

TEESSIDE PENSION FUND COMMITTEE

Date: Wednesday 12th June, 2024
Time: 11.00 am
Venue: Mandela Room

AGENDA

1. Welcome and Evacuation Procedure
2. Apologies for Absence
3. Declarations of Interest
To receive any declarations of interest.
4. Minutes - Teesside Pension Fund Committee - 13 March 2024 3 - 10
5. Investment Activity Report 11 - 40
6. External Managers' Reports 41 - 124
7. Pensions Regulator General Code of Practice - Compliance Assessment 125 - 144
8. Border to Coast Presentation 145 - 156
9. Border to Coast 2030 Strategy 157 - 160
10. Investment Advisors' Reports 161 - 168
11. CBRE Property Report 169 - 178

12. XPS Pensions Administration Report 179 - 194

13. Any other urgent items which in the opinion of the Chair, can be considered

14. 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.

15. Local Investment Update 195 - 200

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 4 June 2024

MEMBERSHIP

Councillors J Kabuye (Chair), J Rostron (Vice-Chair), J Ewan, D Branson, D Coupe, T Furness, S Hill, D Jackson, J Young, J Beall, M Fairley, M Scarborough, 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 13 March 2024.

PRESENT: Councillors J Rostron (Chair), J Ewan (Vice-Chair), D Branson, T Furness, S Hill, J Kabuye, T Livingstone, D McCabe, R Creevy, (Hartlepool Council), M Fairley, (Redcar and Cleveland Council)
Ms J Flaws and Mr T Watson

ALSO IN ATTENDANCE: G Hall, P Moon (Independent Adviser), W Bourne (Independent Adviser), W Baxter (CBRE), A Owen (CBRE), D Knight (Border to Coast) and G Rutter (CBRE)
M Rutter (EY) and R Tebbs (EY) – Virtual Attendance

OFFICERS: S Lightwing, N Orton and W Brown

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillors D Coupe and J Beall, (Stockton On Tees Council) and Mr B Foulger

23/50 **WELCOME, INTRODUCTIONS AND EVACUATION PROCEDURE**

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

23/51 **DECLARATIONS OF INTEREST**

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

23/52 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 13 DECEMBER 2023**

The minutes of the meeting of the Teesside Pension Fund Committee held on 13 December 2023 were taken as read and approved as a correct record.

23/53 **SUSPENSION OF COUNCIL PROCEDURE RULE 4.13.2 - ORDER OF BUSINESS**

In accordance with Council Procedure Rule No. 4.57, the Committee agreed to vary the order of business to deal with the agenda items in the following order: Agenda Item 15, Agenda Item 16, Agenda Items 5 through to 14.

23/54 **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.

23/55 **LOCAL INVESTMENT UPDATE**

The Head of Pensions Governance and Investments presented a report on Local Investment Update.

ORDERED as follows that Members agree to an investment, the details of which were set out at paragraph 2.1 of the submitted report.

23/56 EXCLUSION OF PRESS AND PUBLIC

ORDERED that the motion to exclude Press and Public was lifted for the remainder of the meeting.

23/57 INVESTMENT ACTIVITY REPORT

A report of the Director of Finance was presented to inform Members how the Investment Advisors' recommendations were being implemented and to provide details of 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. For the period under discussion, bonds were still not considered value for the Fund and the Fund had no investments in Bonds at this time.

The cash level at the end of December 2023 was 4.27%.

Investment in direct property where the property had a good covenant, yield and lease terms would continue. There were no purchases or sales during the quarter.

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. An amount of £49 million was invested in the quarter.

Unfortunately, owing to temporary resourcing issues and conflicting work pressures the team had not been able to provide the usual transaction report for quarter ending 31 December 2023 in time for this Committee meeting. The June 2024 Committee would be provided with a transaction report covering the six months to 31 March 2024.

As at 31 December 2023, the Fund had £221 million invested with approved counterparties. This was an increase of £32 million over the last quarter. The graph at Appendix A 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 Fund Valuation detailed all the investments of the Fund as at 31 December 2023, and was prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, was £5,194 million. The detailed valuation was attached at Appendix B to the submitted report and was also available on the Fund's website www.teespen.org.uk. This compared with the last reported valuation, as at 30 September 2023 of £5,100 million.

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 31 December 2023 compared with the Fund's customised benchmark.

As at 31 December 2023 the Fund's equity weighting was 60.83% compared to 59.95% at the end of September 2023. Redemptions of £75 million in total were made from the Border to Coast UK and Overseas Developed Market Equity Funds.

A summary of equity returns for the quarter 1 October 2023-31 December 2023 were shown at paragraph 8.4 of the submitted report.

The Fund had no investments in bonds at this time. The Committee had discussed investing in bonds. Although there was no directive to invest at this time, the Advisers had since indicated the levels at which they felt investment would be appropriate. Officers were monitoring the situation and further discussion with the advisers would take place when the levels at which investment was felt to be appropriate came into range. Current thinking was that an investment via the Border to Coast Sterling Index Linked Bond Fund would be the most appropriate vehicle.

As at 30 November 2023 total commitments to private equity, infrastructure, other alternatives and other debt were £1.927 billion and details were provided at paragraph 8.8 of the submitted report.

ORDERED that the information provided was received and noted.

23/58

EXTERNAL MANAGERS' REPORTS

A report of the Interim 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 2023 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 £900 million had been made to these sub-funds (£500m to infrastructure and £400m to private equity) with around 34% 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 later in the agenda for this meeting.

The Border to Coast report showed the market value of the portfolio as at 30 September 2023 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's returns were 0.68% below benchmark over the last year, or 1.68% under its overachievement target, whereas the Overseas Developed Markets Equity Fund had achieved returns of 2.07% above benchmark over the last year, comfortably above its 1% overachievement target. Since inception, the UK fund had delivered performance of 0.7% a year above benchmark, slightly below its long-term target, and the overseas fund had delivered performance of 1.49% above benchmark, above its long-term target. The performance of the Emerging Markets Equity Fund had been below benchmark throughout much of the period of the Teesside Pension Fund's investment – including over the quarter and year to 31 December 2023. Since inception the Fund was 1.62% a year behind benchmark, so 3.12% a year behind target.

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 2023.

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

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

As reported to the 13 December 2023 Committee, State Street has advised that it had made further changes to its passive equity indices and was excluding additional sectors. The Fund was notified that from 18 December 2023 the benchmarks of the State Street Sub-Funds the Fund invested in were applying screens to exclude certain securities related to Tobacco and Thermal Coal. Excluded companies would be any involved in production of tobacco or tobacco products and companies that extracted thermal coal or had thermal coal power generation and this activity represented 10% or more of revenues. This was in addition to the current screening for UN Global Compact Violations and Controversial Weapons. Initial indications were across the four State Street Sub-Funds these changes covered around 0.36% of the assets (tobacco) and 0.88% of the assets (thermal coal) that the Fund invested

via State Street.

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: UK Listed Equity, Overseas Developed Markets Equity and Emerging Markets Equity. Amongst other information, the reports 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.

The Fund's exposure to investment in fossil fuels and tobacco was questioned. The Head of Pension Governance and Investment explained that through Border to Coast, the Fund tried to engage with companies on ESG issues. It was better to try and influence and encourage investment in alternatives as a shareholder. BCP would occasionally divest where engagement was unsuccessful.

ORDERED that the report was received and noted.

23/59

PENSIONS REGULATOR GENERAL CODE OF PRACTICE

A report of the Director of Finance was presented, the purpose of which was to provide Members of the Pension Fund Committee (the Committee) with details of the Pensions Regulator's (TPR) recently published General Code of Practice, expected come into force from 27 March 2024.

TPR had been through an exercise to merge its existing codes of practice into a single new code, the General Code of Practice. Consultation on the creation of the general code took place on 2021 and the new General Code of Practice was laid in Parliament on 10 January 2024, expected to come into force after 40 days on 27 March 2024. The General Code of Practice was a 171-page document that could be found on TPR's website at the following link:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-laid-january-2024.ashx>

The following ten codes had been consolidated into the General Code of Practice:

- Reporting breaches of the law.
- Early leavers.
- Late payment of contributions (occupational pension schemes).
- Late payment of contributions (personal pension schemes).
- Trustee knowledge and understanding.
- Member nominated trustees/member-nominated directors putting arrangements in place.
- Internal controls.
- Dispute resolution reasonable periods.
- DC code.
- Public service code.

The General Code of Practice was divided into five sections and some new modules would be included. Some of these would not directly apply to the LGPS, but where that was the case, compliance would be viewed as best practice by TPR.

The Local Government Association (LGA) and LGPS Scheme Advisory Board (SAB) had provided some initial comments in relation to the General Code of Practice which were included at paragraph 5.3 of the submitted report.

Although the General Code of Practice was expected to take effect before the end of March, TPR has indicated that it did not expect schemes to be able to demonstrate full compliance with all the provisions of the Code from that date. However, what was expected was that schemes would have an awareness of where there were potential gaps in compliance and, ideally, a plan setting out how and when these gaps would be filled.

The Fund already had a good level of compliance with TPR's governance and administration

requirements set out in the existing code of practice. An exercise was underway to consider to what degree the Fund complied with the new elements of the code, including those deemed best practice for the LGPS. Updates, including a plan for achieving full compliance with all relevant elements of the General Code of Practice would be shared with future Committee meetings.

ORDERED that the information provided was received and noted.

23/60 **PENSION FUND BUSINESS PLAN 2023-26**

The Pension Fund Business Plan 2024/27, including the 2024/25 Pension Fund Budget was presented to the Committee for approval.

The Teesside Pension Fund Business Plan was designed to set out how the Pension Fund Committee operated, what powers were delegated and to provide information on key issues. The Business Plan existed alongside the Fund's other governance documents, which set out the delegated powers and responsibilities of officers charged with the investment management function.

The 2024/25 forecast income and expenditure was set out in the Business Plan, and summarised at paragraph 3.1 of the submitted report.

The Business Plan for 2024/27 was attached at Appendix 1 to the submitted report and included:

- The purpose of the Fund, including the Teesside Pension Fund Service Promise (attached at Appendix A);
- The current governance arrangements for the Fund;
- The performance targets for the Fund for 2024/25, and a summary of the performance for 2023/24 (latest available) (attached at Appendix B);
- The arrangements in place for managing risk and the most up to date risk register for the Fund (attached at Appendix C);
- Membership, investment and funding details for the Fund;
- An estimated outturn for 2023/24 and an estimate for income and expenditure for 2024/25 (attached at Appendix D and page 21 of Appendix 1); and
- An annual plan for key decisions and a forward work programme for 2024/27 and an outline work plan for 2024–2027.

ORDERED as follows that the:

1. information provided was received and noted.
2. Pension Fund Business Plan 2024/27 including the 2024/2025 Pension Fund Budget was approved.

23/61 **BORDER TO COAST PRESENTATION**

The Committee received a summary and update on the Fund's investments with Border to Coast.

The presentation provided information on the following:

- Fund Investments with Border to Coast.
- Market Overview – Quarter 4 2023:

Growth disappointment

- Economic demand to soften in 2024 against a backdrop of declining consumer strength and increased credit stress.

Equities defying gravity

- Valuations were stretched and profit margins might come under pressure given the continued liquidity tightening and the consumer's decreasing propensity to spend moving forward.

Selective credit opportunities offered high quality carry

- Vulnerabilities in lower-rated credit were likely to be exposed if consumer spending fell. Refinancing might be challenging for some issuers given tighter bank lending standards.
- Preference for higher quality credit (ie investment grade credit).
- Border to Coast Update:

Approach to Responsible Investment

- BCP had published the 2024 RI Policy, Climate Change Policy and Voting Guidelines. These supported BCP's management of climate change risk, with updates including increased scrutiny of corporate net zero strategies, voting for shareholder proposals that align with the 2015 Paris Agreement on Climate Change, and introducing new exclusion thresholds relating to thermal coal and oil sand production.

Global Investor

- In December BCP formally launched two Real Estate funds: Global Core, and Global Value-Add. These new funds were the result of detailed collaboration with Partner Funds and it was exciting to be able to offer new investment opportunities and a new asset class.

Barnsley 2.0 – Maintaining A Great Partnership

- Last year Partner Fund officers met in Barnsley to discuss, among other things, the principles of BCP's common partnership as it continue to evolve. Kindly hosted by SYPA, the group convened again in January to discuss how to work together – and ensure that BCP had the right approach to reporting and oversight.

Setting The Strategic Plan for 2024-2027

- BCP was finalising the 2024-27 Strategic Plan, which built on progress so far and outlined the proposed approach to finishing the original strategy (to complete the investment capability build required to enable Partner Funds to pool assets and the creation of a long-term resilient organisation).

Staff Update

- Jane Firth, Head of RI would retire later this year and the recruitment process for Jane's successor was underway. Andrew Glessing, Interim Chief Risk Officer (CRO) joined in January following Richard Charlton's departure. Andrew was supporting whilst a permanent CRO was recruited.

- Private Equity/Infrastructure – IRR and TVPI Definitions.
- Definitions of Internal Rate of Return (IRR) and Total Value to Paid-in Capital (TVPI) were included in the report.

ORDERED that the information provided was received and noted.

23/62

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.

In the longer term, higher inflation would have an adverse impact on the Fund's future service costs. It was recommended that the strategic focus should remain on building up allocations to assets which provided some mitigation to the long-term inflation risk. In the medium term the Fund should give consideration to investing in index linked gilts.

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.

There was more optimism in the property market despite a technical recession in the third quarter of 2023. Interest rates had now peaked. Transactions volumes in 2023 were down about £40 billion. There were more sellers than buyers in the market and some buyer hesitancy due to pricing, investors close to target weights, interest rates and political uncertainty.

In the corporate defined pension world there were concerns around tighter environmental standards and typically higher costs to let and sell. There were a number of motivated sellers and redemptions on a number of property funds. Investment opportunity was good and there was less competition in the market. There were still some challenges in office market and strong growth in the retail sector and supermarkets.

Members' attention was drawn to the photograph of the Old Brompton Road property on page 1 of the submitted report which was currently being refurbished. The refurbishment work was 75% completed and on target.

CBRE had changed its approach to analysing the top tenants and was now using INCANS rather than Experian. INCANS provided a more up to date and accurate picture of the tenants and risk. On the INCANS category rating system – 7 out of 10 were rated as medium to low risk.

The low rating for the Royal Mail property in Gateshead was queried. It was explained that the property was on the principle industrial estate in Gateshead and the largest single asset, serving the whole region from Berwick to York and Carlisle. The property had its own railway station at the which was in daily use and critical to the region. If the property did fall vacant it was a very significant site of up to 15 acres of land on team valley and its freehold on the land.

At Swadlincote, the Fund had agreed terms to extend the Lease with Brunel Healthcare for a term of 20 years, increasing the term certain by 16 years, at a re-based rent of £818,000 p.a. The rent was reviewed in-line with RPI collared and capped at 2% and 5%. The tenant benefitted from an initial 6 months' rent free on completion of the Lease. The new Lease was close to completion.

The Fund had completed a full refurbishment of the car park at Congleton Retail Park. The project was well received by the occupiers and had led to an improved customer experience. Following completion in December, the Fund had received renewed occupier interest in the three vacant units.

In relation to the arrears detailed in the report, outstanding debts currently totalled £307K.

ORDERED that the information provided 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
- Membership Movement
- Member Self Service
- Pension Regulator Data Scores
- Customer Service
- Completed Cases Overview
- Completed Cases by Month

The report was taken as read with some key issues highlighted as follows:

Confirmation had been received from HM Treasury that public service pensions and career average benefits within the LGPS would increase from 1 April 2024 by 6.7% alongside the Consumer Price Index from the prior September.

Membership overall had increased and the number of deferred members had slightly reduced.

Scheme specific data would be included in the next report to Committee.

With regard to late payments, these were chased on a monthly basis and an email had been sent to regular offenders asking them to explain why contributions were being paid across late. Health Checks had been initiated with these employers.

The number of cases being processed had increased significantly and only one had been completed outside of the timescale in the Service Level Agreement.

There had been one IDRP Stage 1 Case complaint in relation to disinvestment of AVCs. This had taken longer than expected due to the request not being received by AVC provider. XPS and Prudential agreed to pay the compensation suggested by the IDRP1 adjudicator.

ORDERED that the information provided was received and noted.

23/65

WASTEKNOT ENERGY VISIT

The Head of Pensions Governance and Investments gave a verbal update on a recent visit to WasteKnot, to which all Members of the Committee had been invited.

Members were shown photographs of the energy to waste plant.

It was anticipated that once the plan was running at full capacity, the Fund would receive the promised return on its investment.

ORDERED that the information provided was received and noted.

23/66

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

Teesside Pension Fund Audits 2021/2022 and 2022/2023

The External Auditor provided an update on the status of the Teesside Pension Fund Audit and the reset of local government audit timelines.

It was anticipated that the 2021/2022 audit would be finalised within the next month but could not be signed off until the Council's accounts were complete. Completion of the Council's accounts was impacted by the Government reset. All the requisite information had been handed to the new External Auditor, Mazars.

The majority of work on 2022/2023 was completed. There was some outstanding work around property valuations and this work would be subject to review. There were a number of other issues with the audit that EY was working through with management. These were of a smaller magnitude than previously and mainly due to volatility around markets. Audit procedures should be completed by the end of the month.

ORDERED that the information provided was received and noted.

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 5

PENSION FUND COMMITTEE REPORT

12 JUNE 2024

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 2024

- 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 2024 was 3.63%

- 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 in the quarter.

- 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 £70m 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 October 2023 – 31 March 2024.
- 5.2 There were net purchases of £8m in the period.

6. TREASURY MANAGEMENT

- 6.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice (the Code) sets out how cash balances should be managed. The Code states that the objective of treasury management is the management of the Authority's cash flow, its borrowings and investments, in such a way as to control the associated risks and achieve a level of performance or return consistent with those risks. The security of cash balances invested is more important than the interest rate received.
- 6.2 Middlesbrough Council adopted the Code on its inception and further determined that the cash balances held by the Fund should be managed using the same criteria. The policy establishes a list of counterparties (banks, building societies and others to whom the Council will lend) and sets limits as to how much it will lend to each counterparty. The counterparty list and associated limits are kept under constant review by the Director of Finance.
- 6.3 Although it is accepted that there is no such thing as a risk-free counterparty, the policy has been successful in avoiding any capital loss through default.
- 6.4 As at 31 March 2024, the Fund had £198m invested with approved counterparties. This is a decrease of £23m 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 2024, and is prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, is **£5,468 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 2024 of **£5,194 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 2024 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 31/03/24	Minimum	Maximum
GROWTH ASSETS	75%	84.33%	55%	95%
UK Equities	10%	11.24%	40%	80%
+Overseas Equities	45%	49.68%		
Property	10%	9.90%	5%	15%
Private Equity	5%	9.98%	0%	10%
Other Alternatives	5%	3.53%	0%	10%
PROTECTION ASSETS	25%	15.22%	5%	45%
Bonds / Other debt / Cash	15%	5.75%	5%	45%
Infrastructure	10%	9.47%		

(Local Investments account for the missing 0.5% 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 2024 the Fund's equity weighting was 60.92% compared to 60.83% at the end of December 2023.

Redemptions of £40m in total, were made from the Border to Coast Overseas Developed Market Equity Fund.

Summary of equity returns for the quarter 1 January 2024 – 31 March 2024:

Asset	Fund Performance	Benchmark	Excess Return
BCPP UK	3.30%	3.57%	-0.27%
BCPP Overseas	8.92%	7.75%	1.16%
BCPP Emerging Market	3.96%	3.31%	0.64%
SSGA Pacific	1.02%	1.25%	-0.23%
SSGA Japan	11.58%	11.44%	0.05%
SSGA Europe	6.57%	6.72%	-0.15%
SSGA North America	11.26%	11.14%	0.12%

(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 3.63%. 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 4 Local Investments:

GB Bank – £20m initial investment called in full in September 2020.

£6.5m was paid to the bank in December 2021.

£13.5m paid August 2022 as the bank received regulatory approval to exit mobilisation.

£4m was agreed at the September 2023 Committee and paid to GB Bank in October.

£5m agreed at March 2024 Committee and paid May 2024.

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

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

FW Capital – At the September Committee agreement was given for an investment of £20m into the Teesside Flexible Investment Fund.

The money will be called down as and when investments are made.

8.8 ALTERNATIVES

As at 30 April 2024 total commitments to private equity, infrastructure, other alternatives and other debt were £1,936m, as follows:

	Total committed	Total Invested
Border to Coast Infrastructure	£500m	£218m
Other Infrastructure Managers	£317m	£273m
Border to Coast Private Equity	£400m	£160m
Other Private Equity Managers	£364m	£261m
Other Alternatives	£251m	£190m
Other Debt	£120m	£115m
Totals	£1,936m	£1,217m

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Bargain Date	Buy/ Sell	Stock Name	Category	Sector	Currency	Nominal Amount of Shares	Price (£)	Purchase Cost / Sale Proceeds (£)	Book Cost of Stock (£)	Profit/(Loss) on Sale (£)
02/10/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	90,930.55	90,930.55	-
04/10/2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	EUR	-	-	954,261.15	954,261.15	-
05/10/2023	P	Blackrock Global Renewable Power Infrastructure III	Infrastructure	Infrastructure	USD	-	-	1,238,700.73	1,238,700.73	-
06/10/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	405,529.97	405,529.97	-
06/10/2023	S	Foresight Energy Infrastructure Partners	Infrastructure	Infrastructure	EUR	-	-	-42,784.63	-42,784.63	-
09/10/2023	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	-9,313.64	-9,313.64	-
10/10/2023	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	EUR	-	-	-39,913.39	-39,913.39	-
11/10/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	197,939.43	197,939.43	-
16/10/2023	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	-35,134.82	-35,134.82	-
17/10/2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	574,572.72	574,572.72	-
17/10/2023	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	-32,687.98	-32,687.98	-
19/10/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	712,447.74	712,447.74	-
19/10/2023	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	-15,426.77	-15,426.77	-
31/10/2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	331,134.03	331,134.03	-
06/11/2023	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	426,070.25	426,070.25	-
06/11/2023	P	Capital Dynamics Clean Energy Infrastructure VIII	Infrastructure	Infrastructure	GBP	-	-	733,333.33	733,333.33	-
06/11/2023	P	Capital Dynamics Clean Energy Infrastructure VIII - (Co-Investment)	Infrastructure	Infrastructure	GBP	-	-	366,666.67	366,666.67	-
07/11/2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	11,783.21	11,783.21	-
07/11/2023	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	-62,958.59	-62,958.59	-
07/11/2023	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	EUR	-	-	1,960,828.15	1,960,828.15	-
11/11/2023	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	-91,013.59	-91,013.59	-
14/11/2023	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	EUR	-	-	388,064.88	388,064.88	-
15/11/2023	S	ACIF Infrastructure LP	Infrastructure	Infrastructure	EUR	-	-	-569,614.16	-569,614.16	-
27/11/2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	188,377.99	188,377.99	-
29/11/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	EUR	-	-	160,368.04	160,368.04	-
01/12/2023	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	2,565,703.03	2,565,703.03	-
04/12/2023	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	392,734.75	392,734.75	-
05/12/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	136,607.03	136,607.03	-
05/12/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	EUR	-	-	387,668.62	387,668.62	-
05/12/2023	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	EUR	-	-	-38,876.11	-38,876.11	-
06/12/2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	EUR	-	-	601,567.53	601,567.53	-
06/12/2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	1,005,974.38	1,005,974.38	-
06/12/2023	P	Gresham House British Sustainable Infrastructure Fund II LP	Infrastructure	Infrastructure	GBP	-	-	2,138,572.36	2,138,572.36	-
06/12/2023	S	Gresham House British Sustainable Infrastructure Fund II LP	Infrastructure	Infrastructure	GBP	-	-	-2,138,572.36	-2,138,572.36	-
07/12/2023	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	530,500.73	530,500.73	-
12/12/2023	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	EUR	-	-	153,751.84	153,751.84	-
12/12/2023	S	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	EUR	-	-	-159,339.27	-159,339.27	-
12/12/2023	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	-592,659.66	-592,659.66	-
13/12/2023	S	ACIF Infrastructure II SCS-RAIF	Infrastructure	Infrastructure	EUR	-	-	-57,281.13	-57,281.13	-
13/12/2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	540,255.28	540,255.28	-
14/12/2023	S	Gresham House British Strategic Investment Fund LP	Infrastructure	Infrastructure	GBP	-	-	-937,329.70	-937,329.70	-
15/12/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	60,641.58	60,641.58	-
19/12/2023	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	EUR	-	-	386,598.71	386,598.71	-
19/12/2023	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	EUR	-	-	-2,494.10	-2,494.10	-
20/12/2023	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	-253,760.02	-253,760.02	-
21/12/2023	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	-93,272.38	-93,272.38	-
22/12/2023	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	92,285.87	92,285.87	-
22/12/2023	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	USD	-	-	915,108.30	915,108.30	-
22/12/2023	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	USD	-	-	-408,631.11	-408,631.11	-
26/12/2023	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	121,360.96	121,360.96	-
26/12/2023	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	-1,198.52	-1,198.52	-
28/12/2023	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	1,232,342.22	1,232,342.22	-
02/01/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	77,783.87	77,783.87	-

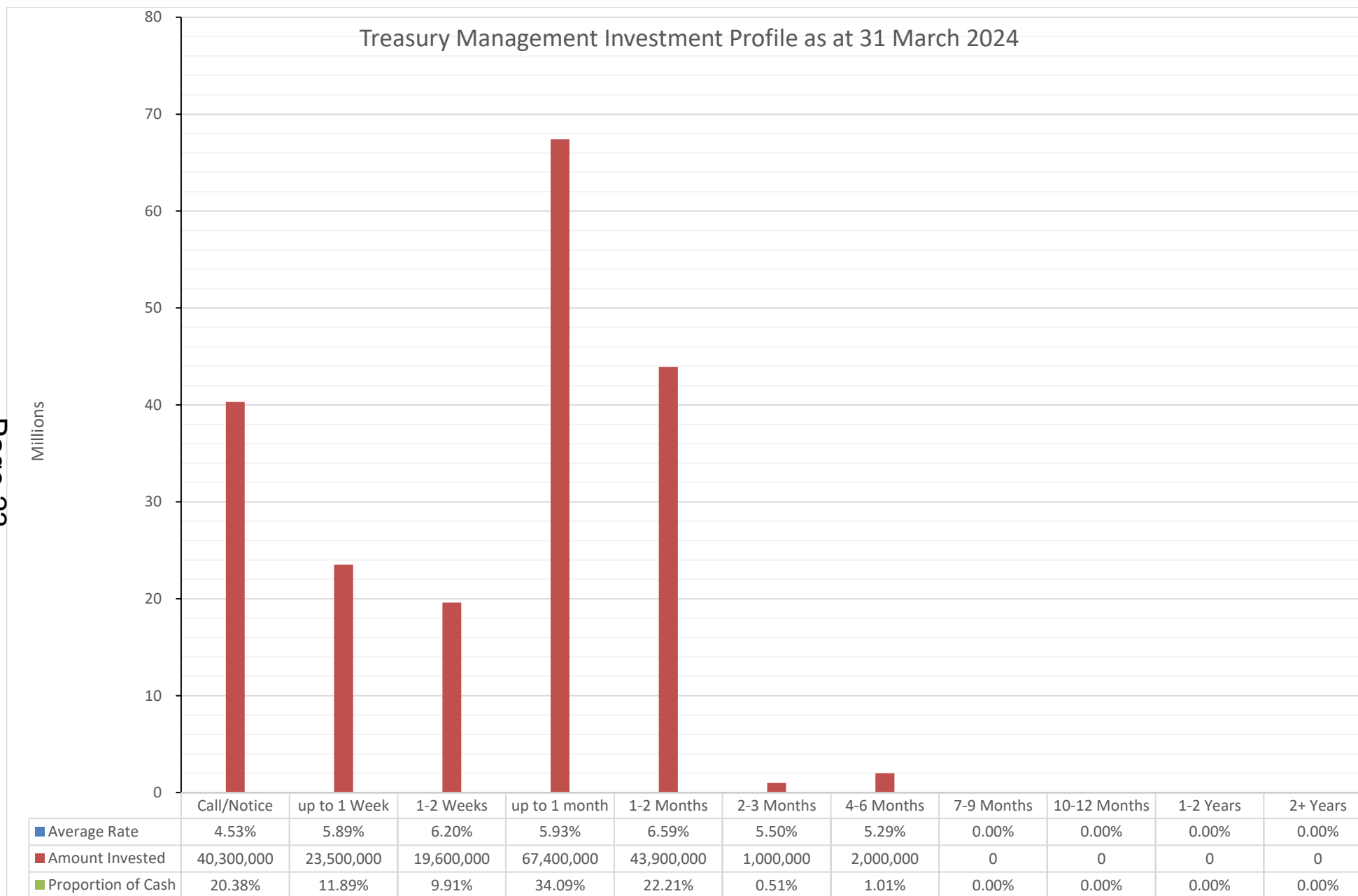
02/01/2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	-573,612.12	-573,612.12	-
10/01/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	-33,408.07	-33,408.07	-
11/01/2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	168,264.50	168,264.50	-
11/01/2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	-30,807.99	-30,807.99	-
12/01/2024	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	1,196.02	1,196.02	-
12/01/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	-134,000.73	-134,000.73	-
12/01/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	EUR	-	-	1,912,326.57	1,912,326.57	-
12/01/2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	EUR	-	-	-88,838.29	-88,838.29	-
15/01/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	1,417,659.16	1,417,659.16	-
15/01/2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	-356,096.63	-356,096.63	-
16/01/2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	EUR	-	-	1,742,367.22	1,742,367.22	-
16/01/2024	P	Foresight Energy Infrastructure Partners	Infrastructure	Infrastructure	EUR	-	-	291,106.15	291,106.15	-
16/01/2024	S	Foresight Energy Infrastructure Partners	Infrastructure	Infrastructure	EUR	-	-	-102,657.94	-102,657.94	-
17/01/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	-10,485.13	-10,485.13	-
17/01/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	2,833,563.73	2,833,563.73	-
19/01/2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	98,677.66	98,677.66	-
19/01/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	-5,803.56	-5,803.56	-
23/01/2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	13,012.28	13,012.28	-
23/01/2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	-4,209.96	-4,209.96	-
29/01/2024	P	Gresham House British Sustainable Infrastructure Fund II LP	Infrastructure	Infrastructure	GBP	-	-	4,407,621.24	4,407,621.24	-
31/01/2024	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	961,741.67	961,741.67	-
31/01/2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	-103,239.13	-103,239.13	-
06/02/2024	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	-21,620.67	-21,620.67	-
08/02/2024	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	EUR	-	-	341,982.64	341,982.64	-
08/02/2024	S	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	EUR	-	-	-226,530.12	-226,530.12	-
08/02/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	-378,582.22	-378,582.22	-
12/02/2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	USD	-	-	144,712.58	144,712.58	-
12/02/2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	97,657.35	97,657.35	-
12/02/2024	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	-9,355.59	-9,355.59	-
12/02/2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	129,682.47	129,682.47	-
12/02/2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	USD	-	-	32,253.88	32,253.88	-
16/02/2024	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	212,016.33	212,016.33	-
19/02/2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	EUR	-	-	6,014,628.86	6,014,628.86	-
26/02/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	2,587,872.30	2,587,872.30	-
27/02/2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	936,781.96	936,781.96	-
27/02/2024	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	1,124,794.94	1,124,794.94	-
27/02/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	-116,925.16	-116,925.16	-
08/03/2024	S	ACIF Infrastructure LP	Infrastructure	Infrastructure	EUR	-	-	-129,534.58	-129,534.58	-
08/03/2024	S	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	EUR	-	-	-4,588.21	-4,588.21	-
08/03/2024	P	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	EUR	-	-	117,693.58	117,693.58	-
08/03/2024	P	Foresight Energy Infrastructure Partners	Infrastructure	Infrastructure	EUR	-	-	985,772.79	985,772.79	-
11/03/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	EUR	-	-	-48,108.45	-48,108.45	-
12/03/2024	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	EUR	-	-	293,556.49	293,556.49	-
13/03/2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	USD	-	-	3,273,865.55	3,273,865.55	-
15/03/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	354,559.13	354,559.13	-
15/03/2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	-192,083.80	-192,083.80	-
18/03/2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	USD	-	-	3,668,201.16	3,668,201.16	-
19/03/2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	EUR	-	-	-39,437.96	-39,437.96	-
20/03/2024	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	USD	-	-	-131,646.90	-131,646.90	-
20/03/2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	USD	-	-	6,322.88	6,322.88	-
20/03/2024	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	69,392.45	69,392.45	-
20/03/2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	USD	-	-	-181,182.41	-181,182.41	-
21/03/2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	GBP	-	-	372,132.00	372,132.00	-
								46,186,863.90		
05/12/2023	P	St Arthur Homes	Other (Property) Debt	Other (Property) Debt	GBP	-	-	1,235,000.00	1,235,000.00	-

06/12/2023	P	Titan - Preston East	Other (Property) Debt	Other (Property) Debt	GBP	-	-	9,767,000.00	9,767,000.00	-
15/12/2023	P	Leonardo Warehouse Unit	Other (Property) Debt	Other (Property) Debt	GBP	-	-	2,125,622.71	2,125,622.71	-
								13,127,622.71		
04/10/2023	P	Gresham House, British Strategic Investment Housing Fund	Other Alternatives	Other Alternatives	GBP	-	-	1,694,915.25	1,694,915.25	-
05/10/2023	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	GBP	-	-	278,487.01	278,487.01	-
16/10/2023	P	Bridges Evergreen TPF Housing Co-Investment LP	Other Alternatives	Other Alternatives	GBP	-	-	29,568.90	29,568.90	-
16/10/2023	S	Bridges Evergreen TPF Housing Co-Investment LP	Other Alternatives	Other Alternatives	GBP	-	-	-2,000.00	-2,000.00	-
02/11/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	GBP	-	-	18,833.63	18,833.63	-
02/11/2023	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	GBP	-	-	-731,755.47	-731,755.47	-
09/11/2023	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	-96,661.81	-96,661.81	-
15/11/2023	P	Hearthstone Residential Fund 2 LP	Other Alternatives	Other Alternatives	GBP	-	-	1,972,359.78	1,972,359.78	-
22/11/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	GBP	-	-	352,632.36	352,632.36	-
22/11/2023	S	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	EUR	-	-	-138,189.36	-138,189.36	-
30/11/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	EUR	-	-	238,619.48	238,619.48	-
30/11/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	115,278.53	115,278.53	-
30/11/2023	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	-3,985.27	-3,985.27	-
06/12/2023	P	Gresham House, British Strategic Investment Housing Fund	Other Alternatives	Other Alternatives	GBP	-	-	1,694,915.25	1,694,915.25	-
07/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	260,479.37	260,479.37	-
07/12/2023	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	-180,460.40	-180,460.40	-
08/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	204,875.59	204,875.59	-
11/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	GBP	-	-	383,781.48	383,781.48	-
12/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	85,564.04	85,564.04	-
18/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	194,335.55	194,335.55	-
18/12/2023	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	-188,381.32	-188,381.32	-
19/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	108,066.32	108,066.32	-
21/12/2023	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	926,140.19	926,140.19	-
21/12/2023	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	-403.67	-403.67	-
02/01/2024	P	Darwin Leisure Property Fund T, Income Units	Other Alternatives	Other Alternatives	GBP	-	-	5,000,000.00	5,000,000.00	-
05/01/2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	4,959,831.51	4,959,831.51	-
08/01/2024	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	GBP	-	-	1,287,432.48	1,287,432.48	-
08/01/2024	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	EUR	-	-	66,931.79	66,931.79	-
09/01/2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	EUR	-	-	186,884.97	186,884.97	-
10/01/2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	GBP	-	-	367,217.97	367,217.97	-
01/02/2024	S	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	EUR	-	-	-279,152.40	-279,152.40	-
07/02/2024	P	Gresham House, British Strategic Investment Housing Fund	Other Alternatives	Other Alternatives	GBP	-	-	517,238.17	517,238.17	-
15/02/2024	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	GBP	-	-	307,242.91	307,242.91	-
06/03/2024	P	Capital Dynamics Clean Energy UK, SCSp	Other Alternatives	Other Alternatives	GBP	-	-	170,000.00	170,000.00	-
15/03/2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	1,525,906.71	1,525,906.71	-
18/03/2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	USD	-	-	271,088.87	271,088.87	-
								21,597,638.40		
06/11/2023	P	Pantheon Private Debt PSD II USD Feeder	Other Debt	Other Debt	USD	-	-	747,805.53	747,805.53	-
15/12/2023	P	Pantheon Private Debt PSD II USD Feeder (Luxembourg)	Other Debt	Other Debt	USD	-	-	512,769.26	512,769.26	-
22/01/2024	S	Greyhound Retail Park, Chester	Other Debt	Other Debt	GBP	-	-	-109,375.00	-109,375.00	-
22/01/2024	S	St Arthur Homes	Other Debt	Other Debt	GBP	-	-	-3,674.99	-3,674.99	-
21/02/2024	S	St Arthur Homes	Other Debt	Other Debt	GBP	-	-	-235,160.55	-235,160.55	-
20/10/2023	P	Greyhound Retail Park, Chester	Other Debt	Property Debt	GBP	-	-	109,375.00	109,375.00	-
								1,021,739.25		
18/10/2023	S	Border to Coast Overseas Developed Markets Equity Fund	Overseas Equities	Overseas Developed Mark	GBP	-15,841,259	157.95	-25,021,268.07	-21,299,023.19	3,722,244.88
28/02/2024	S	Border to Coast Overseas Developed Markets Equity Fund	Overseas Equities	Overseas Developed Mark	GBP	-22,688,369.64	176.45	-40,033,628.24	-30,505,158.79	9,528,469.45
29/11/2023	S	Border to Coast Overseas Developed Markets Equity	Overseas Equities	Overseas Equities	GBP	-15,549,198	160.78	-25,000,000.00	-20,906,338.85	4,093,661.15

							<u>-90,054,896.31</u>			<u>17,344,375.48</u>
02/10/2023	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	~	~	61,169.29	61,169.29	-
02/10/2023	S	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	~	~	-6,507.50	-6,507.50	-
03/10/2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	USD	~	~	1,261,104.19	1,261,104.19	-
03/10/2023	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	USD	~	~	-865,417.66	-865,417.66	-
03/10/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	8,239.02	8,239.02	-
03/10/2023	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	-48,351.60	-48,351.60	-
03/10/2023	P	GB Bank Ltd	Private Equity	Private Equity	GBP	~	~	3,963,750.00	3,963,750.00	-
05/10/2023	P	Crown Co-Investments Opportunities III	Private Equity	Private Equity	USD	~	~	1,680,084.42	-1,680,084.42	-
09/10/2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	~	~	1,557,726.85	1,557,726.85	-
09/10/2023	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	~	~	-602,477.33	-602,477.33	-
11/10/2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	~	~	100,557.17	100,557.17	-
12/10/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	501,487.81	501,487.81	-
13/10/2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	USD	~	~	948,024.03	948,024.03	-
17/10/2023	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	~	~	237,908.64	237,908.64	-
18/10/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	561,819.26	561,819.26	-
20/10/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	952,866.10	952,866.10	-
23/10/2023	S	Crown Co-Investment Opportunities II	Private Equity	Private Equity	USD	~	~	-887,911.09	-887,911.09	-
24/10/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	~	~	204,566.09	204,566.09	-
30/10/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	324,107.04	324,107.04	-
01/11/2023	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	USD	~	~	108,458.11	108,458.11	-
01/11/2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	EUR	~	~	293,287.94	293,287.94	-
01/11/2023	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	EUR	~	~	-17,181.45	-17,181.45	-
03/11/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	~	~	632,432.21	632,432.21	-
06/11/2023	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	-10,990.20	-10,990.20	-
08/11/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	~	~	1,503,523.98	1,503,523.98	-
08/11/2023	S	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	~	~	-460,209.83	-460,209.83	-
10/11/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	~	~	210,319.66	210,319.66	-
13/11/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	~	~	164,511.39	164,511.39	-
14/11/2023	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	~	~	-974,867.36	-974,867.36	-
15/11/2023	P	Unigestion Direct III	Private Equity	Private Equity	EUR	~	~	1,914,819.90	1,914,819.90	-
15/11/2023	P	Unigestion Direct III Co-Investment	Private Equity	Private Equity	EUR	~	~	1,082,060.93	1,082,060.93	-
16/11/2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	~	~	1,463.76	1,463.76	-
20/11/2023	S	Access Capital Fund VIII Growth Buy-Out Europe	Private Equity	Private Equity	EUR	~	~	-132,942.43	-132,942.43	-
21/11/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	~	~	175,541.27	175,541.27	-
21/11/2023	P	Crown Co-Investments Opportunities III	Private Equity	Private Equity	USD	~	~	2,167,991.55	2,167,991.55	-
24/11/2023	P	Access Co-Investment Fund Buy-Out Europe II, SCS-RAIF	Private Equity	Private Equity	EUR	~	~	537,969.63	537,969.63	-
24/11/2023	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	~	~	-127,090.73	-127,090.73	-
30/11/2023	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	GBP	~	~	-32,218.75	-32,218.75	-
30/11/2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	GBP	~	~	32,218.75	32,218.75	-
01/12/2023	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	~	~	413,463.28	413,463.28	-
04/12/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	18,520.03	18,520.03	-
04/12/2023	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	~	~	95,682.85	95,682.85	-
04/12/2023	P	Hermes GPE - Innovation Fund	Private Equity	Private Equity	GBP	~	~	344,751.81	344,751.81	-
04/12/2023	S	Hermes GPE - Innovation Fund	Private Equity	Private Equity	GBP	~	~	-3,891.35	-3,891.35	-
05/12/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	~	~	32,303.59	32,303.59	-
06/12/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	~	~	20,417.31	20,417.31	-
06/12/2023	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	~	~	25,190.33	25,190.33	-
07/12/2023	P	Crown Global Opportunities VII	Private Equity	Private Equity	USD	~	~	820,383.37	820,383.37	-
07/12/2023	S	Crown Global Opportunities VII	Private Equity	Private Equity	USD	~	~	-241,693.41	-241,693.41	-
08/12/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	~	~	1,684,138.08	1,684,138.08	-
11/12/2023	S	Access Capital Fund VIII Growth Buy-Out Europe	Private Equity	Private Equity	EUR	~	~	-324,383.19	-324,383.19	-
12/12/2023	S	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	~	~	-578,122.42	-578,122.42	-
12/12/2023	P	Unigestion Direct II - Asia	Private Equity	Private Equity	EUR	~	~	63,764.12	63,764.12	-
12/12/2023	P	Unigestion Direct II - Europe	Private Equity	Private Equity	EUR	~	~	249,190.53	249,190.53	-
12/12/2023	P	Unigestion Direct II - North America	Private Equity	Private Equity	EUR	~	~	63,816.30	63,816.30	-

