Legal and Governance

TEESSIDE PENSION FUND COMMITTEE

Date: Wednesday 25th September, 2024
Time: 11.00 am
Venue: Mandela Room

AGENDA

1. Welcome and Fire Evacuation Procedure

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

2. Apologies for Absence

3. Declarations of Interest

   To receive any declarations of interest.

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 17 September 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, Scarborough, Ms J Flaws and Mr T Watson

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Claire Jones/Susan Lightwing, 01642 729112/01642 729712, claire_jones@middlesbrough.gov.uk/susan_lightwing@middlesbrough.gov.uk

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 17 July 2024.

PRESENT: Councillors J Kabuye (Chair), J Rostron (Vice-Chair), J Ewan, D Coupe, T Furness, J Beall, M Scarborough and Mr T Watson

ALSO IN ATTENDANCE: T Backhouse (Mazars)

OFFICERS: S Lightwing, C Jones, N Orton and J Weston

APOLOGIES FOR ABSENCE: Councillors D Branson, S Hill, D Jackson, M Fairley and Ms J Flaws

24/15 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

24/16 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item / Nature of Business
Councillor Beall	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Coupe	Disclosable personal interest	Non-Executive Director of Border to Coast Pensions Partnership LTD.
Councillor Ewan	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non-Pecuniary	Member of Teesside Pension Fund

24/17 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 12 JUNE 2024**

The minutes of the meeting of the Teesside Pension Fund Committee held on 12 June 2024 were taken as read and approved as a correct record.

24/18 **DRAFT ANNUAL PENSION FUND ACCOUNTS 2023/24**

The Head of Pensions, Governance & Investments presented the Members of the Teesside Pension Fund Committee with the 2023/24 draft unaudited accounts for the Teesside Pension Fund and to provide an update on the revised format required for the Pension Fund Annual Report.

The overall financial performance of the Fund for the year to 31 March 2024 was very positive. The Fund's value rose to £5.477 billion, an increase over the year of approximately £413 million, over 8%. This increase in value was mainly a result of equity market performance, which was positive for the year as a whole. The Fund was two years into the current triennial valuation cycle. The Fund's asset value as at 31 March 2025 would be used by the Fund actuary when calculating the three-yearly valuation of the Fund. The value of the Fund's assets was currently increasing broadly in line with the actuary's expectations at the last valuation. Although welcome news, it was important to recognise the long-term nature of the Fund and the volatility of many of its assets meant that the actuary would look beyond just the immediate value of the assets when carrying out the valuation. In addition, the size of the Fund's liabilities (the cost of paying current and future benefits) was just as important when carrying out the valuation and setting employer contribution rates. Factors such as the actuary's view of future inflation rates, future investment returns and life expectancy expectations would play a key part in the actuary's valuation calculations.

Total membership of the Fund had increased, with total membership at the year-end standing at 82,213 an increase of 1,875 over last year. The number of active members had remained broadly similar, increasing by just 22 or 0.08% over the year, and increased by 11.9% over the past four years. The number of pensioners increased by 898 or 3.3% over the year and increased by 12.8% over the past four years. The number of deferred members had increased by 955 or 3.5% over the year and increased by 20% over the past four years.

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

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

It was noted that the Pension Fund Accounts were presented in draft form and, whilst the main numbers and outcomes were not expected to change, changes may be needed as further review takes place. In addition, the audit process was not complete and further changes may be required as a consequence of this.

The Pension Fund Annual Report is currently being prepared so as to comply as far as possible with the new guidance. A final draft will be presented to the 25 September Pension Fund Committee for approval and to the 25 November Teesside Pension Board for noting before publication by 1 December 2024.

A Member praised the current performance and queried the problems other bodies such as Cleveland Fire Brigade have had in terms of delays of audited accounts and the delay in the pension fund being given as a reason for this.

It was explained that currently, Middlesbrough Council's accounts for 2021/22, 2022/23 and 2023/24 had not been signed off by the Auditor due to a number of reasons, including Auditor availability. It was noted that the accounts had now moved from EY to Mazars and the Pension Fund and Council accounts should complete in early 2025 to ensure both audits can be signed -off within the year.

The previous government looked to address the issue of the audit backlog, which had affected Local Authorities nationally, by implementing a cut-off date where a line would be drawn and the accounts not completed would not require sign-off. The election being called had stopped that legislation being implemented, however it was anticipated that the new government would consider this in the upcoming weeks.

ORDERED: that the information provided was received and noted.

24/19 **RESPONSE TO GOVERNMENT LETTER ON POOLING**

The Head of Pensions, Governance and Investments presented a report to provide Members of the Teesside Pension Fund Committee with a copy of a letter the previous government sent to the Chief Executives and Section 151 Officers of all Local Government Pension Scheme (LGPS) administering authorities in England, together with a draft response, and asked for any comment on the response.

The letter asked the following questions, focussing on two themes: how LGPS Funds have been complying with the expectation that they will pool their investments, and whether the LGPS would be more effective and efficient if wider collaboration took place:

1. How your fund will complete the process of pension asset pooling to deliver the benefits of scale.

- What proportion of assets have been pooled in your chosen LGPS asset pool? Is your fund on track to pool all listed assets by March 2025, and if not, what are the barriers to this?
- Is there scope for minimising waste and duplication by making use of your LGPS asset pool's services and expertise in reporting and development of the pensions investment strategy? What is your expenditure on pensions investment consultancy?
- Does your LGPS asset pool have an effective, modern governance structure in place, which is able to deliver timely decisions and ensure proper oversight? If not, what steps are you taking to make your pool's governance more effective?

2. How you ensure your LGPS fund is efficiently run, including consideration of governance and the benefits of greater scale.

- Does your LGPS fund have effective and skilled governance in place, which is able to hold officers, service providers and the pool to account on performance and efficiency?
- Would you be likely to achieve long-term savings and efficiencies if your LGPS fund became part of a larger fund through merger or creation of a larger pensions authority?”

A draft response to the letter was attached with the following key points to note:

- The Fund has made good progress towards pooling its investments: 57% of the Fund is invested through Border to Coast.
- Efficiencies have already been achieved through working collaboratively with Border to Coast, and we are working with the company and our Partner Funds to explore other areas where further joint working could provide benefits.
- We are confident that the governance structure the pool has is fit for purpose, but will continue to collectively consider, alongside our Partner Funds, whether and how it could be improved.
- The Fund is effectively and professionally run, with access to appropriate external advice and support.
- The issue of fund mergers has not been specifically considered by the Council (as administering authority). Such options would need to be carefully evaluated from a cost-benefit and risk-reward perspective, ensuring any change does not compromise our ability to provide the best service for our members, employers and taxpayers, as a key and visible part of the local community.

It was noted that although the government has changed since the letter was sent, the questions set out in the letter are still likely to be relevant to the new administration. This made it important and relevant for the Fund to provide a response.

ORDERED: that the Committee agreed the draft response and it was be sent to the government by the 19 July 2024 deadline.

24/20 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 5

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 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 APRIL - JUNE 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.

<u>The Fund has no investments in Bonds at this time.</u>

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

<u>Cash level at the end of June 2024 was 3.44%</u>

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 £67m 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 April 2024 – 30 June 2024.

5.2 There were net purchases of £66m in the period.

6. TREASURY MANAGEMENT

6.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice (the Code) sets out how cash balances should be managed. The Code states that the objective of treasury management is the management of the Authority's cash flow, its borrowings and investments, in such a way as to control the associated risks and achieve a level of performance or return consistent with those risks. The security of cash balances invested is more important than the interest rate received.

6.2 Middlesbrough Council adopted the Code on its inception and further determined that the cash balances held by the Fund should be managed using the same criteria. The policy establishes a list of counterparties (banks, building societies and others to whom the Council will lend) and sets limits as to how much it will lend to each counterparty.
The counterparty list and associated limits are kept under constant review by the Director of Finance.

6.3 Although it is accepted that there is no such thing as a risk-free counterparty, the policy has been successful in avoiding any capital loss through default.

6.4 As at 30 June 2024, the Fund had £191m invested with approved counterparties. This is a decrease of £7m over the last quarter.

6.5 The attached graph (Appendix B) shows the maturity profile of cash invested. It also shows the average rate of interest obtained on the investments for each time period.

6.6 Delegated authority was given to the Director of Finance by the Teesside Pension Fund Committee to authorise/approve any changes made to the Treasury Management Principles (TMPs), with subsequent reporting to this committee.

7. FUND VALUATION

7.1 The Fund Valuation details all the investments of the Fund as at 30 June 2024, and is prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, is **£5,524 million.** The detailed valuation attached as Appendix C is also available on the Fund's website www.teespen.org.uk. This compares with the last reported valuation, as at 31 March 2024 of **£5,468 million**.

7.3 A summary analysis of the valuation (attached with the above), shows the Fund's percentage weightings in the various asset classes as at 30 June 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:

<table>
<tr><th>Asset Class</th><th>Long Term Target
SAA</th><th>Current
30/06/24</th><th>Minimum</th><th>Maximum</th></tr>
<tr><td>GROWTH ASSETS</td><td>75%</td><td>83.98%</td><td>55%</td><td>95%</td></tr>
<tr><td>UK Equities</td><td>10%</td><td>11.00%</td><td rowspan="2">40%</td><td rowspan="2">80%</td></tr>
<tr><td>+Overseas Equities</td><td>45%</td><td>49.26%</td></tr>
<tr><td>Property</td><td>10%</td><td>9.89%</td><td>5%</td><td>15%</td></tr>
<tr><td>Private Equity</td><td>5%</td><td>10.13%</td><td>0%</td><td>10%</td></tr>
<tr><td>Other Alternatives</td><td>5%</td><td>3.70%</td><td>0%</td><td>10%</td></tr>
<tr><td>PROTECTION ASSETS</td><td>25%</td><td>15.57%</td><td>5%</td><td>45%</td></tr>
<tr><td>Bonds / Other debt / Cash</td><td>15%</td><td>5.74%</td><td rowspan="2">5%</td><td rowspan="2">45%</td></tr>
<tr><td>Infrastructure</td><td>10%</td><td>9.83%</td></tr>
</table>

(Local Investments account for the missing 0.5% in the "current" totals - there is no allocation within the SAA for these assets)

8.4 **EQUITIES**

As at the 30 June 2024 the Fund's equity weighting was 60.26% compared to 60.92% at the end of March 2024.

Redemptions of £75m in total, were made from the Border to Coast Overseas Developed Market and UK Listed Equity Funds.

I t has been agreed between the Investment Advisers and the Head of Pensions Governance & Investments that the Fund will disinvest from our State Street (SSGA) Passive Equity Funds.

There are a number of reasons why this decision was made:

- The Advisers concern over the lack of liquidity within the Fund – 50% of the redemption proceeds will be kept as cash.
- To reduce our overweight in equities.
- To further comply with the Governments directive of pooling assets by 2025 – 50% will be transferred to the Border to Coast Overseas Developed Equity Fund.
- Our preference is for active over passive management, and the positive track record of Border to Coast's Overseas Developed Equity Fund gives confidence that we no longer require a passive equity holding.

The redemptions from SSGA have started with the proceeds coming back to the fund, (approximately £340m will be returned as cash), they will be completed over the coming quarter and reported to the Committee. The transfer of £330m to the Border to Coast Overseas Equity Fund will complete in September.

Summary of equity returns for the quarter 1 April 2024 – 30 June 2024:

Asset	Fund Performance	Benchmark	Excess Return
BCPP UK	3.14%	3.73%	-0.58%
BCPP Overseas	2.33%	1.23%	1.10%
BCPP Emerging Market	5.21%	5.65%	-0.45%
SSGA Pacific	1.04%	1.07%	-0.03%
SSGA Japan	-4.69%	-4.72%	0.03%
SSGA Europe	-0.12%	-0.40%	0.28%
SSGA North America	3.85%	3.74%	0.11%

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

8.5 BONDS + CASH

The Fund has no investments in bonds at this time, the level of cash invested is 3.44%. 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 August 2024 total commitments to private equity, infrastructure, other alternatives and other debt were £1,963m, as follows:

	Total committed	Total Invested
Border to Coast Infrastructure	£500m	£258m
Other Infrastructure Managers	£317m	£288m
Border to Coast Private Equity	£400m	£179m
Other Private Equity Managers	£364m	£274m
Other Alternatives	£251m	£191m
Other Debt	£131m	£131m
Totals	**£1,963m**	**£1,321m**

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

TEL NO.: 01642 729040

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Settlement Date	Buy / Sell	Stock Name	Country/Category	Sector/Country	Nominal Amount of Shares	Price	CCY	Purchase Cost / Sale Proceeds £	Book Cost of Stock Sold	Profit/ (Loss) on Sale
						(P)		(£)	(£)	(£)
04 April 2024	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	133,282.49	133,282.49	0.00
04 April 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	433,737.60	433,737.60	0.00
04 April 2024	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-6,074.70	-6,074.70	0.00
08 April 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	523,768.32	523,768.32	0.00
08 April 2024	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-13,370.32	-13,370.32	0.00
09 April 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	1,571,627.54	1,571,627.54	0.00
09 April 2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	-323,085.36	-323,085.36	0.00
10 April 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-14,468.74	-14,468.74	0.00
11 April 2024	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-1,219,542.39	-1,219,542.39	0.00
15 April 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	GBP	-71,785.85	-71,785.85	0.00
16 April 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	313,854.13	313,854.13	0.00
16 April 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	65,839.36	65,839.36	0.00
17 April 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	264,434.34	264,434.34	0.00
19 April 2024	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	802,317.46	802,317.46	0.00
22 April 2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	122,212.52	122,212.52	0.00
22 April 2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-105,814.60	-105,814.60	0.00
23 April 2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	183,042.43	183,042.43	0.00
23 April 2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-174,109.77	-174,109.77	0.00
24 April 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-11,026.07	-11,026.07	0.00
25 April 2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	3,807,362.78	3,807,362.78	0.00
29 April 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	19,641.05	19,641.05	0.00
30 April 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	-15,141.02	-15,141.02	0.00
07 May 2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	7,684,543.60	7,684,543.60	0.00
08 May 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	1,800,921.03	1,800,921.03	0.00
08 May 2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	-22,787.25	-22,787.25	0.00
08 May 2024	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	9,357.38	9,357.38	0.00
08 May 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-75,651.72	-75,651.72	0.00
09 May 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	-127,254.87	-127,254.87	0.00
09 May 2024	P	Gresham House British Sustainable Infrastructure Fund II	Infrastructure	Infrastructure	~	~	GBP	2,322,024.70	2,322,024.70	0.00
13 May 2024	P	ACIF Infrastructure II SCS-RAIF	Infrastructure	Infrastructure	~	~	EUR	770,735.99	770,735.99	0.00
13 May 2024	S	ACIF Infrastructure II SCS-RAIF	Infrastructure	Infrastructure	~	~	EUR	-12,041.41	-12,041.41	0.00
14 May 2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	189,926.27	189,926.27	0.00
14 May 2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-38,474.14	-38,474.14	0.00
14 May 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	1,247,598.94	1,247,598.94	0.00
16 May 2024	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-161,974.23	-161,974.23	0.00
16 May 2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	53,392.91	53,392.91	0.00
21 May 2024	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	-611,431.32	-611,431.32	0.00
21 May 2024	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	20,818.58	20,818.58	0.00
24 May 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	63,798.23	63,798.23	0.00
24 May 2024	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-4,695.38	-4,695.38	0.00
28 May 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	76,116.73	76,116.73	0.00
30 May 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	3,051,233.82	3,051,233.82	0.00
04 June 2024	P	Border to Coast Private Equity Series 2B	Infrastructure	Infrastructure	~	~	USD	306,596.02	306,596.02	0.00
05 June 2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	6,958,240.85	6,958,240.85	0.00
07 June 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	182,734.27	182,734.27	0.00
12 June 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	29,616.78	29,616.78	0.00
12 June 2024	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-3,723.37	-3,723.37	0.00
12 June 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	429,047.15	429,047.15	0.00
12 June 2024	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-21,308.95	-21,308.95	0.00
18 June 2024	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	110,619.36	110,619.36	0.00
18 June 2024	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	231,166.23	231,166.23	0.00
20 June 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	7,684.10	7,684.10	0.00
21 June 2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	EUR	284,813.22	284,813.22	0.00

24 June 2024	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	3,445,115.21	3,445,115.21	0.00
24 June 2024	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	243,750.69	243,750.69	0.00
26 June 2024	P	Foresight Energy Infrastructure Partnership	Infrastructure	Infrastructure	~	~	EUR	408,917.67	408,907.67	0.00
27 June 2024	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-258,488.40	-258,488.40	0.00
27 June 2024	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	203,162.38	203,162.38	0.00
27 June 2024	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	EUR	-152,304.47	-152,304.47	0.00
27 June 2024	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	232,715.23	232,715.23	0.00
28 June 2024	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	743,251.30	743,251.30	0.00
28 June 2024	P	ACIF Infrastructure II LP	Infrastructure	Infrastructure	~	~	EUR	647,358.30	647,358.30	0.00
								36,551,822.63		
28 June 2024	P	Teesside Flexible Investment Fund	Local Investments	Local Investments	~	~	GBP	19.00	19.00	0.00
								19.00		
02 April 2024	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	108,010.42	108,010.42	0.00
02 April 2024	S	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	-10,604.75	-10,604.75	0.00
05 April 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	EUR	459,262.23	459,262.23	0.00
09 April 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	185,483.86	185,483.86	0.00
09 April 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	27,975.69	27,975.69	0.00
22 April 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	1,954,148.49	1,954,148.49	0.00
22 April 2024	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	-346,601.64	-346,601.64	0.00
01 May 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	801,601.03	801,601.03	0.00
03 May 2024	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	GBP	-22,068.16	-22,068.16	0.00
07 May 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	359,135.62	359,135.62	0.00
07 May 2024	S	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	-64,553.22	-64,553.22	0.00
17 May 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	USD	337,836.26	337,836.26	0.00
23 May 2024	P	Border to Coast Climate Opportunities 2A	Other Alternatives	Other Alternatives	~	~	GBP	132,850.19	132,850.19	0.00
31 May 2024	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	GBP	346,385.61	346,385.61	0.00
31 May 2024	P	La Salle Real Estate Debt Strategies IV	Other Alternatives	Other Alternatives	~	~	EUR	457,323.29	457,323.29	0.00
31 May 2024	P	Hearthstone Residential Fund 2 LP	Other Alternatives	Other Alternatives	~	~	GBP	1,314,906.52	1,314,906.52	0.00
04 June 2024	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	3,322,904.90	3,322,904.90	0.00
04 June 2024	S	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	USD	-10,900.30	-10,900.30	0.00
19 June 2024	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	GBP	226,928.92	226,928.92	0.00
26 June 2024	P	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	GBP	3,196.95	3,196.95	0.00
26 June 2024	S	Border to Coast Climate Opportunities Series 2A	Other Alternatives	Other Alternatives	~	~	GBP	-111,427.30	-111,427.30	0.00
								9,471,794.62		
22 April 2024	S	Greyhound Retail Park, Chester	Other Debt	Other Debt	~	~	GBP	-109,375.00	-109,375.00	0.00
22 April 2024	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-5,537.42	-5,537.42	0.00
24 May 2024	S	Pantheon Private Debt PSD II	Other Debt	Other Debt	~	~	USD	-958,753.72	-958,753.72	0.00
28 June 2024	S	Pantheon Private Debt PSD II	Other Debt	Other Debt	~	~	USD	-195,739.55	-195,739.55	0.00
28 June 2024	P	Titan - Investors Loan for Hogmoor House, Templars Way, Bordon	Other Debt	Other Debt	~	~	GBP	10,983,472.00	10,983,472.00	0.00
								9,714,066.31		
24 May 2024	S	Border to Coast Overseas Developed Markets Equity Fund	Overseas Equities	Overseas Developed M	-13,537,314.09	184.83	GBP	-25,021,017.65	-18,716,344.77	6,304,672.88
31 May 2024	P	Border to Coast Emerging Market Hybrid Fund	Overseas Equities	Overseas Developed M	~	~	GBP	5,604,564.53	5,604,564.53	0.00
31 May 2024	P	Border to Coast Overseas Developed Markets Equity Fund	Overseas Equities	Overseas Developed M	~	~	GBP	38,044,706.63	38,044,706.63	0.00
21 June 2024	S	Border to Coast Overseas Developed Markets Equity Fund	Overseas Equities	Overseas Developed M	-13,362,492.96	187.25	GBP	-25,021,268.07	-18,474,641.54	6,546,626.53
								-6,393,014.56		
04 April 2024	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-87,862.48	-87,862.48	0.00

09 April 2024	S	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	~	~	USD	-163,894.50	-163,894.50	0.00
09 April 2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	~	~	USD	94,327.84	94,327.84	0.00
11 April 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	31,841.94	31,841.94	0.00
11 April 2024	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-3,097.08	-3,097.08	0.00
11 April 2024	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-208,287.50	-208,287.50	0.00
11 April 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	9,338.12	9,338.12	0.00
12 April 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	718,945.98	718,945.98	0.00
12 April 2024	S	Foresight Regional Investment IV LP	Private Equity	Private Equity	~	~	GBP	-89,773.00	-89,773.00	0.00
12 April 2024	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	~	~	GBP	194,782.35	194,782.35	0.00
12 April 2024	P	Crown Secondaries Special Opportunities II	Private Equity	Private Equity	~	~	USD	480,245.96	480,245.96	0.00
15 April 2024	P	Unigestion Secondary V	Private Equity	Private Equity	~	~	EUR	4,274,358.50	4,274,358.50	0.00
16 April 2024	P	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	726,673.50	726,673.50	0.00
16 April 2024	P	Crown Co-Investments Opportunities III	Private Equity	Private Equity	~	~	USD	1,446,746.12	1,446,746.12	0.00
16 April 2024	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-141,928.68	-141,928.68	0.00
17 April 2024	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	-178,304.96	-178,304.96	0.00
18 April 2024	S	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	~	~	EUR	-87,305.53	-87,305.53	0.00
18 April 2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	~	~	EUR	21,119.03	21,119.03	0.00
22 April 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	779,480.18	779,480.18	0.00
23 April 2024	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-5,210.85	-5,210.85	0.00
24 April 2024	P	Foresight Regional Investment IV LP	Private Equity	Private Equity	~	~	GBP	276,338.45	276,338.45	0.00
24 April 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	1,183,806.58	1,183,806.58	0.00
25 April 2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	~	~	USD	395,117.16	395,117.16	0.00
26 April 2024	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-569,183.97	-569,183.97	0.00
26 April 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	489,573.86	489,573.86	0.00
02 May 2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	140,373.39	140,373.39	0.00
02 May 2024	P	Hermes GPE - Innovation Fund	Private Equity	Private Equity	~	~	GBP	204,204.83	204,204.83	0.00
07 May 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	65,003.26	65,003.26	0.00
07 May 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	466,274.42	466,274.42	0.00
08 May 2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	170,311.75	170,311.75	0.00
08 May 2024	S	Pantheon Global Co-Investment Fund IV	Private Equity	Private Equity	~	~	USD	-296,553.74	-296,553.74	0.00
09 May 2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	228,999.63	228,999.63	0.00
09 May 2024	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-36,993.75	-36,993.75	0.00
10 May 2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	160,441.89	160,441.89	0.00
13 May 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	EUR	678,456.16	678,456.16	0.00
13 May 2024	P	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	354,172.52	354,172.52	0.00
14 May 2024	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	242,606.11	242,606.11	0.00
17 May 2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	1,800.79	1,800.79	0.00
17 May 2024	P	Access Co-Investment Fund Buy-Out Europe II, SCS-RAIF	Private Equity	Private Equity	~	~	EUR	407,854.38	407,854.38	0.00
22 May 2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	GBP	120,600.36	120,600.36	0.00
22 May 2024	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	GBP	-39,781.42	-39,781.42	0.00
28 May 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	254,233.05	254,233.05	0.00
30 May 2024	P	Border to Coast Private Equity, Series 1A	Private Equity	Private Equity	~	~	USD	783,003.60	783,003.60	0.00
04 June 2024	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	1,667,208.07	1,667,208.07	0.00
04 June 2024	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-116,559.30	-116,559.30	0.00
05 June 2024	S	Blackrock Private Opportunitied Fund IV	Private Equity	Private Equity	~	~	USD	-312,035.26	-312,035.26	0.00
05 June 2024	S	Access Capital Fund VII Growth Buy-Out Europe	Private Equity	Private Equity	~	~	EUR	-338,768.98	-338,768.98	0.00
06 June 2024	P	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	433,631.13	433,631.13	0.00
06 June 2024	S	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	-379,102.70	-379,102.70	0.00
07 June 2024	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	-122,727.25	-122,727.25	0.00
07 June 2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	18,222.64	18,222.64	0.00
10 June 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	1,897,958.20	1,897,958.20	0.00
12 June 2024	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-5,073.39	-5,073.39	0.00
13 June 2024	P	Capital Dynamics LGPS Collective Pools for Private Equity 18/19	Private Equity	Private Equity	~	~	GBP	400,000.00	400,000.00	0.00
13 June 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	171,935.74	171,935.74	0.00
13 June 2024	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	311,675.38	311,675.38	0.00
13 June 2024	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-40,609.55	-40,609.55	0.00
14 June 2024	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	188,744.53	188,744.53	0.00

17 June 2024	P	Crown Co-Investments Opportunities II	Private Equity	Private Equity	~	~	USD	588,933.30	588,933.30	0.00
17 June 2024	S	Crown Co-Investments Opportunities II	Private Equity	Private Equity	~	~	USD	-1,625,455.91	-1,625,455.91	0.00
18 June 2024	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	534,536.25	534,536.25	0.00
19 June 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	67,614.95	67,614.95	0.00
20 June 2024	S	Pantheon Global Co-Investment Fund IV	Private Equity	Private Equity	~	~	USD	-100,512.12	-100,512.12	0.00
21 June 2024	P	Access Co-Investment Fund Buy-Out Europe II	Private Equity	Private Equity	~	~	EUR	211,839.78	211,839.78	0.00
25 June 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	168,684.42	168,684.42	0.00
26 June 2024	S	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	-754,540.56	-754,540.56	0.00
27 June 2024	S	Unigestion Direct III - Global	Private Equity	Private Equity	~	~	EUR	-2,393,969.64	-2,393,969.64	0.00
28 June 2024	S	Foresight Regional Investment IV LP	Private Equity	Private Equity	~	~	GBP	-3,182.38	-3,182.38	0.00
28 June 2024	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	1,588,114.79	1,588,114.79	0.00
15 May 2024	P	GB Bank Limited	Private Equity	Local Investments	384,024.00	13.02	GBP	4,999,992.48	4,999,992.48	0.00
								20,549,408.85		
31 May 2024	P	Border to Coast UK Listed Equity Fund	UK Equities	United Kingdom	~	~	GBP	21,231,211.22	21,231,211.22	0.00
07 June 2024	S	Border to Coast UK Listed Equity Fund	UK Equities	United Kingdom	-18,100,699.45	138.26	GBP	-25,026,027.06	-22,115,008.10	2,911,018.96
								-3,794,815.84		
Periods April, May and June 2024 (Cumulative) Total								**66,099,281.00**		
Total Profit - *NB: Losses are shown with a ( )*										**15,762,318.37**

	Call/Notice	up to 1 Week	1-2 Weeks	up to 1 month	1-2 Months	2-3 Months	4-6 Months	7-9 Months	10-12 Months	1-2 Years	2+ Years
Average Rate	4.42%	5.27%	5.19%	5.25%	5.29%	0.00%	5.26%	0.00%	0.00%	0.00%	0.00%
Amount Invested	41,650,000.00	31,900,000	22,200,000	55,350,000	31,000,000	0	9,000,000	0	0	0	0
Proportion of Cash	21.79%	16.69%	11.62%	28.96%	16.22%	0.00%	4.71%	0.00%	0.00%	0.00%	0.00%

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Asset Detail - Customizable

Asset Subcategory

Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Equities						
Common stock						
Australia						
Common Stock FINEXIA FINL GROUP NPV SEDOL : BMY4539	0.00	AUD	85.000	0.000	0.25500000	11.450
Common Stock YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626	0.00	AUD	225,391.000	283,349.800	0.06900000	8,216.430
Total Australia	**0.00**		**225,476.000**	**283,349.800**		**8,227.880**
Europe Region						
Common Stock ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996	0.00	EUR	24,589,900.720	21,847,714.960	0.80242640	16,729,155.460
Total Europe Region	**0.00**		**24,589,900.720**	**21,847,714.960**		**16,729,155.460**
Guernsey, Channel Islands						
Common Stock AMEDEO AIR FOUR PL ORD NPV SEDOL : BNDVLS5	0.00	GBP	4,666,665.000	3,907,776.010	0.43800000	2,043,999.270
Total Guernsey, Channel Islands	**0.00**		**4,666,665.000**	**3,907,776.010**		**2,043,999.270**
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**	**28,422,834.590**		**18,861,576.410**
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	1.10180000	16,527,000.000
Total Guernsey, Channel Islands	**0.00**		**15,000,000.000**	**15,000,000.000**		**16,527,000.000**
United Kingdom						
Funds - Common Stock BORDER TO COAST PE UK LISTED EQUITY A GBP ACC SEDOL : BDD86K3	0.00	GBP	444,765,533.140	461,922,290.670	1.36550000	607,327,335.500
Total United Kingdom	**0.00**		**444,765,533.140**	**461,922,290.670**		**607,327,335.500**

**Generated by Northern Trust from periodic data on 02 Aug 24*

Asset Detail - Customizable

Asset Subcategory Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Equities						
Total Funds - common stock	**0.00**		**459,765,533.140**	**476,922,290.670**		**623,854,335.500**
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	1.33260000	19,135,554.280
Total Guernsey, Channel Islands	**0.00**		**14,359,563.469**	**15,000,000.000**		**19,135,554.280**
Japan						
Unit Trust Equity JPN SCREENED INX EQY SUB-FND-HKHX SEDOL : 001533W	0.00	GBP	48,440,992.757	89,842,364.060	2.59330000	125,622,026.520
Total Japan	**0.00**		**48,440,992.757**	**89,842,364.060**		**125,622,026.520**
Luxembourg						
Unit Trust Equity ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U	0.00	EUR	324.970	20,636,888.600	107,672.69000000	29,666,128.040
Total Luxembourg	**0.00**		**324.970**	**20,636,888.600**		**29,666,128.040**
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	6.70790000	340,038,916.120
Total Pacific Region	**0.00**		**50,692,305.509**	**242,515,511.220**		**340,038,916.120**
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	9.75620000	150,277,467.770
Unit Trust Equity LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY SEDOL : 0521664	0.00	GBP	1,368,174.000	1,282,865.490	2.75648600	3,771,352.480
Unit Trust Equity NA SCREEN INX EQ SUB-FND-HKHQ SEDOL : 1A8NH9U	0.00	GBP	2,621,178.211	24,012,835.230	19.50500000	51,126,081.010
Total United Kingdom	**0.00**		**19,452,630.923**	**123,460,198.990**		**205,174,901.260**
Total Unit trust equity	**0.00**		**132,945,817.628**	**491,454,962.870**		**719,637,526.220**
Total Equities	**0.00**		**623,879,792.488**	**996,800,088.130**		**1,362,353,438.130**

**Generated by Northern Trust from periodic data on 02 Aug 24*

Asset Detail - Customizable

Asset Subcategory Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Real Estate						
Real estate						
Europe Region						
Real Estate CAPITAL DYNAMICS MID-MARKET DIRECT V CUSIP : 993RBZ993	0.00	EUR	16,593,493.510	14,312,503.570	1.32772000	18,679,117.770
Real Estate La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997	0.00	EUR	11,909,150.160	10,326,081.530	1.08561390	10,961,454.860
Total Europe Region	**0.00**		**28,502,643.670**	**24,638,585.100**		**29,640,572.630**
United Kingdom						
Real Estate HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994	0.00	GBP	9,837,601.340	9,837,601.340	0.98223820	9,662,867.830
Real Estate HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992	0.00	GBP	18,910,404.400	18,910,404.400	0.89770760	16,976,013.750
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**		**477,494,439.050**	**477,494,439.050**		**514,088,887.020**
Total Real estate	**0.00**		**505,997,082.720**	**502,133,024.150**		**543,729,459.650**
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	2.51580000	16,335,234.010
Funds - Real Estate DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU	0.00	GBP	34,527,436.047	35,000,000.000	0.70260000	24,258,976.570
Funds - Real Estate HERMES INVEST MNGM HERMES PROPERTY UNIT TRUST SEDOL : 0426219	163,692.63	GBP	2,589,184.000	15,720,126.330	6.01500000	15,573,941.760
Funds - Real Estate LEGAL AND GENERAL MANAGED PROPERTY FUND SEDOL : 004079W	0.00	GBP	108,263.760	385,000.000	59.69910000	6,463,249.030
Funds - Real Estate THREADNEEDLE ASSET THREADNEEDLE PROP UNIT TRST SEDOL : 0508667	31,177.00	GBP	12,750.000	1,527,939.200	257.26000000	3,280,065.000
Total United Kingdom	**194,869.63**		**43,730,691.287**	**63,244,709.580**		**65,911,466.370**
Total Funds - real estate	**194,869.63**		**43,730,691.287**	**63,244,709.580**		**65,911,466.370**
Total Real Estate	**194,869.63**		**549,727,774.007**	**565,377,733.730**		**609,640,926.020**

**Generated by Northern Trust from periodic data on 02 Aug 24*

Asset Detail - Customizable

Venture Capital and Partnerships

Partnerships

Asset Subcategory	Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Europe Region							
Partnerships	ACCESS CAPITAL FUND INFRASTRUCTURE II - EUR CUSIP : 993QEX997	0.00	EUR	16,792,874.440	14,725,078.170	1.13844770	16,208,773.660
Partnerships	ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999	0.00	EUR	19,924,083.280	17,188,342.940	1.46458800	24,740,350.780
Partnerships	ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995	0.00	EUR	11,041,032.800	9,536,493.160	1.08977270	10,201,350.220
Partnerships	ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993	0.00	EUR	12,100,000.000	10,412,702.100	1.00634310	10,323,892.570
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	22,621,644.820	19,651,608.440	1.01574270	19,481,389.180
Total Europe Region		**0.00**		**112,479,635.340**	**101,514,224.810**		**111,638,442.410**
Global Region							
Partnerships	CAPITAL DYNAMICS GLOBAL SECONDARIES V - GBP CUSIP : 993LJT992	0.00	GBP	11,042,925.550	11,042,925.550	1.60115790	17,681,467.480
Partnerships	CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992	0.00	USD	13,922,130.030	10,522,281.430	2.37433240	26,149,641.480
Partnerships	INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990	0.00	GBP	49,063,934.430	49,063,934.430	1.03846310	50,951,085.450
Partnerships	LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992	0.00	GBP	7,679,550.000	7,679,550.000	1.38462720	10,633,313.810
Partnerships	PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994	0.00	USD	23,787,820.000	18,689,342.450	1.71985890	32,364,283.450
Partnerships	UNIGESTION DIRECT II - EUR CUSIP : 993MTE992	0.00	EUR	20,212,812.150	17,453,433.660	1.30924380	22,436,716.430
Total Global Region		**0.00**		**125,709,172.160**	**114,451,467.520**		**160,216,508.100**
United Kingdom							
Partnerships	ANCALA INFRASTRUCTURE FUND II SCSP CUSIP : 993FSE998	0.00	EUR	18,927,643.510	16,646,899.330	1.18490300	19,014,783.280
Partnerships	BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A CUSIP : 994MVX996	0.00	GBP	30,090,957.800	30,090,957.800	1.02636530	30,884,314.930
Partnerships	BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997	0.00	GBP	233,625,118.960	233,625,118.960	0.97302980	227,324,202.780
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999	0.00	USD	95,165,122.650	75,558,002.210	1.03887610	78,209,606.560
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999	0.00	USD	38,599,038.910	30,274,725.730	1.13732340	34,727,938.210

