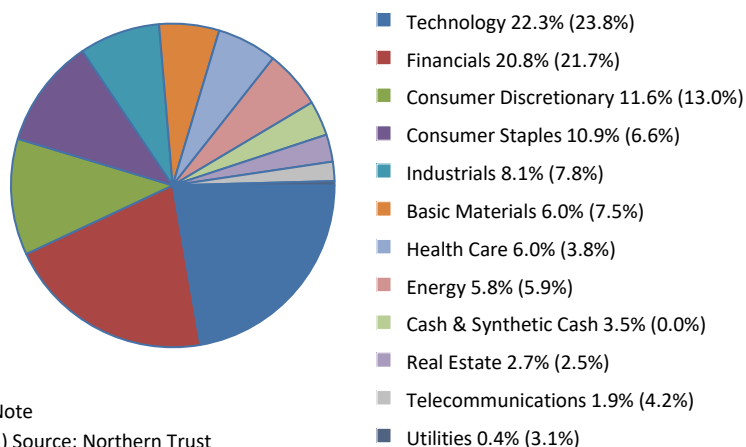
1) Source: Border to Coast

Border to Coast Emerging Markets Equity Fund at 31 March 2023

Regional Breakdown



Sector Portfolio Breakdown



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 (o/w) – 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 overweight a number of stocks (particularly in China) that are well positioned to benefit from such a tailwind.

Health Care (o/w) – 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.

Real Estate (o/w) – the Fund is marginally overweight in the Real Estate sector; a small (~2.5%) sector within the universe. Exposure is primarily in China, to high quality developers and service providers that are well placed to weather the current storm and come out stronger on the other side.

Technology (u/w) – the Fund is exposed to a range of businesses that fall under the Technology sector, for example, semiconductors, electronic cabling and connectors, solar energy products and IT services. The underweight position is driven primarily by an underweight exposure to the Chinese online giants Tencent, Baidu and Pinduoduo.

Telecommunications (u/w) – the Fund is underweight to this relatively low growth, cap-ex intensive sector which can be buffeted by political risk (control and pricing implications). Where exposures are taken, they are to dominant market players with strong balances sheets in markets with solid growth prospects.

Utilities (u/w) – the Fund is underweighted to this highly regulated sector. Concerns over long term sustainability of businesses and risk of regulatory interference warrants an underweight position.

Border to Coast Emerging Markets Equity Fund Attribution at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Grupo Mexico	1.60	31.04	0.24	32.41	0.27	Basic Materials	Mexico
Netease	2.03	17.42	0.52	16.91	0.26	Consumer Discretionary	China
Adani Total Gas	0.00	0.00	0.05	(76.99)	0.16	Industrials	India
ITC	1.61	14.66	0.22	14.55	0.16	Consumer Staples	India
JD.com	0.32	(24.39)	0.83	(24.44)	0.16	Consumer Discretionary	China

Positive Issue Level Impacts

Grupo Mexico (o/w) – the Mexican conglomerate, which is primarily driven by its copper assets, rebounded from oversold levels, assisted by a strengthening of the copper price.

NetEase (o/w) – the Chinese internet technology company had a strong quarter (up ~20%) with solid underlying business performance and successful new game launches boosting optimism about NetEase's 2023 game release pipeline.

Adani Total Gas (u/w) – the Indian gas distribution company, part of the wider Adani Group of companies, sold-off materially (~80%) in the quarter following a report from short-seller Hindenburg which included serious allegations of corporate fraud. The Fund has no exposure to Adani companies.

ITC (o/w) – the Indian conglomerate, with operations focused on fast moving consumer goods rose after delivery of significantly better than expected earnings, which were the result of solid market share progression in the cigarette business and better margins in the food business.

JD.com (u/w) – shares of the Chinese e-commerce company fell some 25% in Q1 2023, as management guided to lower than expected shorter term growth. The Fund is underweight the stock.

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 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Tencent	3.40	17.17	4.74	17.64	(0.22)	Technology	China
Anglo American Platinum	0.59	(34.82)	0.05	(35.84)	(0.18)	Basic Materials	South Africa
Alibaba	1.80	10.96	3.02	12.60	(0.18)	Consumer Discretionary	China
Baidu	0.00	0.00	0.68	28.77	(0.15)	Technology	China
Petronas Chemicals	0.00	(20.01)	0.07	(18.33)	(0.11)	Basic Materials	Malaysia

Negative Issue Level Impacts

Petronas Chemicals (o/w) – the Malaysian chemicals company declined on concerns that feedstock costs will rise post the upcoming negotiation with its parent company Petronas.

Baidu (u/w) – operates a Chinese internet search engine (think Google in China). The stock had a strong quarter, building on momentum that started following the conclusion of the National Congress of the Chinese Communist Party in late October 2022. The Fund has no exposure to Baidu.

Alibaba (u/w) – the Chinese multinational technology company finished the quarter strongly as investors reacted positively to news that the business would be splitting into six independent business units. The Fund is underweight Alibaba, which has been beneficial since restructure (April 2021) as the Alibaba share price has fallen by more than 50%.

Anglo American Platinum (o/w) – the share price declined on general concern about power shortages in South Africa, as well as company specific lower than expected mining grades, which management signalled will return to normal levels in 12 to 18 months.

Tencent (u/w) – a Chinese technology conglomerate with numerous business units – for example, mobile messaging (WeChat) and video games. Like with Baidu, Tencent shares continued higher in Q1 2023 as regulatory fears began to ease with attention turning towards reopening and shorter-term economic growth prospects. Underlying business performance has been strong with management positive on consumption behaviour in China.

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 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Kweichow Moutai	+2.76
Netease	+1.51
ITC	+1.39
Grupo Mexico	+1.36
Banorte	+1.19
Tencent	-1.35
Alibaba	-1.22
China Construction Bank	-0.97
Baidu	-0.68
ICBC	-0.67

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.

ITC – ITC's portfolio of consumer staple brands and powerful distribution capability provides broad exposure to the consumer in India. The cigarette business is benefiting from more rational excise duties, thus taking back market share from the informal market, and the foods business has a positive outlook given operational leverage opportunities.

Grupo Mexico – Grupo Mexico's copper assets, via its majority ownership of Southern Copper Corp, are highly cash generative long life copper mines, providing the portfolio high quality exposure to the commodity. The Mexican holding company trades at a significant discount to US listed Southern Copper Corp.

Banorte – one of the leading universal banks in Mexico, with a strong digital offering and high profitability. The bank is leveraging the relative strength of the Mexican economy, in large part thanks to the growth of the "near-shoring" export sector, which provides an attractive growth outlook for the bank. The valuation is attractive given the prospects.

Bottom 5 Holdings Relative to Benchmark:

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

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).

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 underweight to Chinese State-Owned Enterprises, many of which are within the banking and finance sector.

Alibaba – another 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.

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.

Major Transactions During the Quarter

Sales:

Bid Corp LTD (Disposal, £7m) – Bid Corp, which is primarily a European wholesale food distribution business, was sold (after a strong rally in the share price) at a relatively full valuation in order to focus on higher quality emerging market names.

Petronas Chemicals (Disposal, £6m) – Petronas Chemicals was exited due to deteriorating growth prospects and low return-on-invested-capital when adjusting for preferential access to below market price feedstock from Petronas.

Note

1) Source: Northern Trust

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NVIDIA Corporation	1.26	0.80	0.20
Alphabet A	1.71	0.72	0.08
Charles Schwab	0.00	0.09	0.07
Microsoft	3.00	2.50	0.06
Exxon Mobil	0.00	0.53	0.04

NVIDIA Corp (o/w) – significant rerating driven by emerging opportunity in generative AI and large language models, with quarterly results indicating that this is already driving incremental sales.

Alphabet Inc Class A (o/w) – indications that digital advertising sales are stabilising, generally supportive market for large cap technology names.

Charles Schwab Corp (u/w) – investor concern around mark-to-market risks for fixed income securities on the balance sheet.

Microsoft (o/w) – announcements on cost control and initiatives in AI were well received by the market.

Exxon Mobil (u/w) – weakness in energy prices.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Tesla	0.00	0.65	(0.23)
Vanguard US Mid Cap ETF	2.86	0.00	(0.11)
ConocoPhillips	0.50	0.14	(0.09)
CVS Health Corp	0.37	0.11	(0.08)
Dollar General	0.34	0.05	(0.08)

Dollar General Corp (o/w) – consecutive quarters of gross margin pressure a challenge to investor faith in management's usual operational assurance.

CVS Health Corp (o/w) – large acquisition (Oak Street Health) underlines significant extent to which the company needs to invest behind its evolving business model.

ConocoPhillips (o/w) – predominately unhedged exposure to weakening energy prices.

Vanguard Mid-Cap ETF (o/w) – weakness in March due to regional bank exposure, and market concerns that second order effects of the banking situation will weigh disproportionately on smaller companies.

Tesla Inc (u/w) – strong bounce from depressed levels on regulatory tail winds and confidence that recent price cuts will drive a strong demand response.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.86
Alphabet A	+0.99
Visa Inc	+0.57
Microsoft	+0.50
NVIDIA Corporation	+0.46
Tesla	-0.65
Alphabet C	-0.63
Exxon Mobil	-0.53
Mastercard	-0.36
AbbVie	-0.33

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – parent company of Google: zero weight in the C shares nets out to a moderate overweight position overall. Recent de-rating of the shares allows for exposure to high margin digital advertising revenues at a modest valuation.

Visa Inc Class A – revenues positively correlated with inflation, exposed to post-pandemic 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, including company's emerging capability in generative AI.

NVIDIA Corp – strong semiconductor franchise in gaming chips and a dominant position across the ecosystem supporting growth in AI, including newly emerging generative AI.

Bottom 5 Holdings Relative to Benchmark:

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

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

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

Alphabet Inc Class C – position in A shares result in a moderate overweight exposure to Alphabet overall.

Tesla – accelerating production capacity meets potentially weakening demand, concerns around viability of full self-drive capability.

Major transactions during the Quarter

Purchases:

NextEra Energy (£7.8m) – added to preferred utility with high renewables exposure and strong long-term energy transition story, following a period of underperformance that leaves the shares at a multi-year valuation low.

Sales:

AvalonBay Communities (£11.4m) – exited holding. While the property REIT maintains an attractive asset base, returns are lower than those available elsewhere in the sector.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
LVMH	1.32	0.87	0.07
Novo Nordisk	1.67	0.95	0.06
ASML	1.44	1.05	0.06
Infineon Technologies	0.43	0.20	0.05
Siemens	0.89	0.46	0.05

LVMH Moet Hennessy Louis Vuitton SE (o/w) – the luxury goods maker benefited from faster-than-expected relaxation in Chinese lockdown at the beginning of the year.

Novo Nordisk (o/w) – the pharmaceutical company is still seeing high demand for obesity drug Wegovy with European launch planned, and has also received approval for an oral tablet for Type 2 diabetes.

ASML Holding (o/w) – the hardware tech company reported solid quarterly numbers and guided for above-consensus 2023 revenue. The larger number of EUV (extreme ultraviolet) machines sold should result in revenue growth as well as increased DUV (deep ultraviolet) installed-base management.

Infineon Technologies (o/w) – the chipmaker posted strong quarterly results driven by robust business performance from the auto industry, especially EVs, mitigating negative impact from weaker areas of the business.

Siemens (o/w) – the German engineering company posted excellent results with both Digital Infrastructure and Smart Infrastructure divisions performing solidly. Order intake was also better than expected across all regions.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
TotalEnergies	0.99	0.52	(0.05)
NN Group	0.29	0.04	(0.05)
Hermes	0.00	0.24	(0.04)
STMicroelectronics	0.00	0.13	(0.04)
Banco Santander	0.00	0.23	(0.03)

Banco Santander (u/w) – the Spanish bank beat expectations and increased guidance as a net beneficiary of the increasing interest rate environment.

STMicroelectronics (u/w) – the French chipmaker exceeded earnings expectations, with full year guidance ahead of consensus, with automotive and industrials sales driving the growth.

Hermes (u/w) – as with LVMH, the French luxury goods company benefitted from the faster-than-expected reopening in China.

NN Group (o/w) – the Dutch life insurance company's share price was negatively impacted by banking sector concerns in the last month of the quarter.

TotalEnergies (o/w) – the French oil major underperformed as oil prices sank in March amid growing concerns that banking sector woes will lead to a deep recession.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.72
TotalEnergies	+0.48
LVMH	+0.45
Siemens	+0.43
AXA	+0.41
Zurich Insurance Group	-0.27
Mercedes-Benz	-0.25
Hermes	-0.24
Banco Santander	-0.23
Prosus	-0.22

Top 5 Holdings Relative to Benchmark:

Novo Nordisk – strong market position in type 2 diabetes treatment and extension of product line into obesity treatment.

TotalEnergies – shifting from core oil business, now the second largest player in LNG; diversifying further into green energy.

LVMH – best-in-class luxury goods maker, strong management team with deep understanding of luxury market; focus on high-net-worth customers should mean lower impact from consumer spending slowdown.

Siemens – high-quality engineering company well positioned in markets with above-average long-term structural growth.

AXA – attractive valuation, trading at a significant discount to peers, despite increasingly similar business mix; tilt towards property and casualty (“P&C”) insurance should result in higher cash generation and more stable capital requirements.

Bottom 5 Holdings Relative to Benchmark:

Prosus – concerns over concentrated exposure in its largest investment, Tencent (Chinese technology company) and a management team whose actions are not always in alignment with shareholder interests, in our view.

Banco Santander – one of the weaker operators in the banking sector with concern over future direction.

Hermes – higher valuation and less diversified than some peers. The portfolio has an o/w position in LVMH, which trades at a lower valuation despite best-in-class characteristics.

Mercedes-Benz – concerns that margins are peaking, high relative valuation leaves little room for disappointment.

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

Major transactions during the Quarter

Purchases:

Novo (£6.1m) – added following positive announcements on obesity (Wegovy) and diabetes (Rybelsus) products.

Siemens (£5.5m) – added to position on market share gains at attractive margins in its Digital Industries division, which specialises in industrial automation and digitalisation.

Atlas Copco (£4.1m) – new holding in this Swedish industrial company.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Renesas Electronics	0.24	0.05	0.08
Shin-Etsu Chemical	0.36	0.16	0.04
Tokyo Electron	0.32	0.14	0.03
KEYENCE	0.39	0.25	0.02
DISCO Corporation	0.17	0.03	0.02

Renesas Electronics (o/w) – positive reaction to strong results, above consensus guidance, and share buyback announcement.

Shin-Etsu Chemical (o/w) – positive reaction to strong results, above consensus guidance, stock split, and share buyback announcement.

Tokyo Electron (o/w) – solid results, upgrades and positive sentiment on expectation that demand for semiconductor manufacturing machines will improve later in 2023.

Keyence (o/w) – good results, thoughts that shrinking China population may boost automation sector, and a new book on the company (top 3 seller in business publications) generating positive interest.

Disco Corp (o/w) – results in-line and stock split announced. Market appears to be looking past the orders slowdown in semiconductor production equipment to a resumption of stable earnings growth later in 2023 or early 2024.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Nippon Shinyaku	0.08	0.01	(0.03)
Softbank Group Corp	0.26	0.10	(0.03)
Recruit Holdings	0.22	0.10	(0.03)
Dai-ichi Life	0.14	0.05	(0.03)
Mitsubishi Estate	0.16	0.03	(0.02)

Mitsubishi Estate (o/w) – continued sector weakness on prospect of higher interest rates, and concern over outlook for both city centre and overseas properties. We remain underweight the sector.

Dai-ichi Life (o/w) – reversed last quarter’s strong performance as banks and insurers fell sharply in the wake of US banking turmoil and Credit Suisse collapse.

Recruit Holdings (o/w) – weak on possibility of recession (particularly in US) and lacklustre results.

Softbank Group Corp (o/w) – a reversal of last quarter’s strong performance, partly on contagion fears following the issue at SVB. Exposure confirmed as limited; Softbank Group internal resources adequate to provide financial support if needed to its tech investments.

Nippon Shinyaku (o/w) – a lack of positive catalysts and good trial results for a competing drug treatment.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.26
Shin-Etsu Chemical	+0.20
Renesas Electronics	+0.20
Hitachi	+0.19
Sumitomo Mitsui Financial	+0.19
Daiichi Sankyo	-0.18
Mitsui & Co	-0.12
Honda Motor	-0.12
HOYA	-0.10
Mizuho Financial	-0.09

Top 5 Holdings Relative to Benchmark:

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

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

Renesas Electronics – manufacturer of electronic components including semi-conductors and integrated devices. Core portfolio holding that is resistant to cycle downturns and delivers excellent results.

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

Sumitomo Mitsui Financial Group – exposure to the banking sector is obtained via the larger banks as these are likely to be better managed with improved governance compared to regional banks.

Bottom 5 Holdings Relative to Benchmark:

Mizuho Financial Group – fund has exposure to the banking sector through other names.

HOYA – exited this manufacturer of electro-optical products on competition concerns and expected continuing weakness of EUV mask blanks this year.

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.

Daiichi Sankyo – preference for other names in the health care sector due to the high valuation of this stock.

Major transactions during the Quarter

Purchases:

Keisei Electric Railway (£6.0m) – new holding, partially as a defensive railway stock, but also on the longer term potential of realising value of stake in Oriental Land (Tokyo Disneyland).

Terumo (£4.6m) and **Shionogi (£4.3m)** – increasing overweight position to maintain Healthcare sector weighting following sale of HOYA.

Sales:

HOYA (£10.1m) – full disposal of holding on competition concerns and expected continuing weakness of EUV mask blanks (used in semiconductor production).

Inpex (£4.0m) – taking some profits and reducing towards a more sector neutral position on oil and gas.

East Japan Railway (£3.0m) – partial switch to higher potential new holding Keisei Electric Railway.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
LG Electronics	0.24	0.07	0.03
Samsung SDI	0.40	0.21	0.02
UOB	0.00	0.20	0.02
Hyundai Motors	0.33	0.14	0.02
Samsung Electronics	2.05	1.64	0.02

LG Electronics (o/w) – expectations of strong business to business (“B2B”) sales, mix improvement, and better cost controls despite continued weakness in consumer demand.

Samsung SDI (o/w) – confirmation of more aggressive expansion plans, including JV agreements with leading auto manufacturers.

UOB (u/w) – fears of rising funding costs and compressed net interest income, preference for competing Singapore banks with stronger capital positions, DBS and OCBC.

Hyundai Motor (o/w) – benefited from stronger than expected earnings guidance, ongoing favourable conditions, and strong pent-up demand in auto markets.

Samsung Electronics (o/w) – expectations that memory chip market will bottom in mid-2023 with resulting improvement in earnings outlook.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Bank of China (Hong Kong)	0.23	0.08	(0.03)
EcoPro BM	0.00	0.05	(0.02)
Samsung C&T	0.16	0.05	(0.02)
AIA Group	1.06	0.87	(0.02)
LG Household & Health Care	0.08	0.03	(0.02)

LG H&H (o/w) – underperformed amid ongoing unfavourable environment and lack of visibility on recovery in China beauty and cosmetic products.

AIA Group (o/w) – underperformed on bond portfolio concerns in the wake of SVB and Credit Suisse failures, despite CS bonds comprising less than 1% of its total invested assets.

Samsung C&T (o/w) – market concerned with deterioration in outlook for the construction and engineering company's order book despite positive quarterly earnings.

Ecopro BM (u/w) – outperformed on expected benefits from Samsung SDI's customer diversification to lead to increased sales of the company's battery materials.

BOC Hong Kong (o/w) – shares underperformed on concerns over operating environment for financials and lower than expected earnings guidance.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2023

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.41
SK Innovation	+0.21
SK Hynix	+0.21
Techtronic Industries	+0.21
KB Financial Group	+0.20
Samsung Electronics Prefs	-0.24
UOB	-0.20
Kia	-0.11
LG Energy Solution	-0.11
QBE Insurance	-0.10

Top 5 Holdings Relative to Benchmark:

Samsung Electronics – exposed to structural growth in the memory chip market; diversified earnings stream and large shareholder return potential; overweight in ordinary shares is partly offset by not owning the preference shares.

SK Innovation – leading refiner and chemical producer in Korea boasting mid-single digit global market share in EV batteries for auto manufacturers such as Hyundai Motor, Kia, and Ford.

SK Hynix – a leader in memory chips with high teens global market share; beneficiary of structural increase in demand and improving penetration of high bandwidth memory applications.

Techtronic Industries – focus on technology-leading cordless power tools should lead to improving margins and market share, as global penetration continues rising from steady launch of innovative products that are increasingly easy to operate as well as a focus on the US professional market.

KB Financial Group – largest financial group in Korea with sector-high return on equity, strong capital position, and increasing focus on improving shareholder returns.

Bottom 5 Holdings Relative to Benchmark:

QBE Insurance – preference for Insurance Australia Group given its historically higher returns profile.

LG Energy Solution – leading Korean EV battery maker. The fund holds LG Chem which owns 82% of LG Energy Solutions at a large holding company discount.

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

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

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

Major transactions during the Quarter

Purchases:

Samsung Electronics (£11.3m) and **SK Hynix (£4.6m)** – on low valuations and expectations of the start of a recovery in the semiconductor memory sector in the second half of 2023 as excess inventories are gradually digested.

Pexa Group (£5.2m) – new holding; as the only listed digital property exchange globally Pexa enjoys a sustainable competitive advantage in Australia, with potential to scale its business model and significantly improve profitability by expanding into the UK and other markets.

Note

1) Source: Northern Trust

Market Background at 31 March 2023

The year started off promising as the recovery in equity markets that began in the final months of 2022 continued into 2023. Early bullishness proved optimistic, however, and investors were reawakened with a jolt in the last month of the quarter.

If the first nine months of 2022 were marked by the Russian invasion of Ukraine, rising inflation, and the start of an extended rate hiking cycle, the last quarter of 2022 and the start of 2023 were characterised by the belief that pressures on the global economy and equity markets were abating. Investors were perhaps lulled into a false sense of security, however, as the quarter finished with clear signs that rate tightening was having a very negative impact on the economy, and that markets had perhaps moved too high too soon. We remain cautiously optimistic on the outlook for equities but believe the ride may prove bumpy in the short term.

Economic data at the start of 2023 provided some support for the argument that the rate tightening cycle might be coming to an end. Inflation showed signs of softening in the US, specifically across goods and energy. Inflation also looked to be levelling off in Europe and the UK, albeit still at a high level. A significant decline in commodity prices supported this more positive outlook. Oil declined from over \$120 a barrel of oil equivalent in June 2022 to nearly \$80. Natural gas, a key concern following the Ukraine invasion, also declined sharply, and EU countries coped far better than anticipated over the winter period.

The US Federal Reserve raised interest rates by 0.25% at the start of February, a marked change from the 50 and 75 basis point hikes of 2022. In his speech following the Fed board's decision, Chairman Powell implied that a moderation or even an end in the rate tightening cycle might be approaching, although his remarks were tempered with an appropriate level of caution. Global equity markets duly rose strongly with growth in China also supported by the continued rolling back of its zero Covid policy.

The bullish start to the quarter proved disappointingly short lived, however. Stronger than expected US employment and wage data tempered dovish expectations on monetary policy. CPI data demonstrated that inflation was a little stickier than expected. Rather than the

interest rates moving lower, in early March US 2yr treasury yields reached decade highs of more than 5%, and the US equity market started to lose momentum.

Following the failure of Silicon Valley Bank (SVB), market attention shifted from inflation and interest rates toward the health of the underlying economy and the financial system. At the time of its collapse, SVB was one of the top twenty largest US banks, with a deposit base concentrated among US startups — reflecting its home market in the San Francisco area. The bank had invested its rapidly growing deposits into low-yielding US treasuries and mortgage-backed securities. As interest rates moved higher, the value of the bond portfolio declined. At the same time, many of the bank's customers, faced with deteriorating tech-sector fundamentals, had started withdrawing deposits to fund their day-to-day operations. To meet this outflow, the bank was forced to sell a portion of its bonds at a loss, thereby undermining its capital position. Another smaller US bank, Signature Bank, was closed by US financial authorities two days later, after facing a similar rapid outflow of customer deposits.

The SVB and Signature failures were followed by rapidly escalating problems at Credit Suisse, although the Swiss-based global bank's issues were of a different nature: the complexity of its business, its troubled recent past, and its weakened reputation, as well as heightened concerns over the health of financial institutions overall in the current higher interest rate regime, especially in the wake of the SVB incident, all contributed to Credit Suisse's demise. With the Swiss National Bank providing liquidity, domestic peer UBS stepped in to acquire its failing rival.

To be sure, Credit Suisse, SVB and Signature Bank all failed for somewhat different reasons, and each was arguably the author of its own demise. On the other hand, the scale and pace of interest rate increases across developed markets have certainly been a major contributing factor, as negative impacts of rate hikes start to be felt more widely. Against this backdrop, equity markets struggled to maintain their early momentum, losing much of their gains from the start of the quarter. Europe proved somewhat of an outlier, however, supported in part by depressed valuations, relatively measured pace of rate increases in the region, and the

Note

1) Source: Border to Coast

Market Background at 31 March 2023

scale of the favourable shift in commodity prices, which had previously acted as a significant contributor to inflation and headwind to economic activity.