13/12/2023	P	Unigestion Secondary V	Private Equity	Private Equity	EUR	-	-	1,738,230.80	1,738,230.80	-
14/12/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	269,307.57	269,307.57	-
18/12/2023	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	-	-	333,340.47	333,340.47	-
18/12/2023	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	-	-	-74,595.35	-74,595.35	-
22/12/2023	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	123,606.75	123,606.75	-
28/12/2023	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	25,296.32	25,296.32	-
28/12/2023	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	-3,903.60	-3,903.60	-
02/01/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	-	-	180,882.82	180,882.82	-
03/01/2024	P	Access Capital Fund VIII Growth Buy-Out Europe	Private Equity	Private Equity	EUR	-	-	1,627,255.60	1,627,255.60	-
05/01/2024	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	-5,089.17	-5,089.17	-
05/01/2024	P	Hermes GPE - Innovation Fund	Private Equity	Private Equity	GBP	-	-	475,477.99	475,477.99	-
08/01/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	1,072,522.96	1,072,522.96	-
08/01/2024	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	-258,302.45	-258,302.45	-
11/01/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	-	-	1,088,203.92	1,088,203.92	-
12/01/2024	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	USD	-	-	4,941,741.89	4,941,741.89	-
19/01/2024	P	Capital Dynamics LGPS Collective Private Equity for Pools 2018 2019 LP	Private Equity	Private Equity	GBP	-	-	400,000.00	400,000.00	-
22/01/2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	EUR	-	-	327,320.97	327,320.97	-
22/01/2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	-	-	287,456.26	287,456.26	-
22/01/2024	S	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	-	-	-241,873.33	-241,873.33	-
23/01/2024	P	Crown Global Opportunities VII	Private Equity	Private Equity	USD	-	-	957,313.93	957,313.93	-
24/01/2024	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	-	-	22,779.82	22,779.82	-
24/01/2024	S	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	-	-	-6,297.58	-16,482.24	-
25/01/2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	312,155.36	312,155.36	-
26/01/2024	P	Unigestion Secondary V	Private Equity	Private Equity	EUR	-	-	423,898.65	423,898.65	-
26/01/2024	S	Unigestion Secondary V	Private Equity	Private Equity	EUR	-	-	-847,797.30	-847,797.30	-
29/01/2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	526,090.37	526,090.37	-
29/01/2024	P	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	EUR	-	-	1,043,317.16	1,043,317.16	-
29/01/2024	S	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	EUR	-	-	-102,621.36	-102,621.36	-
30/01/2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	973,621.26	973,621.26	-
31/01/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	121,362.81	121,362.81	-
01/02/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	154,425.40	154,425.40	-
02/02/2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	-	-	268,027.99	268,027.99	-
02/02/2024	S	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	-	-	-4,895.53	-4,895.53	-
06/02/2024	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	GBP	-	-	-154,650.00	-154,650.00	-
06/02/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	GBP	-	-	183,136.16	183,136.16	-
06/02/2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	-	-	296,977.37	296,977.37	-
06/02/2024	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	GBP	-	-	204,939.54	204,939.54	-
07/02/2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	968,847.46	968,847.46	-
07/02/2024	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	-176.81	-176.81	-
09/02/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	794,861.35	794,861.35	-
13/02/2024	P	Crown Secondaries Special Opportunities II	Private Equity	Private Equity	USD	-	-	1,125,975.12	1,125,975.12	-
21/02/2024	P	Access Co-Investment Fund Buy-Out Europe II, SCS-RAIF	Private Equity	Private Equity	EUR	-	-	492,909.84	492,909.84	-
23/02/2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	USD	-	-	479,269.00	479,269.00	-
27/02/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	278,876.55	278,876.55	-
29/02/2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	USD	-	-	681,803.62	681,803.62	-
01/03/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	-	-	196,325.10	196,325.10	-
04/03/2024	S	Hermes GPE - Innovation Fund	Private Equity	Private Equity	GBP	-	-	-9,941.27	-9,941.27	-
06/03/2024	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	USD	-	-	814,357.13	814,357.13	-
07/03/2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	USD	-	-	298,564.26	298,564.26	-
08/03/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	-	-	108,529.10	108,529.10	-
13/03/2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	USD	-	-	3,789.84	3,789.84	-
14/03/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	USD	-	-	127,592.89	127,592.89	-
15/03/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	-	-	31,874.46	31,874.46	-
15/03/2024	S	Unigestion Direct III - Global	Private Equity	Private Equity	EUR	-	-	-2,780,862.08	-2,780,862.08	-
18/03/2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	-	-	1,241,507.04	1,241,507.04	-
18/03/2024	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	EUR	-	-	-7,260.70	-7,260.70	-

22/03/2024	S	Pantheon Global Co-Investment Opportunities IV	Private Equity	Private Equity	USD	-	-	-119,292.74	-119,292.74	-
								<u>41,111,587.94</u>		
01/11/2023	S	Border to Coast Uk Listed Equity Fund	UK Equities	United Kingdom	GBP	-20,936,532	119.54	-25,027,530.28	-24,619,423.62	408,106.66
								<u>-25,027,530.28</u>		<u>408,106.66</u>
		Period from October 23 to March 24 (Cumulative) Total:						<u>7,963,025.60</u>		<u>17,752,482.14</u>



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Teesside Pension Fund - Valuation

31 Mar 24

TEESSIDE PENSION FUND

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◆ Asset Detail - Customizable

Asset Subcategory	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	0.19500000	8.560
Common Stock YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626	0.00 AUD	225,391.000	287,505.650	0.06900000	8,031.750
Total Australia	0.00	225,476.000	287,505.650		8,040.310
Europe Region					
Common Stock ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996	0.00 EUR	24,589,900.720	21,847,714.960	0.78076620	16,413,915.770
Total Europe Region	0.00	24,589,900.720	21,847,714.960		16,413,915.770
Guernsey, Channel Islands					
Common Stock AMEDEO AIR FOUR PL ORD NPV SEDOL : BNDVLS5	0.00 GBP	4,666,665.000	3,907,776.010	0.41250000	1,924,999.310
Total Guernsey, Channel Islands	0.00	4,666,665.000	3,907,776.010		1,924,999.310
United Kingdom					
Common Stock AFREN ORD GBP0.01 SEDOL : B067275	0.00 GBP	1,000,000.000	1,089,449.060	0.01785000	17,850.000
Common Stock CARILLION PLC ORD GBP0.50 SEDOL : 0736554	0.00 GBP	436,400.000	0.000	0.14200000	61,968.800
Common Stock NEW WORLD RESOURCE ORD EUR0.0004 A SEDOL : B42CTW6	0.00 GBP	250,000.000	1,294,544.760	0.00150000	375.000
Total United Kingdom	0.00	1,686,400.000	2,383,993.820		80,193.800
Total Common stock	0.00	31,168,441.720	28,426,990.440		18,427,149.190
Funds - common stock					
Guernsey, Channel Islands					
Funds - Common Stock VISTRA FD SERVICES DARWIN LEISURE DEV D GBP SEDOL : BD41T35	0.00 GBP	15,000,000.000	15,000,000.000	1.10670000	16,600,500.000
Total Guernsey, Channel Islands	0.00	15,000,000.000	15,000,000.000		16,600,500.000
United Kingdom					
Funds - Common Stock BORDER TO COAST PE UK LISTED EQUITY A GBP ACC SEDOL : BDD86K3	0.00 GBP	462,866,232.590	480,721,221.630	1.32390000	612,788,605.330
Total United Kingdom	0.00	462,866,232.590	480,721,221.630		612,788,605.330

*Generated by Northern Trust from periodic data on 22 Apr 24

Teesside Pension Fund - Valuation

Account number TEES01

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TEESSIDE PENSION FUND

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◆ Asset Detail - Customizable

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Equities					
Total Funds - common stock	0.00	477,866,232.590	495,721,221.630		629,389,105.330
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	1.32600000	19,040,781.160
Total Guernsey, Channel Islands	0.00	14,359,563.469	15,000,000.000		19,040,781.160
Japan					
Unit Trust Equity JPN SCREENED INX EQY SUB-FND-HKHX SEDOL : 001533W	0.00 GBP	48,440,992.757	89,842,364.060	2.70590000	131,076,482.300
Total Japan	0.00	48,440,992.757	89,842,364.060		131,076,482.300
Luxembourg					
Unit Trust Equity ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U	0.00 EUR	324.970	20,636,888.600	110.639.57000000	30,738,889.280
Total Luxembourg	0.00	324.970	20,636,888.600		30,738,889.280
Pacific Region					
Unit Trust Equity ASIA PFC EX JPN SCREEN INX EQ SUB-FND-HKHY SEDOL : 001532W	0.00 GBP	50,692,305.509	242,515,511.220	6.63170000	336,176,162.440
Total Pacific Region	0.00	50,692,305.509	242,515,511.220		336,176,162.440
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 EUR EX UK SCREEN INX EQ SUB-FND-HKGY SEDOL : 4A8NH9U	0.00 GBP	15,403,278.712	97,842,558.840	9.76750000	150,451,524.820
Unit Trust Equity LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY SEDOL : 0521664	0.00 GBP	1,368,174.000	1,282,865.490	2.77020300	3,790,119.720
Unit Trust Equity NA SCREEN INX EQ SUB-FND-HKHQ SEDOL : 1A8NH9U	0.00 GBP	2,621,178.211	24,012,835.230	18.78100000	49,228,347.980
Total United Kingdom	0.00	19,452,630.923	123,460,198.990		203,469,992.520
Total Unit trust equity	0.00	132,945,817.628	491,454,962.870		720,502,307.700
Total Equities	0.00	641,980,491.938	1,015,603,174.940		1,368,318,562.220

*Generated by Northern Trust from periodic data on 22 Apr 24

Teesside Pension Fund - Valuation

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TEESSIDE PENSION FUND

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◆ Asset Detail - Customizable

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Real Estate					
Real estate					
Europe Region					
Real Estate CAPITAL DYNAMICS MID-MARKET DIRECT V CUSIP : 993RBZ993	0.00 EUR	16,593,493.510	14,312,503.570	1.32772000	18,835,569.170
Real Estate La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997	0.00 EUR	9,342,162.550	8,128,678.490	1.17860720	9,413,495.750
Total Europe Region	0.00	25,935,656.060	22,441,182.060		28,249,064.920
United Kingdom					
Real Estate HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994	0.00 GBP	9,919,701.610	9,919,701.610	0.98461740	9,767,110.810
Real Estate HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992	0.00 GBP	17,658,838.570	17,658,838.570	0.89413770	15,789,433.300
Real Estate TEESSIDE PENSION FUND - DIRECT PROPERTY CUSIP : 9936HG995	0.00 GBP	448,746,433.310	448,746,433.310	1.08624820	487,450,005.440
Total United Kingdom	0.00	476,324,973.490	476,324,973.490		513,006,549.550
Total Real Estate	0.00	502,260,629.550	498,766,155.550		541,255,614.470
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	2.53300000	16,446,914.600
Funds - Real Estate DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU	0.00 GBP	34,527,436.047	35,000,000.000	0.70580000	24,369,464.360
Funds - Real Estate HERMES INVEST MNGM HERMES PROPERTY UNIT TRUST SEDOL : 0426219	0.00 GBP	2,589,184.000	15,720,126.330	6.00600000	15,550,639.100
Funds - Real Estate LEGAL AND GENERAL MANAGED PROPERTY FUND SEDOL : 004079W	0.00 GBP	108,263.760	385,000.000	58.90870000	6,377,677.360
Funds - Real Estate THREADNEEDLE ASSET THREADNEEDLE PROP UNIT TRST SEDOL : 0508667	42,500.93 GBP	12,750.000	1,527,939.200	253.67000000	3,234,292.500
Total United Kingdom	42,500.93	43,730,691.287	63,244,709.580		65,978,987.920
Total Funds - real estate	42,500.93	43,730,691.287	63,244,709.580		65,978,987.920
Total Real Estate	42,500.93	545,991,320.837	562,010,865.130		607,234,602.390

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◆ Asset Detail - Customizable

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
Europe Region					
Partnerships					
ACCESS CAPITAL FUND INFRASTRUCTURE II - EUR CUSIP : 993QEX997	0.00 EUR	16,792,874.440	14,725,004.010	1.13844770	16,344,534.110
Partnerships					
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999	0.00 EUR	20,324,300.210	17,533,606.800	1.40308640	24,380,041.320
Partnerships					
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995	0.00 EUR	9,531,000.000	8,248,142.250	1.08054480	8,804,722.410
Partnerships					
ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993	0.00 EUR	10,900,000.000	9,386,257.540	1.00704140	9,384,437.450
Partnerships					
Darwin Bereavement Services Fund, Incomeunits CUSIP : 993XBG992	0.00 GBP	30,000,000.000	30,000,000.000	1.02275620	30,682,686.000
Partnerships					
UNIGESTION DIRECT III - EUR CUSIP : 994RLP993	0.00 EUR	21,546,376.000	18,741,036.500	0.93433530	17,211,210.350
Total Europe Region	0.00	109,094,550.650	98,634,047.100		106,807,631.640
Global Region					
Partnerships					
CAPITAL DYNAMICS GLOBAL SECONDARIES V - GBP CUSIP : 993LJT992	0.00 GBP	11,042,925.550	11,042,925.550	1.62467740	17,941,191.570
Partnerships					
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992	0.00 USD	15,242,130.030	11,494,664.840	2.19704470	26,509,114.070
Partnerships					
INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990	0.00 GBP	50,000,000.000	50,000,000.000	1.01312220	50,656,110.000
Partnerships					
LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992	0.00 GBP	7,279,550.000	7,279,550.000	1.41313380	10,286,978.150
Partnerships					
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994	0.00 USD	24,159,349.000	18,981,241.110	1.73687190	33,217,250.010
Partnerships					
UNIGESTION DIRECT II - EUR CUSIP : 993MTE992	0.00 EUR	19,846,182.630	17,138,038.480	1.35796240	23,040,884.660
Total Global Region	0.00	127,570,137.210	115,936,419.980		161,651,528.460
United Kingdom					
Partnerships					
ANCALA INFRASTRUCTURE FUND II SCSP CUSIP : 993FSE998	0.00 EUR	19,401,936.330	17,057,958.490	1.15114510	19,094,556.050
Partnerships					
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A CUSIP : 994MVX996	0.00 GBP	20,977,882.330	20,977,882.330	1.09640520	23,000,259.270
Partnerships					
BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997	0.00 GBP	233,625,118.960	233,625,118.960	0.91830440	214,538,974.690
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999	0.00 USD	95,984,695.530	76,204,300.260	0.99748670	75,791,371.150
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999	0.00 USD	36,079,063.380	28,274,863.000	1.09359750	31,233,699.100

*Generated by Northern Trust from periodic data on 22 Apr 24

◆ Asset Detail - Customizable

Asset Subcategory	Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships						
Partnerships						
United Kingdom						
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992	0.00 GBP	35,039,254.780	35,039,254.780	1.17877090	41,303,253.890
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 2 A (GBP) CUSIP : 994NWK991	0.00 GBP	61,655,467.410	61,655,467.410	0.96995730	59,803,170.700
Partnerships	BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A CUSIP : 993BRK994	0.00 GBP	1,270,180,187.320	1,270,180,187.320	1.44313200	1,833,037,674.090
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996	0.00 USD	89,114,722.590	69,417,223.790	1.31906180	93,051,903.490
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998	0.00 USD	40,034,420.340	31,846,812.760	1.31752580	41,754,504.270
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998	0.00 GBP	28,415,167.712	28,415,167.710	0.99885610	28,382,663.600
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 2A- GBP CUSIP : 994JQY997	0.00 GBP	17,107,963.590	17,107,963.590	1.01064680	17,290,108.660
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 2B CUSIP : 994WH4994	0.00 GBP	6,508,313.210	6,508,313.210	0.98181130	6,389,935.450
Partnerships	CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP :	0.00 GBP	8,911,122.340	8,911,122.340	1.06863050	9,522,697.120
Partnerships	CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp CUSIP : 993FP0991	0.00 GBP	17,943,988.210	17,943,988.210	1.02343120	18,364,437.390
Partnerships	FORESIGHT REGIONAL INVESTMENT LP CUSIP : 994JXS992	0.00 GBP	1,102,237.580	1,102,237.580	0.73487510	810,006.950
Partnerships	GB Bank Limited CUSIP : 993QJB990	0.00 GBP	40,080,000.000	40,080,000.000	0.50099930	20,080,051.940
Partnerships	GRESHAM HOUSE BSI HOUSING FUND LP CUSIP : 993FP6998	0.00 GBP	19,546,066.490	19,546,066.490	1.15371170	22,550,525.600
Partnerships	GRESHAM HOUSE BSI INFRASTRUCTURE LP CUSIP : 993FP5990	0.00 GBP	18,133,330.700	18,133,330.700	1.42539250	25,847,113.580
Partnerships	GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993	0.00 GBP	22,302,264.560	22,302,264.560	1.08378230	24,170,799.580
Partnerships	GREYHOUND RETAIL PARK, CHESTER CUSIP : 9948YV998	0.00 GBP	19,497,113.000	19,497,113.000	0.95271260	18,575,145.220
Partnerships	HERMES GPE INNOVATION FUND CUSIP : 993NEB992	0.00 GBP	14,552,515.660	14,552,515.660	1.24725070	18,150,635.340
Partnerships	INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992	0.00 GBP	8,672,972.000	8,672,972.000	1.09756040	9,519,110.620
Partnerships	INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999	0.00 GBP	7,728,331.000	7,728,331.000	1.14386510	8,840,168.110
Partnerships	LEONARDO WAREHOUSE UNIT CUSIP : 9948YW996	0.00 GBP	28,474,000.850	28,474,000.850	0.99066410	28,208,170.430
Partnerships	St Arthur Homes CUSIP : 994NJF997	0.00 GBP	14,110,700.200	14,110,700.200	0.98924130	13,958,887.410

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◆ Asset Detail - Customizable

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Venture Capital and Partnerships					
Partnerships					
United Kingdom					
Partnerships					
TPF CO-INVESTMENT BSI LP - WASTE KNOT GBP CUSIP : 994FFL995	0.00 GBP	10,000,000.000	10,000,000.000	1.18242160	11,824,216.000
Total United Kingdom	0.00	2,185,178,836.072	2,127,365,156.200		2,715,094,039.700
United States					
Partnerships					
BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :	0.00 USD	20,692,440.000	16,375,701.620	1.10362350	18,077,705.330
Partnerships					
BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992	0.00 USD	17,502,972.900	13,843,424.680	1.10424310	15,299,850.010
Partnerships					
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997	0.00 USD	20,105,273.000	15,211,791.120	1.36539500	21,730,961.450
Partnerships					
BORDER TO COAST INFRASTRUCTURE SERIES 2B- GBP CUSIP : 9952EV992	0.00 GBP	6,540,791.640	6,540,791.640	1.00000000	6,540,791.640
Partnerships					
BRIDGE EVERGREEN TPF HOUSING CO-INVEST LP CUSIP : 993XEU998	0.00 GBP	792,749.280	792,749.280	0.97137270	770,055.010
Partnerships					
CROWN CO-INVEST OPPORTUNITIES III CUSIP : 993XBM999	0.00 USD	16,680,000.000	13,064,058.440	1.11824370	14,765,330.250
Partnerships					
CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991	0.00 USD	22,329,929.020	17,736,043.890	1.36579630	24,142,594.110
Partnerships					
Crown Growth Opportunities Global III fund CUSIP : 993FYM993	0.00 USD	27,380,724.490	20,496,138.420	1.49326970	32,366,359.000
Partnerships					
FORESIGHT ENERGY INFRASTRUCTURE PARTNERS CUSIP : 993FS9999	0.00 USD	11,634,478.160	9,518,649.940	0.84576310	7,789,441.160
Partnerships					
LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995	0.00 USD	17,529,147.100	13,646,323.430	1.39232850	19,320,268.480
Partnerships					
PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999	0.00 USD	25,567,431.480	20,148,532.230	0.82459440	16,689,300.730
Partnerships					
UNIGESTION SA CUSIP : 993FYL995	0.00 USD	29,320,527.370	22,565,629.510	1.30164900	30,211,780.810
Total United States	0.00	216,076,464.440	169,939,834.200		207,704,437.980
Total Partnerships	0.00	2,637,919,988.372	2,511,875,457.480		3,191,257,637.780
Total Venture Capital and Partnerships	0.00	2,637,919,988.372	2,511,875,457.480		3,191,257,637.780

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Asset Subcategory	Accrued	Nominal	Book Cost	Market Price	Market Value
Description/Asset ID	Income/Expense Curr				
Hedge Fund					
Hedge equity					
Global Region					
Hedge Equity					
IIF UK I LP CUSIP : 993FP3995	0.00 USD	96,854,761.450	80,595,460.340	1.07799120	82,650,759.750
Total Global Region	0.00	96,854,761.450	80,595,460.340		82,650,759.750
Total Hedge equity	0.00	96,854,761.450	80,595,460.340		82,650,759.750
Total Hedge Fund	0.00	96,854,761.450	80,595,460.340		82,650,759.750

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Asset Subcategory	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	290,909.99	0.000	0.000	0.00000000	0.000
Recoverable taxes					
EUR - Euro	1,100,871.04	0.000	0.000	0.00000000	0.000
Recoverable taxes					
CHF - Swiss franc	2,371,235.98	0.000	0.000	0.00000000	0.000
Total	3,860,732.76	0.000	0.000		0.000
Total Recoverable taxes	3,860,732.76	0.000	0.000		0.000
Total All Other	3,860,732.76	0.000	0.000		0.000

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◆ Asset Detail - Customizable

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Cash and Cash Equivalents					
Cash					
Cash					
AUD - Australian dollar	0.00	0.220	0.220	1.00000000	0.220
Cash					
GBP - British pound sterling	0.31	855.120	855.120	1.00000000	855.120
Cash					
THB - Thai baht	0.00	4,686.190	4,686.190	1.00000000	4,686.190
Cash					
USD - United States dollar	137.18	71,874.100	71,874.100	1.00000000	71,874.100
Total	137.49	77,415.630	77,415.630		77,415.630
Total Cash	137.49	77,415.630	77,415.630		77,415.630
Cash (externally held)					
Cash (externally held)					
GBP - British pound sterling	0.00	198,539,861.680	198,539,861.680	1.00000000	198,539,861.680
Cash (externally held)					
EUR - Euro	0.00	0.330	0.330	1.00000000	0.330
Total	0.00	198,539,862.010	198,539,862.010		198,539,862.010
Total Cash (externally held)	0.00	198,539,862.010	198,539,862.010		198,539,862.010
Funds - short term investment					
Funds - Short Term Investment					
GBP - British pound sterling	7,370.33	8,000.000	8,000.000	1.00000000	8,000.000
Total	7,370.33	8,000.000	8,000.000		8,000.000
Total Funds - short term investment	7,370.33	8,000.000	8,000.000		8,000.000
Total Cash and Cash Equivalents	7,507.82	198,625,277.640	198,625,277.640		198,625,277.640

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Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Adjustments To Cash					
<i>Pending foreign exchange purchases</i>					
Pending foreign exchange purchases					
GBP - British pound sterling	0.00	0.000	0.220	0.00000000	0.220
Total	0.00	0.000	0.220		0.220
Total Pending foreign exchange purchases	0.00	0.000	0.220		0.220
<i>Pending foreign exchange sales</i>					
Pending foreign exchange sales					
AUD - Australian dollar	0.00	0.000	-0.220	0.00000000	-0.220
Total	0.00	0.000	-0.220		-0.220
Total Pending foreign exchange sales	0.00	0.000	-0.220		-0.220
Total Adjustments To Cash	0.00	0.000	0.000		0.000
Report Total:					
	3,910,741.51	4,121,371,840.237	4,368,710,235.530		5,448,086,839.780

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*Generated by Northern Trust from periodic data on 22 Apr 24

<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	592,735,585.77	1.26	612,788,605.33	11.21%
AMEDEO AIR FOUR PLUS LTD	3,907,776.01	0.02	1,924,999.31	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			614,793,798.44	11.24%
<u>OVERSEAS EQUITIES</u>				
YOUNG AUSTRALIAN MINES LTD	225,391.00	0.07	8,031.75	0.00%
FINEXIA FINL GROUP NPV	85.00	0.29	8.56	0.00%
ASIA PACIFIC EX JAPAN SCREEN INDEX EQUITY SUB-FUND	242,515,511.22	6.39	336,531,009.00	6.15%
JAPAN SCREENED INDEX EQUITY SUB-FUND	89,842,364.06	2.34	131,803,097.00	2.41%
EUROPE EX UK SCREENED INDEX EQUITY SUB-FUND	97,842,558.84	8.82	150,451,524.82	2.75%
NORTH AMERICA SCREENED INDEX EQUITY SUB-FUND	24,012,835.23	15.89	49,228,347.98	0.90%
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A	1,426,458,423.85	1.18	1,833,037,684.08	33.52%
BORDER TO COAST EMERGING MARKET HYBRID FUND	240,527,251.16	0.97	215,330,986.18	3.94%
TOTAL OVERSEAS EQUITIES			2,716,390,689.37	49.68%
TOTAL EQUITIES			3,331,184,487.81	60.92%
<u>PRIVATE EQUITY</u>				
CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19	6,979,550.00	1.36	10,286,978.15	0.19%
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD	12,309,133.55	2.04	26,509,114.07	0.48%
CROWN CO INVESTMENT OPPORTUNITIES III	10,447,059.01	1.14	14,765,330.25	0.27%
CROWN SECONDARIES SPECIAL OPPORTUNITIES II	13,140,741.71	1.34	20,154,665.14	0.37%
UNIGESTION SA	22,917,577.35	1.35	30,211,780.81	0.55%
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV	19,141,292.79	1.63	33,217,250.01	0.61%
CROWN GLOBAL OPPORTUNITIES VII	15,563,768.96	1.31	24,142,594.11	0.44%
CROWN GROWTH OPPORTUNITIES GLOBAL III	20,496,138.42	1.52	32,367,643.29	0.59%
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL	15,821,278.95	1.20	21,730,961.45	0.40%

BORDER TO COAST PRIVATE EQUITY SERIES 1A	65,530,115.76	1.09	108,860,074.00	1.99%
BORDER TO COAST PRIVATE EQUITY SERIES 1B	28,741,211.36	0.99	41,612,270.00	0.76%
BORDER TO COAST PRIVATE EQUITY SERIES 1C	21,162,341.01	1.04	28,382,663.60	0.52%
BORDER TO COAST PRIVATE EQUITY SERIES 2A	4,957,913.17	0.76	17,290,108.66	0.32%
BORDER TO COAST PRIVATE EQUITY SERIES 2B	6,508,313.21	0.98	6,389,935.45	0.12%
UNIGESTION DIRECT II	14,547,379.23	1.33	23,040,884.66	0.42%
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE	14,502,844.73	1.43	24,380,041.32	0.45%
ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II	7,858,117.11	0.98	9,384,437.45	0.17%
HERMES GPE INNOVATION FUND	13,341,398.86	1.32	18,150,635.34	0.33%
CAPITAL DYNAMICS GLOBAL SECONDARIES V	11,042,925.55	1.66	17,941,191.57	0.33%
CAPITAL DYNAMICS MID-MARKET DIRECT V	13,201,080.63	1.25	18,835,569.17	0.34%
FORESIGHT REGIONAL INVESTMENTS IV LP	777,508.40	0.85	810,006.95	0.01%
UNIGESTION DIRECT III	7,213,426.37	0.90	17,211,210.35	0.31%
PRIVATE EQUITY			545,675,345.80	9.98%
GB BANK LIMITED	40,080,000.00	1.00	12,000,000.00	0.22%
PRIVATE EQUITY - LOCAL INVESTMENT			12,000,000.00	0.22%
TOTAL PRIVATE EQUITY			557,675,345.80	10.20%

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OTHER ALTERNATIVES				
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A	12,551,872.31	1.02	23,000,259.77	0.42%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE UK	170,000.00	1.00	170,000.00	0.00%
DARWIN LEISURE PRO UNITS CLS 'C'	10,611,644.05	2.53	16,446,914.60	0.30%
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION	15,000,000.00	1.27	19,040,781.16	0.35%
DARWIN BEREAVEMENT SERVICES FUND, INCOME UNITS	30,000,000.00	1.01	30,682,686.00	0.56%
DARWIN LEISURE DEVELOPMENT FUND ACCUMULATION UNITS - D CLASS	15,000,000.00	1.10	16,600,500.00	0.30%
DARWIN LEISURE PROPERTY FUND, K INCOME UNITS	35,000,000.00	0.70	24,369,464.36	0.45%
DARWIN LEISURE PROPERTY FUND, T INCOME UNITS	5,000,000.00	1.00	5,000,000.00	0.09%
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP	10,000,000.01	0.96	9,767,110.81	0.18%
HEARTHSTONE RESIDENTIAL FUND 2	13,740,773.16	0.91	15,789,433.30	0.29%
GRESHAM HOUSE BSI HOUSING LP	15,638,997.82	1.10	22,550,525.60	0.41%
LA SALLE REAL ESTATE DEBT STRATEGIES IV	7,833,117.70	0.95	9,413,495.75	0.17%
OTHER ALTERNATIVES			192,831,171.35	3.53%
BRIDGES EVERGREEN TPF HOUSING CO-INVESTMENT LP	765,180.38	0.93	770,055.01	0.01%
OTHER ALTERNATIVES - LOCAL INVESTMENT			770,055.01	0.01%
TOTAL OTHER ALTERNATIVES			193,601,226.36	3.54%

PROPERTY

DIRECT PROPERTY

TEESSIDE PENSION FUND - DIRECT PROPERTY	399,152,598.72	1.03	484,300,000.00	8.86%
TOTAL DIRECT PROPERTY			484,300,000.00	8.86%

PROPERTY UNIT TRUSTS

ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND	20,636,888.60	120,966.80	28,463,062.90	0.52%
LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY	1,282,865.49	2.87	3,790,119.72	0.07%
HERMES PROPERTY PUT	15,720,126.33	6.37	15,369,396.23	0.28%
THREADNEEDLE PROP PROPERTY GBP DIS	1,527,939.20	265.81	3,234,292.50	0.06%
LEGAL AND GENERAL MANAGED PROPERTY FUND	385,000.00	58.66	6,377,677.36	0.12%
TOTAL PROPERTY UNIT TRUSTS			57,234,548.71	1.05%

TOTAL PROPERTY			541,534,548.71	9.90%
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PROTECTION ASSETS

INFRASTRUCTURE

ACIF INFRASTRUCTURE FUND LP	13,421,191.08	0.74	16,413,915.77	0.30%
ACCESS CAPITAL FUND INFRASTRUCTURE II	13,946,299.76	1.11	16,344,534.11	0.30%
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)	7,629,082.71	1.02	8,804,722.41	0.16%
INNISFREE PFI CONTINUATION FUND	8,672,972.00	1.20	9,519,110.62	0.17%
INNISFREE PFI SECONDARY FUND 2	7,728,331.00	1.17	16,900,000.00	0.31%
BORDER TO COAST INFRASTRUCTURE SERIES 1A	67,321,263.18	0.87	87,376,760.00	1.60%
BORDER TO COAST INFRASTRUCTURE SERIES 1B	24,942,901.60	0.89	31,145,674.00	0.57%
BORDER TO COAST INFRASTRUCTURE SERIES 1C	33,456,001.70	1.08	44,654,458.00	0.82%
BORDER TO COAST INFRASTRUCTURE SERIES 2A	32,109,979.63	0.98	59,803,170.70	1.09%
BORDER TO COAST INFRASTRUCTURE SERIES 2B	6,540,791.64	1.00	6,540,791.64	0.12%
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III	15,874,716.01	0.98	18,077,705.33	0.33%
BLACKROCK GLOBAL RENEWABLE POWER FUND III	11,308,739.08	1.06	15,299,850.01	0.28%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP	8,750,377.05	1.04	9,522,697.12	0.17%
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp	17,500,754.07	1.01	18,364,437.39	0.34%
IIF UK I LP	80,595,460.34	1.05	82,650,759.75	1.51%
ANCALA INFRASTRUCTURE FUND II SCSP	16,729,179.08	1.12	18,632,206.26	0.34%

FORESIGHT ENERGY INFRASTRUCTURE PARTNERS	8,516,087.18	0.93	7,789,441.16	0.14%
GRESHAM HOUSE BSI INFRASTRUCTURE LP	19,070,660.40	1.21	25,847,113.58	0.47%
GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II	18,010,845.93	1.07	24,170,799.58	0.44%
INFRASTRUCTURE			517,858,147.43	9.47%
CO-INVESTMENT BSI LP - WASTE KNOT	10,000,000.00	1.11	11,824,216.00	0.22%
INFRASTRUCTURE - LOCAL INVESTMENT			11,824,216.00	0.22%
TOTAL INFRASTRUCTURE			529,682,363.43	9.69%

OTHER DEBT

INSIGHT IIFIG SECURED FINANCE II FUND	50,000,000.00	0.98	50,656,108.87	0.93%
GREYHOUND RETAIL PARK CHESTER	19,715,863.00	0.98	18,575,145.22	0.34%
TITAN - PRESTON EAST	16,167,250.00	1.00	16,167,250.00	0.30%
ST ARTHUR HOMES	11,274,394.29	1.00	13,870,558.75	0.25%
PANTHEON SENIOR DEBT SECONDARIES II	18,185,235.62	0.60	16,689,300.73	0.31%
TOTAL OTHER DEBT			115,958,363.57	2.12%

CASH				
	71,874.10	1.00	71,874.10	0.00%
	5,541.86	1.00	5,541.86	0.00%
	8,000.00	1.00	8,000.00	0.00%
CUSTODIAN CASH			85,415.96	0.00%
INVESTED CASH	198,539,861.68	1.00	198,539,861.68	3.63%
TOTAL CASH			198,625,277.64	3.63%

TOTAL FUND VALUE - 31st March 2024 **5,468,261,613.32** **100%**

Market Value timing differences included in valuation above

Private Equity

GB BANK LIMITED			-8,080,061.94
BORDER TO COAST PRIVATE EQUITY SERIES 1A			15,798,170.51
			7,718,108.57

Infrastructure

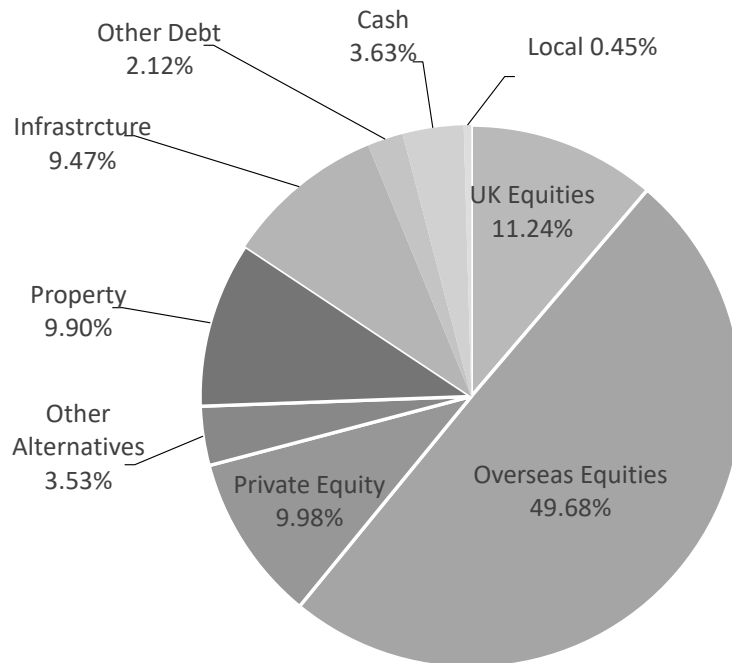
BORDER TO COAST INFRASTRUCTURE SERIES 1A			11,585,388.85
--	--	--	---------------

11,585,388.85
19,303,497.42

Total

Asset Allocation Summary

		Actual
UK Equities	614,793,798.44	11.24%
Overseas Equities	2,716,390,689.37	49.68%
Private Equity	545,675,345.80	9.98%
Other Alternatives	192,831,171.35	3.53%
Property	541,534,548.71	9.90%
Infrastructure	517,858,147.43	9.47%
Other Debt	115,958,363.57	2.12%
Cash & Bonds	198,625,277.64	3.63%
Local Investments - Private Equity, Other Alternatives & Infrastructure	24,594,271.01	0.45%
	5,468,261,613.32	100.00%



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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

PENSION FUND COMMITTEE REPORT

12 JUNE 2024

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 At 31 March 2024 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 over a third 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 at 31 March 2024 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's returns were 1.02% below benchmark over the last year, or 2.02% under its overachievement target, whereas the Overseas Developed Markets Equity Fund has achieved returns of 3.56% above benchmark over the last year, comfortably above its 1% overachievement target. Since inception, the UK fund has delivered performance of 0.5% a year above benchmark, below its long-term target, and the overseas fund has delivered performance of 1.64% above benchmark, above its long-term target. The performance of the Emerging Markets Equity Fund has been below benchmark throughout much of the period of our Fund's investment. The recent position has shown a slight improvement, with performance over the quarter and the year to 31 March 2024 above benchmark (but behind target). Since inception the Fund is 1.43% a year behind benchmark, so 2.93% a year behind 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 at 30 September 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 over roughly five and a half years as this represents a comparatively 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 realistically 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.

5.5 As reported to the 13 December 2023 Committee, State Street has advised that it has made further changes to its passive equity indices and is excluding additional sectors. The Fund was notified that from 18th December 2023 the benchmarks of the State Street Sub-Funds the Fund invests in are applying screens to exclude certain securities related to Tobacco and Thermal Coal. Excluded companies are any involved in production of tobacco or tobacco products and companies that extract thermal coal or have thermal coal power generation and this activity represents 10% or more of revenues. This is in addition to the screening for UN Global Compact Violations and Controversial Weapons which came into effect on 18th November 2020. Initial indications are across the four State Street Sub-Funds these changes covered around 0.36% of the assets (tobacco) and 0.88% of the assets (thermal coal) that the Fund invests via State Street.

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 2024

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Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,523,467,864
Inflows	£0
Outflows	£(40,000,000)
Net Inflows / Outflows	£(40,000,000)
Realised / Unrealised gain or loss	£177,689,412
Value at end of the quarter	£2,661,157,276

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 2024

Funds Held

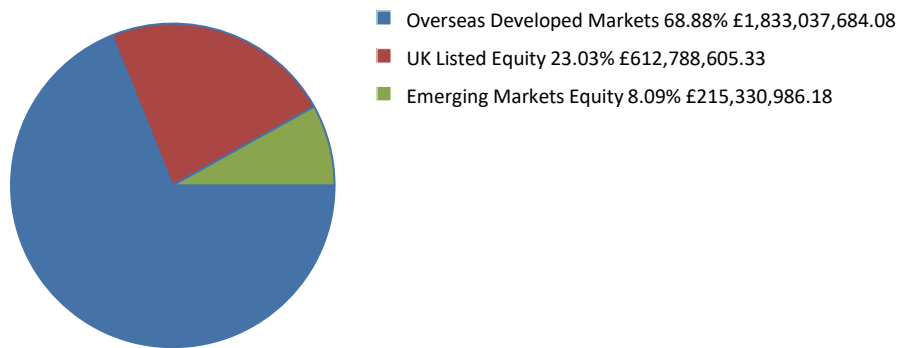
Fund	Market Index	Market Value (£)	Value (%)
Overseas Developed Markets	40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan	1,833,037,684.08	68.88
Emerging Markets Equity	FTSE Emerging Markets (Net) ²	215,330,986.18	8.09
UK Listed Equity	FTSE All Share GBP	612,788,605.33	23.03

Available Fund Range

Fund
Global Equity Alpha
Overseas Developed Markets
Emerging Markets Equity
Emerging Markets Equity Alpha
UK Listed Equity
UK Listed Equity Alpha
Listed Alternatives
Sterling Investment Grade Credit
Sterling Index-Linked Bond
Multi-Asset Credit

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Teesside Pension Fund - Fund Breakdown



Note

1) Source: Northern Trust

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

Portfolio Contribution - Teesside Pension Fund at 31 March 2024

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Overseas Developed Markets	68.88	8.81	7.75	1.06	6.04
Emerging Markets Equity	8.09	3.80	3.31	0.49	0.31
UK Listed Equity	23.03	3.29	3.57	(0.27)	0.75
Total	100.00	7.10			

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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 2024

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 (%)
Overseas Developed Markets	1,722,763,559.80	68.27		40,000,000.00	150,274,124.28	1,833,037,684.08	68.88
Emerging Markets Equity	207,448,653.91	8.22			7,882,332.27	215,330,986.18	8.09
UK Listed Equity	593,255,650.31	23.51			19,532,955.02	612,788,605.33	23.03
Total	2,523,467,864.02	100.00		40,000,000.00	177,689,411.57	2,661,157,275.59	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 2024

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
Overseas Developed Markets	10.86	9.22	1.64	8.92	7.75	1.16	20.95	17.39	3.56	11.37	9.24	2.14	12.65	10.83	1.82
Emerging Markets Equity	3.34	4.78	(1.43)	3.96	3.31	0.64	6.03	5.76	0.27	(2.13)	(0.90)	(1.23)	1.94	3.31	(1.37)
UK Listed Equity	4.87	4.25	0.62	3.30	3.57	(0.27)	7.41	8.43	(1.02)	8.14	8.05	0.10	5.94	5.44	0.50

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 2024

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
Overseas Developed Markets	10.88	9.22	1.66	8.92	7.75	1.17	20.96	17.39	3.57	11.38	9.24	2.15	12.66	10.83	1.83
Emerging Markets Equity	3.52	4.78	(1.26)	4.03	3.31	0.71	6.34	5.76	0.58	(1.85)	(0.90)	(0.95)	2.13	3.31	(1.18)
UK Listed Equity	4.88	4.25	0.63	3.30	3.57	(0.27)	7.41	8.43	(1.02)	8.15	8.05	0.10	5.94	5.44	0.50

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.