Asset Detail - Customizable

Venture Capital and Partnerships

Partnerships

United Kingdom

Asset Subcategory	Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992	0.00	GBP	35,058,971.900	35,058,971.900	1.19556310	41,915,213.130
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 2 A (GBP) CUSIP : 994NWK991	0.00	GBP	67,670,743.210	67,670,743.210	1.00423890	67,957,592.720
Partnerships	BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A CUSIP : 993BRK994	0.00	GBP	1,220,180,187.320	1,220,180,187.320	1.50188930	1,832,575,567.410
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996	0.00	USD	88,531,680.330	69,000,311.030	1.39197060	97,487,134.280
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998	0.00	USD	39,980,089.350	31,797,873.530	1.33602060	42,254,741.500
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998	0.00	GBP	31,712,373.252	31,712,373.250	1.06007250	33,617,414.790
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 2A- GBP CUSIP : 994JQY997	0.00	GBP	23,877,600.254	23,877,600.250	0.85571630	20,432,451.740
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 2B CUSIP : 994WH4994	0.00	GBP	8,622,401.180	8,622,401.180	1.08911860	9,390,817.500
Partnerships	CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP :	0.00	GBP	8,806,948.780	8,806,948.780	1.07335510	9,452,983.390
Partnerships	CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp CUSIP : 993FP0991	0.00	GBP	18,025,882.050	18,025,882.050	1.00802480	18,170,536.150
Partnerships	FORESIGHT REGIONAL INVESTMENT LP CUSIP : 994JXS992	0.00	GBP	1,099,055.200	1,099,055.200	0.73410740	806,824.560
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	1.11120000	21,719,589.080
Partnerships	GRESHAM HOUSE BSI INFRASTRUCTURE LP CUSIP : 993FP5990	0.00	GBP	18,133,330.700	18,133,330.700	1.34642940	24,415,249.570
Partnerships	GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993	0.00	GBP	24,624,289.260	24,624,289.260	1.09444750	26,949,991.820
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	14,699,342.930	14,699,342.930	1.26865880	18,648,450.760
Partnerships	INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992	0.00	GBP	8,672,972.000	8,672,972.000	1.07165340	9,294,419.930
Partnerships	INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999	0.00	GBP	7,728,331.000	7,728,331.000	1.16881120	9,032,959.830
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 Description/Asset ID	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	1.20769480	12,076,948.000
Total United Kingdom	**0.00**		**2,165,539,961.086**	**2,107,614,198.160**		**2,767,181,986.920**
United States						
Partnerships BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :	0.00	USD	19,052,459.000	14,995,198.930	1.14208650	17,213,475.590
Partnerships BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992	0.00	USD	18,796,061.900	14,901,115.400	1.17302970	17,441,924.770
Partnerships BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997	0.00	USD	19,938,563.000	15,114,035.980	1.33775580	21,100,329.240
Partnerships BORDER TO COAST INFRASTRUCTURE SERIES 2B- GBP CUSIP : 9952EV992	0.00	GBP	31,684,330.760	31,684,330.760	1.03769320	32,878,614.580
Partnerships BRIDGES 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	18,480,000.000	14,509,783.400	1.19334690	17,445,652.220
Partnerships CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991	0.00	USD	22,400,348.140	17,786,231.900	1.32069620	23,403,253.170
Partnerships Crown Growth Opportunities Global III fund CUSIP : 993FYM993	0.00	USD	27,380,724.490	20,496,138.420	1.60552340	34,776,038.610
Partnerships FORESIGHT ENERGY INFRASTRUCTURE PARTNERS CUSIP : 993FS9999	0.00	USD	13,393,175.210	10,906,875.000	1.02374130	10,846,567.130
Partnerships LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995	0.00	USD	18,129,147.100	14,125,575.760	1.34486910	19,287,499.260
Partnerships PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999	0.00	USD	24,092,431.480	18,986,151.680	0.85703180	16,334,133.600
Partnerships UNIGESTION SA CUSIP : 993FYL995	0.00	USD	34,095,852.490	26,424,348.320	1.41937490	38,283,991.290
Total United States	**0.00**		**248,235,842.850**	**200,722,534.830**		**249,781,534.470**
Total Partnerships	**0.00**		**2,651,964,611.436**	**2,524,302,425.320**		**3,288,818,471.900**
Total Venture Capital and Partnerships	**0.00**		**2,651,964,611.436**	**2,524,302,425.320**		**3,288,818,471.900**

Asset Detail - Customizable

Asset Subcategory Description/Asset ID	Accrued Income/Expense	Curr	Nominal	Book Cost	Market Price	Market Value
Hedge Fund						
Hedge equity						
Global Region						
Hedge Equity IIF UK I LP CUSIP : 993FP3995	0.00	USD	96,854,761.450	80,595,460.340	1.07679200	82,503,301.990
Total Global Region	**0.00**		**96,854,761.450**	**80,595,460.340**		**82,503,301.990**
Total Hedge equity	**0.00**		**96,854,761.450**	**80,595,460.340**		**82,503,301.990**
Total Hedge Fund	**0.00**		**96,854,761.450**	**80,595,460.340**		**82,503,301.990**

◆ Asset Detail - Customizable

Asset Subcategory

Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
All Other					
Recoverable taxes					
Recoverable taxes GBP - British pound sterling	97,715.75	0.000	0.000	0.00000000	0.000
Recoverable taxes DKK - Danish krone	288,554.34	0.000	0.000	0.00000000	0.000
Recoverable taxes EUR - Euro	1,091,726.98	0.000	0.000	0.00000000	0.000
Recoverable taxes CHF - Swiss franc	2,375,179.30	0.000	0.000	0.00000000	0.000
Total	**3,853,176.37**	**0.000**	**0.000**		**0.000**
Total Recoverable taxes	**3,853,176.37**	**0.000**	**0.000**		**0.000**
Total All Other	**3,853,176.37**	**0.000**	**0.000**		**0.000**

**Generated by Northern Trust from periodic data on 02 Aug 24*

Asset Detail - Customizable

Asset Subcategory

Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
Cash and Cash Equivalents					
Cash					
Cash AUD - Australian dollar	0.63	4,167.760	4,167.760	1.00000000	4,167.760
Cash GBP - British pound sterling	12.88	155,054.710	155,054.710	1.00000000	155,054.710
Cash THB - Thai baht	0.00	4,656.240	4,656.240	1.00000000	4,656.240
Cash USD - United States dollar	132.66	71,825.770	71,825.770	1.00000000	71,825.770
Total	**146.17**	**235,704.480**	**235,704.480**		**235,704.480**
Total Cash	**146.17**	**235,704.480**	**235,704.480**		**235,704.480**
Cash (externally held)					
Cash (externally held) GBP - British pound sterling	0.00	189,700,422.820	189,700,422.820	1.00000000	189,700,422.820
Cash (externally held) EUR - Euro	0.00	0.330	0.330	1.00000000	0.330
Total	**0.00**	**189,700,423.150**	**189,700,423.150**		**189,700,423.150**
Total Cash (externally held)	**0.00**	**189,700,423.150**	**189,700,423.150**		**189,700,423.150**
Funds - short term investment					
Funds - Short Term Investment GBP - British pound sterling	920.22	251,000.000	251,000.000	1.00000000	251,000.000
Total	**920.22**	**251,000.000**	**251,000.000**		**251,000.000**
Total Funds - short term investment	**920.22**	**251,000.000**	**251,000.000**		**251,000.000**
Total Cash and Cash Equivalents	**1,066.39**	**190,187,127.630**	**190,187,127.630**		**190,187,127.630**
Report Total:	**4,049,112.39**	**4,112,614,067.011**	**4,357,262,835.150**		**5,533,503,265.670**

**Generated by Northern Trust from periodic data on 02 Aug 24*

◆ Asset Detail - Customizable

Asset Subcategory

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

ASSET	BOOK COST	PRICE	MARKET VALUE	FUND %
GROWTH ASSETS				
UK EQUITIES				
BORDER TO COAST PE UK LISTED EQUITY A GBP ACC	592,735,585.77	1.26	607,327,335.50	10.99%
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 EUR0.0004 A	1,294,544.76	0.00	375.00	0.00%
TOTAL UK EQUITIES			**607,407,529.30**	**11.00%**
OVERSEAS EQUITIES				
YOUNG AUSTRALIAN MINES LTD	225,391.00	0.07	8,216.43	0.00%
FINEXIA FINL GROUP NPV	85.00	0.29	11.45	0.00%
ASIA PACIFIC EX JAPAN SCREEN INDEX EQUITY SUB-FUND	242,515,511.22	6.39	340,038,916.12	6.16%
JAPAN SCREENED INDEX EQUITY SUB-FUND	89,842,364.06	2.34	125,622,026.52	2.27%
EUROPE EX UK SCREENED INDEX EQUITY SUB-FUND	97,842,558.84	8.82	150,277,467.77	2.72%
NORTH AMERICA SCREENED INDEX EQUITY SUB-FUND	24,012,835.23	15.89	51,126,081.01	0.93%
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY A	1,426,458,423.85	1.18	1,827,029,093.59	33.07%
BORDER TO COAST EMERGING MARKET HYBRID FUND	240,527,251.16	0.97	226,890,483.03	4.11%
TOTAL OVERSEAS EQUITIES			**2,720,992,295.92**	**49.26%**
TOTAL EQUITIES			**3,328,399,825.22**	**60.25%**
PRIVATE EQUITY				
CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19	6,979,550.00	1.36	10,633,313.81	0.19%
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD	12,309,133.55	2.04	26,149,641.48	0.47%
CROWN CO INVESTMENT OPPORTUNITIES III	10,447,059.01	1.14	17,445,652.22	0.32%
CROWN SECONDARIES SPECIAL OPPORTUNITIES II	13,140,741.71	1.34	19,287,499.26	0.35%
UNIGESTION SA	22,917,577.35	1.35	38,283,991.29	0.69%
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV	19,141,292.79	1.63	32,364,283.45	0.59%
CROWN GLOBAL OPPORTUNITIES VII	15,563,768.96	1.31	23,403,253.17	0.42%
CROWN GROWTH OPPORTUNITIES GLOBAL III	20,496,138.42	1.52	34,776,038.61	0.63%
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL	15,821,278.95	1.20	21,100,329.24	0.38%
BORDER TO COAST PRIVATE EQUITY SERIES 1A	65,530,115.76	1.09	97,487,134.28	1.76%
BORDER TO COAST PRIVATE EQUITY SERIES 1B	28,741,211.36	0.99	42,254,741.50	0.76%
BORDER TO COAST PRIVATE EQUITY SERIES 1C	21,162,341.01	1.04	33,617,414.79	0.61%
BORDER TO COAST PRIVATE EQUITY SERIES 2A	4,957,913.17	0.76	20,432,451.74	0.37%

BORDER TO COAST PRIVATE EQUITY SERIES 2B	6,508,313.21	0.98	9,390,817.50	0.17%
UNIGESTION DIRECT II	14,547,379.23	1.33	22,436,716.43	0.41%
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE	14,502,844.73	1.43	24,740,350.78	0.45%
ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II	7,858,117.11	0.98	10,323,892.57	0.19%
HERMES GPE INNOVATION FUND	13,341,398.86	1.32	18,648,450.76	0.34%
CAPITAL DYNAMICS GLOBAL SECONDARIES V	11,042,925.55	1.66	17,681,467.48	0.32%
CAPITAL DYNAMICS MID-MARKET DIRECT V	13,201,080.63	1.25	18,679,117.77	0.34%
FORESIGHT REGIONAL INVESTMENTS IV LP	777,508.40	0.85	806,824.56	0.01%
UNIGESTION DIRECT III	7,213,426.37	0.90	19,481,389.18	0.35%
PRIVATE EQUITY			**559,424,771.87**	**10.13%**
GB BANK LIMITED	40,080,000.00	1.00	12,645,987.00	0.23%
FW CAPITAL TEESSIDE FLEXIBLE INVESTMENT FUND	0.00	0.00	19.00	0.00%
PRIVATE EQUITY - LOCAL INVESTMENT			**12,646,006.00**	**0.23%**
TOTAL PRIVATE EQUITY			**572,070,777.87**	**10.36%**
OTHER ALTERNATIVES				
AMEDEO AIR FOUR PLUS LTD	3,907,776.01	0.02	2,043,999.27	0.04%
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A	12,551,872.31	1.02	30,884,314.93	0.56%
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	16,335,234.01	0.30%
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION	15,000,000.00	1.27	19,135,554.28	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	16,527,000.00	0.30%
DARWIN LEISURE PROPERTY FUND, K INCOME UNITS	35,000,000.00	0.70	24,258,976.57	0.44%
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	9,662,867.83	0.17%
HEARTHSTONE RESIDENTIAL FUND 2	13,740,773.16	0.91	16,976,013.75	0.31%
GRESHAM HOUSE BSI HOUSING LP	15,638,997.82	1.10	21,719,589.08	0.39%
LA SALLE REAL ESTATE DEBT STRATEGIES IV	7,833,117.70	0.95	10,961,454.86	0.20%
OTHER ALTERNATIVES			**204,357,690.58**	**3.70%**
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			**205,127,745.59**	**3.71%**

PROPERTY

DIRECT PROPERTY

TEESSIDE PENSION FUND - DIRECT PROPERTY	399,152,598.72	1.03	487,450,000.00	8.82%
TOTAL DIRECT PROPERTY			**487,450,000.00**	**8.82%**

PROPERTY UNIT TRUSTS

ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND	20,636,888.60	120,966.80	29,666,128.04	0.54%
LOCAL AUTHORITIES LOCAL AUTHORITIES PROPERTY	1,282,865.49	2.87	3,771,352.48	0.07%
HERMES PROPERTY PUT	15,720,126.33	6.37	15,573,941.76	0.28%
THREADNEEDLE PROP PROPERTY GBP DIS	1,527,939.20	265.81	3,280,065.00	0.06%
LEGAL AND GENERAL MANAGED PROPERTY FUND	385,000.00	58.66	6,463,249.03	0.12%
TOTAL PROPERTY UNIT TRUSTS			**58,754,736.31**	**1.06%**
TOTAL PROPERTY			**546,204,736.31**	**9.89%**

PROTECTION ASSETS

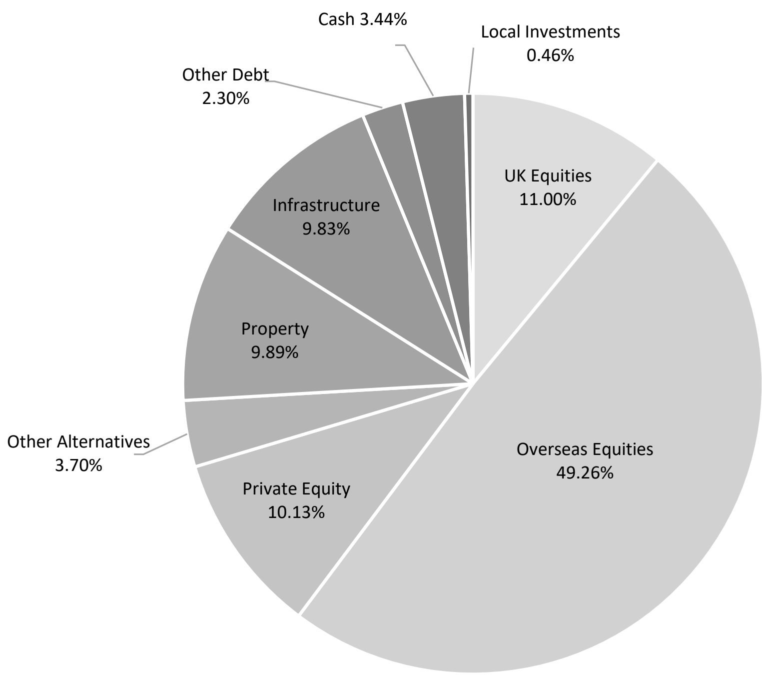
INFRASTRUCTURE

ACIF INFRASTRUCTURE FUND LP	13,421,191.08	0.74	16,729,155.46	0.30%
ACCESS CAPITAL FUND INFRASTRUCTURE II	13,946,299.76	1.11	16,208,773.66	0.29%
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)	7,629,082.71	1.02	10,201,350.22	0.18%
INNISFREE PFI CONTINUATION FUND	8,672,972.00	1.20	9,294,419.93	0.17%
INNISFREE PFI SECONDARY FUND 2	7,728,331.00	1.17	9,032,959.83	0.16%
BORDER TO COAST INFRASTRUCTURE SERIES 1A	67,321,263.18	0.87	78,209,606.56	1.42%
BORDER TO COAST INFRASTRUCTURE SERIES 1B	24,942,901.60	0.89	34,727,938.21	0.63%
BORDER TO COAST INFRASTRUCTURE SERIES 1C	33,456,001.70	1.08	41,915,213.13	0.76%
BORDER TO COAST INFRASTRUCTURE SERIES 2A	32,109,979.63	0.98	67,957,592.72	1.23%
BORDER TO COAST INFRASTRUCTURE SERIES 2B	6,540,791.64	1.00	32,878,614.58	0.60%
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III	15,874,716.01	0.98	17,213,475.59	0.31%
BLACKROCK GLOBAL RENEWABLE POWER FUND III	11,308,739.08	1.06	17,441,924.77	0.32%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP	8,750,377.05	1.04	9,452,983.39	0.17%
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp	17,500,754.07	1.01	18,170,536.15	0.33%
IIF UK I LP	80,595,460.34	1.05	82,503,301.99	1.49%
ANCALA INFRASTRUCTURE FUND II SCSP	16,729,179.08	1.12	19,014,783.28	0.34%
FORESIGHT ENERGY INFRASTRUCTURE PARTNERS	8,516,087.18	0.93	10,846,567.13	0.20%
GRESHAM HOUSE BSI INFRASTRUCTURE LP	19,070,660.40	1.21	24,415,249.57	0.44%
GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II	18,010,845.93	1.07	26,949,991.82	0.49%
INFRASTRUCTURE			**543,164,437.99**	**9.83%**
CO-INVESTMENT BSI LP - WASTE KNOT	10,000,000.00	1.11	12,076,948.00	0.22%

INFRASTRUCTURE - LOCAL INVESTMENT			**12,076,948.00**	**0.22%**
TOTAL INFRASTRUCTURE			**555,241,385.99**	**10.05%**
OTHER DEBT				
INSIGHT IIFIG SECURED FINANCE II FUND	50,000,000.00	0.98	50,951,085.45	0.92%
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	0.29%
TITAN - TEMPLAR'S WAY	10,983,472.00	1.00	10,983,472.00	0.20%
ST ARTHUR HOMES	11,274,394.29	1.00	13,958,887.41	0.25%
PANTHEON SENIOR DEBT SECONDARIES II	18,185,235.62	0.60	16,334,133.60	0.30%
TOTAL OTHER DEBT			**126,969,973.68**	**2.30%**
CASH				
	71,874.10	1.00	71,825.77	0.00%
	5,541.86	1.00	163,879.04	0.00%
	8,000.00	1.00	251,000.00	0.00%
CUSTODIAN CASH			**486,704.81**	**0.01%**
INVESTED CASH	198,539,861.68	1.00	**189,700,422.82**	**3.43%**
TOTAL CASH			**190,187,127.63**	**3.44%**
TOTAL FUND VALUE - 30th June 2024			**5,524,201,572.29**	**100%**

Market Value timing differences included in valuation above	**Market Value**
Private Equity	
GB BANK LIMITED	-7,434,064.94
	-7,434,064.94
Other Debt	
TITAN - PRESTON EAST	16,167,250.00
TITAN - TEMPLAR'S WAY	10,983,472.00
LEONARDO WAREHOUSE UNIT	-28,208,170.43
	-1,057,448.43
Total	**-8,491,513.37**

Asset Allocation Summary	Actual	
UK Equities	607,407,529.30	11.00%
Overseas Equities	2,720,992,295.92	49.26%
Private Equity	559,424,771.87	10.13%
Other Alternatives	204,357,690.58	3.70%
Property	546,204,736.31	9.89%
Infrastructure	543,164,437.99	9.83%
Other Debt	126,969,973.68	2.30%
Cash & Bonds	190,187,127.63	3.44%
Local Investments - Private Equity, Other Alternatives & Infrastructure	25,493,009.01	0.46%
	5,524,201,572.29	100.00%



TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 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 30 June 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 almost half 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 30 June 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 1.80% below benchmark over the last year, or 2.80% under its overachievement target, whereas the Overseas Developed Markets Equity Fund has achieved returns of 3.31% 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 1.77% 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 remains disappointing, with performance over the quarter and the year to 30 June 2024 below benchmark. Since inception the Fund is 1.46% a year behind benchmark, so 2.96% 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 June 2024. 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 just under six 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 realistic be judged over a significantly longer time-frame than a single quarter. However, it is important to monitor investment performance regularly and to understand the reasons behind any under of over performance against benchmarks and targets.

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

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

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

<u>Human Rights</u>
- 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.

<u>Labour</u>
- 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.

<u>Environment</u>
- 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.

<u>Anti-Corruption</u>
- 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

Appendix A

Teesside Pension Fund

Quarterly Investment Report - Q2 2024

Contents

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,661,157,276
Inflows	£64,880,482
Outflows	£(75,000,000)
Net Inflows / Outflows	£(10,119,518)
Realised / Unrealised gain or loss	£10,209,154
Value at end of the quarter	£2,661,246,912

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 30 June 2024

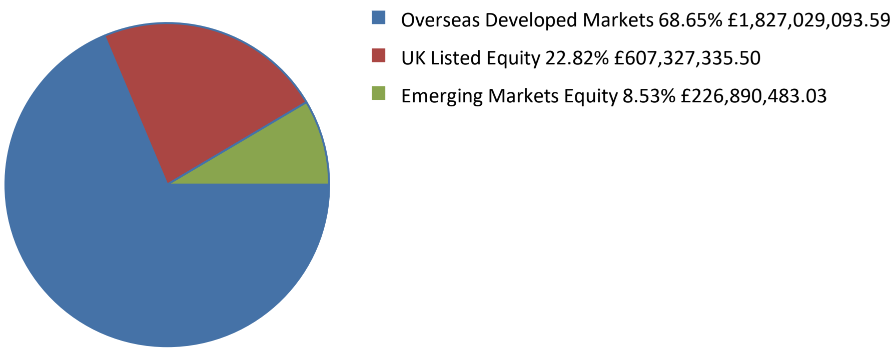
Funds Held

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	1,827,029,093.59	68.65
Emerging Markets Equity	FTSE Emerging Markets (Net)[2]	226,890,483.03	8.53
UK Listed Equity	FTSE All Share GBP	607,327,335.50	22.82

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

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 30 June 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	68.65	2.43	1.23	1.19	1.65
Emerging Markets Equity	8.53	5.37	5.65	(0.29)	0.44
UK Listed Equity	22.82	3.14	3.73	(0.59)	0.75
Total	**100.00**	**2.84**			

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. For the period to 31st March 2024, 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. Effective 1st April 2024, performance is net of any fees paid to Border to Coast which are paid directly through the Funds via an Annual Management Charge (AMC).

Valuation Summary
at 30 June 2024

Fund	Market value at start of the quarter GBP (mid)	Total weight (%)	Purchases (GBP)	Sales (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter GBP (mid)	Total weight (%)
Overseas Developed Markets	1,833,037,684.08	68.88	38,044,706.63	50,000,000.00	5,946,702.88	1,827,029,093.59	68.65
Emerging Markets Equity	215,330,986.18	8.09	5,604,564.53		5,954,932.32	226,890,483.03	8.53
UK Listed Equity	612,788,605.33	23.03	21,231,211.22	25,000,000.00	(1,692,481.05)	607,327,335.50	22.82
Total	**2,661,157,275.59**	**100.00**	**64,880,482.38**	**75,000,000.00**	**10,209,154.15**	**2,661,246,912.12**	**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 30 June 2024

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Overseas Developed Markets	10.81	9.04	1.77	2.33	1.23	1.10	19.70	16.39	3.31	9.93	7.36	2.56	11.67	9.70	1.97
Emerging Markets Equity	4.12	5.58	(1.46)	5.21	5.65	(0.45)	13.60	14.11	(0.51)	(1.46)	(0.63)	(0.83)	2.36	3.69	(1.33)
UK Listed Equity	5.21	4.71	0.50	3.14	3.73	(0.58)	11.18	12.98	(1.80)	7.42	7.40	0.02	5.72	5.54	0.18

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. For the period to 31st March 2024, 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. Effective 1st April 2024, performance is net of any fees paid to Border to Coast which are paid directly through the Funds via an Annual Management Charge (AMC).
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 30 June 2024

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Overseas Developed Markets	10.83	9.04	1.79	2.35	1.23	1.12	19.73	16.39	3.34	9.94	7.36	2.58	11.69	9.70	1.99
Emerging Markets Equity	4.34	5.58	(1.24)	5.49	5.65	(0.17)	14.14	14.11	0.03	(1.12)	(0.63)	(0.49)	2.61	3.69	(1.08)
UK Listed Equity	5.22	4.71	0.51	3.16	3.73	(0.57)	11.19	12.98	(1.79)	7.43	7.40	0.02	5.73	5.54	0.19

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 all fees.
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 30 June 2024

Overseas Developed Markets Fund

Over the second quarter the fund delivered a total return of 2.33% compared to the composite benchmark return of 1.23% resulting in a relative outperformance of 1.10%. Year to date the fund has delivered a total return of 11.45%, outperforming its benchmark by 2.38%.

The key contributor to relative performance over the quarter was the fund's North American exposure. The US was yet again the strongest performing market, and our allocation outperformed its regional benchmark (the S&P500) by 1.61%. In a clear repeat of the prior quarter, the biggest contributor to the fund performance was its investment in Nvidia which gained 25% and where the fund remains overweight despite having reduced its relative weighting. The Technology sector was the largest contributor to relative returns over the period; this would be expected given the contribution from Nvidia, however investments in Microsoft, Apple and Broadcom also contributed very strong positive performance. The similarities with last quarter do not end there; as with the prior quarter, both Europe and Japan also delivered strong relative performance over the period with Japan yet again being the region that delivered the best relative returns.

The technology sector remained the best performing sector for the fund as a whole however the contribution from both the consumer and health care sectors should not be under stated. The fact that we have been generating returns from a spread of sectors is encouraging as we are concerned about the valuations and excitement currently linked to the technology sector and to specific companies within the sector. As a result, we have been slowly reducing our relative weighting in companies such as Nvidia where, despite confidence in their business model, we worry about their valuation and the long-term expectations being built into their numbers. Within our sector weights, it was notable that the materials sector delivered both negative absolute and relative returns. Investments such as James Hardie in Australia and Arcelor Mittal in France struggled to perform.

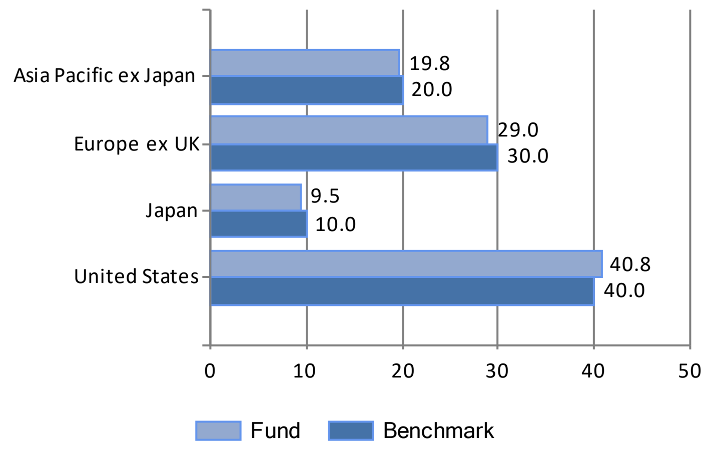
We think it is important to draw attention to the lengthy and continued outperformance of large cap equities at the expense of smaller companies. This divergence can continue for long periods of time and has been beneficial to the fund. That said, it cannot continue indefinitely as small and mid-sized companies are now looking increasingly attractively valued. We therefore expect a very gradual reduction in exposure to the largest companies as we seek to find attractive long term investment opportunities across our investment universe.

Note

1) Source: Border to Coast

Overseas Developed Markets Fund
at 30 June 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.

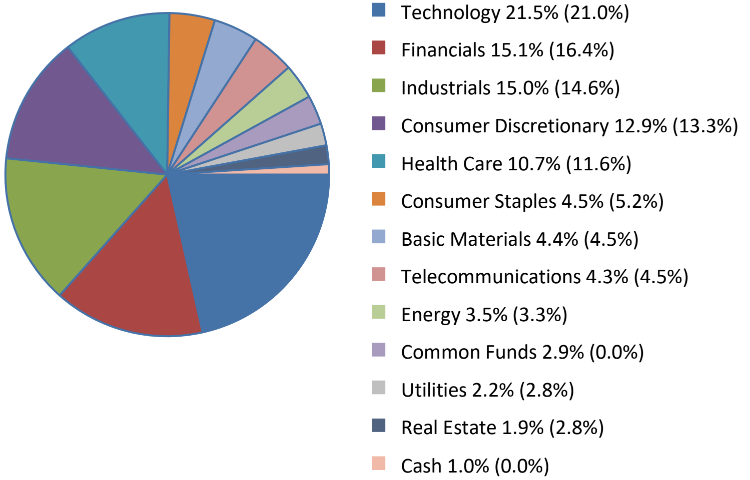
(*) The Benchmark is a composite of the following indices:
•40% S&P 500
•30% FTSE Developed Europe ex UK
•20% FTSE Developed Asia Pacific ex Japan
•10% FTSE Japan

	Inception to Date			Quarter			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Markets	**10.81**	**9.04**	**1.77**	**2.33**	**1.23**	**1.10**	**19.70**	**16.39**	**3.31**	**9.93**	**7.36**	**2.56**	**11.67**	**9.70**	**1.97**
United States	15.36	13.70	1.66	5.71	4.11	1.61	28.48	24.71	3.77	15.33	12.79	2.54	16.52	14.64	1.88
Japan	7.95	4.85	3.11	(2.57)	(4.66)	2.09	20.07	12.91	7.16	8.71	4.90	3.80	9.95	6.50	3.45
Europe ex UK	8.89	7.08	1.81	0.05	(0.43)	0.48	15.60	12.20	3.40	9.34	5.79	3.55	9.65	7.66	1.98
Asia Pacific ex Japan	5.65	4.20	1.44	1.65	0.91	0.74	9.58	8.02	1.56	0.28	(0.44)	0.73	5.37	3.87	1.50

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 30 June 2024

Sector Portfolio Breakdown



Overseas Developed Markets Fund

<u>Sector Weights:</u>

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.

Healthcare (u/w) – Despite beneficial long-term trends and structural demand from an ageing population weak pipelines and company specific factor lead to a sector underweight.

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 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Alphabet A	2.31	20.78	0.93	20.70	0.22
NVIDIA Corporation	3.08	36.53	2.65	36.64	0.14
Broadcom	1.15	21.52	0.61	21.33	0.09
SK Hynix	0.98	26.33	0.63	26.43	0.08
Novo Nordisk	2.23	12.81	1.56	13.18	0.07

Alphabet Class A (o/w) – When Chat GPT burst onto the scene in 2022 investors began to fear for Alphabet’s primary profit driver –search. But recent results have proved the doubters wrong, and with the company’s cloud business picking up momentum, Alphabet is one of the better valued big tech firm’s benefitting from the AI boom.

Nvidia (o/w) – Nvidia’s revenue has skyrocketed in line with its share price, with the most recent quarterly figure of $26 billion some 260% higher than the same quarter last year. That figure was just $5.6 billion only three years ago, underscoring the firm’s undisputed title as ‘AI leader’.

Broadcom (o/w) – Broadcom isn’t quite in the same realm as Nvidia, but investors believe it’s not that far off. The firm’s AI focused networking and custom accelerator revenue jumped 44% in the most recent quarter. What’s more, Broadcom signalled that its cyclical businesses are approaching the bottom of the current down cycle. The company’s stock rallied 13% after its second quarter results release.

SK Hynix (o/w) – continued to benefit from its prominent position in Nvidia’s supply chain (supplying the most advanced high bandwidth memory chips) and expectations of a strong recovery in the broader memory market.

Novo Nordisk (o/w) – There are improving signs that Novo is making progress in easing its supply shortages. The company is gradually increasing production of the lower strength or "starter" doses of its weight loss drug Wegovy in the US after struggling with supply. During the quarter Novo also received the green light from regulators to start supplying the Chinese market.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund Attribution Continued
at 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Alphabet C	0.00	0.00	0.78	20.48	(0.13)
Vanguard US Mid Cap ETF	2.91	(2.75)	0.00	0.00	(0.12)
Samsung SDI	0.29	(26.53)	0.09	(26.54)	(0.07)
Airbus	0.45	(24.08)	0.28	(24.32)	(0.05)
Tesla	0.00	0.00	0.48	12.49	(0.05)

Alphabet Class C (u/w) – When ChatGPT burst onto the scene in 2022 investors began to fear for Alphabet5's primary profit driver –search. But recent results have proved the doubters wrong, and with the company's cloud business picking up momentum, Alphabet is one of the better valued big tech firm's benefitting from the AI boom. The fund's underweight in Alphabet Class C shares is more than compensated for by the overweight in Class A shares.

Vanguard Mid-Cap ETF (o/w) – Driven by strong performance from mega cap technology firms, large cap indices continued to outperform their mid and small cap counterparts.

Samsung SDI (o/w) – in spite of relatively firm profits in 1Q24, similarly to LG Chem it underperformed on the back of slowing growth of EV batteries sales.

Airbus (o/w) – The French aircraft manufacturer lowered guidance for both earnings and aircraft deliveries. Despite strong demand, aircraft deliveries were cut from 800 to 770 as the company continued to struggle with supply chain issues.

Tesla (u/w) – Tesla's car deliveries might have skidded into decline, but investors voted through a monstrous pay package for the firm's leader, Elon Musk. That allayed fears that he might take his ball home in a sulk – in other words, quit the firm.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund at 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.91
Alphabet A	+1.38
Novo Nordisk	+0.67
Samsung Electronics	+0.64
Microsoft	+0.58
Alphabet C	-0.78
Tesla	-0.48
Exxon Mobil	-0.45
Westpac Bank	-0.43
Hermes	-0.27

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Vanguard Mid-Cap ETF – The ETF provides exposure to mid and smaller companies in the US. Overall, though, the fund has an underweight exposure to smaller companies.

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

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.

Microsoft Corp – The company looks well placed to benefit from the explosion of AI by increasing its share of wallet from enterprise customers by upselling AI augmented – co-pilot – versions of its software.

Bottom 5 Holdings Relative to Benchmark:

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

Tesla Inc – The high valuation of the shares seems dependent on Tesla successfully making a technological leap and generating material revenue streams from autonomous driving. That may happen, but in the meantime, Tesla is grappling with sagging demand for its electric cars, as competition ramps. Further price cuts might be needed to stimulate demand.

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.

Summary of Performance - Funds (Net of Fees) Emerging Markets Equity Fund at 30 June 2024

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Emerging Markets Equity	**4.12**	**5.58**	**(1.46)**	**5.21**	**5.65**	**(0.45)**	**13.60**	**14.11**	**(0.51)**	**(1.46)**	**(0.63)**	**(0.83)**	**2.36**	**3.69**	**(1.33)**
Border to Coast	8.73	9.02	(0.30)	6.57	5.41	1.16	23.12	22.06	1.05	8.16	8.19	(0.03)	--	--	--
FountainCap	(16.29)	(14.69)	(1.60)	0.29	6.28	(5.99)	(6.22)	(2.12)	(4.10)	(17.86)	(15.29)	(2.57)	--	--	--
UBS	(16.21)	(14.69)	(1.52)	3.53	6.28	(2.75)	(3.38)	(2.12)	(1.26)	(15.96)	(15.29)	(0.67)	--	--	--

Manager/Strategy	Benchmark	Role in fund	Target	Actual
Emerging Markets Equity	**FTSE Emerging Markets (Net)[3]**	**NA**	**100%**	**100%**
Border to Coast	FTSE Emerging ex China (Net)	Core strategy focused on Emerging Markets ex-China with a tilt towards quality companies.	72%	71%
FountainCap	FTSE China (Net)	China specialist with long term, high conviction strategy focused on three megatrends: Innovation Economy, Clean Energy, and Consumption Upgrade.	11%	11%
UBS	FTSE China (Net)	China specialist seeking to identify upcoming 'industry leaders' that will benefit from China's structural growth and transition to a services-led economy.	17%	18%

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 30 June 2024

Emerging Markets Equity Fund

Overall, the EM Equity Fund returned 5.2% through Q2 2024, 0.4% below the FTSE EM benchmark. Over one year it has returned 13.6%, underperforming the benchmark by 0.5%. Since the Fund was restructured (April 2021) it has returned an annualised -1.0%, underperforming the benchmark by effectively the same amount.