Overall, global equity markets (based on MSCI indices) generated a total return, in sterling terms, of 5.3% during the quarter with developed markets (5.7%) outperforming emerging markets (1.9%). Europe ex-UK was the best performing developed region (8.7%) supported by low valuations and the adverse impact on economic growth of higher energy prices not being as bad as feared. Pacific ex-Japan (0.4%) was the worst performing developed region predominantly due to the relative high weighting to the Energy (lower energy prices) and Financial (fallout from US and European banking issues) sectors, particularly in Australia. Within emerging markets, Taiwan was the best performing major market within the MSCI index, driven by the rebound in the global technology sector, and India was the weakest.

Performance diverged materially across sectors. Following significant weakness in the previous six months, as a result of the impact of higher interest rate expectations, the Technology and Communication Services sectors bounced back strongly, partly driven by the excitement around the application of artificial intelligence. Lower energy prices and the turmoil in the banking sector resulted in relative weakness in the Energy and Financial sectors.

Although we remain optimistic for the outlook for equities over the long term, the near-term outlook could present some challenges. As rising interest rates start to impact the economy negatively, and inflation proves stickier than many had hoped, diverging interest rate policies and economic expectations across the globe will likely add to uncertainty. In such an environment we look for low valuations to provide a margin of safety for equities. Currently trading at substantial discounts to their 10-year average, European and UK equity markets provide some degree of reassurance; valuations in Japan, too, look unchallenging. Asia and US markets may not score as favourably here, however, given only minor derating and limited erosion in earnings expectations thus far.

With a volatile outlook for equities ahead, we take comfort in the consistency of our investment approach. We believe a continued focus on high-quality companies held over the long term can protect against current volatility while also providing exposure to strong investment returns over the longer term.

Note

1) Source: Border to Coast

Border to Coast News

People:

- We said farewell this quarter to Kevin Palmer, Portfolio Manager (Fixed Income) who has retired. At launch almost 5 years ago, Kevin represented our entire Fixed Income team and assumed a lot of responsibility establishing the internal fixed income funds and associated processes. We have a replacement Portfolio Manager joining in the next couple of months.
- We also said farewell to James McLellan, Senior Portfolio Manager (Equities). James helped to ensure that our early positive performance in the equity funds was maintained through challenging market conditions. He has decided to pursue opportunities closer to home in Switzerland. This role has been incorporated into the Head of Equities role (Will Ballard).
- We welcome Teju Akanda who has strengthened our RI Team as Climate Change Manager. She has spent the last few years working at UK Department for Internal Trade as a business mentor and adviser to UK companies in the energy and infrastructure sector with a focus on the energy transition.

Investment Funds:

- Building strong relationships as a pool enables us to offer Partner Funds cost-effective access to a broader range of asset classes. We have recently announced the appointment of four specialist managers, Goldman Sachs, Baillie Gifford, FountainCap, and UBS, to support a new Emerging Markets Equity Alpha Fund – due to launch in Spring 2023.

Responsible Investment:

- We recently responded to the FCA's consultation on Sustainability Disclosure Requirements (SDR) and investment labels, expressing support for efforts to tackle 'greenwashing' while highlighting potential unintended consequences from the proposed new regulations.

- Border to Coast has retained its status as a signatory to the UK Stewardship Code, making us one of 254 organisations representing £46.4trn that are setting the highest stewardship standards when investing on behalf of UK savers and pensioners. Reporting on our activity is among our strengths recognised by the FRC, and you can read our latest Quarterly Stewardship Report on our website.
- Demonstrating our commitment to responsible investment for our Partner Funds in action, Border to Coast is part of a new IIGCC net zero corporate engagement initiative. The aim is to scale and accelerate climate-related corporate engagement with 107 listed companies to ensure they are working to align with a low carbon economy and support global net zero ambitions. Letters have been sent to the 107 companies seeking confirmation that they have developed, or are committed to developing, a net zero transition plan. We will be leading engagement with one of the target companies.

Other News:

- Following the recent budget, we see another hint about the long-awaited consultation on the future of pooling. The Government has confirmed its intention to consult on the future direction of pooling, including a proposal that all listed assets be pooled by March 2025 and a potential move to a smaller number of pools to optimise the benefits of scale. We continue to highlight the positive progress we have collectively made and will work with our Partner Funds to consider and respond to the consultation as and when it is published.
- We are entering the awards season, and it's a sign of our progress that we are increasingly recognised by the industry. We have recently been shortlisted by Pensions Age for the "Innovation Award – Investment" and by Professional Pensions for both "Equity Manager of the Year" and "Alternative and Private Markets Investment Manager of the Year".

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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Fund List and Inception Dates

Fund	Inception Date
Border to Coast UK Listed Equity	26/07/2018
Border to Coast Overseas Dev Markets	26/07/2018
Border to Coast Emerging Markets Equity	22/10/2018
Border to Coast UK Listed Equity Alpha	14/12/2018
Border to Coast Global Equity Alpha	24/10/2019
Border to Coast Sterling Investment Grade Credit	18/03/2020
Border to Coast Sterling Index-Linked Bond	23/10/2020
Border to Coast Multi Asset Credit	11/11/2021
Border to Coast Listed Alternatives	18/02/2022



Quarterly Investment Report - 80237

For the Period 01 Jan 2023 to 31 Mar 2023

Middlesbrough Borough Council

Middlesbrough Borough Council

Report ID: 3587502.1 Published: 17 Apr 2023

Quarterly Investment Report - 80237

As of 31 Mar 2023
Middlesbrough Borough Council

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As of 31 Mar 2023
Middlesbrough Borough Council

Accounting Summary (expressed in GBP)

As of 31 Mar 2023

Middlesbrough Borough Council

	Market Value 01 Jan 2023		Contributions	Withdrawals	Change in Market Value	Market Value 31 Mar 2023	
Passive Equity Portfolio							
North America ESG Screened Index Equity Sub-Fund	36,620,481	6.29%	0	0	1,916,081	38,536,562	6.43%
Europe ex UK ESG Screened Index Equity Sub-Fund	122,320,915	21.00%	6,153	0	10,637,115	132,964,182	22.19%
Japan ESG Screened Index Equity Sub-Fund	104,259,549	17.90%	0	0	3,434,466	107,694,015	17.97%
Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund	319,397,009	54.82%	0	0	628,585	320,025,594	53.41%
Total	582,597,953	100.00%	6,153	0	16,616,247	599,220,354	100.00%

Quarterly Investment Report - 80237

As of 31 Mar 2023

Middlesbrough Borough Council

Performance Summary (expressed in GBP)

As of 31 Mar 2023

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	1.47%	5.23%	5.23%	-2.69%	18.37%	N/A	N/A	11.02%
FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX	1.43%	5.12%	5.12%	-3.19%	17.94%	N/A	N/A	10.72%
Difference	0.04%	0.11%	0.11%	0.50%	0.43%	N/A	N/A	0.30%
Total Returns (Net)	1.47%	5.23%	5.23%	-2.71%	18.35%	N/A	N/A	N/A
FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX	1.43%	5.12%	5.12%	-3.19%	17.94%	N/A	N/A	N/A
Difference	0.04%	0.11%	0.11%	0.48%	0.41%	N/A	N/A	N/A
Europe ex UK ESG Screened Index Equity Sub-Fund								
								26 Sep 2018
Total Returns	1.09%	8.70%	8.70%	8.21%	15.73%	N/A	N/A	7.02%
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX	1.00%	8.70%	8.70%	7.68%	15.48%	N/A	N/A	6.84%
Difference	0.09%	0.00%	0.00%	0.53%	0.25%	N/A	N/A	0.18%
Total Returns (Net)	1.09%	8.69%	8.69%	8.19%	15.71%	N/A	N/A	N/A
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX	1.00%	8.70%	8.70%	7.68%	15.48%	N/A	N/A	N/A
Difference	0.09%	-0.01%	-0.01%	0.51%	0.23%	N/A	N/A	N/A
Japan ESG Screened Index Equity Sub-Fund								
								01 Jun 2001
Total Returns	1.93%	3.29%	3.29%	1.97%	7.89%	4.04%	7.73%	4.05%
FTSE JAPAN EX CONTROVERSIES EX CW INDEX	1.80%	3.14%	3.14%	1.48%	7.53%	3.82%	7.63%	3.89%
Difference	0.13%	0.15%	0.15%	0.49%	0.36%	0.22%	0.10%	0.16%

Quarterly Investment Report - 80237

As of 31 Mar 2023

Middlesbrough Borough Council

Middlesbrough Borough Council

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Total Returns (Net)	1.92%	3.29%	3.29%	1.95%	7.87%	N/A	N/A	N/A
FTSE JAPAN EX CONTROVERSIES EX CW INDEX	1.80%	3.14%	3.14%	1.48%	7.53%	N/A	N/A	N/A
Difference	0.12%	0.15%	0.15%	0.47%	0.34%	N/A	N/A	N/A
Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	-1.34%	0.20%	0.20%	-4.39%	13.07%	4.51%	5.46%	9.07%
FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX	-1.31%	0.20%	0.20%	-4.57%	12.98%	4.45%	5.41%	9.01%
Difference	-0.03%	0.00%	0.00%	0.18%	0.09%	0.06%	0.05%	0.06%
Total Returns (Net)	-1.34%	0.19%	0.19%	-4.41%	13.05%	N/A	N/A	N/A
FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX	-1.31%	0.20%	0.20%	-4.57%	12.98%	N/A	N/A	N/A
Difference	-0.03%	-0.01%	-0.01%	0.16%	0.07%	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.

Quarterly Investment Report - 80237

As of 31 Mar 2023
Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2023

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	75.73	75.73	0.00
ESG	76.26	76.27	-0.01
Corporate Governance	46.94	46.95	-0.01

Source: SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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-in-class 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	430	99.08%	99.93%
Total Number of Securities in Portfolio	434		

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Fund R-Factor Profile

Not Available	0.07%
Laggard	0.05%
Underperformer	1.01%
Average Performer	6.12%
Outperformer	14.74%
Leader	78.00%

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Nestle S.A.	4.23%	4.22%	0.01%	82.74
ASML Holding NV	3.53%	3.53%	0.00%	81.14
Novo Nordisk A/S Class B	3.19%	3.19%	-0.01%	75.95
LVMH Moet Hennessy Louis...	2.93%	2.92%	0.01%	70.46
Roche Holding Ltd Dividend...	2.55%	2.55%	0.00%	72.85
Novartis AG	2.35%	2.34%	0.01%	89.33
SAP SE	1.80%	1.80%	0.00%	90.21
TotalEnergies SE	1.73%	1.73%	0.00%	80.51
Siemens Aktiengesellschaft	1.55%	1.56%	0.00%	79.02
Sanofi	1.53%	1.53%	0.00%	89.75

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Top 5 R-Factor Ratings

Danone SA	0.49%	0.49%	0.00%	100
Schneider Electric SE	1.15%	1.14%	0.00%	97.95
Teleperformance SA	0.18%	0.18%	0.00%	96.51
L'Oreal S.A.	1.42%	1.42%	0.01%	95.43
Capgemini SE	0.38%	0.38%	0.00%	94.98

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Bottom 5 R-Factor Ratings

CTS Eventim AG & Co. KGa...	0.05%	0.05%	0.00%	26.55
PSP Swiss Property AG	0.07%	0.07%	0.00%	33.46
Lifco AB Class B	0.07%	0.06%	0.00%	34.21
RATIONAL AG	0.04%	0.04%	0.00%	35.47
Just Eat Takeaway.com N.V.	0.05%	0.05%	0.00%	36.40

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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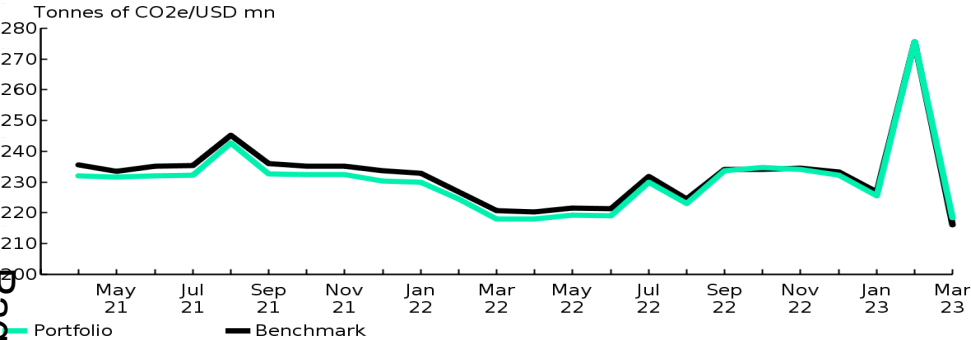
As of 31 Mar 2023
Middlesbrough Borough Council

Climate Profile

As of 31 Mar 2023

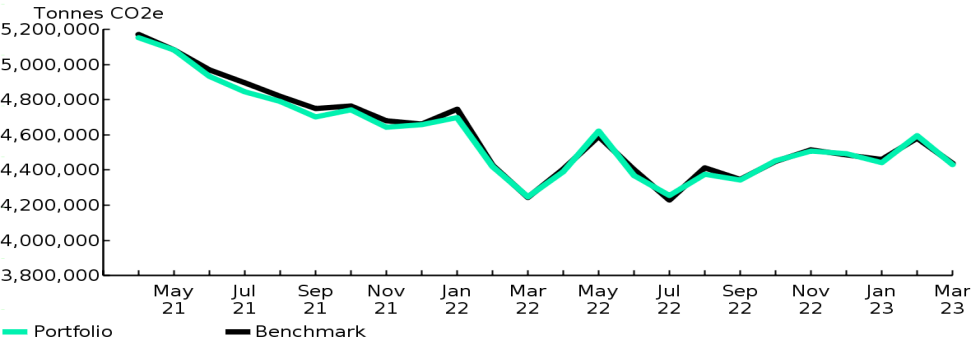
Europe ex UK ESG Screened Index Equity Sub-Fund
Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW INDEX

Carbon Intensity



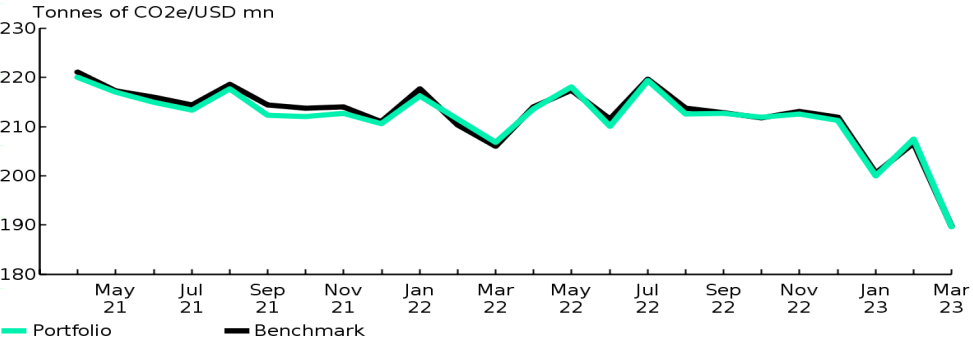
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Scope 1+2 Carbon Emissions



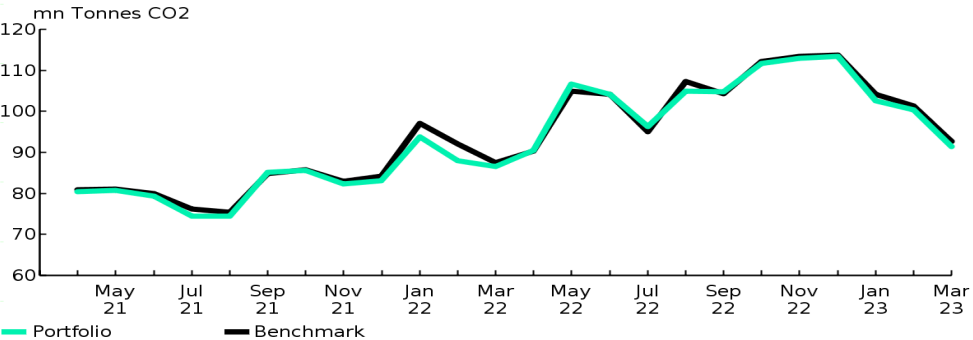
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Weighted Average Carbon Intensity



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

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As of 31 Mar 2023
Middlesbrough Borough Council

Stewardship Profile

As of 31 Mar 2023

Europe ex UK ESG Screened Index Equity Sub-Fund

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

Stewardship Profile		Q4 2022
Number of Meetings Voted		26
Number of Countries		12
Management Proposals		164
Votes for		92.68%
Votes Against		7.32%
Shareholder Proposals		10
With Management		100%
Against Management		0%

Source: SSGA as of 31 Dec 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	3
1	19
2	48
3	79
4	93
5	77
6	63
7	28
8	15
9	4
10	2
10+	2
Not Available	1
Total	434

Source: Factset/SSGA. Holdings as of 31 Mar 2023, Factset data as of 28 Feb 2023.

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As of 31 Mar 2023
Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2023

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	68.43	68.44	-0.01
ESG	66.82	66.82	0.00
Corporate Governance	66.38	66.40	-0.02

Source: SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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	628	98.43%	99.26%
Total Number of Securities in Portfolio	638		

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Fund R-Factor Profile

Not Available	0.74%
Laggard	2.24%
Underperformer	0.83%
Average Performer	12.64%
Outperformer	29.92%
Leader	53.62%

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Apple Inc.	6.92%	6.91%	0.01%	90.90
Microsoft Corporation	6.02%	6.02%	0.01%	78.46
Amazon.com Inc.	2.56%	2.57%	0.00%	63.27
NVIDIA Corporation	1.83%	1.83%	0.00%	78.12
Alphabet Inc. Class A	1.74%	1.72%	0.02%	72.32
Alphabet Inc. Class C	1.52%	1.50%	0.02%	72.32
Tesla Inc.	1.50%	1.43%	0.07%	60.23
Meta Platforms Inc. Class A	1.32%	1.31%	0.01%	73.31
Exxon Mobil Corporation	1.27%	1.28%	-0.01%	65.67
UnitedHealth Group Incorpo...	1.24%	1.24%	-0.01%	53.64

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Top 5 R-Factor Ratings

HP Inc.	0.08%	0.08%	0.00%	100
Cisco Systems Inc.	0.60%	0.60%	0.00%	98.91
Apple Inc.	6.92%	6.91%	0.01%	90.90
Colgate-Palmolive Company	0.18%	0.18%	0.01%	88.81
Hasbro Inc.	0.02%	0.02%	0.00%	87.61

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Bottom 5 R-Factor Ratings

Constellation Software Inc.	0.10%	0.10%	0.00%	15.23
Live Nation Entertainment In...	0.03%	0.03%	0.00%	15.52
Berkshire Hathaway Inc. Cla...	0.44%	0.45%	-0.01%	18.49
Berkshire Hathaway Inc. Cla...	1.12%	1.12%	0.00%	18.49
D.R. Horton Inc.	0.09%	0.08%	0.00%	21.73

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Quarterly Investment Report - 80237

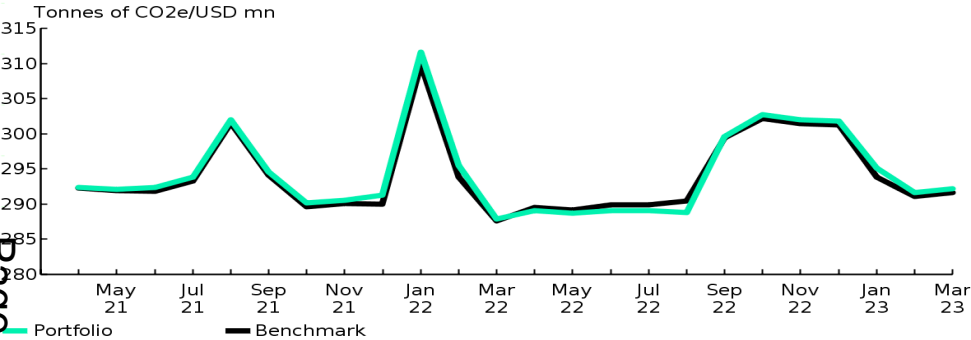
As of 31 Mar 2023
Middlesbrough Borough Council

Climate Profile

As of 31 Mar 2023

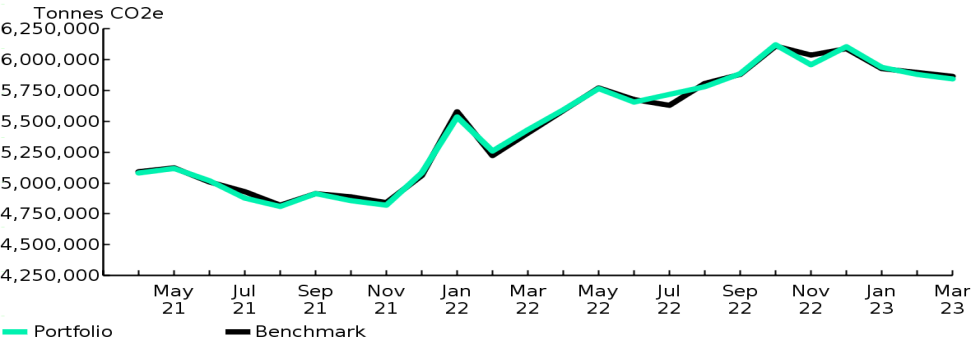
North America ESG Screened Index Equity Sub-Fund
Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX

Carbon Intensity



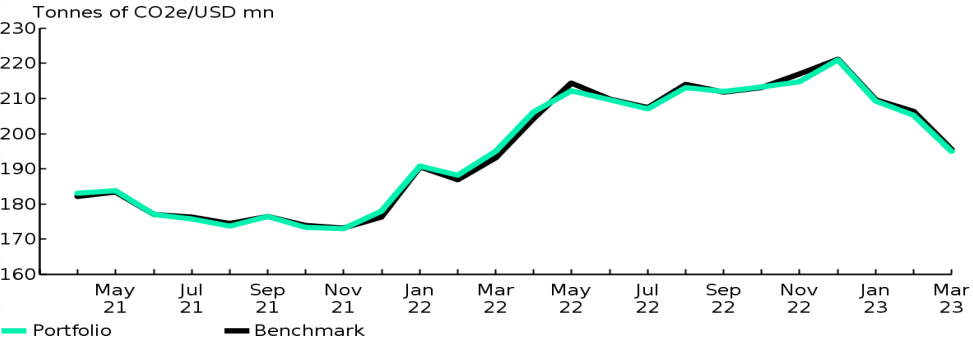
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Scope 1+2 Carbon Emissions



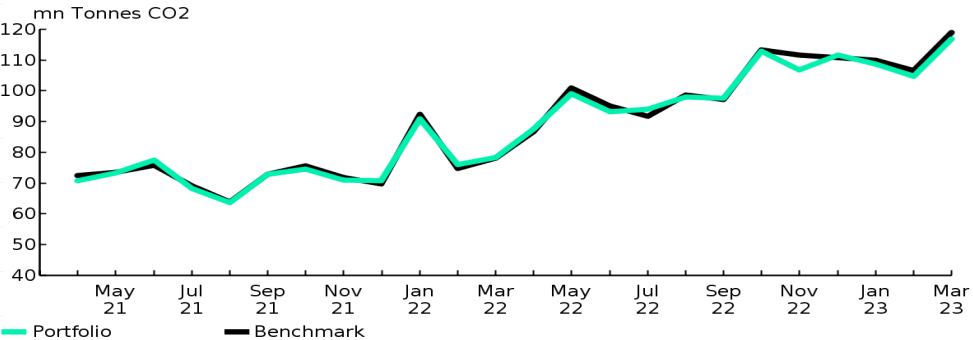
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Weighted Average Carbon Intensity



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Stewardship Profile

As of 31 Mar 2023

North America ESG Screened Index Equity Sub-Fund

Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW INDEX

Stewardship Profile		Q4 2022
Number of Meetings Voted		41
Number of Countries		3
Management Proposals		437
Votes for		88.33%
Votes Against		11.67%
Shareholder Proposals		18
With Management		72.22%
Against Management		27.78%

Source: SSGA as of 31 Dec 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	10
2	90
3	231
4	171
5	82
6	33
7	11
8	3
9	0
10	0
10+	0
Not Available	3
Total	638

Source: Factset/SSGA. Holdings as of 31 Mar 2023, Factset data as of 28 Feb 2023.