Overseas Developed Markets Fund - Overview

at 31 March 2024

Overseas Developed Markets Fund

The Fund generated a total return of 8.92% during the quarter compared to the composite benchmark return of 7.75% resulting in 1.16% of outperformance, continuing its trend of strong performance from last year.

The key contributor to relative performance over the quarter was the fund's North American exposure. Not only was the US the strongest performing market, but our allocation outperformed its regional benchmark by 1.6%. The biggest contributor to the returns over the quarter was the fund's investment in Nvidia which gained ~82% and where the fund was overweight. Interestingly, within the US, while the Technology sector generated the best absolute returns over the period, the largest contribution to relative returns came from the Consumer Discretionary sector, where the fund wasn't invested in high-risk stocks such as Tesla. Both Europe and Japan also contributed positively to returns over the quarter, with Japan being the region that delivered the best relative performance of 3.0%.

On a sector basis, Technology was the strongest contributor to returns for the period, on both an absolute and relative basis. We remain overweight due to our optimism around the beneficial structural changes to the global economy, and the subsequent growth prospects that our technology investments should deliver. That said, our valuation discipline means we have gradually reduced our exposure to some of the more highly valued companies within the sector. The biggest detractor to performance over the quarter was again the Financial sector. A combination of sector performance, as well as weaker stock selection detracted from relative performance. Our holdings in AIA group and Hong Kong Exchange in Asia were notable detractors.

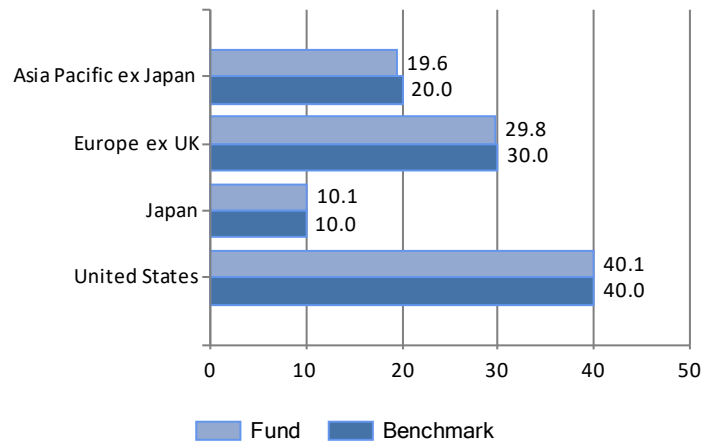
We are very aware of the growing concentration of returns from US technology companies. This combined with a mixed global growth outlook, an unsettled geopolitical environment and above historic equity market valuations suggests that the outsized equity market returns experienced last year may not be repeated in 2024. In that context, we are comforted by our focus on investing in high quality companies with attractive fundamentals for the long term. This core pillar of our process will provide a measure of protection against inherent market risks, whilst ensuring we are well positioned to benefit from the attractive long term returns equities have to offer.

Note

1) Source: Border to Coast

Overseas Developed Markets Fund at 31 March 2024

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

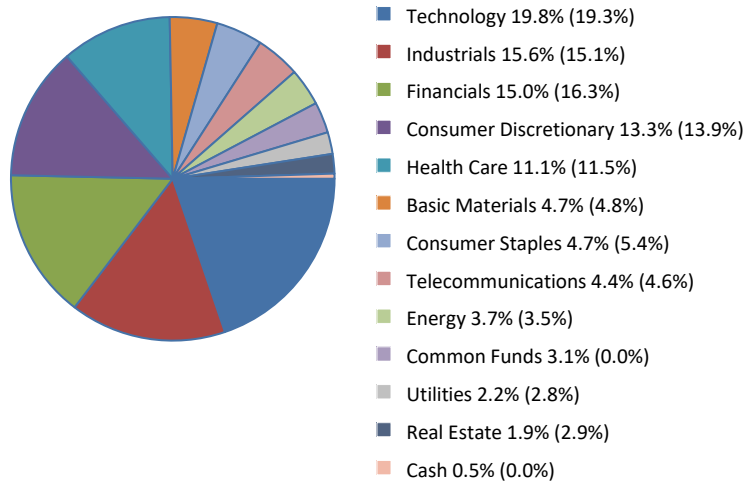
Fund	Inception to Date			Quarter			1 Year			3 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Overseas Developed Markets	10.86	9.22	1.64	8.92	7.75	1.16	20.95	17.39	3.56	11.37	9.24	2.14
United States	14.96	13.54	1.42	13.08	11.45	1.63	30.42	26.54	3.88	16.37	14.29	2.09
Japan	8.81	5.95	2.86	14.48	11.43	3.05	31.24	21.91	9.33	9.49	6.40	3.09
Europe ex UK	9.29	7.48	1.80	7.78	6.64	1.14	16.56	12.76	3.80	12.04	8.66	3.38
Asia Pacific ex Japan	5.60	4.22	1.37	0.24	0.20	0.04	5.56	4.53	1.03	1.02	0.86	0.16

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.

Overseas Developed Markets Fund at 31 March 2024

Sector Portfolio Breakdown



Overseas Developed Markets Fund

Sector Weights:

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

Industrials (o/w) – regional divergences in valuation and expectations mean that high relative exposure in Europe and Pacific ex-Japan more than compensate for underweights in the US and Japan.

Technology (o/w) – adoption of artificial intelligence – along with other technology themes – has the potential to benefit technology companies for multiple years.

Consumer Staples (u/w) – concern over global consumer budgets and changing behaviours due to broader use of new appetite suppressing drugs (commonly known as GLP-1s).

Real Estate (u/w) – high leverage leaves the sector vulnerable to a higher interest rate regime, and concerns around the impact of home/flexible working on the longer-term demand for office space remain.

Financials (u/w) – improved returns haven't materialised despite higher interest rates. Elevated credit cycle risk (non-performing, or defaulted loans) should recessionary pressures mount.

Note

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

Overseas Developed Markets Fund Attribution at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
NVIDIA Corporation	2.70	83.92	2.03	84.13	0.30
Tesla	0.00	0.00	0.44	(28.61)	0.23
Novo Nordisk	2.00	25.71	1.36	25.13	0.11
ASML	1.77	29.05	1.31	29.32	0.08
DISCO Corporation	0.29	54.03	0.07	54.11	0.08

NVIDIA Corporation(o/w) – revenue guidance once again significantly ahead of market expectations driven by elevated demand for its datacentre microprocessors that facilitate burgeoning artificial intelligence (AI) workloads.

Tesla (u/w) – disappointing results and 2024 outlook as the company’s profitability declined as it cut new vehicle prices to stimulate demand in an increasingly competitive electric vehicle market.

Novo Nordisk (o/w) – signs that Novo is making progress in easing supply shortages for its core diabetes and obesity drugs resulting in expectations of another year of double-digit revenue growth. In addition, the company acquired three fill-finish sites, which should boost its filling capacity, and early data from an experimental trial of Amycretin, a pill-based weight loss treatment, suggested it may be more effective than the company’s injection-based product, Wegovy.

ASML (o/w) – the Dutch semiconductor equipment maker continues to benefit from the AI boom, and reported higher income, and a significant rise in orders for its fourth quarter.

Disco (o/w) – semiconductor production equipment (SPE) manufacturers have enjoyed a robust rerating for the past 12 months as the market prices in an upswing in the chipmaker capex cycle. Disco has prospered more than other related companies due to its exposure to back-end processing equipment, which is benefitting from the AI-driven large-scale buildout.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund Attribution Continued at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
AIA Group	0.72	(22.29)	0.52	(22.25)	(0.09)
RWE	0.28	(24.52)	0.08	(24.63)	(0.08)
Adobe	0.50	(14.69)	0.21	(14.65)	(0.07)
Meta Platforms	0.71	38.59	0.97	38.54	(0.07)
UniCredit	0.00	0.00	0.22	41.28	(0.05)

AIA Group (o/w) – the market was disappointed by the lack of further share buybacks, despite better-than-expected earnings, healthy growth, and a low valuation.

RWE (o/w) – the German utility has reduced its earnings expectations following a significant drop in gas and electricity prices driven by record inventories, higher renewables output, and milder weather, giving confidence that the region will survive the winter without a spike in energy prices.

Adobe (o/w) – negative reaction to disappointing revenue guidance increasing fears that Adobe’s leading market position in creative software may be under threat from cheaper alternatives offered by industry disruptors.

Meta Platforms (u/w) – strong results highlighting momentum in monetising its portfolio of social media networks. Meta’s advertising revenue growth is expected to be well ahead of peers in 2024.

UniCredit (u/w) – UniCredit announced a boost to its capital distributions to shareholders and upgraded its 2024 profit outlook.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.06
Alphabet A	+1.15
NVIDIA Corporation	+0.68
Novo Nordisk	+0.63
Samsung Electronics	+0.59
Alphabet C	-0.68
Tesla	-0.44
Exxon Mobil	-0.42
Westpac Bank	-0.40
Hermes	-0.30

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – the parent company of Google has two share classes. While the fund doesn't own the class C shares, our net position is still overweight. Google enjoys a strong and profitable internet advertising market position whilst also benefitting from a fast-growing cloud computing infrastructure business.

NVIDIA Corporation – the company has leadership in advanced datacentre chips that customers use for the most intense compute workloads including generative AI. This advantage in hardware is reinforced by Nvidia's extensive software intellectual property and its strong position in datacentre networking.

Novo Nordisk – Novo has a strong market position in Type-2 diabetes and has branched out into treatment of obesity. Wegovy, the firm's flagship GLP-1 obesity drug, is seeing demand far outstrip supply as Novo extends its offering to other countries. Trials have also shown that GLP-1s could help with cardiovascular and kidney failure for diabetic/obese patients.

Samsung Electronics – Samsung is exposed to structural growth in the memory chip market, including high bandwidth applications. The group also has a diversified earnings stream, stronger balance sheet than peers, and large potential for shareholder returns. The overweight in the ordinary shares is partly offset by not owning the preference shares.

Bottom 5 Holdings Relative to Benchmark:

Alphabet Inc Class C – the large holding in the A share class results in a moderate overweight exposure overall.

Tesla Inc – we are concerned that the company may need to cut vehicle prices further to stimulate demand at a time of increasing credible competition. The high valuation of the shares seems dependent on Tesla successfully making a technological leap and generating material revenue streams from autonomous driving.

Exxon Mobil Corp – we prefer Chevron and ConocoPhillips to Exxon Mobil. Both companies have demonstrated more consistent energy transition engagement.

Westpac Banking Group – The Fund has a preference for the other major Australian banks, given they achieve better returns, are better provisioned, and are considered of a higher quality in their operations.

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

Note

1) Source: Northern Trust

Summary of Performance - Funds (Net of Fees) Emerging Markets Equity Fund at 31 March 2024

Fund	Inception to Date			Quarter to Date			1 Year			Benchmark
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	
Emerging Markets Equity	3.34	4.78	(1.43)	3.96	3.31	0.64	6.03	5.76	0.27	FTSE Emerging Markets (Net) ³
Border to Coast	7.15	7.87	(0.72)	5.32	5.19	0.14	20.58	20.09	0.49	FTSE Emerging ex China (Net)
FountainCap	(17.62)	(17.57)	(0.06)	3.49	(1.19)	4.68	(18.14)	(19.21)	1.07	FTSE China (Net)
UBS	(18.43)	(17.57)	(0.87)	(0.47)	(1.19)	0.71	(18.12)	(19.21)	1.09	FTSE China (Net)

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Manager/Strategy	Role in fund	Target	Actual
Border to Coast	Core strategy focused on Emerging Markets ex-China with a tilt towards quality companies.	72%	70%
FountainCap	China specialist with long term, high conviction strategy focused on three megatrends: Innovation Economy, Clean Energy, and Consumption Upgrade.	11%	11%
UBS	China specialist seeking to identify upcoming 'industry leaders' that will benefit from China's structural growth and transition to a services-led economy.	17%	19%

Note

- 1) Source: Northern Trust & Border to Coast
- 2) Values do not always sum due to rounding and use of different benchmarks
- 3) S&P Emerging Markets BMI (Net) between 22nd October 2018 to 9th April 2021. Benchmark equal to fund return between 10th April to 28th April 2021 (Performance holiday for fund restructure).

Emerging Markets Equity Fund - Overview

at 31 March 2024

Emerging Markets Equity Fund

Overall, the EM Equity Fund returned 4.0% through Q1 2024, 0.6% above the FTSE EM benchmark. Over one year it has returned 6.0%, outperforming the benchmark by 0.3%. Since the Fund was restructured (April 2021) it has returned an annualised -2.8% and underperformed the benchmark by 1.0%.

On first glance, Q1 2024 followed a continuation of the 2023 market performance story, with the FTSE EM benchmark rising over the quarter (+3.3%), driven by the EM ex China region (rising by 5.2%), with the China region dragging on performance (FTSE China down 1.2%). However, this masks intra-quarter volatility where China fell c. 10% during January, before recovering much of the losses through February and March. The Chinese market recovery was assisted by supportive travel and consumption data over the Chinese New Year, economic growth targets set at the National People's Congress Annual Meeting, and state buying of ETFs.

Whilst the China market performance was negative, both of our China managers provided alpha (+2.1% on aggregate). FountainCap, which had performed poorly through 2023 (returning -5.3% vs its benchmark), had a much stronger quarter and outperformed by 4.7%. Having analysed the FountainCap performance through 2023 we noted that whilst the price of the portfolio had contracted, the underlying earnings had remained resilient, leading to the portfolio's valuation metrics appearing extremely attractive. The strong fundamental performance of the portfolio continued through the quarter, with a number of holdings demonstrating growth and beating expectations in their latest quarterly results. Specifically, retailers such as Anta Sports (active wear focused retailer), and Pop Mart (toy and figurine retailer) each contributed significantly, whilst the improved outlook for domestic solar installation and a rebound in solar product prices due to overseas orders picking up benefitted the holding in Sungrow Power. FountainCap also have some commodity exposure and positions in PetroChina and Zijin Mining benefitted from the increasing price of oil, and gold/copper, respectively.

UBS also outperformed the FTSE China Index (+0.7%). Whilst its returns were more moderate, it also saw good share price performance based off strong fundamental performance of the portfolio. Holdings in Midea Group (household goods and appliances) and China Merchant Bank (non-SOE commercial bank) both contributed significantly to performance following positive results. UBS also has a significant position in NetEase, which recovered well from its Q4 2023 price fall as the government appeared to reverse from potential regulation in the gaming industry.

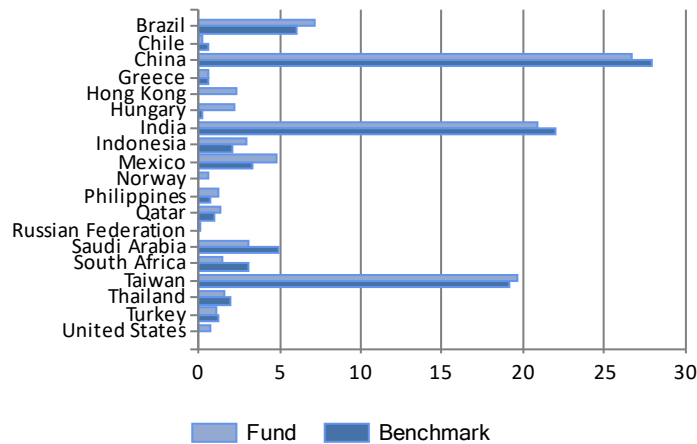
The internal EM ex-China mandate also outperformed its benchmark, returning +0.1% on a relative basis. The EM ex-China region provides opportunity to access the AI theme outside of the large cap, US tech sector, and the mandate's performance was driven by this theme. TSMC (the global leading semiconductor manufacturer), Taiwan Union Tech, and ASE Technology (both in the semiconductor supply chain) were all in the top three contributors to returns. However, Brazil exposure detracted from returns after slowing economic activity in the country.

Note

1) Source: Border to Coast

Emerging Markets Equity Fund at 31 March 2024

Regional Breakdown



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 4.08% overweight several stocks (particular in China) that are well positioned to benefit from such a tailwind.

Industrials (o/w) – the Fund is 2.68% overweight the industrials sector, a diverse sector ranging from shipping and airports to glass manufacturing. The Fund’s largest positions within this sector are manufacturers (or lessors) of heavy machinery and parts, which should benefit from continued urbanisation in emerging markets, and the manufacturer of electric cables with key relationships with global renewables businesses – i.e., a beneficiary of the green energy transition.

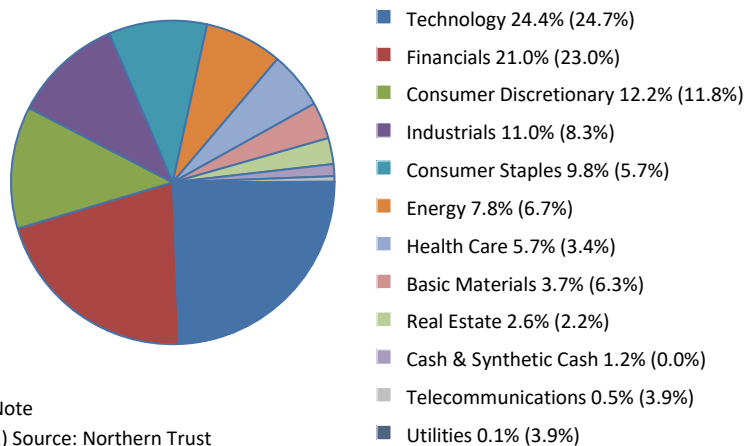
Health Care (o/w) – demographic trends (aging EM populations), increasing prosperity and perhaps even medical tourism are expected to drive medical spending higher (both personal and governmental) in Emerging Markets. The Fund is exposed to a diverse set of innovative businesses in this sector.

Basic Materials (u/w) – the Fund is –2.70% underweight the Materials sector, driven predominantly by the underlying managers believing there are few quality companies and attractive opportunities, that said, the Fund does hold some stocks, particularly in the EM-ex China component of the portfolio.

Telecommunications (u/w) – the Fund is –3.32% underweight this relatively low growth, cap-ex intensive sector, which can also 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 –3.80% underweight this highly regulated sector. Concerns over long-term sustainability of businesses and risk of regulatory interference warrants an underweight position.

Sector Portfolio Breakdown



Note

1) Source: Northern Trust

Emerging Markets Equity Fund Attribution at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Taiwan Semiconductor	10.30	27.65	8.49	27.60	0.33	Technology	Taiwan
Aegis Logistics	1.48	27.28	0.00	0.00	0.25	Energy	India
PDD Holdings	0.31	(19.08)	1.02	(19.82)	0.21	Technology	China
Netease	2.47	15.58	0.54	17.63	0.20	Consumer Discretionary	China
TUC	0.74	37.40	0.00	0.00	0.19	Technology	Taiwan

Positive Issue Level Impacts

TSMC (o/w) – the leading global semiconductor manufacturer. TSMC’s technology is a core element in manufacturing AI semiconductor chips, and it has benefitted from the continued spending and enthusiasm related to the AI theme. The company provided strong guidance at its most recent quarterly results and has also cleared its inventory backlog relating to chips for Smartphones and PCs. With a 1.56% overweight position, this stock contributed 0.33% to return.

Aegis Logistics (o/w) – we are 11.17% overweight this major provider of port infrastructure for import/export of LPG and industrial liquids. The share price performance was volatile during Q1, however, the most recent results detailed strong revenues and the board announced a second interim dividend for FY 23/24.

PDD Holdings (u/w) – a multinational e-commerce group that owns and operates a portfolio of businesses focused on the digital economy. Despite strong Q4 results which were above expectations, the share price fell c. 20% over the quarter, likely due to some profit taking after the company’s strong 2023. The company is also facing headwinds driven by potential US/China trade relationships and reports of excessive advertising spending. However, our –0.89% underweight position led to a 0.21% contribution to returns.

NetEase (o/w) – a Chinese internet technology company that primarily develops and operates online PC and mobile games and content. We are 1.93% overweight this company, which has experienced a strong share price recovery after the government appeared to “row back” on potential gaming industry regulation and approved over 100 new gaming titles. The most recent results detailed a slight earnings and revenue miss; however, the company’s outlook remains promising.

Taiwan Union Tech (o/w) – a supplier of high-speed digital Copper Clad Laminate for use in printed circuit boards (“PCBs”), with a focus on the servers and switches end markets. Similar to TSMC, the company has benefitted from the continued enthusiasm related to the AI theme, and inventory de-stocking across the semiconductor industry. Positive performance led to a 0.19% impact on returns.

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

Emerging Markets Equity Fund Attribution at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Oncoclinicas	0.67	(32.91)	0.00	0.00	(0.29)	Health Care	Brazil
AIA Group	0.49	(22.30)	0.00	0.00	(0.18)	Financials	Hong Kong
Vamos	0.76	(18.22)	0.01	(18.80)	(0.16)	Industrials	Brazil
B3	0.57	(17.91)	0.20	(18.05)	(0.16)	Financials	Brazil
Kasikornbank	0.93	(12.90)	0.09	(13.29)	(0.16)	Financials	Thailand

Negative Issue Level Impacts

Oncoclinicas (o/w) – a leading provider of outpatient oncology treatments in Brazil. We are 0.66% overweight as the share price suffered amid wider Brazilian market weakness. The most recent results also detailed operating results below expectations, and an extension in the average time to get paid due to the ongoing financial pressure on the health care plan industry (the payers).

AIA Group (o/w) – the company is a pan-Asia life insurance group. It continued its negative share price momentum through Q1, after falling c. 20% in 2023. Its latest results were slightly below expectations. Our 0.67% overweight position led to a –0.18% impact on returns.

Vamos Locacao de Caminhoes (o/w) – the company provides commercial vehicle rental services. It offers leasing of trucks, machinery, and equipment, serving customers in Brazil. As above, wider Brazilian market weakness negatively impacted our 0.7% overweight position. Its most recent results detailed revenues which were slightly below expectations.

B3 SA (o/w) – the company operating as the Brazilian regional exchange, providing clearing and settlement activities, central depository services, and financial products for trading in equity, commodity, and derivatives. Given the aforementioned Brazilian market weakness during the quarter, and the company being intrinsically linked to capital activity the share price suffered and our overweight position led to a –0.16% impact on returns.

Kasikornbank (o/w) – a commercial bank based in Thailand providing corporate and retail banking services. We are 0.89% overweight and the company’s share price suffered after its Q4 results detailed missed expectations in relation to the bank’s net internet margin. There has been some disappointment regarding how slowly provisions for bad loans are moderating. Whilst the trajectory is in the right direction, it is taking longer than hoped for and resulted in a –0.16% impact on returns.

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

Emerging Markets Equity Fund at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Kweichow Moutai	+2.34
Netease	+1.93
Taiwan Semiconductor	+1.81
Gedeon Richter	+1.59
ITC	+1.58
Alibaba	-1.09
Infosys	-0.91
China Construction Bank	-0.82
PDD Holdings	-0.71
ICBC	-0.58

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Note

1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

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

Taiwan Semiconductor Manufacturing Company – TSMC is the leading global semiconductor manufacturer, and it contracts with fabless semiconductor customers such as AMD and Nvidia to produce their semiconductor designs. The company has significant competitive advantages in relation to its scale, production capacity, and technology. The chips it produces are used in smart phones, high performance computing (with some chips required for the emerging AI technology), automobiles and other consumer electronics.

Richter Gedeon – a diversified and growing pharmaceutical business that trades materially cheaper than peers. Richter boasts a growing (and soon to be market leading) women’s health platform and is a leader in proprietary CNS (central nervous system) drug discovery. The company is benefiting from low-cost but high-spec R&D and manufacturing facilities in Budapest with various avenues ahead for value creation. The firm is well positioned to benefit from increased global medical spending with mature cash generative drugs and an innovative pipeline.

ITC – ITC’s portfolio of consumer staples brands and powerful distribution capability provides broad exposure to the consumer in India. The company is benefiting from robust volume expansion and premiumisation.

Bottom 5 Holdings Relative to Benchmark:

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

Infosys – Indian IT consulting and software services business. The company was a previous holding in the EM-ex China portfolio, however, the position was exited during Q3 ‘23 following poor guidance, and positioning has been rotated into competitor firms which offer less discretionary services, such as moving digital infrastructure to the cloud.

China Construction Bank – one of the “big four” banks in China, which, the Fund maintains a structural underweight to.

PDD – a Chinese technology company, owning a number of e-commerce businesses, such as TEMU. 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.

Industrial & Commercial Bank China – 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.

Major Transactions During the Quarter

Purchases:

Globant SA (new position) – Globant provides high-end consultancy and software development services to Fortune 500 customers. The company has a market leading brand, attractive compound growth characteristics, and stable profitability.

Chroma Ate Inc (new position) – Chroma Ate is a Taiwanese company which manufactures electronic and automation measuring equipment. It has a strong positioning in certain niches for testing equipment, such as for EV electronics and battery charging, and system level testing for advanced packaging of semiconductor modules. Rising complexity and power density of electronic components resulting in a greater quantity of custom-made testing solutions underpins growth expectations.

UK Listed Equity Fund - Overview

at 31 March 2024

UK Listed Equity Fund

The Fund generated a total return of 3.30% during the quarter, compared to the benchmark return of 3.57%, resulting in 0.27% of underperformance.

The Sub-fund benefited from the following:

- Stock selection in Consumer Discretionary with no exposure to Entain (problematic US joint venture and yet to appoint a permanent CEO) and overweight positions in Flutter (strong earnings and intention to seek a primary listing in the US), Vistry (strategic transition to social housing) and Next (analysts upgrades following strong results).
- Stock selection in Basic Materials with overweight positions in Antofagasta (sharp rise in copper price) and Elementis (cyclical recovery and end to industry destocking).
- Stock selection in Telecommunications with an overweight position in Spirent (takeover activity).

This was offset by the following:

- Weak stock selection in Industrials due to no exposure to Rolls Royce (beneficiary of increase in flying hours as travel continues to rebound post-pandemic).
- Weak stock selection in Financials with an overweight in St James's Place (surprise earnings provision to cover for potential future redress regarding high fees) and no exposure to 3i (continued strength in largest holding, European discount retailer Action).
- Overweight position in Consumer Staples (impacted by rising bond yields) and overweight position in Reckitt Benckiser (reacted negatively to news of infant nutrition regulatory risk from the US).

Note

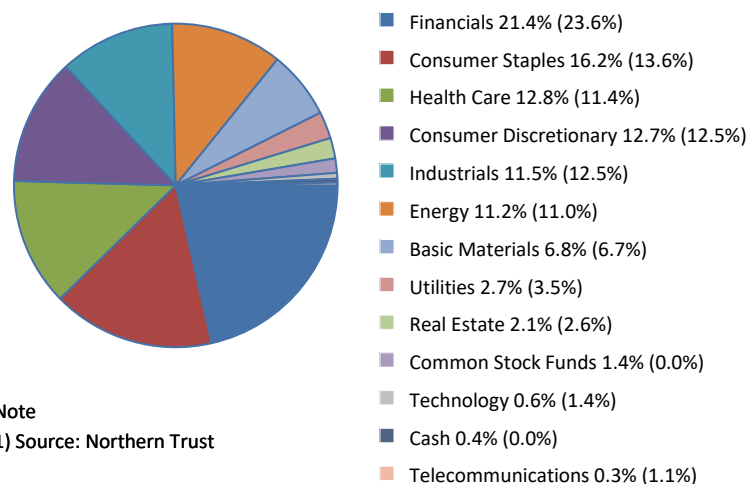
1) Source: Border to Coast

UK Listed Equity Fund at 31 March 2024

Largest Relative Over/Underweight Sector Positions (%)

Consumer Staples	+2.68
Common Stock Funds	+1.43
Health Care	+1.33
Consumer Discretionary	+0.17
Energy	+0.14
Financials	-2.21
Industrials	-1.00
Telecommunications	-0.84
Utilities	-0.80
Technology	-0.78

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:

Consumer Staples (o/w) – broad mix of food and beverage, beauty, personal care, and home care product manufacturers and food retailers which offer strong cash generation, robust balance sheets and provide quality through-cycle compounding characteristics.

Common Stock Funds (o/w) – exposure to UK smaller companies via specialist funds/collective vehicles. UK small caps, in common with other geographies, have underperformed in recent years leaving current valuations increasingly attractive. Over longer periods of time, though, helped by strong growth potential, small cap companies have a track record of delivering outperformance.

Healthcare (o/w) – driven by global demographics (ageing and growing global population), greater incidence of chronic health conditions, and increasing ability of emerging market populations to fund modern healthcare, healthcare spending should grow faster than GDP growth. Additionally, the sector benefits from barriers to entry – from patent protection and rigorous drug approval processes – that drives strong pricing power.

Financials (u/w) – predominantly due to underweights in investment trusts and HSBC – where strained US-China relations, increased near-term recessionary/commercial real estate risks, a potential for deteriorating bank loan books and rising credit risk in insurers bond portfolios – continue to be concerning. This is partly offset by overweight positions in wealth managers and insurers – particularly those with Asian exposure. The region is expected to benefit from the China/Hong Kong border reopening and boasts healthy long-term growth potential as general levels of wealth increase.

Industrials (u/w) – broad mix of idiosyncratic companies, typically with significant global market positions in specialist niche markets. In general, UK companies have benefited from the broad post-pandemic global economic re-opening, end-market recovery (for example aerospace and automobiles), supply chain normalisation and rising infrastructure expenditure, especially in the US.

Telecommunications (u/w) – highly capital-intensive, and features industry overbuild of fibre networks, leading to highly uncertain future returns. Regulatory structures restrict consolidation in Europe and the UK, and recent above-inflation pricing increases – like the ones enacted by BT – seem unsustainable.

UK Listed Equity Fund Attribution at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Spirent Communications	0.28	62.18	0.05	62.21	0.12
Intercontinental Hotels	1.18	16.01	0.58	16.25	0.07
Vistry Group	0.46	33.99	0.18	34.06	0.06
Entain	0.00	0.00	0.21	(18.87)	0.06
Flutter Entertainment	1.47	13.32	1.18	13.27	0.05

Spirent Communications PLC (o/w) – the company received two recommended cash bids from US peers Viavi Solutions and subsequently Keysight Technologies, with the latter at a material c.85% premium to the undisturbed share price.

Intercontinental Hotels Group PLC (o/w) – Intercontinental reported full-year results that showed strong revenue growth, driven by a healthy global travel recovery, and accelerated signings in its hotel pipeline. Management raised mid-term guidance, and announced a renewal of the buyback programme that met the higher end of investors' expectations.

Vistry Group PLC (o/w) – Vistry continues its strategic transformation towards its Partnerships division (housing association/social housing construction). The company announced solid full-year results during the quarter and announced a new share buyback programme.

Entain PLC (u/w) – Regulatory headwinds – in the UK and Netherlands – continue to weigh on the shares. Investors are also questioning the firm's strategic direction and operational complexity, following multiple acquisitions. Entain's partnership with US BetMGM is progressing more slowly than expected, and the firm is yet to appoint a permanent CEO.

Flutter Entertainment PLC (o/w) – Solid full year results confirm progression to profitability in the US as FanDuel continues to maintain its market leading position in US online sports betting. The US secondary listing commenced in January, with Flutter also announcing its intention to move to a US primary listing, with a vote proposed at the May AGM.

Note

1) Source: Northern Trust & Border to Coast

UK Listed Equity Fund Attribution Continued at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Rolls Royce	0.00	0.00	1.51	42.38	(0.41)
3i Group plc	0.00	0.00	1.13	16.03	(0.12)
St. James's Place	0.29	(31.99)	0.11	(32.05)	(0.09)
NatWest	0.18	26.26	0.61	26.78	(0.08)
Dowlais Group	0.23	(27.16)	0.04	(27.00)	(0.08)

Rolls-Royce PLC (u/w) – turnaround of the business – driven by a recovery in widebody aircraft flying hours – continues to gain traction leading to an increase in earnings guidance.

3i Group PLC (u/w) – Action – the European discount retailer which represents around 70% of the investment company's portfolio – has continued to deliver strong trading performance into 2024.

St James's Place PLC (o/w) – further weakness due to a surprise provision for consumer redress, in relation to potential fee rebates for customers, following the implementation of changes to the companies fee charging structure as a result of the release of the FCA's Consumer Duty guidance in 2023.

NatWest Group PLC (u/w) – the bank's full year results reflected resilient UK macroeconomic prospects and increased chances of a soft landing. The results unveiled only modest impairments, as UK employment levels remain high and inflation continues to ease. The UK government's announced intention to accelerate the sale of its remaining stake – which could include a retail offer – reduces the overhang on the shares.

Dowlais Group PLC (o/w) – the environment for auto manufacturing remains challenging, due to the transition to electric vehicles with a large impairment in its Powder Metallurgy division.

Note

1) Source: Northern Trust & Border to Coast

UK Listed Equity Fund at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Impax Environmental Markets	+0.88
Schroder UK Smaller Companies Fund	+0.74
Liontrust UK Smaller Companies	+0.68
Herald Investment Trust	+0.62
Intercontinental Hotels	+0.60
Rolls Royce	-1.51
3i Group plc	-1.13
Vodafone	-0.65
Aviva	-0.57
Scottish Mortgage Investment Trust	-0.53

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Top 5 Holdings Relative to Benchmark:

Impax Environmental Markets PLC – the leading ESG-focused fund which specialises in alternative energy, energy efficiency, water treatment, sustainable food, clean transport, smart environments, pollution control and waste technology has delivered strong outperformance over the long term.

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

Liontrust UK Smaller Companies Fund – a specialist UK small-cap fund with an investment style focussed on intellectual property, strong distribution channels, and durable competitive advantages: all factors considered relevant to the attractive long-term growth profile of smaller companies. The managers have a strong emphasis on sustainable investment and adopt extensive ESG engagement and reporting.

Herald Investment Trust PLC – a specialist investment trust with a global mandate that focusses on smaller quoted companies in the telecommunications, multimedia and technology sectors. The trust has a long track record of outperformance.

Intercontinental Hotels Group PLC – well placed to benefit from the recovery in global travel, as consumers continue to prioritise experiences. Hotels boast a capital light business model, characterised by franchised/managed hotels. This helps the company insulate earnings from fluctuations in hotel demand.

Bottom 5 Holdings Relative to Benchmark:

Rolls-Royce Holdings PLC – exited the holding in 2022 ahead of the change in CEO, on uncertainty over the recovery profile of long-haul air travel post-Covid, and the associated demand for wide-bodied engines and engine flying hours. Significant turnaround under the new CEO albeit questions remain over the sustainability of the recovery.

3i Group PLC – global private equity investor albeit with an unusually concentrated investment portfolio where approximately 70% of the current net asset value is invested in a single asset, Action, a European discount retailer.

Vodafone Group PLC – weakening competitive position in key markets including largest market Germany where cable revenues face increased competition following regulatory changes and, until recently, a lack of management commitment towards strategic consolidation such as in the UK & Italy, where approval from competition authorities also remain key barriers to consolidation.

Aviva PLC – exited our holding last year to consolidate holdings within the insurance sector into companies where growth prospects appear stronger such as Admiral, Prudential and Legal & General.

Scottish Mortgage Investment Trust PLC – investment trust focussed on global large-cap technology stocks but also an unusually high exposure to less liquid and potentially riskier unlisted companies currently representing around 30% of the fund's value. We have similar listed global technology exposure through our holding in Allianz Technology Trust.

Major transactions during the Quarter

Purchases:

Segro PLC (£10.2m) – increased the weighting to Segro, a recently added holding. The company boasts an attractive logistics/data centre portfolio/development pipeline which are exposed to structural growth sectors. Asset valuations have been negatively impacted by rising interest rates, but an expected turn in interest rate expectations should help.

Sales:

British Land PLC (£15.2m) – moved towards exiting the holding, rotating the proceeds into Segro (increase exposure to logistics at an attractive valuation) and Derwent London and Shaftesbury Capital (stronger growth and recovery potential).

Note

1) Source: Northern Trust

APPENDICES

Overseas Developed Markets Fund - United States at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NVIDIA Corporation	2.70	2.03	0.30
Tesla	0.00	0.44	0.23
Eli Lilly	0.90	0.56	0.07
Broadcom	0.98	0.53	0.05
American Express	0.49	0.12	0.05

NVIDIA Corporation (o/w) – revenue guidance once again significantly ahead of market expectations driven by elevated demand for its datacentre microprocessors that facilitate burgeoning artificial intelligence (AI) workloads.

Tesla (u/w) – disappointing results and 2024 outlook as the company’s profitability declined as it cut new vehicle prices to stimulate demand in an increasingly competitive electric vehicle market.

Eli Lilly (o/w) – gained regulatory approval to market its anti-obesity medicine, Zepbound, in the US. Significant market opportunity with the company’s revenue for both Type-2 diabetes and obesity therapeutics currently capped by supply constraints – company is expected to enjoy industry-leading growth for years to come.

Broadcom (o/w) – closed its \$60bn acquisition of VMware, a cloud computing and virtualisation leader, towards the end of 2023. The deal should generate significant synergies and therefore the potential for accelerated earnings growth. Furthermore, Broadcom is a leading participant in customised computing chips, and should enjoy outsized revenue growth if datacentre customers are successful in reducing their dependence on Nvidia.

American Express (o/w) – earnings guidance was robust with sentiment towards the company continuing to improve, along with the market’s expectations for a more resilient US economy and healthy consumer spending.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - United States at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Adobe	0.50	0.21	(0.07)
Meta Platforms	0.71	0.97	(0.07)
UnitedHealth Group	0.73	0.42	(0.04)
General Electric	0.00	0.17	(0.04)
Exxon Mobil	0.00	0.42	(0.04)

Adobe (o/w) – negative reaction to disappointing revenue guidance increasing fears that Adobe’s leading market position in creative software may be under threat from cheaper alternatives offered by industry disruptors.

Meta Platforms (u/w) – strong results highlighting momentum in monetising its portfolio of social media networks. Meta’s advertising revenue growth is expected to be well ahead of peers in 2024.

UnitedHealth Group (o/w) – sentiment towards the US health insurance sector deteriorated on rising concerns that increased patient utilisation of treatments and procedures would erode industry profitability. The company was also impacted by a cyberattack in one of its subsidiaries which could adversely affect short term profitability.

General Electric (u/w) – after years of disappointing investors and restructuring operations, there were further signs that GE’s turnaround has durability. In April the company completed a breakup, leaving three separately listed entities: aerospace, energy, and healthcare.

Exxon Mobil (u/w) – beneficiary of higher oil prices.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - United States

at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.06
Alphabet A	+1.15
NVIDIA Corporation	+0.68
Microsoft	+0.51
Broadcom	+0.45
Alphabet C	-0.68
Tesla	-0.44
Exxon Mobil	-0.42
AbbVie	-0.29
AMD	-0.26

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – Google enjoys a strong and profitable internet advertising market position whilst also benefitting from a fast-growing cloud computing infrastructure business.

NVIDIA Corporation – the company has leadership in advanced datacentre chips that customers use for the most intense compute workloads including generative AI.

Microsoft – continues to benefit from secular growth within its Azure cloud hosting business as well as resilient demand for its ubiquitous suite of productivity software led by Microsoft Office.

Broadcom – a prominent designer and developer of semiconductors serving an array of growing end markets. Broadcom's technical leadership in customised silicon could be a source of attractive growth for years to come.

Bottom 5 Holdings Relative to Benchmark:

Alphabet Inc Class C – the large holding in the A share class results in a moderate overweight exposure overall.

Tesla Inc – we are concerned that the company may need to cut vehicle prices further to stimulate demand at a time of increasing credible competition. The high valuation of the shares seems dependent on Tesla successfully making a technological leap and generating material revenue streams from autonomous driving.

Exxon Mobil – we prefer Chevron and ConocoPhillips to Exxon Mobil. Both companies have demonstrated more consistent energy transition engagement.

AbbVie Inc – the pharmaceutical company's largest franchise, Humira, has lost important patent protection and may pursue expensive acquisitions to reinvigorate revenue growth.

Advanced Micro Devices Inc – AMD is a leading provider of microprocessors. AMD also sells graphic processing units (GPUs), but we believe that Nvidia possesses crucial competitive advantages that should ensure that it remains dominant for the foreseeable future.

Major transactions during the Quarter

Sales:

Nvidia (£10.2m) – reduced holding. The company's technical innovations in advanced semiconductors have captured the imagination of customers and investors. The shares have performed strongly, and we reduced the overweight. We are cognisant that generative AI is a nascent industry and demand for GPU chips will eventually wane.

Eli Lilly (£3.6m) – reduced holding. Analysts continued to increase their estimates of the size of the addressable obesity market and the share price responded well. We took the opportunity to reduce the size of the overweight to mitigate the risk of any disappointment.

Note

1) Source: Northern Trust

Overseas Developed Markets Fund - Europe (ex UK) at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Novo Nordisk	2.00	1.36	0.11
ASML	1.77	1.31	0.08
Intesa Sanpaolo	0.50	0.20	0.04
Munich Re	0.64	0.23	0.04
AXA	0.63	0.23	0.03

Novo Nordisk (o/w) – signs that Novo is making progress in easing supply shortages for its core diabetes and obesity drugs resulting in expectations of another year of double-digit revenue growth. In addition, the company acquired three fill-finish sites, which should boost its filling capacity, and early data from an experimental trial of Amycretin, a pill-based weight loss treatment, suggested it may be more effective than the company’s injection-based product, Wegovy.

ASML (o/w) – the Dutch semiconductor equipment maker continues to benefit from the AI boom, and reported higher income, and a significant rise in orders for its fourth quarter.

Intesa Sanpaolo (o/w) – healthy fees and commissions, as well as hedges put in place to protect against interest rate declines helped Intesa report better-than-expected fourth-quarter results with a further increase in forward earnings guidance. Intesa also announced a new share buyback programme further enhancing overall returns to shareholders.

Muenchener Rueckver (o/w) – the world’s largest reinsurance firm expects business to remain strong and announced plans for a new buyback programme and an increased dividend.