Over the quarter, the Chinese market marginally outperformed the EM ex-China region (6.3% vs 5.4%). Through the first part of the quarter, the Chinese market continued its strong momentum, after rebounding off its recent lows in January, gaining c. 15% to mid-May, before moderating to the end of the quarter. The index was led higher by the majority of the largest index constituents. Tencent, the largest index holding rose c. 25% during the quarter, and six of the top seven holdings, which have a collective index weight of more than 30%, each rose c. 15% or more. The exception was Alibaba which had rallied c. 20% until mid-May, before moderating to a c. 3% total return over the quarter. The make-up of the index's top contributors to performance is indicative of the drivers of return. Whilst idiosyncratic stories remain at individual companies/ stocks, the market rally was predominantly driven by an abatement in the bearish sentiment which has been dominant for the past 15 months. EM funds started to buy into extremely low Chinese valuations, closing their underweights, whilst domestic China funds sitting on cash began to re-allocate into the market. As these allocation decisions played out, unsurprisingly, large index constituents were the main beneficiaries.

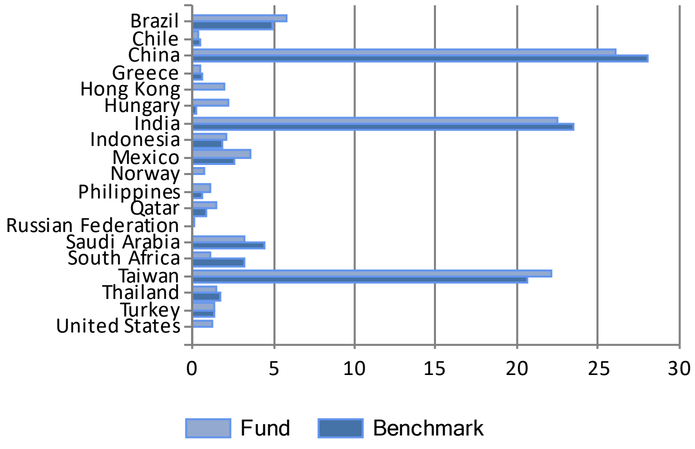
Both of our China Managers underperformed through the quarter, with Fountain Cap returning 0.3%, (-6.0% relative performance) and UBS returning 3.5%, (-2.8% relative performance). Given the Managers have an aggregate underweight position to the large index constituents, (most prominently the SOE banks), and Fountain Cap has the greater underweight position, the relative performance was as expected in this type of environment. Some key positions also underperformed during the quarter but for reasons which should not cause long term concern. Kweichow Moutai (-12.5%) declined despite continuing to grow earnings in line with double-digit expectations (+16%), driven by a slight reduction in the wholesale price which is having a short term impact but is expected to stabilise. Anta Sports (-8.5%) was swept up in a broad sell-off of Chinese sportswear names following the cut in full-year sales guidance from Nike, despite remaining on track to deliver its mid-teens growth target for the year. Sungrow Power (-15.5%) suffered due to Biden's tariff hike on China-made solar and energy storage products, although a large part of the company's export to the US is already made in Thailand and India, so the impact of the tariff hike is expected to be limited.

Within EM ex-China regions there was some volatility driven by elections. The Mexican market declined over 10% in the days following Claudia Sheinbaum receiving a larger majority than expected (raising concerns that some populist policies may be enacted), whilst India fell c. 6%, before rebounding, following Modi losing his majority and being forced to form a coalition. The internal mandate outperformed its benchmark returning 6.6% and +1.2% on an absolute and relative basis respectively. Key performance drivers within India (Aegis Logistics +c. 100%, Mahindra & Mahindra + c. 50%, and Bharat Electronics + c. 50%) were all driven on earnings beats, whilst the Fund also maintains exposure to the continued AI boom and TSMC was again a top contributor.

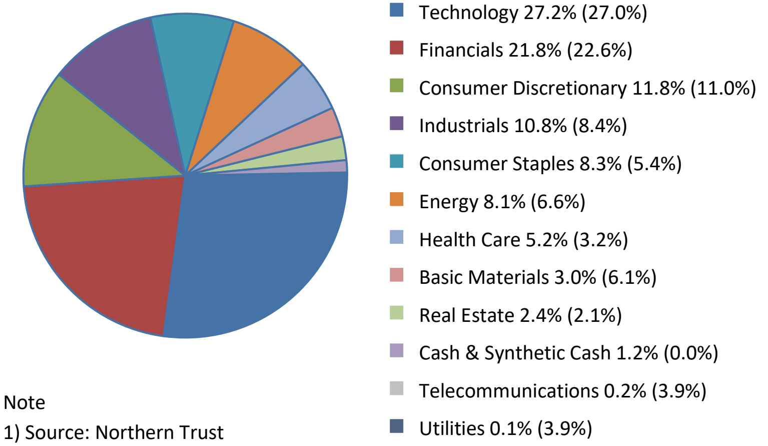
Note
1) Source: Border to Coast

Emerging Markets Equity Fund
at 30 June 2024

Regional Breakdown



Sector Portfolio Breakdown



Note
1) Source: Northern Trust

Emerging Markets Equity Fund

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

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

Sector Weights:

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

Industrials (o/w) – The Fund is 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 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 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 underweight this highly regulated sector. Concerns over long-term sustainability of businesses and risk of regulatory interference warrants an underweight position.

Emerging Markets Equity Fund Attribution at 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Aegis Logistics	2.04	96.59	0.00	0.00	1.19	Energy	India
Mahindra & Mahindra	2.02	49.14	0.46	49.13	0.51	Consumer Discretionary	India
Bharat Electronics	1.03	52.96	0.18	51.74	0.31	Industrials	India
Taiwan Semiconductor	11.90	22.74	9.79	22.62	0.30	Technology	Taiwan
Akbank	1.30	35.04	0.08	35.02	0.29	Financials	Turkey

Positive Issue Level Impacts

Aegis Logistics (o/w) – A major provider of port infrastructure for import/export of LPG and industrial liquids. The company continued its strong share price momentum with the stock almost doubling during the quarter. The company's net profit for the full financial year increased >20% YoY, and the market has been pricing in a strong expansion in capacity and earnings, whilst the company continues to grow its dividend.

Mahindra & Mahindra (o/w) – An Indian industrial company which manufactures automobiles and farm equipment. The company experienced strong share price performance with the stock increasing by almost 50% during the quarter. The company reported Q1 revenues and earnings which beat expectations and has provided strong guidance, announcing its intention to launch 23 new models by 2030.

Bharat Electronics (o/w) – An Indian state owned aerospace and defence electronics company. Bharat Electronics reported strong Q1 results; revenue up >30% YoY and EBITDA up >25% YoY. The company has continued to benefit from Indian defense spending, and despite some volatility following Modi's narrower than expected election victory, the stock rose >50% over the quarter.

TSMC (o/w) – The leading global semiconductor manufacturer. TSMC continued its strong Q1 share price performance rising more than 20% in Q2. The company continues to benefit from the AI boom, and in May, it announced a 30% YoY net revenue increase. There have been reports that the company will raise its prices leading to continued revenue and earnings growth.

Akbank (o/w) – A large banking group in Turkey. Akbank's share price rose c. 35% during the quarter, despite Q1 earnings falling 12% QoQ. Earnings did rise >20% YoY and the bank provided strong forward guidance in relation to profitability and loan growth. The Turkish banking sector has continued to benefit following a policy pivot to economic normalisation just over one year ago.

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 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Kweichow Moutai	2.00	(12.78)	0.24	(12.77)	(0.39)	Consumer Staples	China
Oncoclinicas	0.49	(36.96)	0.00	0.00	(0.30)	Health Care	Brazil
Itau Unibanco	1.36	(15.08)	0.39	(15.05)	(0.26)	Financials	Brazil
Ayala Land	1.09	(15.33)	0.05	(15.29)	(0.24)	Real Estate	Philippines
Netease	2.14	(7.62)	0.47	(7.80)	(0.24)	Consumer Discretionary	China

Negative Issue Level Impacts

Kweichow Moutai (o/w) – A leading Chinese baijiu (liquor) producer. The company reported Q1 results which were in line with expectations. However, a drop in the company's wholesale price of its Baiju has driven a reduction in its share price. E-commerce platforms looking to clear their inventory pushed prices down and this may have a short-term impact before prices stabilize. This does not impact Moutai's ex-factory price and there continues to be a wide margin between ex-factory price and wholesale/retail price.

Oncoclinicas (o/w) – A leading provider of outpatient oncology treatments in Brazil. Oncoclinicas suffered a volatile quarter with the stock falling >35% overall. The key driver is an increase in the time it takes for Oncoclinicas (and its peers) to get paid by health insurance companies, which is an industry wide problem in Brazil. However, a local family office displayed confidence in the company by funding a capital raising at a >70% premium to the market price on the day of the announcement, which will be used to pay down debt taken to fund working capital.

Itaú Unibanco (o/w) – The largest private sector bank in Brazil. Itaú Unibanco reported Q1 earnings which were in line with consensus estimates, and is positioned well in its market, given its earnings diversification, strong asset quality and good payout ratios. However, the share price fell during the quarter alongside the wider Brazilian market which has retrenched, given the extension of Fed rate cut expectations and unhelpful comments by Lula regarding the fiscal consolidation process.

Ayala Land (o/w) – Ayala is a property developer in the Philippines. The company reported strong revenue and earnings growth in Q1. The company's core profit growth of 39% YoY was generally in line with expectations and sell-side analysts believe the company is positioned well vs peers given its diversification across asset type and exposure to upper income residential development. However, the Indonesian Real Estate sector is facing headwinds from continued high rates.

NetEase (o/w) – A Chinese internet technology company that primarily develops and operates online PC and mobile games and content. The company's reported results were generally in line with expectations, however its share price declined following a lukewarm reception to its latest releases and a soft patch for its legacy titles. Our managers believe NetEase remains a leader in game development and has a promising pipeline of titles.

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 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Taiwan Semiconductor	+2.11
Aegis Logistics	+2.04
Kweichow Moutai	+1.76
Netease	+1.67
Mahindra & Mahindra	+1.57
Alibaba	-0.95
China Construction Bank	-0.95
PDD Holdings	-0.92
Infosys	-0.90
Hon Hai Precision	-0.68

Top 5 Holdings Relative to Benchmark:

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.

Aegis Logistics - A major provider of port infrastructure for import/export of LPG and industrial liquids. The company has large expansion plans and is forecasted to significantly grow capacity in the near future.

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.

Mahindra & Mahindra – An Indian industrial company which manufactures automobiles and farm equipment. The company is judged to have a superior model pipeline versus its peers and a greater focus on the SUV segment which has better growth prospects (than traditional passenger cars).

Bottom 5 Holdings Relative to Benchmark:

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

China Construction Bank – Is one of the "big four" SOE banks in China, the Fund maintains a structural underweight to.

PDD – Another 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.

Infosys – An 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.

Hon Hai Precision - The company provides electronic manufacturing services, and produces mobile phones, computers, servers and TVs, for customers such as Apple, Cisco, Dell and Amazon. The Fund holds different exposures in the electronic manufacturing industry.

Note
1) Source: Northern Trust

Emerging Markets Equity Fund
at 30 June 2024

Major transactions during the Quarter:

Purchases:

Banco Santander Chile (new position) – The company is the leading bank in the country by market share and has demonstrated robust profitability in a challenging macro environment. The position provides the portfolio with exposure to the Chilean economy.

Haidilao International (new position) – Haidiliao is a restaurant brand focusing on Chinese hot pot cuisine. The company has been focusing on improving restaurant profitability in the past and UBS believe that the business environment has stabilized and the stock is trading at an attractive valuation.

UK Listed Equity Fund - Overview
at 30 June 2024

UK Listed Equity Fund

The fund generated a total return of 3.14% during the quarter, compared to the benchmark return of 3.73%, resulting in 0.58% of underperformance.

The Fund's underperformance primarily resulted from the following:

- Stock selection in Financial Services where an underweight position in 3i Group (dominant holding Action continues to trade strongly) and an overweight position in Impax Environmental Markets (drifted lower during quarter after recent rally) were the key detractors.
- Weak stock selection in Industrials where an overweight position in Melrose (supply chain disruption) and underweight position in Rolls Royce (continued recovery under new CEO's strategy) weighed on performance.
- Stock selection in Consumer Discretionary where overweight positions in both SSP Group (industrial action and increased capex) and EasyJet (softening pricing expectations) have weighed.

This underperformance was partly mitigated by the following:

- Overweight allocation to Common Stock Funds where both Liontrust UK Smaller and Schroder Institutional UK Smaller Company funds have benefitted from the recovery in UK small cap stocks relative to larger cap stocks.
- Stock selection in Energy where overweight positions in Shell (increased focus on shareholder returns) and John Wood Group (multiple bids from trade peer) outperformed.

Note

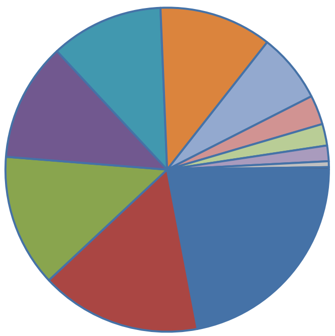
1) Source: Border to Coast

UK Listed Equity Fund
at 30 June 2024

Largest Relative Over/Underweight Sector Positions (%)

Consumer Staples	+2.65
Common Stock Funds	+1.55
Health Care	+1.26
Consumer Discretionary	+0.95
Energy	+0.07
Financials	-2.51
Telecommunications	-1.21
Industrials	-1.05
Technology	-0.76
Utilities	-0.66

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) – Consumer staples companies demonstrated resilient trading throughout the pandemic, and would be expected to perform strongly, relative to the wider equity market, during a global downturn.

Common Stock Funds (o/w) – UK small caps, in common with other geographies, have underperformed the wider market 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) – secular growth industry driven by global demographics, greater incidence of chronic health conditions, and increasing ability of emerging market populations to fund modern healthcare, with healthcare spending typically growing ahead of GDP. Additionally, the sector benefits from significant barriers to entry – from patent protection and rigorous drug approval processes – enhancing 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, potential for deteriorating bank loan books and rising credit risk in insurers bond portfolios continue to be concerning. This overall sector position is partly offset by overweight positions in wealth managers and insurers – particularly those with Asian exposure where rising wealth levels provide attractive long term growth potential.

Telecommunications (u/w) – The sector remains highly capital-intensive, and features industry overbuild of fibre networks. As such, elevated investment leads 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 – appear unsustainable.

Industrials (u/w) – In general, UK industry firms have been benefitting from the broad post-pandemic global economic re-opening, end-market recovery (e.g. aerospace and automobiles), supply chain normalisation and rising infrastructure expenditure, especially in the US. The fund's relative sector weighting can fluctuate due to benchmark changes – e.g. the benchmark weight of Rolls Royce PLC (not held) increased over the last quarter.

UK Listed Equity Fund Attribution
at 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
John Wood Group	0.37	55.87	0.06	55.86	0.10
Molten Ventures	0.32	54.86	0.03	54.69	0.09
Schroder UK Smaller Companies Fund	0.83	13.88	0.00	0.00	0.07
Allianz Technology Trust	0.70	13.86	0.06	14.10	0.06
QinetiQ	0.46	21.42	0.09	21.36	0.05

John Wood Group PLC (o/w) – Wood Group has been subject to multiple cash bids from Sidara, a Middle East engineering business. Having rejected the first three bids, its's board ended the quarter engaging with Sidara following receipt of the fourth.

Molten Ventures PLC (o/w) – venture capital investment fund focussed on high growth technology opportunities where portfolio valuations have proven resilient as exits recommenced during the first half of the year, helping to reduce the valuation discount. Full year results highlighted the managers expectations of accelerated realisations going forward, supporting their announcement to allocate part of those proceeds to share buy backs.

Schroder Institutional UK Smaller Companies Fund (o/w) - UK small cap companies have started to see a recovery in valuations over the last quarter after an extended period of under-performance, in common with small caps globally, as the rate cycle nears itspeak and the UK domestic economy proves more resilient than anticipated.

Allianz Technology Trust PLC (o/w) – continues to reflect sustained growth in global technology valuations and expectations of a peak in the rate cycle, particularly benefiting the funds mid-cap bias, helped by a narrowing of the NAV discount at which the shares traded through the quarter.

Qinetiq Group PLC (o/w) - Full year results confirmed record order intake and backlog, supporting a progressive dividend increase. Benefitting from the increased focus on defence spending by NATO members, in particular higher technology and capability testing solutions, in response to the Russia-Ukraine and Israel-Hamas conflicts and ongoing China-Taiwan tensions.

Note
1) Source: Northern Trust & Border to Coast

UK Listed Equity Fund Attribution Continued at 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Melrose Industries	0.65	(17.72)	0.30	(17.77)	(0.09)
Diageo	2.68	(14.92)	2.31	(14.90)	(0.09)
SSP	0.22	(31.91)	0.05	(31.95)	(0.08)
easyJet	0.39	(19.78)	0.12	(19.81)	(0.08)
3I Group plc	0.00	0.00	1.19	10.38	(0.07)

Melrose Industries PLC (o/w) – weak quarter for the aerospace sector following the solid recovery in demand seen over the last 18 months, as supply constraints continue to impact aircraft deliveries such as highlighted by the recent Airbus warning.

Diageo PLC (o/w) - continues to be impacted by an extended period of wholesale channel de-stocking in spirits, in particular US & LatAm, and softer consumer demand as the boost from increased home consumption during Covid normalises.

SSP Group PLC (o/w) – interim results highlighted the ongoing impact from industrial action in Continental Europe, and to a lesser degree the UK, weighing on margins, alongside an increased capex requirement for new openings as the company pivots towards higher growth markets in the US & Asia.

Easyjet PLC (o/w) – after an extended period of pricing strength since Covid restrictions were lifted, as demand exceeded expectations and capacity remained constrained, a more cautious commentary for the peak summer period from both Easyjet and Ryanair weighed on the budget airline sector.

3i Group PLC (u/w) – Not held**.** Action, the European discount retailer which represents around 70% of the investment company's portfolio, has continued to deliver strong trading performance through the first half of 2024, with the remainder of the private equity portfolio also proving resilient.

Note
1) Source: Northern Trust & Border to Coast

UK Listed Equity Fund
at 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Impax Environmental Markets	+0.85
Schroder UK Smaller Companies Fund	+0.83
Liontrust UK Smaller Companies	+0.72
Herald Investment Trust	+0.64
Allianz Technology Trust	+0.64
Rolls Royce	-1.60
3I Group plc	-1.19
Vodafone	-0.64
Aviva	-0.54
Scottish Mortgage Investment Trust	-0.52

Note
1) Source: Northern Trust

Top 5 relative stock weights

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. Smaller companies typically out-perform over the longer term, given their higher growth potential. This is not reflected in current UK small cap valuations. 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, with the investment team led by experienced investor Katie Potts.

Allianz Technology Trust PLC – global technology investment trust managed by an experienced US-based team with a bias towards mid and large cap global technology holdings where the managers see higher growth potential. Held to balance the small technology weighting/opportunity in the UK benchmark.

Bottom 5 relative stock weights

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 lockdown relative to that of short-haul, and the associated demand for wide-bodied engines and engine flying hours. Performance has since exceeded expectations under the new CEO (restructuring progress, recovery in engine flying hours) albeit questions remain over the sustainability of the recovery and current valuation.

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 – exited holding on weakening competitive position in key markets including Vodafone's 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 (£5.0m) – increasing the relative overweight position in the fund. Segro boasts an attractive logistics/data centre portfolio/development pipeline which is exposed to structural growth sectors and robust rental growth. Asset valuations have been negatively impacted by rising interest rates, but an expected turn in the rate cycle should support a recovery.

Sales

Flutter Entertainment PLC (-£30.3m) – Reduced absolute weighting as the company switched its primary listing to the US but also increased the relative overweight through the process as the company continues to trade robustly as the leading online sports betting/gaming company in the US, alongside its more established businesses in the UK and Australia.

Shell PLC (-£13.4m) – Trimmed holding on recent strength to maintain our neutral weighting to the energy sector due to concerns around weaker global energy demand and near-term supply outlook/elevated European natural gas storage levels.

Spirent Communications PLC (-£9.0m) – Exited overweight holding following shareholder approval for the improved Keysight bid for the company, following a competitive bid process between Viavi and Keysight, given the likely extended delay in obtaining regulatory approval (competition concerns).

HSBC Holdings PLC (-£7.5m) – Reduced holding as part of a customer redemption as well as ongoing concerns over China/US tensions and China real estate exposure.

Unilever PLC (-£6.9m) - Reduced holding as part of a customer redemption, whilst also maintaining the relative overweight position given recent strong share price outperformance.

AstraZeneca PLC (-£6.7m) – Reduced holding (large index/fund weight) as part of a customer redemption request whilst maintaining relative weight given recent share price strength.

BP PLC (-£5.7m) – Trimmed holding to maintain our neutral weighting to the energy sector due to concerns around weaker global energy demand and near-term supply outlook.

British American Tobacco PLC (-£5.5m) – Reduced holding as part of a customer redemption request (large index weight).

RELX PLC (-£5.3m) – Reduced holding as part of a customer redemption, whilst also maintaining the relative overweight position given recent strong share price outperformance.

APPENDICES

Overseas Developed Markets Fund - United States
at 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Alphabet A	2.31	0.93	0.22
NVIDIA Corporation	3.08	2.65	0.14
Broadcom	1.15	0.61	0.09
Intel	0.00	0.12	0.05
Eli Lilly	0.92	0.63	0.05

Alphabet Class A (o/w) – When Chat GPT burst onto the scene in 2022 investors began to fear for Alphabet's primary profit driver –search. But recent results have proved the doubters wrong, and with the company's cloud business picking up momentum, Alphabet is one of the better valued big tech firm's benefitting from the AI boom.

Nvidia (o/w) – Nvidia's revenue has skyrocketed in line with its share price, with the most recent quarterly figure of $26 billion some 260% higher than the same quarter last year. That figure was just $5.6 billion only three years ago, underscoring the firm's undisputed title as 'AI leader'.

Broadcom (o/w) – Broadcom isn't quite in the same realm as Nvidia, but investors believe it's not that far off. The firm's AI focused networking and custom accelerator revenue jumped 44% in the most recent quarter. What's more, Broadcom signalled that its cyclical businesses are approaching the bottom of the current down cycle. The company's stock rallied 13% after its second quarter results release.

Intel (u/w) – Intel continues to struggle, and the company's long-awaited turnaround is yet to gain momentum. Having lost market share over recent years, Intel has also been grappling with weak market demand for its PC and server chips. The company's second-quarter guidance was significantly below analysts' expectations.

Eli Lilly (o/w) – The company continues to build out the supply chain for its key GLP-1 franchises as investor excitement over the ultimate size of the obesity and co-morbidity market continues to grow.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - United States
at 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Alphabet C	0.00	0.78	(0.13)
Vanguard US Mid Cap ETF	2.91	0.00	(0.12)
Tesla	0.00	0.48	(0.05)
Home Depot	0.62	0.30	(0.04)
Zimmer Biomet	0.17	0.02	(0.03)

Alphabet Class C (u/w) – When Chat GPT burst onto the scene in 2022 investors began to fear for Alphabet5's primary profit driver –search. But recent results have proved the doubters wrong, and with the company's cloud business picking up momentum, Alphabet is one of the better valued big tech firm's benefitting from the AI boom. The fund's underweight in Alphabet Class C shares is more than compensated for by the overweight in Class A shares.

Vanguard Mid-Cap ETF (o/w) – Driven by strong performance from mega cap technology firms, large cap indices continued to outperform their mid and small cap counterparts.

Tesla (u/w) – Tesla's car deliveries might have skidded into decline, but investors voted through a monstrous pay package for the firm's leader, Elon Musk. That allayed fears that he might take his ball home in a sulk – in other words, quit the firm.

Home Depot (o/w) – With 30-year mortgage rates in the US hovering around 7%, housing transactions remain weak. While transaction-driven revenue for home improvement retailers normally makes up a small proportion of total sales, the current depressed level of activity is weighing on Home Depot's sales – and investor confidence.

Zimmer Biomet (o/w) – While Zimmer's results showed promise, and the company has issued new aggressive financial targets, investors remain unconvinced that the firm can return to delivering attractive returns.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - United States
at 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.91
Alphabet A	+1.38
Microsoft	+0.58
Broadcom	+0.54
Amazon	+0.47
Alphabet C	-0.78
Tesla	-0.48
Exxon Mobil	-0.45
AbbVie	-0.26
AMD	-0.23

Top 5 Holdings Relative to Benchmark:

Vanguard Mid-Cap ETF – the ETF provides exposure to mid and smaller companies in the US. Overall, though, the fund has an underweight exposure to smaller companies.

Alphabet Inc Class A – while the fund doesn't own Alphabet Class C shares, our position in Class A shares means the net position is overweight. Google-parent Alphabet enjoys a strong and profitable internet advertising market position whilst also benefitting from a fast-growing cloud computing infrastructure business.

Microsoft Corp – the company looks well placed to benefit from the explosion of AI by increasing its share of wallet from enterprise customers by upselling AI augmented – co-pilot – versions of its software.

Broadcom – the company is a designer and developer of semiconductors serving an array of growing end markets. Its networking and custom accelerators are benefitting from the large-scale buildout of AI infrastructure, while the firm's software products provide reliable and profitable growth.

Amazon – Amazon's AWS hosting platform is the largest public cloud on the planet. Amazon's cloud business continues to propel the firm's revenue growth, while boosting probability at the same time. Amazon is a lead runner in the AI race, too.

Bottom 5 Holdings Relative to Benchmark:

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

Tesla Inc – the high valuation of the shares seems dependent on Tesla successfully making a technological leap and generating material revenue streams from autonomous driving. That may happen, but in the meantime, Tesla is grappling with sagging demand for its electric cars, as competition ramps. Further price cuts might be needed to stimulate demand.

Exxon Mobil Corp – 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's microprocessors used in personal computing and datacentres have performed well and taken share. The company produces graphic processing units (GPUs) that compete with Nvidia, and investor excitement over their potential has lifted the stock's valuation. We continue to believe, however, that Nvidia possesses crucial competitive advantages that should ensure that it remains dominant for the foreseeable future.

Note
1) Source: Northern Trust

Overseas Developed Markets Fund - Europe (ex UK) at 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Novo Nordisk	2.23	1.56	0.07
ABB	0.54	0.31	0.04
BBVA	0.00	0.20	0.03
Hermes	0.00	0.27	0.03
Schneider Electric	0.93	0.45	0.03

Novo Nordisk (o/w) – There are improving signs that Novo is making progress in easing its supply shortages. The company is gradually increasing production of the lower strength or "starter" doses of its weight loss drug Wegovy in the US after struggling with supply. During the quarter Novo also received the green light from regulators to start supplying the Chinese market.

ABB (o/w) – The Swiss industrial technology company raised its profitability guidance for full year despite more recent results showing slower sales growth in the first half. This was partly supported by the company seeing strong order momentum from data centres and utilities in its electrification business.

Banco Bilbao Vizcaya Argentaria (u/w) – As an underweight the fund benefitted from the Spanish bank making a hostile bid for Banco de Sabadell which was taken poorly by the market. The Spanish government opposed the deal and suggested that it had the final say in the matter.

Hermes (u/w) – As an underweight the fund benefited from the slowdown in growth in the luxury goods sector and the weaker than expected demand from China. Management have indicated there will be little room for price increases for the rest of the year which is marked deterioration in their expectations at the end of last year.

Schneider Electric (o/w) – The French company saw a rise in revenue with management saying that they saw a rise across most sectors and regions and in particular data centres which saw double digit growth and infrastructure.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Europe (ex UK) at 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Airbus	0.45	0.28	(0.05)
Stellantis	0.12	0.00	(0.04)
LVMH	0.88	0.66	(0.04)
VINCI	0.36	0.18	(0.03)
AXA	0.56	0.21	(0.03)

Airbus (o/w) – The French aircraft manufacturer lowered guidance for both earnings and aircraft deliveries. Despite strong demand, aircraft deliveries were cut from 800 to 770 as the company continued to struggle with supply chain issues.

Stellantis (o/w) – The European automaker reported poor results. Revenue dropped by 12% with major falls coming from its two largest markets the US and Europe with earnings also slipping.

LVMH (o/w) – The French luxury goods company was a victim of a sector slowdown. Certain parts of the business were affected more than others such as Wines and Spirits still being lacklustre. Also, the snap election called by Macron did not help the French names.

Vinci (o/w) – The French infrastructure/construction company was another casualty of the snap election being called. The main concern was centred on the far-right RN party's pledge to nationalise all domestic motorways of which Vinci is a major operator.

AXA (o/w) – The French insurer like many of the French names sold off after the European elections with a major surprise coming from Macron as he dissolved Parliament and called a snap election in the hope that this would stop the growing support for the far right.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Europe (ex UK)
at 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.67
ASML	+0.48
Schneider Electric	+0.48
TotalEnergies	+0.41
Siemens	+0.41
Hermes	-0.27
Zurich Insurance Group	-0.27
Banco Santander	-0.25
UniCredit	-0.21
Mercedes-Benz	-0.20

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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.

ASML – The Dutch hardware company is the sole supplier of lithography equipment to the semiconductor/chip makers globally. The company has monopolistic power and enjoys tight relationships with its customers, which rely on ASML's equipment to build better and faster chips.

Schneider Electric – Schneider is 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"). The management team is looking to diversify further into green energy and renewables.

Siemens – 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. The company is well placed to benefit from long term secular growth drivers such as automation and energy efficiency.

Bottom 5 Holdings Relative to Benchmark:

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.

Zurich Insurance Group – The Swiss reinsurance company trades on a high valuation relative to peers, especially considering what we believe are overly-ambitious profitability targets. We prefer Munich Re, which commands a lower valuation.

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. The bank's strategy to expand into investment banking remains risky, in our opinion.

UniCredit - The Italian bank is not held in the portfolio as we think it higher risk and less well managed compared to other banks in the country. There are concerns around the shareholder return story and we believe Intesa Sanpaolo is the better way to play this part of the market.

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. Additionally, the auto sector is highly cyclical, and a weak consumer and high interest rates could materially impact demand.

Overseas Developed Markets Fund - Japan
at 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Hitachi	0.40	0.23	0.04
TDK	0.23	0.05	0.03
Recruit Holdings	0.33	0.17	0.03
Tokio Marine	0.32	0.16	0.03
KEPCO	0.18	0.03	0.02

Hitachi (o/w) – Positive exposure to popular themes like IT/AI and energy distribution buildout continued to support demand for the shares as the company emerges from its decade-plus restructuring phase into solid secular growth. Better-than-expected fourth quarter earnings, as well as consensus-beating guidance for the current fiscal year also contributed to greater investor demand.

TDK (o/w) – Electronic component stocks rallied during the quarter as inventory adjustments in key regions such as China showed signs of bottoming out. In addition, TDK announced a major technological breakthrough in solid-state battery development, which promises much higher energy density and markedly increased performance.

Recruit Holdings (o/w) – Bullish FY guidance buoyed the shares, as did the growing sense that the company's portfolio of businesses is beginning to gain critical mass. The US employment search business, which the market feared would underperform in a job downturn, also appears more resilient than expected.

Tokio Marine (o/w) – Investors reacted bullishly to management's announcement that it plans to accelerate its unwinding of cross shareholdings, which will likely allow for a large redistribution of capital to shareholders.

Kansai Electric Power (o/w) – The electric power generation sector enjoyed renewed market attention as investors contemplated the positive impact of a power capacity buildout to meet the needs of electrification as well as the power-hungry AI industry. The restart of nuclear power generation in Japan was also rated positively by investors, an area where Kansai Electric Power stands to benefit more than the peer group, in our opinion.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Japan at 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Shionogi	0.15	0.02	(0.04)
Tokyo Electron	0.36	0.22	(0.03)
Toyota Motor	0.64	0.55	(0.03)
Mitsubishi Estate	0.18	0.04	(0.03)
Keisei Electric Railway	0.10	0.01	(0.03)

Shionogi (o/w) – Phase two clinical trial data for the company's obesity drug released during the quarter underwhelmed investors hoping perhaps for a blockbuster announcement. We continue to believe the market is underestimating the strengths of this company, especially its world-class AIDs treatment franchise, as well as the potential of its COVID mediation in Japan and its overall pipeline of potential new drugs.

Tokyo Electron (o/w) – Tokyo Electron enjoyed a strong rerating during the previous fifteen months as a key player supporting the buildout of the chipmaking industry and a natural choice for investors wanting exposure to Japanese tech and AI, in our opinion. Investors appear to have taken profit on this stock as valuations approached historically high levels.

Toyota Motor (o/w) – Shares corrected on profit-taking after exceptionally strong performance in prior quarters. The market also appears unwilling to capitalize earnings growth resulting from the weaker yen. Finally, the company was cited by Japanese regulators, along with several of its Japanese peers in the auto OEM space, for incorrect safety-testing procedures. The latter is in our opinion immaterial to the company's brand or business results.

Mitsubishi Estate (o/w) – The shares had rallied hard during the tail end of Q4 2023 and Q1 as investors began to change their view on Mitsubishi Estate, which owns some of the most attractive prime property in Japan, amid the first signs of rental income growth—a rare event during the deflationary era. The shares corrected during the quarter, in our view partially on profit taking but also on rotation into other real estate developers that had not yet rerated.

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.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Japan
at 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Mitsubishi UFJ Financial	+0.19
Sumitomo Mitsui Financial	+0.18
Hitachi	+0.18
TDK	+0.18
Renesas Electronics	+0.17
Daiichi Sankyo	-0.15
Mitsui & Co	-0.13
Mizuho Financial	-0.12
Honda Motor	-0.12
HOYA	-0.09

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Mitsubishi UFG – As Japan's largest and highest-quality bank, MUFG is well placed to benefit from the long-awaited normalization of Japanese interest rates and the positive impact this will have on bank earnings. We are also bullish on its high-quality overseas assets, such as the investment bank Morgan Stanley.

Sumitomo Mitsui Financial Group – We maintain an overweight position on large Japanese banks. Among these we favour Sumitomo Mitsui Financial Group because of the success management has enjoyed in shifting the group's business model beyond traditional reliance on loan-deposit spread, as well as building a credible overseas operation.

Hitachi – Over the last 13 years, large-scale corporate restructuring has transformed this company from a sprawling and inefficient corporate behemoth into a lean and focused creator of industrial value. Management is 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.

TDK – We rate the company's industry-leading battery technology highly, as well as its diversified end-market exposure. Management has shown itself adept at adopting to industry changes, and we believe the market will be surprised by the positive effects of its strategy in areas such as mid-sized batteries.

Renesas – The strengths of the company's Micro processing units for automobiles, where it enjoys global number one or two market share, are well known. We believe the market is underestimating Renesas' success in building comprehensive capability across categories, however. We are also bullish on the planned acquisition of Australian chip-design company Altium, which we believe will not only enhance Renesas competitive advantage but also open new markets for its products.

Bottom 5 Holdings Relative to Benchmark:

Daiichi Sankyo – The current share price continues to reflect an unrealistically optimistic outlook for the company's oncology drugs, in our view.

Mitsui & Co – While we rate Mitsui & Co. highly, we prefer Mitsubishi Corp. and Itochu Corporation, due to their more diversified business portfolios with relatively lower weighting on resources/commodities. Mitsubishi Corp. in particular has learned the lessons of the last bull cycle and is more keenly focused on free cash flow generation.

Mizuho Financial Group –.While we maintain our overweight in financials, 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 for its successful efforts to build profitable non-lending businesses.

Honda Motor – We prefer Toyota for its EV/hybrid strategy and growth prospects; we also like Subaru owing to the resilience of its US sales, greater potential from its collaboration with Toyota, and the possibility that Toyota may increase its stake.