Quarterly Investment Report - 80237

As of 31 Mar 2023
Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2023

Japan ESG Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	63.21	63.19	0.02
ESG	61.75	61.72	0.03
Corporate Governance	64.36	64.37	-0.01

Source: SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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	497	96.69%	99.48%
Total Number of Securities in Portfolio	514		

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Fund R-Factor Profile

Not Available	0.52%
Laggard	1.86%
Underperformer	4.95%
Average Performer	23.40%
Outperformer	30.74%
Leader	38.53%

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Toyota Motor Corp.	4.45%	4.44%	0.01%	78.40
Sony Group Corporation	2.93%	2.92%	0.01%	83.22
Keyence Corporation	2.48%	2.48%	0.00%	50.32
Mitsubishi UFJ Financial Gr...	1.95%	1.94%	0.00%	62.21
Daiichi Sankyo Company Li...	1.78%	1.79%	0.00%	71.36
Shin-Etsu Chemical Co Ltd	1.63%	1.63%	0.00%	65.03
Tokyo Electron Ltd.	1.40%	1.40%	0.00%	74.77
Sumitomo Mitsui Financial...	1.34%	1.34%	0.00%	56.29
Takeda Pharmaceutical Co....	1.29%	1.30%	0.00%	78.44
KDDI Corporation	1.29%	1.29%	0.00%	67.73

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Top 5 R-Factor Ratings

Kao Corp.	0.46%	0.47%	0.00%	85.07
Bridgestone Corporation	0.59%	0.59%	0.00%	83.74
Sony Group Corporation	2.93%	2.92%	0.01%	83.22
TOTO Ltd	0.13%	0.13%	0.00%	81.58
Ricoh Company Ltd.	0.11%	0.11%	0.00%	81.34

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Bottom 5 R-Factor Ratings

SMS Co. Ltd.	0.03%	0.03%	0.00%	12.94
Gungho Online Entertainme...	0.02%	0.02%	0.00%	13.12
Relo Group Inc.	0.05%	0.04%	0.00%	13.99
Sanrio Company Ltd.	0.07%	0.07%	0.00%	14.54
TSURUHA Holdings Inc.	0.07%	0.06%	0.00%	16.06

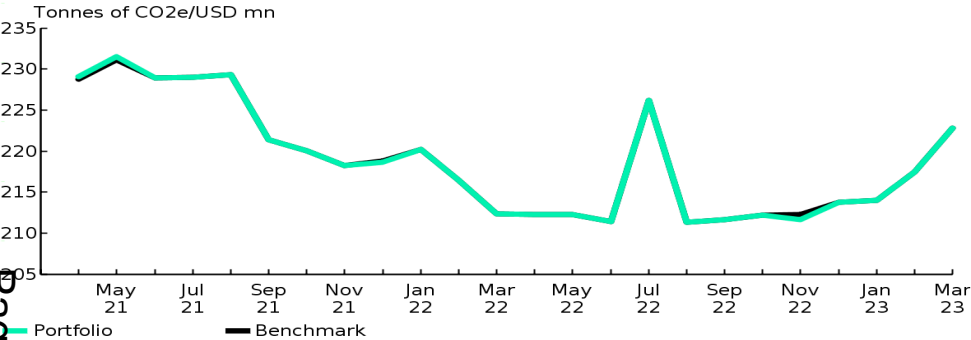
Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Climate Profile

As of 31 Mar 2023

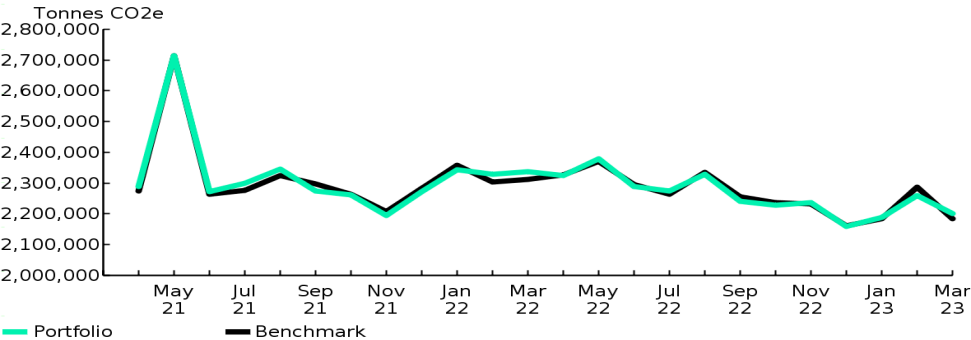
Japan ESG Screened Index Equity Sub-Fund
Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW INDEX

Carbon Intensity



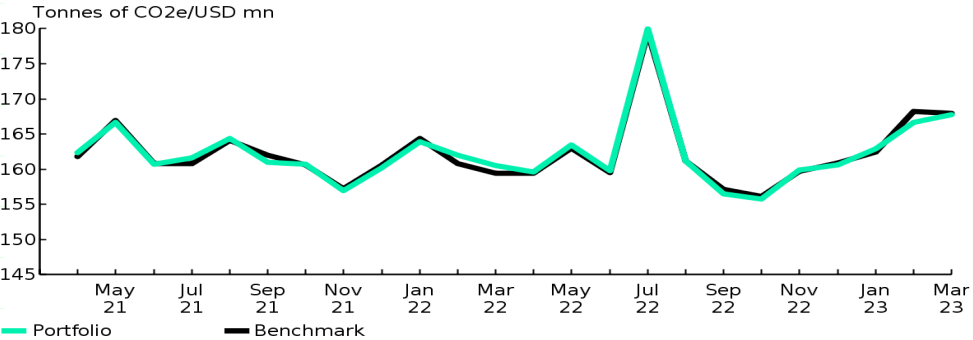
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Scope 1+2 Carbon Emissions



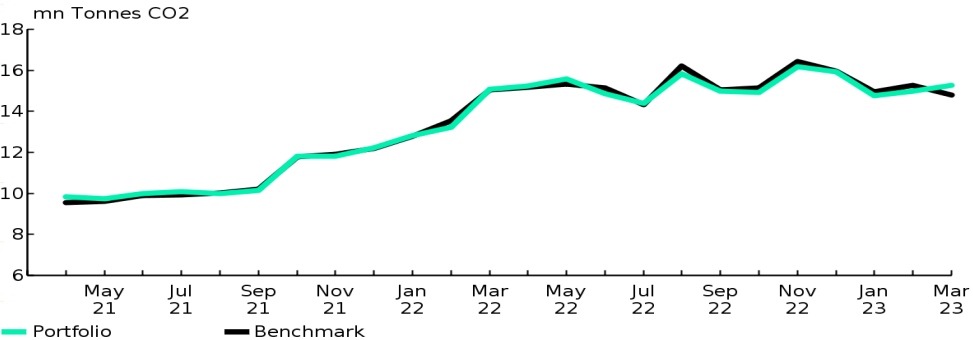
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Weighted Average Carbon Intensity



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Quarterly Investment Report - 80237

As of 31 Mar 2023
Middlesbrough Borough Council

Stewardship Profile

Japan ESG Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW INDEX

Stewardship Profile		Q4 2022
Number of Meetings Voted		15
Number of Countries		1
Management Proposals		149
Votes for		97.32%
Votes Against		2.68%
Shareholder Proposals		0
With Management		0%
Against Management		0%

Source: SSGA as of 31 Dec 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.

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As of 31 Mar 2023

Gender Diversity	
Women on Board	Number of Securities
0	131
1	226
2	112
3	33
4	12
5	0
6	0
7	0
8	0
9	0
10	0
10+	0
Not Available	0
Total	514

Source: Factset/SSGA. Holdings as of 31 Mar 2023, Factset data as of 28 Feb 2023.

Quarterly Investment Report - 80237

As of 31 Mar 2023
Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2023

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	65.71	65.70	0.01
ESG	65.43	65.41	0.02
Corporate Governance	53.82	53.84	-0.02

Source: SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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-in-class 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	383	97.46%	98.97%
Total Number of Securities in Portfolio	393		

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Fund R-Factor Profile

Not Available	1.03%
Laggard	2.88%
Underperformer	1.52%
Average Performer	15.49%
Outperformer	32.31%
Leader	46.77%

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

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.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Samsung Electronics Co. Lt...	8.74%	8.77%	-0.03%	80.54
AIA Group Limited	4.65%	4.63%	0.02%	75.28
Commonwealth Bank of Aus...	4.20%	4.19%	0.01%	78.97
CSL Limited	3.48%	3.50%	-0.01%	68.48
National Australia Bank Limi...	2.21%	2.20%	0.01%	81.76
Hong Kong Exchanges & Cl...	2.12%	2.12%	0.00%	65.62
Westpac Banking Corporati...	1.89%	1.90%	-0.01%	74.11
ANZ Group Holdings Limite...	1.74%	1.73%	0.01%	82.25
DBS Group Holdings Ltd	1.68%	1.69%	-0.01%	71.91
Woodside Energy Group Ltd	1.59%	1.59%	0.00%	70.78

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Top 5 R-Factor Ratings

GPT Group	0.21%	0.21%	0.00%	90.05
City Developments Limited	0.10%	0.10%	0.00%	88.69
Dexus	0.21%	0.20%	0.00%	84.37
ANZ Group Holdings Limite...	1.74%	1.73%	0.01%	82.25
National Australia Bank Limi...	2.21%	2.20%	0.01%	81.76

Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Bottom 5 R-Factor Ratings

SSANGYONGC&E.CO.LTD.	0.02%	0.02%	0.00%	4.57
HLB Co. Ltd.	0.10%	0.10%	0.00%	8.31
Paradise Co. Ltd	0.02%	0.02%	0.00%	11.42
JS Global Lifestyle Compan...	0.04%	0.05%	-0.01%	13.20
China Travel International In...	0.02%	0.02%	0.00%	13.61

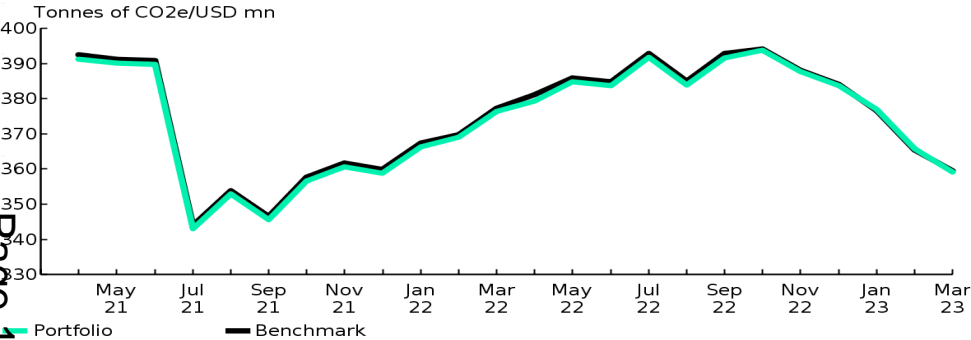
Source: Factset/SSGA. Holdings as of 31 Mar 2023, R-Factor data as of 28 Feb 2023.

Climate Profile

As of 31 Mar 2023

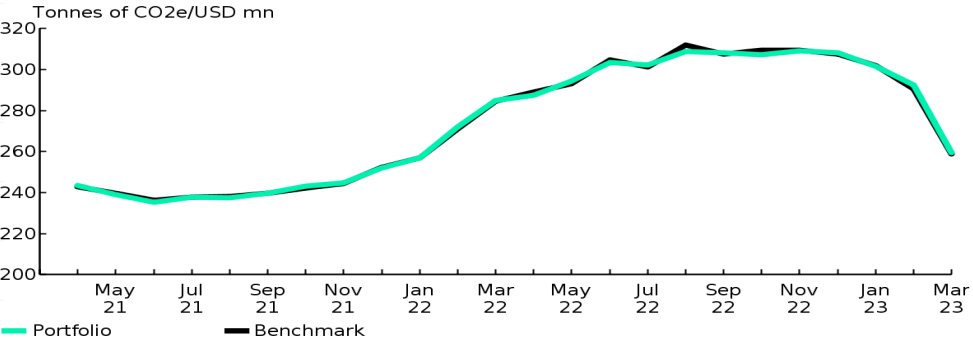
Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund
Benchmark: FTSE DEVELOPED ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW INDEX

Carbon Intensity



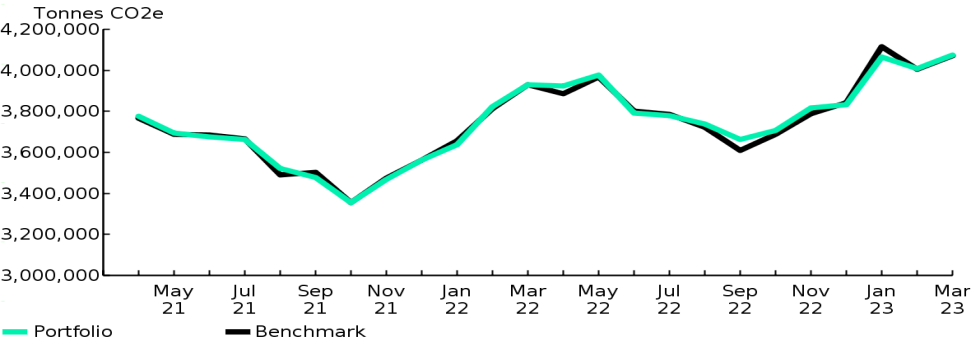
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Weighted Average Carbon Intensity



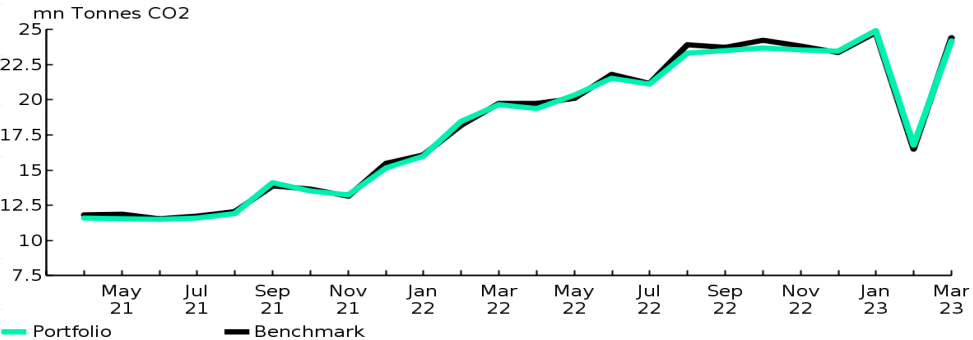
Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2023. Trucost data as of 28 Feb 2023.

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As of 31 Mar 2023
Middlesbrough Borough Council

Stewardship Profile

As of 31 Mar 2023

Asia Pacific ex Japan ESG Screened Index Equity Sub-Fund

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

Stewardship Profile		Q4 2022
Number of Meetings Voted		119
Number of Countries		8
Management Proposals		665
Votes for		86.32%
Votes Against		13.68%
Shareholder Proposals		16
With Management		93.75%
Against Management		6.25%

Source: SSGA as of 31 Dec 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	93
1	86
2	78
3	72
4	43
5	17
6	2
7	1
8	0
9	0
10	0
10+	0
Not Available	1
Total	393

Source: Factset/SSGA. Holdings as of 31 Mar 2023, Factset data as of 28 Feb 2023.

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As of 31 Mar 2023
Middlesbrough Borough Council

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

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As of 31 Mar 2023

Middlesbrough Borough Council

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.
- Trucost Sections: Carbon Intensity, Weighted Average Carbon Intensity, Scope 1+2 Carbon Emissions, Total Reserves Carbon Emissions - Trucost® is a registered trademark of S&P Trucost Limited ("Trucost") and is used under license. The ESG Report is/are not in any way sponsored, endorsed, sold or promoted by Trucost or its affiliates (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of Trucost data with the report, or (ii) the suitability of the Trucost data for the purpose to which it is being put in connection with the report. None of the Licensor Parties provide any financial or investment advice or recommendation in relation to the report. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Trucost data or under any obligation to advise any person of any error therein.
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- This report is prepared solely for the use of the named client and should not be used by any other party.
- 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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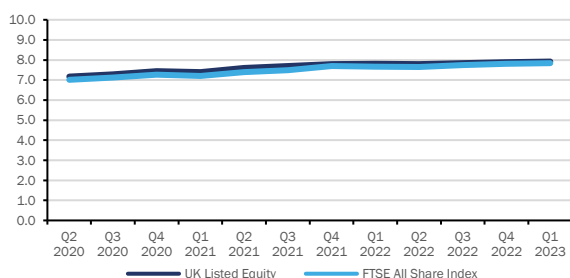
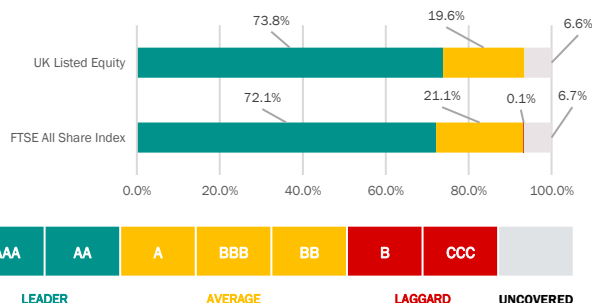
- If you are invested in a Luxembourg sub-fund applying swing pricing (as set out in the prospectus of the SSGA Luxembourg SICAV, the "Prospectus"), performance of the fund is calculated on an unswung pricing basis, however, the fund price quoted and your mandate's return may be adjusted to take into 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.

BORDER TO COAST UK LISTED EQUITY FUND

ESG & CARBON REPORT

**Q1
2023**
**MSCI ESG
RATING
AAA**


	End of Quarter Position ¹			Key
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
UK Listed Equity	AAA ¹	7.9 ¹		Fund has an equal or better <i>Weighted ESG Score</i> than the benchmark.
FTSE All Share Index	AAA ¹	7.9 ¹		Fund has a <i>Weighted ESG Score</i> within 0.5 of the benchmark.
				Fund has a <i>Weighted ESG Score</i> more than 0.5 below the benchmark.

MSCI Weighted Score Trend¹MSCI ESG Weightings Distribution¹

Highest ESG Rated Issuers ¹				Lowest ESG Rated Issuers ¹			
	% Portfolio Weight	% Relative Weight	MSCI Rating		% Portfolio Weight	% Relative Weight	MSCI Rating
Unilever	4.9%	+0.4%	AAA ¹	Haleon	1.0%	+0.3%	BB ¹
Diageo	3.9%	+0.4%	AAA ¹	British American Tobacco	2.5%	-0.2%	BBB ¹
Relx	2.5%	+0.3%	AAA ¹	Glencore	1.9%	-0.6%	BBB ¹
National Grid	2.1%	+0.4%	AAA ¹	Beazley	0.4%	0.2%	BBB ¹
CRH	1.4%	+0.1%	AAA ¹	TP ICAP Group	0.3%	+0.2%	BBB ¹

Quarterly ESG Commentary

- The weighted ESG score remained consistent over the quarter and remains above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be 'Leaders'.
- During the quarter several companies were upgraded including Dr Martens, DWF Group, Halma and IP Group.

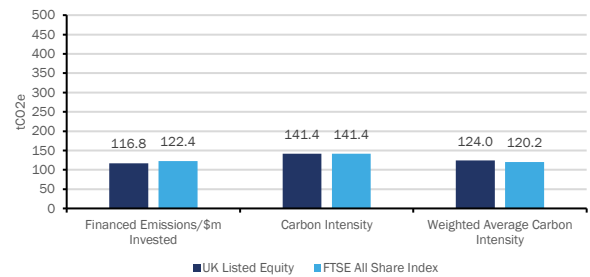
Feature Stock: British American Tobacco (BAT)

BAT is the second largest global tobacco company and currently the 7th largest FTSE All Share Index constituent. The Fund risk parameters require a degree of ownership; however, Fund exposure is below the benchmark. The ability to price the product for good returns, industry consolidation and high barriers to entry has enabled the Company to compound its earnings base through dividends, share buybacks and investment in efficiency and new products.

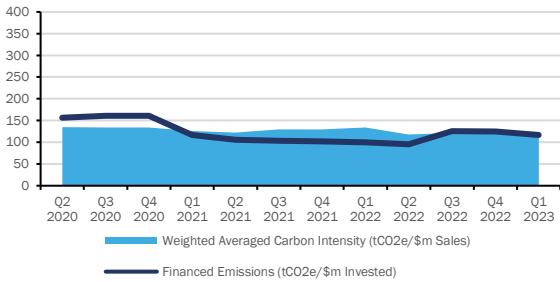
Product safety is an issue given health implications and whilst alternative nicotine products are being developed and marketed, safety will always be paramount. Despite the industry being highly regulated with business practices heavily scrutinised, there is a constant risk of further regulation impeding the ability of the Company to operate, especially in mature markets for both tobacco and non-combustible products. BAT has introduced more stringent monitoring of its marketing practices and monthly audits of its suppliers. The appointment of a Chief Sustainability Officer from August 2022 should enhance both sustainability criteria initiatives and disclosure on progress.



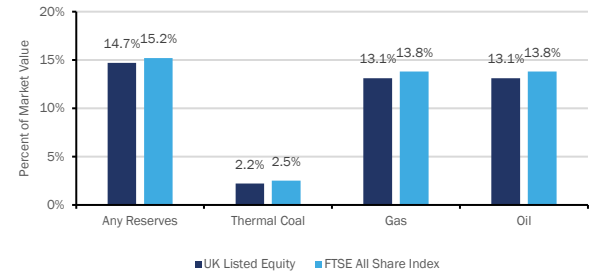
Carbon Emissions and Intensity¹



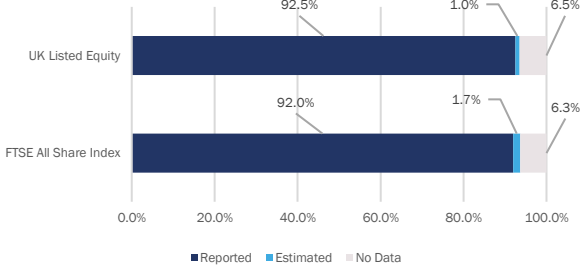
Carbon Trends¹



Weight of Holdings Owning Fossil Fuel Reserves¹



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



Largest Contributors to Financed Emissions¹

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Shell	7.4%	+0.5%	34.7% ¹	Yes	4
CRH	1.4%	+0.1%	12.5% ¹	Yes	4
BP	2.2%	-0.3%	12.0% ¹	Yes	4*
Rio Tinto	2.2%	-0.3%	7.5% ¹	Yes	4
Glencore	1.9%	-0.6%	6.2% ¹	Yes	4

Quarterly Carbon Commentary

- The Fund is currently below, or in-line with, the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity (WACI).
- All carbon metrics remained level when compared with the last two quarters.

Feature Stock: CRH

CRH is a leading global diversified building material business, which manufactures and supplies a range of products including concrete, asphalt, and cement. Approximately half of its revenues come from the US. The Company has a high carbon footprint as a function of its exposure to cement within its business mix. There are substitutes for cement in a modest number of uses, however it remains a critical component in the construction industry. The carbon footprint is expected to reduce as electricity generation shifts more towards renewable energy.

CRH has an ambition to achieve carbon neutrality along the cement and concrete value chain by 2050 and has committed to a 25% reduction in the CO₂ intensity of cement products by 2030. The Company is rated at level 4 by the Transition Pathway Initiative. CRH's emission reduction targets have been approved by SBTi as consistent with the Paris goals.

¹Source: MSCI ESG Research 31/03/2023

Issuers Not Covered ¹

Reason	ESG (%)	Carbon (%)
Company not covered	0.1%	0.0%
Investment Trust/ Funds	6.5%	6.5%

¹Source: MSCI ESG Research 31/03/2023

Important Information

The material in this report has been prepared by Border to Coast Pensions Partnership Limited ("Border to Coast") and is designed for the use of professional investors and provides investor information about this fund. The MSCI ESG Fund Ratings and material in this document are for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. There is no assurance that any socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested. Border to Coast accepts no liability for any loss or damage arising from any use of, or reliance on, any information provided in this document. Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

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**BORDER TO COAST
OVERSEAS DEVELOPED
MARKETS EQUITY FUND**

ESG & CARBON REPORT

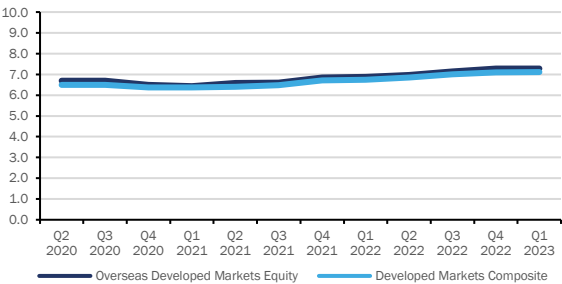
**Q1
2023**

MSCI ESG
RATING
AA

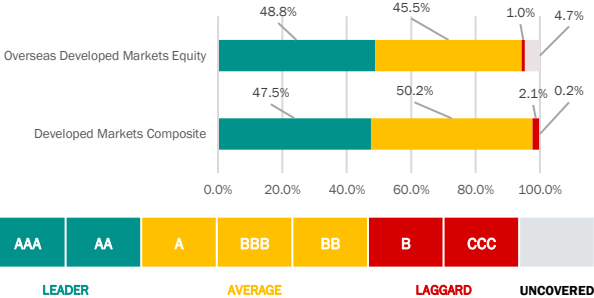


	End of Quarter Position ¹			Key
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
Overseas Developed Markets Equity	AA ¹	7.3 ¹		Fund has an equal or better <i>Weighted ESG Score</i> than the benchmark.
Developed Markets Composite	AA ¹	7.1 ¹		Fund has a <i>Weighted ESG Score</i> within 0.5 of the benchmark.
				Fund has a <i>Weighted ESG Score</i> more than 0.5 below the benchmark.