AXA (o/w) – new strategic plan outlining a range of higher growth targets was received well by the market.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Europe (ex UK) at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
RWE	0.28	0.08	(0.08)
UniCredit	0.00	0.22	(0.05)
BBVA	0.00	0.24	(0.04)
Infineon Technologies	0.29	0.15	(0.04)
Hermes	0.00	0.30	(0.03)

RWE (o/w) – the German utility has reduced its earnings expectations following a significant drop in gas and electricity prices driven by record inventories, higher renewables output, and milder weather, giving confidence that the region will survive the winter without a spike in energy prices.

UniCredit (u/w) – UniCredit announced a boost to its capital distributions to shareholders and upgraded its 2024 profit outlook.

Banco Bilbao Vizcaya Argentaria (u/w) – the Spanish lender reported higher-than-expected fee and commission revenue, helping it offset an interest income slowdown as Europe’s rate-hike cycle ends. Spanish banks tend to have a higher proportion of variable loans to retail clients, meaning they have been some of the largest beneficiaries of tightening monetary policy and higher interest rates. The bank also announced a new share buyback programme.

Infineon Technologies (o/w) – Infineon cut its sales forecasts with demand for its personal electronics chips – used in computers and smartphones – expected to remain weak for months. Additionally, the Chinese government has asked electric-vehicle makers in the country to increase chip purchases from local manufacturers.

Hermes (u/w) – the French luxury-handbag maker posted a significant increase in earnings and maintained its medium-term revenue guidance supported by expectations of significant price increases in 2024.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Europe (ex UK) at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.63
ASML	+0.46
Schneider Electric	+0.45
TotalEnergies	+0.45
Siemens	+0.42
Hermes	-0.30
Banco Santander	-0.27
Zurich Insurance Group	-0.27
BBVA	-0.24
Mercedes-Benz	-0.24

Top 5 Holdings Relative to Benchmark:

Novo Nordisk – has a strong market position in Type-2 diabetes and has branched out into treatment of obesity. Wegovy, the firm’s flagship GLP-1 obesity drug, is seeing demand far outstrip supply.

ASML – the Dutch hardware company is the sole supplier of lithography equipment to the semiconductor/chip makers globally.

Schneider Electric – a highly regarded and well-managed electrical power equipment company that enjoys a strong global position in the structural growth markets of Energy Management and Industrial Automation.

TotalEnergies – the French petroleum company has recently been shifting away from their core oil business and has now become the second largest player in liquefied natural gas (“LNG”).

Siemens – has transformed from being a large conglomerate to a focused niche player, focusing on three main areas: DI (Digital Industries), SI (Smart Infrastructure) and Mobility.

Bottom 5 Holdings Relative to Benchmark:

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

Banco Santander – Santander’s balance sheet is considered one of the weakest in the sector, and its end markets are especially vulnerable to the impact of higher interest rates.

Zurich Insurance Group – the Swiss reinsurance company trades on a high valuation relative to peers, especially considering potentially overly-ambitious profitability targets. We prefer Munich Re.

Banco Bilbao Vizcaya Argentaria – BBVA has made some questionable strategic choices. The sale of the US business and the increase in exposure to Turkey has increased earnings volatility for the bank.

Mercedes-Benz Group – the German luxury auto manufacturer trades on a high valuation at a time when we believe there is a risk of peaking profitability.

Major transactions during the Quarter

Purchases:

EssilorLuxottica (£4.0m) – the company is a quality investment operating across the value chain in the attractive eyecare sector.

Sales:

Neste (£4.8m) – exited the holding after disappointing guidance. Competition for Sustainable Aviation Fuel is heating up, with major integrated oil companies looking to increase their exposure to this part of the market.

Teleperformance (£4.7m) – exited position due to growing competition and a more uncertain growth outlook.

Note

1) Source: Northern Trust

Overseas Developed Markets Fund - Japan at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
DISCO Corporation	0.29	0.07	0.08
Tokyo Electron	0.45	0.25	0.07
Mitsubishi	0.32	0.19	0.04
Hitachi	0.40	0.17	0.04
Mitsubishi Estate	0.23	0.04	0.04

Disco (o/w) – semiconductor production equipment (SPE) manufacturers have enjoyed a robust rerating for the past 12 months as the market prices in an upswing in the chipmaker capex cycle. Disco has prospered more than other related companies due to its exposure to back-end processing equipment, which is benefitting from the AI-driven large-scale buildout.

Tokyo Electron (o/w) – as with Disco, Tokyo Electron has enjoyed a strong rerating as a key player supporting the buildout of the chipmaking industry. Tokyo Electron dominates its core verticals in front-end processing and has long been the best managed of the Japanese semiconductor supply chain players. As such, it is a natural choice for investors wanting exposure to Japanese tech, in our opinion.

Mitsubishi Corporation (o/w) – trading house shares have been broadly rerated since last spring after favourable commentary by noted investors such as Warren Buffet. Mitsubishi Corp’s shares attracted particular interest during the quarter, following management’s announcement of its biggest-ever share buyback (¥500 billion or 10% of outstanding shares) as well as sale of the controlling stake in Japan’s number two convenience store chain, Lawson.

Hitachi (o/w) – the market looked very favourably on the company’s better-than-expected quarterly earnings, while positive exposure to popular themes like IT/AI and energy distribution buildout supported demand for the shares.

Mitsubishi Estate (o/w) – global equity investors have shunned major property developers over the last few years on concerns that post-Covid city-centre vacancies will pressure rental income and higher interest rates reduce the net present value of property holdings. Investors began to change their view on Mitsubishi Estate, which owns some of the most expensive prime property in Japan, as Tokyo bucks the trend among major global financial centres by maintaining exceptionally high occupancy rates. Rental income has even begun to show signs of growth, a rare event during the deflationary era.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Japan at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Daikin Industries	0.19	0.08	(0.03)
Keisei Electric Railway	0.13	0.01	(0.03)
Mitsui & Co	0.00	0.15	(0.02)
Mitsubishi Heavy Industries	0.00	0.06	(0.02)
Ballie Gifford Shin Nippon	0.03	0.00	(0.02)

Daikin Industries (o/w) – the market took a cautious approach to the company’s deteriorating short-term earnings in the face of slowdowns in the market for air conditioners in China and Western Europe. Investors also appear to be reassessing the long-term attractiveness of the market for the company’s other core product, heat pumps, as many European countries reduce related green-energy subsidies.

Keisei Electric Rail (o/w) – Keisei Electric was targeted by activist investors during the final quarter of 2023, and investors hoped for a quick sale of non-core assets such as the company’s stake in Oriental Land – the operator of Tokyo Disneyland. Management’s initial announcement on asset sales and increased payouts to shareholders, while significant, appeared to undershoot the high expectations that had buoyed the share price at the start of the year.

Mitsui & Co. (u/w) – Mitsui shares have re-rated strongly in line with the broader group of major trading houses, although we note they continue to lag performance of our top pick in the sector, Mitsubishi Corp.

Mitsubishi Heavy (u/w) – we do not have exposure as we consider management to be insufficiently attentive to shareholder interests, and its business portfolio too deeply cyclical to satisfy our quality threshold. However, the shares were buoyed by robust orders for industrial equipment in such areas as nuclear power and defence, two of the company’s more competitive businesses.

Baille Gifford Shin Nippon (o/w) – this well-balanced small-cap growth fund underperformed the market as smaller and mid-sized companies lagged the overall Japanese equity universe.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Japan at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Hitachi	+0.23
DISCO Corporation	+0.22
Shin-Etsu Chemical	+0.21
Tokyo Electron	+0.21
Sumitomo Mitsui Financial	+0.20
Mitsui & Co	-0.15
Honda Motor	-0.13
Daiichi Sankyo	-0.13
Mizuho Financial	-0.11
Fast Retailing	-0.10

Top 5 Holdings Relative to Benchmark:

Hitachi – now shifting its attention from restructuring to growth, led by world-class technology and industrial integration, as well as electric distribution and traditional industrial verticals like rolling stock.

Disco – we have a positive view on this SPE manufacturer due to its dominant position in back-end semiconductor production processes.

Shin-Etsu Chemical – arguably one of Japan’s best-managed companies, broad capabilities extend from world-leading PVC operations to advanced tech materials like silicon wafers.

Tokyo Electron – well positioned to support the buildout of the Japanese chipmaking industry. Has long been considered the best managed of the Japanese semiconductor supply chain players, in our opinion.

Sumitomo Mitsui Financial Group – we like the company because of the success management has enjoyed in shifting the group’s business model beyond traditional reliance on loan-deposit spread.

Bottom 5 Holdings Relative to Benchmark:

Mitsui & Co – we prefer Mitsubishi Corp. and Itochu Corporation, due to their more diversified business portfolios with relatively lower weighting on resources/commodities.

Honda Motor – we prefer Toyota for its EV/hybrid strategy and growth prospects; we also like Subaru with the resilience of its US sales and possibility that Toyota may increase its stake.

Daiichi Sankyo – despite a recent derating after disappointing clinical trial results, the current share price continues to reflect an unrealistically optimistic outlook for the company’s oncology drugs, in our view.

Mizuho Financial Group – we prefer MUFG for the higher quality of its domestic franchise as well as its blue-chip overseas assets like Morgan Stanley. We also prefer to hold Sumitomo Mitsui Financial Group.

Fast Retailing – we like this company’s management and business model, but we have struggled to find an entry point at acceptable valuations.

Major transactions during the Quarter

Purchases:

Zozo (£2.4m) – we invested further in this high-quality ecommerce leader at attractive relative valuation levels.

Sales:

Baillie Gifford Shin Nippon (£10.9m) – we began to shift the fund’s small and mid-cap stock exposure away from collective investment vehicles and toward individual stocks.

Tokyo Electron (£4.0m) – judged to have less robust risk-return potential over the next 12 months. Although still a core position for the fund, we used the opportunity of a strong share price to reallocate capital to laggards.

Note

1) Source: Northern Trust

Overseas Developed Markets Fund - Asia Pacific (ex Japan) at 31 March 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
SK Hynix	0.84	0.49	0.05
Goodman	0.50	0.28	0.04
KB Financial Group	0.36	0.13	0.04
Celltrion	0.00	0.16	0.02
HPSP	0.09	0.00	0.02

SK Hynix (o/w) – amid early signs of strong recovery in the memory market, Hynix shares continued to benefit from expectations for improved profitability given its leadership position in high bandwidth memory products for AI and data centre applications.

Goodman Group (o/w) – the company is well positioned to take advantage of rising data centre development demand given its existing landbank and a clean balance sheet capable of supporting further project origination.

KB Financial Group (o/w) – expectations of improved shareholders' returns, with the highest level of excess capital in the sector, hence ample room for re-rating if the government-sponsored Corporate Value-Up programme in Korea gains momentum.

Celltrion (u/w) – recovered after a positive market response to US FDA approval of a biosimilar anti-inflammatory drug, as well as an announced merger with subsidiary Celltrion Healthcare.

HPSP Co (o/w) – continued to outperform due to exposure to an improving semiconductor industry and expectations of rising profits from mainstay high-pressure hydrogen annealing tools that facilitate the technological transition to smaller chips.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Asia Pacific (ex Japan) at 31 March 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
AIA Group	0.72	0.52	(0.09)
NAVER	0.29	0.13	(0.05)
SK Innovation	0.17	0.03	(0.04)
Hong Kong Exchanges & Clearing	0.41	0.25	(0.04)
BHP Group	1.08	0.98	(0.03)

AIA Group (o/w) – the market was disappointed by the lack of further share buybacks, despite better-than-expected earnings, healthy growth, and a low valuation.

Naver (o/w) – performance remained lacklustre given no meaningful sign of recovery in the advertising market in Korea.

SK Innovation (o/w) – weakened amid ongoing concerns over the outlook for the EV industry, despite improving refining and petrochemical businesses, and scope for rising profitability in EV batteries as production yields improve.

Hong Kong Exchanges & Clearing (o/w) – negatively impacted by weak market sentiment in Hong Kong and resulting depressed trading volumes, as well as lower IPO revenue. This is despite strong investment income, an improving IPO pipeline, and ongoing initiatives aimed at boosting connectivity with China.

BHP Group (o/w) – BHP's shares gave back most of the previous quarter's gains as sentiment in the commodity sector soured amid fading hopes for a China recovery and clouding outlook in key materials like iron ore.

Note

1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Asia Pacific (ex Japan) at 31 March 2024

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.59
SK Hynix	+0.35
Techtronic Industries	+0.30
Samsung SDI	+0.26
KB Financial Group	+0.23
Westpac Bank	-0.40
Samsung Electronics Prefs	-0.28
UOB	-0.18
Celltrion	-0.16
Kia	-0.13

Top 5 Holdings Relative to Benchmark:

Samsung Electronics – exposed to structural growth in the memory chip market, including high bandwidth applications. The overweight in the ordinary shares is partly offset by not owning the preference shares.

SK Hynix – a leader in semiconductor memory with high teens global market share in both NAND (storage) and DRAM (processing) chips, benefitting from structural demand growth with improving penetration and increasing number of applications (including AI) for its technologically leading high bandwidth memory.

Techtronic Industries – technology-leading focus on the cordless power tools market should lead to improving margins and market share as global penetration continues to rise – thanks to innovative, easy-to-use products. The company’s focus on the higher-margin professional market in the US should also benefit.

Samsung SDI – a leading Korean diversified producer of energy solutions with a premium offering in lithium-ion batteries, energy storage systems, and electronic materials.

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:

Westpac Banking Group – the Fund has a preference for the other major Australian banks, given they achieve better returns, are better provisioned, and are considered of a higher quality in their operations.

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

UOB – while Singaporean banks tend to be highly correlated, the portfolio prefers competitors DBS and OCBC – both enjoy stronger capital positions and more differentiated profiles.

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

Kia Corp – the portfolio retains its preference for Hyundai Motor and Hyundai Mobis. Kia has made great strides in profitability, along with brand development and awareness. We are monitoring Kia for possible investment.

Major transactions during the Quarter

Purchases:

Lynas Rare Earths (£5.7m) – Lynas is the largest and most fully integrated rare earths producer outside China, and trades at attractive levels vs. longer term price expectations for rare earths materials.

Sales:

Westpac Banking (£19.9m) – exited to concentrate major Australian banking holdings in peers with higher-quality execution and fewer IT infrastructure investment needs going forward.

Note

1) Source: Northern Trust

Market Background

at 31 March 2024

Propelled by the tailwind of an exceptionally strong end to 2023, global equities gained 8.3% in US dollar terms for the first quarter. Sterling's weakness – in contrast to fourth-quarter strength – added a little over 1%, taking global equity market returns in sterling to 9.5% for the period.

Considering the long list of current equity market risks, that return is no mean feat, and has been surpassed just twice in the last 25 years. Interestingly, those years – 2012 and 2019 – were also characterised by elevated risks. In 2012 markets were in the grip of a Euro debt crisis, and in 2019 President Donald Trump's impeachment rumblings and trade spat with China were serious causes for concern. Today's "wall of worry" is no less steep, with investors having to contend with sticky inflation, slowing economic growth concerns and intense geopolitical tensions. Just as in 2012 and 2019, though, equity markets have continued to climb it all the same.

The question is whether the foundations are sound enough to justify the market's strength. Let's start with the state of the global economy. Across the Atlantic, the US is in good shape. The Federal Reserve (the Fed) paused its aggressive rate-hiking programme in July last year with interest rates at a two-decade high of 5.5%. The speed of the rate hikes – which triggered a mini banking crisis around this time last year – sparked widespread fears of a US recession. So far, though, those fears have been misplaced. Higher interest rates haven't resulted in the rapid fall of capital availability, slower loan growth, company defaults, rising unemployment and plunging economic growth that many had predicted. That's mostly down to the fact that around 90% of US households benefit from low-rate mortgages locked in for 30 years. That, together with cash-rich corporate balance sheets, has meant that the interest rate transmission mechanism has been much more muted than expected, allowing the US economy to record GDP growth of 3.1% in 2023. The side effect of strong economic growth, of course, is stubborn inflation, and the "last mile" of the journey to the Fed's much-vaunted 2% inflation target is proving to be challenging terrain. Strong first quarter economic data has pushed forecasts for US rate cuts further out, with just three cuts now expected in 2024.

The US economy's strength is not reflected uniformly across the globe. Travel east from the US and cracks start to appear. Europe narrowly avoided a recession in the fourth quarter, growing at just 0.1% after contracting -0.1% in the third quarter. Germany is at the centre of the Eurozone's problems. The bloc's biggest economy is export driven, meaning it is vulnerable to economic weakness elsewhere, particularly China. And after two quarters of stagnating, German GDP dipped 0.3% in the final quarter of the year. News from the UK is no better either, as its economy entered a technical recession – measured as two quarters of declining GDP. No surprise, then, that while the Fed is now telegraphing a wait and see approach to interest rate cuts, both the ECB and the Bank of England are sending signals that they might be looking to lower interest rates to support their economies.

Further east, China continues to plough a lonely furrow. The Chinese Communist Party ("CCP") held its National People's Congress in early March and announced another ambitious 5% growth target for this year. China's official economic growth did clear its 2023 5% hurdle, but underlying economic weakness belies that achievement. The country is grappling with a dangerous deflationary spiral, with PPI (a measure of factory gate prices) contracting by 2.7%, falling house prices, and broad money supply growing at an ever-slower rate. Domestic consumer confidence is low, and with a "tough on China" stance the only common ground between the two US political parties in an election year, it seems unlikely an export boom will ride to the rescue. China's challenges are reminiscent of the 2014/15 property downturn. The path out of that crisis was a massive domestic stimulus package, something that is looking ever likelier today.

Japan's fourth-quarter momentum continued into 2024 with the Japanese equity market rising broadly in line with the US market. After months of speculation, the Bank of Japan finally raised interest rates for the first time in almost 20 years, ending an era of yield curve control aimed at keeping interest rates artificially low. The prospect of higher interest rates and deflation's defeat has brought hope of lasting corporate governance change. That, and a relatively attractive valuation has taken Japanese equities back to levels last seen during the property frenzy days of the late 1980s.

Note

1) Source: Border to Coast

Market Background at 31 March 2024

Against this backdrop, it should come as little surprise to hear that the US, with its resilient economy, and Japan were the best performing markets over the quarter. Europe, helped by rate cut expectations posted a more-than-respectable 7% gain in sterling terms. The UK lagged its European peers, posting a small gain and while China recovered early year losses, it still closed slightly negative for the quarter.

Turning to valuations, the US is now approaching expensive territory, with the S&P 500 trading on 21x its expected 2024 earnings. The index has traded at a higher multiple only twice before: during the late 1990s dot-com bubble and in the Covid period, when earnings were depressed. What's more, the assumptions underpinning that multiple don't appear conservative. Profit margins are forecast to expand to a near record 13%, and S&P 500 earnings per share is expected to grow by just over 10% this year. That's despite inflation-driven cost pressures (wages, in particular) and higher interest expense on debt. While some commodity-linked cost pressures have eased as the overall level of inflation has cooled, the cost outlook is highly uncertain, especially given the US's retreat from cheap Chinese imports and the politically palatable reshoring drive. All that said, it should be noted that the S&P 500's structure has dramatically changed in recent years, making historical profitability and valuation comparisons less useful. The index today is dominated by highly profitable, cash-generative sustainable-growth companies like Apple and Microsoft. That's very different to past market highs, where cyclical industry giants like General Electric and Exxon Mobil, along with less profitable companies like Walmart reigned. That reduces the chances of profit margin and valuation mean reversion, but it doesn't preclude it.

It's important to highlight that the differences in regional performance were equalled by sector divergence. Last year's technology sector dominance continued into 2024, with Nvidia, the designer of high-end graphics processors and undisputed leader of the AI revolution, continuing its effortless glide higher. In March, Nvidia announced a new, faster processing, less energy-hungry chip to much fanfare and investors lapped it up, sending its stock price to new highs. That said, not all the so-called Magnificent Seven have fared as well. Tesla has continued to be weighed down by slowing electric vehicle demand and increasingly fierce competition.

Apple too has struggled with slower iPhone demand and closer regulatory scrutiny. Neither stock delivered a positive return over the quarter. Expectations for the Magnificent Seven remain high, though, highlighted by analyst forecasts for S&P 500 earnings excluding the group to grow at just 6%. That's around half the pace of the index including the group. Technology continues to lead equity markets outside the US too. In Japan, Disco and Tokyo Electron both jumped over 50% in the quarter. In Taiwan, TSMC, the semiconductor manufacturer that produces chips on behalf of leading designers like Nvidia, gained over 30%. And in South Korea, Hynix, a manufacturer of high bandwidth memory, rallied 20%.

Where the digital economy is firing on all cylinders, driving technology stock prices ever higher, the old economy is faring less well. The myriad of challenges faced by China – a big consumer of commodities – is weighing on the share prices of a host of mining companies from metals producers like BHP and Rio Tinto, to Lynas Rare Earths, producer of vital energy transition materials. The Consumer Staples sector has continued to struggle too. Consumers continue to feel squeezed despite easing inflation, and investors are wary of the impact the explosive popularity of obesity-busting GLP-1 drugs will have on certain packaged foods and beverages. Clearly Unilever is feeling the heat. The company's announced spinoff of its high-profile Ben & Jerrys ice cream division drew criticism as a mere valuation justifying piece of financial engineering.

In last quarter's report we highlighted the unprecedented election schedule this year. The first notable election on the calendar was in Taiwan, where victory for William Lai of the DDP, risked further inflaming tensions with China. Thankfully, the waters around Taiwan have remained remarkably calm since his win. Let's hope the rest of this year's elections pass in such a tranquil fashion, though we suspect that's unlikely. The US looks to be heading for a Biden/Trump rematch that, according to polls, few voters want. And while election results haven't historically had any lasting impact on stock markets, the run up to November could prove to be tumultuous. As an aside, if history is any guide to the future, since 1776 only an economic downturn, ill health or death has caused an incumbent president to lose.

Note

1) Source: Border to Coast

Market Background at 31 March 2024

In conclusion, we are encouraged by the resilience of the US economy, the moderation in inflation and the momentum displayed by global equity markets. We note that the last few years have been about as challenging as we remember, and yet profit growth has held up well (especially in the US). We believe that this resiliency is an underappreciated equity market dynamic. That said, valuation levels are concerning (again, particularly in the US) and it's likely that global economic growth will slow at some point. Political and geopolitical risk, of course, is heightened right now, and while it has rarely caused lasting equity market damage, there's evidence of some complacency. Equity investing is never without risk, so we take comfort in our approach of investing in high-quality companies for the long term. Ultimately, we believe investing in these types of companies should provide insulation from a passing squall, whilst allowing us to share in the returns as they benefit from growth and innovation over the long term.

Note

1) Source: Border to Coast

Border to Coast News

People:

- It's with regret, but incredible gratitude for all the service she has given to the LGPS, that later this year we will be saying goodbye to Jane Firth in her role as Head of RI. Jane joined Border to Coast from South Yorkshire when we launched in 2018. Working alongside Partner Funds to embed RI into our business has been fundamental to our role as a long-term investor. Industry recognition, including awards, are testament to the quality of her leadership and the team she has built – and who are set up for continued success. To name but a few achievements, Jane led on agreeing a common approach to RI with Partner Funds, the development of our priority engagement themes, our Stewardship and Climate Change reporting, achievement of the highest PRI ratings and FRC signatory status, and ensuring that RI is embedded within our own internal investment approach and that our external managers are held to the highest standards.
- Andrew Glessing, joined in January to support Border to Coast while a permanent Chief Risk Officer is recruited, following Richard Charlton's departure. Andrew has undertaken a range of risk and regulatory supervisory roles in a career spanning the Life and Pensions sector, the FSA and, most recently, Alpha FMC, a leading global provider of specialist consultancy services to asset owners and asset & wealth managers, where he was their Head of Regulatory Compliance & Risk Practice.

Investment Funds:

- Several years in the making, we are delighted that in December we formally launched two Real Estate funds: Global Core, and Global Value-Add. These new funds are the result of detailed collaboration with our Partner Funds and it's exciting to be able to offer new investment opportunities and a new asset class.

Responsible Investment:

- We have now published our 2024 RI Policy, Climate Change Policy and Voting Guidelines. These support our management of climate change risk, with updates including increased scrutiny of corporate net zero strategies, voting for shareholder proposals that align with the 2015 Paris Agreement

on Climate Change, and introducing new exclusion thresholds relating to thermal coal and oil sand production.

- Border to Coast has retained our status as a signatory to the UK Stewardship Code. We take our role as an active steward of our Partner Funds' assets seriously and to maintain our signatory status is testament to both the work of the team at Border to Coast and the support given by Partner Funds in the development of our capabilities and ongoing challenge and interest in this area.

Other News:

- We were delighted to win 'Active Manager of the Year' at the 2024 Pensions Age Awards. The award sought evidence of performance and innovation, and we were up against established names in the asset management industry. Our entry focused on our largest internally managed equity fund, Overseas Developed, which was launched in July 2018. Having reached its 5th anniversary, it is a great example of how Partner Fund support has enabled the delivery of performance at a low-cost ratio.
- We are pleased to share our 2024-27 Strategic Plan has achieved unanimous approval from Partner Funds. The period is expected to see us complete our original strategy (to build a sustainable organisation that can support Partner Funds in implementing investment strategy).
- We are also continuing to work with Partner Funds to develop the next phase, our 2030 Strategy, which will establish our collective longer-term priorities for delivering on our purpose of making a difference for the LGPS.

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

The information contained herein is strictly confidential and is intended for review by the intended parties, their advisors and legal counsel only. It is not marketing material. The value of your investments may fluctuate. Past performance is not a reliable indication for the future. All reasonable care has been taken to ensure that the information contained herein is clear, fair and not misleading.

Fund List and Inception Dates

Fund	Inception Date
Global Equity Alpha	24/10/2019
Overseas Developed Markets	26/07/2018
Emerging Markets Equity	22/10/2018
Emerging Markets Equity Alpha	31/07/2023
UK Listed Equity	26/07/2018
UK Listed Equity Alpha	14/12/2018
Listed Alternatives	18/02/2022
Sterling Investment Grade Credit	18/03/2020
Sterling Index-Linked Bond	23/10/2020
Multi-Asset Credit	11/11/2021

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For the Period 01 Jan 2024 to 31 Mar 2024

Middlesbrough Borough Council

Middlesbrough Borough Council

Report ID: 4027807.1 Published: 15 Apr 2024

Quarterly Investment Report - 80237

As of 31 Mar 2024

Middlesbrough Borough Council

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As of 31 Mar 2024

Middlesbrough Borough Council

Accounting Summary (expressed in GBP)

As of 31 Mar 2024

Middlesbrough Borough Council

	Market Value 01 Jan 2024		Contributions	Withdrawals	Change in Market Value	Market Value 31 Mar 2024	
Passive Equity Portfolio							
North America Screened Index Equity Sub-Fund	44,245,488	6.95%	0	0	4,982,860	49,228,348	7.37%
Europe ex UK Screened Index Equity Sub-Fund	141,177,211	22.17%	0	0	9,274,314	150,451,525	22.52%
Japan Screened Index Equity Sub-Fund	118,123,361	18.55%	0	0	13,679,736	131,803,097	19.73%
Asia Pacific ex Japan Screened Index Equity Sub-Fund	333,134,624	52.32%	0	0	3,396,384	336,531,009	50.38%
Total	636,680,684	100.00%	0	0	31,333,295	668,013,979	100.00%

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As of 31 Mar 2024

Middlesbrough Borough Council

Performance Summary (expressed in GBP)

As of 31 Mar 2024

Middlesbrough Borough Council

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Passive Equity Portfolio								
North America Screened Index Equity Sub-Fund								21 Sep 2018
Total Returns	3.20%	11.26%	11.26%	27.74%	14.07%	15.55%	N/A	13.87%
FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.16%	11.14%	11.14%	27.06%	13.50%	15.15%	N/A	13.51%
Difference	0.04%	0.12%	0.12%	0.68%	0.57%	0.40%	N/A	0.36%
Total Returns (Net)	3.20%	11.26%	11.26%	27.72%	14.05%	N/A	N/A	N/A
FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.16%	11.14%	11.14%	27.06%	13.50%	N/A	N/A	N/A
Difference	0.04%	0.12%	0.12%	0.66%	0.55%	N/A	N/A	N/A
Europe ex UK Screened Index Equity Sub-Fund								26 Sep 2018
Total Returns	3.69%	6.57%	6.57%	13.15%	9.32%	10.04%	N/A	8.10%
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.71%	6.72%	6.72%	12.87%	8.88%	9.83%	N/A	7.90%
Difference	-0.02%	-0.15%	-0.15%	0.28%	0.44%	0.21%	N/A	0.20%
Total Returns (Net)	3.69%	6.56%	6.56%	13.13%	9.30%	N/A	N/A	N/A
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.71%	6.72%	6.72%	12.87%	8.88%	N/A	N/A	N/A
Difference	-0.02%	-0.16%	-0.16%	0.26%	0.42%	N/A	N/A	N/A
Japan Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	3.43%	11.58%	11.58%	22.39%	6.78%	8.50%	10.09%	4.80%
FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.30%	11.44%	11.44%	21.89%	6.34%	8.20%	9.95%	4.62%
Difference	0.13%	0.14%	0.14%	0.50%	0.44%	0.30%	0.14%	0.18%

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As of 31 Mar 2024

Middlesbrough Borough Council

Middlesbrough Borough Council

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Total Returns (Net)	3.43%	11.58%	11.58%	22.36%	6.76%	N/A	N/A	N/A
FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.30%	11.44%	11.44%	21.89%	6.34%	N/A	N/A	N/A
Difference	0.13%	0.14%	0.14%	0.47%	0.42%	N/A	N/A	N/A
Asia Pacific ex Japan Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	2.72%	1.02%	1.02%	5.16%	0.54%	4.59%	6.73%	8.90%
FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	2.80%	1.25%	1.25%	5.13%	0.43%	4.53%	6.66%	8.83%
Difference	-0.08%	-0.23%	-0.23%	0.03%	0.11%	0.06%	0.07%	0.07%
Total Returns (Net)	2.72%	1.01%	1.01%	5.14%	0.53%	N/A	N/A	N/A
FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	2.80%	1.25%	1.25%	5.13%	0.43%	N/A	N/A	N/A
Difference	-0.08%	-0.24%	-0.24%	0.01%	0.10%	N/A	N/A	N/A

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

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As of 31 Mar 2024

Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2024

Europe ex UK Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	76.30	76.29	0.01
ESG	76.75	76.75	0.00
Corporate Governance	47.16	47.15	0.01

Source: SSGA Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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	413	99.28%	99.74%
Total Number of Securities in Portfolio	416		

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Fund R-Factor Profile

Not Available	0.26%
Laggard	0.06%
Underperformer	0.89%
Average Performer	5.61%
Outperformer	15.48%
Leader	77.70%

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Novo Nordisk A/S Class B	4.61%	4.58%	0.03%	76.08
ASML Holding NV	4.40%	4.40%	0.00%	84.97
Nestle S.A.	3.29%	3.29%	0.00%	82.51
LVMH Moet Hennessy Louis...	2.58%	2.58%	0.00%	73.64
SAP SE	2.48%	2.48%	0.00%	86.29
Novartis AG	2.33%	2.33%	0.00%	90.24
Roche Holding Ltd Dividend...	2.05%	2.05%	0.00%	76.25
Siemens Aktiengesellschaft	1.65%	1.65%	0.00%	81.95
TotalEnergies SE	1.64%	1.64%	0.00%	83.34
Schneider Electric SE	1.40%	1.40%	0.00%	99.06

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 5 R-Factor Ratings

Danone SA	0.47%	0.47%	0.00%	100
Schneider Electric SE	1.40%	1.40%	0.00%	99.06
Aena SME SA	0.16%	0.16%	0.00%	97.33
CaixaBank SA	0.22%	0.21%	0.00%	96.68
Intesa Sanpaolo S.p.A.	0.68%	0.68%	0.00%	96.10

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Bottom 5 R-Factor Ratings

CTS Eventim AG & Co. KGa...	0.06%	0.06%	0.00%	25.57
Brunello Cucinelli S.p.A.	0.05%	0.05%	0.00%	32.01
Lifco AB Class B	0.07%	0.07%	0.00%	34.23
L E Lundbergforetagen AB...	0.05%	0.05%	0.00%	34.80
PSP Swiss Property AG	0.07%	0.07%	0.00%	35.95

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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.

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As of 31 Mar 2024

Middlesbrough Borough Council

Climate Metrics

As of 31 Mar 2024

Europe ex UK Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Metrics	Portfolio	Benchmark	Difference versus Benchmark
TCFD Weighted Average Carbon Intensity (WACI)	85.09	85.60	-0.60%
TCFD Total Carbon Emissions**	65,556.42*	N/A	N/A
TCFD Carbon Footprint	61.71	62.09	-0.61%
TCFD Carbon Intensity	133.81	134.69	-0.65%

See "Explanatory Notes" for detailed calculation notes such as missing data treatment, data lag and exclusions. Source: State Street Global Advisors, S&P Trucost, FactSet, Task Force on Climate-related Financial Disclosures (TCFD). The results are estimates based on assumptions and analysis made by State Street Global Advisors. They are not intended to represent actual results of any offering. Actual results may differ.* The TCFD Total Carbon Emission metric allocates emissions to investors based on an equity ownership approach. In the case of commingled funds, the results represent the environmental responsibility of the entire fund's assets under management. For individual unitholder's responsibility, an apportioned responsibility can be calculated based on the individual holding percentage. ** The metric is not used to compare portfolios and benchmarks because the data is not normalised.

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As of 31 Mar 2024

Middlesbrough Borough Council

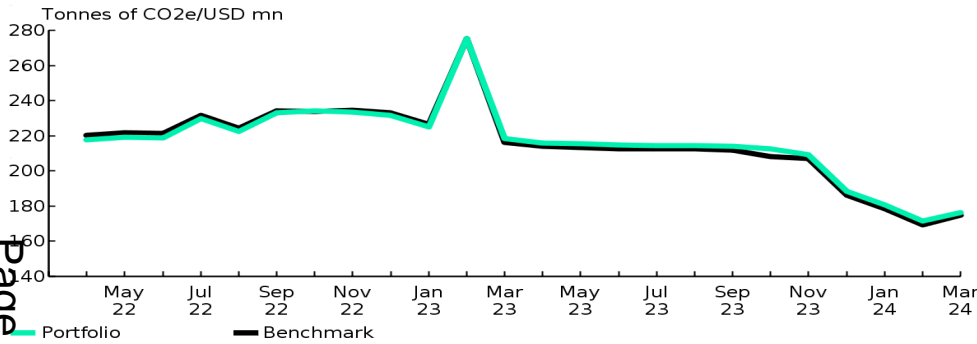
Climate Profile

As of 31 Mar 2024

Europe ex UK Screened Index Equity Sub-Fund

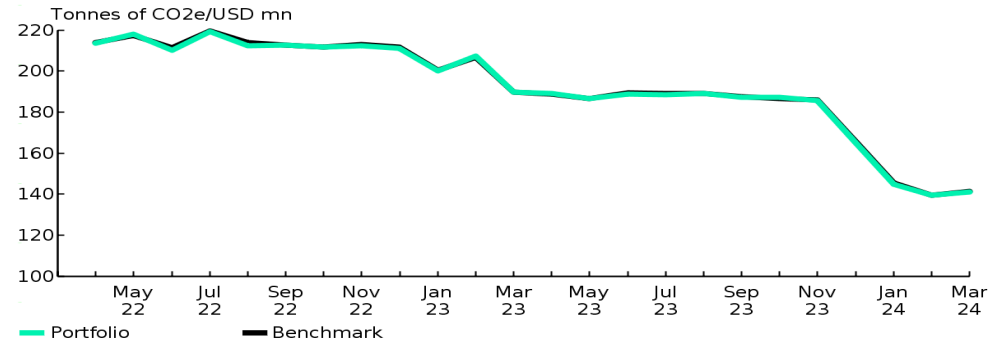
Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Intensity (Direct + Indirect)



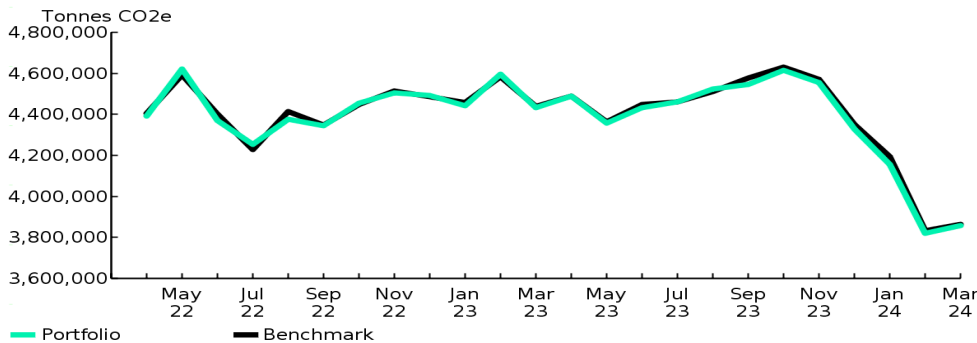
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Weighted Average Carbon Intensity (Direct + Indirect)



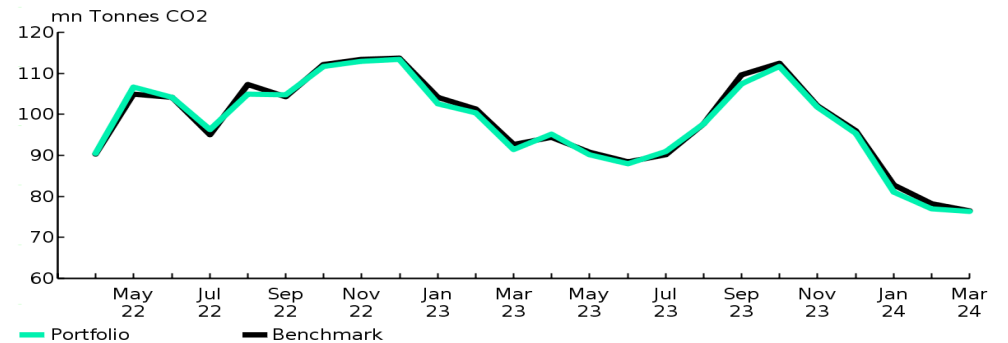
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

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As of 31 Mar 2024

Middlesbrough Borough Council

Stewardship Profile

As of 31 Mar 2024

Europe ex UK Screened Index Equity Sub-Fund

Benchmark: FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Stewardship Profile	Q4 2023
Number of Meetings Voted	456
Number of Countries	12
Management Proposals	166
Votes for	88.55%
Votes Against	11.45%
Shareholder Proposals	5
With Management	100%
Against Management	0%

Source: SSGA as of 31 Dec 2023

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	12
2	32
3	80
4	96
5	69
6	70
7	29
8	16
9	4
10	3
10+	0
Not Available	1
Total	416

Source: Factset/SSGA. Holdings as of 31 Mar 2024, Factset data as of 29 Feb 2024.

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As of 31 Mar 2024

Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2024

North America Screened Index Equity Sub-Fund

Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	67.84	67.83	0.01
ESG	66.29	66.28	0.01
Corporate Governance	64.72	64.71	0.01

Source: SSGA Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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	589	98.66%	99.39%
Total Number of Securities in Portfolio	597		

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Fund R-Factor Profile

Not Available	0.61%
Laggard	0.55%
Underperformer	3.32%
Average Performer	13.01%
Outperformer	27.95%
Leader	54.56%

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Microsoft Corporation	6.97%	6.97%	0.00%	77.71
Apple Inc.	5.57%	5.57%	0.00%	88.21
NVIDIA Corporation	4.78%	4.78%	0.00%	74.53
Amazon.com Inc.	3.62%	3.62%	0.00%	61.75
Meta Platforms Inc Class A	2.39%	2.39%	0.00%	70.70
Alphabet Inc. Class A	2.00%	2.00%	0.00%	69.50
Alphabet Inc. Class C	1.70%	1.70%	0.00%	69.50
Eli Lilly and Company	1.46%	1.47%	0.00%	63.52
JPMorgan Chase & Co.	1.28%	1.29%	0.00%	75.74
Broadcom Inc.	1.28%	1.27%	0.01%	56.63

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 5 R-Factor Ratings

HP Inc.	0.06%	0.06%	0.00%	100
Cisco Systems Inc.	0.45%	0.45%	0.00%	91.87
CNH Industrial NV	0.03%	0.03%	0.00%	89.38
First Solar Inc.	0.04%	0.04%	0.00%	89.25
Canadian National Railway...	0.17%	0.17%	0.00%	88.65

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Bottom 5 R-Factor Ratings

Live Nation Entertainment In...	0.03%	0.04%	0.00%	16.92
Constellation Software Inc.	0.12%	0.12%	0.00%	18.37
Liberty Broadband Corp. Cla...	0.00%	0.00%	0.00%	21.62
Liberty Broadband Corp. Cla...	0.02%	0.01%	0.00%	21.62
D.R. Horton Inc.	0.11%	0.11%	0.00%	23.05

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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.

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As of 31 Mar 2024

Middlesbrough Borough Council

Climate Metrics

As of 31 Mar 2024

North America Screened Index Equity Sub-Fund

Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Metrics	Portfolio	Benchmark	Difference versus Benchmark
TCFD Weighted Average Carbon Intensity (WACI)	72.58	72.89	-0.43%
TCFD Total Carbon Emissions**	99,168.18*	N/A	N/A
TCFD Carbon Footprint	27.05	27.10	-0.18%
TCFD Carbon Intensity	83.83	84	-0.20%

See "Explanatory Notes" for detailed calculation notes such as missing data treatment, data lag and exclusions. Source: State Street Global Advisors, S&P Trucost, FactSet, Task Force on Climate-related Financial Disclosures (TCFD). The results are estimates based on assumptions and analysis made by State Street Global Advisors. They are not intended to represent actual results of any offering. Actual results may differ.* The TCFD Total Carbon Emission metric allocates emissions to investors based on an equity ownership approach. In the case of commingled funds, the results represent the environmental responsibility of the entire fund's assets under management. For individual unitholder's responsibility, an apportioned responsibility can be calculated based on the individual holding percentage. ** The metric is not used to compare portfolios and benchmarks because the data is not normalised.