Hoya – We exited this manufacturer of electro-optical products on competition concerns and expected continuing weakness of EUV mask blanks used to imprint the integrated circuit pattern in the semiconductor manufacturing process.

Overseas Developed Markets Fund - Asia Pacific (ex Japan) at 30 June 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
SK Hynix	0.98	0.63	0.08
Hyundai Motors	0.45	0.19	0.05
LG Innotek	0.16	0.02	0.04
HLB	0.00	0.03	0.03
Samsung Electronics Prefs	0.00	0.26	0.03

SK Hynix (o/w) – continued to benefit from its prominent position in Nvidia's supply chain (supplying the most advanced high bandwidth memory chips) and expectations of a strong recovery in the broader memory market.

Hyundai Motor (o/w) – with expectations of resilient volumes (flat for 2024) but improvement in ASP mix gains on higher SUVs penetration and exposure to hybrid vehicles, Hyundai Motor outperformed benefiting also from the government's corporate value up program (trading at 0.6x book value, with room for increasing shareholders' returns and potentially large benefits from the unwinding of cross-shareholdings with Hyundai Mobis and Kia).

LG Innotek (o/w) – rebounded strongly on expectations of Apple's iPhones AI capabilities leading to rising revenues, iPhones sales recovery in China and speculation surrounding supply of AI semiconductor substrates to be used in server GPUs starting later in the year.

HLB (u/w) – after soaring in 1Q24 on the back of phase 2 trial results of chemotherapy for gastric cancer patients using a combination of its drugs showed efficacy, the small and volatile Korean biopharmaceutical company corrected heavily in 2Q24 on news of US FDA rejecting the approval of the drug on minor critiques during sites inspections and incomplete inspections of other sites due to travel restrictions.

Samsung Electronics Prefs (u/w) – in spite of attractive valuations and improving overall memory market, Samsung Electronics underperformed the benchmark on uncertainty regarding its potential entry to Nvidia's list of suppliers for the most advanced high bandwidth memory chips for its GPU.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Asia Pacific (ex Japan) at 30 June 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Samsung SDI	0.29	0.09	(0.07)
Techtronic Industries	0.35	0.10	(0.05)
James Hardie	0.23	0.09	(0.04)
Westpac Bank	0.00	0.43	(0.04)
LG Chemical	0.19	0.08	(0.03)

Samsung SDI (o/w) – in spite of relatively firm profits in 1Q24, similarly to LG Chem (see below) it underperformed on the back of slowing growth of EV batteries sales.

Techtronic Industries (o/w) – similarly to James Hardie (see below), Techtronic underperformed on near-term headwinds for the US housing market affecting sales of its power tools. The market was also concerned about the retirement of its CEO after successfully leading the business since 2008.

James Hardie Industries (o/w) – after outperforming in the last 5 quarters and with record FY24 profits, it gave back some of the gains when it communicated below expectations FY25 guidance on headwinds for its repair and remodel market due to interest rates affecting demand.

Westpac Banking (u/w) – the major Australian bank outperformed on the back of resilient economic and business conditions with firm asset quality and benefits from high interest rates.

LG Chemical (o/w) – underperformed on the back of slowing EV demand affecting its battery material business whilst petrochemical operations have been undermined by weak demand leading to low products' spreads.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Asia Pacific (ex Japan) at 30 June 2024

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.64
SK Hynix	+0.36
Hyundai Motors	+0.26
KB Financial Group	+0.26
Techtronic Industries	+0.25
Westpac Bank	-0.43
Samsung Electronics Prefs	-0.26
UOB	-0.19
Kia	-0.16
Celltrion	-0.12

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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.

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.

Hyundai Motor – Hyundai Motor is the leading Korean auto OEM producing compact, SUVs and luxury cars, has great flexibility in terms of the different powertrains (producing internal combustion as well as hybrid and battery electric vehicles) and commands around 5% of global market share and around 9% when combined with sister company Kia.

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

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.

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. The discount of the preferred shares to the ordinary shares has widened in recent months. Should this trend continue, we would consider some partial switching to preferred shares going forward, allowing for liquidity considerations.

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. DBS is the leader in terms of profitability and carries a high valuation, whilst OCBC is slightly more expensive than UOB, with similar profitability but paying a slightly higher dividend yield.

Kia Corp – The portfolio retains its preference for Hyundai Motor and Hyundai Mobis in the Korean autos sector. Kia has made great strides in profitability, along with brand development and awareness in recent years. We continue to monitor Kia for possible investment.

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.

Overseas Developed Markets Fund
at 30 June 2024

Major transactions during the Quarter:

United States

Purchases:

Core & Main (£14.9m)- We started a position in Core & Main, a specialty distributor of water, wastewater, storm and drainage products to the utility, residential and non-residential construction markets. Core & Main benefits from being a leading player with scale advantages in a fragmented industry. The firm should enjoy reliable organic and sizable inorganic growth over the long term.

Meta Platforms (£2.4m) - Meta has demonstrated it is slowly building a significant AI capability, while its advertising business has performed better than expected. We reduced the fund's underweight position during the quarter.

Sales:

Nvidia (-£39m) - After a meteoric rise in Nvidia's share price, the investment had become the fund's largest overweight position. While we have confidence in the company's long-term prospects, the valuation had risen to a level where we felt it was prudent to meaningfully reduce our overweight.

Eli Lilly (-£10m) - The excitement over GLP-1s and the potential size of the combined obesity and diabetes markets has propelled Eli Lilly's valuation to lofty heights. We are confident Lilly's franchises will command significant share, but the stock price had reached a level where we felt profit taking was the sensible course of action.

Honeywell (-£10m) – Honeywell has been immensely successful acquiring and integrating businesses over the years. The firm has industry leading margins and solid market positions. However, with a recent pivot towards organic growth, and ambitious targets, we feel it will become increasingly challenging for the firm to meet investor expectations. We reduced our position but remain overweight.

Costco (-£7m) – Costco's unique customer-centric approach to retailing, along with its famed culture and very famous cheerleader (the late Charlie Munger) has earned Costco cult-like status among investors. Costco's financial performance continues to outshine other retailers, but the stock's valuation had reached a level where we could no longer justify a meaningfully overweight position. We are now roughly equal weight.

Europe (ex UK)

Sales:

Credit Agricole (-£12.4m) – Exited the holding after disappointing guidance and on concern surrounding the upcoming French election. The high valuation stands in sharp contrast to its poor capital position.

Philips (-£12.1m) – Exited position as the business struggles to deliver growth and the market continues to worry about the litigation overhang from foam degradation within its sleep apnoea products.

Bayer (-£9.9m) - Exited the position as we remain concerned about their growth prospects and continued uncertainty surrounding their outstanding litigation related to weed killers and chemical leakages.

Ericsson (-£7.0m) - Exited the position on concerns over capex commitments from their customers within the global network equipment market.

Overseas Developed Markets Fund
at 30 June 2024

Asia Pacific (ex Japan)

Purchases:

Samsung Electronics (£4.4m) – increased on expectations of catching up with SK Hynix in terms of the development of vanguard high bandwidth memory (including qualification by Nvidia for use in its high-end GPU units) and benefits from memory and overall IT market recovery over the next years.

HPSP (£2.9m) – increased on more attractive valuations following recent underperformance and expectations of recovery in profits due to its exposure to the improving semiconductor industry and ongoing demand for its mainstay high-pressure hydrogen annealing tools that facilitate the technological transition to smaller chips.

Sales:

Cochlear (-£8.8m) – In spite of its strong balance sheet and consistently high returns supported by leading hearing implants products, the Fund exited the position on expensive valuations and expectations of high revenues and earnings growth.

SK Hynix (-£5.9m) – Shifting its preference for Samsung Electronics, the Fund reduced SK Hynix on recent strong share price performance and high valuations discounting some of the expected growth of cutting-edge high bandwidth memory as well as the recovery in commodity memory.

Lendlease Group (-£3.7m) – Lendlease was sold due to low confidence in the management's ability to successfully consolidate its business on the Australian operations given the high execution risks and the disappointing track record.

Japan

Purchases:

Matsumoto Kiyoshi (£1.4m) – The shares have underperformed year-to-date despite strong fundamentals and an emerging industry structure that looks favourable for the company's prospects. We took advantage of resulting attractive valuations to add to our position.

Sales:

Hitachi: (-£5.7m) – Although a high-conviction position, we trimmed the position following the stock's very strong performance during the quarter.

Disco: (-£4.0m) – Although still a core position we used the opportunity of a strong share price to reallocate capital to laggards.

Softbank (-£2.2m) – We reduced the position following strength in the previous quarter. Although we continue to value this innovative company, we remain mindful of position size amid current market interest in areas such as AI.

Market Background
at 30 June 2024

Following a rocky start in April, global equities managed to deliver a healthy return of 2.7% in Sterling terms over the second quarter. The prior two quarters, which returned 9.4% and 6.2% respectively were certainly stronger, but this is now the eighth quarter in a row that global equities have delivered a positive return and the second longest streak of uninterrupted gains since the mid-90s.

The first quarter's strength meaningfully lifted expectations, and so it was perhaps inevitable that markets would struggle in April. They declined by just over 3%, before recovering in May and June. The intensifying conflict in the Middle East may have played a part, with the Houthi attacks on ships passing through the Red Sea affecting supply chains by forcing up shipping times and costs and even contributing to the oil price temporarily spiking back above $90 a barrel. The quarter was also characterised by a re-assessment in the pace of inflation's decline, and its impact on the trajectory of global interest rates. Headline US consumer price inflation came in at 3.5% - the fourth month in a row above expectations. The more important core inflation was unchanged at 3.8%, but service prices remained sticky, and the jobs market is still tight. No surprise, then, that the Federal Reserve's tone turned markedly more hawkish. This, and the fact that a pre-election rate cut is politically complicated, has led to financial markets revising their expectations of interest rate cuts from three, to just one in the fourth quarter.

The interest rate trajectory change in the US stood in stark contrast to the rest of the world, where almost without exception interest rates have started to move lower. In developed markets the Swiss National Bank and Sweden's Riksbank both cut rates in May, with the ECB following up in June with its first cut. The Bank of England does not appear far behind either. Across emerging markets rate cuts have come faster with China, Brazil, Mexico, Chile and Peru all lowering their benchmark rates this year. Japan stands out as one major market with a growing divergence in its interest rate trajectory. In fact, there are now clear signs the Bank of Japan is closing in on a hike, which would take rates meaningfully above zero for the first time since 2007. The steady weakening of the Yen, while helpful for Japanese exporters, is becoming a problem for policy makers due to the country's overall reliance on food and energy imports.

In last quarter's commentary we discussed our developed market - particularly Europe's – economic growth concerns. In fact, second-quarter data was mostly encouraging. In the US, despite weaker-than-expected statistics for April, the rest of the quarter saw economic data that pointed to relatively robust economic growth. As for Europe, it now looks like economic growth will recover from recessionary levels in the first quarter. Even in the UK, recent data confirmed the economy had exited its technical recession at the turn of the year. Turning to Emerging Markets, Chinese data continued to suggest an economy performing close to trend growth of 5%. We struggle to contain our scepticism, though, as deep problems within the property sector remain unresolved, and government support – despite the cut in a key reference interest rate for mortgages – remains piecemeal.

Though having a strong economic backdrop is helpful to global equity markets, it should be stressed that the equity market is never a perfect translation of the activity in the underlying economy. Take the FTSE 100: over 80% of its revenue is generated from outside the UK. That said, the strength of the US economy has certainly been a tailwind for corporate earnings growth, and thus the equity market. The S&P 500, the US large cap index, delivered 3.1% earnings growth in the first quarter, which accelerated to 4.1% in the second quarter. For the full year, the index is forecast to produce more than 10% earnings growth. In Europe, after zero growth in the first quarter, profit growth accelerated to around 3% in the second quarter. This turnaround was particularly visible in France and Germany, economies that were flirting with recession at the start of the year. The resilience in earnings growth is very encouraging. Ultimately, stock prices rise for two reasons: valuation expansion – i.e. stock prices going up more than profit growth – and underlying earnings growth. Arguably, the latter is more important in the long run.

Investors in Japanese equities have enjoyed these twin pillars of equity market gains. The country's stock market is heavily concentrated in export-oriented firms that have benefitted from a weaker domestic currency. That's meant that local currency earnings growth has been exceptionally strong, and investors have cheered this with a healthy dose of valuation

Note
1) Source: Border to Coast

expansion too. The impressive 21% Yen stock market return translates into a less spectacular – but still respectable – 7% in sterling.

As the year has progressed, and confidence in the Bank of Japan's interest rate hiking regime has grown, equity market leadership has shown signs of shifting from the dominant exporters such as Disco, TDK and Hitachi to large financial institutions – such as Mitsubishi UFJ and Tokio Marine – that do not rely on a weak currency and should benefit from higher interest rates.

From a sector perspective, very little has changed over the past twelve months. Returns remain dominated by the technology and communication services sectors. In fact, the big six – Microsoft, Nvidia, Alphabet, Meta, Apple and Amazon – continue to account for most of the US market's gains (note the omission of Tesla, the seventh magnificent member). Their collective earnings grew at 20%. That, coupled with continued multiple expansion meant they delivered a 36% return in US dollars over the first half of the year (split relatively evenly over both quarters). As all the newspapers captured, Nvidia, the US chip designer, soared through the $3 trillion market cap level, peaking at $3.3 trillion before unceremoniously dropping $500 billion in market cap over three days. Probably not coincidentally, the firm breaking the $3 trillion barrier coincided with CEO Jensen Huang filing to sell $95 million of shares. That probably contributed to Nvidia's sharp – albeit comparatively small - correction. To put this in context, the entire market cap of the FTSE All Share is $3.2 trillion and the largest company with the FTSE is Shell PLC, with a market cap of $231 billion. The meteoric rise of Nvidia – its profit and stock price - together the increased volatility, and the growing hero worship of Mr Huang himself – his choice of expensive leather jackets, and recent rock star behaviour (signing female body parts) – certainly gives us cause for concern.

This type of environment is not without precedent. We have looked back through history to understand what the future could teach us. In our view, the best comparisons are the so-called Nifty-Fifty in the early 1970s, and the more recent dot-com bubble in 1999. On both occasions, the" darling" companies of the time - instant camera market dominator Polaroid, and networking giant Cisco Systems - reached exceptionally high valuations before stomach churning corrections. Case in point, Cisco's market cap soared to $500 billion during the internet craze, but still languishes below $200 billion today. Focusing on single companies may overstate the risk and Nvidia is a far better company today than Cisco was back then, that said, there are still lessons that can be taken from looking at the market as a whole. A good example of this is the S&P500, a US large cap index, which outperformed the Russell 2000, a US small cap index) by 90% in the 5 years leading up to the dot.com bubble. This reversed between 2000 and 2014 with smaller companies outperforming by 114%. 10 years have now passed since 2014 and large caps have notched up an astounding 85% outperformance. This outperformance of large cap is increasingly concerning as the S&P 500 currently trades on double the valuation of the Russell 2000 when looked at on an underlying Price to Book (or asset value) basis.

We would be remiss not to touch on global political events. We have already had elections in some of the most populous countries in the world, and most have passed without disruption. India for example, suffered what the press saw as an upset when Modi failed to obtain the much-predicted outright majority. We, however, were perhaps a little relieved that a more balanced Lok Sabah (Parliament) might temper any authoritarian tendencies – even if it might have the negative effect of slowing the implementation of market friendly reform. We are more concerned about the outcomes of the elections across developed markets. The UK is perhaps the exception as it has the hallmarks of passing without upset. France and US however are likely to be far more contentious. Though the latest result of the French election showed the RN (National Rally) party, run by Marine Le Pen, failed to secure a majority in parliament, this was achieved at a cost. The co-ordinated anti-RN strategy by left-wing and centrist parties tactically withdrawing their candidates from run-off ballots has left no party with an absolute majority and placing Melenchon, from the far left LFP (La France Insoumise) in a strong position to call for a leftwing Prime Minister. Not only does this render Macron a lame duck but there is a high risk such an approach would put France on a collision course with the European Union. In the US, Biden's disastrous performance in the first June election debate, coupled with signs that he is unlikely to step down as the Democratic candidate, appears to further increase the odds of a second Trump presidency. The prior Trump presidency was marked by a strong US equity market rally up to the onset of Covid. His pro-America stance is likely to be beneficial to

Note
1) Source: Border to Coast

the domestic equity market, however the question we must focus is at what cost to international markets.

To sum up, the US economy remains resilient, and we are encouraged by some of the signs of recovering growth coming out of other developed countries. We are less concerned about inflation and expect a gradual easing of interest rates globally that should provide some further support to markets. We are aware of increased short-term risk caused by geopolitics and longer-term risk centred around the current strong outperformance of large caps, especially the concentration of returns in a few key companies. Whilst we do not think there is sufficient evidence to suggest equity markets may be peaking, we do prefer a more cautious approach and take comfort from our process of targeting high quality companies at reasonable valuations as a means of generating attractive returns over the long term without exposure to excessive risk.

Note
1) Source: Border to Coast

Disclosures

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

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Fund List and Inception Dates

Fund	Inception Date
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

STATE STREET GLOBAL ADVISORS

Quarterly Investment Report - 80237

For the Period 01 Apr 2024 to 30 Jun 2024

Middlesbrough Borough Council

Middlesbrough Borough Council

Report ID: 4170815.1 Published: 12 Jul 2024

Quarterly Investment Report - 80237
As of 30 Jun 2024
Middlesbrough Borough Council

Table of Contents

Accounting Summary (expressed in GBP)

As of 30 Jun 2024

Middlesbrough Borough Council

	Market Value 01 Apr 2024		Contributions	Withdrawals	Change in Market Value	Market Value 30 Jun 2024	
Passive Equity Portfolio							
North America Screened Index Equity Sub-Fund	49,228,348	7.37%	0	0	1,897,733	51,126,081	7.66%
Europe ex UK Screened Index Equity Sub-Fund	150,451,525	22.52%	0	0	(174,057)	150,277,468	22.53%
Japan Screened Index Equity Sub-Fund	131,803,097	19.73%	0	0	(6,181,071)	125,622,027	18.83%
Asia Pacific ex Japan Screened Index Equity Sub-Fund	336,531,009	50.38%	0	0	3,507,908	340,038,916	50.98%
Total	**668,013,979**	**100.00%**	**0**	**0**	**(949,487)**	**667,064,491**	**100.00%**

Performance Summary (expressed in GBP)

As of 30 Jun 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	4.41%	3.85%	15.55%	25.48%	12.31%	14.89%	N/A	13.98%
FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	4.37%	3.74%	15.30%	24.84%	11.75%	14.48%	N/A	13.61%
Difference	**0.04%**	**0.11%**	**0.25%**	**0.64%**	**0.56%**	**0.41%**	**N/A**	**0.37%**
Total Returns (Net)	4.40%	3.85%	15.54%	25.46%	12.29%	N/A	N/A	N/A
FTSE NORTH AMERICA EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	4.37%	3.74%	15.30%	24.84%	11.75%	N/A	N/A	N/A
Difference	**0.03%**	**0.11%**	**0.24%**	**0.62%**	**0.54%**	**N/A**	**N/A**	**N/A**
Europe ex UK Screened Index Equity Sub-Fund								26 Sep 2018
Total Returns	-1.62%	-0.12%	6.45%	12.59%	6.41%	8.22%	N/A	7.72%
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	-1.66%	-0.40%	6.30%	12.38%	5.94%	7.94%	N/A	7.47%
Difference	**0.04%**	**0.28%**	**0.15%**	**0.21%**	**0.47%**	**0.28%**	**N/A**	**0.25%**
Total Returns (Net)	-1.62%	-0.12%	6.44%	12.56%	6.39%	N/A	N/A	N/A
FTSE DEVELOPED EUROPE EX UK EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	-1.66%	-0.40%	6.30%	12.38%	5.94%	N/A	N/A	N/A
Difference	**0.04%**	**0.28%**	**0.14%**	**0.18%**	**0.45%**	**N/A**	**N/A**	**N/A**
Japan Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	-0.20%	-4.69%	6.35%	13.22%	5.28%	6.85%	9.11%	4.53%
FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	-0.22%	-4.72%	6.18%	12.81%	4.86%	6.55%	8.96%	4.35%
Difference	**0.02%**	**0.03%**	**0.17%**	**0.41%**	**0.42%**	**0.30%**	**0.15%**	**0.18%**

Middlesbrough Borough Council

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
Total Returns (Net)	-0.21%	-4.69%	6.34%	13.20%	5.26%	N/A	N/A	N/A
FTSE JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	-0.22%	-4.72%	6.18%	12.81%	4.86%	N/A	N/A	N/A
Difference	**0.01%**	**0.03%**	**0.16%**	**0.39%**	**0.40%**	**N/A**	**N/A**	**N/A**
Asia Pacific ex Japan Screened Index Equity Sub-Fund								01 Jun 2001
Total Returns	3.51%	1.04%	2.07%	8.49%	-0.69%	3.63%	6.63%	8.84%
FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.59%	1.07%	2.34%	8.47%	-0.80%	3.57%	6.57%	8.78%
Difference	**-0.08%**	**-0.03%**	**-0.27%**	**0.02%**	**0.11%**	**0.06%**	**0.06%**	**0.06%**
Total Returns (Net)	3.51%	1.04%	2.06%	8.47%	-0.71%	N/A	N/A	N/A
FTSE DEV ASIA PACIFIC EX JAPAN EX CONTROVERSIES EX CW EX TOB EX TC(10%) INDEX	3.59%	1.07%	2.34%	8.47%	-0.80%	N/A	N/A	N/A
Difference	**-0.08%**	**-0.03%**	**-0.28%**	**0.00%**	**0.09%**	**N/A**	**N/A**	**N/A**

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

R-Factor™ Summary

As of 30 Jun 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	76.84	76.85	-0.01
ESG	77.40	77.41	-0.01
Corporate Governance	46.30	46.29	0.01

Source: SSGA Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	410	99.51%	99.90%
Total Number of Securities in Portfolio	412		

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Fund R-Factor Profile

Not Available	0.10%
Laggard	0.06%
Underperformer	0.80%
Average Performer	4.75%
Outperformer	14.71%
Leader	79.58%

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Novo Nordisk A/S Class B	5.24%	5.24%	0.00%	78.21
ASML Holding NV	4.83%	4.83%	0.00%	82.39
Nestle S.A.	3.17%	3.18%	-0.01%	81.76
SAP SE	2.64%	2.64%	0.00%	86.00
Novartis AG	2.59%	2.60%	-0.01%	92.29
Roche Holding Ltd Dividend...	2.28%	2.28%	0.00%	79.85
LVMH Moet Hennessy Louis...	2.24%	2.23%	0.00%	72.37
Siemens Aktiengesellschaft	1.65%	1.64%	0.01%	83.33
TotalEnergies SE	1.60%	1.59%	0.01%	82.94
Schneider Electric SE	1.52%	1.52%	0.00%	100

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 5 R-Factor Ratings

Danone SA	0.46%	0.45%	0.01%	100
Schneider Electric SE	1.52%	1.52%	0.00%	100
Intesa Sanpaolo S.p.A.	0.71%	0.71%	-0.01%	99.42
Aena SME SA	0.16%	0.17%	-0.01%	98.48
Enagas SA	0.05%	0.04%	0.00%	97.05

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Bottom 5 R-Factor Ratings

CTS Eventim AG & Co. KGa...	0.06%	0.06%	0.01%	24.52
Brunello Cucinelli S.p.A.	0.04%	0.04%	0.00%	32.33
L E Lundbergforetagen AB...	0.05%	0.04%	0.00%	36.67
RATIONAL AG	0.05%	0.05%	0.01%	38.18
PSP Swiss Property AG	0.07%	0.07%	0.00%	38.94

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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.

Climate Metrics

As of 30 Jun 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

Climate Metrics	Portfolio	Benchmark	Difference Versus Benchmark
Carbon Intensity (Direct + Indirect)	174.86	173.32	0.89%
Weighted Average Carbon Intensity (Direct + Indirect)	140.11	140.00	0.08%
Total Reserves Carbon Emissions	71.46	74.25	-3.76%
Scope 1+2 Carbon Emissions	3,806,439.32	3,808,489.89	-0.05%
TCFD Total Carbon Emissions**	59,646.14*	N/A	N/A
TCFD Carbon Footprint	60.97	60.63	0.56%
TCFD Carbon Intensity	135.34	134.96	0.28%
TCFD Weighted Average Carbon Intensity (WACI)	80.86	84.70	-4.53%
Brown Revenue %	3.14	3.15	-0.32%
Green Revenue %	2.12	2.12	0.00%

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.

Stewardship Profile

As of 30 Jun 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	Q1 2024
Number of Meetings Voted	72
Number of Countries	11
Management Proposals	1,512
Votes for	92%
Votes Against	8%
Shareholder Proposals	33
With Management	100%
Against Management	0%

Source: SSGA as of 31 Mar 2024

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	10
2	29
3	87
4	83
5	73
6	70
7	33
8	15
9	5
10	3
10+	0
Not Available	1
Total	**412**

Source: Factset/SSGA. Holdings as of 30 Jun 2024, Factset data as of 31 May 2024.

R-Factor™ Summary

As of 30 Jun 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	69.30	69.32	-0.02
ESG	67.71	67.73	-0.02
Corporate Governance	65.26	65.23	0.03

Source: SSGA Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	588	98.33%	99.32%
Total Number of Securities in Portfolio	598		

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Fund R-Factor Profile

Not Available	0.68%
Laggard	0.46%
Underperformer	2.66%
Average Performer	10.81%
Outperformer	27.35%
Leader	58.03%

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Microsoft Corporation	7.14%	7.20%	-0.06%	77.26
Apple Inc.	6.58%	6.65%	-0.08%	90.67
NVIDIA Corporation	6.31%	6.30%	0.01%	74.18
Amazon.com Inc.	3.85%	3.93%	-0.08%	64.29
Meta Platforms Inc Class A	2.37%	2.43%	-0.06%	72.52
Alphabet Inc. Class A	2.30%	2.33%	-0.03%	69.97
Alphabet Inc. Class C	1.95%	1.97%	-0.02%	69.97
Eli Lilly and Company	1.66%	1.65%	0.01%	67.41
Broadcom Inc.	1.57%	1.54%	0.03%	57.26
JPMorgan Chase & Co.	1.25%	1.22%	0.03%	76.48

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 5 R-Factor Ratings

HP Inc.	0.07%	0.07%	0.00%	100
Apple Inc.	6.58%	6.65%	-0.08%	90.67
First Solar Inc.	0.05%	0.06%	0.00%	89.57
Healthpeak Properties Inc.	0.03%	0.03%	0.00%	89.09
National Bank of Canada	0.06%	0.06%	0.00%	88.87

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Bottom 5 R-Factor Ratings

Live Nation Entertainment In...	0.03%	0.03%	0.00%	20.10
Liberty Broadband Corp. Cla...	0.00%	0.00%	0.00%	21.04
Liberty Broadband Corp. Cla...	0.02%	0.01%	0.00%	21.04
Constellation Software Inc.	0.12%	0.12%	0.00%	22.64
Ubiquiti Inc.	0.00%	0.00%	0.00%	28.24

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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.

Climate Metrics

As of 30 Jun 2024

North America Screened Index Equity Sub-Fund

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

Climate Metrics	Portfolio	Benchmark	Difference Versus Benchmark
Carbon Intensity (Direct + Indirect)	160.08	159.39	0.43%
Weighted Average Carbon Intensity (Direct + Indirect)	107.94	107.78	0.15%
Total Reserves Carbon Emissions	102.59	102.30	0.28%
Scope 1+2 Carbon Emissions	5,923,342.87	5,952,635.31	-0.49%
TCFD Total Carbon Emissions**	88,426.83*	N/A	N/A
TCFD Carbon Footprint	25.84	25.65	0.74%
TCFD Carbon Intensity	84.24	83.86	0.45%
TCFD Weighted Average Carbon Intensity (WACI)	74.64	74.80	-0.21%
Brown Revenue %	3.97	3.94	0.76%
Green Revenue %	3.83	3.84	-0.26%

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.

Stewardship Profile

As of 30 Jun 2024

North America Screened Index Equity Sub-Fund

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

Stewardship Profile	Q1 2024
Number of Meetings Voted	48
Number of Countries	7
Management Proposals	558
Votes for	93.01%
Votes Against	6.99%
Shareholder Proposals	38
With Management	71.05%
Against Management	28.95%

Source: SSGA as of 31 Mar 2024

Page 95

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	9
2	57
3	216
4	181
5	84
6	37
7	8
8	0
9	0
10	0
10+	0
Not Available	3
Total	**598**

Source: Factset/SSGA. Holdings as of 30 Jun 2024, Factset data as of 31 May 2024.

R-Factor™ Summary

As of 30 Jun 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	66.16	66.16	0.00
ESG	64.22	64.22	0.00
Corporate Governance	68.33	68.33	0.00

Source: SSGA Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	488	98.79%	99.68%
Total Number of Securities in Portfolio	494		

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Fund R-Factor Profile	
Not Available	0.32%
Laggard	0.88%
Underperformer	3.40%
Average Performer	14.38%
Outperformer	35.97%
Leader	45.05%

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Toyota Motor Corp.	5.60%	5.60%	0.00%	79.88
Mitsubishi UFJ Financial Gr...	2.69%	2.69%	0.00%	63.97
Sony Group Corporation	2.35%	2.35%	0.00%	81.30
HitachiLtd.	2.29%	2.29%	0.00%	81.19
Tokyo Electron Ltd.	2.20%	2.20%	-0.01%	75.23
Keyence Corporation	1.98%	1.97%	0.01%	50.83
Sumitomo Mitsui Financial...	1.91%	1.91%	0.00%	64.04
Recruit Holdings Co. Ltd.	1.75%	1.75%	0.00%	69.17
Shin-Etsu Chemical Co Ltd	1.71%	1.71%	0.00%	66.27
Mitsubishi Corporation	1.70%	1.69%	0.00%	63.10

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 5 R-Factor Ratings				
Bridgestone Corporation	0.51%	0.51%	0.00%	89.95
TOTO Ltd	0.08%	0.08%	0.00%	86.83
Kao Corp.	0.42%	0.43%	-0.01%	85.81
Daido Steel Co. Ltd.	0.04%	0.04%	0.00%	85.75
Ricoh Company Ltd.	0.11%	0.11%	0.00%	85.45

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Bottom 5 R-Factor Ratings				
COSMOS Pharmaceutical C...	0.03%	0.03%	0.00%	15.10
Sankyo Co. Ltd.	0.04%	0.04%	0.00%	16.75
Relo Group Inc.	0.03%	0.03%	0.00%	17.47
Ship Healthcare Holdings In...	0.02%	0.03%	0.00%	18.18
Heiwa Corporation	0.01%	0.02%	0.00%	21.18

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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.

Climate Metrics

As of 30 Jun 2024

Japan Screened Index Equity Sub-Fund

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

Climate Metrics	Portfolio	Benchmark	Difference Versus Benchmark
Carbon Intensity (Direct + Indirect)	164.84	165.09	-0.15%
Weighted Average Carbon Intensity (Direct + Indirect)	121.34	122.05	-0.58%
Total Reserves Carbon Emissions	14.49	14.48	0.07%
Scope 1+2 Carbon Emissions	2,557,682.06	2,566,796.66	-0.36%
TCFD Total Carbon Emissions**	53,511.63*	N/A	N/A
TCFD Carbon Footprint	89.14	89.84	-0.78%
TCFD Carbon Intensity	102.07	102.48	-0.40%
TCFD Weighted Average Carbon Intensity (WACI)	76.58	77.65	-1.38%
Brown Revenue %	1.60	1.60	0.00%
Green Revenue %	2.44	2.45	-0.41%

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.

Stewardship Profile

As of 30 Jun 2024

Japan Screened Index Equity Sub-Fund

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

Stewardship Profile	Q1 2024
Number of Meetings Voted	76
Number of Countries	1
Management Proposals	843
Votes for	93.71%
Votes Against	6.29%
Shareholder Proposals	7
With Management	85.71%
Against Management	14.29%

Source: SSGA as of 31 Mar 2024

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	95
1	205
2	134
3	41
4	13
5	5
6	1
7	0
8	0
9	0
10	0
10+	0
Not Available	0
Total	**494**

Source: Factset/SSGA. Holdings as of 30 Jun 2024, Factset data as of 31 May 2024.

R-Factor™ Summary

As of 30 Jun 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	67.52	67.50	0.02
ESG	67.06	67.05	0.01
Corporate Governance	55.12	55.10	0.02

Source: SSGA Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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-inclass ESG data providers. R-Factor supports the development of sustainable capital markets by giving investors the ability to invest in solutions that integrate financially material ESG data while incentivizing companies to improve their ESG practices and disclosure in areas that matter.

Fund Coverage	Count	Percent of Total Securities	Percent of Total Market Value
R-Factor Securities Coverage	371	98.41%	99.73%
Total Number of Securities in Portfolio	377		

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Fund R-Factor Profile

Not Available	0.27%
Laggard	1.73%
Underperformer	1.56%
Average Performer	13.61%
Outperformer	33.02%
Leader	49.82%

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 10 Positions	Fund Weight	Benchmark Weight	Difference	R-Factor Rating
Samsung Electronics Co. Lt...	10.26%	10.23%	0.03%	81.95
Commonwealth Bank of Aus...	5.19%	5.19%	0.00%	90.37
CSL Limited	3.46%	3.46%	0.00%	73.23
SK hynix Inc.	3.37%	3.36%	0.01%	67.73
AIA Group Limited	2.78%	2.78%	-0.01%	71.31
National Australia Bank Limi...	2.74%	2.73%	0.00%	75.78
Westpac Banking Corporati...	2.30%	2.30%	0.00%	75.14
ANZ Group Holdings Limite...	2.07%	2.07%	0.01%	75.21
DBS Group Holdings Ltd	1.93%	1.94%	0.00%	68.63
Macquarie Group Ltd.	1.80%	1.81%	-0.01%	67.02

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Top 5 R-Factor Ratings				
Commonwealth Bank of Aus...	5.19%	5.19%	0.00%	90.37
City Developments Limited	0.06%	0.06%	0.00%	87.54
Swire Properties Limited	0.06%	0.06%	0.00%	84.54
GPT Group	0.19%	0.19%	0.00%	83.62
Samsung Electronics Co. Lt...	10.26%	10.23%	0.03%	81.95

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 2024.

Bottom 5 R-Factor Ratings				
Paradise Co. Ltd	0.02%	0.02%	0.00%	10.56
Celltrion Pharm Inc.	0.03%	0.04%	-0.01%	12.02
LOTTE ENERGY MATERIAL..	0.03%	0.03%	0.00%	18.55
Kum Yang Co. Ltd.	0.08%	0.08%	0.00%	19.94
Washington H. Soul Pattins...	0.19%	0.19%	0.00%	20.17

Source: Factset/SSGA. Holdings as of 30 Jun 2024, R-Factor data as of 31 May 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.

Climate Metrics

As of 30 Jun 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

Climate Metrics	Portfolio	Benchmark	Difference Versus Benchmark
Carbon Intensity (Direct + Indirect)	240.70	240.84	-0.06%
Weighted Average Carbon Intensity (Direct + Indirect)	166.16	166.47	-0.19%
Total Reserves Carbon Emissions	19.08	19.39	-1.60%
Scope 1+2 Carbon Emissions	4,206,491.37	4,202,688.08	0.09%
TCFD Total Carbon Emissions**	53,810.46*	N/A	N/A
TCFD Carbon Footprint	74.23	74.35	-0.16%
TCFD Carbon Intensity	153.52	154.04	-0.34%
TCFD Weighted Average Carbon Intensity (WACI)	132.21	133.09	-0.66%
Brown Revenue %	3.33	3.33	0.00%
Green Revenue %	1.69	1.69	0.00%

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.

Stewardship Profile

As of 30 Jun 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	Q1 2024
Number of Meetings Voted	158
Number of Countries	6
Management Proposals	1,144
Votes for	79.81%
Votes Against	20.19%
Shareholder Proposals	12
With Management	91.67%
Against Management	8.33%

Source: SSGA as of 31 Mar 2024

Page 101

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	68
1	80
2	80
3	75
4	50
5	17
6	5
7	1
8	0
9	0
10	0
10+	0
Not Available	1
Total	**377**

Source: Factset/SSGA. Holdings as of 30 Jun 2024, Factset data as of 31 May 2024.