MSCI Weighted Score Trend¹



MSCI ESG Weightings Distribution¹



Highest ESG Rated Issuers ¹				Lowest ESG Rated Issuers ¹			
	% Portfolio Weight	% Relative Weight	MSCI Rating		% Portfolio Weight	% Relative Weight	MSCI Rating
Microsoft	3.0%	+0.5%	AAA ¹	META Platforms	0.4%	-0.2%	CCC ¹
Novo Nordisk	1.7%	+0.7%	AAA ¹	Jardine Matheson	0.1%	-0.0%	CCC ¹
ASML Holding	1.4%	+0.3%	AAA ¹	Hyundai Motor	0.3%	+0.1%	B ¹
Nvidia	1.3%	+0.5%	AAA ¹	Bandai Namco	0.1%	+0.1%	B ¹
Schneider	0.7%	+0.3%	AAA ¹	Hyundai Mobis	0.1%	+0.1%	B ¹

Quarterly ESG Commentary

- The ESG Weighted score increased slightly over the quarter and remains above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be ‘Leaders’ and less ‘Laggards’.
- During the quarter six companies were upgraded including KB Financial (AAA) and Zimmer Biomet that had a triple-upgrade to AA.

Feature Stock: Bandai Namco

Bandai Namco Holdings Inc. is a multinational video game publisher headquartered in Japan. The Company provides network content and home video games planning, development, distribution, and other services. It also produces toys, cards, foods, clothing and plastic models. The majority of sales and profits come from Digital (Video Games) and Toys & Hobbies (plastic figures). Sales leapt in 2022 mainly due to the Elden Ring video game that vastly exceeded expectations. Around 58% of sales are in Japan, with 18% Americas, 11% Europe and 13% Asia. The Company delivers quality growth at a reasonable price with Sales and Profit forecast to continue to grow. The Company should be able to deliver sequels to recent popular games such as Elden Ring and has valuable IP that is expected to be further utilised.

Although rated “B” by MSCI, the Company scores above industry average on the MSCI ESG rating scorecard on all 3 categories (Environment, Social, Governance). The Social score is marked below average in the sub-category “Supply Chain Labour Standards” due to a high dependence on supply chains in regions with poor working conditions, and due to supply chain labour policies and practices that appear to lag peers. One area to watch carefully is the use of plastics, with Bandai having plastics as a key component in its toys and their packaging. Increasing plastics regulation in Japan in recent years raises the prospect of expensive redesigns to meet potential future regulations. Bandai is developing alternatives to plastics based on limestone and eggshells and rolling out increased use of cardboard packaging as an alternative to plastics.

¹Source: MSCI ESG Research 31/03/2023

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

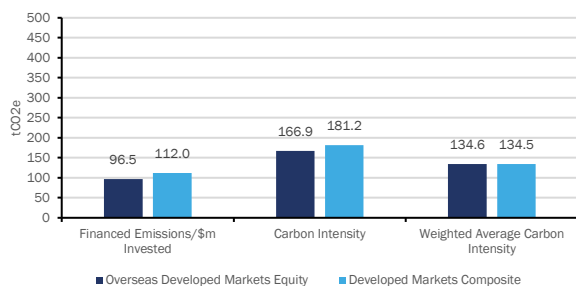
ESG & CARBON REPORT

Q1
2023

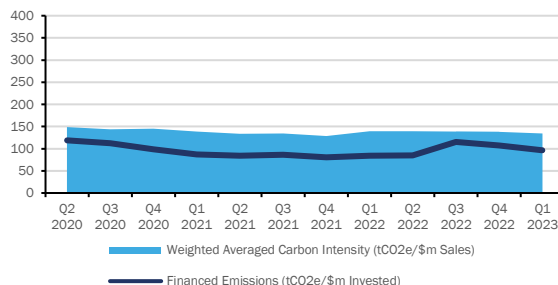
MSCI ESG
RATING
AA



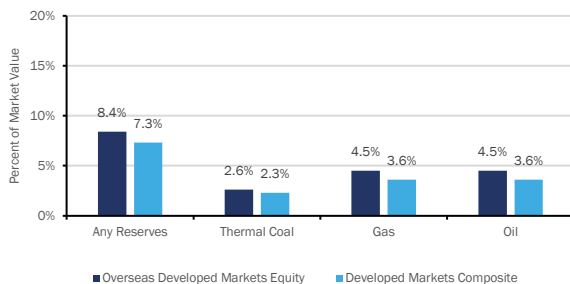
Carbon Emissions and Intensity¹



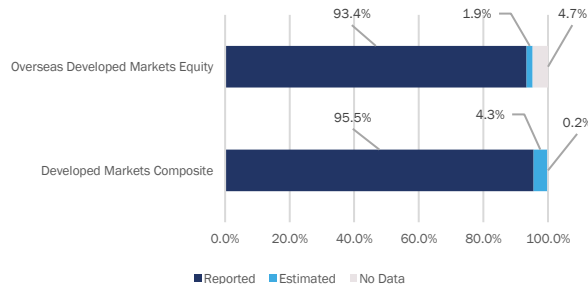
Carbon Trends¹



Weight of Holdings Owning Fossil Fuel Reserves¹



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



Largest Contributors to Financed Emissions¹

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
RWE	0.3%	+0.2%	11.4% ¹	Yes	3
Holcim	0.3%	+0.2%	10.1% ¹	Yes	4
ArcelorMittal	0.2%	+0.1%	9.8% ¹	Yes	4
Posco Holdings	0.2%	+0.1%	8.1% ¹	Yes	4
Engie	0.4%	+0.3%	4.2% ¹	Yes	4

Quarterly Carbon Commentary

- The Fund remains below the benchmark for carbon emissions and carbon intensity and aligned with the benchmark for weighted average carbon intensity (WACI).
- All carbon metric remained relatively flat in the quarter.

Feature Stock: ArcelorMittal

ArcelorMittal is the world's biggest steel producer producing almost 10% of global steel. The Company has steel manufacturing operations in 18 countries and serves customers in 160 countries around the world and it operates in many jurisdictions. Over the last several years, ArcelorMittal has ensured well-invested cost competitive assets in its core markets and has started to return more cash to shareholders through its reinstated dividend.

The Company has signed up to being net zero by 2050 and is looking to change its steel making process by moving away from primary steelmaking in a blast furnace (which uses coke) to primary steelmaking using direct reduced iron (DRI) as a feed for an electric arc furnace (EAF). This uses natural gas but can then transition to green hydrogen when available. The Company has an interim target of a 25% reduction in CO2 emissions intensity across its global steel and mining operations by 2030 from 2018 levels, with an increased European target of 35% (up from 30%). To achieve the targets the Company will be looking for funding from governments to help with transition.

Issuers Not Covered ¹

Reason	ESG (%)	Carbon (%)
Company not covered	0.2%	0.2%
Investment Trust/ Funds	4.5%	4.5%

¹Source: MSCI ESG Research 31/03/2023

Important Information

The material in this report has been prepared by Border to Coast Pensions Partnership Limited ("Border to Coast") and is designed for the use of professional investors and provides investor information about this fund. The MSCI ESG Fund Ratings and material in this document are for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. There is no assurance that any socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested. Border to Coast accepts no liability for any loss or damage arising from any use of, or reliance on, any information provided in this document. Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

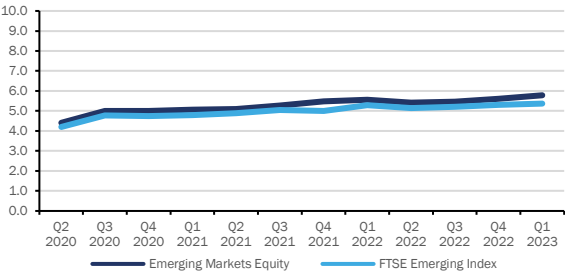
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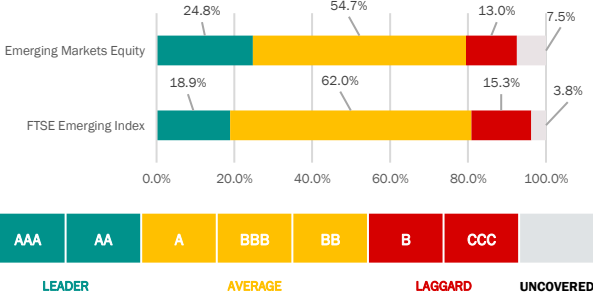


	End of Quarter Position ¹			Key
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
Emerging Markets Equity	A ¹	5.8 ¹		Fund has an equal or better <i>Weighted ESG Score</i> than the benchmark.
FTSE Emerging Index	BBB ¹	5.4 ¹		Fund has a <i>Weighted ESG Score</i> within 0.5 of the benchmark.
				Fund has a <i>Weighted ESG Score</i> more than 0.5 below the benchmark.

MSCI Weighted Score Trend¹



MSCI ESG Weightings Distribution¹



Highest ESG Rated Issuers ¹				Lowest ESG Rated Issuers ¹			
	% Portfolio Weight	% Relative Weight	MSCI Rating		% Portfolio Weight	% Relative Weight	MSCI Rating
Taiwan Semiconductor	7.6%	+6.8%	AAA ¹	Jiangsu Hengli Hydraulic	0.8%	+0.8%	CCC ¹
ITC Limited	1.6%	+1.4%	AA ¹	TAL Education	0.2%	+0.1%	CCC ¹
Grupo Financiero Banorte	1.5%	+1.2%	AA ¹	Shenzhen YUTO Packaging	0.1%	+0.1%	CCC ¹
Naspers	1.3%	+0.8%	AA ¹	Kweichow Moutai	3.1%	+2.7%	B ¹
Infosys	1.2%	+0.2%	AA ¹	Anta Sports	1.2%	+1.0%	B ¹

Quarterly ESG Commentary

- The ESG weighted score increased slightly over the quarter and remains above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be 'Leaders'.
- During the quarter WEG S.A (BB) and Anta Sports Products (B) were downgraded. However, these were offset by the upgrades at HCL Technologies (AA) and Kanzhun (BBB).

Feature Stock: Shenzhen YUTO Packaging

Shenzhen YUTO (YUTO) is one of the leaders in the paper packaging industry in China and has exposure to large, multinational clients such as Xiaomi, Oppo, Samsung and Apple.

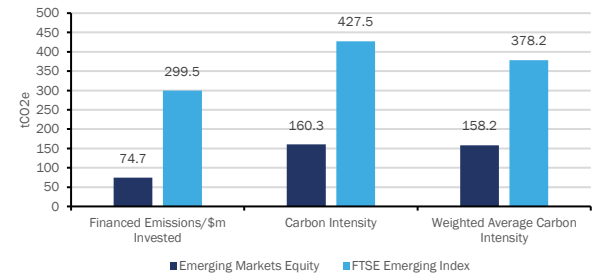
Within the paper packaging industry, industry leaders grow faster than the whole sector, especially in areas like consumer electronics, where major clients focus more on product quality, stable capacity, and on-time delivery. The Company's strategy to continue gaining market share through major clients and to upgrade its product mix to drive growth in new categories is expected to be a key driver for value creation. With major clients in the consumer electronics space having stringent requirements in terms of quality and delivery, YUTO's high-quality offering should allow the company to outperform its peers and retain its competitive edge.

The Company is rated CCC by MSCI, due to several risks such as water stress, materials usage, and corporate governance. In mitigation of the first two factors, the Company has a strong focus around sustainable procurement and packaging as part of its research and development efforts. This indicates an appreciation of sustainability as a core part of its business strategy. On governance, flags are somewhat typical of companies based in China, which include board independence, combined CEO and Chair positions and a lack of diversity.

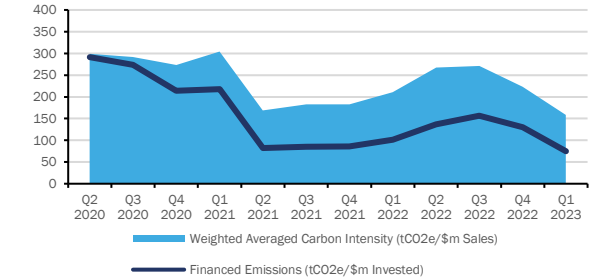
¹Source: MSCI ESG Research 31/03/2023



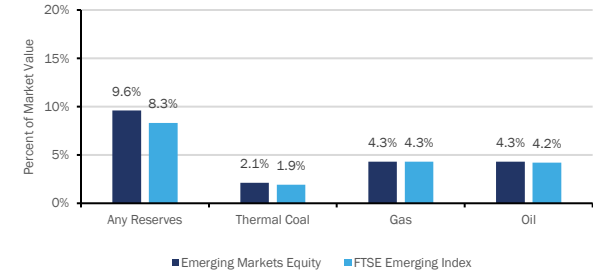
Carbon Emissions and Intensity¹



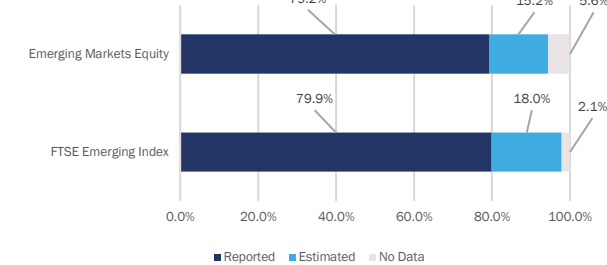
Carbon Trends¹



Weight of Holdings Owning Fossil Fuel Reserves¹



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



Largest Contributors to Financed Emissions ¹					
	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Tenaga Nasional	0.4%	+0.1%	19.4% ¹	No	2
Petrobras	0.7%	+0.3%	9.3% ¹	Yes	4
Reliance Industries	2.3%	+1.8%	7.4% ¹	Yes	1
PetroChina	0.4%	+0.2%	6.3% ¹	Yes	3
Qatar Gas Transport Company	0.4%	+0.3%	5.6% 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).
- Carbon emissions and WACI decreased in the quarter due to exiting positions in China Hongqiao and China Shenhua Energy. The weighting of Petrobras was also significantly reduced.

Feature Stock: PetroChina

PetroChina is an oil and gas company and is the listed arm of state-owned China National Petroleum Corporation (CNPC), headquartered in Beijing. The Company offers crude oil and oil products exploration, development, production and marketing. PetroChina also markets petrochemical products and derivative chemicals.

Operating margins have been relatively stable at 15% over the past decade, and as energy demand continues to rise following the restrictions imposed in China due to the pandemic, the company is well positioned to generate stronger returns. Additionally, the company benefits from owning an equity stake in the world's largest and longest pipeline for natural gas, which continues to replace coal-fired energy in China.

The company has stated ambitions to become a 'near-zero' net emissions company by 2050. While it is acknowledged this will be difficult, the natural gas pipeline is expected to play a critical role, being a lower carbon fossil fuel. The company is also expected to focus more on new business segments, including new energy (solar, wind) and materials.

¹Source: MSCI ESG Research 31/03/2023

Issuers Not Covered ¹

Reason	ESG (%)	Carbon (%)
Company not covered	2.5%	0.6%
Investment Trust/ Funds	5.0%	5.0%

¹Source: MSCI ESG Research 31/03/2023

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TEESSIDE PENSION FUND

Border to Coast

Teesside Pensions Committee 28.06.23

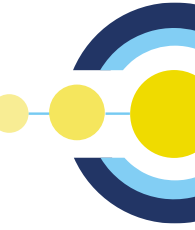
AGENDA

• Investments Summary	3
• Equity Fund Performance	5
• Alternatives Update	11
• Appendix	19



INVESTMENTS SUMMARY

TEESSIDE – VALUATION & COMMITMENTS



Listed Investments	Teesside Value (as at 31/03/2023)	Total Fund Value (as at 31/03/2023)
	£	£
UK Listed Equity Fund	646m	3,574m
Overseas Developed Markets Equity	1,647m	6,186m
Emerging Markets Equity	203m	1,176m

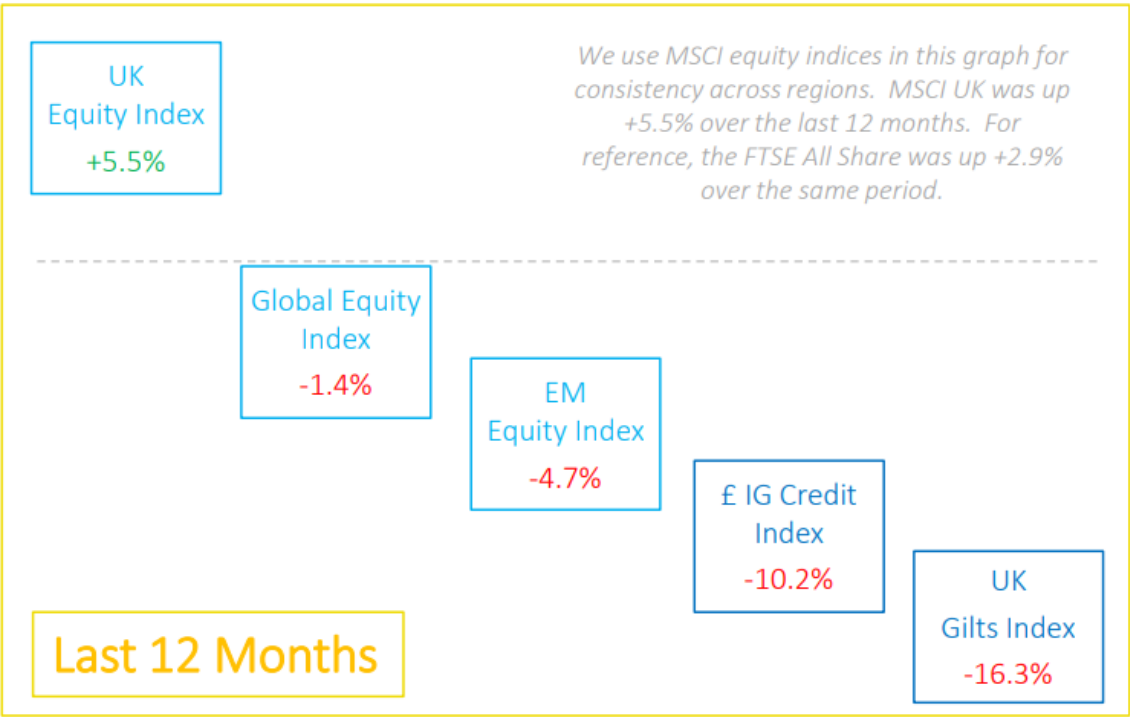
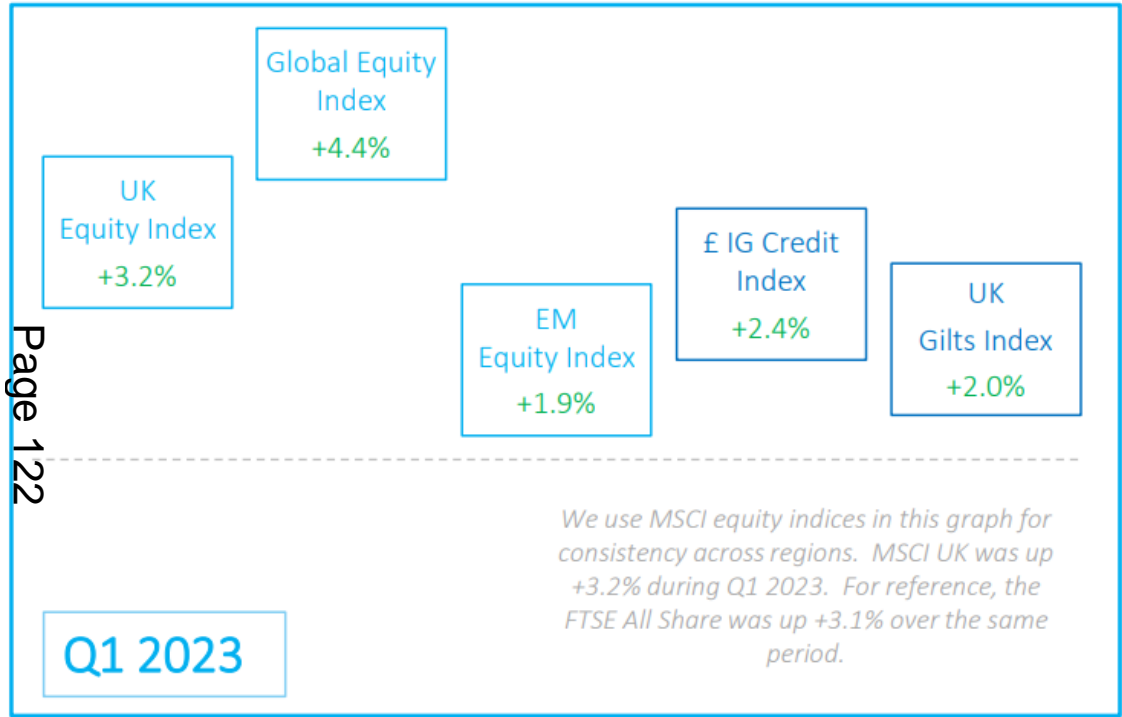
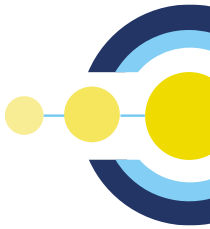
Alternative Investments	Teesside Commitment (Series 1)	Teesside Commitment (Series 2)	Total Series 1 Commitment (all Partner Funds)	Total Series 2* Commitment (all Partner Funds)
	£	£	£	£
Infrastructure	200m	300m	2,455m	1,885m
Private Equity	200m	200m	1,720m	1,305m
Private Credit	-	-	1,501m	1,833m
Climate Opportunities	-	80m	-	1,350m

Source: Border to Coast (2023). * Now includes Series 2B commitments, effective 31st March 2023.

Note: Past performance is not a reliable indicator of future performance and is not guaranteed.

EQUITY FUND PERFORMANCE

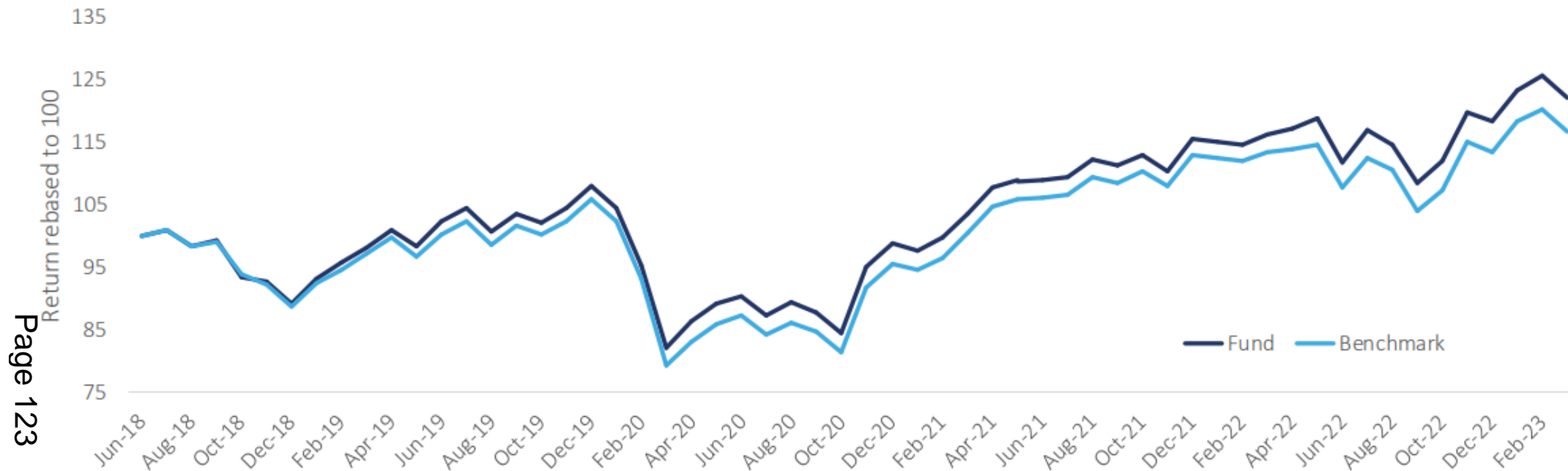
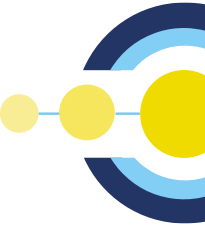
MARKET MOVEMENTS TO 31 MARCH 2023



- Following a challenging year for the majority of asset classes and regions, 2023 started on a positive note. All major equity market indices posted gains over Q1, with growing hopes amongst market participants of a ‘soft landing’ for the global economy. Economic data and company earnings were more resilient than markets expected, whilst easing energy prices have helped to soften inflation, increasing the likelihood of central banks stopping, or even reversing a portion of, the recent interest rate hiking cycle. Within fixed income, yields fell (meaning prices rose) as the spectre of further interest rate rises seems to have abated.
- The quarter was bookended by two significant macroeconomic events, with China’s unwinding of their zero-Covid restrictions buoying sentiment across global markets in January, whilst stress fractures within the banking system emerged in mid-March, which served to remind investors that conditions continue to remain fragile.