Quarterly Investment Report - 80237

As of 31 Mar 2024

Middlesbrough Borough Council

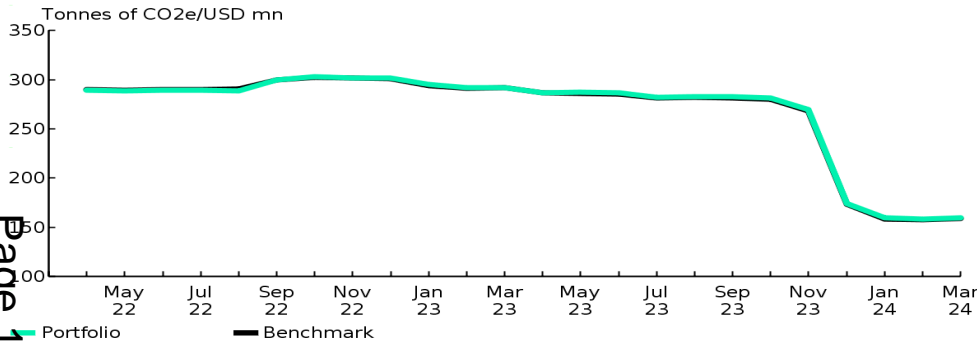
Climate Profile

As of 31 Mar 2024

North America Screened Index Equity Sub-Fund

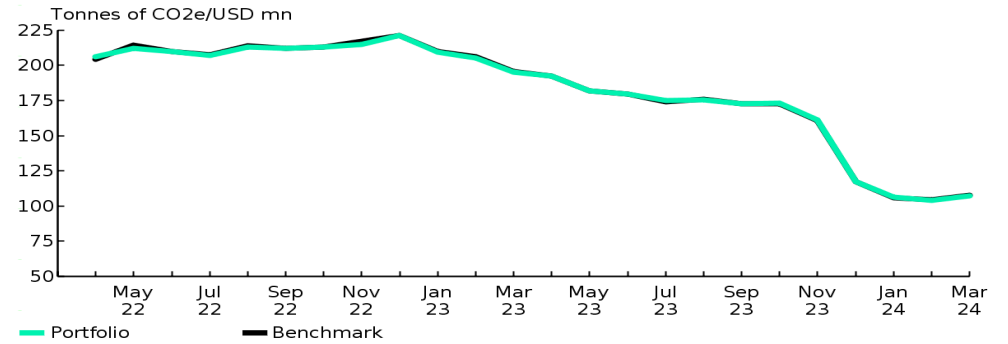
Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Intensity (Direct + Indirect)



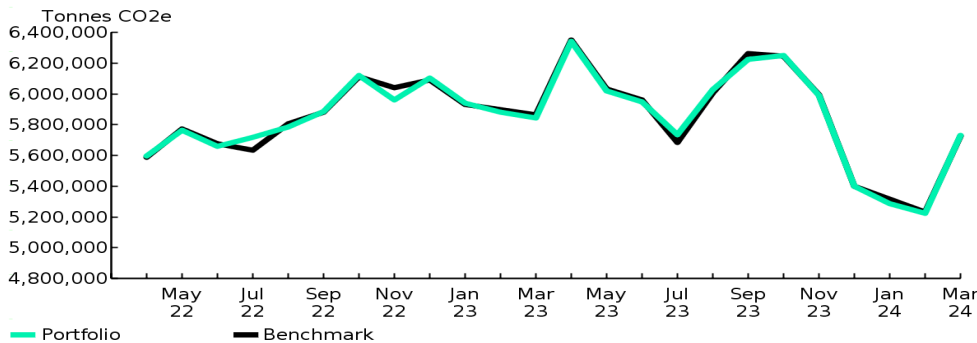
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Weighted Average Carbon Intensity (Direct + Indirect)



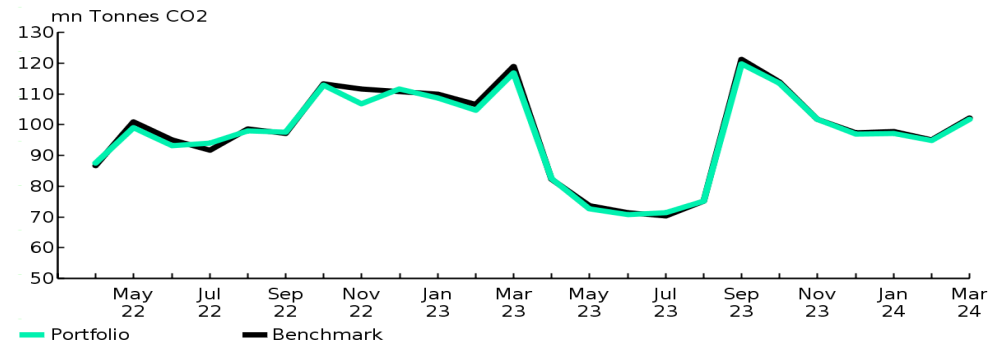
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Quarterly Investment Report - 80237

As of 31 Mar 2024

Middlesbrough Borough Council

Stewardship Profile

As of 31 Mar 2024

North America Screened Index Equity Sub-Fund

Benchmark: FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Stewardship Profile	Q4 2023
Number of Meetings Voted	596
Number of Countries	4
Management Proposals	440
Votes for	92.05%
Votes Against	7.95%
Shareholder Proposals	28
With Management	75%
Against Management	25%

Source: SSGA as of 31 Dec 2023

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	11
2	64
3	204
4	184
5	78
6	39
7	11
8	0
9	0
10	0
10+	0
Not Available	3
Total	597

Source: Factset/SSGA. Holdings as of 31 Mar 2024, Factset data as of 29 Feb 2024.

Quarterly Investment Report - 80237

As of 31 Mar 2024

Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2024

Japan Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	64.39	64.40	-0.01
ESG	62.49	62.50	-0.01
Corporate Governance	67.73	67.74	-0.01

Source: SSGA Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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	487	97.99%	99.54%
Total Number of Securities in Portfolio	497		

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Fund R-Factor Profile

Not Available	0.46%
Laggard	1.40%
Underperformer	4.70%
Average Performer	16.57%
Outperformer	36.86%
Leader	40.02%

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Toyota Motor Corp.	6.52%	6.52%	0.00%	78.01
Tokyo Electron Ltd.	2.51%	2.50%	0.00%	75.32
Mitsubishi UFJ Financial Gr...	2.49%	2.49%	-0.01%	62.07
Sony Group Corporation	2.31%	2.31%	0.00%	80.31
Keyence Corporation	1.94%	1.95%	-0.01%	49.43
Mitsubishi Corporation	1.91%	1.90%	0.01%	59.55
Shin-Etsu Chemical Co Ltd	1.81%	1.81%	0.00%	65.55
HitachiLtd.	1.77%	1.77%	0.00%	76.31
Sumitomo Mitsui Financial...	1.61%	1.61%	0.00%	62.67
Mitsui & Co.Ltd	1.49%	1.49%	0.00%	62.88

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 5 R-Factor Ratings

Bridgestone Corporation	0.53%	0.54%	-0.01%	86.36
Ricoh Company Ltd.	0.11%	0.11%	0.00%	85.53
Daido Steel Co. Ltd.	0.05%	0.05%	0.00%	85.03
Kao Corp.	0.36%	0.37%	0.00%	84.20
Japan Real Estate Investme...	0.11%	0.10%	0.01%	83.62

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Bottom 5 R-Factor Ratings

COSMOS Pharmaceutical C...	0.04%	0.04%	0.00%	13.09
Sankyo Co. Ltd.	0.05%	0.04%	0.01%	15.90
TSURUHA Holdings Inc.	0.06%	0.06%	0.00%	16.19
Relo Group Inc.	0.02%	0.02%	0.00%	17.98
Ship Healthcare Holdings In...	0.02%	0.02%	0.00%	19.49

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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.

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As of 31 Mar 2024

Middlesbrough Borough Council

Climate Metrics

As of 31 Mar 2024

Japan Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Metrics	Portfolio	Benchmark	Difference versus Benchmark
TCFD Weighted Average Carbon Intensity (WACI)	84.40	85.10	-0.82%
TCFD Total Carbon Emissions**	61,367.39*	N/A	N/A
TCFD Carbon Footprint	93.43	93.80	-0.39%
TCFD Carbon Intensity	112.36	113.15	-0.70%

See "Explanatory Notes" for detailed calculation notes such as missing data treatment, data lag and exclusions. Source: State Street Global Advisors, S&P Trucost, FactSet, Task Force on Climate-related Financial Disclosures (TCFD). The results are estimates based on assumptions and analysis made by State Street Global Advisors. They are not intended to represent actual results of any offering. Actual results may differ.* The TCFD Total Carbon Emission metric allocates emissions to investors based on an equity ownership approach. In the case of commingled funds, the results represent the environmental responsibility of the entire fund's assets under management. For individual unitholder's responsibility, an apportioned responsibility can be calculated based on the individual holding percentage. ** The metric is not used to compare portfolios and benchmarks because the data is not normalised.

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As of 31 Mar 2024

Middlesbrough Borough Council

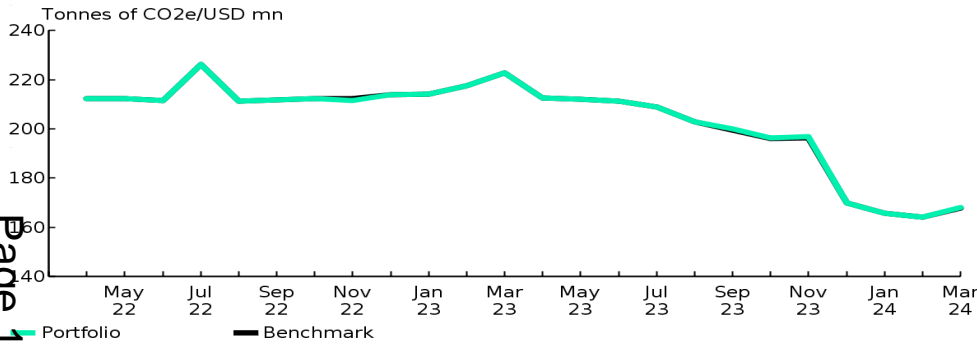
Climate Profile

As of 31 Mar 2024

Japan Screened Index Equity Sub-Fund

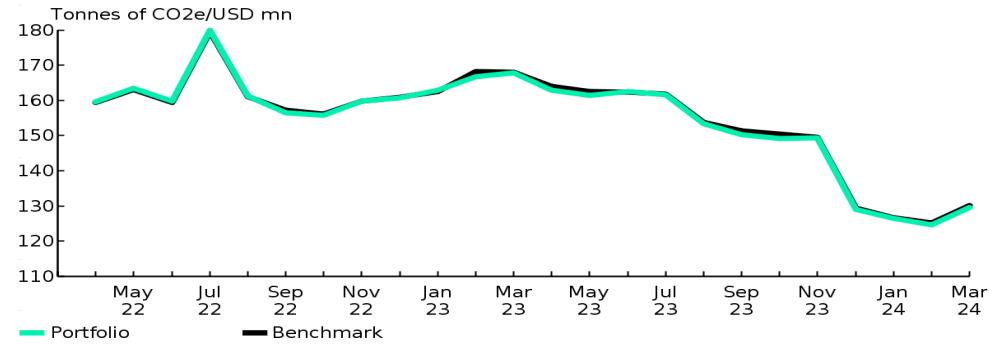
Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Intensity (Direct + Indirect)



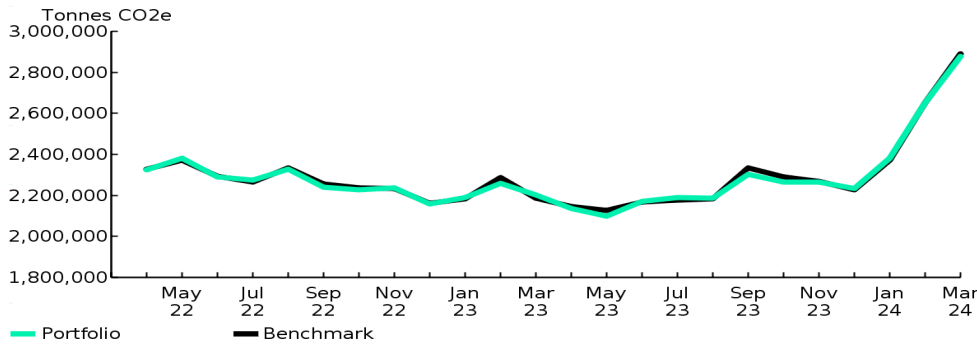
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Weighted Average Carbon Intensity (Direct + Indirect)



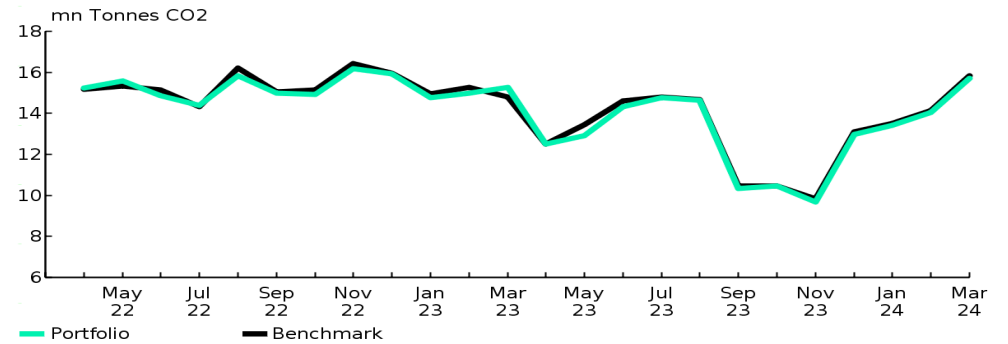
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

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As of 31 Mar 2024

Middlesbrough Borough Council

Stewardship Profile

As of 31 Mar 2024

Japan Screened Index Equity Sub-Fund

Benchmark: FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Stewardship Profile	Q4 2023
Number of Meetings Voted	528
Number of Countries	1
Management Proposals	202
Votes for	95.05%
Votes Against	4.95%
Shareholder Proposals	0
With Management	0%
Against Management	0%

Source: SSGA as of 31 Dec 2023

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	100
1	214
2	123
3	41
4	14
5	5
6	0
7	0
8	0
9	0
10	0
10+	0
Not Available	0
Total	497

Source: Factset/SSGA. Holdings as of 31 Mar 2024, Factset data as of 29 Feb 2024.

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As of 31 Mar 2024

Middlesbrough Borough Council

R-Factor™ Summary

As of 31 Mar 2024

Asia Pacific ex Japan Screened Index Equity Sub-Fund

Benchmark: FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

R-Factor Summary	Fund	Benchmark	Difference
R-Factor	65.90	65.87	0.03
ESG	65.50	65.48	0.02
Corporate Governance	54.46	54.40	0.06

Source: SSGA Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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	369	97.36%	99.40%
Total Number of Securities in Portfolio	379		

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Fund R-Factor Profile

Not Available	0.60%
Laggard	2.11%
Underperformer	3.64%
Average Performer	16.25%
Outperformer	30.64%
Leader	46.76%

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Samsung Electronics Co. Lt...	10.63%	10.63%	0.00%	81.80
Commonwealth Bank of Aus...	4.83%	4.83%	0.00%	88.76
CSL Limited	3.30%	3.30%	0.00%	71.49
AIA Group Limited	2.78%	2.79%	0.00%	71.76
SK hynix Inc.	2.67%	2.67%	0.00%	66.86
National Australia Bank Limi...	2.59%	2.59%	0.00%	74.15
Westpac Banking Corporati...	2.17%	2.17%	0.00%	72.25
ANZ Group Holdings Limite...	2.10%	2.10%	0.00%	73.28
Wesfarmers Limited	1.84%	1.84%	0.00%	64.14
DBS Group Holdings Ltd	1.76%	1.77%	0.00%	64.66

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Top 5 R-Factor Ratings

City Developments Limited	0.07%	0.07%	0.00%	90.08
Commonwealth Bank of Aus...	4.83%	4.83%	0.00%	88.76
Swire Properties Limited	0.08%	0.08%	0.00%	84.47
GPT Group	0.21%	0.21%	0.00%	83.16
Dexus	0.20%	0.20%	0.00%	82.95

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

Bottom 5 R-Factor Ratings

Celltrion Pharm Inc.	0.06%	0.06%	0.00%	6.91
Paradise Co. Ltd	0.02%	0.02%	0.00%	9.10
LOTTE ENERGY MATERIAL..	0.03%	0.03%	0.00%	17.21
Washington H. Soul Pattins...	0.20%	0.19%	0.00%	18.67
ALTEOGEN Inc.	0.18%	0.18%	0.00%	19.69

Source: Factset/SSGA. Holdings as of 31 Mar 2024, R-Factor data as of 29 Feb 2024.

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.

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As of 31 Mar 2024

Middlesbrough Borough Council

Climate Metrics

As of 31 Mar 2024

Asia Pacific ex Japan Screened Index Equity Sub-Fund

Benchmark: FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Metrics	Portfolio	Benchmark	Difference versus Benchmark
TCFD Weighted Average Carbon Intensity (WACI)	165.45	166.84	-0.83%
TCFD Total Carbon Emissions**	57,552.10*	N/A	N/A
TCFD Carbon Footprint	78.37	78.16	0.27%
TCFD Carbon Intensity	165.03	164.53	0.30%

See "Explanatory Notes" for detailed calculation notes such as missing data treatment, data lag and exclusions. Source: State Street Global Advisors, S&P Trucost, FactSet, Task Force on Climate-related Financial Disclosures (TCFD). The results are estimates based on assumptions and analysis made by State Street Global Advisors. They are not intended to represent actual results of any offering. Actual results may differ.* The TCFD Total Carbon Emission metric allocates emissions to investors based on an equity ownership approach. In the case of commingled funds, the results represent the environmental responsibility of the entire fund's assets under management. For individual unitholder's responsibility, an apportioned responsibility can be calculated based on the individual holding percentage. ** The metric is not used to compare portfolios and benchmarks because the data is not normalised.

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As of 31 Mar 2024

Middlesbrough Borough Council

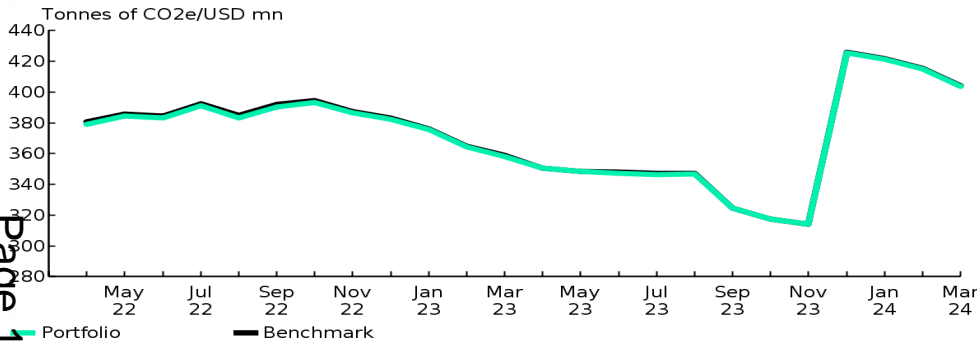
Climate Profile

As of 31 Mar 2024

Asia Pacific ex Japan Screened Index Equity Sub-Fund

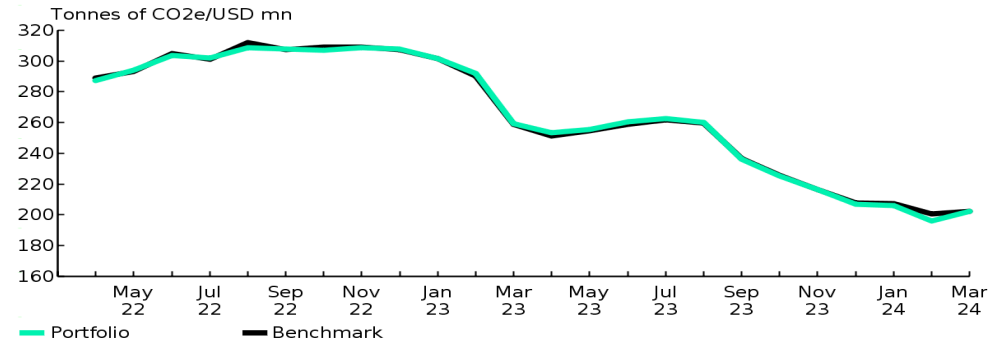
Benchmark: FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Carbon Intensity (Direct + Indirect)



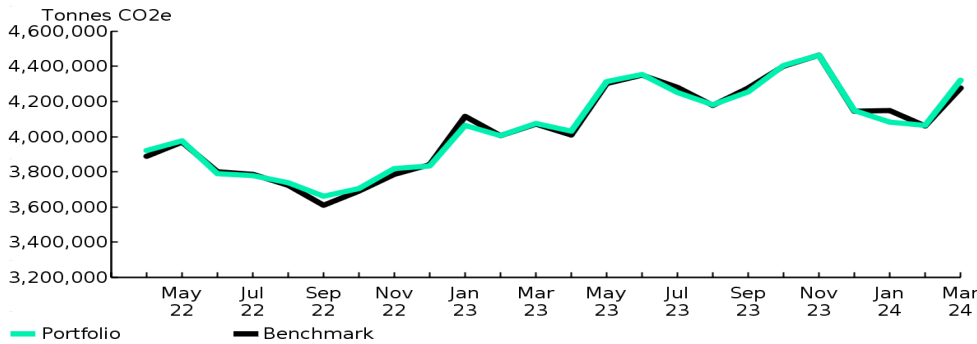
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Weighted Average Carbon Intensity (Direct + Indirect)



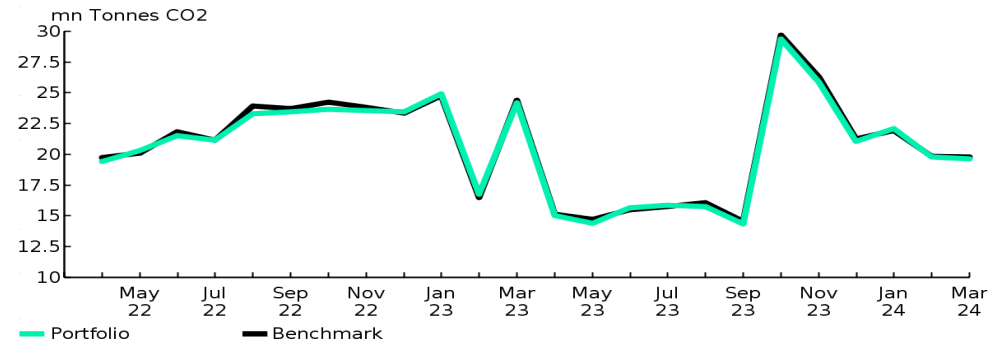
Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Scope 1+2 Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

Total Reserves Carbon Emissions



Source: SSGA Holdings as of 31 Mar 2024. Trucost data as of 29 Feb 2024.

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As of 31 Mar 2024

Middlesbrough Borough Council

Stewardship Profile

As of 31 Mar 2024

Asia Pacific ex Japan Screened Index Equity Sub-Fund

Benchmark: FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX

Stewardship Profile	Q4 2023
Number of Meetings Voted	392
Number of Countries	7
Management Proposals	601
Votes for	87.35%
Votes Against	12.65%
Shareholder Proposals	7
With Management	100%
Against Management	0%

Source: SSGA as of 31 Dec 2023

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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Gender Diversity

Women on Board	Number of Securities
0	73
1	82
2	77
3	74
4	46
5	21
6	4
7	1
8	0
9	0
10	0
10+	0
Not Available	1
Total	379

Source: Factset/SSGA. Holdings as of 31 Mar 2024, Factset data as of 29 Feb 2024.

Quarterly Investment Report - 80237

As of 31 Mar 2024

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 (Direct + First-Tier Indirect) - 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 (Direct + First Tier Indirect) - Measured in Metric tons CO2e/USD millions revenues. The weighted average of individual company intensities (operational and first-tier

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Middlesbrough Borough Council

supply chain emissions over revenues), weighted by the proportion of each constituent in the index.

- Scope 1+2 Carbon Emissions - Measured in Metric Tons of CO₂e. The GHG emissions from operations that are owned or controlled by the company, as well as GHG emissions from consumption of purchased electricity, heat or steam, by the company
- Total Reserves CO₂ Emissions - Measured in Metric tons of CO₂. The carbon footprint that could be generated if the proven and probable fossil fuel reserves owned by index constituents were burned per USD million invested. Unlike carbon intensity and carbon emissions, the S&P Trucost Total Reserves Emissions metric is a very specific indicator that is only applicable to a very selected number of companies in extractive and carbon-intensive industries. Those companies are assigned Total Reserves Emissions numerical results by Trucost, whereas the rest of the holdings in other industries do not have numerical scores and are instead displaying "null", blank values. In order to present a more comprehensive overview of a portfolio's overall weighted average fossil fuel reserves, State Street Global Advisors replaces blank results with "zeros". While that might slightly underestimate the final weighted average volume, it provides a more realistic result, given that most companies in global indices have no ownership of fossil fuel reserves.
- We are currently using FactSet's own "People" dataset to disclose the number of women on the board, for each company in the Fund's portfolio.
- Data and metrics have been sourced as follows from the following contributors as of the date of this report, and are subject to their disclosures below. All other data has been sourced by SSGA.
- Trucost Sections: Carbon Intensity (Direct + First-Tier Indirect), Weighted Average Carbon Intensity (Direct + First Tier Indirect), 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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- All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.
- TCFD Carbon Intensity - Volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tons CO₂e / \$M revenue. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach.
- TCFD Weighted Average Carbon Intensity - Portfolio's exposure to carbon-intensive companies, expressed in tons CO₂e / \$M revenue. Scope 1 and Scope 2 GHG emissions are allocated based on portfolio

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weights (the current value of the investment relative to the current portfolio value). .

- TCFD Total Carbon Emissions - The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO₂e. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach.
- TCFD Carbon Footprint - Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO₂e / \$M invested. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach.
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- All data sourced by State Street Global Advisors Limited unless stated otherwise.
- All valuations are based on Trade Date accounting.
- Performance figures are calculated 'Gross of Fees' unless otherwise stated.
- Returns are annualised for periods greater than one year.
- Returns are calculated using the accrual accounting method.
- Performance figures are calculated by the Modified Dietz method or by the True Time-Weighted return method.
- Past performance is not necessarily indicative of future investment performance.
- Performance returns greater than one year are calculated using a daily annualisation formula. Returns for the same time period based on other formulas, such as monthly annualisation, may produce different results.
- The account summary page details the opening balance at the start of the reporting period which is the equivalent of the closing balance of the previous reporting period.
- If you are invested into any pooled fund or common trust fund, it may use over-the-counter swaps, derivatives or a synthetic instrument (collectively "Derivatives") to increase or decrease exposure in a

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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.

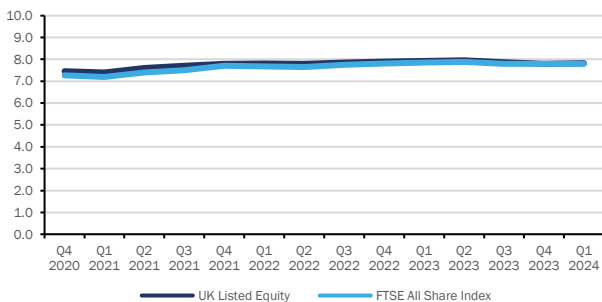
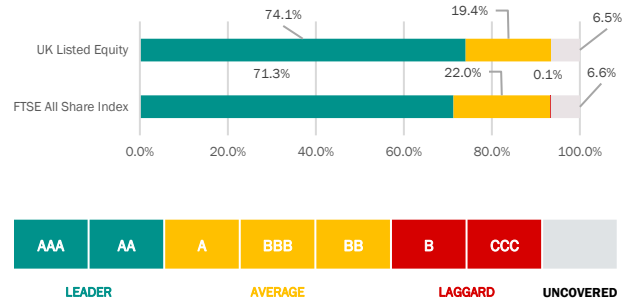
- The Net performance returns reflected in the Performance Summary report is from Jan 2020 reporting onwards.
- If your account holds Russian securities and instruments, then as of the date of this publication, they have been fair valued. Such fair value may be zero. If your portfolio holds such Russian 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
2024**
**MSCI ESG
RATING
AA**


	End of Quarter Position ¹			Key
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
UK Listed Equity	AA ¹	7.8 ¹		Fund has an equal or better <i>Weighted ESG Score</i> than the benchmark.
FTSE All Share Index	AA ¹	7.8 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	4.8%	+0.6%	AAA ¹	Glencore	2.0%	-0.3%	BBB ¹
Diageo	3.3%	+0.5%	AAA ¹	Haleon	1.2%	+0.3%	BBB ¹
Relx	3.2%	+0.5%	AAA ¹	BP	3.3%	-0.2%	A ¹
National Grid	1.9%	+0.2%	AAA ¹	Compass Group	2.1%	+0.4%	A ¹
SSE	0.8%	+0.0%	AAA ¹	Rio Tinto	2.0%	-0.3%	A ¹

Quarterly ESG Commentary

- The weighted ESG score remains unchanged from the previous quarter. As has been the case historically, the Fund's score is in line with the benchmark.
- No portfolio companies have seen ESG ratings change in the quarter. The only notable movement being Compass Group entering the bottom 5 rated issuers due to the Fund's increased holding.

Feature Stock: Rio Tinto

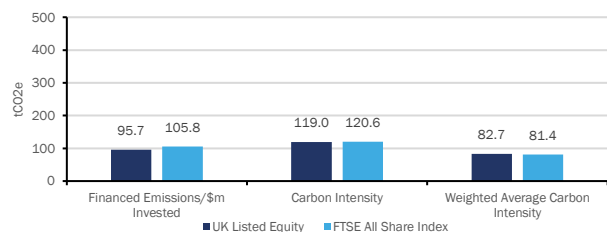
Rio Tinto plc is an international mining company producing iron ore, aluminium, copper, borates, lithium, scandium, diamonds, salt, ferrous metalics and titanium dioxide.

Rio Tinto is a significant carbon emitter with Scope 1 and 2 emissions of 32.6mt in 2023, the majority of this derived from the Aluminium business. Aluminium is an essential metal for the low-carbon transition used in lowering carbon emissions from vehicles, aircraft and other carbon producers where weight is a factor. With a structural deficit in the copper market, aluminium will be increasingly used as a substitute for electricity transmission cables despite being 40% less conductive. The processing of bauxite raw material into pure aluminium consumes significant amounts of electricity and thus the carbon footprint of production is high. This is mitigated by the utilisation of low carbon energy in the smelting process with 72% of its power consumption from renewable sources.

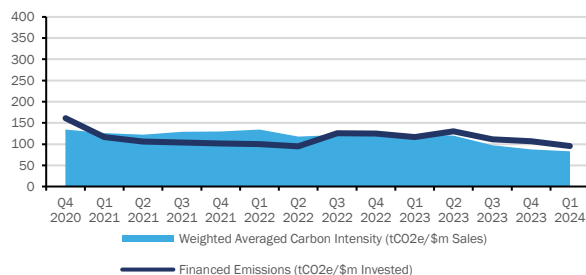
Rio Tinto targets a reduction in absolute Scope 1 and 2 greenhouse gas emissions of 15% by 2025 and 50% by 2030 (when compared to 2018 levels) and aims to achieve net zero emissions from operations by 2050. As of 2023 the Company had achieved a 5.5% reduction in Scope 1 and 2 emissions below the 2018 baseline. The Company will invest \$5 - 6bn on decarbonisation between 2023 and 2030 to achieve its goal.



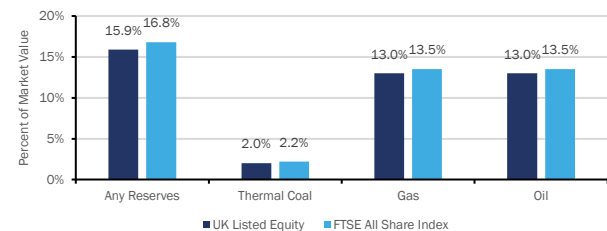
Carbon Emissions and Intensity¹



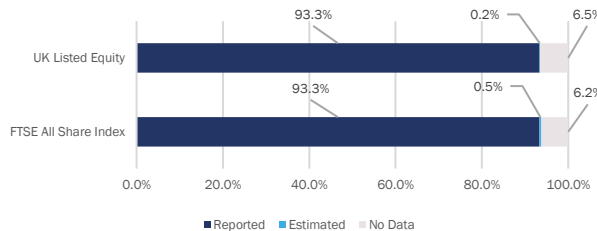
Carbon Trends¹



Weight of Holdings Owning Fossil Fuel Reserves¹



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



Largest Contributors to Financed Emissions¹

Company	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Shell	7.7%	+0.4%	36.2% ¹	Yes	4
BP	3.4%	-0.2%	12.6% ¹	Yes	4*
Glencore	2.0%	-0.3%	8.9% ¹	Yes	4
Rio Tinto	2.0%	-0.3%	8.8% ¹	Yes	4
easyJet	0.5%	+0.3%	6.5% ¹	No	3

Quarterly Carbon Commentary

- The Fund is currently below benchmark for financed emissions and carbon intensity which reduced in the quarter. This was driven by reduced positions in three of the significant contributors in the portfolio; Shell, Glencore and Rio Tinto.
- The weighted average carbon intensity (WACI) for the Fund is slightly above benchmark. This is largely due to the Fund's relatively larger holdings of higher emitting entities such as Shell, National Grid, easyJet and Intercontinental Hotels.

Feature Stock: Shell

Shell has a climate target in line with the Paris Agreement, intending to move its portfolio away from oil to natural gas as a transition fuel for meeting carbon targets. Shell is a leading global producer of liquified natural gas with strong positions in downstream operations (refining, petrochemicals). Shell is a disciplined capital allocator with a strong balance sheet.

Shell supports the goal of the Paris Agreement to limit the rise in the average global temperature well below 2° Celsius and has set an ambition to become a net zero emissions energy business by 2050 or earlier. The recently published Energy Transition Strategy 2024 introduced a new absolute emissions reduction target, including Scope 3, for oil of 40% by 2030, albeit there is no equivalent target for gas as Shell intends to expand LNG production to 2030. Shell has also weakened its intensity targets with the expected reduction to 2030 changed from 20% to 15-20% and the 2035 intensity target of 45% has been "retired". Shell reiterated it will invest \$10-15 billion between 2023 and the end of 2025 in low-carbon energy solutions. Shell is well placed to reduce its own carbon footprint and facilitate the infrastructure required to decarbonise other sectors previously reliant on fossil fuels in line with the EU's strategic targets. Though Shell has a Net Zero GHG Emissions ambition for 2050 it only partially meets Climate Action 100+'s short- and medium-term ambition criteria. We continue to actively engage with the Company on its decarbonisation strategy.

¹Source: MSCI ESG Research 31/03/2024

Issuers Not Covered ¹

Reason	ESG (%)	Carbon (%)
Company not covered	1.7%	1.7%
Investment Trust / Funds	4.8%	4.8%

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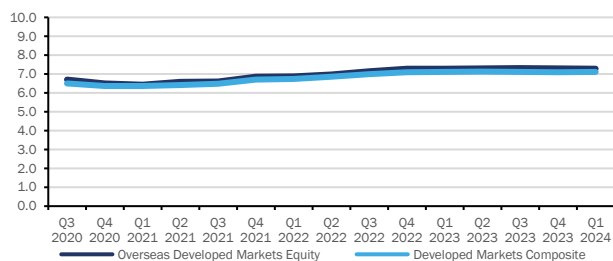
**BORDER TO COAST
OVERSEAS DEVELOPED
MARKETS EQUITY FUND**

ESG & CARBON REPORT

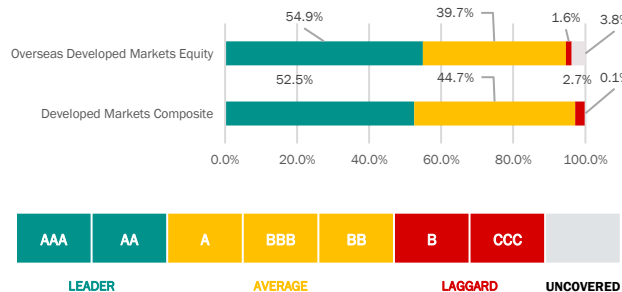


	End of Quarter Position ¹			Key
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
Overseas Developed Markets Equity	AA ¹	7.3 ¹	[Green]	Fund has an equal or better <i>Weighted ESG Score</i> than the benchmark.
Developed Markets Composite	A ¹	7.1 ¹		Fund has a <i>Weighted ESG Score</i> within 0.5 of the benchmark.
			[Red]	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
NVIDIA	2.7%	+0.7%	AAA ¹	Hyundai Motor	0.4%	+0.2%	CCC ¹
Novo Nordisk	2.0%	+0.6%	AAA ¹	HPSP	0.1%	+0.1%	CCC ¹
ASML	1.8%	+0.5%	AAA ¹	Meta Platforms	0.7%	-0.3%	B ¹
Schneider Electric	0.9%	+0.5%	AAA ¹	Koninklijke Philips	0.2%	+0.1%	B ¹
SAP SE	0.8%	+0.0%	AAA ¹	Hyundai Mobis	0.2%	+0.1%	B 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' and a lower weighting to 'Laggards'.
- During the quarter Microsoft, previously one of the Fund's highest rated issuers, was downgraded from 'AAA' to 'AA'. This decrease was driven by Microsoft's acquisition of Activision Blizzard (October 2023). Activision Blizzard currently faces lawsuits over alleged discrimination, employee harassment and unfair labour practices.

Feature Stock: Hyundai Motor

Hyundai Motor (HMC) is a Korean auto manufacturer which also owns finance businesses as consolidated affiliates (Hyundai Capital/Card, Hyundai Capital America). It is part of Hyundai Motor Group which includes the sister company Kia, auto parts suppliers, logistics and a raw material supplier. HMC is Korea's largest auto manufacturer with around 5% global market share (4mn units), and combined with Kia, HMG is the global number three automotive group with around 9% market share. With a comprehensive electrification portfolio that encompasses a wide range of vehicle types, from hybrid electric vehicles and battery electric vehicles to fuel cell electric vehicles (EVs), HMC will continue playing a key role in the EV transition with a resilient profit outlook.

There are several ESG concerns associated with the Company. As is the case with many Korean companies, HMC compares poorly against its global peers in terms of governance despite some recent improvements including moving to an independent board and the incorporation of two female directors. Other issues include related party transactions, over-boarded executive directors, combined CEO/Chair roles and a circular ownership structure with cross-shareholdings involving Kia and Hyundai Mobis. In terms of social concerns, the Company also underperforms its competitors with involvement in controversies (including ongoing lawsuits over alleged concealment of engine and airbag defects as well as inaccurate and damaging credit reporting in its financial services subsidiary) and labour management issues. The Company is currently under engagement related to corporate governance standards and net zero carbon emissions.

¹Source: MSCI ESG Research 31/03/2024

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

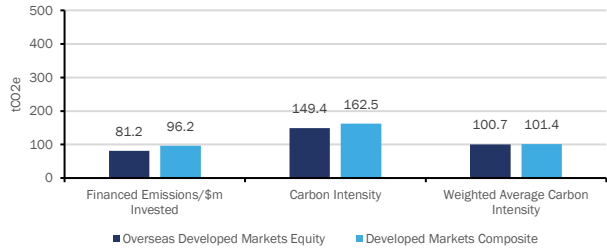
ESG & CARBON REPORT

**Q1
2024**

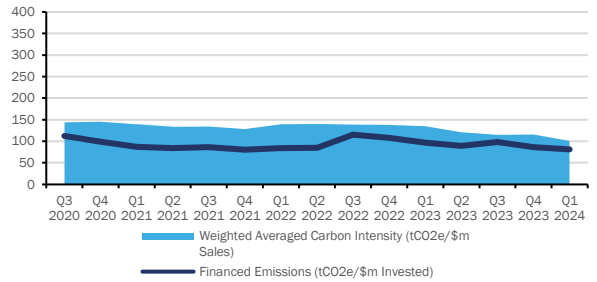
MSCI ESG
RATING
AA



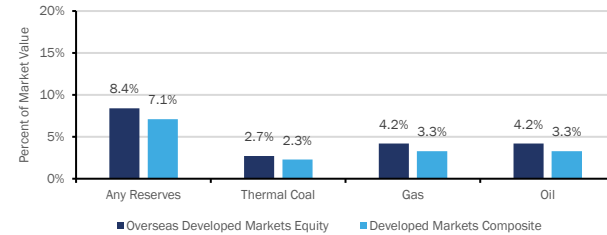
Carbon Emissions and Intensity¹



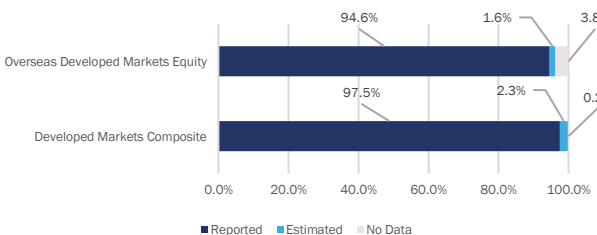
Carbon Trends¹



Weight of Holdings Owning Fossil Fuel Reserves¹



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



Largest Contributors to Financed Emissions¹

Company	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
RWE	0.3%	+0.2%	13.5% ¹	Yes	4
ArcelorMittal	0.1%	+0.1%	7.9% ¹	Yes	4
POSCO	0.2%	+0.1%	7.7% ¹	Yes	4
Holcim	0.3%	+0.2%	6.8% ¹	Yes	4
Kansai Electric Power Company	0.2%	+0.1%	3.6% ¹	No	3

Quarterly Carbon Commentary

- The Fund is currently below the benchmark for all carbon metrics.
- Financed emissions, carbon intensity and Weighted Average Carbon Intensity (WACI) all decreased in line with the benchmark this quarter. This was largely driven by reduced holdings in some of the higher emitting companies such as RWE, POSCO, ArcelorMittal, Rio Tinto and Engie and an 18.5% decrease in POSCO's reported emissions.

Feature Stock: Holcim

Holcim is a global leader in innovative and sustainable building materials, manufacturing and selling cement, aggregates, ready-mix concrete, and asphalt products. Cement manufacturing remains one of the world's top polluting industries and accounts for around a twelfth of global emissions. However, Holcim has innovated and promoted low-carbon products (last year the Company acquired 20 companies) and is selling off some of its more polluting core cement assets, particularly in emerging markets such as Brazil, India and Indonesia.