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

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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- 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 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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- Returns are annualised for periods greater than one year.
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- Performance figures are calculated by the Modified Dietz method or by the True Time-Weighted return method.
- Past performance is not necessarily indicative of future investment performance.
- Performance returns greater than one year are calculated using a daily annualisation formula. Returns for the same time period based on other formulas, such as monthly annualisation, may produce different results.
- The account summary page details the opening balance at the start of the reporting period which is the equivalent of the closing balance of the previous reporting period.
- If you are invested into any pooled fund or common trust fund, it may use over-the-counter swaps, derivatives or a synthetic instrument (collectively "Derivatives") to increase or decrease exposure in a

particular market, asset class or sector to effectuate the fund's strategy. Derivatives agreements are privately negotiated agreements between the fund and the counterparty, rather than an exchange, and therefore Derivatives carry risks related to counterparty creditworthiness, settlement default and market conditions. Derivatives agreements can require that the fund post collateral to the counterparty consistent with the mark-to-market price of the Derivative. SSGA makes no representations or assurances that the Derivative will perform as intended.

- If you are invested in an SSGA commingled fund or common trust fund that participates in State Street's securities lending program (each a "lending fund"), the Fund participates in an agency securities lending program sponsored by State Street Bank and Trust Company (the "lending agent") whereby the lending agent may lend up to 100% of the Fund's securities, and invest the collateral posted by the borrowers of those loaned securities in collateral reinvestment funds (the "Collateral Pools"). The Collateral Pools are not registered money market funds and are not guaranteed investments. The Fund compensates its lending agent in connection with operating and maintaining the securities lending program. SSGA acts as investment manager for the Collateral Pools and is compensated for its services. The Collateral Pools are managed to a specific investment objective as set forth in the governing documents for the Collateral Pools. For more information regarding the Collateral Pool refer to the "US Cash Collateral Strategy Disclosure Document." Securities lending programs and the subsequent reinvestment of the posted collateral are subject to a number of risks, including the risk that the value of the investments held in the Collateral Pool may decline in value, be sold at a loss or incur credit losses. The net asset value of the Collateral Pool is subject to market conditions and will fluctuate and may decrease in the future. More information on the securities lending program and on the Collateral Pools, including the "US Cash Collateral Strategy Disclosure Document" and the current mark to market unit price are available on Client's Corner and also available upon request from your SSGA Relationship Manager.

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

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

Appendix C

BORDER TO COAST UK LISTED EQUITY FUND

ESG & CARBON REPORT

Q2 2024

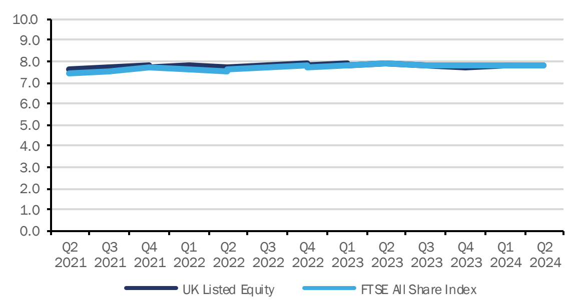
MSCI ESG RATING

AA

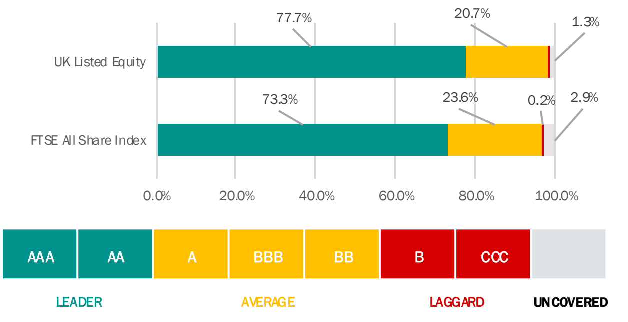
PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**		Fund has an equal or better *Weighted ESG Score* than the benchmark.
UK Listed Equity	AA [1]	7.8 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE All Share Index	AA [1]	7.8 [1]			Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]				Lowest ESG Rated Issuers [1]			
	% Portfolio Weight	**% Relative Weight**	**MSCI Rating**		**% Portfolio Weight**	**% Relative Weight**	**MSCI Rating**
Unilever	5.0%	+0.5%	AAA [1]	Glencore	1.9%	-0.4%	BBB [1]
Relx	3.3%	+0.5%	AAA [1]	Haleon	1.2%	+0.2%	BBB [1]
Diageo	2.7%	+0.4%	AAA [1]	BP	3.0%	-0.3%	A [1]
National Grid	2.0%	+0.3%	AAA [1]	Compass Group	1.9%	+0.4%	A [1]
Segro	0.9%	+0.4%	AAA [1]	Rio Tinto	2.1%	+0.3%	A [1]

Quarterly ESG Commentary

- The Fund's overall ESG score is consistent with the previous quarter. The Fund remains above benchmark with no material change in either the Fund's or benchmark's overall ESG score.
- There have been no notable changes in the ESG ratings of the Fund's holdings. The Fund continues to hold a greater proportion of ESG leaders and a smaller proportion of ESG laggards relative to benchmark driving the Fund's positive relative score.

Feature Stock: Compass Group

Compass is a leading global contract caterer, with its largest market being the US. A beneficiary of the ongoing trend for organisations to outsource non-core activities to specialist caterers better able to manage operational complexity, provide more balanced nutrition/healthy eating options whilst also meeting strict food hygiene standards. Compass continues to grow market share with industry leading contract retention rates and new business wins helping drive organic growth. The company also has a strong balance sheet providing opportunity to grow through M&A activity. Purchasing and operating scale provide Compass significant margin advantages over smaller operators, helping to manage food cost inflation, staff costs and recruitment challenges, whilst the roll-out of digital/vending services provides further growth opportunities into smaller sites.

Compass has an 'A' rating from MSCI, putting the company above the industry average and with the score having been stable over the last 4 years. It is assessed as leading global peers on Corporate Governance and in meeting the growing demand for healthy food, whilst also ahead of industry peers on Product Safety & Quality. Packaging Material & Waste is a growing focus for Compass. The company is moving towards 100% reusable or recyclable packaging at its UK & Ireland sites. Lowering food waste is also a key priority for the company. Compass is targeting a 50% reduction in food waste by 2030, with food waste tracking technology now deployed at over 8,000 sites globally.

[1]Source: MSCI ESG Research 30/06/2024

BORDER TO COAST
UK LISTED EQUITY FUND

ESG & CARBON REPORT

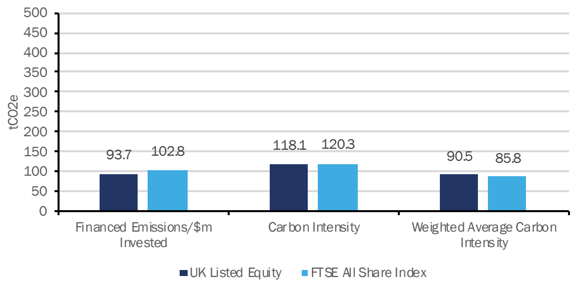
Q2 2024

MSCI ESG RATING

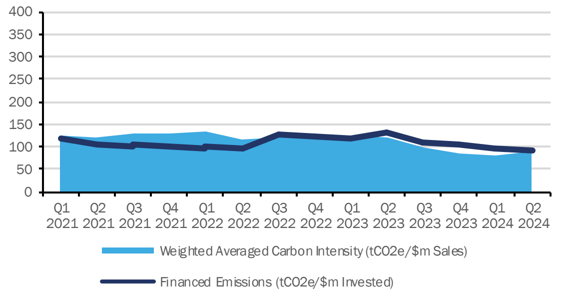
AA

BORDER TO COAST PENSIONS PARTNERSHIP

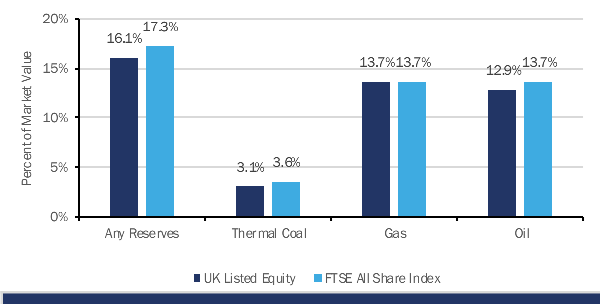
Carbon Emissions and Intensity[1]



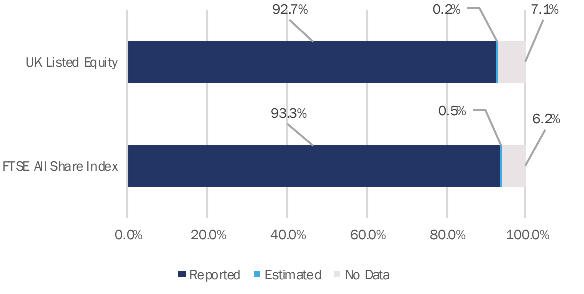
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



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



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Shell	7.9%	+0.3%	35.8% [1]	Yes	4
BP	3.1%	-0.3%	12.4% [1]	Yes	4*
Glencore	2.1%	+0.3%	8.7% [1]	Yes	4
Rio Tinto	1.9%	-0.4%	8.6% [1]	Yes	4
easyJet	0.4%	+0.3%	6.7% [1]	No	3

Quarterly Carbon Commentary

- The Fund saw immaterial reductions in financed emissions and carbon intensity, continuing to score more favourably than the benchmark.
- The Fund saw a 9% increase in its weighted average carbon intensity ("WACI") and remains slightly above benchmark. This is largely due to the Fund's larger relative holdings in high emitters such as Shell, Glencore and EasyJet and a significant increase in Intercontinental Hotels' WACI over the quarter.

Feature Stock: Glencore

Glencore is an international mining and commodity marketing company headquartered in Switzerland. Commodities mined include copper, zinc, coal, cobalt and nickel, which collectively account for 81% of current EBITDA, with the marketing division making up the other 19%. Cobalt, where the company has a particularly strong market share of production, copper and nickel all have favourable demand characteristics through the energy transition. These minerals are utilised in batteries, electricity transmission products and infrastructure. The company is also reasonably well placed on the cost curve enabling good profitability in periods of strong demand and protection against demand weakness. Glencore has robust cashflows and a balance sheet from which it can expand its reserve base organically and through acquisitions. It also has exposure to coal and is in the process of acquiring Elk Valley Resources, the coking coal assets of Teck Resources. Following completion of the transaction Glencore is to consult shareholders on a potential spin-off of the combined coal assets.

Having transformed the management of the business by replacing many executives and changing the business culture, Glencore has made significant improvements to its ESG credentials. MSCI notes material improvements in governance, health and safety and carbon emissions. The company was rated Level 4 (unchanged) by the Transition Pathway Initiative (TPI) in its last assessment in April 2023, which indicates it is making a "strategic assessment of the management of its greenhouse gas emissions and of risks and opportunities related to the low-carbon transition". Glencore's 2024-26 Climate Action Transition Plan includes a commitment to Net Zero emissions from its industrial assets by 2050, with interim Scope 1,2 and 3 reduction targets of 15%, 25% and 50% by 2026, 2030 and 2035 respectively against a 2019 baseline.

[1]Source: MSCI ESG Research 30/06/2024

Issuers Not Covered [1]		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	0.6%	5.1%
Investment Trust / Funds	0.7%	2.0%

Important Information

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* In accordance with the licence agreement between Border to Coast and MSCI

[1]Source: MSCI ESG Research 30/06/2024

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

ESG & CARBON REPORT

Q2 2024

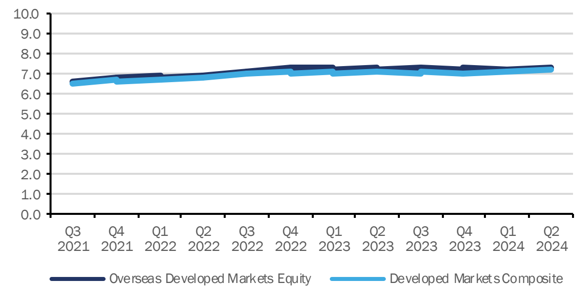
MSCI ESG RATING

AA

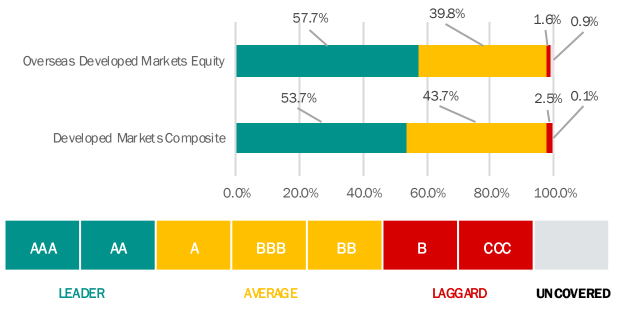
PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
Overseas Developed Markets Equity	AA [1]	7.3 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
Developed Markets Composite	AA [1]	7.2 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating	Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
NVIDIA	3.1%	+0.4%	AAA [1]	Hyundai Motor	0.5%	+0.5%	CCC [1]
Novo Nordisk	2.2%	+0.7%	AAA [1]	HPSP	0.1%	+0.1%	CCC [1]
ASML	1.9%	+0.5%	AAA [1]	Meta Platforms	0.8%	-0.3%	B [1]
Schneider Electric	0.9%	+0.5%	AAA [1]	Hyundai Mobis	0.1%	+0.1%	B [1]
CSL	0.9%	+0.2%	AAA [1]	Jardine Matheson	0.1%	+<0.1%	B [1]

Quarterly ESG Commentary

- This quarter saw no change in the Fund's weighted ESG score. The Fund remains above the benchmark across all ESG categories.
- The number of CCC companies held by the Fund is consistent with quarter one. The most notable change in holdings, is Jardine Matheson becoming one of the bottom five ESG laggards following the Funds' exit from Koninklijke Philips. Jardine Matheson is the Fund's feature stock for this quarter.

Feature Stock: Jardine Matheson

Jardine Matheson Holdings is a diversified holding company operating in China, Southeast Asia, and the UK. Through listed and unlisted subsidiaries and affiliates, the Company has interests in property, hotels, strategic investments, dairy, construction, transport services, and sales and service of motor vehicles. Jardine provides investors with a well-diversified asset portfolio which is seeing a recovery in earnings due to its sensitivity to economic growth, urbanisation trends and rising middle classes in Southeast Asia and China. Jardine's investment case is strengthened further by the company trading at a large discount to its net asset value (i.e., the company's market capitalisation is currently valued lower than the sum of the underlying assets), the potential for the privatisation and disposal of its assets, and by its increased shareholders' yield.

In the past, MSCI had raised several concerns relating to Jardine in terms of ESG, rating the Company as "CCC". These were primarily linked to historical governance risks associated with board practices, the presence of a controlling shareholder, and cross-shareholding ties. The Company began to address the corporate ownership structure and cross-shareholding concerns with a simplified structure through the privatisation of Jardine Strategic Holdings in April 2021. In December 2023, MSCI upgraded its rating to "B" as it considered it no longer a "controlled" firm.

Jardine has made several commitments; to invest in renewable energy, to diversify into non-coal mineral mining, and to make no investments in new coal mines and new thermal coal-fired power plants. The Company is also looking at opportunities in clean technology given its exposure to the auto industry and the transition towards electric vehicles. In 2022, Jardine published its inaugural Sustainability Report formulating a strategy for Net Zero aligned with the TCFD Framework and committed to the Science Based Targets Initiative (SBTi), aligned to a 1.5°C scenario.

[1]Source: MSCI ESG Research 30/06/2024

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

ESG & CARBON REPORT

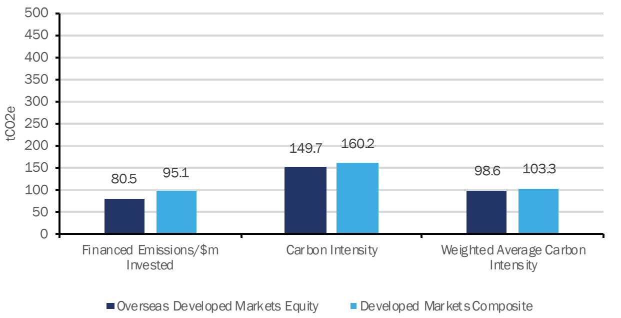
Q2 2024

MSCI ESG RATING

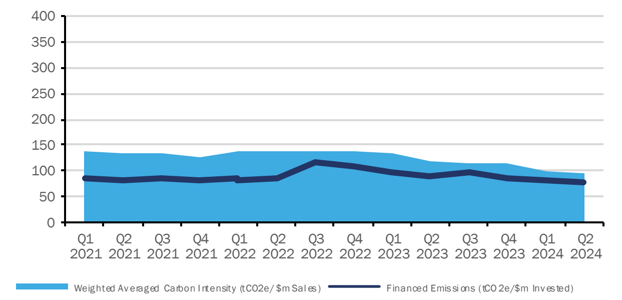
AA

BORDER TO COAST PENSIONS PARTNERSHIP

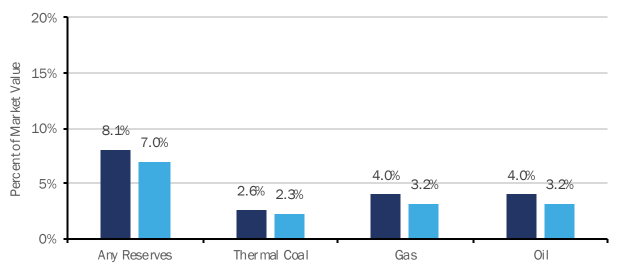
Carbon Emissions and Intensity[1]



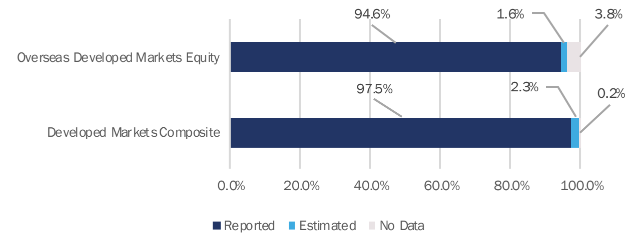
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



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



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
RWE	0.3%	+0.2%	13.7% [1]	Yes	4
ArcelorMittal	0.1%	+0.1%	8.0% [1]	Yes	4
POSCO	0.2%	+0.1%	7.8% [1]	Yes	4
Holcim	0.3%	+0.2%	6.9% [1]	Yes	4
Kansai Electric Power Company	0.2%	+0.2%	3.5% [1]	No	3

Quarterly Carbon Commentary

- The Fund's performance across all emissions metrics is consistent with last quarter. The Fund has lower relative emissions metrics compared to the benchmark.
- The Fund saw no material change to its emissions profile. The Fund's top five emitters remain consistent with last quarter and continue to account for 40% of the Fund's financed emissions.

Feature Stock: ArcelorMittal

ArcelorMittal operates steel, iron ore manufacturing and coal mining facilities in Europe, North and South America, Asia, and Africa. The company has operations in 18 countries and serves customers in 160 countries. The company is the largest steel maker in the world, producing almost 10% of global steel. ArcelorMittal carries a particularly attractive investment case as the company continues to invest in cost competitive assets in its core markets. This has helped to increase margins meaning that the company has now started to return more cash to shareholders through its reinstated dividend and share buybacks.

The company has committed to Net Zero by 2050 and is looking to change its steel making process by moving away from primary steelmaking in a blast furnace to primarily steelmaking using direct reduced iron as a feed for an electric arc furnace. This uses natural gas but can also transition to green hydrogen when available. The company has an interim 2030 target of a 25% reduction in CO_2 emissions intensity across its global steel and mining operations from a 2018 baseline, with an increased target of 35% for European assets. The company's Net Zero targets are 1.5°C aligned by TPI. ArcelorMittal will be looking for funding from governments to help with the transition and achieve its emissions targets.

[1]Source: MSCI ESG Research 30/06/2024

Issuers Not Covered [1]		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	0.6%	3.2%
Investment Trust/ Funds	0.3%	0.6%

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[1]Source: MSCI ESG Research 30/06/2024

BORDER TO COAST EMERGING MARKETS EQUITY FUND

ESG & CARBON REPORT

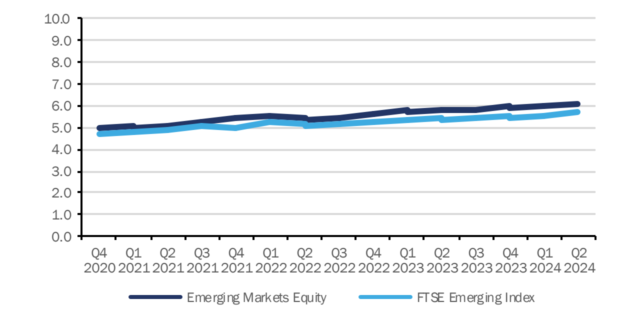
Q2 2024

MSCI ESG RATING

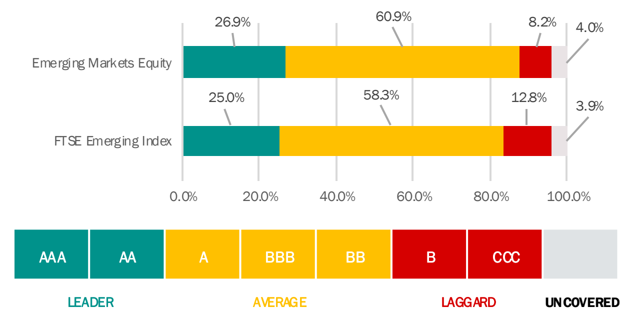
A

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**		Fund has an equal or better *Weighted ESG Score* than the benchmark.
Emerging Markets Equity	A [1]	6.1 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE Emerging Index	BBB [1]	5.7 [1]			Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]				Lowest ESG Rated Issuers [1]			
	% Portfolio Weight	**% Relative Weight**	**MSCI Rating**		**% Portfolio Weight**	**% Relative Weight**	**MSCI Rating**
Taiwan Semiconductor	11.9%	+2.1%	AAA [1]	Jiangsu Hengli Hydraulic	0.5%	+0.5%	CCC [1]
Wuxi Biologics	<0.1%	-0.1%	AAA [1]	Kweichow Moutai	2.0%	+1.8%	B[1]
HDFC Bank	3.1%	+1.5%	AA [1]	PetroChina	0.8%	+0.8%	B[1]
ITC Limited	1.7%	+1.5%	AA [1]	Vale S.A.	0.6%	0.0%	B[1]
HCL Technologies Limited	1.3%	+1.1%	AA [1]	SITC International	0.5%	+0.5%	B [1]

Quarterly ESG Commentary

- No change in the Fund's ESG ratings relative to the benchmark. The Fund continues to outperform the benchmark on all ESG ratings. This is driven by the larger proportion of 'Leaders' held, and lower weighting of companies considered to be 'Laggards'.
- No change in the number of 'CCC' rated companies held by the Fund.

Feature Stock: PetroChina

PetroChina is the listed arm of one of China's two integrated oil majors and is China's largest oil and gas producer. The company has monopolistic rights to produce oil and gas within its operating area, mainly in onshore China, due to China's regulation on oil production. PetroChina is well positioned to benefit from an upcycle in the global oil market.

The company has set a 'near-zero' net emissions target by 2050. The company's rich natural gas resources are an essential part of China's carbon neutral roadmap. The company is also targeting US$0.4–0.7 billion per year investment in geothermal, solar, wind and hydrogen; rising to US$1.5 billion per year.

China's carbon capture, utilization and storage ("CCUS") capacity was 3.5mn tons in 2023, only 6% of global capacity. PetroChina is leading China's CCUS construction and application. The Company's largest CCUS project is in the Jilin province with 0.8mn tons capacity and it is planned to expand to 3mn tons in the next 5 years and 30mn tons by 2035. The CCUS project will not only reduce carbon emissions but will also increase its oil recovery rate (production increase by 5%).

PetroChina is classed as a potential breacher of UN Global Compact (UNGC) by MSCI as a result of alleged links to coercive state sponsored labour transfer schemes. Border to Coast are working with our China based manager to further understand the circumstances of this failure.

[1]Source: MSCI ESG Research 30/06/2024

BORDER TO COAST EMERGING MARKETS EQUITY FUND

ESG & CARBON REPORT

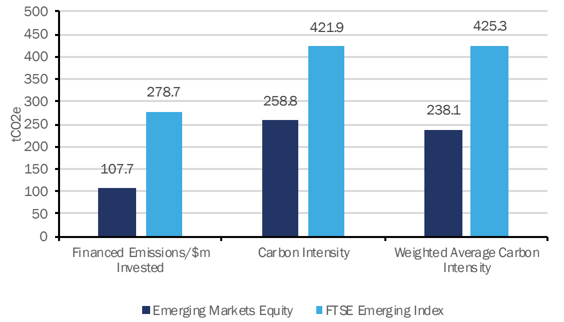
Q2 2024

MSCI ESG RATING

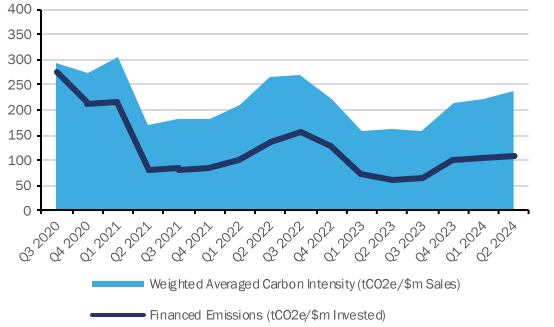
A

BORDER TO COAST PENSIONS PARTNERSHIP

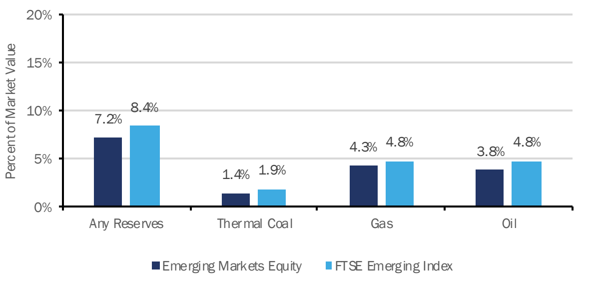
Carbon Emissions and Intensity[1]



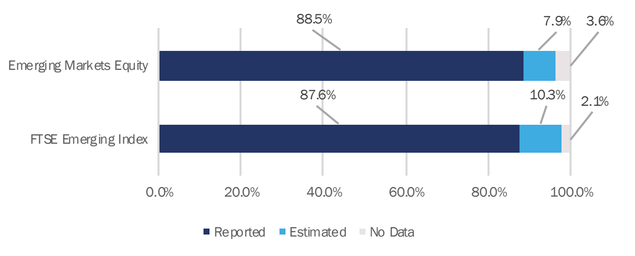
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



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



Largest Contributors to Financed Emissions[1]					
	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Grasim Industries	1.5%	+1.3%	45.3% [1]	No	N/A
Qatar Gas Transport Company	1.1%	+1.0%	8.1% [1]	No	N/A
PetroChina	0.8%	+0.6%	5.5% [1]	Yes	3
Astra International	1.0%	+0.9%	4.1% [1]	No	3
Grupo Traxion	0.5%	+0.5%	3.4% [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").
- Grasim Industries remains the primary contributor to the Fund's emissions profile. The Fund saw a 7% increase in WACI due to increased portfolio weights in Grasim, Qatar Gas and Taiwan Semiconductor, the three largest contributors to WACI in Q1. This quarter, Astra International became the Fund's 4th highest contributor to financed emissions driven by the company's increased weight in the Fund. Astra International is the Fund's feature stock this quarter.

Feature Stock: Astra International

Astra International is one of Indonesia's leading conglomerates with a revenue split of roughly 40% from the auto sector, 10% financial services, 35% heavy equipment (through its 60% ownership of United Tractors) and 15% from other businesses which cover a range of sectors from property, agribusiness, infrastructure and technology. Notably the company is the assembly and distribution partner for Toyota, Daihatsu, Isuzu and Honda in Indonesia with a ~50% market share in four-wheelers and almost 80% in two-wheelers. In heavy industry, they distribute to Komatsu, Caterpillar, Hitachi, Kobelco and Sumitomo. Astra International displays attractive fundamental value alongside interesting growth optionality, namely when Indonesian consumer spending patterns improve, and vehicle/scooter volumes return to growth.

Astra International has a goal of reducing group-wide scope 1 and 2 greenhouse gas emissions by 30% compared to its 2019 baseline by 2030. In part, this will be achieved by sourcing a minimum of 50% of energy needs from renewable sources. As at end 2023, the Company has reduced scope 1 and 2 emissions by 14% and raised the renewables contribution in its energy mix to 45%. The Company has disclosed that it will no longer acquire coal mining assets and plans to expand its marketed electric car brands.

[1]Source: MSCI ESG Research 30/06/2024

Issuers Not Covered		
Reason	ESG (%) [1]	Carbon (%) [1]
Company not covered	4.0%	2.7%
Investment Trust/ Funds	0.0%	0.9%

Important Information

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

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* In accordance with the licence agreement between Border to Coast and MSCI

[1]Source: MSCI ESG Research 30/06/2024

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 2024

DIRECTOR OF FINANCE – DEBBIE MIDDLETON

LGPS – NATIONAL KNOWLEDGE ASSESSMENT

1. PURPOSE OF THE REPORT

1.1 To provide Members with information about the Local Government Pension Scheme (LGPS) National Knowledge Assessment facilitated by consultants Hymans Robertson and to ask Members to agree that they and Members of the Teesside Pension Board ('the Board') should undertake this assessment.

2. **RECOMMENDATION**

2.1 That Members agree

- to participate in the Local Government Pension Scheme (LGPS) National Knowledge Assessment facilitated by consultants Hymans Robertson, to help assess the Committee's collective relevant LGPS knowledge with a view to facilitating targeted training to meet any training needs identified.
- to include the members of the Teesside Pension Board in the assessment process.

3. **FINANCIAL IMPLICATIONS**

3.1 The cost of participating in the National Knowledge Assessment is £3,500 plus VAT. Assuming full participation by the Committee and Board this equates to around £167 a person.

4. **BACKGROUND**

4.1 In January 2019 the LGPS Scheme Advisory Board ("SAB") commissioned Hymans Robertson to assist in delivering a review of governance across the LGPS. This review was termed the 'Good Governance' project. This review recognised the Pension Regulator's ("TPR") push to increase governance and administration standards in pension schemes, including public service pension schemes, for which it has oversight responsibility.

4.2 TPR's sustained push to increase governance standards at LGPS funds can be traced through its:

- General Code of Practice (which supersedes the similarly worded Code of Practice 14) – which sets out the expectations, roles and responsibilities of the officers, decision

makers (Committee) and Pension Board as regards to governance and administration standards
- 21st Century Trustee campaign – launched in summer 2019 and designed to raise the standards of those responsible for pension schemes
- 2018/2019 'deep dive' into 10 LGPS funds – 10 funds of varying sizes were chosen and assessed based on the main components of the Code of Practice 14.

4.3 The purpose of the SAB Good Governance review was to examine existing governance arrangements and consider ways in which gaps could be identified and addressed, good practice shared more widely, and greater transparency provided. The SAB was clear that only recommendations that retained a link with local democratic accountability were to be considered. Although the Good Governance Review recommendations have not yet been formally taken forward by government, compliance with them will allow the Fund to demonstrate it is following best practice.

4.4 Following Hymans Robertson's review, proposals were set out in 6 main areas (see Appendix A for detail and proposals relating to the below areas):
- General;
- Conflicts of Interest;
- Representation;
- Knowledge, understanding and training;
- Service delivery for the LGPS function; and
- Compliance and Improvement

The full review document was provided to the 22 January 2020 Committee meeting.

4.5 Some of the key recommendations set out in the review included:
- Each LGPS Fund must have a single named officer who would be responsible for all LGPS-related activity for their Fund;
- Each Fund must produce a conflicts of interest policy;
- A requirement for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively
- Administering authorities to publish a policy setting out their approach to the delivery, assessment and recording of training
- Each administering authority reporting the Fund's performance against an agreed set of indicators designed to measure standards of service

4.6 Key for the development of the National Knowledge Assessment are the Knowledge and Understanding recommendations within the Good Governance report. Within that section are recommendations that Pension Committees hold a similar level of knowledge to that of the Local Pension Board. The report stated that "*while there exists a statutory duty on members of local pension boards to maintain an appropriate level of knowledge and understanding to carry out their role effectively, no such statutory duty applies to those sitting on s101 committees*". It then continues by stating "*the Guidance should mandate a similar knowledge and understanding requirement for those carrying out a delegated decision-making role on s101 committees*".

4.7 The Good Governance report states that training should be provided in a "supportive environment" and "members will not be required to undertake a test, although it is recognised that best practice would include assessments or other means to identify gaps in knowledge". The National Knowledge Assessment addresses these issues and is starting position for Pensions Committees and Boards knowledge and understanding requirements.

5. **FORMAT**

5.1 What is the National Knowledge Assessment?

The National Knowledge Assessment (NKA) is offered by Hymans Robertson LLP. It is a multiple-choice assessment over 8 areas (6 questions in each area) testing the knowledge of Pension Board and Committee members against the requirements set in legislation, along with the recommended knowledge levels produced by The Pensions Regulator and CIPFA.

5.2 The 8 topic areas are:

- Committee Role and Pensions Legislation
- Pensions Governance
- Pensions Administration
- Pensions Accounting and Audit Standards
- Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

5.3 What are the benefits?

Taking part in the NKA is a quick and straightforward way of testing the knowledge of the Pension Board and Pension Committee.

Hymans Robertson provide the Fund with a report showing the results achieved (overall Fund results, Board results and Committee results), allowing Officers to identify training needs and plan how those needs will be met in the year ahead. Additionally, the NKA report will provide information of the Fund's results compared with other Funds which take part in the NKA. This will provide a clear indication of how your Fund compares with the wider market and allow you to track your improvements against a benchmark.

5.4 Testing the knowledge and skills of the Committee and Board is an important part of demonstrating good governance, both to TPR and the Fund membership. The Fund will be able to demonstrate it is taking action to meet this expectation through utilising the NKA.

5.5 How long does it take?

Completing the NKA should take around 20 minutes.

5.6 Should the Committee agree to progress with the Knowledge Assessment, each Committee and Board member will be asked to complete the assessment. As well as giving an indication of individual strengths and weaknesses, more importantly this type of assessment helps identify any areas where collectively the Committee or the Board require development. This would then allow more targeted training to be developed and delivered. In addition, as at least 20 LGPS Funds have already undertaken the Knowledge Assessment, it will be possible to benchmark the results against those of other Funds.

5.7 Committee and Board members already have access to the Hymans Robertson LGPS Online Learning Academy (LOLA) which includes a series of short videos providing information and training in all the areas listed in paragraph 5.2 above: https://www.hymans.co.uk/services/lgps-online-learning-academy/

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

TEL NO.: 01642 729040

HYMANS ROBERTSON

Teesside Pension Fund

2022 Valuation Section 13 Results

Julie Baillie FFA

25 September 2024
For an on behalf of Hymans Robertson LLP

Agenda Item 8

Contents

We will discuss:

HYMANS ROBERTSON

Section 13 – What is it?

What is Section 13?

Under Section 13 of the Public Service Pensions Act the Ministry of Housing, Communities and Local Government ("MHCLG") appointed the Government Actuary's Department (GAD) to carry out a review of the LGPS local funding valuations. We previously submitted data and information regarding the 2022 valuation on the Fund's behalf to GAD and they used this data, along with data from the other LGPS Funds to carry out their analysis.

GAD published their report on the 2022 valuations on 14 August 2024.

The full report can be found at:

https://www.gov.uk/government/publications/lgps-ew-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2022

What does the Section 13 report cover?

This GAD analysis is very analytical and presents various metrics in a "like-for-like" fashion so that reasonable comparisons can be made between LGPS funds. Section 13 requires GAD to ascertain whether each local fund valuation has achieved the following aims:

- The valuation ***complies*** with the LGPS regulations.

In assessing compliance, GAD has focussed on Regulation 62 covering mainly the valuation report and employer contribution rate setting and has not considered other elements of the valuation process, including the compliance of the Funding Strategy Statement.