Source: Bloomberg (2023). Note: Charts for illustration only and are not to scale.

UK LISTED EQUITY FUND – PERFORMANCE TO 31 MARCH 2023



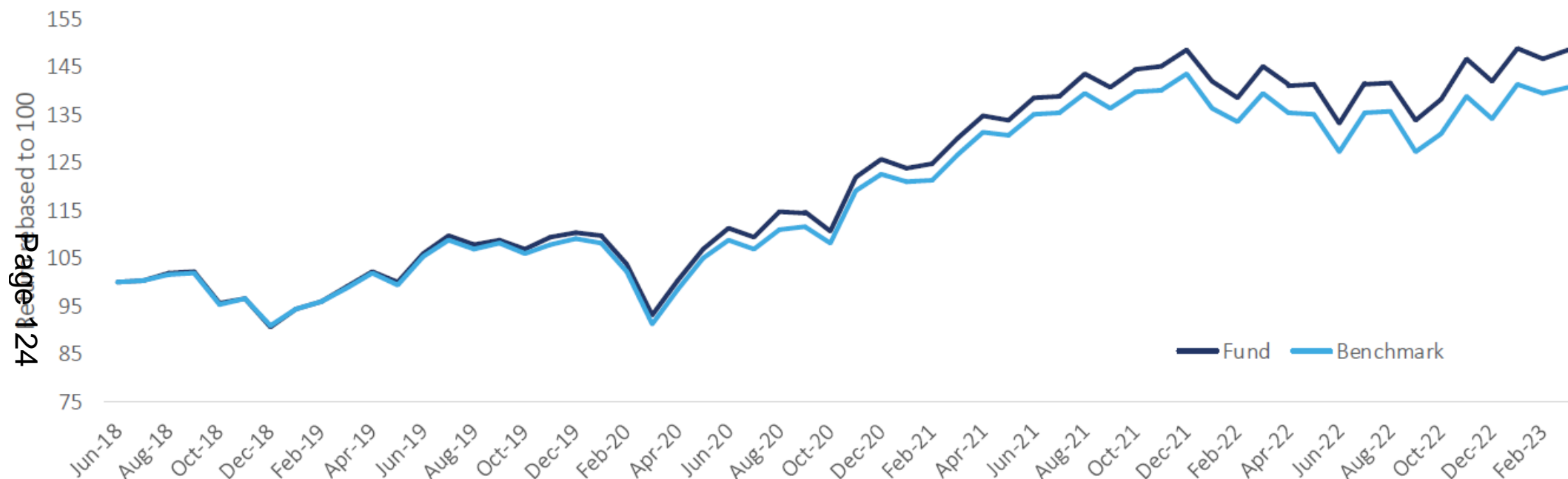
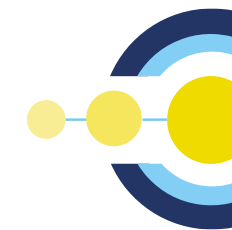
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Period	1m (%)	3m (%)	6m (%)	1 Year (%)	3 Years p.a. (%)	Since Inception p.a. (%)
Fund	-2.85%	3.13%	12.40%	4.97%	14.14%	4.34%
Benchmark	-2.84%	3.08%	12.25%	2.92%	13.81%	3.38%
Relative Performance	-0.01%	0.05%	0.15%	2.05%	0.33%	0.96%

Source: Northern Trust, Border to Coast 31st March 2023

Note: 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 31 MARCH 2023



Period	1m (%)	3m (%)	6m (%)	1 Year (%)	3 Years p.a. (%)	Since Inception p.a. (%)
Fund	1.44%	4.66%	11.06%	2.45%	16.93%	8.83%
Benchmark	0.88%	4.78%	10.50%	0.87%	15.52%	7.56%
Relative Performance	0.56%	-0.12%	0.57%	1.58%	1.41%	1.27%

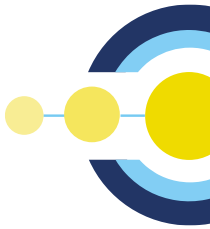
Source: Northern Trust, Border to Coast 31st March 2023

Note: Figures refer to past performance, past performance is not a reliable indicator for future results.

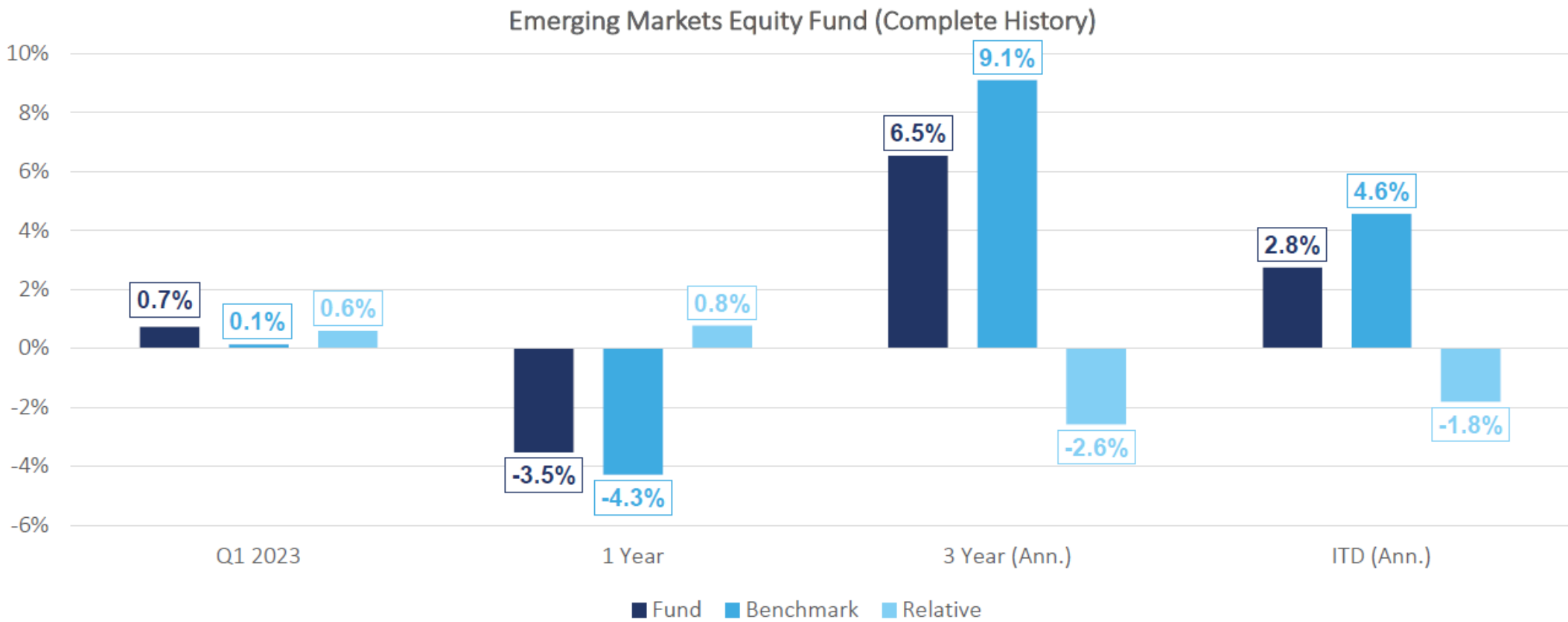
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EMERGING MARKETS EQUITY FUND - PERFORMANCE TO 31 MARCH 2023



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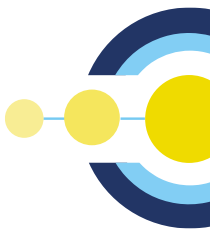
From 29 April 2021, the Fund aims to provide a total return which outperforms the total return of the FTSE Emerging Index by at least 1.5% per annum over rolling three years periods (net of management fees).

Between 10 April and 28 April 2021, the benchmark return was equal to the Fund return (performance holiday for restructure) and prior to 29 April 2021, the benchmark was S&P Emerging BMI with a performance target of 1% per annum.

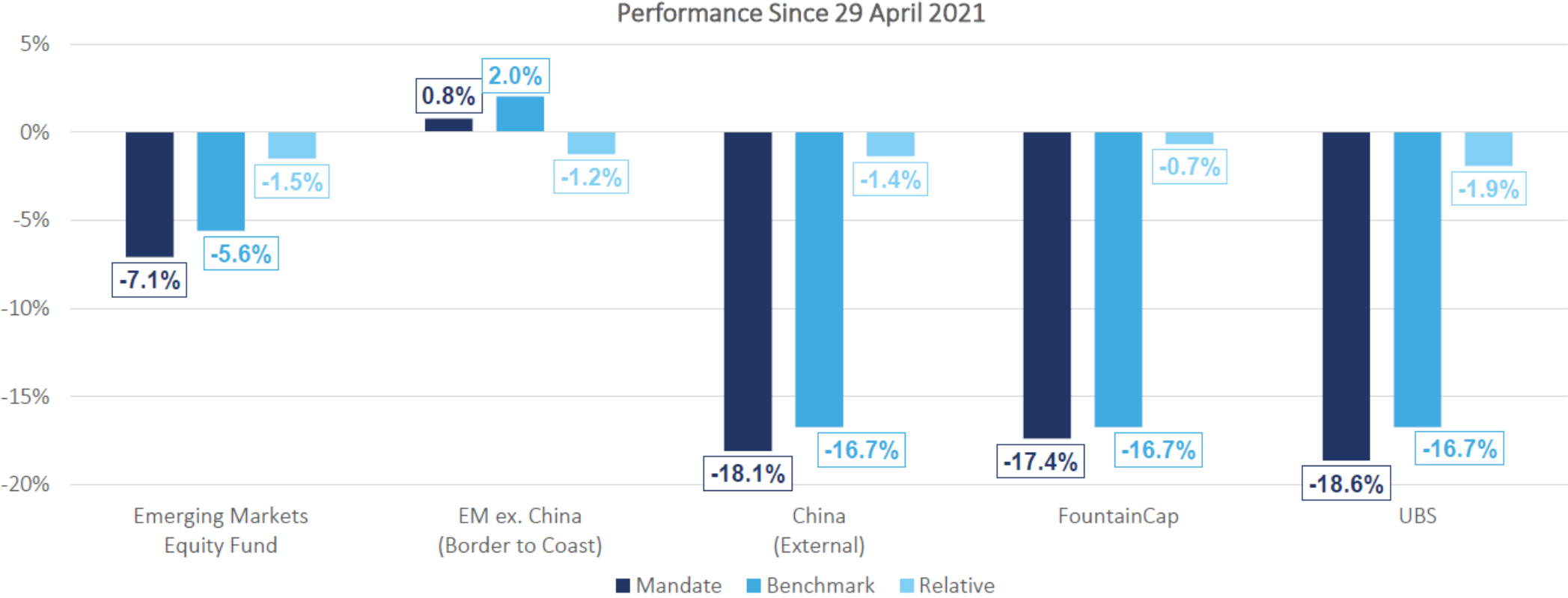
Source: Northern Trust (2023) Note: Inception date for the Emerging Markets Equity Fund was 22 October 2018.

Note: Figures refer to past performance, past performance is not a reliable indicator for future results.

EMERGING MARKETS EQUITY FUND – POST RESTRUCTURE PERFORMANCE TO 31 MARCH 2023



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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).

Source: Northern Trust (2023) **Note:** Restructure of the Emerging Markets Equity Fund completed on 28 April 2021. **Note:** Figures refer to past performance, past performance is not a reliable indicator for future results.

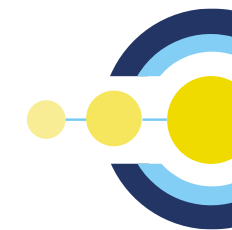
ALTERNATIVES UPDATE



PRIVATE EQUITY

CAPITAL DEPLOYMENT

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Series 1A	31 March 2023	31 December 2022
Capital Committed	99.7%	99.7%
Capital Drawn	67.4%	64.7%
Capital Distributed ¹	12.6%	12.2%
Series 1B	31 March 2023	31 December 2022
Capital Committed	99.1%	99.1%
Capital Drawn	54.6%	46.2%
Capital Distributed ¹	0.5%	0.5%
Series 1C	31 March 2023	31 December 2022
Capital Committed	100.0%	100.0%
Capital Drawn	31.6%	26.0%
Capital Distributed ¹	0.1%	0.1%

¹ Including Recallable Distributions

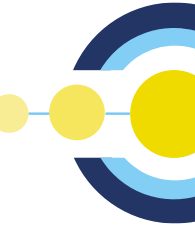
Source: Albourne

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PRIVATE EQUITY

CAPITAL DEPLOYMENT



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Series 2A	31 March 2023	31 December 2022
Capital Committed	91.2%	62.7%
Capital Drawn	3.6%	1.4%
Capital Distributed ¹	0.1%	0.0%

¹ Including Recallable Distributions

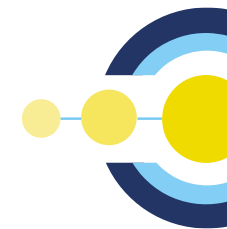
Source: Albourne

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PRIVATE EQUITY

PERFORMANCE



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Series	Fund	IRR (%)	TVPI
Series 1A	GreatPoint Ventures Innovation Fund II	51.7	2.87
	Palatine Private Equity IV	25.4	1.27
	Baring Asia Fund VII	35.4	1.93
	Neuberger Berman Co-investment IV	43.4	1.48
	StepStone VC Opportunities Fund VI	26.5	1.48
	StepStone Secondaries Op Fund IV	39.5	1.62
	Hg Saturn 2	40.8	1.38
	Hg Genesis 9	28.7	1.20
	Blackstone Life Sciences V	5.4	1.08
	Digital Alpha Fund II-A	35.6	1.40
Series 1A		29.8	1.49
Series 1B	GreatPoint Ventures Innovation Fund III	N/M	1.11
	KKR Asian IV	N/M	1.10
	Thoma Bravo XIV-A	N/M	1.07
	Nordic Capital X Alpha	N/M	1.28
	AlpInvest Co-Investment Fund VIII	N/M	1.18
	Endless V	N/M	1.71
	C-Bridge Healthcare Fund V	N/M	1.66
Series 1B		13.8	1.14
Series 1C	Strategic Value Special Situations Fund V	N/M	1.27
	Insight Partners XII	N/M	0.88
	HarbourVest Co-investment Fund VI	N/M	0.94
	Baring Asia (BPEA) VIII	N/M	N/A
	StepStone VC Opportunities VII	N/M	N/A
	General Catalyst Group XI – Aggregator	N/M	1.11
	PAI Partners VIII	N/M	N/A
	Veritas VIII	N/M	1.22
Series 1C		-11.9	0.92
Series 1		19.3	1.22

PERFORMANCE IS EFFECTIVE 31/12/22. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

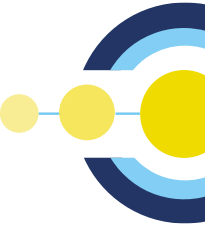
Source: Private Monitoring Report

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INFRASTRUCTURE

CAPITAL DEPLOYMENT



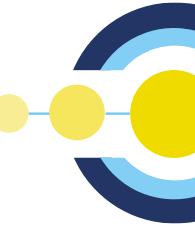
Series 1A	31 March 2023	31 December 2022
Capital Committed	98.7%	98.7%
Capital Drawn	66.9%	63.5%
Capital Distributed ¹	11.4%	10.0%
Series 1B	31 March 2023	31 December 2022
Capital Committed	98.7%	98.7%
Capital Drawn	44.9%	38.2%
Capital Distributed ¹	2.2%	2.0%
Series 1C	31 March 2023	31 December 2022
Capital Committed	100.0%	100.0%
Capital Drawn	68.8%	67.5%
Capital Distributed ¹	30.1%	28.8%

¹ Including Recallable Distributions

Source: Albourne

INFRASTRUCTURE

CAPITAL DEPLOYMENT



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Series 2A	31 March 2023	31 December 2022
Capital Committed	100.0%	67.5%
Capital Drawn	10.8%	7.3%
Capital Distributed ¹	0.0%	0.0%

¹ Including Recallable Distributions

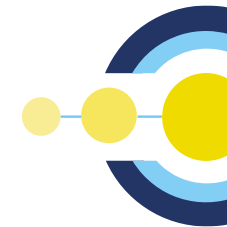
Source: Albourne

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INFRASTRUCTURE

PERFORMANCE



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Series	Fund	IRR (%)	TVPI
Series 1A	Brookfield Infrastructure Fund IV	15.9	1.38
	Global Infrastructure Partners IV	23.1	1.20
	AMP Global Infra Fund II	5.5	1.14
	Infracapital Greenfield Partners II	107.6	1.50
	iCON Infrastructure Partners V	20.1	1.24
	Macquarie GIG Renewable Energy Fund II	13.2	1.14
	Stonepeak Global Renewable Fund	22.0	1.50
	Arcus European Infrastructure Fund II	24.2	1.36
Series 1A		15.4	1.25
Series 1B	Patria Infrastructure Fund IV	N/M	1.32
	I Squared Global Infrastructure Fund III	N/M	1.02
	I Squared Global Infrastructure Fund III Coinvestment Sidecar	N/M	1.24
	Greencoat Carlisle Place LP	N/M	1.24
	BlackRock Global Renewable Power III	N/M	1.16
	Stonepeak Infrastructure Fund IV	N/M	1.21
	Infranode II	N/M	0.86
	Antin Mid Cap I	N/M	1.04
Series 1C	EQT Infrastructure Fund V	N/M	1.16
	Series 1B	9.3	1.10
	Meridiam Sustainable Infrastructure Europe IV	N/M	0.84
	KKR Core	N/M	1.18
	Stonepeak Asia Infrastructure Fund	N/M	2.84
	DigitalBridge Partners II	N/M	1.23
	KKR Aqueduct Co-invest	N/M	1.25
	DC Trident Holdings II	N/M	1.31
Series 1C	Axium Infrastructure North America IV	N/M	N/A
	Arcus European Infrastructure Fund III	N/M	N/A
Series 1C		14.9	1.12
Series 1		13.9	1.15

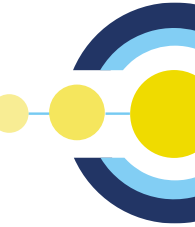
PERFORMANCE IS EFFECTIVE 31/12/22. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

Source: Private Monitoring Report
Border to Coast Teesside Pensions Committee

INTERNAL

CLIMATE OPPORTUNITIES

CAPITAL DEPLOYMENT



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	31 March 2023	31 December 2022
Capital Committed	50.3%	44.2%
Capital Drawn	18.0%	3.2%
Capital Distributed ¹	0.2%	0.3%

¹ Including Recallable Distributions

Source: Albourne

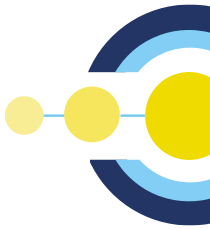
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APPENDIX



INVESTMENT STRATEGY: CAPABILITY LAUNCH TIMELINE



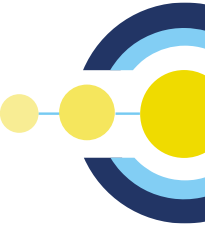
	2022	SCHEDULED 2023	SCHEDULED 2024	SCHEDULED 2025
Equities	UK Alpha - review	Emerging Markets Alpha	Overseas Dev Equity Review	
	Global Alpha – change implementation		ESG / Factor Index-Tracking	
Alternatives	Listed Alternatives		Series 2c plus UK & Climate Ops	Series 3
	Series 2a	Series 2b	Cashflow Management	
Fixed Income		Green, Social and Sustainable Bonds		
Real Estate		Global Real Estate	UK Real Estate	
Other	Climate Change Strategy	Responsible Investment Strategy		Review of Climate Change Strategy
		Currency Hedging	Rebalancing	
		Income Distribution		Equity Protection

Delivered - Delivery within tolerance

Forecast Delivery Date
INTERNAL

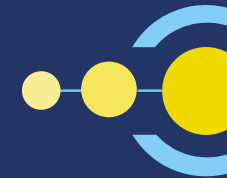
Work to do to agree with Partner Funds how to take forward

PRIVATE EQUITY / INFRASTRUCTURE – IRR AND TVPI DEFINITIONS



IRR and TVPI (Pages 14 and 17)

- **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.



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UK REAL ESTATE PROPOSITION UPDATE

Border to Coast

Teesside Pensions Committee 28.06.23

AGENDA

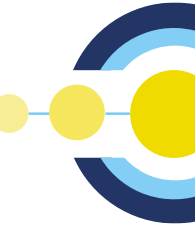
1. Team, vision & journey
 2. Recap of propositions
 3. Benefits of Pooling
 4. UK Real Estate Portfolio
- Principles and characteristics for new acquisitions

Page 140



BORDER TO COAST – UK REAL ESTATE PROPOSITION

WHY ARE WE BRINGING THIS TO THE COMMITTEE TODAY?



Page 141

Today

Introduce the UK Real Estate Propositions.

Outline the benefits of Teesside pooling their UK Direct Real Estate Holdings.

July: Finalise and share the fund prospectus.

Q3 2023

Summer 2023: Request feedback on the prospectus, business and investment case.

Autumn 2023: Present updates to Committee and seek agreement to commence due diligence on assets.

2024 Launch

July 2024: Subscription Period.

September 2024: Fund Launch.