Holcim's decarbonisation plan has been approved by the Science Based Targets initiative. The Company has been at the forefront in developing lower carbon cement products such as ECOPact (a ready-mix green cement), which uses limestone substitutes. Clay is an alternative to limestone and is seen as a less carbon-intensive cement ingredient. Holcim has launched Europe's first production line of Calcined Clay for use in cement. Metakaolin (calcined clay) is produced by heating sources of kaolin (clay, paper sludge etc.) to between 650°C and 750°C to produce a material that can be added to cement in place of a clinker, which is where most of the cement's carbon footprint comes from.

Hitting net zero emissions by 2050 will also rely on reabsorbing some of the carbon released in the manufacturing of cement, for which Holcim is building carbon capture and utilisation plants supported by EU funding. At the same time the Company is investing globally in less-polluting building materials, including heat-reflective roofing materials.

¹Source: MSCI ESG Research 31/03/2024

Issuers Not Covered ¹

Reason	ESG (%)	Carbon (%)
Company not covered	0.1%	0.5%
Investment Trust/ Funds	3.7%	3.3%

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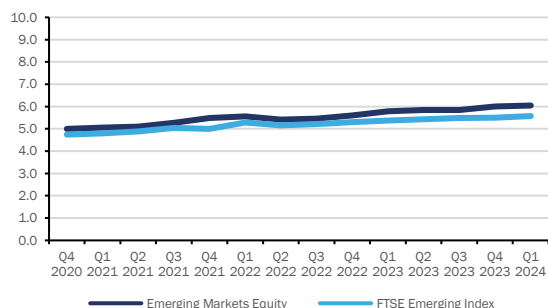
BORDER TO COAST EMERGING MARKETS EQUITY FUND

ESG & CARBON REPORT

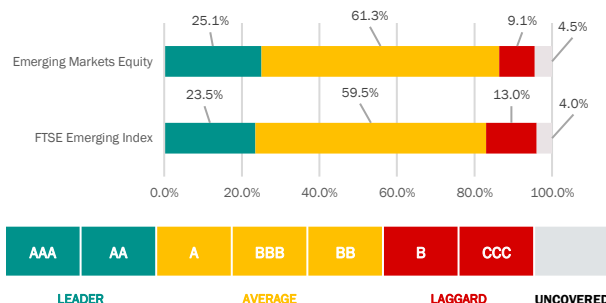


	End of Quarter Position ¹			Key
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
Emerging Markets Equity	A ¹	6 ¹		Fund has an equal or better <i>Weighted ESG Score</i> than the benchmark.
FTSE Emerging Index	BBB ¹	5.6 ¹		Fund has a <i>Weighted ESG Score</i> within 0.5 of the benchmark.
				Fund has 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	10.2%	+1.4%	AAA ¹	Jiangsu Hengli Hydraulic	0.6%	+0.5%	CCC ¹
Wuxi Biologics	<0.1%	-0.1%	AAA ¹	Kweichow Moutai	2.7%	+2.3%	B ¹
HDFC Bank	1.9%	+0.5%	AA ¹	Vale S.A.	0.7%	-0.0%	B ¹
ITC Limited	1.5%	+1.5%	AA ¹	PetroChina	0.7%	+0.3%	B ¹
HCL Technologies Limited	1.5%	+1.1%	AA ¹	Zijin Mining Group	0.6%	+0.3%	B ¹

Quarterly ESG Commentary

- The Fund continues to outperform the benchmark. This is largely due to the larger proportion of 'Leaders' held, and lower weighting of companies considered to be 'Laggards'.
- During the quarter, the number of 'CCC' rated companies decreased by 1. Shanghai Friendess Electronic Technology Corp was upgraded to a 'B' from a 'CCC' rating, primarily due to its leading involvement in monetising clean technology opportunities.

Feature Stock: Kweichow Moutai

Kweichow Moutai is the market leader in ultra-premium Baijiu (a local spirit) in China. Its key drivers are its strong brand, distribution, and pricing. Moutai is seen as one of the best consumer plays in China. It has a strong leadership position in the fast growing and attractive Premium Baijiu category where it is perceived as the most premium Baijiu brand in China. Moutai is now widely regarded as the only option for ultra-premium banquets or social events. Therefore, it has close to 100% market share in the RMB3000/bottle Baijiu segment.

Moutai enjoys high barriers to entry given deep links to local "heritage", local sourcing requirements and long maturity period for premium spirit. The Company is well positioned to deliver sustainable long-term growth in revenues, profits and cash flows.

The Company has begun to share more information through ESG reports. Disclosure levels in 2023 show improvement, particularly with respect to a reduction in water usage, the Company's water footprint, wastewater treatment and improved water utilisation efficiency. In 2023, the Company implemented a better ESG governance framework by setting up an ESG promotion committee under the Board.

¹Source: MSCI ESG Research 31/03/2024

BORDER TO COAST EMERGING MARKETS EQUITY FUND

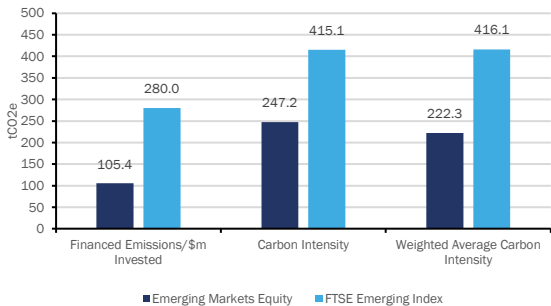
ESG & CARBON REPORT

**Q1
2024**

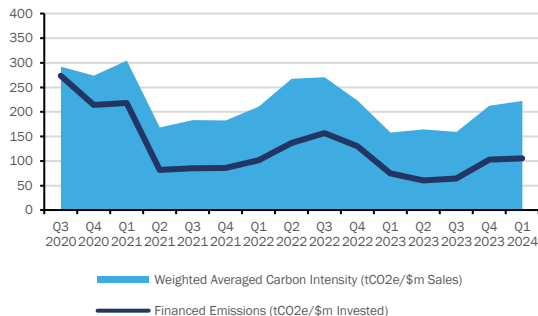
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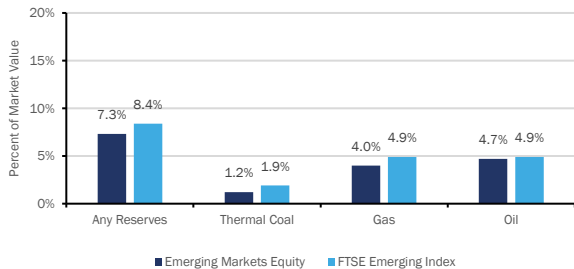
Carbon Emissions and Intensity¹



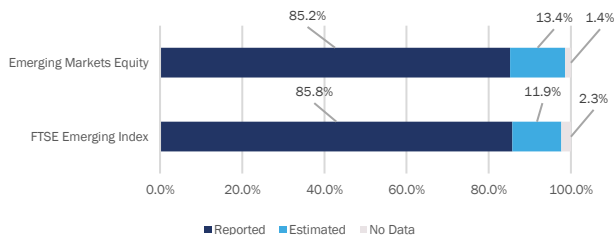
Carbon Trends¹



Weight of Holdings Owning Fossil Fuel Reserves¹



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



Largest Contributors to Financed Emissions¹

Company	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Grasim Industries	1.3%	+1.1%	47.5% ¹	No	N/A
Qatar Gas Transport Company	1.0%	+0.9%	8.7% ¹	No	N/A
PetroChina	0.7%	+0.3%	4.2% ¹	Yes	3
Reliance Industries	2.9%	+1.0%	4.2% ¹	Yes	3
Grupo Traxion	0.7%	+0.6%	3.6% ¹	No	N/A

Quarterly Carbon Commentary

- The Fund remains significantly below the benchmark for carbon emissions, carbon intensity and Weighted Average Carbon Intensity (WACI).
- The Fund saw an increase in all emissions metrics whilst the benchmark's financed emissions and carbon intensity decreased by 5%. This was largely driven by the Fund's increased position in particular high emitting and carbon intensive companies, Grasim Industries, Qatar Gas Transport, PetroChina and Reliance Industries.

Feature Stock: Grupo Traxion

Traxion provides a full suite of specialist logistics services to large corporates and multinational companies in Mexico. For these customers, safety and reliability of service is more important than price. There is no other player in Mexico with Traxion's scale, breadth of specialised transport services, or access to capital. Traxion operates a fleet of 2,200 owned and 3,200 third-party cargo trucks, a fleet of 8,000 buses, and manages 9m sq.ft. of third-party logistic warehousing. The key ESG challenges facing the Company are managing carbon emissions and high staff turnover. With regards to staff turnover, which is running at around 50% and is a feature of the trucking industry, Traxion has introduced benefits such as paternity leave for staff and training to improve road safety to improve working conditions and encourage longer service.

Carbon emissions are an ongoing challenge for Traxion as the very nature of its business exclusively relies on internal combustion engines as cost-efficient alternatives are not yet available. What is within Traxion's power relates to maintenance of a fuel-efficient fleet, integrating natural gas vehicles where possible, optimising routes, reducing empty backhaul, and having advanced telemetry systems in place to monitor fuel consumption of the driving habits of its staff. The fleet has an average age of between 4.6 years and 5.2 years in buses and trucks, respectively, which means the fleet is up-to-date in terms of safety standards as well as fuel-efficiency. Traxion is also installing solar power generation where possible in its warehousing operations. Traxion has calculated that its interventions have achieved emissions savings of 134,900 tCO₂ annually, as compared to total annual emissions of 94,000 tCO₂ (a saving of 23%).

¹Source: MSCI ESG Research 31/03/2024

Issuers Not Covered

Reason	ESG (%) ²	Carbon (%) ¹
Company not covered	1.4%	1.4%
Investment Trust/ Funds	1.6%	0.0%

Important Information

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

PENSION FUND COMMITTEE REPORT

12 JUNE 2024

DIRECTOR OF FINANCE – DEBBIE MIDDLETON

PENSIONS REGULATOR'S GENERAL CODE OF PRACTICE – COMPLIANCE ASSESSMENT

1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an assessment of the Fund's current level of compliance with the Pensions Regulator's recently published General Code of Practice, together with a plan for addressing any gaps identified.

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

- 4.1 The Pensions Regulator (TPR) is the UK regulator of workplace pension schemes. It has a wide range of responsibilities in relation to regulating trust-based (private sector) pension schemes and plays a more limited but still very significant, role in regulating public service pension schemes such as the Local Government Pension Scheme (LGPS).
- 4.2 The TPR produces guidance in relation to the governance and administration (but not the investment or funding) of public service pension schemes. As reported to the 13 March 2024 Pension Fund Committee, TPR has been through an exercise to merge its existing codes of practice into a single new code, the General Code of Practice, which came into force on 27 March 2024. The General Code of Practice can be found on TPR's website at the following link:
<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-of-practice.ashx>
- 4.3 The General Code of Practice is divided into five sections (shown in bold below). Also shown below are the new modules included in the General Code of Practice (not present in the previous codes of practice). Some of these (asterisked and shown in italics) will not directly apply to the LGPS but where this is the case, compliance will usually be viewed as 'best practice' by TPR.

The governing body

- Meetings and decision-making
- *Remuneration and fee policy **
- *Managing advisers and service providers **
- *Scheme continuity planning **
- *Own risk assessment **

Funding and investment

- *Investment governance **
- *Investment monitoring **
- *Climate change **

Administration

- Planning and maintaining administration
- Financial transactions
- Transfers out
- Record-keeping
- Data monitoring and improvement
- Maintenance of IT systems
- *Cyber controls **

Communications and disclosure

- General principles for member communications
- Scams

4.4 Although the General Code of Practice took effect from 27 March 2024, TPR has indicated that it does not expect schemes to be able to demonstrate full compliance with all the provisions of the Code from that date. However, what is expected that schemes will have an awareness of where there are potential gaps in compliance and, ideally, a plan setting out how and when these gaps will be filled.

5. COMPLIANCE ASSESSMENT

5.1 Hymans Robertson (the Fund's actuary) has developed a spreadsheet-based assessment tool designed to assist LGPS Funds with determining where they comply with the General Code of Practice and where there are gaps. Hymans Robertson has analysed the General Code of Practice and legislation referred to in that document to categorise the requirements into regulatory requirements, TPR expectations and best practice. The assessment tool allows users to keep a history of assessments and track progress over time, and also facilitates the development of action plans and assists in prioritisation of actions.

5.2 After assessing other available options the assessment tool was purchased from Hymans Robertson for a one-off fee. Appendix A contains the initial assessment report together with a list of actions that need to be actioned to allow the Fund to gain full compliance with the General Code of Practice.

5.3 Overall, from the 14 chapters of the General Code of Practice that are analysed in the report, 5 show full compliance, with the remaining 9 showing levels of compliance between around 57% and 93%.

6. NEXT STEPS

6.1 Also included within Appendix A is a set of actions required to gain full compliance. These are set out below under the relevant headings, together with a suggested timescale for completion:

Task	Timescale
The Governing Body: Board Structure and Activities	
1. Include Nolan principles within induction training for Pension Fund Committee and Teesside Pension Board, to ensure non-Councillors are aware of required characteristics.	30/06/2024
2. Note - Going forward, Appendix 2 (qualities of a Chair) could be shared with group leaders prior to any appointment process for a future chair of the Pension Fund Committee	30/06/2024
Administration: Scheme Administration	
3. Develop a strategy for the long-term administrative objectives of the scheme and agree a process for delivering these with the administrator - will be picked up as part of the ongoing re-procurement of the outsourced pensions administration function.	31/12/2024
Administration: IT & Cyber Security	
4. Consider providing more detail to Committee on cyber risks and controls	30/09/2024
Communications and Disclosure: Information to Members	
5. Deferred members where no address is known do not receive benefit statements (although, technically, those statements are produced). Ongoing discussions about bulk address tracing with outsourced pensions administrator will be progressed. Assess on-line availability as a longer-term alternative.	31/12/2024
The Governing Body: Knowledge & Understanding	
6. Maintain list of key scheme documents available to access outside of the on-line learning academy.	30/09/2024
7. Further review of the Pension Committee and Board knowledge and understanding should be scheduled.	30/09/2024
8. Pension Board knowledge and understanding could be further reinforced by scheduling further Board training through the Pension Board workplan	30/09/2024
9. Could develop and document Pension Committee and Board training plans more fully.	30/09/2024
The Governing Body: Risk Management	
10. More formal annual review of all internal control documents need to be put in place.	31/12/2024
11. Further analysis is required to ensure all TPR expectations on the design of internal controls are covered.	31/12/2024

Task	Timescale
12. Diarise review of assurance reports (from external providers), assess whether any gaps exist i.e. any investment managers who do not / can not provide reports. Liaise with external audit, who also go through a process to collate these reports, to avoid duplication of effort.	30/09/2024
13. Review pensions administration provider's Business Continuity Plan at same six month frequency as the Fund's Plan Develop an annual review process of any potential conflicts of interest in relation to the six non- Middlesbrough Council Committee members.	31/12/2024
14. Develop an annual review process of any potential conflicts of interest in relation to the six non- Middlesbrough Council Committee members.	30/09/2024
15. Arrange to publish Board conflict register on website (although this is currently a 'nil' return).	30/06/2024
Investment	
16. Develop written policy on the use of advisers "These policies should consider the specific circumstances of the scheme, such as the investment knowledge and experience available to the governing body and the relevant legal requirements"	31/12/2024
17. Further onward reporting and additional analysis required to fully meet the standard outlined, for example including stress testing, scenario testing and any early warning triggers that are relevant. Work with other managers to fully understand their climate risk approach.	31/12/2024
Administration: Information Handling	
18. Annual review of processes and systems for financial transactions recommended. Finalise reporting on scheme-specific data.	31/12/2024
19. Formal data improvement plan should be devised and implemented - will progress once new pensions administration contract is in place.	31/12/2024
20. Carry out data reviews annually.	31/12/2024
Communications and Disclosure: Public Information	
21. Update IDRPs guide leaflet to include correct contact details of Money and Pensions Service.	30/06/2024
Reporting to TPR: Reporting Breaches	
22. Update breaches policy to include reference to advising TPR if another regulatory body e.g. ICO is advised of a breach.	30/06/2024

6.2 Updates will be provided to future Committee meetings to track progress on completion of these tasks and the Fund's compliance with the General Code of Practice.

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

TEL NO.: 01642 729040

Teesside Pension Fund



Teesside Pension Fund

General Code of Practice - Assessment summary

04 June 2024

Introduction

In March 2024 The Pensions Regulator combined various codes of practice into a single General Code of Practice which is applicable to most public and private occupational pension schemes, including the LGPS.

There are elements of the code which do not apply to the LGPS and not all requirements carry the same weight. Administering Authorities of LGPS funds must however comply with the sections relevant to them.

The Code makes reference to, and places significant responsibility on, the "governing body" of a pension scheme. In the words of The Regulator, the governing body is "in a public service pension scheme, the scheme manager".

Furthermore "Each public service pension scheme should determine who fulfils the role of scheme manager according to their regulations and local arrangements." It is our understanding that for the LGPS this refers to the administering authority or any other body or individual carrying out a delegated function on behalf of the administering authority. For most, but not all, LGPS funds this will be a pension committee or sub-committee. A local pension board is not a governing body.

Purpose

The purpose of this report is to summarise the Fund's officers view of compliance with the Code. There are a number of criteria which Funds must comply with in order to satisfy the requirements of the various sections of the Code. This report records the findings from the assessment by Fund officers across all relevant subject areas.

Conducting an assessment against the requirements allows the Fund to create an action plan, targeting the areas considered most risky. It will also help uncover requirements which are partially met within the Code, but where some further action is required to fully meet requirements.

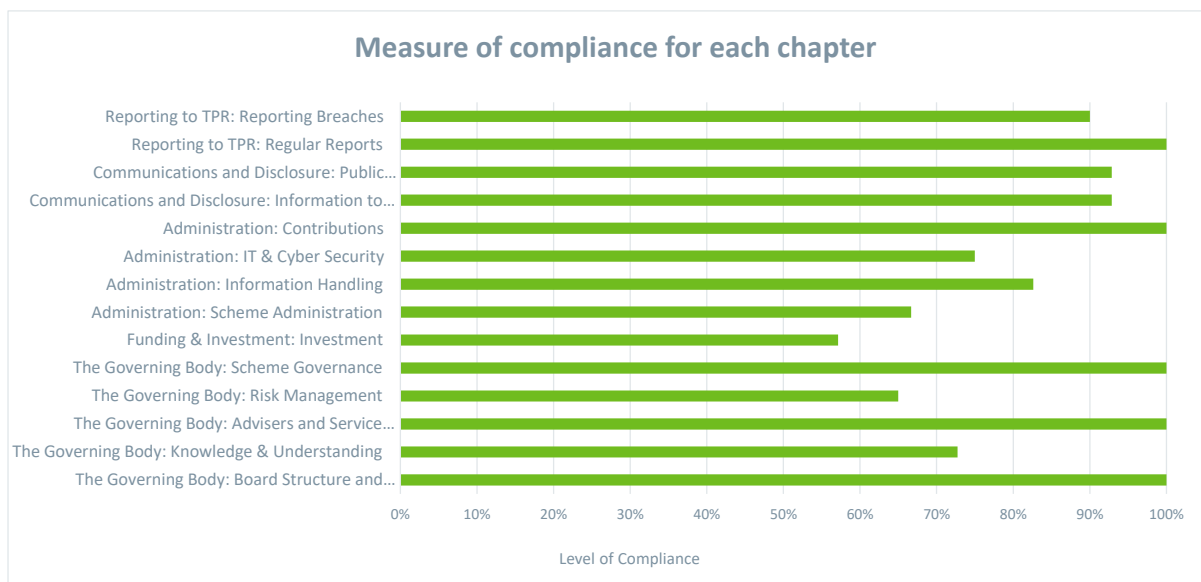
Results

Officers have conducted an assessment of the Fund's current compliance against the Code. For this assessment the Code has been broken down into 15 distinct sub-sets which are referred to as chapters. Note, there are no requirements for LGPS funds in the "Value for Scheme Members" chapter.

Within each of these chapters, there are a number of different modules each with their own set of requirements. Each requirement has been assessed and a corresponding risk rating applied. These requirements fall into one of three categories -

- **Regulatory Requirement;**
- **TPR Expectation;** and
- **Best Practice**

The Chart below summarises the Fund's assessment of current risk rating for each chapter. A score of 100% for a particular chapter indicates that all requirements are fully met. A score of 50% would indicate that half of the requirements in that chapter fully meet requirements within the Code



Commentary on results

It can be seen from the Chart above that there are 5 areas of the Code where the requirements are fully met. It is important that these areas are monitored to ensure the requirements continue to be fully met.

This means that there are 9 chapters where the requirements of the Code are not fully met. The areas where more actions are required are:

- Funding & Investment: Investment
- The Governing Body: Risk Management
- Administration: Scheme Administration

Further analysis

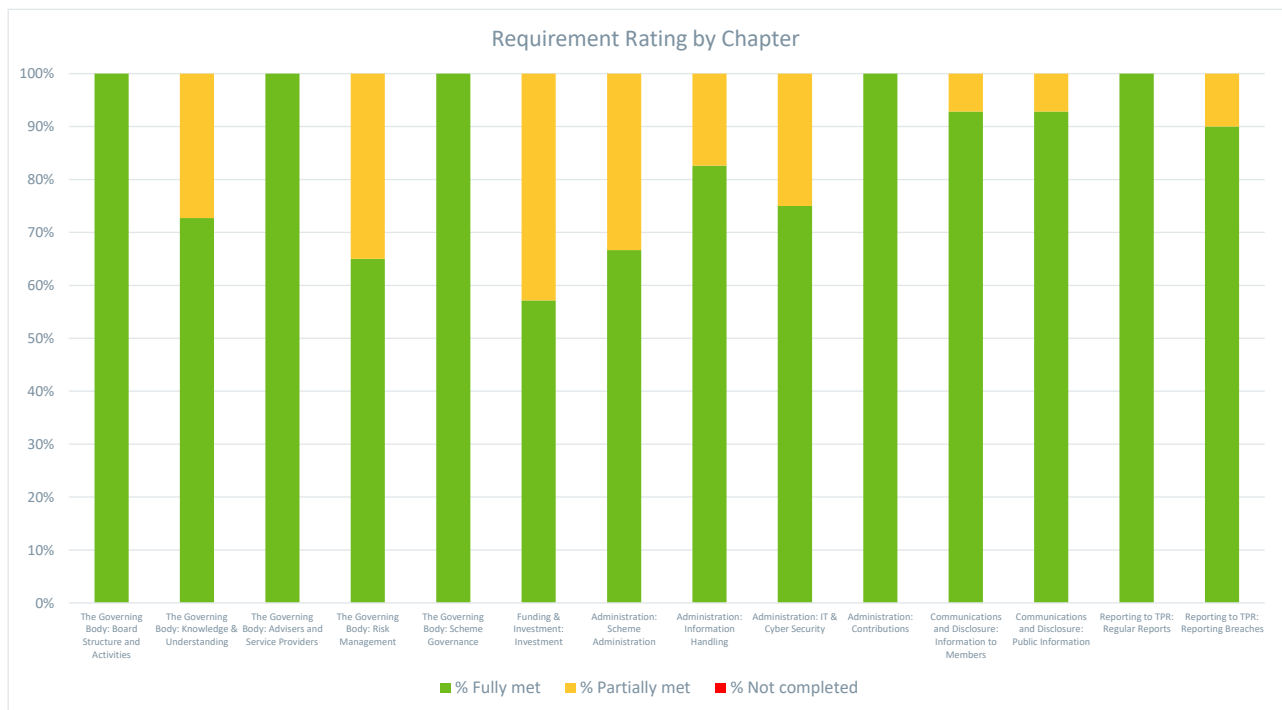
Within each topic the administering authority has assessed a number of strands – noting the following:

- Risk rating for each requirement – fully met, partially met or not completed
- The evidence taken into account when assessing compliance
- The owner of that particular strand
- The steps which need to be taken to ensure compliance or continued compliance
- The suggested immediate actions

The Appendix contains the detail of the current ratings for each of the chapters, as well as the actions required.

It is also beneficial to understand the level of risk. This removes the binary nature of compliance, and builds in allowance for the fact that there may be a number of requirements which are partially met. Understanding this in more detail provides a more detailed overview.

The following chart shows the aggregate position of each chapter, when the individual requirements are assessed as either "Fully met", "Partially met" or "Not completed".



When looking at the results in this way, it is more encouraging as there are 9 chapters of the Code with requirements which are already partially completed and as such, actions could be fully completed relatively easily. The steps required to complete the actions, as proposed by the Fund's officers, are set out in the appendix.

Breakdown of results

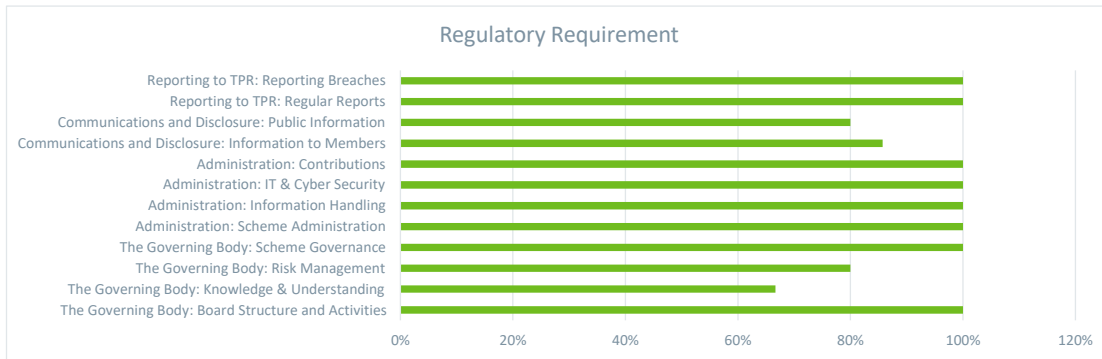
Simply looking at the overall ratings across a full chapter of the Code may not provide the level of detail needed. The requirements from the Code can be split into the following categories:

- **Regulatory Requirement** - these align with Legislation or Regulations which LGPS Funds must follow.
- **TPR Expectation** - These align with what the Regulator would expect to see from LGPS Funds.
- **Best Practice** - These are examples of what the Regulator believes should be in place for well governed Funds.

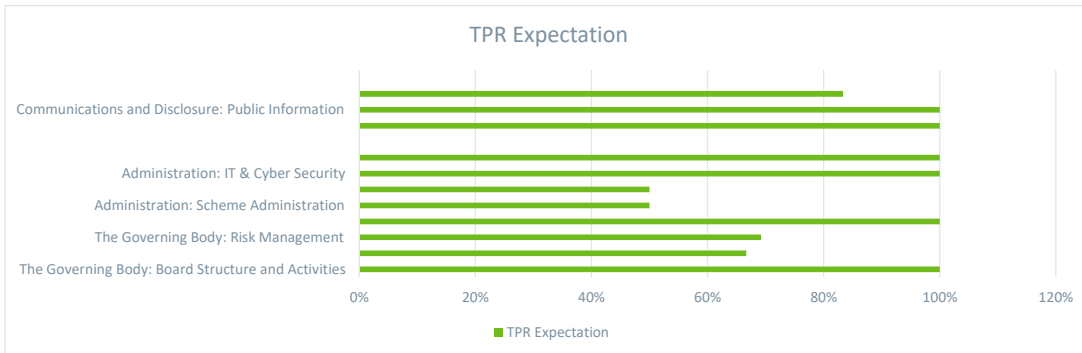
Having an understanding of the current ratings in the parts of the Code where there is a Regulatory requirement can help prioritise the required actions and the focus of efforts in the short term.

The charts below provide a summary of the results in these categories. Please note that each chart only contains the chapters which have requirements in the relevant category. To confirm some chapters from the Code will be missing from the charts below as they won't have requirements.

The chart below summarises the **Regulatory requirements** which have been assessed to be fully met.



The chart below summarises **TPR's expectations**, which have been assessed to be fully met.



The chart below summarises the **best practice** requirements, which have been assessed to be fully met.



Next Steps

This report summarises the findings of the most recent assessment against the Code. Preparation is the first step in ensuring the Fund is compliant with the requirements of the Code. The Administering Authority should ensure that any changes, updates or additions to the Code are reflected in the Fund's compliance checks in future.

Having assessed the Fund's current position against the Code, and prepared this report, a suggested list of actions is:

1. Circulation of this report and appendix to relevant stakeholders
2. Identify steps required to turn partially compliant requirements into fully compliant, assigning owners to each action
3. Identify the steps required to make non-compliant requirements fully compliant, again assigning owners to each action
4. Create a plan based on steps 2 and 3 above, with key milestones and timescales allocated to each step
5. Decide on any actions to ensure compliant strands remain compliant
6. Decide on the frequency of review of the plan, and update timescales as required
7. Agree when the next full compliance review will take place

A note of the risk rating for each chapter, as well as the required actions and who has responsibility for those actions, is contained within the appendix.

Reliances and limitations

This report has been produced by Fund officers of the Teesside Pension Fund, to help them self-assess the Fund's levels of compliance with the Pension Regulator's General Code of Practice.

This report does not provide legal or regulatory advice, but is designed to provide Fund officers with a tool to self-assess its compliance with The Pensions Regulators General Code of Practice as at March 2024. You should speak to your usual Hymans contact before continuing to use this checker following a legislative update. This report does not consider changes to the Code or LGPS Regulations after March 2024. This report does not cover all statutory obligations and good practice recommendations to which LGPS funds are subject and the fund officers remain responsible for ensuring the Fund's compliance with relevant law and regulation. This report does not attempt to replicate the advice or roles of scheme actuaries, lawyers, investment advisers nor administrators and we recommend that you seek advice from those advisers where relevant or where an officer has a concern about the position of the Fund.

This report should not be shared with anyone outside of the Teesside Pension Fund. However, it can be shared with the Pension Committee and Pension Board.

Please contact Hymans Robertson if you wish to share the output report with any other external third parties. We make no representation to any third party as to the accuracy or completeness of the output report. No reliance should be placed on this checker or output reports or appendices by any third party and we accept no responsibility or liability to any third party in respect of it.

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This report has been prepared by the officers at Teesside Pension Fund.

04 June 2024

Appendix - Scorecard summary

Teesside Pension Fund

The following gives an overview of the current compliance position against the General Code of Practice, and a note of the immediate actions

The Governing Body: Board Structure and Activities			
Requirements	Current rating	Actions	Responsibility
The governance of a public service pension scheme will need to take into account the differing responsibilities of the scheme manager, pension board and, where appropriate, pension committee.	Fully met		S.151 Officer/ Section 95 Officer
The pension board must have an equal number of employer and member representatives	Fully met		Head of Fund
Legislation dictates how the governing body of a PSPS is made up and pension board members must not have a conflict of interest and must evidence such if required by the scheme manager	Fully met		Head of Legal
Members of governing bodies to display the characteristics shown in Appendix 1.	Fully met	Include Nolan principles within induction training for Pension Fund Committee and Teesside Pension Board, to ensure non-Councillors are aware of required characteristics	Head of Fund
To have a process in place for appointing pension board members	Fully met		Head of Fund
Schemes will have governing bodies where appointments are made in accordance with scheme-specific legislation. The governing body, or pension board, should seek to inform those making the appointment of the expectations and any legislative requirements placed on members of the governing body.	Fully met		Head of Fund
Expectations of a chair in particular the skills and behaviours which are expected to be shown are set out (see Appendix 2 for more detail)	Fully met	Note - Going forward, Appendix 2 could be shared with group leaders prior to any appointment process for a future chair of the Pension Fund Committee	Committee
Scheme managers of PSPS are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law. This applies to the running of meetings and making decisions.	Fully met		Head of Fund
Meeting arrangements and decision making should comply with the requirements of The Local Government Act 1972 and Local Government and Housing Act 1989.	Fully met		Head of Legal
The pension board should maintain a record of the specified records which are shown in Appendix 3.	Fully met		Head of Legal

The Governing Body: Knowledge & Understanding			
Requirements	Current rating	Actions	Responsibility
All governing bodies should maintain a list (in an accessible format) of items the members of the governing body should be familiar with	Partially met	Maintain list available to access outside of the on-line learning academy	Head of Fund
The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances	Partially met	Further review should be scheduled	Head of Fund
Pension board members must be conversant with - The rules of the scheme, and - Any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme. And have knowledge and understanding of— - The law relating to pensions, and - Such other matters as may be prescribed.	Partially met	Further review should be scheduled	Head of Fund
Scheme managers or their delegates should achieve at least basic competence in knowledge and skills.	Fully met		Head of Fund
Pension board members should have a working knowledge of the topics in Appendix 4	Fully met	Could be further reinforced by scheduling further Board training through the Pension Board workplan	Head of Fund
Demonstrate that, as a group, the pension board possess the skills, knowledge, and experience to run the scheme effectively	Fully met		Head of Fund
The pension board meet the requirements in Appendix 5	Fully met		Head of Fund
Members of the pension board should be aware that their responsibilities and duties begin from the date they take up their post	Fully met		Head of Fund
Governing bodies should provide the necessary training and support to it's members	Fully met	Could develop and document training plans more fully	Head of Fund
Members of the pension board can work towards completing TPR public service toolkit or equivalent learning programmes	Fully met		Head of Fund
To enable the pension board to ensure their knowledge and understanding is established and maintained, members of a governing body should comply with the points laid out in Appendix 6	Fully met		Head of Fund

The Governing Body: Advisers and Service Providers			
Requirements	Current rating	Actions	Responsibility
Follow the processes set out for selecting advisers and service providers. (see Appendix 7 for more detail)	Fully met		Head of Fund
Follow the processes set out for appointing advisers and service providers. (see Appendix 8 for more detail)	Fully met		Head of Fund
Follow the processes set out for managing advisers and service providers. (see Appendix 9 for more detail)	Fully met		Head of Fund
Follow the processes set out for replacing advisers and service providers. (see Appendix 10 for more detail)	Fully met		Head of Fund

The Governing Body: Risk Management Requirements	Current rating	Actions	Responsibility
Scheme managers of public service pension schemes are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law.	Fully met		Head of Fund
The governing body should identify risks, record them, and regularly review and evaluate them (see Appendix 11 for guidance on identifying, evaluating and recording risk)	Fully met		Head of Fund
The scheme manager should have in place internal controls, including: - The arrangements and procedures to be followed in the administration and management of the scheme - The systems and arrangements for monitoring that administration and management, and - Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.	Fully met		Head of Fund
The governing body should design internal controls which ensure that the scheme is administered and managed in accordance with the requirements of the law and the scheme rules. The scheme's internal controls should also: - Include a clear separation of duties for those performing them, and processes for escalation and decision-making - Require the exercise of judgement, where appropriate, in assessing the risk profile of the scheme and in designing appropriate controls.	Fully met		Head of Fund
The governing body should make sure that their internal controls are documented.	Fully met		Head of Fund
A scheme's internal controls should be reviewed at least annually. However, the review of controls can be staggered if they address different areas of a scheme's operations or governance.	Partially met	More formal annual review of all documents need to be put in place.	Head of Fund
Reviews should also be carried out when: - Substantial changes to the scheme take place. These include changes to pension scheme personnel, service providers, scheme advisors, or administration and other IT systems; - A control is not working to the standard required by the law.	Fully met		Head of Fund
When designing internal controls governing bodies should consider TPR expectations (see Appendix 12 for more detail)	Partially met	Further analysis is required to ensure all TPE expectations listed in Appendix 12 are covered.	Head of Fund
To maintain internal controls governing bodies should consider TPR expectations (see Appendix 13 for more detail)	Partially met	Further analysis is required to ensure all TPE expectations listed in Appendix 12 are covered.	Head of Fund
The governing body may consider using assurance reports to assess whether the scheme or a service provider meets the relevant legislative requirements on internal controls.	Fully met		
If selecting a suitable internal auditor, the governing body should consider: - The candidate's independence - Any actual or potential conflicts of interest (see Conflicts of Interest) - The candidate's knowledge of the subject	Fully met		Head of Fund
The governing body should read and understand assurance reports provided by service providers to establish if the controls used by the organisations that they outsource various functions to are adequate. This will also include assurance reports produced by the scheme's investment manager and custodian.	Partially met	Diarise review of assurance reports, assess whether any gaps exist i.e. any investment managers who do not / can not provide reports. Liaise with external audit, who also go through a process to collate these reports, to avoid duplication of effort.	Head of Fund
Governing bodies should consider having a continuity plan that meets the requirements of Appendix 14	Partially met	Review pensions administration provider's BCP at same six month frequency as main BCP.	Head of Fund
When identifying and evaluating risks, governing bodies should consider conflicts of interest.	Fully met		Head of Fund
Where management of conflicts of interest form part of the scheme manager's internal controls the following expectation apply: - Members of governing bodies should understand when potential and actual conflicts arise legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Partially met	Develop an annual review process of any potential conflicts of interest in relation to the six non-Middlesbrough Council Committee members.	Head of Fund
Where management of conflicts of interest does not form part of the scheme manager's internal controls the following expectation apply: - Members of governing bodies should understand when potential and actual conflicts arise - Legal and professional requirements and legislation that apply to English local authorities should apply - The requirements in Appendix 15 are met.	Partially met	Develop an annual review process of any potential conflicts of interest in relation to the six non-Middlesbrough Council Committee members.	Head of Fund
Governing bodies should have processes in place to ensure that their decision-making is not compromised by actual or potential conflicts	Fully met		Head of Fund
Governing bodies should consider seeking independent legal advice, to help decide whether an actual or potential conflict of interest can be eliminated (and if so, the best way of achieving it)	Fully met		Head of Fund
Regarding the pension board, scheme managers of public service pension schemes must: - Be satisfied that a prospective member of the pension board does not have a conflict of interest - Remain satisfied that none of the members of the pension board has a conflict of interest	Fully met		Head of Fund
Regarding the pension board, scheme managers of public service pension schemes should: - Circulate the register of interests and the other relevant documents to the pension board for ongoing review - Publish these documents (for example, on a scheme's website)	Fully met	Arrange to publish Board conflict register on website (although this is currently a 'nil' return).	Head of Fund

The Governing Body: Scheme Governance			
Requirements	Current rating	Actions	Responsibility
The scheme manager needs to have a system of governance and internal controls that; <ul style="list-style-type: none"> - Provide the governing body with oversight of the day-to-day operations of the scheme - Include any delegated activities for which the governing body remains accountable - Provide the governing body with assurances that their scheme is operating correctly and in accordance with the law 	Fully met		Head of Fund
Scheme managers are required to establish and operate internal controls, which are adequate for securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. Internal controls means; <ul style="list-style-type: none"> - Arrangements and procedures to be followed in the administration and management of the scheme, - Systems and arrangements for monitoring that administration and management, and - Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme; 	Fully met		Head of Fund

Funding & Investment: Investment			
Requirements	Current rating	Actions	Responsibility
It is best practice for governing bodies to meet the requirements set out in Appendix 16	Fully met		Head of Fund
It is best practice for governing bodies to meet the requirements set out in Appendix 17	Partially met	Develop written policy on the use of advisers "These policies should consider the specific circumstances of the scheme, such as the investment knowledge and experience available to the governing body and the relevant legal requirements"	Head of Fund
In respect of any DC arrangement, best practice is for governing bodies to meet the requirements set out in Appendix 18	Fully met		Head of Fund
The governing body should: <ul style="list-style-type: none"> - Have governance policies that ensure the form and structure of liabilities, the strength of the employer covenant, the risk of sponsor default, life expectancy of members, and the need to access cash at particular times are taken into account in investment decision-making - Clearly communicate the policies above to advisers, investment managers, and other relevant stakeholders 	Fully met		Head of Fund
In relation to investment monitoring, governing bodies should follow the steps in Appendix 19	Partially met	Further onward reporting and additional analysis required to fully meet the standard outlined.	Head of Fund
Governing bodies should set clear expectations for their investment managers	Fully met		Head of Fund
The expectations for governing bodies in relation to climate change are set out in Appendix 20	Partially met	Work with other managers to understand climate risk approach.	Head of Fund

Administration: Scheme Administration			
Requirements	Current rating	Actions	Responsibility
Every scheme must operate internal controls which should include administration.	Fully met		Head of Fund
With regard to planning and preparation governing bodies should comply with the requirements in Appendix 21.	Fully met		Head of Fund
To maintain proper administration, governing bodies should comply with the requirements set out in Appendix 22.	Partially met	Developing a strategy for the long-term administrative objectives of the scheme and agree a process for delivering these with the administrator - will be picked up as part of the ongoing reprourement of the outsourced pensions administration function.	Head of Fund