- The valuation has been carried out in a way which is ***not inconsistent*** with other local fund valuations.
- The valuation has set employer rates that ensure the ***solvency*** and the ***long-term cost efficiency*** of the fund.

For solvency GAD focuses on whether the assets held, together with employers' contributions are sufficient to target 100% funding over an appropriate period.

For long-term cost efficiency GAD also considers issues of inter-generational fairness in employer contribution rates, ensuring that employers pay a fair amount to cover benefits earned during the current period of participation.

Section 13 – General Results

What did GAD report for all LGPS Funds to consider?

Consistency

GAD recognised the improved presentational consistency in the 2022 valuations, and that the continued **use of the section 13 dashboard** (first introduced for the 2019 valuations) **greatly aids stakeholders' understanding**.

GAD noted **concern around the continued lack of evidential consistency** since the previous review at 2019. Whilst GAD appreciate that specific fund circumstances may merit the use of different actuarial assumptions, they believe that these differences may lead to different outcomes, for example different contribution rates. Wherever possible, GAD believe in the importance of information being presented in a way that facilitates comparisons.

GAD made two formal recommendations in this area for the Scheme Advisory Board to consider:

- **Whether greater consistency could and should be achieved to allow easier comparison between funds and better understanding of risks**, and
- **whether guidance would be helpful to support greater consistency on emerging issues**

Climate risk

GAD recognised the **significant progress made by funds and actuarial advisers in the presentation of climate risk analysis** as part of the 2022 fund valuations. They recommended that work continues to refine their Climate Change Principles Document in advance of the 2025 fund valuations.

Compliance

The valuations were considered compliant with the relevant Regulations.

What did GAD report for all LGPS Funds to consider?

Flags

To assess solvency and long-term cost efficiency GAD designed a number of metrics and raised flags against these metrics against specific funds to highlight areas where risk may be present, or further investigation is required, using a red/amber/green/white rating approach.

- Red = Material issue
- Amber = Potential material issue
- White = Advisory highlighting a general issue
- Green = No material issues

The Teesside Pension Fund received all **green** flags for both Solvency and Long-Term Cost Efficiency.

Solvency

On solvency GAD reported:

- In aggregate, the funding position of the LGPS has improved since 31 March 2019; and the scheme appears to be in a strong financial position.
- Total **assets** have **grown** in market value from **£290bn to £366bn**
- Total **liabilities** disclosed in the 2022 local valuation reports amounted to **£344bn**.
- The aggregate funding level of the LGPS on prudent local bases has improved from **98%** (in 2019) to **106%** (at 2022) due in large part to strong asset returns over the 3-year period to 31 March 2022.
- The size of funds has grown significantly over the three years to 31 March 2022 relative to the size of the underlying authorities. This means that funds in deficit were more likely to trigger GAD's asset shock measure, where there is a risk of a large changes in contribution rates following a sustained reduction in the value of return-seeking assets. GAD raised white flags against impacted funds.

Given the strong position, **no red or amber flags** were raised in the LGPS for solvency concerns.

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What did GAD report for all LGPS Funds to consider?

Long-term Cost Efficiency

In assessing long-term cost efficiency, GAD focussed mainly on Funds' contribution levels, deficit recovery plans and on ensuring that Funds maintained a deficit recovery plan from one valuation to the next.

GAD raised amber flags against three funds:

- For two funds, GAD were concerned about their deficit recovery periods. GAD estimated that current contribution rates will not be sufficient to reach full funding on a best estimate basis within the deficit recovery period used at the valuation.
- For one further fund, GAD were concerned that employer contribution rates were decreasing (reducing the burden on current taxpayers) at the same time as the deficit recovery is being extended further into the future (increasing the burden on future taxpayers).

As in their 2019 valuation report, GAD recommended that (where deficits exist) funds should be able to demonstrate that deficit recovery plans are a continuation of the previous plan. Given the strong funding positions across the LGPS, GAD further **recommended that the Scheme Advisory Board consider the approach to surpluses** in their review of the Funding Strategy Statement (FSS) guidance.

Hymans Robertson comments

On **consistency** recommendations:
"We have commented to GAD that it would be helpful to understand in which elements of a valuation they believe there could be greater consistency. There are legitimate reasons why LGPS funds may have differing views and circumstances regarding elements such as methodology, prudence and assumptions, and a one size fits all consistent approach would not be appropriate.

We are supportive of anything that helps awareness around emerging risks and offers ideas about how these risks can be assessed, understood and reported on. However, given such risks are emerging and typically uncertain, we believe that it is beneficial for the LGPS if funds are free to proportionately explore a variety of managing, measuring and mitigation options to avoid 'group think' and systemic risk.

On **long-term cost efficiency** recommendations:
We are supportive of the recommendation that additional guidance be provided to support funds in balancing considerations when in surplus positions, so long as it does not constrain individual funding strategy decisions.

We remain unconvinced that continuing the same plan (which GAD interpret to mean recovering a deficit by a fixed end point) is appropriate for LGPS employers that are expected to participate for the long term. It also ignores that there is no single 'deficit recovery' for the fund, it is in effect the sum/average of all the employers' own funding strategies

Section 13 – Teesside Pension Fund Results

Summary Metrics for Teesside Pension Fund

Funding Level

The funding level calculated using the SAB "best estimate" basis. This facilitates like for like comparison but is not suitable for funding purposes

Required Return

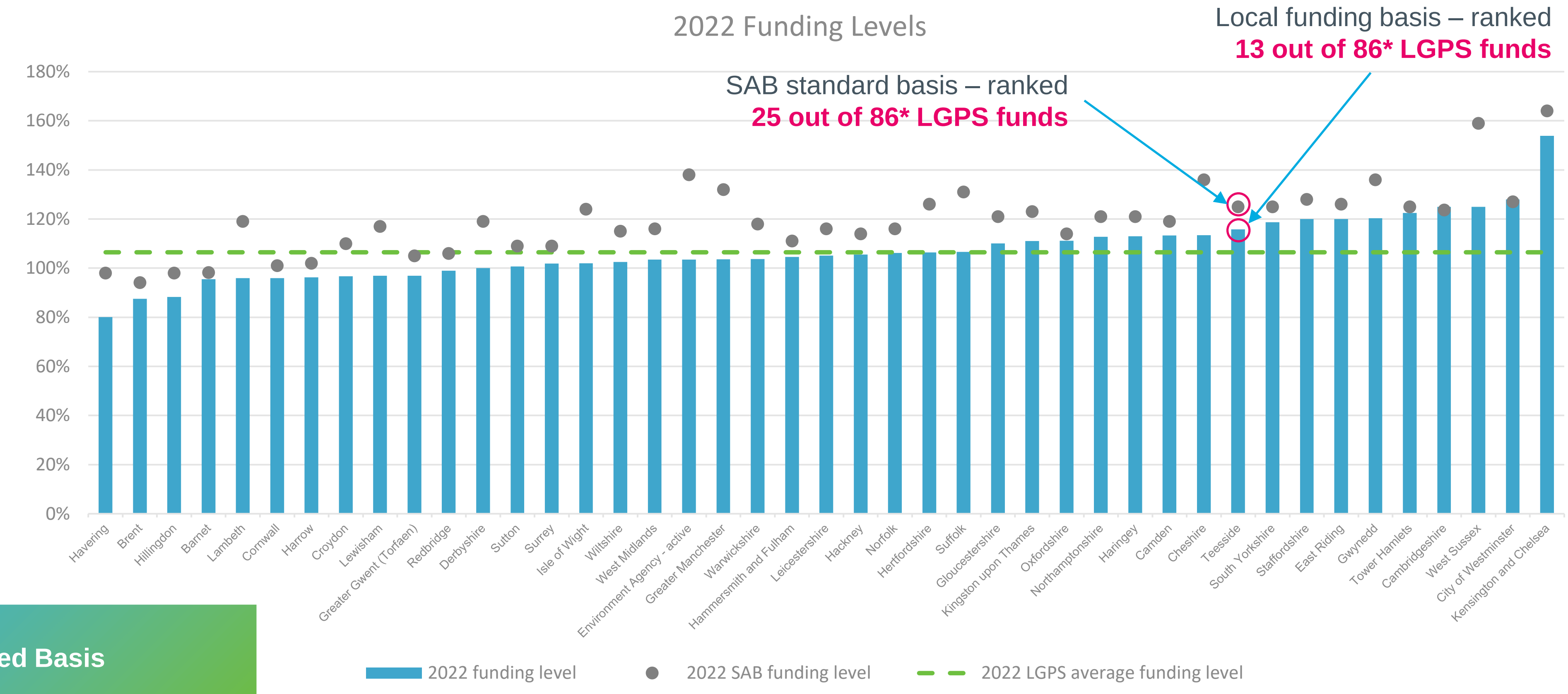
The required investment return rate to achieve full funding in 20 years' time on the standardised best estimate basis

Return Scope

The required investment return rate as calculated in required return, compared with the fund's expected best estimate future returns assuming current asset mix is maintained. The more positive the return scope is, the more prudent the funding plan is.

Metric	Teesside Pension Fund	Rank out of 87 Funds
Funding Level	125%	25th
Required return	3.7%	70th
Return Scope	1.4%	49th

Solvency



Page 131

Funding Level on SAB Standardised Basis

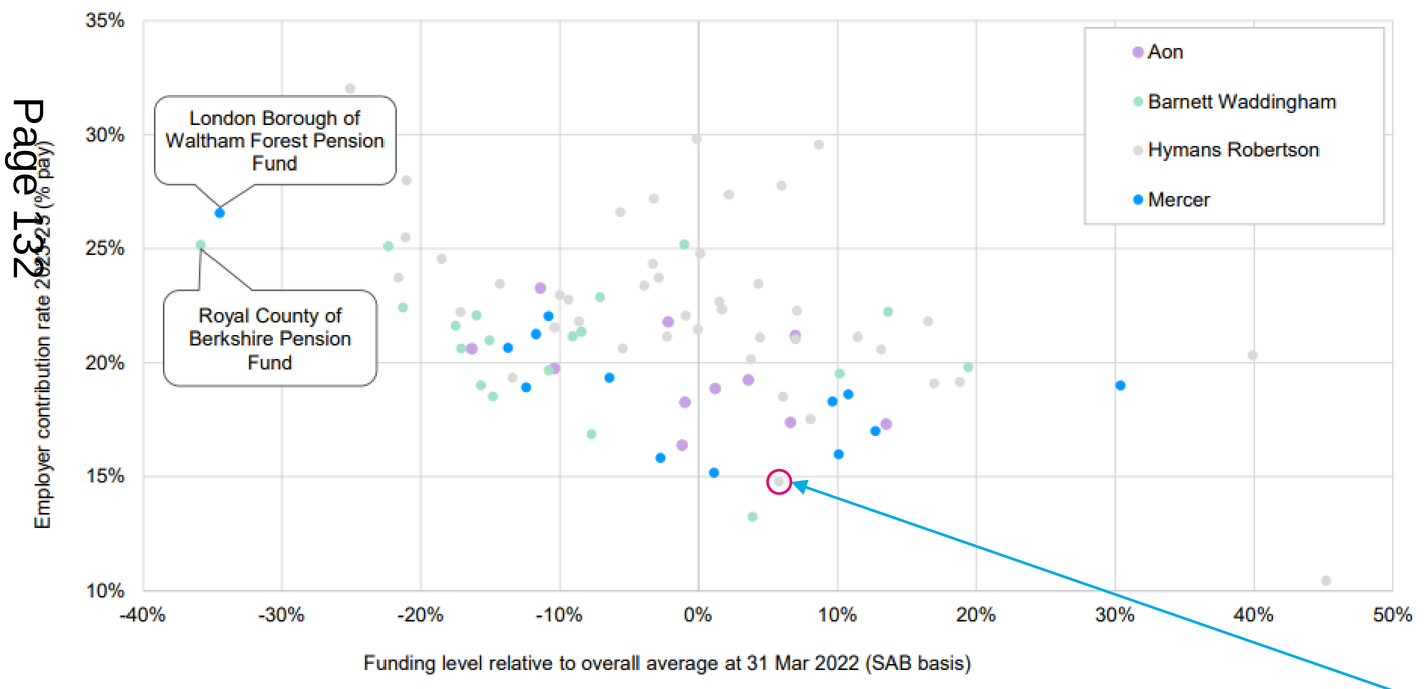
The funding level calculated using the SAB "best estimate" basis facilitates like for like comparison but is not suitable for funding purposes

With a high funding level ranking, it is unsurprising that **Teesside Pension Fund received no flags for solvency concerns.**

*Analysis excludes the Environment Agency Closed Fund

Long-term cost efficiency

SAB relative funding level vs Employer contribution rate



Page 132

Comparing Contributions and Funding Level

This chart shows the contributions paid by each Fund against their relative funding level. Each dot represents a fund.

- Everything else being equal you would expect lower funding levels (left hand side) to correspond to higher contribution rates.
- GAD has raised amber flags against the two funds indicated as it considers that the estimated that current contribution rates will not be sufficient to reach full funding on a best estimate basis within the deficit recovery period used at the valuation.
- This analysis is limited as it doesn't allow for different investment strategies or lump sum payments made outside of the regular contributions certified.
- Teesside Pension Fund is indicated. Despite having one of the lowest contribution rate levels at 14.8% of pay, **no flags were raised against the Fund for long-term cost efficiency concerns**.

Reproduced from GAD's Section 13 report published 14 August 2024

Thank you

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BORDER TO COAST
PENSIONS PARTNERSHIP

TEESSIDE PENSION FUND

Border to Coast

Teesside Pensions Committee - September 2024

Agenda Item 10

YOUR INVESTMENTS WITH BORDER TO COAST

LISTED INVESTMENTS AS AT 30TH JUNE 2024

Listed Investments	Value (as at 30/06/2024)	Value % of Total Assets
UK Listed Equity	£607m	22.8
Overseas Developed Markets	£1,827m	68.7
Emerging Markets Equity	£227m	8.5

Page 136

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

GLOBAL MARKET OUTLOOK – Q2 2024

What has Changed?

- **US economic growth** has started to moderate. Measures of labour and industrial utilisation have turned negative for the first time.
- **Surprise increase** in **US unemployment** with deterioration in housing data.
- Outcome of the **French snap election** increases the uncertainty around the fiscal discipline in Europe's second largest economy.

Page 137

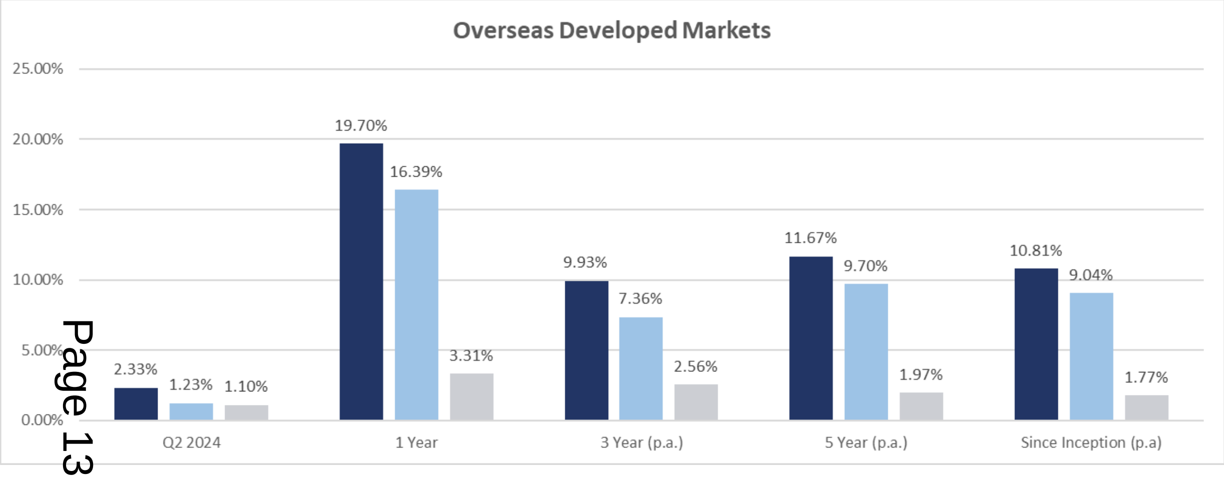
What has stayed the same?

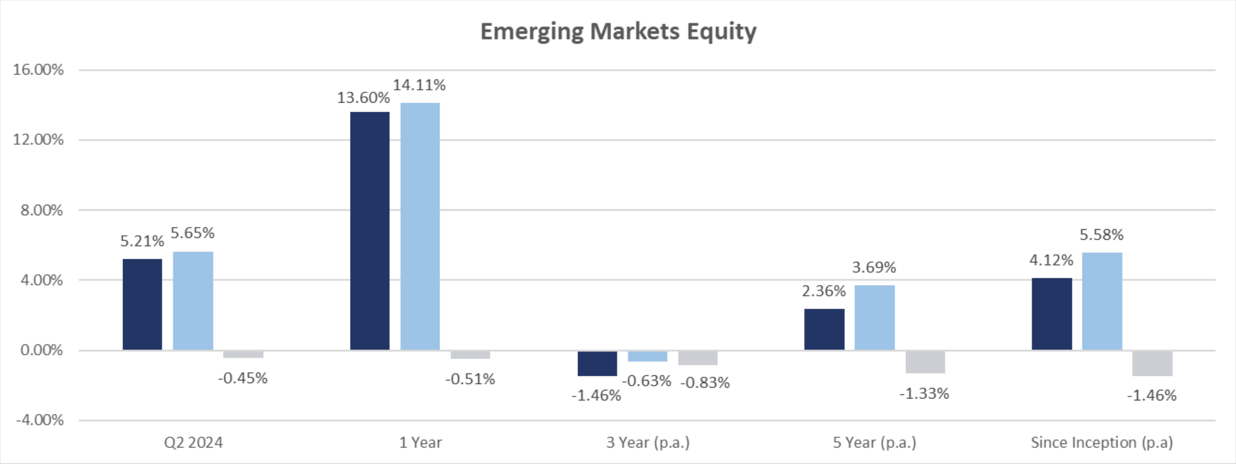
- **Continued depletion** of household excess savings, especially at the bottom of the income distribution.
- **Corporate defaults** and **bankruptcy filings** are still elevated. Consumer credit card delinquencies are at the highest levels in a decade.
- **AI narrative** continues to be the primary driver of market performance.

What are we watching?

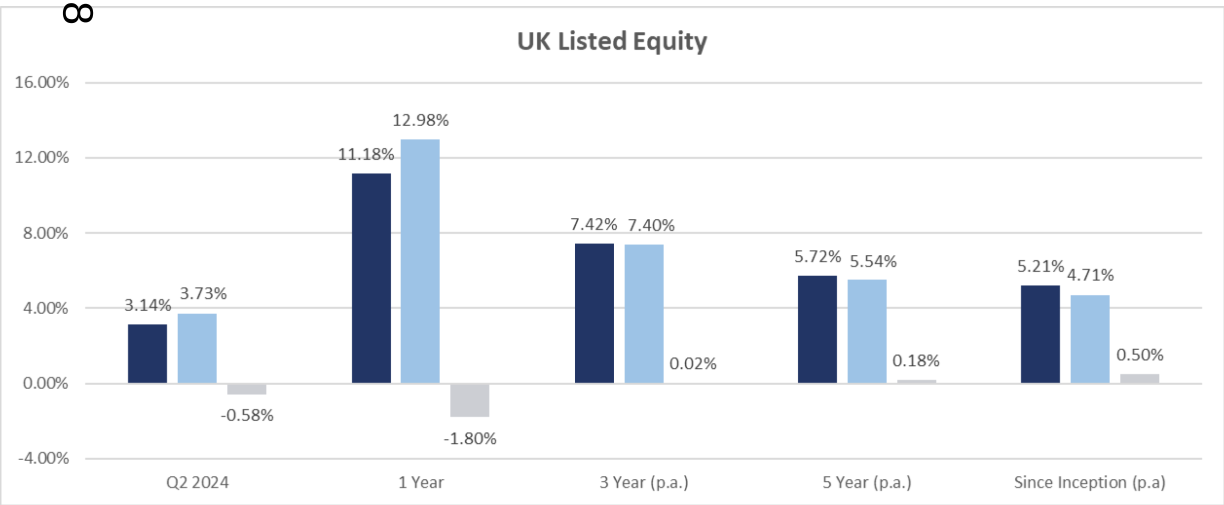
- **US consumer confidence** and further weakness in the labour market.
- Signs for a pickup in **market volatility** especially as we get closer to the **US presidential election**.
- **China's Third Plenum** and any indications for stronger stimulus to spur their economic recovery.

LISTED INVESTMENTS – PERFORMANCE TO Q2 2024





Page 138



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 Benchmark[1]: FTSE Emerging Markets

[1]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)

Source: Northern Trust, Border to Coast as at 30th June 2024

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

PRIVATE EQUITY: SUMMARY

Private Equity	Key Metrics - 31 March 2024
Target IRR	10%
Series 1 IRR	16.1%
Series 1 TVPI	1.33x

Series 1A	28 Jun 2024	31 Mar 2024
Capital Committed	99.7%	99.7%
Capital Drawn	85.8%	82.1%
Capital Distributed[1]	22.7%	19.5%

Series 1B	28 Jun 2024	31 Mar 2024
Capital Committed	99.1%	99.1%
Capital Drawn	75.8%	74.6%
Capital Distributed[1]	7.8%	7.1%

Series 1C	28 Jun 2024	31 Mar 2024
Capital Committed	100.0%	100.0%
Capital Drawn	60.1%	53.6%
Capital Distributed[1]	0.2%	0.2%

Series 2A	28 Jun 2024	31 Mar 2024
Capital Committed	99.8%	99.8%
Capital Drawn	23.0%	18.0%
Capital Distributed[1]	0.0%	0.8%

Series 2B	28 Jun 2024	31 Mar 2024
Capital Committed	99.0%	90.6%
Capital Drawn	9.5%	7.3%
Capital Distributed[1]	0.2%	0.1%

Source: Allbourne / Private Monitor
[1]Including Recallable Distributions.

Page 139

INFRASTRUCTURE: SUMMARY

Infrastructure	Key Metrics - 31 March 2024
Target IRR	8%
Series 1 IRR	8.3%
Series 1 TVPI	1.17x

Series 1A	28 Jun 2024	31 Mar 2024
Capital Committed	98.7%	98.7%
Capital Drawn	84.6%	83.8%
Capital Distributed[1]	15.8%	15.0%

Series 1B	28 Jun 2024	31 Mar 2024
Capital Committed	98.7%	98.7%
Capital Drawn	67.1%	64.7%
Capital Distributed[1]	3.7%	3.4%

Series 1C	28 Jun 2024	31 Mar 2024
Capital Committed	100.0%	100.0%
Capital Drawn	79.7%	80.2%
Capital Distributed[1]	12.6%	11.3%

Series 2A	28 Jun 2024	31 Mar 2024
Capital Committed	99.7%	99.7%
Capital Drawn	49.1%	44.4%
Capital Distributed[1]	1.2%	1.0%

Series 2B	28 Jun 2024	31 Mar 2024
Capital Committed	99.9%	78.7%
Capital Drawn	27.6%	10.1%
Capital Distributed[1]	0.0%	0.0%

Source: Allbourne / Private Monitor
[1]Including Recallable Distributions.

CLIMATE OPPORTUNITIES: SUMMARY

Series 2	28 Jun 2024	31 Mar 2024
Target IRR	8%	
Capital Committed	99.9%	99.9%
Capital Drawn	40.5%	30.7%
Capital Distributed[1]	0.9%	0.7%

Source: Allbourne / Private Monitor
[1]Including Recallable Distributions.

INFRASTRUCTURE SELECTED FUND UPDATES

BLACKROCK GLOBAL RENEWABLE POWER FUND III (GRP III)

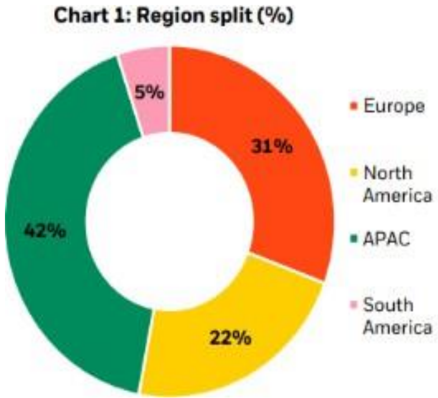
- GRP III offers geographically diversified exposure to large scale climate infrastructure assets, with a focus on renewable power generation assets (predominantly wind and solar), it also makes smaller allocations across the climate infrastructure value chain including energy storage, energy distribution and electrified transport. These can come in the form of early operating (brownfield), construction or pre-construction (greenfield) stages.

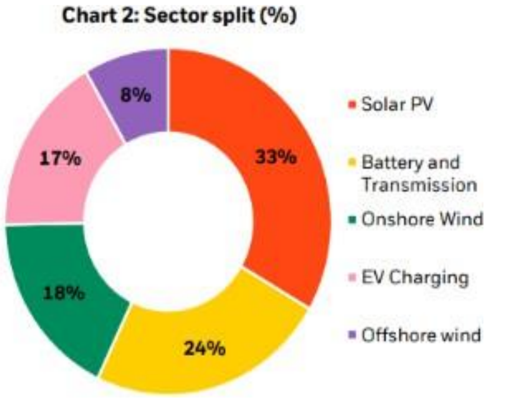
- Series 1B commitment of $125m ~ £100m.

- The investment period ends in August 2025, Currently capital is committed across 18 portfolio companies with expectations that the fund will be 85% drawn by the end of the year.

- Performance 11% net IRR, 1.18x net TVPI & 2.7% average net cash yield as at Q1 2024. The renewable energy portfolio continues to grow with 900MW of operational capacity, 1.4GW under construction and a pipeline of a further 20GW (Q1 BlackRock Fund report).

- Portfolio company Akaysha is a leading Battery Energy Storage System (BESS) developer In Australia with 1GW under construction and a further pipeline of 2GW.





INFRASTRUCTURE SELECTED CO-INVESTMENT UPDATES

SWITCH DATA CENTRES – DB SUNSHINE HOLDINGS

- Switch is a developer, operator and owner of enterprise data centres in the US, which are sophisticated and powered by 100% renewable electricity. Switch focuses on public and private cloud deployments supporting a high-quality diversified client base.
- Series 2A commitment of $60m ~ £50m into a co-mingled co-investment vehicle DB Sunshine Holdings LP alongside Digital Bridge II a Series 1C commitment of $210m ~ £166m.
- The investment was made in December 2022 on a fee free, carry free basis and has delivered a local currency IRR of 13% since investment with an equity multiple of 1.1x.
- The business continues to grow with further capital raises having already taken place to support this growth. Last twelve-month Revenue growth was 13% with EBITDA growing by 11% when including contracts signed for booked but not built data centres EBITDA growth is 22%.

Page 143

GEOGRAPHIC FOOTPRINT

BORDER TO COAST UPDATE

CENTRAL GOVERNMENT & THE FUTURE OF THE LGPS

In May the Local Government Minister wrote to the LGPS on driving efficiencies. Our Partnership has issued a joint response, where we highlighted our progress on pooling, ensuring sustainability of the Funds, and investing in the UK. We also reiterated that we share a vision for an LGPS with a strong and resilient framework in which we can continue to deliver the pensions of our members in a cost effective and sustainable manner.

Meanwhile, in one of her first key announcements, the new Chancellor announced a wide-ranging pensions review to 'boost growth and make every part of Britain better off'. The review includes the LGPS and will consider both scheme efficiency and its role in supporting the UK growth agenda.

LAPF NOMINATIONS

We are delighted to share that Border to Coast has been recognised in the shortlist for three categories in this year's LAPF Investment Awards: Investment Innovation, Best Approach to Responsible Investment, and Sustainable Investment Strategy (Climate). The LGPS-wide collaboration we supported, the film and campaign #LGPSJobs, is also shortlisted for both LGPS Promotional Initiative of the Year and for Outstanding Contribution of the Year.

DIVESTMENT AND ENGAGEMENT IN THE CONTEXT OF CLIMATE CHANGE – OUR NEW REPORT

As an investor, we recognise the risks of systemic issues such as climate change. A key question has been how to deal with fossil fuel companies. What is our role? Should we be open to investing and engaging with them? Or simply wash our hands and divest from the sector?

To help inform the debate over which is the best and most effective approach for managing these risks, we commissioned Tom Gosling to examine the topic. Tom is a former Partner at PwC and is currently an Executive Fellow at London Business School where he works on issues relating to corporate governance, responsible business, and sustainable investing. The report is a detailed analysis of the different arguments for divestment which 'myth busts' several preconceptions about divestment and its impact.

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.

Source: Private Monitoring Report

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 11

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 2024

DIRECTOR OF FINANCE – DEBBIE MIDDLETON

GOVERNMENT CALL FOR EVIDENCE

1. PURPOSE OF THE REPORT

1.1 To advise Members of a recent 'Call for Evidence' issued by the government which asks for views on the Local Government Pension Scheme (LGPS), including on asset pooling and investments in the UK.

2. RECOMMENDATION

2.1 That Members note the report and that a response is being drafted on behalf of the Fund working with Border to Coast.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications resulting from this report.

4. BACKGROUND

4.1 The previous government carried out a 12-week consultation ending on 2 October 2023 entitled "Local Government Pension Scheme (England and Wales): Next steps on investments". This consultation looked to build on and accelerate progress towards greater LGPS pooling. The stated objective of the consultation was to achieve pools in the £50-75 billion and possible £100 billion range and to do this by initially encouraging / requiring all LGPS funds to complete the pooling process with their current pool and then reducing the number of pools from eight to an unspecified lower number.

4.2 The outcome of this consultation was reported to the 13 December 2023 Pension Fund Committee. The key part of that document was as follows:

"After having considered the responses, the government will now implement the proposals that we set out in the consultation to accelerate and expand pooling, and increase investment in levelling up and in private equity. We will:

- set out in revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their Investment Strategy

Statements (ISS) assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled.
- revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation.
- implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy.
- revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark.
- make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling.
- amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan.
- revise ISS guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity."

4.3 Of this list only the revised annual report guidance was produced before the general election led to a change in government.

5. GOVERNMENT CALL FOR EVIDENCE

5.1 The new government confirmed on 4 September 2024 that it is carrying out a pensions review which it describes as follows:

> "The Chancellor has launched a landmark pensions review to boost investment, increase saver returns and tackle waste in the pensions system. The Chancellor has appointed the Minister for Pensions to lead the review. The review will focus on defined contribution workplace schemes and the Local Government Pension Scheme."

5.2 The government issued a 'call for evidence' (shown in full at Appendix A). The following three topics are covered in the call for evidence, some questions under these topics relate to defined contribution schemes others purely relate to the LGPS and some potentially cover both:

- Scale and consolidation
- Costs vs Value
- Investing in the UK

In addition, the document refers to the consultation carried out last year and states:

> "Asset pooling policy in the Local Government Pension Scheme in England & Wales (LGPS) was consulted on in 2023[. In addition to the below request for evidence, the review will engage extensively on next steps with regard to LGPS consolidation, with funds, pools and representative groups including the LGA and trade unions."

5.3 The deadline for response, 25 September 2024, is 3 weeks after the document was published. The Head of Pensions Governance and Investments is working with colleagues in

Border to Coast and its Partner Funds to produce a coherent and consistent response designed to emphasise:

- The benefits of scale provided by the Fund's participation in Border to Coast
- The extent to which the Fund already invests in the UK

And to consider whether potential pool or fund consolidation would of itself lead to greater investment in UK assets, as the call for evidence seems to imply.

6. NEXT STEPS

6.1 Given the tight timescale, a draft response is not available to circulate in advance of this meeting. More detail will be shared on the date of the meeting and the draft response will be shared with the Chair and Vice Chair before submission.

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

TEL NO.: 01642 729040

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GOV.UK

Open call for evidence

Pensions Investment Review: Call for Evidence

From: **HM Treasury (/government/organisations/hm-treasury)**, **Department for Work and Pensions (/government/organisations/department-for-work-pensions)** and **Ministry of Housing, Communities and Local Government (/government/organisations/ministry-of-housing-communities-local-government)**

Published 4 September 2024

Summary

A Call for Evidence has been published inviting input, data and information from interested parties to inform the first phase of the Pensions Investment Review. This first phase aims to boost investment, increase pension pots and tackle waste in the pensions system.

This call for evidence closes at **11:59pm on 25 September 2024**

Call for evidence description

The Chancellor has launched a landmark pensions review to boost investment, increase saver returns and tackle waste in the pensions system. The Chancellor has appointed the Minister for Pensions to lead the review. The review will focus on defined contribution workplace schemes and the Local Government Pension Scheme.

In its initial stages the review will be considering evidence on a range of questions including those listed below. These will guide our stakeholder engagement with more targeted questions being considered with particular stakeholder groups.

The review intends to engage extensively with stakeholders via meetings and workshops but would also welcome written submissions through the survey link provided from relevant organisations and individuals on these topics.

We also invite stakeholders with existing data or unpublished analysis or reports relevant to the questions below to consider sharing these with the review.

Asset pooling policy in the Local Government Pension Scheme in England & Wales (LGPS) was consulted on in 2023[1]. In addition to the below request for evidence, the review will engage extensively on next steps with regard to LGPS consolidation, with funds, pools and representative groups including the LGA and trade unions. With regard to investing in the UK, the questions set out below are applied to both DC and LGPS funds, and where relevant stakeholders should feel free to make submissions focused solely on the LGPS or solely on DC. Apart from the LGPS, the rest of the DB market is out of scope of this review.

Scale and consolidation

1. What are the potential advantages, and any risks, for UK pension savers and UK economic growth from a more consolidated future DC market consisting of a higher concentration of savers and assets in schemes or providers with scale?
2. What should the role of Single Employer Trusts be in a more consolidated future DC market?
3. What should the relative role of master trusts and GPPs be in the future pensions landscape? How do the roles and responsibilities of trustees and IGCs compare? Which players in a market with more scale are more likely to adopt new investment strategies that include exposure to UK productive assets? Are master trusts (with a fiduciary duty to their members) or GPPs more likely to pursue diversified portfolios and deliver both higher investment in UK productive finance assets and better saver outcomes?
4. What are the barriers to commercial or regulation-driven consolidation in the DC market, including competitive and legal factors?
5. To what extent has LGPS asset pooling been successful, including specific models of pooling, with respect to delivering improved long-term risk-adjusted returns and capacity to invest in a wider range of asset classes?

Costs vs Value

1. What are the respective roles and relative influence of employers, advisers, trustees/IGCs and pension providers in setting costs in the workplace DC market, and the impact of intense price competition on asset allocation?
2. Is there a case for Government interventions, aimed at employers or other participants in the market, designed to encourage pension schemes to increase their investment budgets in order to seek higher investment returns from a wider range of asset classes?

Investing in the UK

1. What is the potential for a more consolidated LGPS and workplace DC market, combined with an increased focus on net investment returns (rather than costs), to increase net investment in UK asset classes such as unlisted and listed

equity and infrastructure, and the potential impacts of such an increase on UK growth?

2. What are the main factors behind changing patterns of UK pension fund investment in UK asset classes (including UK-listed equities), such as past and predicted asset price performance and cost factors?
3. Is there a case for establishing additional incentives or requirements aimed at raising the portfolio allocations of DC and LGPS funds to UK assets or particular UK asset classes, taking into account the priorities of the review to improve saver outcomes and boost UK growth? In addition, for the LGPS, there are options to support and incentivise investment in local communities contributing to local and regional growth. What are the options for those incentives and requirements and what are their relative merits and predicted effectiveness?

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[1] https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments (https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments)

Please provide your response to this call for evidence at the following survey link. Answers are limited to 500 words per question.

Existing data or unpublished analysis may be submitted to pensions.review@hmtreasury.gov.uk

Ways to respond

Respond online (https://www.smartsurvey.co.uk/s/PensionsReview/)

or

Email to:

pensions.review@hmtreasury.gov.uk

Published 4 September 2024

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Scale and consolidation

To what extent has LGPS asset pooling been successful, including specific models of pooling, with respect to delivering improved long-term risk-adjusted returns and capacity to invest in a wider range of asset classes?