SECTION 1

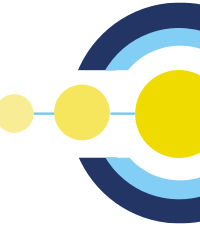
TEAM, VISION & JOURNEY

Page 142



TEAM, VISION & JOURNEY

REAL ESTATE TEAM



STAIR SMITH
HEAD OF REAL ESTATE

- 36 years industry experience
- Head of Property Investment Management (abrdrn), Fund and Asset Manager (Aberdeen Asset Management & SWIP), Director (Premier Property Group)
- Member, and Professional Assessment Panel Chair, of the Royal Institution of Chartered Surveyors (RICS)
- BSc Land Economics, Paisley

Border to Coast Teesside Pensions Committee



NICK MOORE
UK PORTFOLIO MANAGER

- Joined 2023
- 20 years industry experience
- COO (Yoooserv), Head of Real Estate (RO Real Estate), Director (Lloyds), Fund Manager (M&G)
- Member of Royal Institution of Chartered Surveyors (RICS)
- BSc Estate Management, Reading



PAUL CAMPBELL
GLOBAL PORTFOLIO MANAGER

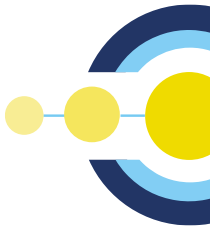
- Joined 2018
- 24 years industry experience
- Head of Investments (Teesside Pension Fund), Fund Manager (Teesside Pension Fund), Trainee Portfolio Manager (Teesside Pension Fund)
- Chartered Management Accountant, IMC Qualified



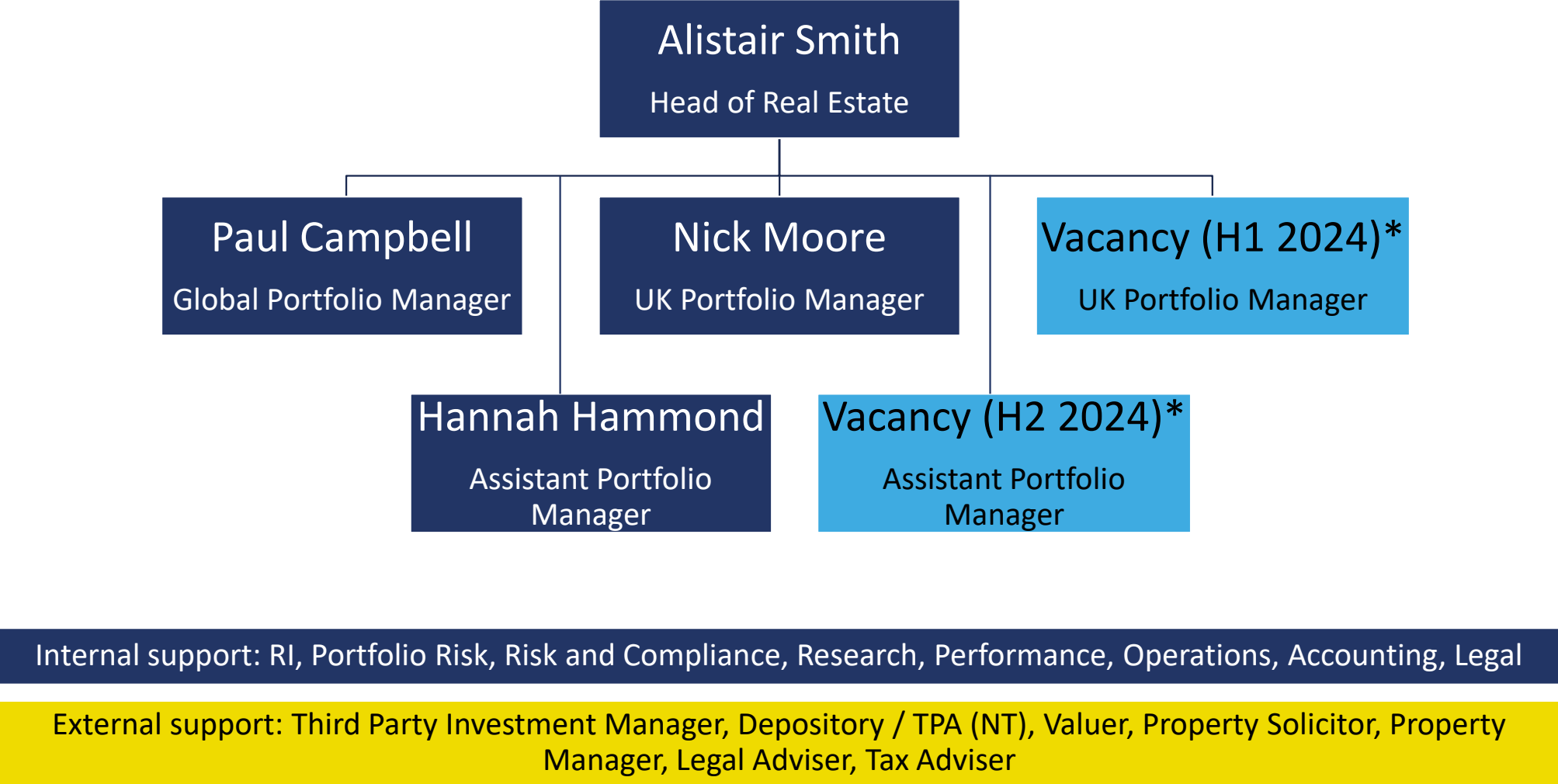
HANNAH HAMMOND
ASSISTANT PORTFOLIO MANAGER

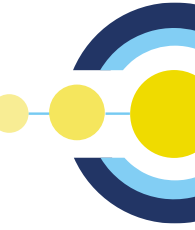
- Joined 2023
- 5 years industry experience
- Investment Appraisal Manager (South Yorkshire Mayoral Combined Authority), Portfolio/Transaction Manager (Homes England, North East, Yorkshire & Humberside)
- BA Hons History, MA Law, PD Banking & Finance

TEAM, VISION & JOURNEY
REAL ESTATE TEAM STRUCTURE



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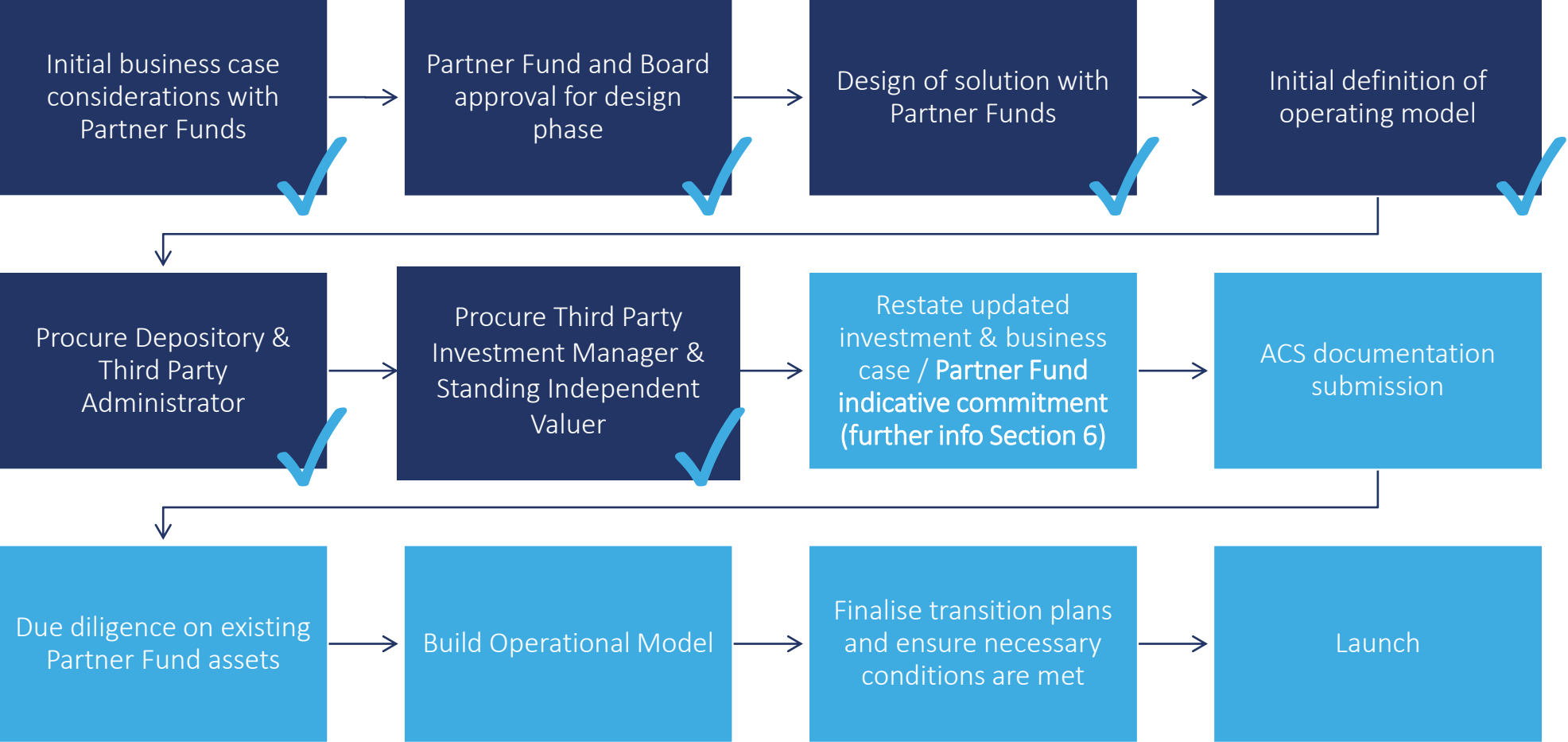
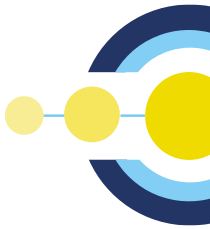




*To assemble, and thereafter develop, a portfolio of high quality UK property that provides durable income and stable returns for our Partner Funds, **managed directly, sustainably and cost effectively.***

TEAM, VISION & JOURNEY

PROGRESS SO FAR



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SECTION 2

RECAP OF PROPOSITIONS

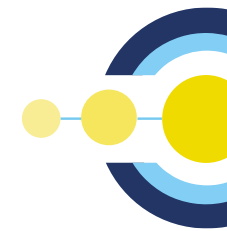
Page 147



LINCOLN, LINCOLNSHIRE

RECAP OF PROPOSITIONS

PROPOSITION OVERVIEW

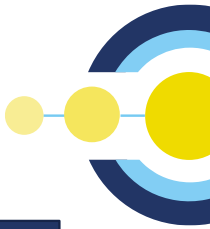


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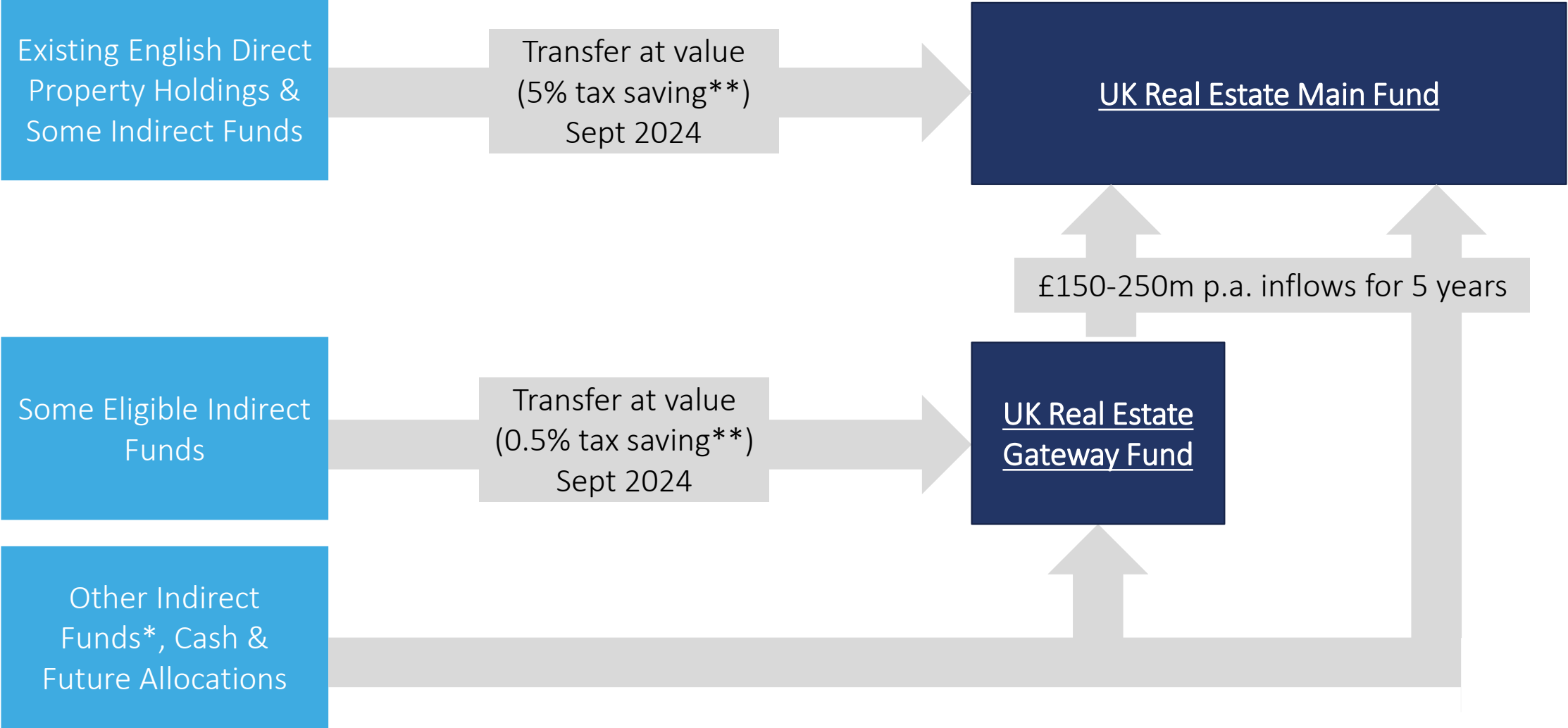
	UK Main Real Estate Fund	UK Gateway Real Estate Fund
Expected holdings	<ul style="list-style-type: none"> 85% direct UK real estate (incl. joint ventures) 15% UK real estate funds Minimal operating cash 	<ul style="list-style-type: none"> Balanced UK real estate funds Small allocation to passive REITs/cash
Investment objective	Long term investment in directly held UK real estate	Provide access to broad UK real estate exposure during transition to UK Real Estate Fund
Proposed target return	UK CPI +4% over rolling 10 year period (net of all fees and expenses)	MSCI UK Quarterly Property Index over rolling 3 year period (net of all fees and expenses)
Potential seed assets	Around 100 directly held English jurisdiction properties from 4 investors	Range of UK balanced real estate funds
Target AUM at launch	£1.7bn	£800m
Target AUM in year 5	£2.5bn	£750m

RECAP OF PROPOSITION

INITIAL SEEDING



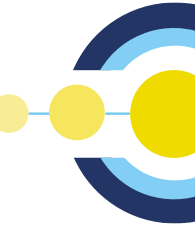
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Border to Coast Teesside Pensions Committee. Values to be updated with Partner Funds ahead of business/investment case restatement
*Subject to appropriate Border to Coast asset advisory arrangements similar to stay behind properties
** Estimated tax saving, actual tax saving will be dependent on individual circumstances and fund terms and may be subject to change.

EVOLUTION OF THE PROPOSITIONS

THE CHANGING ROLES OF THE MAIN FUND & GATEWAY FUND – ILLUSTRATIVE



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2024 Launch

Direct holdings transfer to Main Fund

Indirect holdings transfer to Gateway Fund

2025 -2026 Stablisation

Liquidated holdings transfer from Gateway Fund to Main Fund.

New Partner Fund money invested in either fund

2027.... Growth

SECTION 3

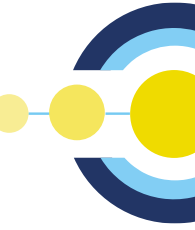
BENEFITS OF POOLING

Page 151



BENEFITS OF POOLING

OVERVIEW



OPPORTUNITIES OF SCALE

- Enables access to larger lot sizes and dominant assets, improving the asset quality of combined assets and long-term performance
- Value-for-money, with cost efficiencies from scale
- Direct Border to Coast sourcing of new investment opportunities through our market reach and real estate investment capability



RESOURCE, RESILIENCE & RISK MANAGEMENT

- Depth & breadth of professionally skilled real estate investment team
- Oversight by Real Estate Investment Strategy Committee ("REISC") and Investment Committee
- Robust market procurement process and ongoing monitoring of external providers

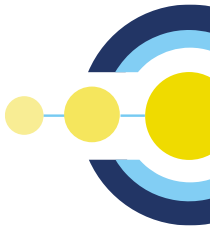


ALIGNMENT OF INTERESTS

- Focussed on long-term, like-minded LGPS investors
- Collaborative long-term investment policy
- Integration of consistent and bespoke RI & ESG policy across the investment process
- Ownership of Border to Coast enables continuity of management approach and service delivery

BENEFITS OF POOLING

REMINDER OF ANTICIPATED RUNNING COSTS



Description	Services	Original Business Case TER At £3bn	Current Estimate TER At launch £1.5bn	Current Estimate TER At Year 10 £3bn
Border to Coast Pooled Co-ACS Funds structure	Full service Third Party Investment Manager, ESG & RI, Property Manager* and Valuation services Border to Coast Oversight and support functions Third-party administration and accounting services	25 to-27.3 bps	21.9 bps	20.2 bps

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Full service, management, valuation, support and oversight model

Tender based Business Case update indicates cost reduction upwards of 20% and clear improvement for participating Partner Funds.

Expected position across the launch to Year 10 period indicate that there is no cost driven imperative to insource in this timescale

Individual business cases per Partner Fund will follow once a Partner Fund current data refresh exercise and review is complete over Summer 2023

Costs are a mix of fixed or variable based on ad valorem rate cards and/or commercial arrangements.

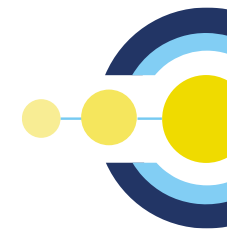
Prior analysis of Teesside across 2018 to 2020 indicated that Investment Management and Valuer fees amounted to c.19.5bps on average

No figure was applied to account for any internal Teesside or peripheral costs of servicing the real estate model

Costs are estimated based on fee proposals from service providers and understanding of Partner Fund holdings as at 31 March 2023. They are not guaranteed and may be subject to change. Assumptions:
 TER calculation based on full participation with c.100 properties
 * Property Manager costs are based on expected novation of legacy appointments as long-term re-tender of these services will be actioned post-launch

BENEFITS OF POOLING

ANTICIPATED SEEDING AND TRANSITION ASSUMPTIONS



Holdings expected to transition to the UK Main Fund	Holdings expected to transition to the UK Gateway Fund	UK Holdings not expected to transition
<p>Teesside Direct Property Portfolio 25 assets, c. £400m Seeding cash*</p> <p>Note: One Scottish c.£5.5m will not seed due to absence of seeding relief. Option to avail of the stay-behind model with Border to Coast model and service partners.</p>	<p>Threadneedle PUT c. £3.4m</p>	<p>CCLA Local Authorities Property Fund c. £3.9m LGIM Managed Property Fund c. £6.4m Federated Hermes PUT (EUUT) c.£16.6m*</p>

* Prior underweight position now broadly resolved but clarity on any remaining allocation required.

** Where the assumption per the Q3 2021 Business Case presentations was that subject to eligibility checks, Federated Hermes PUT would seed to Gateway. Further enquiries as to eligibility have revealed that the Federated Hermes Property Fund is actually an Exempt Unauthorised Unit Trust (EUUT). Under current tax legislation a EUUT cannot recognize an ACS as an eligible investor therefor this holding can no longer be considered for seeding.

SECTION 4

UK REAL ESTATE PORTFOLIO - TEESSIDE AND MAIN FUND

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PORTFOLIO CONSTRUCTION

UK REAL ESTATE FUND: TEESSIDE CURRENT BREAKDOWN

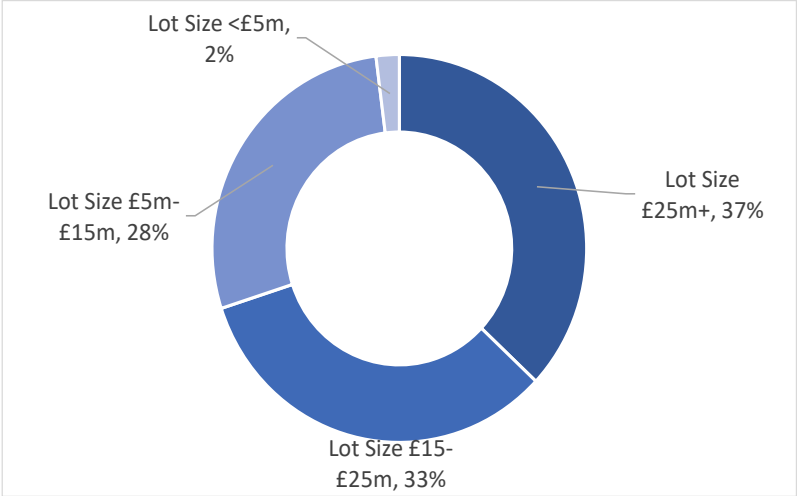
KEY CHARACTERISTICS

(BASED ON Q1 2023 VALUATION DATA)

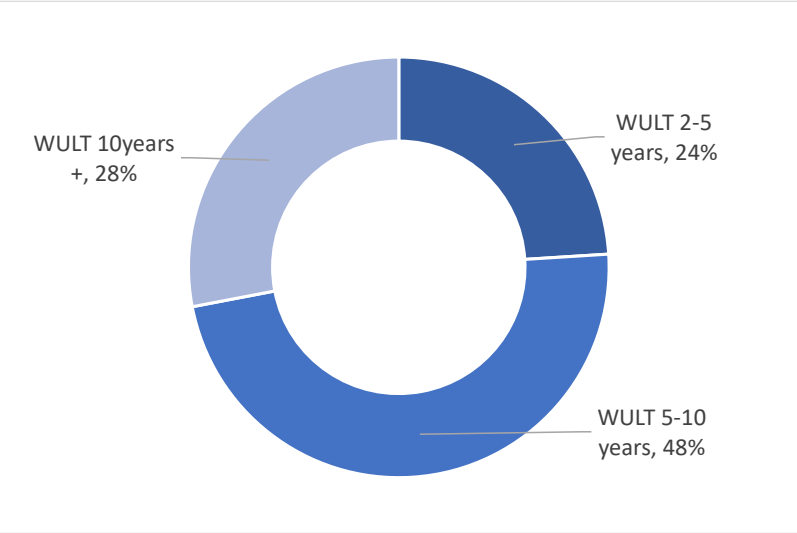
	31st March 2023
Total number of assets*	26
Total asset value*	£404mn
Average asset value	£15.5m
Annual passing rent	£23m
Estimated annual open market rent	£23m
Weighted unexpired lease term (WULT) to break	6.7years

* Includes Scottish (stay-behind) asset / to be managed outside ACS portfolio totalling £5.5m

LOT SIZE

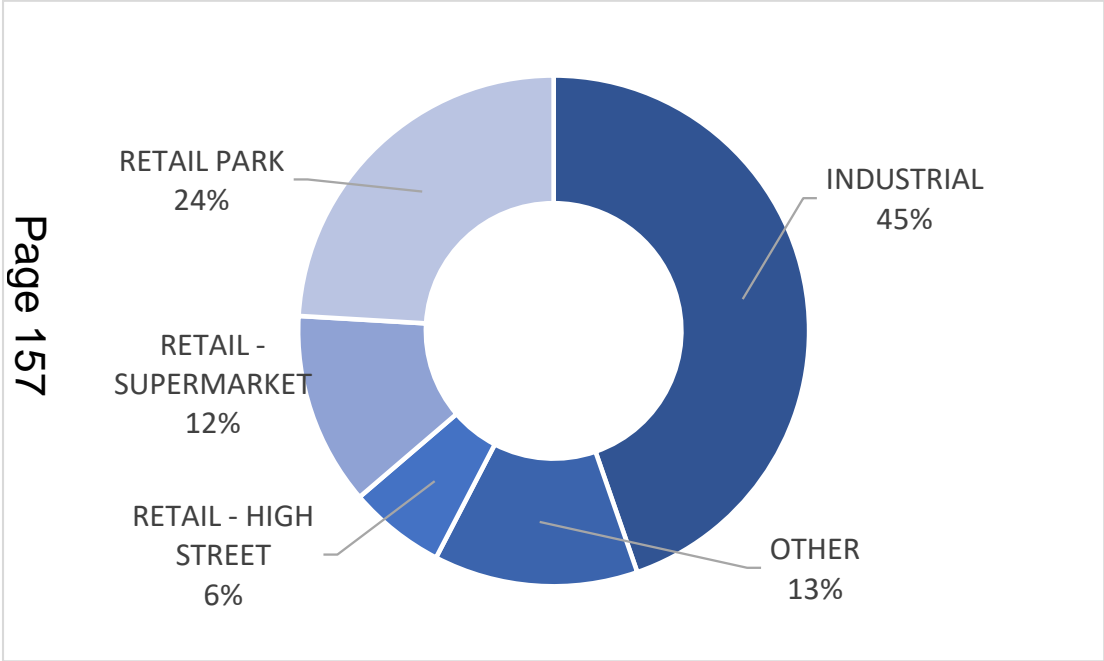
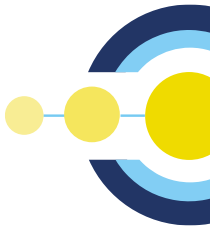


WULT



PORTFOLIO CONSTRUCTION

UK REAL ESTATE FUND: TEESSIDE CURRENT BREAKDOWN



ACCELERATING AND STRENGTHENING POTENTIAL

➤ SIZE OF PORTFOLIO



➤ AVERAGE LOT SIZE



➤ INCOME GROWTH

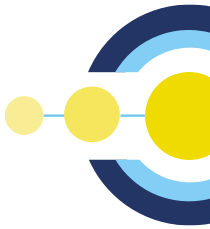


➤ SECTOR EXPOSURE



PORTFOLIO CONSTRUCTION & INVESTMENT PROCESS

UK REAL ESTATE MAIN FUND: STARTING POINT

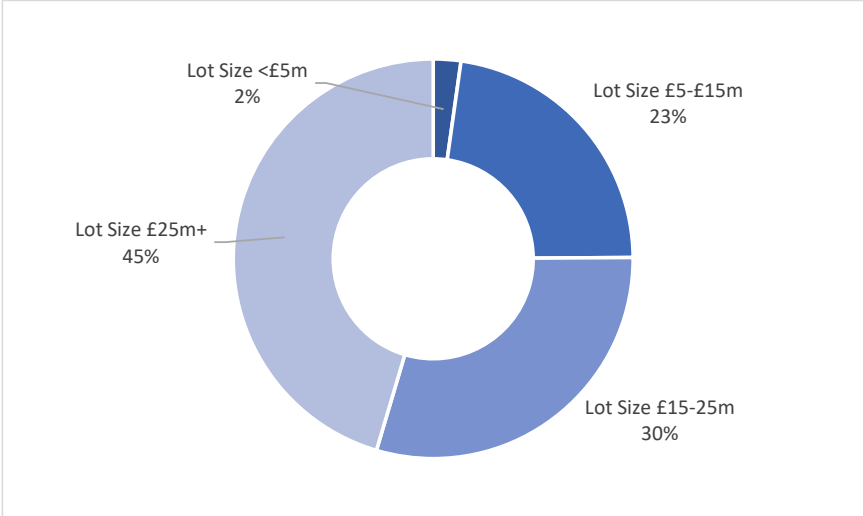


KEY CHARACTERISTICS

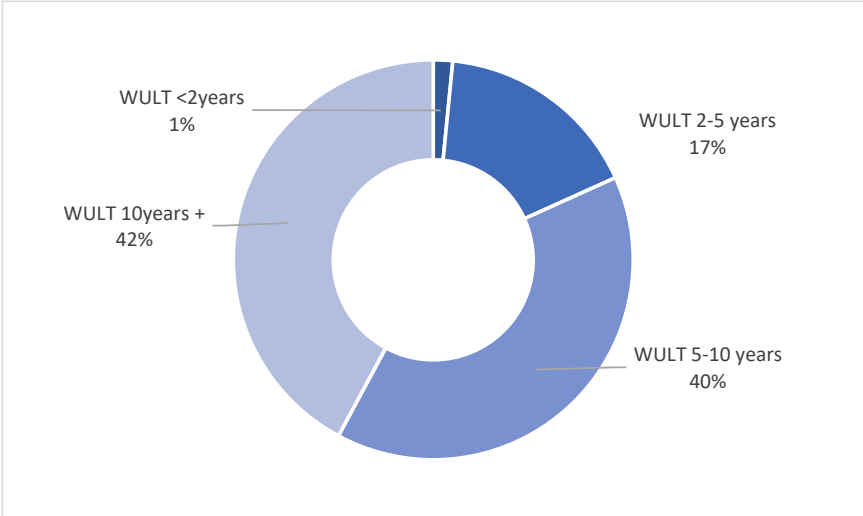
(BASED ON Q1 2023 PARTNER
FUND VALUATION DATA)

	31st March 2023
Total number of assets*	98
Total asset value*	£1.64bn
Average asset value	£16.4m
Annual passing rent	£79.2m
Estimated annual open market rent	£88.2m
Weighted unexpired lease term (WULT) to break	9.11 years

LOT SIZE



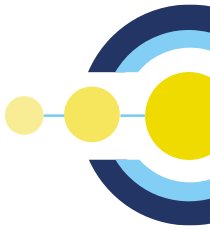
WULT



* Includes Scottish and Welsh (stay-behind) assets / to be managed outside ACS portfolio totalling £127m across 11 assets.