Administration: Information Handling			
Requirements	Current rating	Actions	Responsibility
The governing body should maintain the following records; - Records of member and beneficiary information - Records of transactions - Records of pension board meetings and decisions (for further information see Appendix 23)	Fully met		Head of Fund
The scheme manager is required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law. Governing bodies should make sure financial transactions are managed as part of their internal controls.	Fully met		Head of Fund
The management of financial transactions should be proportionate to the nature, complexity, and activity of the scheme. Governing bodies should comply with the requirements of Appendix 24.	Partially met	Annual review of processes and systems for financial transactions recommended.	Head of Fund
When deciding to grant statutory transfers, governing bodies must carry out appropriate checks to decide if one of the conditions for transfer are met.	Fully met		Head of Fund
Governing bodies should ensure that they have the necessary administrative procedures to deal with transfer requests, without undue delay and in line with scheme rules and the law.	Fully met		Head of Fund
Governing bodies should also maintain accurate and complete records of all requests received and the transfers that have been made.	Fully met		Head of Fund
The governing body must provide the statement of entitlement within approximately three months of receiving the request, unless this information has been provided in response to a request in the previous 12 months	Fully met		Head of Fund
Before paying a transfer s the governing body must check that the receiving scheme is; - Able to accept the transfer - Willing to accept the transfer - A scheme to which a transfer can be made under the relevant legislation	Fully met		Head of Fund
Where the governing body suspect the receiving scheme is an illegitimate arrangement, they should report it to Action Fraud.	Fully met		Head of Fund
Where the governing body believe they will not meet the legislative deadlines, they should make an application to TPR before the deadline	Fully met		Head of Fund
The governing bodies of DB schemes that receive a request to transfer or convert safeguarded benefits of £30,000 or more, must check the scheme member (or survivor) has received appropriate independent advice.	Fully met		Head of Fund
When checking written confirmation governing bodies should follow advised steps around record keeping and responding to suspected fraudulent activity (See Appendix 25 for full details)	Fully met		Head of Fund
Governing bodies are required to complete transfers within six months. For DB benefits, this is measured from the guarantee date provided in the statement of entitlement.	Fully met		Head of Fund
Governing bodies should meet the record keeping requirements set out in Appendix 26	Fully met		Head of Fund
Governing bodies may consider the record keeping requirements set out in Appendix 27 as best practice [can we link to an appendix listing page 106 para 7]	Partially Met	Finalise reporting on scheme-specific data	Head of Fund
When maintaining administrative systems governing bodies should comply with the measures laid out in Appendix 28	Fully met		Head of Fund
When maintaining administrative systems governing bodies may consider the measures laid out in Appendix 28 as best practice	Fully met		Head of Fund
Governing bodies should ensure that appropriate processes are in place: - To enable participating employers to provide timely and accurate data - To reconcile employer data and scheme data - For situations where an employer fails to meet their legal duties to the scheme	Fully met		Head of Fund
Governing bodies may consider educating employers to understand where member information must and should be shared to the scheme and/or another employer	Fully met		Head of Fund
Governing bodies should retain records for as long as they are needed	Fully met		Head of Fund
Governing bodies should have appropriate processes in place for monitoring scheme data (see Appendix 29 for full details)	Partially Met	Formal data improvement plan should be devised and implemented - will progress once new pensions administration contract is in place.	Head of Fund
Governing bodies should have appropriate processes in place for reviewing scheme data (see Appendix 30 for full details)	Partially Met	Carry out data reviews annually	Head of Fund
Governing bodies should have appropriate processes in place for protecting scheme data (see Appendix 31 for full details)	Fully met		Head of Fund

Administration: IT & Cyber Security			
Requirements	Current rating	Actions	Responsibility
Governing bodies should take steps to make sure their service providers can prove they meet our expectations for maintaining IT systems as listed in Appendix 32	Fully met		Head of Fund
Scheme managers should establish adequate internal controls in relation to any regulatory or legal obligations in respect of cyber risk	Fully met		Head of Fund
When assessing cyber risk governing bodies should follow the procedures set out in Appendix 33	Partially met	Consider providing more detail to Committee on cyber risks and controls	Head of Fund
When managing cyber risk governing bodies should follow the procedures set out in Appendix 34	Fully met		Head of Fund

Administration: Contributions			
Requirements	Current rating	Actions	Responsibility
Employee Contributions must be paid to the scheme by day 19 of the following month, or day 22 if paid electronically.	Fully met		Head of Fund
Employer contribution payments must be paid by the date specified in the scheme rules, regulations, or documentation.	Fully met		Head of Fund
Governing bodies should develop a record to monitor contribution payments to the scheme (a contributions monitoring record).	Fully met		Head of Fund
Governing bodies should have processes in place to check contributions due to the scheme and to reconcile them with what is actually paid to identify payment failures.	Fully met		
Governing bodies should develop and maintain records for monitoring contribution payments to the scheme. This should include: contribution rates, date contributions are due, interest on late payments. (see Appendix 35 for full details)	Fully met		Head of Fund
Governing bodies must also keep records of any employer contributions due to the scheme that have been written off.	Fully met		Head of Fund
When a payment failure is identified, the governing body should contact the employer quickly to resolve the overdue payment.	Fully met		Head of Fund
The governing body should obtain overdue payments and rectify administrative errors. (see Appendix 36 for more detail)	Fully met		
Governing bodies should maintain a record of their investigation and the communications between themselves and the employer.	Fully met		Head of Fund
The governing body should review current processes to detect situations where fraud may be more likely to occur and where additional checks may be needed.	Fully met		Head of Fund

Communications and Disclosure: Information to Members			
Requirements	Current rating	Actions	Responsibility
The scheme manager should comply with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.	Fully met		Head of Fund
The governing body should follow the principles set out in the section entitled "General Principles for Member Communications". TPR expectations are listed in Appendix 37	Fully met		Head of Fund
Scheme managers must provide all active members with an annual benefit information statement. They may also be required to provide a benefit information statement to certain types of members on request.	Fully met		Head of Fund
Scheme managers should follow the principles set out in the section entitled "General Principles for Member Communications" when drafting benefit information statements. (see Appendix 38 for more detail)	Fully met		Head of Fund
For active members the scheme manager must: - Include a description of the benefits earned by members during their pensionable service - Issue the annual statement by no later than 31 August of the year following the period to which the statement relates - Comply with any HM Treasury directions, in terms of any other information that must be included and the way it must be provided to members.	Fully met		Head of Fund
For active, deferred, or pension credit members the scheme manager must: - Provide a benefit information statement following a request for one, if the information has not been provided to that member in the previous 12 months - Issue a benefit information statement as soon as possible following a valid request for one, and	Partially met	Deferred members where no address is known do not receive benefit statements (although, technically, those statements are produced). Ongoing discussions about bulk address tracing with outsourced pensions administrator will be progressed. Assess on-line availability as a longer-term alternative.	Head of Fund
For members with defined contribution (DC) benefits, scheme managers must: - provide a benefit information statement regarding their DC benefits to every member within 12 months of the end of the scheme year (irrespective of whether they also have DB benefits) - include the information required by law in any benefit information statement.	Fully met		Head of Fund
Where the applicable public service scheme regulations require additional benefit information to be provided to members, or for statements to be given at shorter intervals than set out above, those scheme regulations will also apply.	Fully met		Head of Fund
Where a member has a right to a cash transfer sum or a contribution refund the information in s101AC of the Pension Schemes Act 1993 must be provided within a reasonable period.	Fully met		Head of Fund
The term "reasonable period" in the phrase above should be construed as 3 months from leaving. Governing bodies should advise members where it is likely to take more than 3 months to provide the information.	Fully met		Head of Fund
The governing body should give members 3 months to confirm if they wish to transfer their cash transfer sum and can extend this deadline at their discretion. If the member does not respond, the governing body may arrange to pay a contribution refund after a further month.	Fully met		Head of Fund
Where a member elects for a cash transfer sum the governing body should pay it within 3 months but can extend in exceptional circumstances.	Fully met		Head of Fund
When processing a transfer, governing bodies must check that at least one of the conditions for the transfer to proceed is met (see Transfers out module within Information Handling section of this checker).	Fully met		Head of Fund
As part of their internal controls, governing bodies should ensure that they take the steps set out in Appendix 39.	Fully met		Head of Fund

Communications and Disclosure: Public Information Requirements	Current rating	Actions	Responsibility
<p>Scheme managers must publish certain information about the pension board and keep that information up to date.</p> <p>The scheme manager must publish and maintain:</p> <ul style="list-style-type: none"> - The names of pension board members - Details about the representation of scheme members on the pension board - Details of the matters for which the pension board is responsible 	Fully met		Head of Fund
<p>Scheme managers may consider publishing information about pension board business, for example, board papers, agendas, and minutes of meetings. These may be redacted to the extent that they contain confidential information and/or data protected by law.</p>	Fully met		Head of Fund
<p>Scheme managers should consider requests for additional information to be published, to encourage scheme member engagement and promote</p>	Fully met		Head of Fund
<p>Scheme managers may consider how best to publish information, making use of the principles outlined in General principles for member communications.</p> <p>See appendix 37</p>	Fully met		Head of Fund
<p>Scheme managers may also publish:</p> <ul style="list-style-type: none"> - the employment and job title (where relevant) and any other relevant position each board members holds - details of the pension board recruitment process - who each pension board member represents 	Fully met		Head of Fund
<p>Scheme managers should:</p> <ul style="list-style-type: none"> - Have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete - Ensure any out-of-date or incorrect information identified is updated as soon as possible and in any event, within one month 	Fully met		Head of Fund
<p>Governing bodies must put formal procedures and processes in place to investigate and decide upon pension scheme disputes quickly and effectively</p> <p>These processes must be followed to resolve various matters</p>	Fully met		Head of Fund
<p>Where a person no longer has an interest in the scheme or claims to be such a person, governing bodies must ensure their scheme's procedures allow a reasonable period for that person or their representatives to make their applications. The reasonable period in these circumstances is six months beginning on the date their interest in the scheme stopped.</p>	Fully met		Head of Fund
<p>In relation to dispute resolution processes, governing bodies must:</p> <ul style="list-style-type: none"> - Provide their internal dispute resolution procedure to: <ul style="list-style-type: none"> - prospective members if it is practicable to do so - any scheme members who have not been given the information - certain people who request the information and who have not been given that information in the previous 12 months - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment 	Fully met		Head of Fund
<p>The governing body must provide information about the Money and Pensions Service and the Pensions Ombudsman to the complainant at certain stages of the dispute</p>	Partially Met	Update IDRPs guide leaflet to include correct contact details of Money and Pensions Service.	Head of Fund
<p>There are further considerations the governing body should make in relation to the dispute resolution process.</p> <p>(see Appendix 40 for further details).</p>	Fully met		Head of Fund
<p>In relation to reasonable time periods governing bodies should:</p> <ul style="list-style-type: none"> - Decide the matter in dispute within four months of receiving the application - In the case of a two-stage dispute resolution procedure, reach a first stage decision within four months of receiving the application - In the case of a two-stage dispute resolution procedure, reach a second stage decision within four months of the point when the governing body receives the referral - Notify applicants of the decision no later than 21 days from when it is made - Not delay a decision where it is possible to process an application sooner than four months - Allow more than four months to reach a decision if it is appropriate to do so <p>For public sector schemes, where the governing regulations provide for shorter periods to consider grievances than set out above, those regulations will apply</p>	Fully met		Head of Fund
<p>When reviewing an application, decision-makers should:</p> <ul style="list-style-type: none"> - Ensure they have all the appropriate information to make an informed decision - Request further information if required - Be satisfied that the time and action to reach a decision and notify the applicant are appropriate to the situation, and be able to demonstrate this 	Fully met		Head of Fund
<p>The governing body should keep members informed about dispute resolution.</p> <p>This can include:</p> <ul style="list-style-type: none"> - Publishing and making readily available timescales for an application - Making their procedure accessible on the Fund's website - Keeping applicants advised of the progress of their dispute and expected timescales 	Fully met		Head of Fund

Reporting to TPR: Regular Reports			
Requirements	Current rating	Actions	Responsibility
Governing bodies of registrable schemes must provide TPR with all registrable information when registering their schemes.	Fully met		Head of Fund
The governing body must tell TPR about changes to the registrable information as soon as reasonably practicable, at the very latest within five working days of the governing body becoming aware of the change.	Fully met		Head of Fund
Governing bodies must complete a scheme return, including registrable information, plus any other information TPR may require to exercise their functions for a registered scheme. This must be provided by the date specified in the scheme return notice.	Fully met		Head of Fund
Governing bodies should have measures in place to review and ensure the accuracy of the information in their scheme return	Fully met		Head of Fund

Reporting to TPR: Reporting Breaches			
Requirements	Current rating	Actions	Responsibility
Report breaches of the law when: - A legal duty which is relevant to the administration of a scheme, has not been, or is not being, complied with, and - The failure to comply is likely to be of material significance	Fully met		Head of Fund
Governing bodies should be satisfied that those responsible for reporting breaches are aware of the legal requirements and this code. Training should be provided for the Governing body and any in-house administrators	Fully met		Head of Fund
Breaches must be reported if they are likely to be of 'material significance' to TPR in carrying out any of their functions.	Fully met		Head of Fund
Those responsible for reporting breaches, including the governing body, should establish and operate procedures to ensure they are able to meet their legal duties (see Appendix 42 for list of procedures governing bodies could have in place)	Fully met		Head of Fund
Breaches of the law must be reported as soon as reasonably practicable.	Fully met		Head of Fund
Breach report should contain the information listed in Appendix 43	Fully met		Head of Fund
There are other requirements placed on those running pension schemes to report to other bodies. Where the duty to report to another body coincides with the duty to report to TPR, the report to us should include details of the other bodies the matter has been reported to.	Partially met	Update breaches policy to include reference to advising TPR if another regulatory body e.g. ICO is advised of a breach.	Head of Fund
If a scheme or an individual is at risk, for example where there has been dishonesty, the reporter should not take any actions that may alert those implicated that a report has been made. Similarly, reporters should not delay their report to TPR, to check whether any proposed solutions will be effective	Fully met		Head of Fund
Where contributions are not paid on time, and the governing body has reasonable cause to believe that the payment failure is likely to be of material significance to TPR they should send a written report of the matter to TPR.	Fully met		Head of Fund
Reports of late contribution payments should be made to us within 14 days of the trustees having reasonable cause to believe that a material payment failure exists. Members should be notified within 30 days of the report to TPR. When reporting to members, governing bodies should provide payment information that will enable them to understand what has been paid to the scheme and by whom	Fully met		Head of Fund

Appendix - Actions

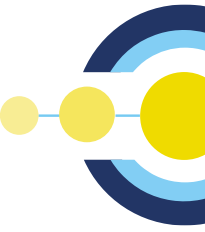
<p>The Governing Body: Board Structure and Activities</p> <p>Include Nolan principles within induction training for Pension Fund Committee and Teesside Pension Board, to ensure non-Councillors are aware of required characteristics Note - Going forward, Appendix 2 could be shared with group leaders prior to any appointment process for a future chair of the Pension Fund Committee</p>
<p>The Governing Body: Advisers and Service Providers</p>
<p>The Governing Body: Scheme Governance</p>
<p>Administration: Scheme Administration</p> <p>Developing a strategy for the long-term administrative objectives of the scheme and agree a process for delivering these with the administrator - will be picked up as part of the ongoing reprocurement of the outsourced pensions administration function.</p>
<p>Administration: IT & Cyber Security</p> <p>Consider providing more detail to Committee on cyber risks and controls</p>
<p>Communications and Disclosure: Information to Members</p> <p>Deferred members where no address is known do not receive benefit statements (although, technically, those statements are produced). Ongoing discussions about bulk address tracing with outsourced pensions administrator will be progressed. Assess on-line availability as a longer-term alternative.</p>
<p>Reporting to TPR: Regular Reports</p>

<p>The Governing Body: Knowledge & Understanding</p> <p>Maintain list available to access outside of the on-line learning academy Further review should be scheduled Further review should be scheduled Could be further reinforced by scheduling further Board training through the Pension Board workplan Could develop and document training plans more fully</p>
<p>The Governing Body: Risk Management</p> <p>More formal annual review of all documents need to be put in place. Further analysis is required to ensure all TPE expectations listed in Appendix 12 are covered. Further analysis is required to ensure all TPE expectations listed in Appendix 12 are covered. Diarise review of assurance reports, assess whether any gaps exist i.e. any investment managers who do not / can not provide reports. Liaise with external audit, who also go through a process to collate these reports, to avoid duplication of effort. Review pensions administration provider's BCP at same six month frequency as main BCP. Develop an annual review process of any potential conflicts of interest in relation to the six non-Middlesbrough Council Committee members. Develop an annual review process of any potential conflicts of interest in relation to the six non-Middlesbrough Council Committee members. Arrange to publish Board conflict register on website (although this is currently a 'nil' return).</p>
<p>Investment</p> <p>Develop written policy on the use of advisers "These policies should consider the specific circumstances of the scheme, such as the investment knowledge and experience available to the governing body and the relevant legal requirements" Further onward reporting and additional analysis required to fully meet the standard outlined. Work with other managers to understand climate risk approach.</p>
<p>Administration: Information Handling</p> <p>Annual review of processes and systems for financial transactions recommended. Finalise reporting on scheme-specific data Formal data improvement plan should be devised and implemented - will progress once new pensions administration contract is in place. Carry out data reviews annually</p>
<p>Administration: Contributions</p>
<p>Communications and Disclosure: Public Information</p> <p>Update IDRPs guide leaflet to include correct contact details of Money and Pensions Service.</p>
<p>Reporting to TPR: Reporting Breaches</p> <p>Update breaches policy to include reference to advising TPR if another regulatory body e.g. ICO is advised of a breach.</p>



TEESSIDE PENSION FUND

YOUR INVESTMENTS WITH BORDER TO COAST



LISTED INVESTMENTS AS AT 31ST MARCH 2024

Listed Investments	Value (as at 31/03/2024)	Value % of Total Assets
UK Listed Equity	£613m	23.0
Overseas Developed Markets	£1,833m	68.9
Emerging Markets Equity	£215m	8.1

COMMITMENT TO BORDER TO COAST'S PRIVATE MARKET STRATEGIES

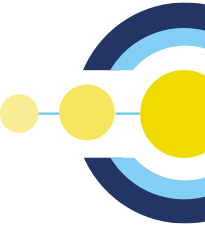
Sleeve	Series 1	1A	1B	1C	Series 2	2A	2B
Private Equity	£200m	£100m	£50m	£50m	£200m	£100m	£100m
Infrastructure	£200m	£100m	£50m	£50m	£300m	£150m	£150m
Climate Opportunities	N/a	N/a	N/a	N/a	£80m	£80m	N/a

Source: Northern Trust/Border to Coast

Border to Coast – Teesside Pensions Committee

INTERNAL

GLOBAL MARKET OUTLOOK – Q1 2024



What has Changed?

- **Manufacturing data** has improved providing a cyclical uplift to economies.
- **Geopolitical tensions** in the middle East have intensified putting pressure on oil prices.
- The **pace of disinflation** has halted with rate cuts now pushed out further into the future.

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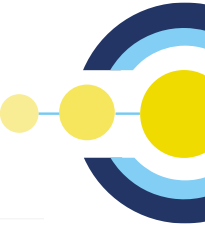
What has stayed the same?

- **Liquidity** drain continues as the Fed reduces its balance sheet and excess savings are being depleted.
- **Sentiment** is still strong for risk assets in particular Equities .
- **Equity Markets** are priced for perfection and valuations are stretched.

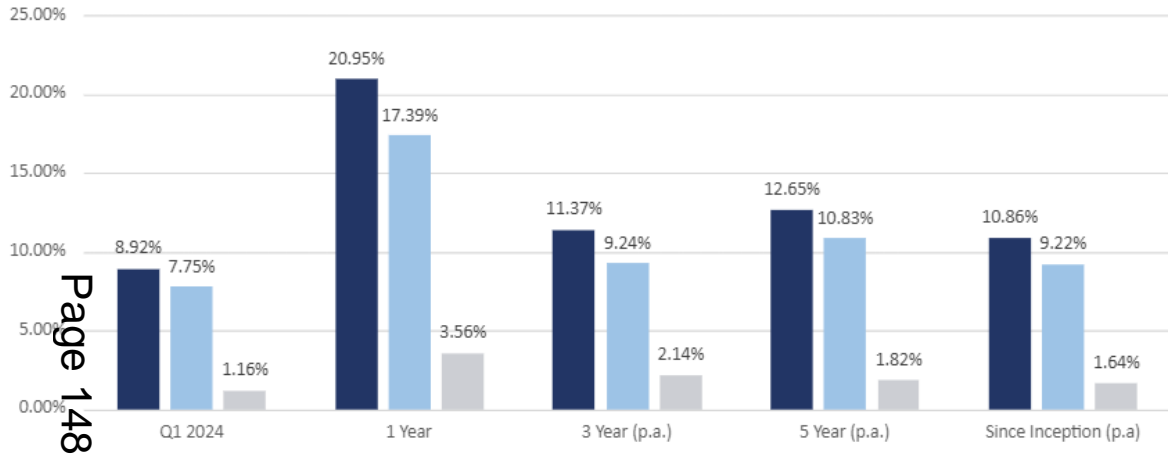
What are we watching?

- Signs for a **sustained pickup in inflation** in categories that exclude Food and Energy.
- **Consumer credit** and **increase in delinquencies** as savings have largely been depleted.
- **Geopolitics:** the US elections will start to dominate the news cycle.

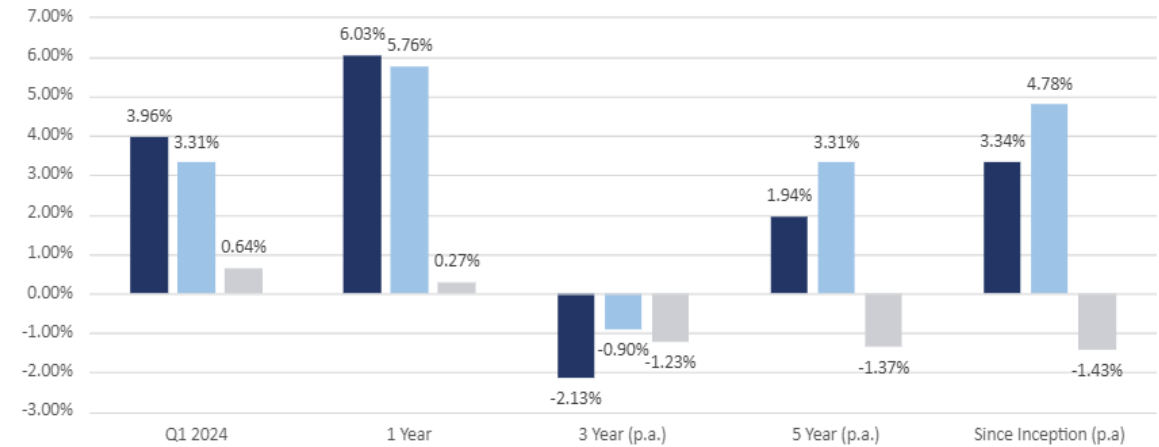
LISTED INVESTMENTS – PERFORMANCE TO Q1 2024



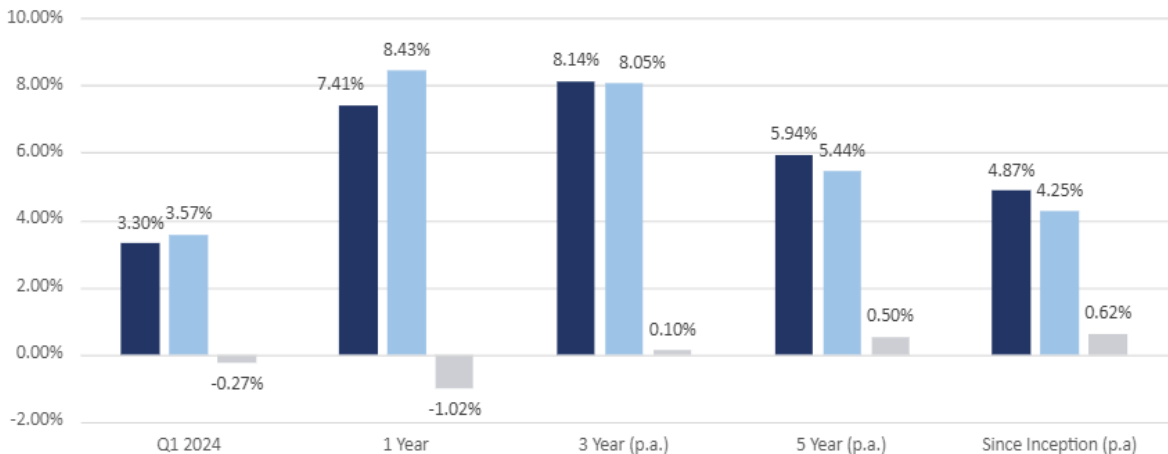
Overseas Developed Markets



Emerging Markets Equity



UK Listed Equity



- Fund
- Benchmark
- Relative Performance

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

UK Listed Equity Market Benchmark: FTSE All Share GBP

Emerging Market Equity Benchmark¹: FTSE Emerging Markets

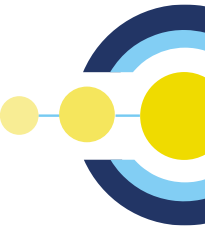
¹S&P Emerging Markets BMI (Net) between 22nd October 2018 to 9th April 2021. Benchmark equal to fund return between 10th April to 28th April 2021 (Performance holiday for fund restructure)

Source: Northern Trust, Border to Coast 31st March 2024

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

INTERNAL

PRIVATE EQUITY: SUMMARY



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Private Equity	Key Metrics - 31 December 2023
Target IRR	10%
Series 1 IRR	15.4%
Series 1 TVPI	1.28x

Series 1A	29 Mar 2024	31 Dec 2023
Capital Committed	99.7%	99.7%
Capital Drawn	82.1%	80.5%
Capital Distributed ¹	19.5%	18.5%

Series 1B	29 Mar 2024	31 Dec 2023
Capital Committed	99.1%	99.1%
Capital Drawn	74.6%	69.7%
Capital Distributed ¹	7.1%	4.5%

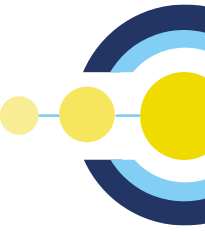
Series 1C	29 Mar 2024	31 Dec 2023
Capital Committed	100.0%	100.0%
Capital Drawn	53.6%	47.4%
Capital Distributed ¹	0.2%	0.1%

Series 2A	29 Mar 2024	31 Dec 2023
Capital Committed	99.8%	99.8%
Capital Drawn	18.0%	14.1%
Capital Distributed ¹	0.8%	0.0%

Series 2B	29 Mar 2024	31 Dec 2023
Capital Committed	90.6%	75.5%
Capital Drawn	7.3%	1.0%
Capital Distributed ¹	0.1%	0.0%

Source: Allbourne / Private Monitor
 1 Including Recallable Distributions.

INFRASTRUCTURE: SUMMARY



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Infrastructure	Key Metrics - 31 December 2023
Target IRR	8%
Series 1 IRR	8.5%
Series 1 TVPI	1.16x

Series 1A	29 Mar 2024	31 Dec 2023
Capital Committed	98.7%	98.7%
Capital Drawn	83.8%	79.9%
Capital Distributed ¹	15.0%	14.3%

Series 1B	29 Mar 2024	31 Dec 2023
Capital Committed	98.7%	98.7%
Capital Drawn	64.7%	58.3%
Capital Distributed ¹	3.4%	3.2%

Series 1C	29 Mar 2024	31 Dec 2023
Capital Committed	100.0%	100.0%
Capital Drawn	80.2%	79.0%
Capital Distributed ¹	11.3%	10.6%

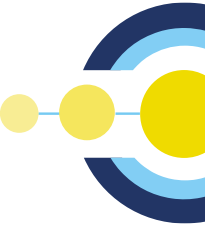
Series 2A	29 Mar 2024	31 Dec 2023
Capital Committed	99.7%	99.7%
Capital Drawn	44.4%	35.2%
Capital Distributed ¹	1.0%	0.5%

Series 2B	29 Mar 2024	31 Dec 2023
Capital Committed	78.7%	73.8%
Capital Drawn	10.1%	1.9%
Capital Distributed ¹	0.0%	0.0%

Source: Allbourne / Private Monitor

¹ Including Recalable Distributions.

CLIMATE OPPORTUNITIES: SUMMARY

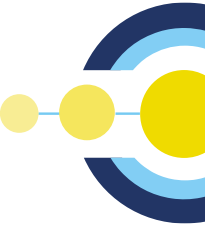


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Series 2	29 Mar 2024	31 Dec 2023
Target IRR	8%	
Capital Committed	99.9%	84.9%
Capital Drawn	30.7%	22.5%
Capital Distributed ¹	0.7%	0.7%

Source: Allbourne / Private Monitor
 1 Including Recallable Distributions.

PRIVATE MARKETS: NEW COMMITMENTS FOR Q1 2024



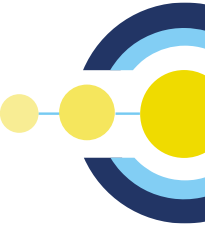
PRIVATE EQUITY – SERIES 2B CVC ASIA VI

- \$115m commitment (February 2024)
- CVC Asia is an established pan-Asian platform with leading Southeast Asia focus. First established in 1999 and under sole ownership of CVC Capital Partners since 2010, the manager has a proven strategy, strong reputation and well-established sourcing network across its 9 Asian offices.
The fund will target control-oriented and partnership investments focusing on quality assets in growing consumer sectors, business services and TMT (technology, media and telecoms). Joint-control partnerships help to unlock prized family assets.
- The highly experienced team will aim to create a portfolio of 20-30 deals, well-diversified across the target sectors and countries, in order to capitalise upon the positive macroeconomic and demographic trends in Asia.
- Border to Coast themes: **Operational value-add, Asia Exposure**
- **Benefits of pooling:**
 - Reduction of fees
 - Access to an over-subscribed fund

CLIMATE OPPORTUNITIES – SERIES 2 BLACKSTONE ENERGY TRANSITION PARTNERS IV

- \$110m commitment (March 2024)
- The Fund will make control-oriented private equity investments in the energy transition and climate solutions space. Investments will be focused on long term trends of the energy transition such as renewable penetration, electrification, energy efficiency and decarbonisation. Although it is an equity strategy, the manager retains the flexibility to consider investments across a range of company lifecycle stages and structures, including greenfield energy assets, growth equity, buy and build and structured equity.
- The manager has a track record of making investments in the energy transition sector which is advantageous versus peers and new entrants into the space. The expertise and networks that the Blackstone has developed in the sector should position it well in finding and executing on appropriate opportunities.
- Experienced senior team led by David Foley who has been involved in every energy related private equity deal the firm has made since joining Blackstone in 1995, providing good continuity and strong networks.
- Border to Coast themes: **Energy Transition**
- **Benefits of pooling:**
 - Underwriting specialist strategy

BORDER TO COAST UPDATE



SUPPORTING THE TRANSITION TO NET ZERO

Through our existing Climate Opportunities portfolio, we have supported investment in six green energy projects recently acquired by Macquarie’s Green Energy and Climate Opportunities Fund, in which we have a \$145m commitment. The projects include the offshore wind farm Outer Dowsing. Located off the Lincolnshire coast, it aims to produce enough energy to power 1.6million homes by 2030. Other assets cover solar, wind, energy storage, and natural capital solutions across the US, Asia Pacific, and Southern and Central America recognising the global nature of the investment opportunity in climate solutions. The projects represent a total of 17GW of green energy capacity –equivalent to powering 13 million homes.

INDUSTRY RECOGNITION

We were delighted to win ‘Active Manager of the Year’ at the 2024 Pensions Age Awards. The award sought evidence of performance and innovation, and we were up against established names in the asset management industry. Our entry focused on our largest internally managed equity fund, Overseas Developed, which was launched in July 2018. Having reached its 5th anniversary, it is a great example of how Partner Fund support has enabled the delivery of performance at a low-cost ratio.

OUR STRATEGIC PLAN

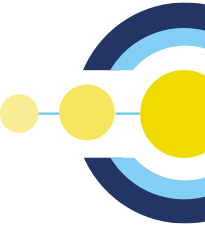
We are pleased to share more about our 2024-27 Strategic Plan, which has achieved unanimous approval from Partner Funds. There are no radical changes and by 2027 we seek to:

- Have enabled the pooling of all Partner Fund assets (and legacy alternatives by business case), and support Partner Funds with assets held outside the pool.
- Be seen as a full investment partner by Partner Funds across implementation, strategy support, reporting, training, thought leadership and policy influence.
- Further enhance our ability to deliver long-term risk-adjusted investment performance with a strong collective voice on Responsible Investment and full cost chain control and reporting.
- Strengthen the resilience and sustainability of the organisation across people, finance, and operations; with a focus on remaining forward-looking, flexible and adaptable to Partner Fund needs.

APPENDIX



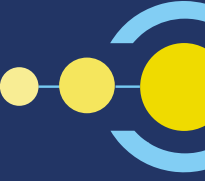
PRIVATE EQUITY / INFRASTRUCTURE – IRR AND TVPI DEFINITIONS



IRR and TVPI (Pages 5 - 6)

- **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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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

PENSION FUND COMMITTEE REPORT

12 JUNE 2024

DIRECTOR OF FINANCE – DEBBIE MIDDLETON

BORDER TO COAST 2030 STRATEGY

1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an update on the development strategy our pooling company, Border to Coast, has been collectively developing with the Teesside Pension Fund and our other ten Partner Funds within the pensions partnership.

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

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

4. SUMMARY

- 4.1 As a public sector pension fund we are committed to operating in a sustainable and cost-effective manner. The complex system in which the Local Government Pension Scheme (LGPS) currently operates is evolving. External factors, such as changes to the wider pensions and investment industry, changing ways of working, political and regulatory change and continued uncertainty across investment markets, are likely to be significant over the coming period and in many instances beyond the control of LGPS. Recognising this and building greater resilience into the system will be important for our long-term success.
- 4.2 There is an opportunity to build upon the partnership we have established with Border to Coast Pensions Partnership. Working with our other ten LGPS Partners, we believe that we have the opportunity to strengthen our capacity and resilience through the further development of common solutions through Border to Coast.
- 4.3 Based on our joint needs, we have worked with Border to Coast to help them to develop a strategy to 2030. This considers how Border to Coast will evolve as a centre of investment expertise to help deliver the propositions and services we need to support Partner Funds to pay pensions in a cost effective and sustainable manner.

- 4.4 This strategy is in the final stages of refinement and will be subject to formal shareholder review and approval later in the summer. The implementation of the strategy will be covered through the annual business planning process, which is reviewed and approved by the Partner Funds as shareholders on an annual basis.

5. BACKGROUND

- 5.1. Our responsibilities as part of the Local Government Pension Scheme (LGPS) are wide and include engaging with over 140 employers who are part of our Fund, managing the administration of over 80,000 members, and managing over £5 billion of investments.
- 5.2. As an open defined benefit (DB) pension fund mainly funded through the taxpayer, we are committed to operating in a sustainable and affordable manner. As such, our focus is on delivering effective outcomes.
- 5.3. Since 2018 we have been part of a strategic partnership with 10 other LGPS funds through Border to Coast Pensions Partnership, of which the 11 Partner Funds are shareholders. While we joined Border to Coast formally in response to the 2015 Government's objectives to pool, for us and our partnership, there was a strong belief that working together through the pool, we could achieve more together than we could individually.
- 5.4. Since 2018, we have collectively built and matured an organisation that is responsible for managing over £45bn of our collective assets. This has provided significant value to us, having developed, and launched many of the propositions needed for us implement our investment strategies.
- 5.5. In March 2023 the Committee received an update on the strategic work the Fund has been involved in through the wider Border to Coast partnership. In this update the Committee was briefed on the following key areas.

The changing nature of the system we operate in

The LGPS is one of the few remaining open pre-funded DB schemes left in the UK. The regulatory focus and associated industry capacity (such as investment consultants) is moving away from DB and towards Defined Contribution and the Retail / Wealth industries, limiting the capacity and capability to effectively support the LGPS. Meanwhile the reporting requirements imposed on the LGPS is increasing significantly, and the investment landscape is increasing in complexity.

Challenges faced by the LGPS Funds

Pension Funds within the LGPS face several common challenges. Given the changes in the wider sector, we face increasing challenges to recruit and attract new talent as our existing teams approach retirement. We also need to consider how we manage the increasing regulation and reporting requirements being imposed on the LGPS. And, not least, how do we evolve how we operate to ensure we have efficient and effective access to the right investment capabilities and services.

- 5.6 Over the last two years we have been examining these challenges and exploring how we can deliver a sustainable solution to ensure we have the capacity, capability, and resilience to deliver our remit in a cost-effective manner over the long term.

Strengthening our capacity, capability, and resilience

- 5.7 There are three strands to the Border to Coast 2030 strategy:
1) delivering its current remit as efficiently and effectively as possible,
2) developing additional capabilities to further support Partner Funds, and
3) enabling Partner Funds to take advantage of, and manage potential risks of, additional scale opportunities. The remainder of this paper considers the second of these strands.
- 5.8 Given the challenges we face in the medium term, there is an opportunity to develop solutions through Border to Coast which add capacity, capability, and resilience for our Fund. There is significant strategic value in building capabilities within Border to Coast that enables us to reduce our dependence on external third parties, many of which are moving away from supporting open DB pension schemes.
- 5.9 Over the next five years, we will be working with Border to Coast to consider how we can build their capacity and capabilities to support us in five key areas:

5.9.1 Strategy & Policy

Developing Border to Coast's capabilities to support our decision-making on investment strategy and policy could potentially add significant value and reduce costs of the system. This strategic area will work to structure an advisory offering from Border to Coast (alongside independent advisors, and Pension Fund actuaries for the provision of liability data) that can be considered as an optional service for adoption.

5.9.2 Investment Implementation

To provide our Fund with increased operational resilience by further building on services already undertaken (partially) by Border to Coast, looking to extend implementation options for Partner Funds in areas such as cashflow management, rebalancing, dynamic asset allocation and hedging.

5.9.3 Investment Related Reporting

To provide our Fund with more of the investment related reporting that has proliferated in recent years, by further building on the information sharing and reporting already undertaken by Border to Coast. The pool will assess developing capabilities to efficiently deliver output such as whole of fund performance, portfolio risk, scenario analysis and further Responsible Investment & Environmental Social & Governance reporting.

5.9.4 Oversight

This area will look to evolve our model in the shorter term by evaluating, designing and implementing a more efficient and effective framework for oversight of Border to Coast by us, as a customer. In the medium to long term we will evolve this framework to provide us with the assurances we require to evaluate all the propositions and services Border to Coast delivers on our behalf.

5.9.5 Training

To develop a common approach to support training for Pensions Committees and Officers across all 11 LGPS pension funds in the partnership to ensure we have the knowledge and skills to be able to undertake our roles.

5.10 Each of these areas will be assessed for detailed design, development, and delivery in the period to 2030. Significant areas of capability delivery would be subject to specific business case development and evaluation, with each of Border to Coast's Partner Funds involved in the process. This replicates the current approach Border to Coast and Partner Funds take when building investment propositions.

5.11 Once each area has been developed, it will remain the right of each Pension Fund to choose whether they wish to utilise the services or offerings developed by Border to Coast. We will consider this on a case-by-case basis depending on our own needs and challenges.

5.12 In addition to the work outlined above regarding the Border to Coast 2030 Strategy, we continue to engage with our fellow pension funds on options to work more closely together on non-investment areas to support and share learning.

6. NEXT STEPS

6.1. The 2030 Strategy will be recommended by the Border to Coast Board to shareholders for approval over the Summer of 2024. It will also be discussed at the Border to Coast Annual Conference in mid-July 2024.

6.2. Border to Coast engagement with our Fund (alongside the other 10 Pension Funds) on implementing the 2030 Strategy will continue throughout the period of the next strategic phase.

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

TEL NO.: 01642 729040

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

PENSION FUND COMMITTEE REPORT

12 JUNE 2024

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 Peter Moon and William Bourne 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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Investment report for Teesside Pension Fund June 2024

Political and economic outlook

It's been a busy time for democracies on both sides of the pond. Joe Biden must be wondering just what he has to do to ensure a victory over Donald Trump in the Presidential elections in November. The fact that Trump has been convicted of some pretty serious offences does not seem to have dented his popularity at all. Additionally Trump himself, his supporters and his legal team have criticised the legal system and democracy itself in the United States. This is playing fast and loose with hard fought freedoms now enshrined in democracies worldwide. Dangerous territory indeed. The whole worrying farce makes me think that Trump's supporters are the very antithesis of comedy writer Frank Muir's description of Joan Bakewell as "the thinking man's crumpet". Clearly not a phrase that can be used nowadays but justifiable when referring to a man like Trump and by association his supporters.

Meanwhile an election has been called in the UK. When he became prime minister I thought that Rishi Sunak would be a breath of fresh air compared to a number of his predecessors, especially in terms of his political and economic judgement. It beggars belief that apparently an election can be called on the basis of an unexpectedly good CPI inflation number when the Conservative Party is over 20% behind in the opinion polls. It could be that the Prime Minister has been reading your advisors' investment reports and has taken their view that inflation of around 2% is unsustainable. If so I would certainly question his political and economic judgement.

The seemingly unstoppable rise of populism could have a detrimental impact on democracies in Europe and potentially on the European Union.

All this uncertainty puts a strain on the rules based system of world order and on the functioning of democratic governments it could well beckon a sustained period of instability in the world.

World economic growth forecasts are pretty anaemic at around the 3% level. China is supposedly growing at around 5% but this is aided and abetted by some unnecessary construction and government expenditure. Without this expenditure China's growth rate is probably near zero.

The US economy is growing at a modest 2%, below its long term average. Brexit will continue to have a negative impact long-term on UK growth prospects which at the moment is forecast to be a paltry 0.6% in 2024.

The modest growth rate is reflected across the world including the EU, Asia (driven mainly by China) and resource and commodity economies. India, with a forecast growth rate of 6.5%, is doing relatively well and should continue to do so.

Both short term and long-term interest rates look as if they are at or near peaks with declines expected by markets over the next two years.

Inflation should continue to be modest but I expect it to remain above central banks' target levels.

Conflict and instability are still a major concern, with little prospect of a return to a more comfortable environment. The war in Ukraine has turned in Russia's favour and this will force some difficult choices on European countries and NATO. The war in Gaza, and its conduct, will leave long-term scars and will have done nothing to have eased tensions in the Middle East in the future.

Markets

Real interest rates remain low but have increased as inflation has continued to decline. The question is whether they have increased enough

to satisfy buyers when the debt to GDP in most western economies is at a near time high.

10 year UK Index linked gilts have a real yield of about 1.1% which is about half the yield on U.S TIPS. The US index linked market is trading on a yield comparable with those pre- the financial crisis. UK gilts on the other hand are trading at about half the level pre- the global financial crisis.

Developed equity markets are trading at all time highs despite the rising bond yield environment. As I said previously, equity markets don't like uncertainty but at present they seem to be ignoring the perilous political environment and extreme economic imbalances.

It is difficult to see the property market making much progress in a slow economy and higher interest rate environment.

Capital raising has been difficult in the alternatives market and this is likely to be reflected in the performance of this sector.

Portfolio recommendation

.

Although real yields have risen the environment for fixed interest and gilt markets is not particularly attractive and a low weighting should be maintained for these assets.

UK index linked have become more attractive but not yet sufficiently well priced to be purchased.

Equity markets have made good progress in most areas apart from emerging markets. There are clearly uncertain times ahead and the fund has already taken substantial amounts out of equities. The current weighting would seem appropriate until other assets become more attractive.

The property weighting should be maintained until better opportunities present themselves in an improved environment.

The current commitments to alternatives is more than adequate as we have discussed previously.

Given the apparent cash flow deficit because of the nature of the units we hold with Borders to Coast it would be prudent to hold a sufficient cash balance to meet the imbalance.