The (summarised) original objectives of LGPS asset pooling were stated in the November 2015 statutory guidance as follows:

- *Asset pool(s) that achieve the benefits of scale* - at least £25bn of Scheme assets.
- *Strong governance and decision making*
- *Reduced costs and excellent value for money*
- *An improved capacity to invest in infrastructure.* Not specifically UK but there was a clear expectation that the UK economy would benefit from at least some of this investment:

> "The Chancellor has announced that the pools should take the form of up to six British Wealth Funds, each with assets of at least £25bn, which are able to invest in infrastructure and drive local growth." (from paragraph 1.1)

In response, the LGPS successfully created 8 asset pools with differing structures and approaches, all of which will argue they have met the four criteria (with some noted exceptions on scale). This response will focus on our pool - Border to Coast Pensions Partnership Limited.

Participation in Border to Coast has allowed us to meet all four original criteria. By the end of 2024 around two thirds of our Fund's assets will be invested through the Pool. The remaining third consists of working cash, illiquid investments which cannot easily or cheaply transfer to Pool management, and a small proportion of 'local' investments, usually overseen by specialist fund managers. Over the longer term almost all of this remaining third is expected to be invested by the Pool.

Creating the Pool company has been a collective effort of twelve (now eleven following a fund merger) partner Funds and the growing Pool company itself, together committed to the venture's success. Important elements in ensuring the success of the partnership include:

- Sensible compromise and agreed ground rules (each proposition should attract at least two investors and at least a specific asset value) have been applied to help avoid a proliferation of Pool propositions while ensuring partner Funds can implement their strategies.
- An FCA-regulated arms-length organisation – allowing provision of investment management (including both internally and externally managed propositions), associated tax efficient pooled vehicle operations, and advisory services through a centre of expertise focussed on and delivering for the LGPS. It also enables stability of governance structures for investment decision-making.
- An ability to develop new propositions (such as Climate Opportunities and UK Opportunities) and to bring forward proposition development where required (such as moving forward the development of the alternatives propositions) exemplify the flexible, collaborative approach of the partnership.
- Achieving scale through the Pool has allowed us better access to top quality private markets managers at competitive fee rates. This should benefit the Pool (and our Fund) in the long term, as performance persistence is acknowledged to be more consistent in private markets (compared to public).

<u>**Investing in the UK**</u>

What is the potential for a more consolidated LGPS and workplace DC market, combined with an increased focus on net investment returns (rather than costs), to increase net investment in UK asset classes such as unlisted and listed equity and infrastructure, and the potential impacts of such an increase on UK growth?

Our Pool (in common with most/all of the LGPS) already focuses on risk-adjusted net of fees returns when evaluating outcomes.

Increased scale can deliver specific goals, such as more diverse capital allocation across private and public markets, accompanied by the tools necessary for success: notably, strong governance and oversight; investment expertise; and sophisticated procurement methods.

There is a clear link between scale and investment in a wider set of asset classes. Data from CEM highlights that a typical £1bn Fund invests 11% in private markets; a £20bn fund invests 20%; and a £100bn Fund invests 23%. While the cost of this asset class mix increases from 52.9bps for a £1bn fund, to 75.8bps for a £50bn fund, it then falls to 67.6bps for a £100bn fund. The Pension Protection Fund's annual analysis of private sector DB schemes in the UK (the 'Purple Book') shows increased allocations to private markets as scheme AUM increases.

However, although increased investor scale may lead to more private market investment, there is no indication this will necessarily lead to more UK investment.

Our Pool has demonstrated is possible to use its scale and sophistication to enhance its ability to deliver productive finance in the UK. Our Pool's UK Opportunities strategy is designed to deliver productive finance in the UK. The development of this strategy included workshops with partner Funds and with local economic development offices, Homes England, UKIB and British Business Bank, seeking to build a two-way flow of information and engagement between the Pool, investment managers, and local stakeholders to create opportunities for investment. Larger pools of assets enable greater sophistication, which in turn enables better engagement and influence to make the market, not just be a recipient.

LGPS Funds do not just manage assets, they administer pensions and develop and maintain relationships with scheme members and Fund employers in their area. There is a risk that poorly planned or unnecessary consolidation could have adverse impacts on scheme members and employers.

What are the main factors behind changing patterns of UK pension fund investment in UK asset classes (including UK-listed equities), such as past and predicted asset price performance and cost factors?

The LGPS is already a significant investor in the UK. Across our Pool, of the £45bn of investments directly pooled through Border to Coast, over £10bn is currently invested in the UK and this will increase with the imminent launch of the UK Real Estate fund which has the potential to grow to £4bn. Our Fund currently invests around 25% of its assets in the UK (listed equities and private markets including real estate).

The long-term decline in domestic investment in the UK market, particularly in relation to UK-listed equities, has been well-chronicled, factors include:

- Long term historic underperformance – for example, the average annual total return from 1998 to 2023 for the FTSE All Share was 5.15%, and the MSCI World was 7.73%. This performance differential is due to a mix of relative valuation multiple contraction but also lower earnings growth

- Structure – FTSE is skewed to old economy sectors (Energy, Materials, Financials (inc. investment trusts) etc.) with less exposure to growth (Tech, Healthcare etc.)
- Lack of dynamism – minimal IPOs, overseas takeovers of growth companies, companies moving listings to higher valued markets
- Complex and expensive listing requirements – ensure listing requirements are consistent with international standards and balance interests of both business owners, operators and equity market investors
- Stamp Duty on share transactions – this currently raises c.0.3% of UK Tax revenue but has a disproportionate negative impact on the economy. Revenues on this duty have remained broadly flat for 25 years. There is a material cost disadvantage vs the US and several major European markets (UK: 0.5%, US and Germany: 0%, France: 0.3%).

Investors have struggled to secure the necessary certainty and appropriate cost of capital in relation to assets in regulated industries. Regulatory reforms need to better reflect the potential impacts on the assumptions underpinning investments made with long-term time horizons and the consequent impact on investor confidence.

There are challenges in the planning system, which have long acted as a disincentive to UK investment. Lack of long-term policy certainty, particularly in the case of infrastructure, has further been a hindrance. Government has a fundamental role to play in supporting a pipeline of investable projects and creating sustainable public-private partnership models. Clear and stable industrial and skills strategies will also be important. Across asset classes, a significant challenge for investing in the UK is the level of volatility in public policy that has been seen in recent years. The LGPS invests with a very long time horizon, and many UK growth assets, such as infrastructure, can only be held for the long-term. This uncertainty makes it challenging for the LGPS to invest in such markets. This offers the new government a great opportunity to build confidence by offering policy stability.

Is there a case for establishing additional incentives or requirements aimed at raising the portfolio allocations of DC and LGPS funds to UK assets or particular UK asset classes, taking into account the priorities of the review to improve saver outcomes and boost UK growth? In addition, for the LGPS, there are options to support and incentivise investment in local communities contributing to local and regional growth. What are the options for those incentives and requirements and what are their relative merits and predicted effectiveness?

The LGPS has a fiduciary duty to scheme members and employers and must ensure the sustainable and affordable payment of pensions. Requirements to invest in specific geographies or asset classes risks infringing on that. Given the factors set out above, no credible asset allocation model would result in dramatic short-term increases in UK allocations – particularly for listed markets.

Such requirements may drive unfavourable outcomes including distorting effects as capital is driven into markets that are not ready to receive it, negatively impacting returns, and is withdrawn from other asset classes in a way that incurs potential loss of value and additional administrative costs. Imposing requirements also fails to address whether funds have the required capacity and capabilities.

'Local' impact can be hard to deliver in less affluent areas. Our Fund's experience of attempting truly 'local' investment (investing in businesses wholly or mainly based in our Fund's geographical area) has highlighted the difficulty in sourcing these types of investment. Our largest 'local' investment – in a challenger bank - is about to reach profitability after a difficult journey but, unfortunately, has only achieved this with the assistance of another investor who has (reasonably) judged that the ‘local’ headquarters is impractical.

Going forward, using the Pool’s expertise to assist in sourcing and evaluating ‘local’ investment opportunities will be helpful. As will widening our geographical lens. The UK Opportunities approach developed with our Pool, once fully developed, will also allow a clear route for businesses seeking capital to propose investment opportunities.

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 12

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 2024

DIRECTOR OF FINANCE – DEBBIE MIDDLETON

Strategic Asset Allocation Update

1. PURPOSE OF THE REPORT

1.1 To ask Members to agree to a revision to the Pension Fund's strategic asset allocation and that a short consultation should be carried out with employers in the Fund to explain the proposed changes.

2. RECOMMENDATION

2.1 That Members note this report, agree to the revised asset allocation set out in paragraph 6.1 and agree that a revised Investment Strategy Statement (ISS) including the updated asset allocation should be circulated to Pension Fund employers for comment. Any substantive changes agreed to the revised ISS following the consultation will be brought to the next Committee meeting, but if there are no such changes the ISS will be published in due course.

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

4.1 The Pension Fund's target strategic asset allocation is set out in its Investment Strategy Statement which was last changed in April 2021. The following table shows the strategic asset allocation alongside the actual allocation of the Pension Fund at the end of the last financial year (as at 31 March 2024):

Asset Class	Target Strategic Allocation	Maximum	Minimum	Actual (31/03/2024)
GROWTH ASSETS	***75%***	***95%***	***55%***	***84.56%***
UK Equities	**10%**	80%	40%	11.24%
Overseas Equities	**45%**			49.68%
Property	**10%**	15%	5%	9.90%
Private Equity	**5%**	10%	0%	10.20%
Other Alternatives	**5%**	10%	0%	3.54%
PROTECTION ASSETS	***25%***	***40%***	***5%***	***15.44%***
Bonds / Other debt / Cash	**15%**	45%	5%	0.00% 2.12% 3.63%
Infrastructure	**10%**			9.69%

5. REVIEW OF STRATEGIC ASSET ALLOCATION

5.1 The Head of Pensions Governance and Investments met with the Fund's two independent investment advisors in July to discuss the Fund's strategic asset allocation approach and a number of other investment issues. Points considered in relation to the current asset allocation included the following:

- The current allocation to growth assets is significantly higher that the target, with the converse being true for the allocation to protection assets.
- The "Other Alternatives" category is not particularly helpful, particularly as the Fund is being asked to report on private equity allocations and commitments, some of which will currently be covered under this "Other Alternatives" category.
- There was a question over whether Property is correctly allocated as a Growth rather than a Protection asset.
- Is it correct to continue with such a flexible approach to the allocation to "Bonds / Other debt / Cash" or should each element be allocated a separate target?

5.2 Following discussion the following revisions were agreed as appropriate:

- Assets currently classified as "Other Alternatives" would be reclassified as appropriate to either private equity, infrastructure, property or other debt as set out in the following table:

	At 31 March 2024		Proposed category	Rationale
<u>OTHER ALTERNATIVES</u>	**Market Value**	**% of Fund**		
Border To Coast Climate Opportunities Series 2a	23,000,259.77	0.42%	Infrastructure	Mix of Infra and PE but majority expected to be Infra
Capital Dynamics Clean Energy Infrastructure UK	170,000.00	0.00%	Infrastructure	
Darwin Bereavement Services Fund Class B Accumulation	19,040,781.16	0.35%	Infrastructure	Part of society's infrastructure. Financial attributes (stable income, some inflation correlation) are much closer to infra than to PE.
Darwin Bereavement Services Fund, Income Units	30,682,686.00	0.56%	Infrastructure	
Darwin Leisure Pro Units Cls 'C'	16,446,914.60	0.30%	Private Equity	Own part of private company providing UK leisure parks
Darwin Leisure Development Fund Accumulation Units - D Class	16,600,500.00	0.30%	Private Equity	
Darwin Leisure Property Fund, K Income Units	24,369,464.36	0.45%	Private Equity	
Darwin Leisure Property Fund, T Income Units	5,000,000.00	0.09%	Private Equity	
Hearthstone Residential Fund 1 Limited Partnership	9,767,110.81	0.18%	Property	Residential property funds
Hearthstone Residential Fund 2	15,789,433.30	0.29%	Property	
Gresham House Bsi Housing Lp	22,550,525.60	0.41%	Property	Property fund
La Salle Real Estate Debt Strategies Iv	9,413,495.75	0.17%	Other Debt	Property debt (classed as ‘Other debt’)
Bridges Evergreen Tpf Housing Co-Investment Lp	770,055.01	0.01%	Property (Local investment)	Property-backed investment
Total Other Alternatives	**193,601,226.36**	**3.53%**		

- Property should be reclassified as a Protection asset not a Growth asset. Almost all of the Fund’s property assets are the directly-held property portfolio managed for us by CBRE. The approach CBRE take concentrates primarily on quality property assets with secure tenants that deliver most of their return through a steady income stream, with much less of a focus on growth / capital appreciation. This has been evidenced by the comparative resilience of valuations during the market turbulence seen in recent years.
- The flexible approach to “Bonds / Other debt / Cash” should be retained.
- Some target allocations, maxima and minima should be adjusted to take into account the reallocation of “Other Alternatives” and to reflect the advisors’ views of how the Fund’s investments should be positioned.

6. REVISED STRATEGIC ASSET ALLOCATION

6.1 This is the proposed revised strategic asset allocation, showing how the Fund was actually invested against this strategy as at 31 March 2024:

Asset Class	Target Strategic Allocation	Maximum	Minimum	Actual (31/03/2024) *
GROWTH ASSETS	***70%***	***90%***	***50%***	***72.26%***
UK Equities	**10%**	20%	5%	11.24%
Overseas Equities	**45%**	60%	30%	49.68%
Private Equity	**15%**	20%	0%	11.34%
PROTECTION ASSETS	***30%***	***50%***	***10%***	***27.74%***
Bonds / Other debt / Cash	**10%**	20%	0%	0.00% 2.29% 3.63%
Infrastructure	**10%**	20%	0%	11.02%
Property	**10%**	20%	0%	10.80%

** This does not take into account valuation changes since 31 March 2024, or the imminent sale of State Street passive equities and roughly equal allocation of the proceeds to Border to Coast equities and cash.*

6.2 One outcome of the proposed revised strategic asset allocation is a closer match between the strategic and actual asset allocation than under the existing strategic asset allocation, at least at the top level (i.e. growth v protection assets). In practice the actual investment of assets has not changed, however the proposed revised categorisation provides a more accurate reflection of the level of risk being taken (at a top level) in the Fund's investments.

7. NEXT STEPS

7.1 If Members agree to the proposed revised strategic asset allocation:

- The table in paragraph 6.1 will be incorporated into an updated ISS and circulated to Pension Fund employers for comment. Any substantive changes agreed to the revised ISS following the consultation will be brought to the next Committee meeting, but if there are no such changes the ISS will be published in due course.
- Officers will continue to work to implement the revised strategic asset allocation and will report back to future Committee meetings on progress.

AUTHOR: Nick Orton (Head of Pensions Governance and Investments)

TEL NO: 01642 729024

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 13

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 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 William Bourne and Peter Moon are enclosed as Appendices A and B. Further comments and updates will be provided at the meeting.

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

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Appendix A

Independent Adviser's Report for Teesside Pension Fund Committee

William Bourne **15th September 2024**

Market Commentary

1. My report in June focused mainly on the longer-term threats to the Fund. I said I expected bond yields to test 5% at some time in the next 12 months, but I thought the immediate future was benign for markets generally. In fact bond yields have fallen and equity markets have in fact traded upwards, albeit with some considerable air-pockets downwards at times (e.g. Japan down 20% in two days).

2. The U.K. election, as expected, produced a Labour Government, which has lost no time in highlighting the problems the country faces. However, the level of government debt constrains what they can do. The desired strategy seems to be to promote growth through investment, but the Chancellor needs to raise taxes in order to do this without raising debt levels. She may be deliberately depressing expectations, but we should be braced for significant fiscal contraction in her Budget in November.

3. They are therefore leaning on private sources of wealth, including the LGPS, to help finance their desired investment. The Chancellor has accordingly announced a pensions review to accelerate consolidation and scale across pensions, reduce the "fragmentation and inefficiencies" in the LGPS in particular, and encourage investment into the U.K. They believe that the creation of larger and better resourced entities through further consolidation will help achieve their objective.

4. **This has the potential to put significant pressure on the Fund's fiduciary duty to its pensioners.** To restate the obvious, individual investments should deliver an appropriate return for the risk taken, and statutory guidance is that we should consider what level of risk we consider appropriate when we construct the portfolio. The Government's political agenda comes second to that.

5. In my view the new Government will not find it easy to generate higher private sector growth. Spending on defence, health and social care may well flatter the economic data, but the tight fiscal situation means it will be counterbalanced by lower domestic consumption and private investment. The U.S. has still now succeeded in generating growth at pre-COVID trend rates - the latest quarter saw annualised growth of 2.8% - but that seems to be subsiding. Other countries are struggling to generate much, if any growth.

6. The Bank of England cut interest rates by 25bps, citing inflation at below its target level. The Federal Reserve is expected to follow next week. However, both made it clear that the arguments for further cuts are finely balanced. **Further rate cuts are likely to be driven by weakening growth in the West rather than lower inflation** and will not act as a positive signal for corporate profits.

7. The Chinese economy continues to stagnate with inflation close to zero. The People's Bank of China made a larger than expected cut to a range of official interest rates in order to try and boost growth. In complete contrast, the Bank of Japan raised rates, albeit from very low levels, in July. This prompted a sudden reversal in the Japanese yen (one reason for the sharp fall in the equity market in August) as short sellers closed their positions.

8. There was a sharp sell-off in the large U.S. tech stocks on the back of disappointing earnings from Tesla and operational issues at Microsoft. Given the supportive monetary environment, this feels like a necessary correction rather than a major turning point, but the Magnificent Seven large tech stocks trade on high valuation multiples and are vulnerable to future earnings disappointment.

9. Geo-politics is cited today by many as their major concern, but markets are generally good at discounting the 'unknown knowns' such as an escalation in one of the current military conflicts. In my view a Trump victory, albeit less likely following Biden's withdrawal, would be disruptive, as it is likely to mean movement in the tectonic plates which Russia, China, and the U.S. figuratively sit on. The consequence may well be a further lurch to de-globalisation. A Harris victory means more continuity, but the markets do not have much visibility on what she stands for, and that could cause nervousness.

10. Markets have benefited from loose monetary policy over much of the last 4 years, albeit it has been implemented through expanding central bank balance sheets rather than lower interest rates. Any problem, such as the collapsing of Silicon Valley Bank and Credit Suisse, has been met with more Quantitative Easing. This stance is unlikely to change dramatically given the low levels of growth. **I therefore remain reasonably positive about the prospects for risk assets in general.**

11. The main risk in my view comes from China falling into a deflationary trap and exporting that to the rest of the world. Their recent interest rate cut is a good sign that the authorities are taking action, but that is no guarantee of success.

12. In the longer-term higher inflation remains in my view the inevitable consequence of fiscal incontinence and the growing reliance on short-term financing, especially in the U.S. The disappointing results of the U.S. bond auctions in early August were a signal that investors are not unaware of this.

Investment report for Teesside Pension Fund September 2024

Political and economic outlook

Levels of political uncertainty continue to be high perpetuating a state which has been present for an extended period of time. Kamala Harris has taken the Democratic presidential candidate baton from Joe Biden in a move designed to improve the Democrat's chances of winning the election. However, the going is tough. Harris outperformed Trump in the first and last presidential candidate debate. Despite this and Trump's criminal convictions the dial has not moved significantly in favour of Kamala Harris. Additionally Trump supporters are boasting that they are now significantly better organised to carry out effective civil disobedience compared to their level of preparedness after the last presidential election. It is not in Trump's nature to defuse this tension that his supporters are promoting so the prospects of a mini Civil War are very real indeed.
Across in the UK a new government seems to have brought a feeling of security and stability rather than the opposite which you would normally expect with a change of government. Furthermore the new government appears to have done a lot of preparation in anticipation of taking power. An altogether different approach to that taken on by the previous Conservative administration. In my opinion the Conservatives have only themselves to blame for the size of the election defeat by choosing opportunistic leaders without the skill set required to run a country. They could find themselves in the wilderness for many years to come. A richly deserved and predictable outcome.
Meanwhile in Europe the lurch to populist and hard-right parties continues with France and Germany following on the lead of the Netherlands and

Italy. These developments could lead to a weakening support for Ukraine in its efforts to remove the Russians from its territory. To add to the uncertainty Viktor Orban in Hungary and Robert Fiko in Slovakia have cozied up to the Russians which would facilitate an easy route to the heart of Europe , in the event that they opted to become neutral, if the Ukrainians lose the war. The European Union and the UK have not yet responded to this threat by loosening the rules of engagement for Ukraine.
Additionally the war in Gaza and its conduct has damaged relationships irreparably in the Middle East and tensions and violence will continue there in the long term.
Despite all this gloom on the political front the economic news is slightly more cheery.
The UK economy grew at a respectable 2.3% in the first half of 2024 outstripping all of the other G7 economies. The US grew by 1.3% and France and Germany sub 1% over the same period. After a protracted period of low growth this may just be a blip rather than a trend but let's hope it's the start of a new era. If it is a new start then the Conservatives have every right to claim it as their very own economic miracle.
Headline inflation rates have fallen across the globe with the UK now near the Bank of England's target rate of 2% at 2.2% in July, having hit the target rate in June. The UK performance here is also quite impressive and much better than my expectations. Core and services inflation is significantly higher than headline CPI and this may still derail attempts to get to a persistent low inflation environment. Worryingly, wages in most countries are growing at a rate which is inconsistent with Central Bank inflation targets. This may slow any interest rate cuts in the medium term.
All in all World economies appear pretty stable after the inflation shock therefore we should expect a benign environment for most of the world stock markets.

Markets

Real interest rates remain low which should be beneficial for equity markets despite the political uncertainties. However there are signs that this environment is deterring buyers from bond markets which would indicate that long term interest rates are likely to increase albeit modestly.
Index linked yields remain low and relatively stable, this is unlikely to change in a world where economic growth is modest and prices relatively stable. Over the longer term however imbalances within economies will have to be repaired and a price will have to be paid which would imply rising real interest rates and falling equity markets. It does not look as if the action required will be taken by democratic economies anytime soon and therefore the medium term outlook for markets looks benign.
The commercial property market in the UK will struggle to make significant progress in the current environment.
There are straws in the wind which indicate that capital raising in the alternatives markets is beginning to ease. However this has not been significant and capital remains scarce. In short the market will find it difficult to raise the capital it requires and performance will be impacted accordingly.

Portfolio recommendation

The fund's commitment to the alternative investment markets via Borders to Coast dictate any portfolio recommendations. The refinancing difficulties in the alternative market space make it likely that the fund will be over committed to this asset class for the next few years. Investing in other asset classes will be very difficult while this over invested position continues. Attractive opportunities will no doubt present themselves and

these will have to be financed from the fund’s equity holdings to aid portfolio changes.
Additionally it is advisable for the fund to hold sufficient cash balances to meet cashflow shortfalls over the medium term to help reduce the impact of equity market volatility on the downside.

Peter Moon
16 September 2024

Agenda Item 14

CBRE

TEESSIDE PENSION FUND Q2 2024

Quarterly Report

Prepared: 11 September, 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 of 30th June 2024, the portfolio comprised 34 properties located throughout the UK, with a combined value of £484.2m. This reflects an overall Net Initial Yield of 4.47%, and an Equivalent Yield of 5.61%.

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 91 demises and a total net lettable area of 2,751,651 sq ft.

The portfolio has a current gross passing rent of £27,284,260 per annum against a gross market rental value of £27,570,187 per annum.

The weighted average unexpired lease term is 9.7 years to the earlier of the first break or expiry and 10.2 years to expiry, ignoring break dates.

Fund Summary

Total Pension Fund Value (March 2024)	**£5,468m**
Real Estate Weighting (long term target allocation)	8.9% (10%)
Direct Portfolio Value (June 2024)	£484.2m

Direct Portfolio

Direct Portfolio Value (June 2024)	£484.2m
Number of Holdings	34
Average Lot Size	£14.2m
Number of Demises	91
Void rate (% of ERV) (Estimated UK Benchmark)	1.5% (7.0% – 9.0%)
WAULT to Expiry (break)	10.2 years (9.7 years)
Current Gross Passing Rent (Per Annum)	£27,284,260
Current Gross Market Rent (Per Annum)	£27,570,187
Net Initial Yield	4.47%
Reversionary Yield	5.41%
Equivalent Yield	5.61%

Portfolio Highlight (Q2 2024) – Unit B, Interchange Retail Park, Ipswich

The Fund has completed a lease renewal to B&M at Interchange Retail Park. Terms are £312,500 per annum (approx. £12.50 per sq ft) on a 10-year term with a tenant break option in year 5. The tenant will receive 10.5 months rent-free from the term commencement date.

UK Economic Commentary

- In the three months to June, GDP grew by 0.6%, following a 0.7% rise in the previous quarter. A strong-performing services sector has largely driven growth; however, this is having knock-on effects on inflation.
- Headline CPI rose marginally in the year to July to 2.2%, up from 2.0% in June. This slight rise results from gas and electricity prices falling by less than last year. We expect their stickiness and an increase in Ofgem's energy price cap in October to create volatility in the figures for the remainder of the year.
- Unemployment remains at 4.2%, the same level as the previous quarter. Unfilled job vacancies continue to fall but at a slower rate. The tight labour market and strength of the services sector have resulted in 5.7% growth in nominal pay, or 2.5% in real terms. This is positive for consumers but could delay a further interest rate cut if growth doesn't soften.
- Despite strong labour market and core inflation signals, the Bank cut interest rates in August by 25bps and could still make one further cut in Q42024. We expect the realisation of real pay growth and increasing confidence that interest rate cuts should bring will be catalysts for consumption and business activity. We forecast UK GDP to grow 1.0% and 1.9% 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.
- Labour won the UK General Election by a landslide and are stating that they want to increase spending on housing and infrastructure significantly, which is expected to be positive for the real estate market. This, by default, should mean we can expect higher taxes to fund the spending commitments, as Keir Starmer's most recent speech insinuates.
- Domestically, sticky services and wage growth risks further inflation. Globally the Middle East conflicts' proximity to key energy markets, may also have an effect on energy prices. Both have the potential to increase inflation and delay interest rate cuts, dampening the growth outlook.

UK Real Estate Market Commentary

- The CBRE Index recorded an All-Property Total Return of 2.0% over the 12 months to June 2024. This is an increase from the 1.5% Total Return recorded in the year to March 2024. Despite this, All-Property capital values decreased by 3.6% over the last 12 months.
- All Property yields increased by 5bps throughout Q2 2024, meaning yields have expanded by 10bps over H1 2024. Capital values increased by 0.5% over Q2 2024, after the mild fall of 0.4% in Q1 2024, while UK Property rental values continue to grow steadily, increasing by 0.2% throughout the quarter.
- Retail was the strongest performing sector over Q2 2024, with total returns of 3.1% for the quarter. This was largely due to by Retail Warehouses driving capital value growth of 1.3% at the sector level. The Industrial sector posted total returns of 2.3% over the quarter and continues to exhibit the strongest rental growth as rental values increased by 1.7% in Q2 2024. Office capital values declined by a further 1.2% throughout the quarter, whilst sector rental growth was steady at 0.3%.
- Investment volumes picked up in Q2 2024 compared with Q1 2024, with £12.2bn of transactions completed. This represents a 6% increase on the revised figure for Q1 2024 of £11.1bn. Approximately £46.4bn has been invested in UK real estate markets for 12 months to Q2 2024. Compared with other major Western European markets, the UK was the only market to record a rise in 12-month investment volumes.
- Foreign investment increased during the quarter, accounting for 64% of Q2 acquisitions by value. In contrast, domestic buyers drove activity in Q1, meaning that so far throughout 2024, domestic and foreign buyers have contributed a relatively even contribution to UK investment.
- There are signs that market conditions are now improving, and volumes are expected to increase as investors look to deploy capital gradually and some asset owners need to meet redemption or debt obligations. Prospects for investment volumes are also aided by an improved outlook for interest rates.

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

Investments

Sales

The Fund made no disposals this quarter.

Acquisitions

The Fund made no acquisitions this quarter.

Direct Portfolio Analysis

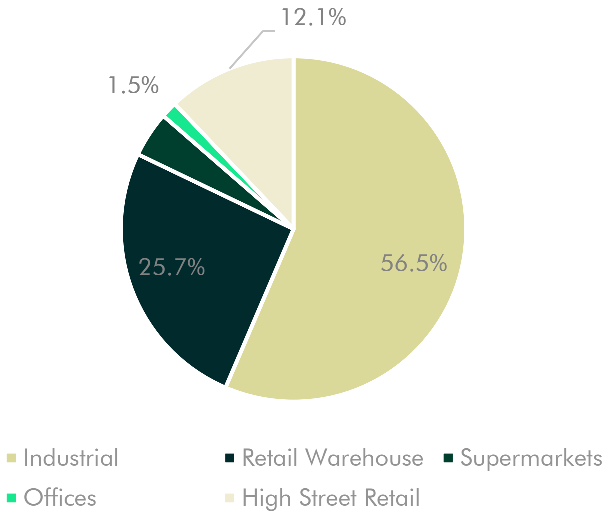
Top Ten Holdings (by Capital Value)

No.	Asset	Sector	Value	% of Direct Portfolio
1	WASHINGTON - Radial 64	Industrial	£50,300,000	10.4%
2	SWINDON - Symmetry Park	Industrial	£31,600,000	6.5%
3	LONDON - Long Acre	High Street Retail	£31,000,000	6.4%
4	ST ALBANS - Griffiths Retail Park	Retail Warehouse	£30,500,000	6.3%
5	THORNE – Capitol Park	Industrial	£29,100,000	6.0%
6	YEOVIL - Lysander Road	Industrial	£27,750,000	5.7%
7	BIRMINGHAM - Bromford Central	Industrial	£20,800,000	4.3%
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	**£280,500,000**	**57.9%**

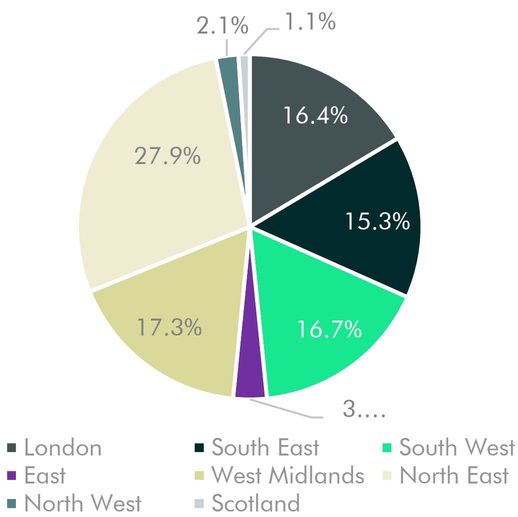
We will seek to extend the weighted average unexpired lease term (WAULT) of the portfolio, as well as diversifying the lease expiry profile.

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

Sector Allocation (by Capital Value)



Geographical Allocation (by Capital Value)



Direct Portfolio Analysis (continued)

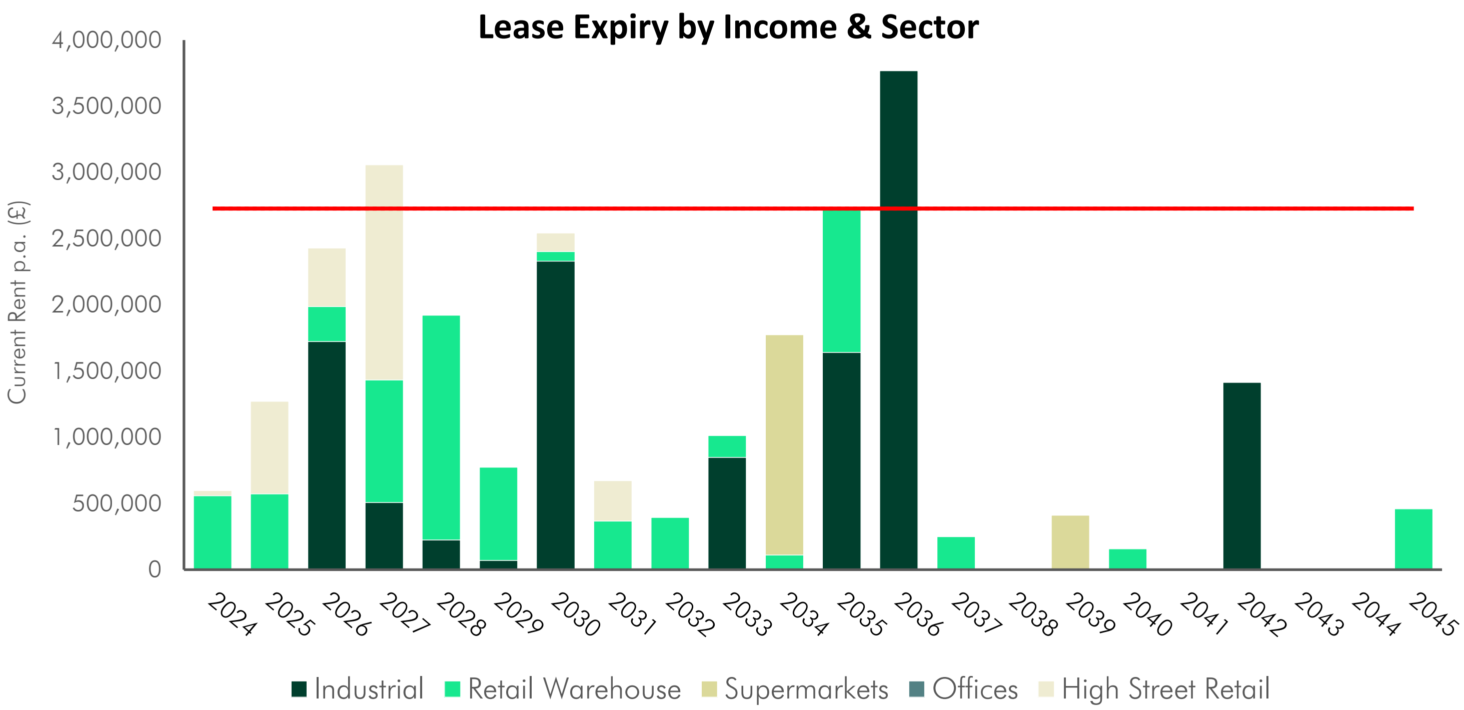
Top Ten Tenants (by Contracted Income)

The Portfolio has 91 demises let to 64 tenants. Of the top ten tenants, 70% 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	13.8%	86/100	Medium-Low Risk
2	B&Q Ltd	Retail	3	£2,084,211	7.6%	92/100	Medium-Low Risk
3	Iceland Food Limited	Industrial / Retail	2	£1,892,500	6.9%	60/100	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%	90/100	Medium-Low Risk
6	Omega Plc	Retail	1	£1,413,689	5.2%	92/100	Medium-Low Risk
7	Unipart Logistics Limited	Industrial	1	£1,077,000	3.9%	81/100	Medium-Low Risk
8	Royal Mail Group Limited	Industrial	1	£1,074,000	3.9%	19/100	High Risk
9	Libra Textiles Ltd	Industrial	1	£850,000	3.1%	94/100	Medium-Low Risk
10	Tesco Stores Ltd	Foodstore	1	£813,450	3.1%	74/100	Medium-High Risk
			Total	£16,197,664	59.4%		

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 Jun 23 – Jun 24			3 Year (p.a.) Jun 21 – Jun 24			5 Year (p.a.) Jun 19 – Jun 24		
	TPF	Index	Variance	TPF	Index	Variance	TPF	Index	Variance
Income Return	5.3%	5.8%	-0.5%	5.1%	5.4%	-0.3%	5.4%	5.5%	-0.1%
Capital Return	1.6%	-3.6%	+1.9%	1.9%	-2.6%	+4.4%	0.3%	-3.0%	+3.3%
Total Return	3.7%	2.0%	+1.7%	7.3%	2.7%	+4.6%	5.8%	2.3%	+3.5%

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

Investment Management Update

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

Asset Management Update

Farmfoods, Congleton – March 2024

On 1st August 2024 the Fund completed the letting of the combined Units G & H with a new tenant, Farmfoods. Terms are £114,075 pa (£13.50 per sq ft) on a 15-year term and a rent-free period of 12 months.