PORTFOLIO CONSTRUCTION & INVESTMENT PROCESS

UK REAL ESTATE FUND: STARTING POINT



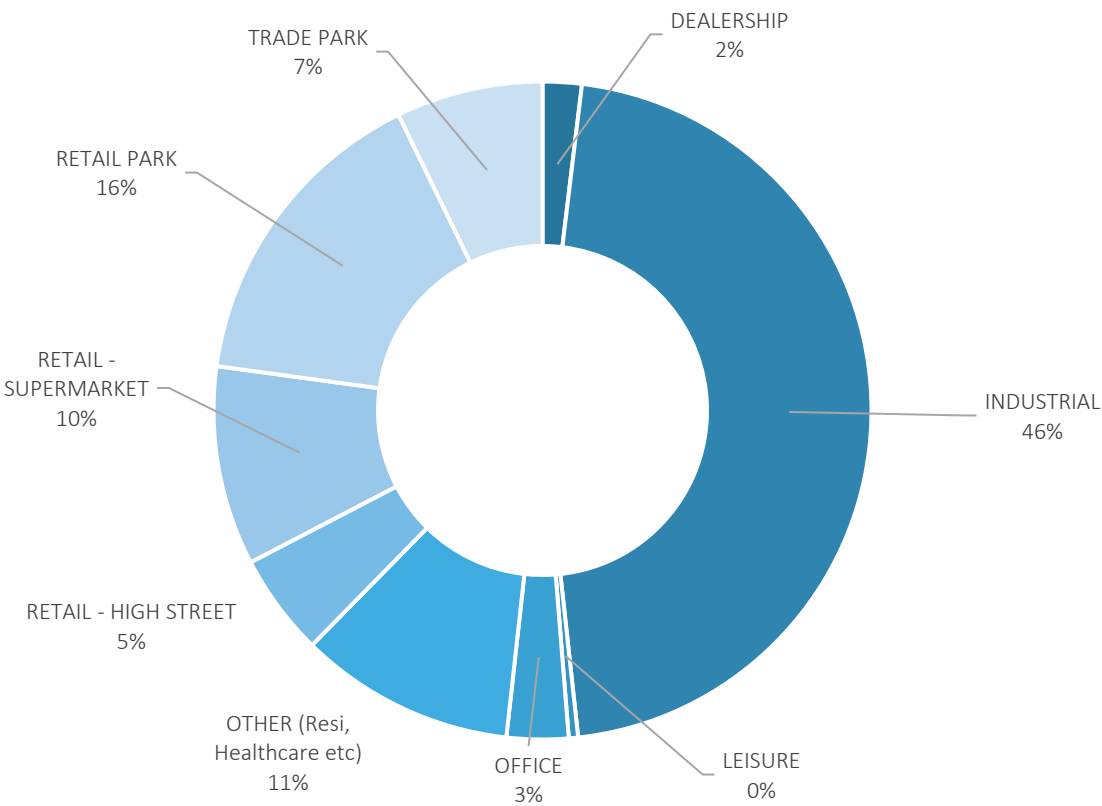
QUALITIES AND FEATURES MAIN FUND

- **SIZE AND SCALE**
- **AVERAGE LOT SIZE**
- **INCOME GROWTH POTENTIAL**
- **LENGTH OF INCOME**
- **STRONG AND DIVERSE SECTOR ALLOCATION**

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OPPORTUNITIES FOR MAIN FUND

- **ACCESS TO A LARGE COLLECTIVE INVESTMENT CAPITAL POOL**
- **SUBSTANTIAL PORTFOLIO & ACQUISITION OPPORTUNITIES**
- **INVESTMENT COUNTERPARTY BENEFITS**
- **TARGET GROWTH SECTORS AND/OR LOCATIONS**



SECTION 5

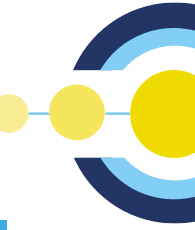
PRINCIPLES AND CHARACTERISTICS FOR NEW ACQUISITIONS

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FAREHAM, SURREY

UK REAL ESTATE FUND: PRINCIPLES AND CHARACTERISTICS FOR NEW ACQUISITIONS



Estimated in flows of £150-250m p.a. in years 1-5 provides opportunity to shape and grow portfolio characteristics

Page 16
WHAT ASSETS WILL THE FUND BE LOOKING TO ACQUIRE POST LAUNCH ?

Large Lot Size

Sectors with Long Term Growth Potential

ESG Classification

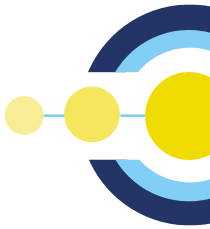
Core Dominant Locations

Highest Building Quality

Income Stability and Quality



EXAMPLES OF POTENTIAL NEW ACQUISITIONS – LIFE SCIENCE



£60m

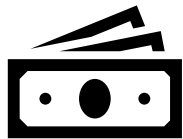
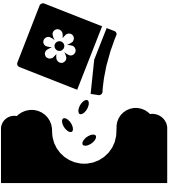
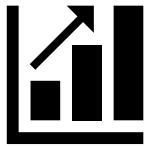
6.4% YoY increase in knowledge intense jobs, over last 6 years.

Net carbon zero scheme

Europe’s largest tech cluster. University ranked 3rd in the world

New build campus in partnership with the University

Forecast 5% YoY growth



EXAMPLES OF POTENTIAL NEW ACQUISITIONS - OFFICES

Page 163



City Place House, Leeds

c.£80m

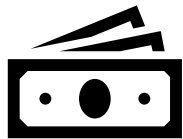
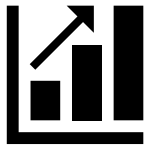
10yr ave rental growth
3%

EPC A

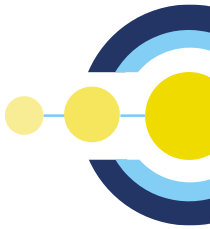
Leeds is UK's 3rd largest
City

BREEAM Excellent

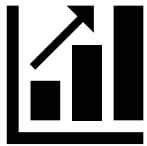
80% let to DLA Piper
for 15 years



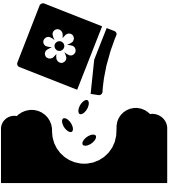
EXAMPLES OF POTENTIAL NEW ACQUISITIONS – RETAIL PARKS



c.£80m



61% income RPI linked



ESG initiatives throughout,
including solar on roof



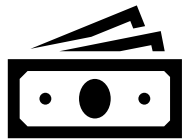
Dominant retailing
location in South London

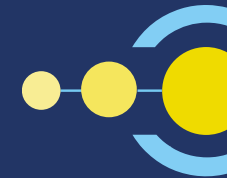


Modern, well sized units,
site coverage 34%



WULT of 12.5yrs





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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

PENSION FUND COMMITTEE REPORT

28 JUNE 2023

INTERIM DIRECTOR OF FINANCE – DEBBIE MIDDLETON

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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Independent Adviser's Report for Teesside Pension Fund Committee

William Bourne

13th June 2023

Market Commentary

1. Three months ago I said that the risk of a recession seemed to have receded and policy-makers were managing to balance on their tight-rope of maintaining growth while bearing down on inflation. I wrote just before the failure of Silicon Valley Bank in California, and subsequently of several other mid-sized U.S. banks. Under the current fractional reserve banking system (i.e., where banks lend out a multiple of their deposits), all banks are reliant on maintaining trust. The loss of trust at SVB was caused by falls in the valuations of their supposedly 'safe' assets i.e., long-term U.S. government bonds.
2. The United States Federal Reserve responded rapidly by confirming that their deposit insurance would cover all depositors at SVB in full. They did this because of the potential secondary effects on the economy of SVB stopping overnight. Many SVB accounts comprised working capital for entrepreneurs and venture capital, who would immediately face a liquidity problem if their accounts were frozen. However, it has led to a debate on moral hazard and whether the state should act as a guarantor of last resort for all deposits. Ultimately the burden falls on the taxpayer.
3. The Fed at the same time expanded its balance sheet (i.e., renewed Quantitative Easing or QE) massively to head off further bank failures. This policy, as between 2010 and 2020, acts to support markets, as excess liquidity not needed in the real economy tends to flow to financial assets. In my view this is why equity markets have been resilient in recent months.
4. In Europe, for different reasons, Credit Suisse lost its depositors' trust and was taken over by UBS. The Swiss authorities disenfranchised shareholders in order to affect a rapid rescue, which inverted the normal credit hierarchy: equity holders received a return while AT1¹ bondholders did not.

¹ Additional Tier Bonds were issued to provide additional capital at times of stress. They pay much higher rates of interest but in theory can be cancelled if, as here, the bank is subject to an extreme event. The case will certainly be subject to legal action.

5. Inflation has continued to fall in most countries, partly because the price of energy is subsiding. The latest U.S. headline inflation datapoint is 4.7%, the Eurozone 6.1% and the U.K. 8.7%. Food inflation still looks very sticky, as we know from supermarket pricing, and the destruction of the Nova Kakhovka dam in Ukraine is likely to exacerbate that. So I expect inflation only to come down slowly.
6. Private assets are beginning to experience the same valuation falls as publicly quoted markets already have.² Commercial real estate is in the eye of the storm right now, as the profile of demand for office and retail space has changed radically since the COVID lockdowns. Secondary space which is not compliant with increasing strict sustainability regulations has seen substantial valuation write-downs.
7. Looking forward, as last quarter, the fundamentals still look difficult. We are approaching the cyclical peak of the interest rate cycle but can still expect one or two more rises to come. U.S. bond markets are unambiguously forecasting a recession, although in my view central bank largesse (i.e. QE) may be sufficient to head that off. However, economic growth in the west is at best going to be anaemic at around 1% over the next two years. The eventual outcome will probably be decided by i) how much further rates rise ii) whether demand from emerging markets, led by China, recovers faster.
8. Politics still has plenty of scope to disrupt markets. U.S. politicians have come to an agreement to raise their debt ceiling, but the next U.S. presidential election campaign will start to gear up quite soon. In the U.K. Boris Johnson and his ilk continue to hog the headlines and a U.K. election is due by January 2025. Finally, the war in Ukraine seems to be reaching a pivotal point.
9. In the short-term, my view is that the outlook is more benign for markets, principally because it is becoming clear that central banks will use QE to ward off any sign of problems in the financial system. This cannot end happily, given the ever-increasing indebtedness of western governments and the difficulty central banks are experiencing in withdrawing QE. But in the short-term I expect equity markets to continue to trend sideways.
10. I finally make a comment about index linked bonds, which provide the best mitigation against the risk of rising inflation. 18 months ago the real interest rate on them was -3%, too high a price to pay for its inflation hedging capability. However, the yield today is 1%, which means investors receive a return as well as the inflation hedge. It makes them once again investable. The yield may rise further, but in my view strong consideration should be given to starting an allocation to this asset class. In the longer term, I would propose a weighting of at least 10%, but I would propose starting off with a minimum of 3%. If cash is not available, I would suggest that funding comes from equities.

² Unlike listed markets, which are marked to market every day, the only sure valuation comparator is through transactions. These have reduced in number across private equity, debt, and real estate, and valuation ranges are unusually high today. Linchpin Advisory Limited is a company registered in England and Wales, Company Number 11165480; registered address 7 Beaufort House, Beaufort Court, Sir Thomas Longley Road, Rochester, Kent, ME2 4FB; VAT registration number 322850029. This document is intended for professional investors, and nothing within it is or should be construed as constituting advice as defined by the Financial Conduct Authority. If you are in any doubt about this, please consult your legal advisor. The information contained has been obtained from sources deemed reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Investment report for Teesside Pension Fund June 2023

Political and economic outlook

I read with horror in my last report that I had predicted that UK politics would become more conciliatory and productive. Despite the soothing, steering hand of Rishi Sunak there is a war raging within the Conservative Party. It beggars belief that Boris Johnson still has supporters within the Conservative Party who cannot see that he has done any wrongdoing at all. I can only think it is something to do with the education system.

The DUP members could not find it in their hearts to ratify the Northern Ireland Agreement which is disappointing given that it would have helped normalise politics and economic performance within the UK and EU.

All in all it looks as if the Conservative Party will have a long and difficult period in the run-up to the next general election. The polls suggest that the Labour Party will not have an easy ride either. You've got to wonder just who is going to benefit from the current political turmoil.

International politics continues to be difficult despite attempts by the U.S and Chinese governments to get onto a better footing. Recent economic performance in China has temporarily given the US the upper hand in the negotiations. Chinese rhetoric has become less bellicose but there are not a lot of signs of it becoming conciliatory.

Progress towards an end of the war in Ukraine appears to have slowed as the Ukrainian counter offensive struggles against the Russian defensive positions. Western democracies have to win this conflict however difficult it might be and it is going to be a long and costly endeavour.

Economic growth in most western economies has been satisfactory and the threat of recession has so far been avoided. The anaemic growth of the UK economy reminds me of its performance prior to joining the EU in 1973.

Despite the rhetoric from the government I see little chance of the economy

getting on a higher growth trajectory despite all the talk of becoming a leader in Artificial Intelligence.

There is a major bottleneck in the developed economies , namely the supply of labour. Domestic labour is short in most western economies and immigration is being restricted which makes the circle difficult to square. This will prove to be a major impediment to the achievement of Central Bank's inflation targets. These targets were set in the period of globalisation and falling interest rates which made them easier to achieve; the reverse is now true. Targets now need to be raised to about 4% to accommodate this environment and to prevent over tightening of monetary policy, unfortunately this shift is unlikely to happen. The prospects for the UK are poorer than most economies with an increased likelihood of recession, more persistent inflation and higher real interest rates.

The drop in inflation will continue as supply issues are resolved from the aftermath of covid and the conflict in Ukraine but, over the medium term, will remain stubbornly above the current inflation target of 2%. Over the longer term Artificial Intelligence will help solve the labour shortages and hence the inflationary pressures within economies. With the benefits of the internet and now AI this has been a remarkable period for productivity growth within the world economy but it does bring with it uncertainties.

There has been a lot of talk of AI increasing long-term unemployment as workers are replaced by machines. History however indicates that increasing productivity (enabled by AI) will lead to higher employment levels and lower unemployment as workers are displaced into higher value added positions leading to greater earnings and consumption.

The past decades have been an extraordinary period of development and productivity growth through the internet and then AI which is bound to lead to increasing uncertainty and nervousness about economic development. History however suggests these developments will be beneficial to economies and to stock markets.

Markets

Real yields remain in negative territory and this will need to be rectified by either falling inflation or rising interest rates and bond yields. Inflation is falling worldwide and more slowly in the UK but it is likely that bond yields will need to rise over the medium term as inflation fails to fall as far as expected. Additionally because of the tight labour market the profit share in GDP is likely to continue to fall. This scenario is not beneficial for conventional fixed interest, index linked or equity markets and just about any other investment medium.

Most markets will struggle so I'll try and put them in some sort of a pecking order.

Conventional gilts are likely to struggle as inflation does not fall enough to restore a real return and interest rates have to climb to compensate investors resulting in falls in value.

Index linked are likely to move in the same direction as conventionals and have the added uncertainty of real interest rate changes. There is the potential for pressure to increase real interest rates which would undermine index linked values even further.

Falling profit share and rising real and nominal interest rates would indicate that equity markets or struggle to make further ground, indeed they're likely to decline somewhat, but not as much as fixed interest.

To continue the theme the economic environment is not beneficial to the overall property market but special opportunities are likely to arise.

Likewise most unquoted investments will probably find it hard to make progress as interest rates rise.

Clearly cash is unattractive as an investment with inflation running at over 8% and cash interest rates at about half that level.

Portfolio recommendations

The portfolio looks well set for the uncertain and more hostile conditions ahead with its underweight position in fixed interest and overweight position in cash.

The cash position should be run down as opportunistic investments become available in property and other inefficient markets where selective positions become available.

Essentially the recommendation is steady as she goes. This is not the time to be overconfident or brave.

Peter Moon
19 June 2023

TEESSIDE PENSION FUND

Q1 2023

Quarterly Report
Prepared: 14th June 2023

Fund Objectives

Teesside 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 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 31st March 2023, the portfolio comprised 31 mixed-use properties located throughout the UK, with a combined value of £378.9m. This reflects an overall Net Initial Yield of 5.56%, and an Equivalent Yield of 5.57%.

The portfolio comprises principally prime and good secondary assets. High Street retail, retail warehouse and industrial comprise 92% of the portfolio by capital value. There are 86 demises and a total net lettable area of 2,676,364 sq ft.

The portfolio has a current gross passing rent of £22,522,679 per annum against a gross market rent of £22,257,625 per annum, making the portfolio broadly rack-rented in nature.

The weighted average unexpired term is 6.8 years to the earlier of the first break or expiry, and 8.0 years to expiry, ignoring break dates.

Fund Summary

Total Pension Fund Value (December 2022)	£4,953m
Real Estate Weighting (long term target allocation)	7.6% (10%)
Direct Portfolio Value (March 2023)	£378.9m

Direct Portfolio

Direct Portfolio Value (March 2023)	£378.9m
Number of Holdings	31
Average Lot Size	£12.2m
Number of Demises	86
Void rate (% of ERV) (Estimated UK Benchmark)	0.7% (7.0% – 9.0%)
WAULT to Expiry (break)	8.0 years (6.8 years)
Current Gross Passing Rent (Per Annum)	£22,522,679
Current Gross Market Rent (Per Annum)	£22,257,625
Net Initial Yield	5.56%
Reversionary Yield	5.50%
Equivalent Yield	5.57%

Portfolio Highlight (Q1 2023) – Gateshead



The Fund has completed the September 2020 rent review with Royal Mail at £5.17 psf, a 19% increase on the passing rent of the unit. The Fund were required to instruct an Independent Expert to determine the rent review. The settlement figure was in the Fund's favour.

UK Economic Commentary

- Economic output increased by 0.1% in the three months to March, and the economy is now above its pre-Pandemic levels. In March, monthly GDP decreased by 0.3%, driven by a fall in the services sector.
- Headline inflation declined to 8.7% in April, a decrease from its October 2022 peak of 11.1%. This was driven by cheaper energy and despite increases in food prices.
- It is anticipated that inflation will maintain its steady downward trajectory throughout 2023 and 2024, ultimately reaching the 2% target in early 2025.
- Unemployment climbed to 3.9% in the three months to March. However, vacancies have been decreasing for nine consecutive months. While nominal pay has increased by a healthy 5.9%, it has not kept up with inflation, meaning that real pay has declined. Unemployment is projected to peak at 4.2% in early 2024 before coming down.
- As the UK economy slows down in 2023, retail sales volumes are expected to decline, but they are projected to start growing again in 2024 when inflation normalises.
- Although inflation is currently on a downward trajectory, it will persist at higher levels for some time, limiting growth to 0.1% for 2023. As inflation subsides, GDP is expected to rebound, with projected growth of 1.2% in 2024 and 2.3% in 2025.
- The Bank of England raised the Bank Rate to 4.50% in May. Furthermore, the Spring Budget unveiled a loosening of fiscal policy, incorporating measures to bolster household finances and business investment. This is why we think the UK economy will avoid recession in 2023.
- The banking sector's instability has been mitigated by the decisive actions of policymakers in the United States and Europe. Another significant financial crisis seems improbable due to improved regulation and bank management. However, it is anticipated that credit for real estate will be considerably more constrained than if the instability episode had not occurred.
- Several risks could potentially impact this outlook, including a prolonged slowdown in the global economy, a steeper-than-anticipated drop in housing prices, and a rise in corporate insolvencies following the removal of COVID-related support measures. These factors could collectively prolong the recession and hinder the recovery process in 2024 and 2025.

UK Real Estate Market Commentary

- Q1 2023 saw £8.1bn in transactions of investment properties, down from £10.3bn in Q4 2022 and a lot lower than the £21bn that transacted in Q1 of 2022.
- While a fall in transaction activity has been widely reported, our data indicates that the office and retail sectors saw increases in volumes for Q1 2023 compared to Q4 2022. Offices accounted for the largest proportion of Q1 volumes at £2.3bn, 28% of the total (compared to £1.7bn in Q4).
- Residential investment volumes fell in Q1 2023 compared to Q4 2022, but we noted last quarter that the Q4 total for the sector was boosted by portfolio deals. Yet, at £2.0bn, the residential sector still accounted for 25% of Q1 volumes.
- Foreign investment was relatively low in Q1 2023, with c. 30% of volumes attributable to foreign acquisitions. The share was higher for the office sector at c. 55%. Asian and North American investors were the dominant sources of foreign capital, with 80% of foreign investment in Q1 coming from these two regions.
- The quarterly total return for All UK Property for in Q1 2023 was 1.1% (-0.3%* capital return, 1.4%* income return)**. Industrial total returns were 1.2% (0.0% capital return, 1.2% income return), retail total returns were 2.3% (0.5% capital return, 1.8% income return) and office total returns were -0.3% (-1.5% capital return, 1.2% income return).
- Rental values for All UK Property increased 1.1% the March quarter of 2023. All-property growth was driven by the Industrial sector which saw 2.0% rental growth for Q1, while office and retail rents increased 0.3% and 0.2%.
- All property yields stabilised throughout Q1 2023, increasing 7bps. This means yields have increased 113bps since March 2022. The mild yield shift in Q1 is reflected in capital values only declined -0.3%. This follows the -14.6% decrease in values through Q4 2022.

* 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 March 2023

Investments

Sales

No sales this period.

Acquisitions

No Acquisitions this quarter.

The Fund agreed terms to purchase a 67,757 sq ft Retail Park located in the south-east of England.

Direct Portfolio Analysis

Top Ten Holdings (by Capital Value)

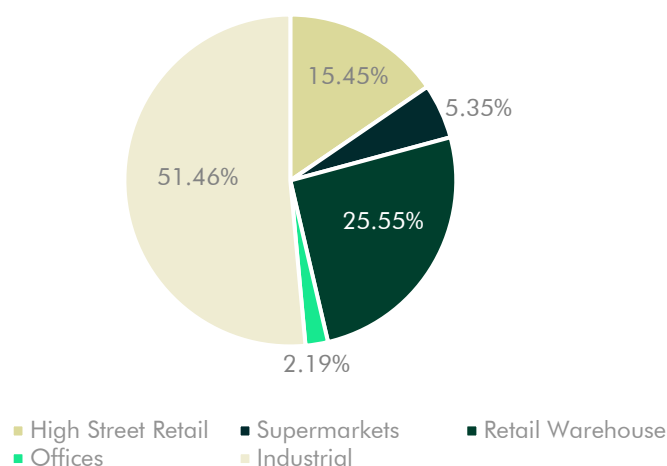
No.	Asset	Sector	Value	% of Direct Portfolio
1	THORNE - Capitol Park	Industrial	£31,200,000	8.2%
2	SWINDON - Symmetry Park	Industrial	£31,150,000	8.2%
3	LONDON - Long Acre	High Street Retail	£31,000,000	8.2%
4	BIRMINGHAM - Bromford Central	Industrial	£20,200,000	5.3%
5	GATESHEAD - Team Valley	Industrial	£20,100,000	5.3%
6	TONBRIDGE - Tonbridge Retail Park	Retail Warehouse	£20,050,000	5.3%
7	PARK ROYAL - Minerva Road	Industrial	£19,500,000	5.1%
8	RUGBY - Valley Park	Industrial	£18,300,000	4.8%
9	PARK ROYAL - Coronation Road	Industrial	£16,300,000	4.3%
10	SWADLINCOTE - William Nadin Way	Industrial	£15,450,000	4.1%
Total			£223,250,000	58.9%

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

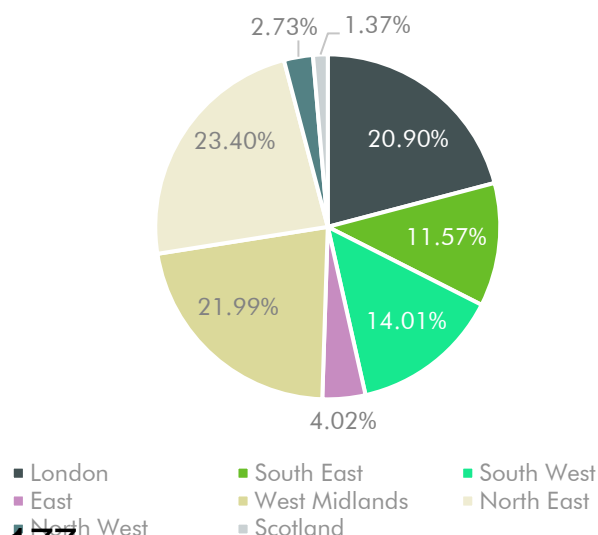
In addition to recommendations on industrial purchases, we may also recommend alternative and long-let investments that offer good covenants, attractive yields and long unexpired terms; these may include hotels, car showrooms, healthcare, leisure, supermarkets and student housing.