Peter Moon

3 June 2024



Independent Adviser's Report for Teesside Pension Fund Committee

William Bourne

31st May 2024

Market Commentary

1. Three months ago I reiterated my view that the main long-term risk to the fund remains inflation. In the short term the headline data has continued to fall, but if bond yields or inflation turn out higher than expected western governments will be under pressure from rising debt service costs.
2. Inflation has fallen from the 2022 peaks but is still well above the 2% target in place for most central banks. Among developed economies consumer inflation levels range from 2.6% (E.U.) to 3.4% (U.S.). China is the major outlier, where inflation is only just above zero. Services inflation seems to be the major driver, perhaps caused by labour shortages in some developed countries (e.g. the U.K.)
3. United States economic growth grew by 3.4% in 2023 but slowed in the most recent quarter. The U.S. economy has historically been on a higher growth path than other G7 countries, which may be one reason why its inflation data is higher. However, forward looking data (e.g. Purchasing Managers Indices) suggest that European economies may be improving in relative terms.
4. In contrast China, the world's other engine, has been struggling with deflation, despite relatively loose monetary conditions. 2023 economic growth was 5.2% after 3.0% in 2022. The last six months have seen a significant slowdown, but manufacturing activity data has ticked up more recently.
5. The Japanese yen reached a 34 year low against the USD. The Bank of Japan's policy of keeping interest rates low has led to a significant differential with the U.S. and the yen has become a favoured currency to borrow in. With interest rate cuts in the U.S. looking less likely, there are few catalysts in the short term to change this dynamic. However, the yen is about 30% undervalued in purchasing power parity terms (e.g. the relative prices of a McDonalds' burger).
6. A theme in my recent reports has been the cost of servicing the growing levels of public debt, about 16% of all expenditure for the U.S. and 11% for the U.K. Higher than expected bond yields or inflation would increase the pressure here, and force governments to reduce other expenditure or raise taxes.
7. Geo-politics remains a source of risk, but markets have so far not been greatly disrupted even when there has been a threat to oil supply security, as in the Red Sea. However, the cost of these more localised confrontations to the West will have an impact on both fiscal spending and also on inflation

- governments are rarely price sensitive, especially when it comes to military expenditure.
8. The combination of moderate growth (led by the U.S.), lowish inflation, and loose fiscal and monetary policy remains benign for investors in the short-term. The bond yield curve is still inverted, but much less so than at the beginning of 2024. After 15 months of rising markets, a correction would be normal, but I cannot see an immediate catalyst. Valuations are looking stretched in some areas such as tech. but remain reasonable in others (e.g. small cap., Europe, Japan, Emerging Markets).
 9. Further out the storm clouds are gathering. The U.S. election has the capacity to be a major inflection point as well as introducing a period of uncertainty if there is a handover of power. The new President will have to deal with a primary deficit of 7% and rapidly increasing debt levels. Growth will be a mitigating factor, but bond markets are in my view likely to pick up on the risks to the US\$ here.
 10. In contrast to the U.S. the result of the U.K. election in July probably matters little; whatever its hue, the next government will have the same limited options to deal with the U.K.'s problems. Expect more spending and higher taxes, liberal monetary policy, and little of the strategic thinking which the country needs. For the LGPS the push towards pooling is more likely to accelerate than the reverse.
 11. I therefore expect U.S. ten-year bond yields to test 5% (at the time of writing 4.6%) at some point over the next twelve months and perhaps go significantly higher. Theory says this should have a negative impact on valuations of other asset classes including equities. However, that may be muted by the sheer weight of money needing a home.
 12. In the longer-term (much) higher inflation seems to me to be the inevitable consequence of fiscal incontinence and the growing reliance on short-term financing, especially in the U.S. We are effectively going to the magic money tree. This will have a negative impact on the Fund's future service costs and consequently on liabilities. I therefore recommend that the long-term strategic focus should remain on building up allocations to assets which will help to mitigate this risk. In my view (as I said last time) this includes Index Linked gilts.
 13. The Fund also needs income from its investments to cover the gap between contributions and pension payments. Ensuring this income stream is securely in place under a range of possible scenarios (including higher inflation) should be the other major priority.

TEESSIDE PENSION FUND Q1 2024

Quarterly Report
Prepared: 29th May 2024

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 in 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 and 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 underweight position in offices.

We will seek to extend the weighted average unexpired lease term (WAULT) of the portfolio and diversify 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 investment decision making process and ongoing asset management.

Executive Summary

As at 31st March 2024, the portfolio comprised 34 properties located throughout the UK, with a combined value of £484.3m. This reflects an overall Net Initial Yield of 5.21%, and an Equivalent Yield of 5.82%.

The portfolio comprises principally prime and good secondary assets. High Street retail, retail warehouse and industrial comprise 94% of the Portfolio by capital value. There are 92 demises and a total net lettable area of 2,752,119 sq ft.

The portfolio has a current gross passing rent of £27,084,160 per annum against a gross market rental value of £27,440,162 per annum.

The weighted average unexpired lease term is 10 years to the earlier of the first break or expiry and 10.5 years to expiry, ignoring break dates.

Fund Summary

Total Pension Fund Value (December 2023)	£5,194m
Real Estate Weighting (long term target allocation)	9.3% (10%)
Direct Portfolio Value (March 2024)	£484.3m

Direct Portfolio

Direct Portfolio Value (March 2024)	£484.3m
Number of Holdings	34
Average Lot Size	£14.2m
Number of Demises	92
Void rate (% of ERV) (Estimated UK Benchmark)	0.6% (7.0% – 9.0%)
WAULT to Expiry (break)	10.5 years (10 years)
Current Gross Passing Rent (Per Annum)	£27,084,160
Current Gross Market Rent (Per Annum)	£27,440,162
Net Initial Yield	5.21%
Reversionary Yield	5.62%
Equivalent Yield	5.82%

Portfolio Highlight (Q1 2024) – Lease Re-Gear Brunel Healthcare, Swadlincote, Derbyshire



The Fund completed a Lease Re-gear with its tenant Brunel Healthcare, at Swadlincote. The unit comprises 136,000 sq ft and the existing Lease expired in 4 years. The Re-Gear has created a new unbroken term of 20 years, securing a new rent of £818,000 pa, to be reviewed every 5 years by reference to the CPI Index, at a rate of CPI +1% pa compound.

UK Economic Commentary

- In the three months to March, GDP grew by 0.6%, following a fall of 0.3% in the previous quarter, meaning the UK exited what was a shallow technical recession. Growth has largely been driven by a 0.7% increase in services production output.
- Headline CPI fell 20bps to 3.2% in March, driven by falls in food and restaurant prices while housing and household services costs increased. Core CPI also fell 30bps to 4.2%, but services inflation remained elevated at 6.1%. We expect inflation to fall to the Bank's 2% target in late 2024 / early 2025.
- Unemployment rose slightly to 4.2%, while vacancies fell for the 21st consecutive period. Nominal pay increased by 6.0%, which in real terms equated to 1.9% growth. Positive real wage growth should be encouraging for the outlook, though it may give the Bank of England less incentive to cut rates if it is deemed persistent. Economic inactivity due to long-term illness reached record levels at 2.9m, which could prove a drag on future growth if not addressed.
- If inflation moves to be in line with the Bank's target and interest rates are cut, confidence will return, boosting consumer and business activity. We forecast that GDP will grow by 0.4% and 1.7% in 2024 and 2025 respectively.
- Sustained high mortgage costs remain a burden for many households, and this will continue with more than 1 million mortgages due for refinance before the end of 2024. Homeowners face a potential 300-400bps increase in rates (dependent upon when households are fixed), which could drag on spending power and, thus, the economy.
- The UK General Election is expected to cause limited market disruption due to both major parties' characteristically broad manifestos and similar pro-development and anti-leasehold rhetoric. The impact of the US election is also expected to be limited in the short term, with factors such as dollar strength having a greater effect on the UK market.
- Geopolitical risks remain, particularly around continuing conflicts in the Middle East and Ukraine, which potentially could destabilise energy markets, prop up inflation, delay interest rate cuts, and dampen the growth outlook.

UK Real Estate Market Commentary

- The CBRE Index recorded an 'All Property Total Return' of 1.5% over the 12 months to March 2024, improving from the -4.3% Total Return recorded in the year to December 2023. This has been driven by the drop-out of the significant capital value fall seen in Q1 2023.
- All-Property yields increased by 6bps over Q1 2024, in line with the 0.4% decline in All Property capital values. However, this provides evidence of yield stabilisation after yields expanded by 23bps over Q4 2023. However, some of the outward movement in capital values was offset by rental growth as all UK Property saw rental values increase 0.5% at the All-Property level throughout the quarter. The industrial sector continues to outperform the other sectors, posting rental value growth of 1.0% in Q1 2024, whilst the Retail sector has also shown signs of growth, with rental values rising by 0.4% during the same period. Overall yield expansion continues to be driven by the Office sector, as office capital values decreased by 1.7% throughout the quarter, whilst sectoral rental growth remained flat.
- There was a fall in investment volumes in Q1 2024 when compared to Q4 2023 and Q1 2023, with only £9.9bn of transactions completed. This decline can be attributed to several factors, including real estate investment activity seasonality. On this basis, transaction volumes are down 10% on the £10.9bn recorded for Q1 2023, despite our view that sentiment and activity are improving.
- Foreign investors continue to be a significant presence in the UK real estate market, accounting for 45% of acquisitions by value in Q1 2024. This is a 50% increase from Q1 2023, with North American investors leading the way with a capital share of £2.6bn. This trend underscores the global interest and increases confidence in the UK real estate market.
- Investment activity in the UK real estate market has yet to see a significant improvement, partly due to the continued uncertainty in the economic and geopolitical environment. The high debt costs and challenges in refinancing existing loans also impact investors.

* Based on CBRE Monthly Index, all property total returns to March 2024

Investments

Sales

No sales this period.

Acquisitions

No acquisitions this period.

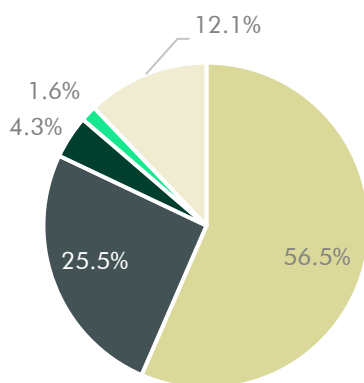
Direct Portfolio Analysis

Top Ten Holdings (by Capital Value)

No.	Asset	Sector	Value	% of Direct Portfolio
1	WASHINGTON - Radial 64	Industrial	£50,250,000	10.4%
2	SWINDON - Symmetry Park	Industrial	£31,600,000	6.5%
3	THORNE - Capitol Park	Industrial	£31,400,000	6.5%
4	LONDON - Long Acre	High Street Retail	£31,000,000	6.4%
5	ST ALBANS - Griffiths Retail Park	Retail Warehouse	£30,500,000	6.3%
6	YEOVIL - Lysander Road	Industrial	£27,750,000	5.7%
7	BIRMINGHAM - Bromford Central	Industrial	£20,400,000	4.2%
8	GATESHEAD - Team Valley	Industrial	£20,200,000	4.2%
9	TONBRIDGE - Tonbridge Retail Park	Retail Warehouse	£19,650,000	4.1%
10	PARK ROYAL - Minerva Road	Industrial	£19,600,000	4.0%
Total			£282,350,000	58.3%

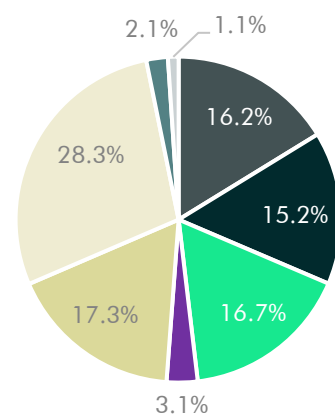
We will seek to extend the weighted average unexpired lease term (WAULT) of the portfolio, as well as diversifying the lease expiry profile. In addition to recommendations on industrial purchases, we may also recommend alternative and long-let investments that offer good covenants, attractive yields and long unexpired terms; these may include hotels, car showrooms, healthcare, leisure, supermarkets and student housing.

Sector Allocation (by Capital Value)



■ Industrial ■ Retail Warehouse ■ Supermarkets
■ Offices ■ High Street Retail

Geographical Allocation (by Capital Value)



■ London ■ South East
■ South West ■ East
■ West Midlands ■ North East

Direct Portfolio Analysis (continued)

Top Ten Tenants (by Contracted Income)

The Portfolio has 92 demises let to 68 tenants. Of the top ten tenants, 80% have an INCANS classification of Medium-Low Risk or better, a strong rating. A summary of the top ten tenants' covenant strength is detailed below.

#	Tenant	Sector	Leases	Contracted Rent p.a.	% of Portfolio Rent	INCANS Global Score	INCANS Category
1	BAE Systems Global Combat Systems Munitions Ltd	Industrial	1	£3,767,977	13.9%	84/100	Medium-Low Risk
2	B&Q Ltd	Retail	3	£2,084,211	7.7%	90/100	Medium-Low Risk
3	Iceland Food Limited	Industrial / Retail	2	£1,892,500	7.0%	65/100	Medium-High Risk
4	Leonardo UK Ltd	Industrial	1	£1,609,659	5.9%	96/100	Low Risk
5	Zara UK Limited	Retail	1	£1,580,000	5.8%	92/100	Medium-Low Risk
6	Omega Plc	Retail	1	£1,413,689	5.2%	94/100	Medium-Low Risk
7	Unipart Logistics Limited	Industrial	1	£1,077,000	4.0%	76/100	Medium-Low Risk
8	Royal Mail Group Limited	Industrial	1	£1,074,000	4.0%	12/100	High Risk
9	Libra Textiles Ltd	Industrial	1	£850,000	3.1%	94/100	Medium-Low Risk
10	Brunel Healthcare Ltd	Industrial	1	£818,000	3.0%	75/100	Medium-Low Risk
Total				£16,167,036	59.7%		

The INCANS Global Score predicts the likelihood that a company will seek credit relief (or worse, go out of business) within the next 12 months. The scale is based on the historical default data from every company in that country over recent history. A higher score indicates a lower probability of failure or default. It can be interpreted as the rough percentile the company sits in against all global companies in terms of their failure risk over all of modern history. e.g. 100/100 means that the company is broadly in the top 1% of all global companies that have existed over modern history.

A key part of the Analysis is the % Probability of Default or "PD Rates". This approach is widely used in the Bond Market for Assessing counterparty default risk. PD rates project the probability that a tenant will fail over the next 1 to 10 years based on corporate failure data from 2007 to today. The Table below shows the PD rates for top 3 bands are very low. In the UK, Very Low Risk tends to be Government or Government Type entities. Similarly, the next Grade, Low Risk, requiring a minimum score of 95, is also very exclusive. The corresponding Corporate Bond ratings are shown for context.

Category	INCANS Global Score	Equivalent Bond Default Risk	1 Yr Default Probability	Tenant Example
Very Low Risk	99-100	AA- to AAA	<0.1%	Transport for London
Low Risk	95-98	A- to A+		EE Limited
Medium-Low Risk	76-94	BBB- to BBB+	0.1% to 0.5%	Marks & Spencer PLC
Medium-High Risk	33-75	BB- to BB+	0.5% to 1.5%	WM Morrison Supermarkets Limited, Tesco
High Risk	5-34	B- to B+	1.5% to 15%	WeWork International Limited
Very High Risk	1-4	CCC- to CCC+	>15%	Cineworld Cinemas Limited

The information used to calculate the INCANS Score is wide ranging. Data including business age, location and line of business are all taken into consideration. INCANS also consider the Principal's experience, and performance of associated businesses, plus ratios taken from Company Accounts (including liquidity, solvency, profitability, debt, late filing and detrimental notes). Businesses regularly mirror the payment habits of businesses they are trading with. Payment trends and percentages of prompt or late payments will affect the Score in addition to comparison with industry payment averages. Finally, INCANS also consider publicly available detrimental information such as County Court Judgements (CCJs), mortgages / charges and the legal pre failure events (administration, receivership, bankruptcy, etc.).

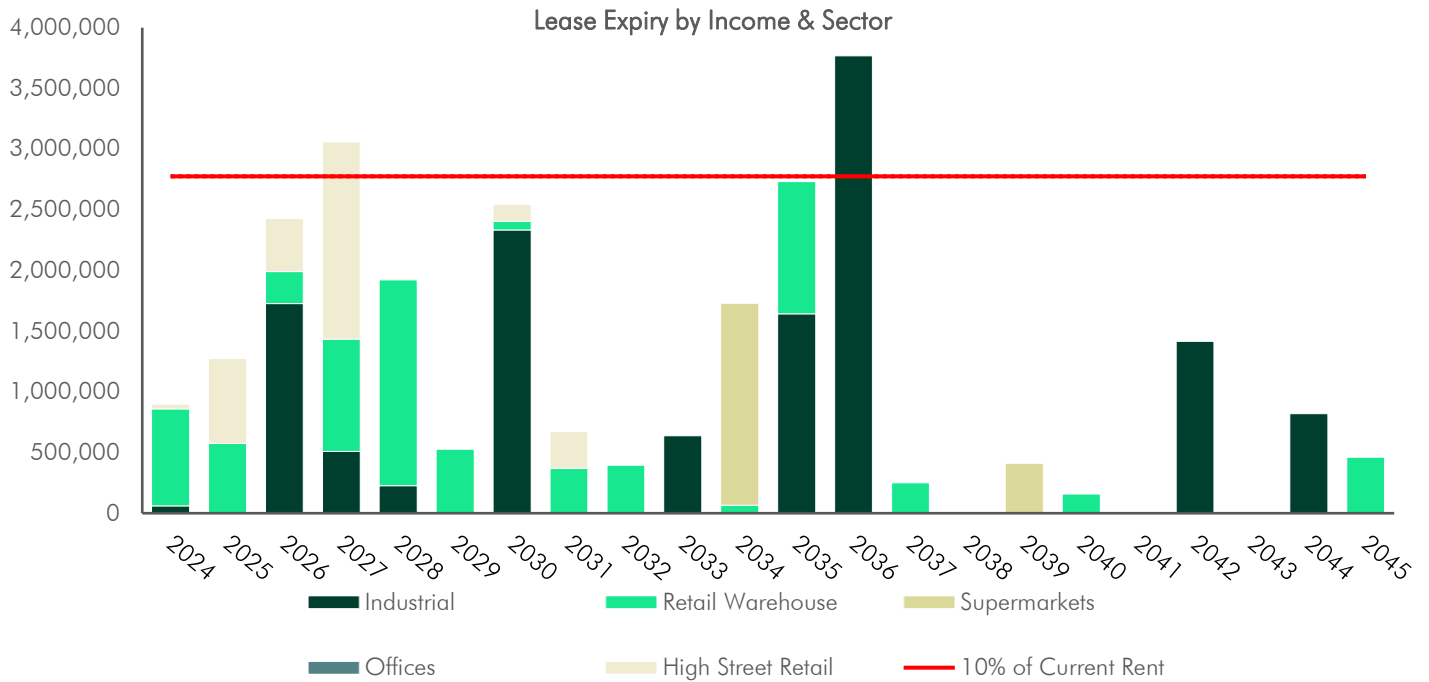
It should also be noted the INCANS Score is dynamic, meaning that it is recalculated every time INCANS receive a new piece of information about an organisation, or when information changes. For example, as the age of an organisation increases its risk typically decreases and the associated Failure Scores will change to reflect this.

To summarise, a classification of Medium to Low Risk, the majority of the Top 10 Teesside Pension Fund tenants, is a strong rating.

Direct Portfolio Analysis (continued)

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.



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 23 – Mar 24			3 Year (p.a.) Mar 21 – Mar 24			5 Year (p.a.) Mar 19 – Mar 24		
	TPF	Index	Variance	TPF	Index	Variance	TPF	Index	Variance
Income Return	5.4%	5.8%	-0.4%	5.1%	5.3%	-0.2%	5.4%	5.5%	-0.1%
Capital Return	-0.6%	-4.1%	+3.5%	3.3%	-2.1%	+5.4%	0.8%	-3.2%	+4.0%
Total Return	4.9%	1.5%	+3.4%	8.7%	3.1%	+5.6%	6.3%	2.1%	+4.2%

* 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 is regularly articulated to the investment market, and we receive a substantial number of investment opportunities each week.

Asset Management Update

Washington, BAE Systems – January 2024

This unit comprises 346,000 sq ft and is let to BAE Systems. The current Lease expires 29 February 2036, with a Break Clause at 2027. The Fund has agreed terms to create a Reversionary lease which will extend the term to December 2042. The Lease will include a Tenant Break Clause, as at December 2037, therefore the Fund will benefit from an unexpired Lease Term of 18 years (ignoring the Break Clause), and 13 years to the Break Date. The current rent of £3.76m pax will continue, and will be subject to annual 3% Uplifts, as set out in the existing Lease. The new Lease is very close to final agreement and Completion.

Unit 1-3, Acre Road Reading – March 2024

The Fund has agreed terms to renew the Lease with Wolseley UK Limited on Unit A, 1-3 Acre Road, Reading. The term is for an additional 5 years at an increased rent of £70,450 per annum (£12.50 per sq ft). The rent will be contracted outside the LTA 1954 Act. The lease will also incorporate institutionally acceptable Environmental, Social, and Governance terms, including an obligation for the tenant to provide performance data collection.

Swadlincote, Brunel Healthcare – March 2024

The Fund has completed the 20-year lease extension with Brunel Healthcare, increasing the term certain by 16 years at a re-based rent of £818,000 per annum. The rent is reviewed in line with RPI collared and capped at 2% and 5%. The tenant benefits from an initial 6 months rent-free on completion of the Lease.

B&M, Ipswich – February 2024

The Fund has agreed terms for a Lease renewal with B&M Retail Limited on a further 10-year term. The rent will be £312,500 per annum with a break option in year 5. The lease is currently being documented.

Portfolio Arrears Update – 29th May 2024

The table below details the collection statistics for Q1 2024. Rent due for the quarter totalled £5,180,899, of which £5,097,677 has been collected, reflecting a difference of £83,222.2.

Collection Milestones	Rent Due 25/03/2024	Quarter Date 25/03/2024	Week 1 01/04/2024	Week 2 08/04/2024	Week 3 15/04/2024	Week 4 22/04/2024	After 22/04/2024	Difference
Total (£)	5,180,899	3,432,577	938,826	565,932	33,750	0.00	126,590	83,222
Collection Target (%)			92.0%	96.0%	98.0%	99.0%		
Total Collections (%)		66.25%	84.38%	95.30%	95.95%	95.95%	98.39%	

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

March 2024 – 98.4%

December 2023 – 99.0%

September 2023 – 99.9%

The total Collectable Arrears on the entire portfolio is **£531,817**.

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 top ten tenants with the greatest arrears. These tenants account for 85.8% (£263,595) of the total collectable arrears:

- **B&Q plc (St Albans)** – Total arrears of £85,155 (16.0% of the collectable arrears). The tenant pays rent monthly and has made 2 payments. This relates to the third monthly rent instalment of the March 2024 quarter. Once paid, they will be in an overall credit position.
- **Active-PCB Solutions Limited (Reading)** – Total arrears of £31,951 (6.0% of the collectable arrears). This sum relates solely to balancing service charge arrears. These charges were raised in January and the tenant is being chased for payment.
- **B&Q plc (Arbroath)** – Total arrears of £27,971 (5.3% of the collectable arrears). This relates solely to service charge arrears and a dispute over charges. A measured survey has been completed, which confirms the new apportionments for all tenants. This has been provided to B&Q service charge consultant. We are chasing for payment.
- **Stark Building Materials UK Limited (Bromford Central)** – Total arrears of £27,681 (5.2% of the collectable arrears). These arrears include rent and service charge for the full March quarter, despite the lease ending on 25 April 2024. Maintenance will be undertaken to this tenant's account, in conjunction with the termination and dilapidations process.
- **Pizza Hut (UK) Limited (Ipswich)** – Total arrears of £25,520 (4.8% of the collectable arrears). The current quarterly rents are being paid monthly. These arrears relate to the arrears during the period of insolvency. Following a meeting with the tenant, there are two minor allocations to be finalised on account. We are aiming to resolve arrears in May 2024.
- **Unipart Logistics Limited (Rugby)** – Total arrears of £23,425 (4.4% of the collectable arrears). The arrears relate to the charged annual insurance premium and their share of the reinstatement cost assessment. We are continuing to chase.
- **Shoe Zone Retail Limited (Congleton)** – Total arrears of £21,551 (4.1% of the collectable arrears). This relates to completion statement discrepancies and the reconciliation of the account for the old and new leases following the completion of the lease renewal. The reconciliation, which is underway, will likely halve the arrears.
- **Pets at Home Limited (Cirencester)** – Total arrears of £21,369 (4.0% of the collectable arrears). These arrears relate mainly to the December quarter service charge and one month's rent from 28 January. The rent has been paid but the tenant has also taken a credit balance. We are working with the tenant to get this resolved.
- **Libra Textiles Limited (Rotherham)** – Total arrears of £21,164 (4.0% of the collectable arrears). These areas relate solely to the recently charged annual insurance premium, which we are continuing to chase.
- **American Dry Cleaning Company Limited (17/23 Gloucester Road)** – Total arrears of £19,040 (3.6% of the collectable arrears). These arrears relate mainly to underpaid rent for the September 2023 and March 2024 quarters. We are continuing to chase.

The remaining £43,552 (14.2% of the collectable arrears) is spread across 41 tenants, ranging from £16,549 to 1p.

Lending Update

Debt Investment Portfolio	Sector	Loan Limit	Drawn Balance	Interest Rate	Fully Drawn Income p.a.	Maturity	LTV	ICR
Chester Greyhound	Retail	£19.5m	£19.5m	3.70%	£0.72m	Nov-2025	59.8%	3.06x
St Arthur Homes	Affordable Housing	£13.9m	£13.9m	4.50%	£0.63m	Nov-2026	54.5%	1.41x
Preston East	Industrial & Logistics	£16.2m	£16.2m	5.21%	£0.84m	Jun-2027	55.4%	1.76x
Total		£49.6m	£49.6m	4.42%	£2.19m			

As at 31 March 2024, the Fund had three committed loans, of which the entirety of the combined £49.6m limits had been drawn. These loans produce a blended return of 4.42%.

With the last change to the Bank of England base rate in August 2023, the consensus market view is that base rate has now peaked and that there will be the first reductions in 2024, although opinion is divided on timing.

The first quarter of 2024 has produced an increase in transactional and loan refinancing opportunities, which is starting to translate into genuine pipeline.

We continue to target loans at the lowest risk end of the market, which can still command strong rates in the 5-6% range fixed for a 3-5 year term. We are also selectively reviewing opportunities to make higher returns on short-term 'transitional' (i.e. business plan led) assets, but only where there is an experienced Sponsor and conservative gearing.

We are continuing to focus on lending opportunities in the £10-45m range with Loan to Value ratios below 60%.

Existing Loan Portfolio

- All existing loans are performing in line with their loan agreements. All are covenant-compliant, and all interest and amortisation payments have been made on time.
- Chester Greyhound:** A £20.0m senior loan to fund Aprirose's acquisition of Greyhound Retail Park, Chester. Ongoing scheduled amortisation has de-levered the loan to £19.5m since completion. In the period, we instructed a revaluation of the scheme, which showed a slight increase of value to £32.6m (vs £32.5m previously).
- St Arthur Homes:** A £16.0m loan to support the refinance of a 178-unit shared ownership portfolio. The fifth and final drawdown took place in December 2023, capping the maximum loan amount at £14.1m. The balance of the headroom was cancelled after this drawdown, and a number of 'staircasing' events (where shared owners buy additional shares in their property) have subsequently produced a small element of further capital repayment. This is reflected in the figures above.
- Preston East:** A £16.2m loan secured against 3x long-let, Grade A logistics units near Preston. The first tranche of £6.4m drew down in August and the second and final tranche of £9.8m drew down in December 2023.



Greyhound Retail Park, Chester



St Arthur Homes - Chapel Riverside, Southampton (24 units)

Responsible Investment Initiatives

Environmental, Social, and Governance (ESG) criteria are increasingly prominent in investment decision-making and will influence the attractiveness of investments going forward. CBRE will ensure that responsible investment is 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 relevance of each of the ESG factors below. As the importance of ESG grows, we will expand upon these with portfolio-level principles and asset-specific initiatives.

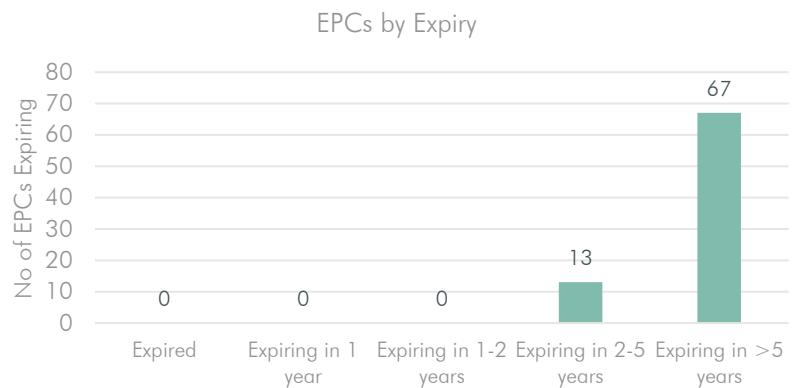
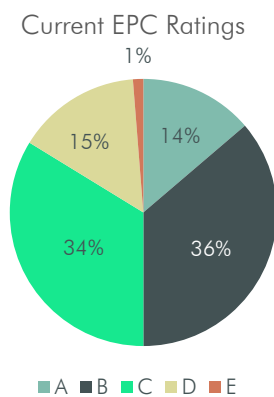
Environmental – sustainable factors will continue to play a part in the definition of ‘prime’ real estate, and buildings that don’t meet the increasingly competitive standards are likely to become obsolete faster. Occupiers will demand that their buildings adhere to the highest environmental standards.

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 regulations 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:



Fund Advisor Contacts

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 11

PENSION FUND COMMITTEE REPORT

12 JUNE 2024

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.

CONTACT OFFICER: Graeme Hall (Head of Public Sector Relations, XPS Administration)

TEL. NO.: (01642) 030643

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Teesside Pension Fund

Performance Delivery Report

2023-2024

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01 Overview

02 Member Movement

03 Member Self Service

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05 Customer Service

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01 Overview

Regulations and Guidance

Annual Report Guidance 2024

Updated guidance for preparing the fund annual report can be found on the Guidance page of the Scheme Advisory Board's website. This is the first publication which has been reviewed and jointly approved by the SAB's Compliance and Reporting Committee (CRC), the Chartered Institute of Public Finance and Accountancy (CIPFA) Public Finance Management Board and the Department for Levelling Up, Housing and Communities (DLUHC). It replaces the 2019 guidance produced by the CIPFA Pensions Panel, which was disbanded in 2021. The SAB, CIPFA and DLUHC would like to acknowledge the contribution of all those involved in the production of the new guidance.

The guidance applies to 2023/24 annual reports which are due for publication by 1 December 2024, and later years. The guidance states administering authorities should use their best endeavours to comply fully with the requirements for the 2023/24 annual report but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost. The guidance will be kept under regular review.

Audit information note being finalised

The SAB and the Institute of Chartered Accountants in England and Wales (ICAEW) have jointly commissioned an information note. The note sets out the timeline and information flow for the triennial valuation, audit and accounting processes in the LGPS. It explains the current accounting requirements, information flows, valuation processes and the various roles of actuaries, employers, and administering authorities during key times.

The document is being finalised, following feedback from the SAB's audit roundtable on 17 April 2024, and will be made available.

Cost control assessment complete

The Government Actuary's Department has recently published the 2020 cost control valuation for the LGPS (England and Wales).

The valuation found the core 'cost cap cost' falls outside the 3 per cent corridor - 3.2 per cent below target cost. The new 'economic cost cap cost' also falls outside the 3 per cent corridor though in the other direction - 7.3 per cent above target cost. As a result, the mechanism as a whole is not breached and the Government is not proposing to make any changes to scheme benefits.

The SAB is required to undertake a scheme cost assessment and the final report will be published shortly. However, the Board has already seen the initial results and agreed not to recommend to the Secretary of State any changes to benefits through that process.

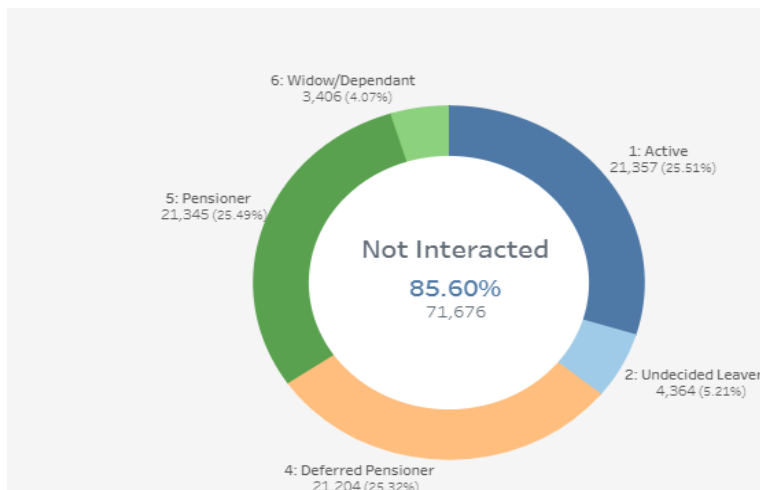
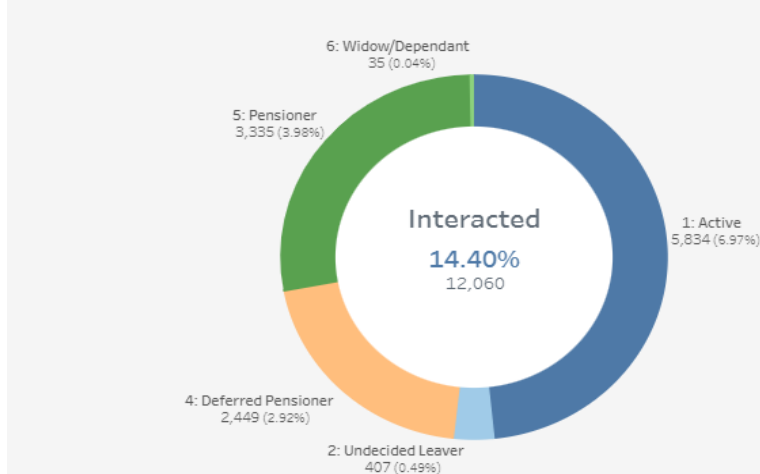
02 Membership Movement

	Actives		Deferred		Pensioner		Widow/Dependent	
Q4 2023/24	26,220	▲	28,180	▲	24,384	▲	3,429	▲
Q3 2023/24	26,040	▲	28,101	▼	24,321	▲	3,427	▲
Q2 2023/24	25,921	▼	28,186	▲	24,136	▲	3,424	▲
Q1 2023/24	27,074	▲	27,542	▲	23,834	▲	3,392	▲
Q4 2022/23	26,194	▲	27,284	▲	23,581	▲	3,344	▲

03 Member Self Service

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

Membership by Interaction With MSS & Member Status



Membership by MSS Authorisation Status & Member Status

	Interacted							Not Interacted	Grand Total
	Account Activated by Email	Disabled	Password & Security Q Reset Issued	Password Reset Issued	Registered	Security Q Reset Issued	Not Registered		
1: Active	804	62	4	164	4,793	7	21,357	27,191	
2: Undecided Leaver	72	6		7	321	1	4,364	4,771	
4: Deferred Pensioner	373	19	1	58	1,992	6	21,204	23,653	
5: Pensioner	349	74	1	87	2,817	7	21,345	24,680	
6: Widow/Dependant	4				31		3,406	3,441	
Grand Total	1,602	161	6	316	9,954	21	71,676	83,736	

04 Pension Regulator Data Scores

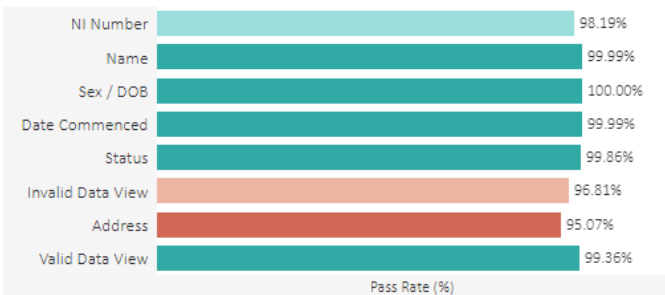
Common Data

Following an investment in a new reporting tool for our pensions administration software, Altair, the reporting for Common Data has changed and is now shown via the below table:

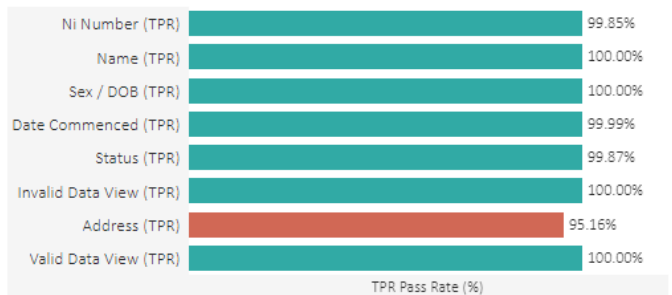
Data Quality | Summary

108,837	99,591	91.5%	96.6%
Members Tested	Members Passed All Tests	Pass Rate %	TPR Pass Rate %

Pass Rate % by Test Category



TPR Pass Rate % by Test Category



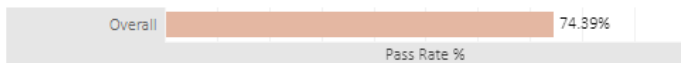
Scheme Specific Data

Following an investment in a new reporting tool for our pensions administration software, Altair, the reporting for Scheme Specific Data is now available. The below chart provides an overview on this score for the Teesside Pension Fund:

LGPS Scheme Specific Data Quality | Overall Summary

148,508	84,950	38,032	74.39%	76.30%
Member Records	Members Tested	Members Failed	Pass Rate %	TPR Pass Rate %

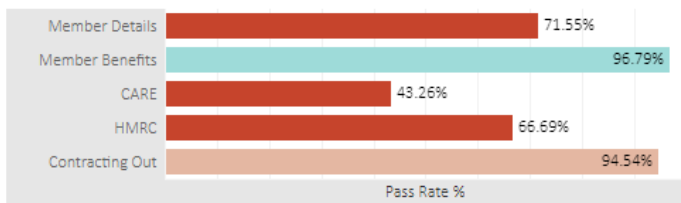
Grand Total | Pass Rate %



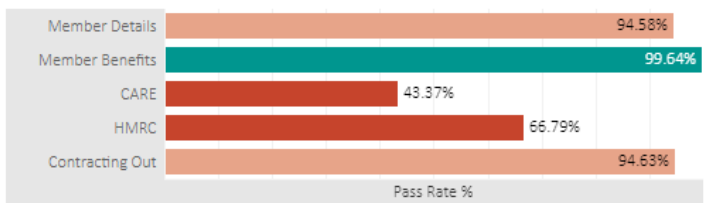
Grand Total | TPR Pass Rate %



Grand Total | Pass Rate % by Test Category



Grand Total | TPR Pass Rate % by Test Category



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 2026, so in advance of this, the scheme data must be tested and where necessary, brought up to the requisite standards required.

05 Customer Service

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

A summary of the main points are as follows:

Issued	Returned	%
16,162	3,066	18.97

Question	Previous Response*	Current Response*
1. It was easy to see what benefits were available to me	4.27	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

Communications

A 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

Pension awareness sessions and employer training sessions continue with a positive uptake and response. Sessions on tax will commence shortly now the Pension Saving Statements have been issued. Processing of new admissions to the fund is ongoing with the new standardised passthrough approach being adopted.

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
Apr-23	10	140	7.00%	6	4
May-23	4	140	3.00%	1	3
Jun-23	7	142	5.00%	5	2
Jul-23	3	144	2.00%	0	3
Aug-23	3	144	2.00%	0	3
Sep-23	4	143	3.00%	0	4
Oct-23	6	143	5.00%	2	4
Nov-23	4	143	3.00%	0	4
Dec-23	3	143	3.00%	0	3
Jan-24	7	135	5.19%	7	0
Feb-24	2	129	1.55%	2	0
Mar-24	0	124	0.00%	0	0

06 Completed Cases Overview

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	450	450	0	100.00%
Quarter 1	1,283	1,283	0	100.00%
July	382	382	0	100.00%
August	497	496	1	99.80%
September	532	528	4	99.25%
Quarter 2	1,411	1,406	5	99.65%
October	529	528	1	99.81%
November	586	586	0	100.00%
December	489	489	0	100.00%
Quarter 3	1,604	1,603	1	99.94%
January	582	582	0	100.00%
February	742	742	0	100.00%
March	896	896	0	100.00%
Quarter 4	2,220	2,220	0	100.00%
Year - Total	6,518	6,512	6	99.91%

2024/25

Teesside Pension Fund	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
LG Team – Admin Manager Mathew Spurrell				
April	805	805	0	100.00%
May	0	0		
June	0	0		
Quarter 1	805	805	0	100.00%

07 Completed Cases by Month

February 2024

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%	3.92	142	0	142	142	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	8.24	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%	4.89	28	0	28	28	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4.73	442	0	442	442	
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	6	98.75%	100%	3.45	101	0	101	101	
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 2024

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%	0.90	319	0	319	319	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100.00%	6.82	50	0	50	50	
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%	100.00%	5.00	4	0	4	4	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.00%	4.41	465	0	465	465	
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100.00%	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%	N/A	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%	100.00%	3.43	58	0	58	58	
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100.00%	N/A	N/A	N/A			
All calculations and payments are correct.	Monthly		98.75%	100.00%	N/A	N/A	N/A			

April 2024

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%	1.36	372	0	372	372	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100.00%	6.30	37	0	37	37	
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%	100.00%	4.93	15	0	15	15	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.00%	4.89	264	0	264	264	
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100.00%	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%	N/A	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%	100.00%	3.70	117	0	117	117	
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100.00%	N/A	N/A	N/A			
All calculations and payments are correct.	Monthly		98.75%	100.00%	N/A	N/A	N/A			

08 Complaints

Overview	Outcome



Graeme Hall
Head of Public Sector Relations
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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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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