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 86 different demises let to 66 tenants. The largest tenant is Iceland Food Limited which accounts for 8.0% of the annual contracted income. Experian currently lists Iceland 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 a large majority of these tenants are classed as having a "Very 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	Iceland Foods Limited	Industrial / Retail	2	£1,798,211	8.0%	Very Low Risk
2	Zara UK Limited	Retail	2	£1,580,000	7.0%	Very Low Risk
3	Omega Plc	Industrial	1	£1,413,689	6.3%	Very Low Risk
4	Unipart Logistics Limited	Industrial	1	£1,077,000	4.8%	Very Low Risk
5	Royal Mail Group Limited	Industrial	1	£1,074,000	4.8%	Very Low Risk
6	B&Q plc	Retail	2	£997,000	4.4%	Very Low Risk
7	H&M	Retail	1	£918,123	4.1%	Maximum Risk
8	B&M Retail Limited	Retail	3	£863,400	3.8%	Very Low Risk
9	Libra Textiles Limited	Retail	1	£850,000	3.8%	Very Low Risk
10	Brunel Healthcare	Industrial	1	£843,761	3.7%	Very Low Risk
Total				£11,415,184	50.7%	

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 2023 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 Mar 22 - Mar 23			3 Year (p.a.) Mar 20 - Mar 23			5 Year (p.a.) Mar 18 - Mar 23		
	TPF	Index	Variance	TPF	Index	Variance	TPF	Index	Variance
Income Return	5.2%	5.0%	+0.2%	5.5%	5.3%	+0.2%	5.6%	5.4%	+0.2%
Capital Return	-9.3%	-16.8%	+7.5%	2.5%	-2.0%	+4.5%	0.1%	-2.5%	+2.6%
Total Return	-4.3%	-12.6%	+8.3%	8.3%	3.2%	+5.1%	5.7%	2.7%	+3.0%

* 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

Toni & Guy, Gloucester Road – February 2023

The Fund has completed a Lease renewal with Toni & Guy for a term of 10-years reflecting an average of £90.22 psf, a 5% increase on the passing rent of the unit. The tenant will benefit from a stepped rent and a break on the 5th anniversary of the Lease commencement date.

Unipart, Rugby – February 2023

The Fund has completed the October 2021 rent review with Unipart at £7.15 psf, a 23% increase on the passing rent of the unit.

Royal Mail, Gateshead – January 2023

The Fund has completed the September 2020 rent review with Royal Mail at £5.17 psf, a 19% increase on the passing rent of the unit. The Fund were required to instruct an Independent Expert to determine the rent review. The settlement figure was in the Fund's favour.

H&M, Exeter – November 2022

The Fund has completed the June 2022 inflation-linked rent review with H&M, increasing the passing rent by 24%, in line with the RPI provision within the Lease.

Rentokil, Bromford Central – November 2022

The Fund has completed a Lease renewal with Rentokil for a term of 10-years reflecting £7.65 psf, a 23% increase on the 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.

Regatta Furniture, Ipswich – September 2022

The Fund has completed a new Lease with Regatta Furniture for a term of 10-years reflecting £17.25 psf, a 6% increase on the passing rent of the unit. The tenant will benefit from a rent-free period of 4-weeks.

Portfolio Arrears Update – 12th June 2023

The below table details the collection statistics for Q1 2023. Rent due for the quarter totalled £5,408,286 of which £5,370,186 has been collected, reflecting a difference of £38,100.

Collection Milestones	Rent Due 25/03/2023	Quarter Date 25/03/2023	Week 1 01/04/2023	Week 2 08/04/2023	Week 3 15/04/2023	Week 4 22/04/2023	After 22/04/2023	Difference
Total (£)	5,408,286	3,489,144	884,659	612,016	100,765	112,500	171,100	38,100
Collection Target (%)			92.00%	96.00%	98.00%	99.00%		
Total Collections (%)		64.51%	80.87%	92.19%	94.05%	96.13%	99.30%	

The rent collection across the entire portfolio in the previous three quarters has reflected the following.

December 2022 – 99.3%

September 2022 – 100.0%

June 2022 – 100.0%

The total Collectable Arrears on the entire portfolio is £334,026 as at 12th June 2023.

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 seven tenants account for 82.8% (£276,692) of the total collectable arrears:

Royal Mail Group Limited (Gateshead) – Total arrears of £100,247 (30.0% of the collectable arrears). This relates mainly to two years insurance premiums. A lot of work has been undertaken to rectify and agree the reinstatement values. This has now been completed and the correct premiums charged. This is now being relayed to the tenant to obtain their agreement and then payment.

Iceland Foods Limited (Swindon) – Total arrears of £72,274 (21.6% of the collectable arrears). This relates solely to the annual insurance premium. The tenant has queried the increase (compared to the previous ownership), which is mainly due to an increase in the Reinstatement Cost Assessment (on purchase by Teesside).

B&Q plc (Arbroath) – Total arrears of £48,186 (14.4% of the collectable arrears). This relates solely to service charge arrears. B&Q have service charge queries and we are working with them to resolve. A measured survey is being considered to resolve issues over disagreed floor areas.

Pizza Hut (UK) Limited (Ipswich) – Total arrears of £20,463 (6.1% 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.

Knight Frank (Old Brompton Road) – Total arrears of £13,880 (4.2% of the collectable arrears). This relates solely to the latest annual insurance premium.

American Dry Cleaning Company Limited (17/23 Gloucester Road) – Total arrears of £11,073 (3.3% of the collectable arrears). These arrears relate to many charges including part of the December 2022 and March 2023 quarter's rent, insurance and superior landlord's service charges. We are working with the tenant to get these cleared.

Matalan Retail Limited (Northwich) – Total arrears of £10,570 (3.2% of the collectable arrears). This relates mainly to the latest annual insurance premium.

The remaining £57,334 (17.2% of the collectable arrears) of arrears is spread across thirty-three tenants, ranging from £9,933 to 29p.

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.

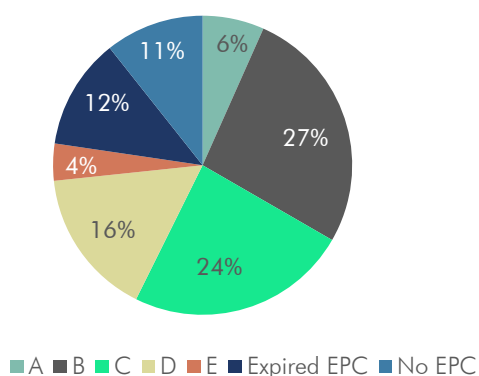
Social - real estate’s impact on the local community and on a company’s workforce are becoming equally important. Buildings that contribute positively to the world are therefore likely to be more resilient than those that do not, and as such are likely to benefit from increased occupier demand, leading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

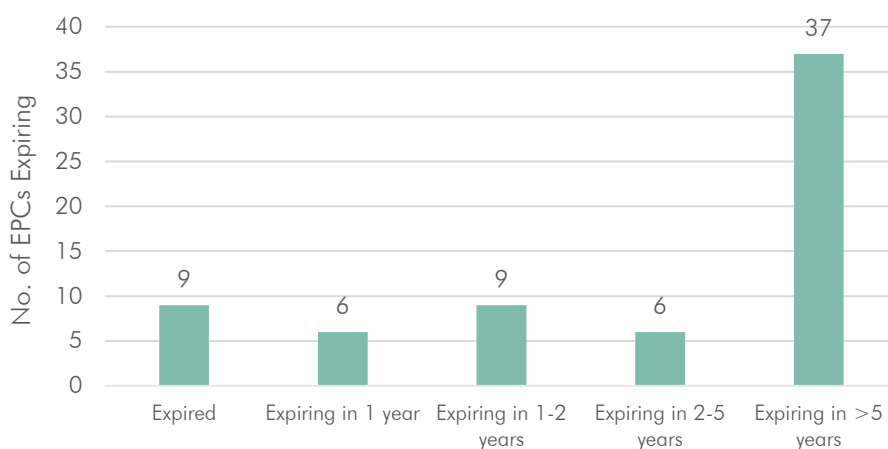
Minimum Energy Efficiency Standards (MEES)

Teesside Pension Fund’s property Portfolio currently complies with MEES regulation. The Fund has undertaken a strategic review of the Portfolio to ensure continued compliance with incoming regulation in 2025. Energy Performance Certificates (EPCs) are used to measure compliance. A breakdown of the current ratings and expiry profile across the Portfolio is detailed below:

Current EPC Ratings



EPCs by Expiry



Fund Advisor Contacts

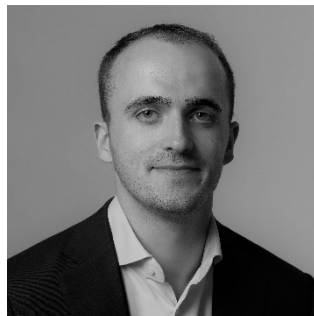
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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 11

PENSION FUND COMMITTEE REPORT

28 JUNE 2023

INTERIM DIRECTOR OF FINANCE – DEBBIE MIDDLETON

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.

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Teesside Pension Fund

Performance Delivery Report

2022-2023

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01 Overview

Regulations and Guidance

New LGPS Minister

Lee Rowley MP was appointed Parliamentary Under Secretary of State in the Department for Levelling Up, Housing and Communities on 7 September 2022. It has now been confirmed that he has taken over ministerial responsibility for the LGPS.

SAB statement on employer contributions

At its meeting on 10 October 2022, the SAB discussed emerging results from the current round of triennial local fund valuations. The Board understands and recognises the extremely challenging position for local government finance. However, it asks administering authorities and other Scheme employers to have regard to the desirability of long-term stability in pension contributions when considering whether reductions in employer contributions are desirable as a result of an improved funding position. The SAB statement on employer contributions gives more detail about the Board's discussions and the reasons behind making the statement. The statement can be found at https://lgpsboard.org/images/Other/October2022_SAB_statement_on_employer_contributions.pdf

HMRC Tax consultation under McCloud remedy

On 24 November 2022, HMRC launched a consultation on how pension tax will apply to members protected by the McCloud remedy. On 06/01/2023 the LGA published their response to HMRC's consultation on how pensions tax will apply to members protected by the McCloud remedy. The response is mostly technical but does comment on the timing of the consultation in terms of the lateness in confirming policy in this area and consulting over the festive period. The response can be found at https://lgpslibrary.org/assets/cons/nonscheme/20221124_McCloud_tax_CR.pdf

Autumn Statement 2022

The Chancellor of the Exchequer delivered his Autumn Statement to Parliament on 17 November 2022. Pensions policies rumoured in advance of the statement such as changes to tax relief and the removal or suspension of the State Pension triple lock did not emerge. The statement confirmed.

- The State Pension triple lock was maintained and working age benefits will increase in line with inflation in April 2023. Next year's increase will be 10.1 percent.
- No changes to the Annual or Lifetime Allowance Thresholds

The Pensions Dashboards Regulations 2022

On 21 November 2022, the Department for Work and Pensions made The Pensions Dashboards Regulations 2022 – the Regulations. They came into force on 12 December 2022. The Regulations set out requirements for relevant occupational pension schemes to connect to pensions dashboards, and what organisations must do to provide a qualifying pensions dashboard service.

Chancellor announces the 'Edinburgh Reforms'

On 9 December, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. In the statement, the Chancellor also confirmed that the Government will consult on:

- new guidance to the LGPS on asset pooling in early 2023
- requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

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. The Department for Education (DfE) is in the process of identifying affected members. Officials from DfE will, in some cases, need to confirm the employment status of members during the remedy period with their employer. They plan to start this process in January 2023 and will be contacting relevant schools.

Treasury Direction - McCloud

On 14 December 2022, HM Treasury (HMT) made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They came into force on 19 December 2022 and apply to England, Northern Ireland, Scotland and Wales. The Directions set out how certain powers in the Public Service Pensions and Judicial Offices Act 2022 must be exercised. The Act gives relevant government departments powers to rectify McCloud discrimination. For the L G P S, the Directions apply to the following powers in the Act:

- Section 82: an administering authority's power to pay compensation
- Section 83: the power to make regulations compensating members by paying additional LGPS benefits
- Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy, and
- Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.

The making of the Directions now allows relevant departments to start consulting on regulations exercising these powers

Maintaining LDI resilience

On 30 November 2022, T P R published a statement on maintaining liability-driven investment (L D I) resilience. The statement is aimed at defined benefit trustees and advisers. It sets out recommended actions in light of recent events in the gilt markets. The statement can be found at <https://www.thepensionsregulator.gov.uk/en/document-library/statements/maintaining-liability-driven-investment-resilience>

2023/24 employee contribution bands

Bands effective from 1 April 2023 have been released. These are calculated by increasing the 2022/23 employee contribution bands by the September 2022 CPI figure of 10.1 per cent and then rounding down the result to the nearest £100. These will be circulated to employers in due course

Consultation on changes to the SAB's cost management process (C M P)

On 30 January 2023, the Department for Levelling Up, Housing and Communities launched a consultation on changes to the Scheme Advisory Board's (SAB) CMP. The consultation closes on 24 March 2023. The consultation can be found at <https://www.gov.uk/government/consultations/local-government-pension-scheme-changes-to-the-scheme-advisory-board-cost-management-process>

Automatic enrolment trigger remains the same

On 26 January 2023, DWP published its review of the automatic enrolment thresholds for 2023/24. The Pensions Act 2008 requires DWP to annually review various thresholds relevant for automatic enrolment rules. The earnings trigger remains at £10,000 for 2023/24.

Update on McCloud data issues guidance

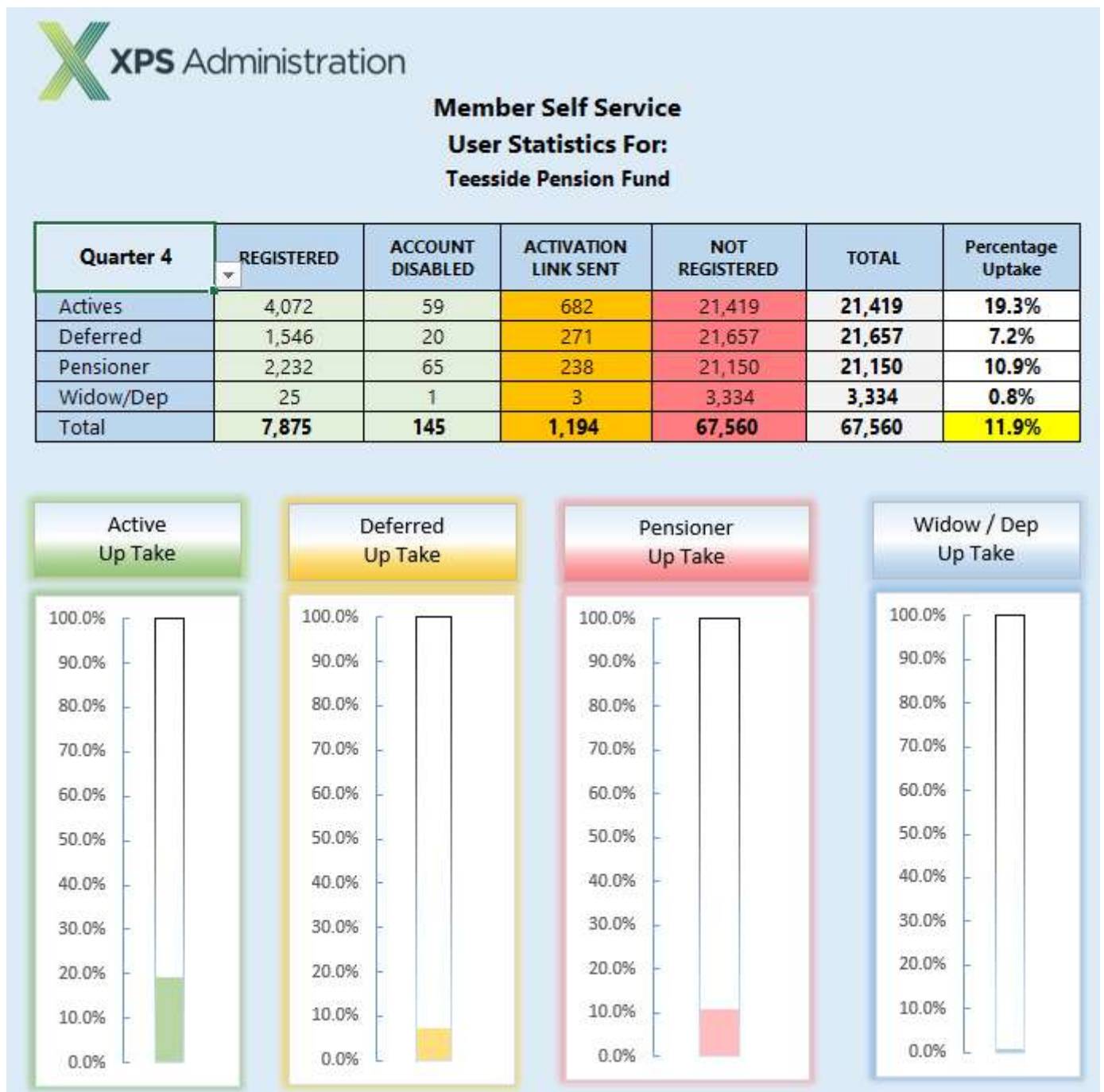
The LGA are currently working on guidance to assist administering authorities with McCloud data issues. The guidance will set out what options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It will cover both missing data and data the authority is not confident is accurate. The Scheme Advisory Board (England and Wales) hope to publish the guidance by the end of February 2023.

02 Membership Movement

	Actives		Deferred		Pensioner		Widow/Dependent	
Q4 2022/23	26,194	▲	27,284	▲	23,581	▲	3,344	▲
Q3 2022/23	25,868	▲	27,002	▲	23,468	▲	3,311	▲
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	▲

03 Member Self Service

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



04 Pension Regulator Data Scores

Common Data

Data Item	Teesside Pension Fund		
	Max Population	Total Fails	% OK
NINo	81,071	182	99.78%
Surname	81,071	0	100.00%
Forename / Inits	81,071	0	100.00%
Sex	81,071	0	100.00%
Title	81,071	164	99.80%
DoB Present	81,071	0	100.00%
Dob Consistent	81,071	0	100.00%
DJS	81,071	0	100.00%
Status	81,071	0	100.00%
Last Status Event	81,071	663	99.18%
Status Date	81,071	1,804	97.77%
No Address	81,071	427	99.47%
No Postcode	81,071	587	99.28%
Address (All)	81,071	4,887	93.97%
Postcode (All)	81,071	4,946	93.90%
Common Data Score	81,071	3,317	95.91%
Members with Multiple Fails	81,071	485	99.40%

Scheme Specific Data

In readiness for the pensions dashboard, there is a minimum requirement pension schemes must be able to demonstrate against as required and defined by the Pensions Regulator. This standard is available to XPS through a product used by our central team and we are currently undertaking a data mapping exercise in order to be able to carry out the necessary tests. Once this work has been completed, we will be able to report a data score in accordance with the Pensions Regulator standards.

Public sector pension schemes need to be able to connect to the Dashboard by October 2024, so in advance of this, the scheme data must be tested and where necessary, brought up to the requisite standards required

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	4.27	4.26
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	4.04	4.04
5. My query was answered promptly	4.45	4.45
6. The response I received was easy to understand	4.44	4.43
7. Do you feel you know enough about your employers retirement process	76.68%	76.75%
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)	47.75%	46.21%
11. Did you use the website to research the retirement process? (from 18/05/17)	27.59%	26.45%
12. Have you heard of Member Self Service (MSS)? (from 18/05/17)	23.80%	22.25%

*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

Interest in employer and member training has increased and the EL team have been delivering sessions in person on both the Scheme and Pensions Tax along with our Employer Health Checks. Feedback has been excellent and we are currently in the process of arranging more sessions in the future. The Year End Submission documentation was sent early to all employers at the beginning of February and confirms the submission deadline of 15/05/2023. In addition to the standard guides a virtual drop in session is proposed if uptake is positive, in order to offer clarification and training on the submission requirements.

I-Connect

Our Employer Services solution, i-Connect simplifies, data interactions between employers and the Teesside Pension Fund within a highly secure environment. Using data taken directly from the payroll system, i-Connect automatically identifies new joiners, opt-outs, and leavers, seamlessly generating an extract for submission.

Reducing the cost and risk associated with processing pension data, i-Connect automates the submission of data to the Teesside Pension Fund in a single solution, improving the flow of data and minimizing manual intervention. All employers were contacted in early January to offer our I-Connect service.

The response has been positive with over 15 payroll providers responding covering multiple employers including Middlesbrough and Redcar and Cleveland Councils. We are currently arranging an onboarding schedule and should have our first payrolls live by early March.

Late Payment Analysis

This table shows analysis of contributions received from participating employers.

We do chase these on a monthly basis and an e-mail has been sent to regular offenders asking them to explain why contributions are being paid across late. Health Checks have been initiated with these employers.

Date	Late Payments	Expected Payments	% Late	< 10 Days Late	> 10 Days Late
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	2.00%	2	1
Jul-22	2	142	1.00%	0	2
Aug-22	4	140	3.00%	1	3
Sep-22	2	140	1.00%	0	2
Oct-22	8	139	6.00%	8	0
Nov-22	2	140	1.00%	1	1
Dec-22	3	140	2.00%	3	0
Jan-23	3	140	2.00%	0	3
Feb-23	5	140	4.00%	1	4
Mar-23	4	140	3.00%	0	4

05 Completed Cases Overview

2022/23

Teesside Pension Fund	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
LG Team – Admin Manager Mathew Spurrell				
April	392	392	0	100.00%
May	346	346	0	100.00%
June	434	434	0	100.00%
Quarter 1	1,172	1,172	0	100.00%
July	458	458	0	100.00%
August	590	590	0	100.00%
September	426	426	0	100.00%
Quarter 2	1,474	1,474	0	100.00%
October	728	728	0	100.00%
November	701	698	3	99.57%
December	475	475	0	100.00%
Quarter 3	1,904	1,901	3	99.84%
January	480	480	0	100.00%
February	715	715	0	100.00%
March	542	541	1	99.82%
Quarter 4	1,737	1,736	1	99.94%
Year - Total	6,287	6,283	4	99.94%

2023/24

Teesside Pension Fund	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
LG Team – Admin Manager Mathew Spurrell				
April	416	416	0	100.00%
May	417	417	0	100.00%
June	0	0		
Quarter 1	833	833	0	100.00%

06 Completed Cases by Month

January 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.67	159	0	159	159	
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	29	0	29	29	
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	26	0	26	26	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	295	0	295	295	
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%	0%	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			

February 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.58	180	0	180	180	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	6.34	29	0	29	29	
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%	4.88	26	0	26	26	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4.90	480	0	480	480	
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			

March 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.57	138	0	138	138	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7.06	32	0	32	32	
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%	4.68	37	0	37	37	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	99.7%	4.88	335	1	335	334	
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%	0%	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			

April 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.60	92	0	92	92	
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	24	0	24	24	
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%	4	20	0	20	20	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	280	0	280	280	
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			
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			

May 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.74	95	0	95	95	
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	21	0	21	21	
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%	4	28	0	28	28	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	273	0	273	273	
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			

07 Complaints

Full Name	Description	Date received	Date completed	Comment



Graeme Hall
Operations Manager
01642 030643

Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

XPS Pensions (Trigon) Limited, Registered No. 12085392.

Penfida Limited, Registered No. 08020393

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).

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