Wolseley, Units 1-3 Acre Road Reading – August 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 lease is in the process of being documented.

Halcyon Fine Art, Sovereign Park London – June 2024

On 28th June 2024, Fund completed a rent review. The review comes in the form of a stepped rent structure commencing at £848,628 pa / £24.00 psf in year 1, reaching £972,386 pa / £27.50 psf in year 5, taking the average rent to £912,275 pa / £25.80 psf. This is a c. 43% increase from the previous passing rent of £636,000 pa / £17.99 psf.

B&M, Ipswich – August 2024

On the 20th August, the Fund completed 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 and 10.5 month's rent free. This conclusion was preceded by 23 months of negotiation.

Carpetright, Tonbridge – August 2024

The tenant recently entered Administration. The Fund is exploring several options with offers from a variety of potential tenants.

BAE, Washington – August 2024

The Fund has agreed terms for a reversionary lease with BAE Systems plc. The term is to be extended until December 2042, and the break clause moved out to December 2037. The rent will be reviewed annually at a fixed uplift of 3% pa. In return for the extension, the Fund will provide 3 months rent-free to the tenant. The lease is close to completion.

Portfolio Arrears Update – As at 11 September 2024

The table below details the collection statistics for Q2 2024. Rent due for the quarter totalled £5,487,406, of which £5,428,844 has been collected, reflecting a difference of £58,562.

Collection Milestones	Rent Due 24/06/2024	Quarter Date 24/06/2024	Week 1 01/07/2024	Week2 08/07/2024	Week 3 15/07/2024	Week 4 22/07/2024	After 22/07/2024	Difference
Total (£)	5,487,406	3,817,991	1,476,044	2,818	0.00	0.00	131,991	58,562
Collection Target (%)			92.0%	96.0%	98.0%	99.0%		
Total Collections (%)		69.58%	96.48%	96.53%	96.53%	96.53%	98.93%	

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

June 2024 – 98.9%
March 2024 – 98.4%
December 2023 – 99.0%

The total Collectable Arrears on the entire portfolio is **£645,429** as at 11 September 2024.

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 90.6% (£585,069) of the total collectable arrears:

- Halcyon Fine Art Group Holdings Limited (Sovereign Park) – Total arrears of £341,879 (53.0% of the collectable arrears). This mainly relates to the backdated rent from the recently settled rent review.
- Stark Building Materials UK Limited (Bromford Central) – Total arrears of £60,318 (9.3% of the collectable arrears). Most of these arrears relate to an interim rent charge which we are continuing to chase.
- Carpetright plc (Tonbridge) – Total arrears of £45,430 (7.0% of the collectable arrears). This relates to rent and service charge. This tenant has entered administration therefore it is unlikely these arrears will be paid.
- Encore Group (Old Brompton Road) – Total arrears of £28,854 (4.5% of the collectable arrears). This is the annual insurance and latest instalment of the lift replacement loan, due from the residential managing agent. These sums are being chased.
- Unipart Logistics Limited (Rugby) – Total arrears of £27,226 (4.2% of the collectable arrears). This relates mainly due to the annual insurance that was raised on 9 August. This was raised late due to an error on the premium calculation from the broker.
- B&Q plc (Arbroath) – Total arrears of £24,564 (3.3% 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, to which there has been no further response. We are chasing for payment.
- Shoe Zone Retail Limited (Congleton) – Total arrears of £17,748 (2.7% of the collectable arrears). This relates to discrepancies with the completion statement and the reconciliation of the account for the old and new lease, following the completion of the lease renewal.
- B&Q plc (St Albans) – Total arrears of £16,501 (2.6% of the collectable arrears). This relates to the service charge and insurance, which is under query and we are working with the tenant to resolve.
- Iceland Foods Limited (Swindon) – Total arrears of £11,773 (1.8% of the collectable arrears). This relates to the recharge of the head landlord's service charge. The tenant has queried these charges, which we are seeking to resolve.
- River island Fashion Limited (Lincoln) – Total arrears of £10,777 (1.7% of the collectable arrears). This relates mainly to the misallocation of the May 2022 rent. We are working with the tenant to resolve this.

The remaining £60,359 (9.4% of the collectable arrears) is spread across 27 tenants, ranging from £12.93 to £9,693.

Lending Update

Debt Investment Portfolio	Sector	Loan Limit	Drawn Balance	Interest Rate	Fully Drawn Income p.a.	Maturity	LTV	ICR
Chester Greyhound	Retail	£19.28m	£19.28m	3.70%	£0.71m	Nov-25	59.1%	2.94x
St Arthur Homes	Affordable Housing	£13.90m	£13.90m	4.50%	£0.63m	Nov-26	54.5%	1.61x
Preston East	Industrial & Logistics	£16.17m	£16.17m	5.21%	£0.84m	Jun-27	55.4%	1.76x
Bordon	Industrial & Logistics	£11.30m	£11.02m	5.54%	£0.63m	Jun-29	52.5%	1.57x
TOTAL CURRENT		**£60.6m**	**£60.4m**	**4.63%**	**£2.81m**		**55.8%**	**2.07x**

As at 30 June 2024, the Fund had four committed loans, of which £60.4m of the combined £60.6m limits had been drawn. These loans produce a blended return of 4.63%. In the period, the £11.33m 'Bordon' loan to Titan completed on 26 June.

The Bank of England base rate remained at 5.25% as of the quarter's end. However, inflation and other key indicators were shown to be stabilising. As a result, SONIA 3 year swap rates had adjusted downwards by ~25bps by the quarter end from their 2024 April peak.

The pipeline has remained strong throughout 2024, particularly with the new St Arthur portfolio and Preston East Unit 3 increases. We expect the £100m Allocation to be fully deployed by the year end.

The enduring higher interest rate environment has continued to produce strong risk-adjusted return opportunities, improving the blended return across the loan portfolio. This has increased from 4.42% at the end of 2023 to 4.63% at the end of H2 2024. Anticipated downward pressure on swap rates implies that the market peak for returns has passed. However, rates have remained considerably higher than at any other time since the GFC. CBRE would be confident in deploying further funds into similarly strong lending transactions with returns in the 5.0% - 7.0% range should Teesside wish to consider a new Allocation.

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 re-finance of Greyhound Retail Park, Chester. Ongoing scheduled amortisation has de-levered the loan to £19.3m since completion. Carpetright, a tenant at the Park, went into administration 22nd July 2024. The Borrower is now working through a new asset management plan to replace the tenant, which we will continue to monitor and provide updates on as it progresses.
- St Arthur Homes: A £13.9m loan secured against a portfolio of 176 shared ownership units. An £11.5m increase to refinance a further 153 units was in legals as of 30th June.
- Preston East: A £16.2m loan secured against 3x long-let, Grade A logistics units near Preston. Terms have been agreed, subject to IC approval, for a small ~£3m increase to refinance the fourth and final unit at the estate once it reaches practical completion in Q3.
- Bordon: An £11.33m loan secured against a fully let logistics unit in Bordon, Hampshire with a WAULT >14 years. The loan closed in June 2024.

Titan Investors – Bordon, Hampshire

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.

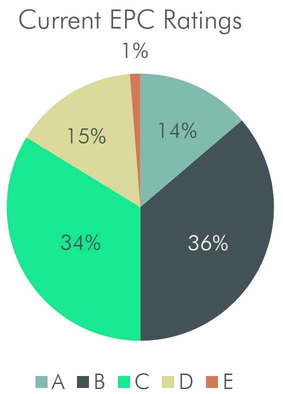
Environmental – sustainable factors will continue to play a part in the definition of 'prime' real estate, and buildings that don't meet the increasingly competitive standards are likely to become obsolete faster. Occupiers will demand that their buildings adhere to the highest environmental standards.

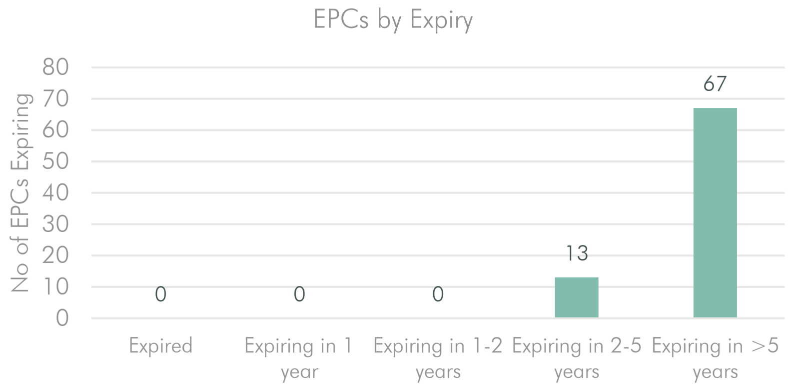
Social - real estate's impact on the local community and on a company's workforce are becoming equally important. Buildings that contribute positively to the world are, therefore, likely to be more resilient than those that do not, and as such, are likely to benefit from increased occupier demand, leading 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 15

PENSION FUND COMMITTEE REPORT

25 SEPTEMBER 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)

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Appendix A

Teesside Pension Fund

Performance Delivery Report

Committee Meeting on 25th September 2024

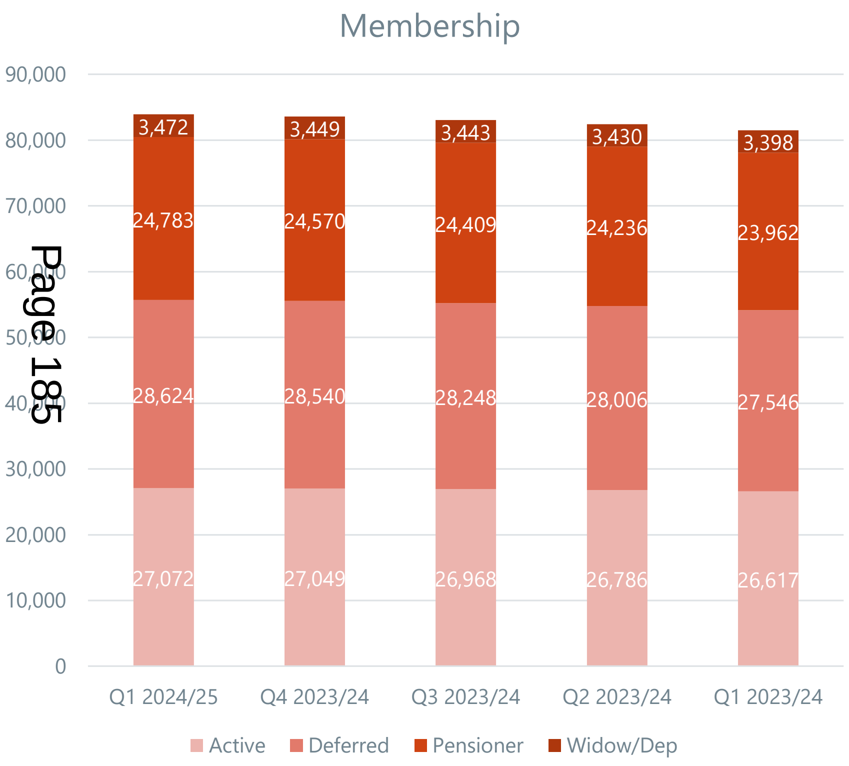
Contents

Items requiring a decision or attention are marked in the report with this logo

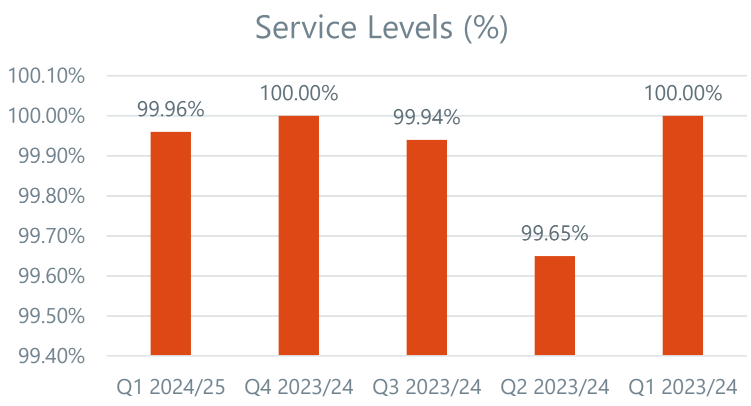
XPS Group

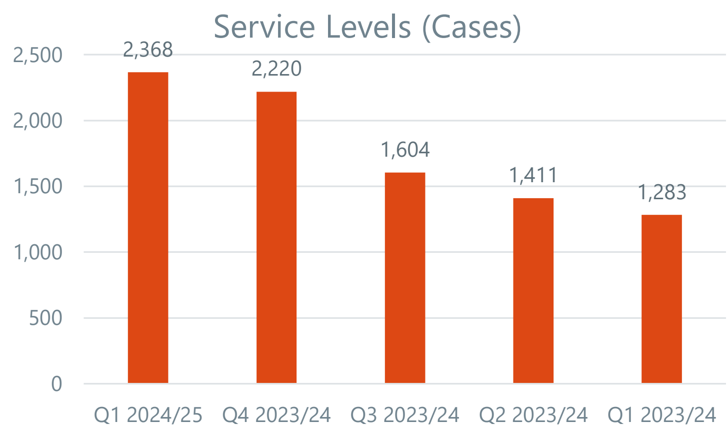
Highlights

Membership numbers



Service levels





XPS Group

Headlines

Members

Membership

- Membership continues to steadily increase over Q1 for active members
- Newsletters issued week comm 17th September

Scheme and Legislative

Annual Benefit Statements

- Active and Deferred Benefit statements were issued by the legislative deadlines

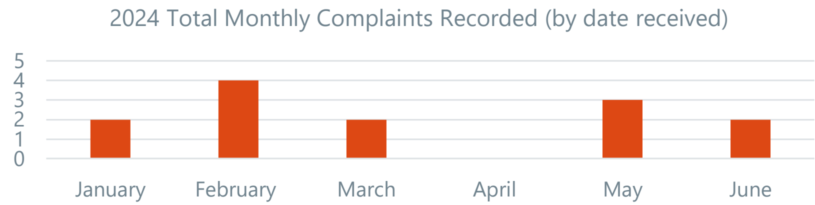
Key items

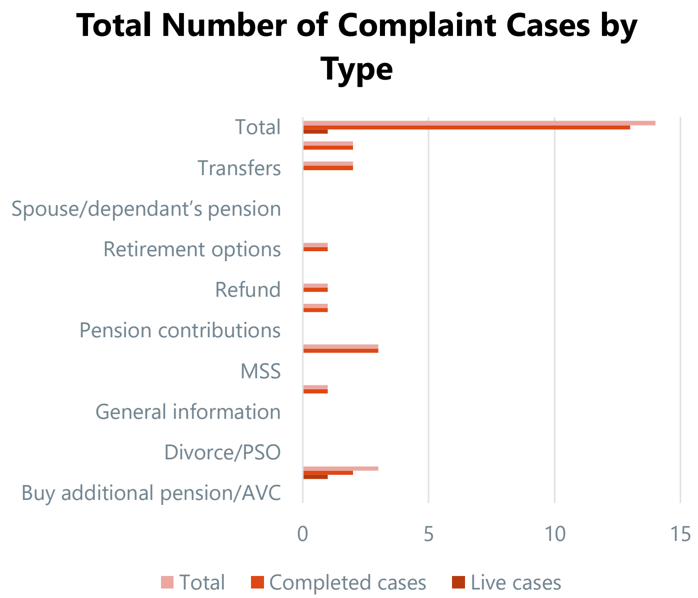
- SLA: 99.96%
- Total membership is 83,951 members

Errors and complaints

Complaint type	Live cases	Completed cases	Total
Buy additional pension/AVC	0	0	**0**
Dispute	1	2	**3**
Divorce/PSO	0	0	**0**
Errors	0	0	**0**
General information	0	0	**0**
Ill Health	0	1	**1**
MSS	0	0	**0**
Pension benefits	0	3	**3**
Pension contributions	0	0	**0**
Pension payments	0	1	**1**
Refund	0	1	**1**
Retirement date	0	0	**0**
Retirement options	0	1	**1**
RSS	0	0	**0**
Spouse/dependant's pension	0	0	**0**
Tax	0	0	**0**
Transfers	0	2	**2**
Other/unknown	0	2	**2**
Total	**1**	**13**	**14**

IDRP Description	Date received	Date completed	Comment
None			





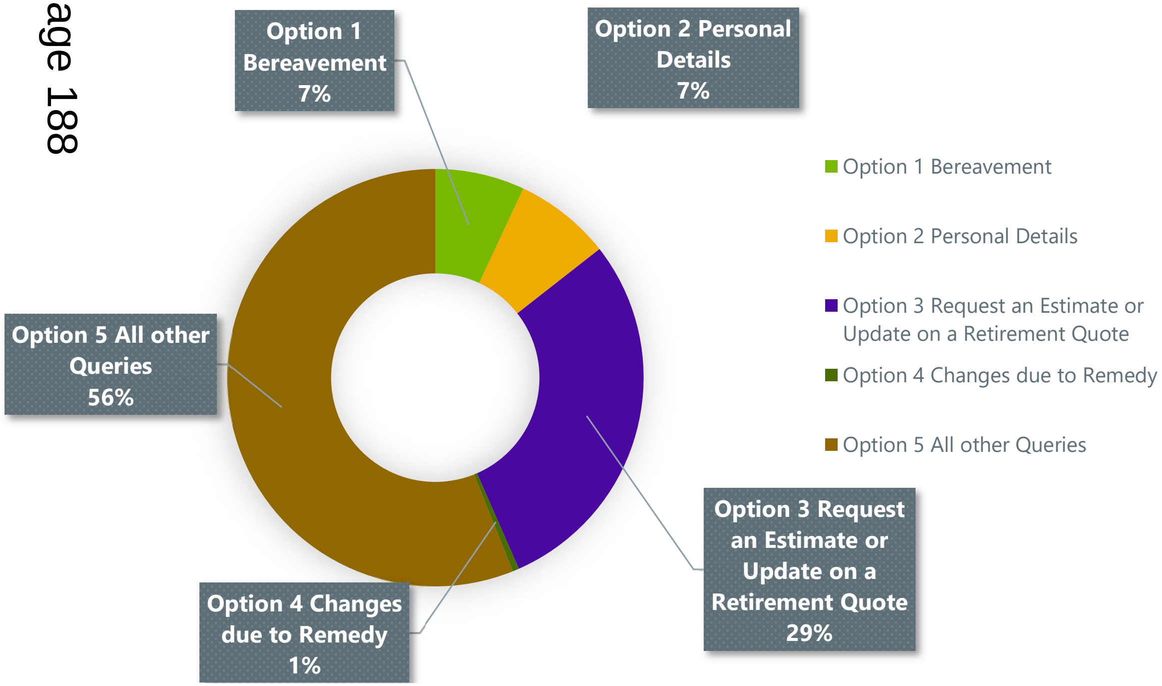
Member engagement – telephony

Telephone calls (Q1)

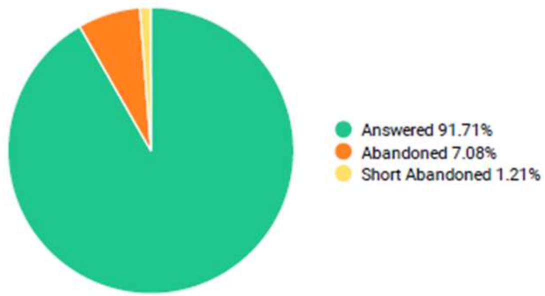
Total calls	Answered calls	Abandoned calls	Short Abandoned calls	Missed Calls
3631	3330	257	44	0

Average wait time	Average duration	Average abandon time
1 min 54 secs	11 min 02 secs	2 min 49 secs

Breakdown of Member Selection:



Performance Summary:



Member engagement – telephony

Summary of Performance	
Highlights	**Key Achievements / Challenges**
Member Connect took over calls from admin on 22.04.2024. **May** - 130 Calls Abandoned in waiting Call trends due to Tax queries, general requests and members not receiving payslips where they have 2 records or more. 477 referral calls made to this hunt group in total with 462 (96.86%) of these answered. 2 of these calls were made to the team from other Local Government Administrators. An average wait time to get through of 00:00:43 with the longest wait time of 00:03:51. **June** - 64 Calls Abandoned in waiting Call trends due to Tax queries and general requests. • 431 referral calls made to this hunt group in total with 414 (96.06%) of these answered. An average wait time to get through of 00:00:44 with the longest wait time of 00:05:53.	May - Weekly two-way feedback still in place to help support the onboarding of calls to my team and to update training documents with any process changes. June - Weekly two-way feedback still in place to help support the onboarding of calls to my team and to update training documents with any process changes. • Administration team finish at 16:30 on a Friday which means any calls which need a referral between 16:30 – 17:00 are tasked as a callback.

Member engagement

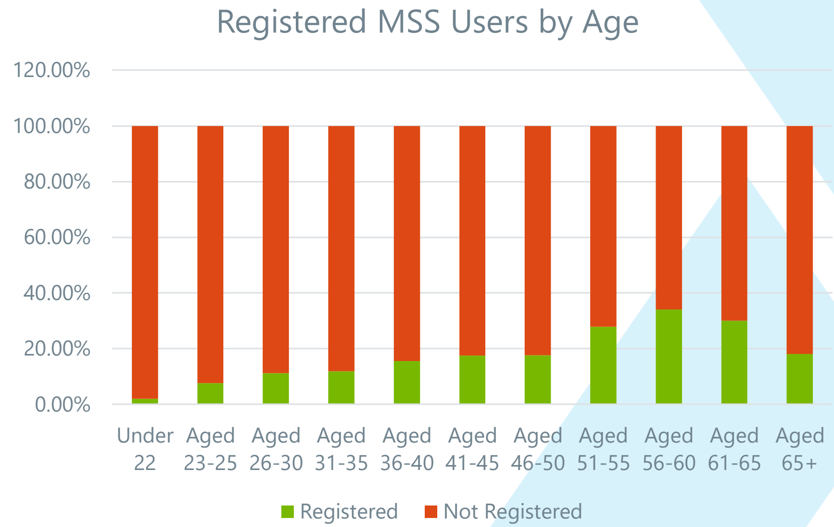
Teesside Pension Fund Website Traffic

Member engagement – Member Self Service

Age Profiles for members who have registered for self-service							
Under 23	2.00%	**Age 31-35**	11.91%	**Age 46-50**	17.59%	**Age 61-65**	30.06%
Age 23-25	7.61%	**Age 36-40**	15.55%	**Age 51-55**	27.87%	**Age 65+**	18.15%
Age 26-30	11.25%	**Age 41-45**	17.53%	**Age 56-60**	34.05%		

Registrations for Teesside Pension Fund

Status Description (gro.	Not Registered	Registered	Grand Total
1: Active	19,152	4,881	24,033
4: Deferred	17,560	1,891	19,451
5: Pensioner	18,756	2,693	21,449
6: Widow/Dependant	3,352	30	3,382
Grand Total	54,902	8,468	63,370



Membership

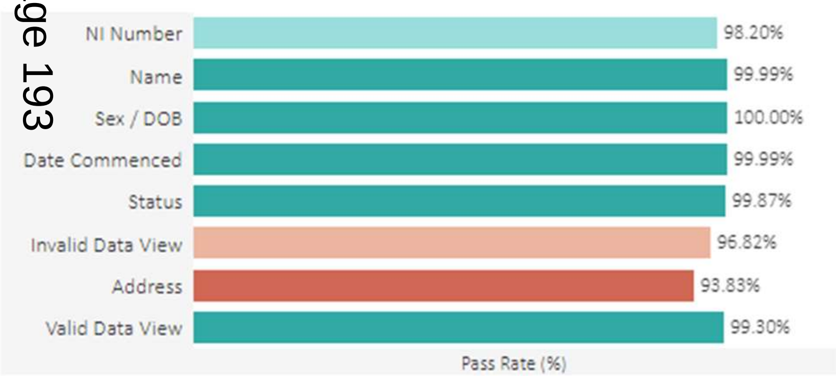
Membership	Period Ending 30/06/2024	Period Ending 31/03/2024	Period Ending 31/12/2023	Period Ending 30/09/2024
Active Members				
Total at period start	**27,049**	**26,968**	**26,786**	**26,617**
ew Starters	646	886	984	1,327
New Leavers	436	643	682	924
Retirements	180	160	110	228
Death	7	2	10	6
Total at period End	**27,072**	**27,049**	**26,968**	**26,786**
Deferred Members				
Total at period start	**28,540**	**28,248**	**28,006**	**27,546**
New Deferred	309	556	518	771
New Leavers	55	86	69	101
Retirements	163	170	194	191
Death	7	8	13	19
Total at period End	**28,624**	**28,540**	**28,248**	**28,006**
Pensioner Members				
Total at period start	**28,019**	**27,852**	**27,666**	**27,360**
New Retirements	343	332	308	420
New Dependents	59	63	73	68
Notified (need further details)	6	10	2	5
Death/cessation	160	218	193	177
Total at period End	**28,255**	**28,019**	**27,852**	**27,666**
Total membership at period end	**83,951**	**83,608**	**83,068**	**82,458**

Data Quality

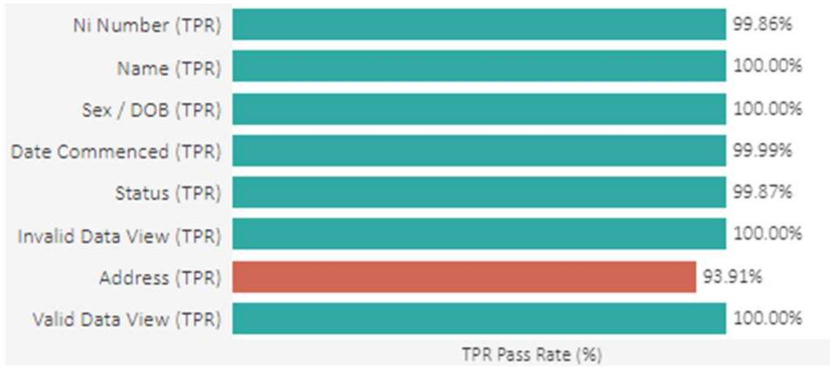
Data Quality | Summary

109,647	99,448	90.7%	95.8%
Members Tested	Members Passed All Tests	Pass Rate %	TPR Pass Rate %

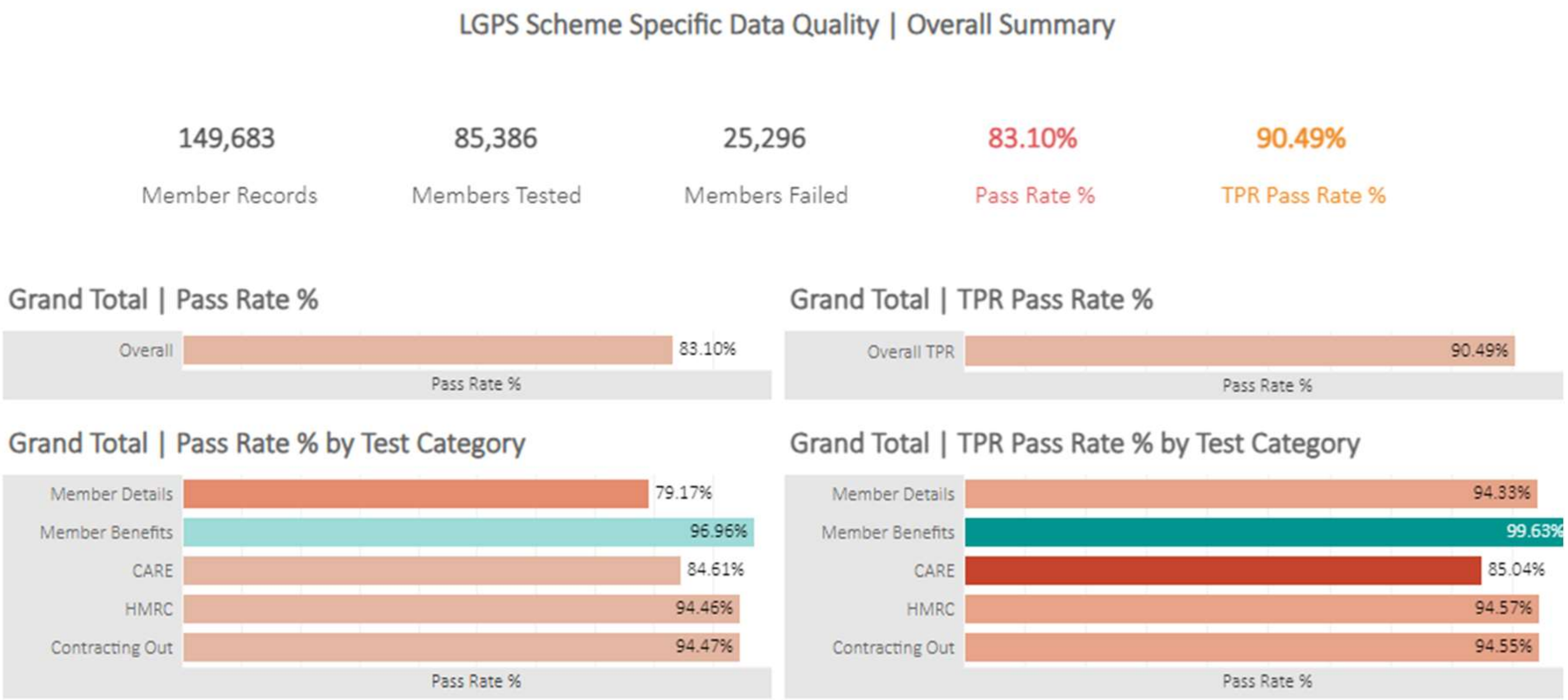
Pass Rate % by Test Category



TPR Pass Rate % by Test Category



Data Quality



Regulations and Guidance

THE Local Government Pension Scheme (Information) Regulations 2024 (SI 2024/880)

have been laid before Parliament and will come into force on 23 September 2024 and will be backdated to 01/10/2023:

These remove the requirement for LGPS administering authorities to include estimated calculations relating to the McCloud remedy in members' annual benefit statements for the 2023/24 scheme year.

Academy LGPS guidance updated - On 7 May 2024, the Education and Skills Funding Agency published updated guidance on academies and LGPS liabilities. The updated guidance now includes a definition of 'pass-through arrangements'. The guidance is aimed at academy trusts, administering authorities and actuaries. It covers the LGPS academy guarantee provided by the Department for Education.

June 2024 New LGPS informer document launched

The Scheme Advisory Board along with the Institute of Chartered Accountants in England and Wales (ICAEW) has published an informer document to explain the timeline and information flow for the triennial valuation and accounting/audit purposes.

The document is intended to be a practical document that explains:

- how the LGPS works in practice
- key information flows between employing bodies, pension funds and actuaries
- the content and purpose of annual accounting reports and triennial valuations
- key accounting requirements for employing bodies
- the role of external auditors.

Regulations and Guidance

Publication of the Scheme Annual Report

On 12th June 2024 The Scheme Advisory Board has published its eleventh Scheme Annual Report. The aim of the Scheme Annual Report is to provide a single source of information about the status of the Local Government Pension Scheme for its members, employers, and other stakeholders. This report aggregates information supplied in the 86 fund annual reports, as of 31 March 2023 for the reporting year 2022/23.

SAB Cost Management Process now complete

The Government Actuary's Department has now completed the scheme cost assessment required under Regulation 116 of the LGPS Regulations 2013. The final report was completed using methodology and assumptions determined by the Board, following discussion at the Cost Management, Benefit Design and Administration (CMBDA) Committee.

Scheme costs were assessed as being 20.5 per cent of pensionable pay, 1 per cent above the 19.5 per cent target overall cost. This is within the range where the Board may make recommendations to amend benefits to bring scheme costs back towards the target cost but is not obliged to. Following discussion, the Board agreed not to recommend any changes in its letter informing the Secretary of State of the outcome.

DLUHC reverts to MHCLG - Following the Labour Party's victory at the 2024 General Election, Angela Rayner was appointed Deputy Prime Minister and Secretary of State for Levelling Up, Housing and Communities on 5 July 2024. The department reverted to its former name, the Ministry of Housing, Communities, and Local Government (MHCLG), on 8 July 2024.

New Minister for the LGPS - On 6 July 2024, Jim McMahon MP was appointed Minister of State at MHCLG. The role includes ministerial responsibility for local government, including the LGPS.

Government launches pensions review - On 20 July 2024, the Government announced a pensions review as part of its mission to ‘boost growth and make every part of Britain better off’. The review will be jointly led by HM Treasury and the Department for Work and Pensions. Working closely with Jim McMahon, the review will look at how to ‘unlock the investment potential of the £360 billion LGPS’ and ‘tackle the £2 billion that is being spent on fees’. As part of this, the Government will consider legislating to mandate pooling if insufficient progress is made by March 2025. The review will also consider the benefits of further consolidation to cut down on ‘fragmentation and waste’ in the LGPS.

Regulations and Guidance

The King's Speech 2024 - Following the general election on 4 July 2024, the State Opening of Parliament took place on 17 July 2024 and the King's Speech set out the Government's plans and priorities for the first parliamentary session. Of potential interest is the Bill on Audit Reform and Corporate Governance. This could be a potential vehicle for separation of pension fund from host authority audit in England, as is already the case for LGPS funds in Scotland and Wales. The Board called for this in a letter to MHCLG in August 2022. The idea was supported by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Chartered Accountants in England and Wales (ICAEW) and the Levelling Up Select Committee in the last Parliament. The Board was previously assured that its recommendation would be taken forward once a suitable legislative vehicle had been identified.

Updated flexible retirement guidance On 16 August 2024, MHCLG issued updated flexible retirement guidance. This replaces the guidance dated 28 April 2016 and is effective immediately. The guidance includes a revised methodology for calculating Death Grants.

S13 report published - review of the LGPS 2022 fund valuations - The Government Actuary's Department (GAD) has published its report on the 2022 fund valuations, as required by section 13 of the Public Service Pensions Act 2013, to MHCLG. The purpose of the report is to examine whether the separate 87 fund valuations have achieved the four aims set out in the Act – these are compliance, consistency, solvency and long-term cost efficiency.

Letter to MHCLG re SCAPCs

The Board Secretariat has written to MHCLG officials to ask for a review of the actuarial factors and regulations surrounding shared cost additional pension contributions (SCAPCs). This was one of the first recommendations of the Gender Pensions Gap working group. It was approved by the Board when it met in July 2024. The current regulations impact those (predominantly female) members with caring responsibilities who may lose pension when they have to take occasional days or weeks as authorised unpaid leave. The letter asks that the rules around buying back pension 'lost' during unpaid authorised leave should be made easier to understand and more flexible to implement.

Appendix 1 - Service Level Reports

The table below shows our performance against the Service Level Agreement during the reporting period. This is from the date the contract started, 1st October 2023, and therefore has commenced from Quarter 3.

Membership	Cases completed	Cases completed within target	Cases completed outside target	%age within target
October	529	528	1	99.81%
November	586	586	0	100%
December	489	489	0	100%
Quarter 3 2023/24	**1604**	**1603**	**1**	**99.94%**
January	582	582	0	100%
February	742	742	0	100%
March	896	896	0	100%
Quarter 4 2023/24	**2220**	**2220**	**0**	100%
Year - Total	**3824**	**3823**	**1**	**99.97%**
April	805	805	0	100.00%
May	718	718	0	100%
June	845	844	1	99.88
Quarter 1 2024/25	**2368**	**2367**	**1**	**99.96%**

Appendix 1 - Service Level Reports

KPR Requirements

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Apr-24 Average Case Time (days)	Apr-24 Number of Cases	Apr-24 Over target	Apr-24 TOTAL (cases)	Apr-24 Within Target	May-24 Average Case Time (days)	May-24 Number of Cases	May-24 Over target	May-24 TOTAL (cases)	May-24 Within Target	Jun-24 Average Case Time (days)	Jun-24 Number of Cases	Jun-24 Over target	Jun-24 TOTAL (cases)	Jun-24 Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	1.36	372	0	372	372	2.68	243	0	243	243	1.58	410	0	410	410
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	6.65	26	0	26	26	6.38	32	0	32	32
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100.00%	4.93	15	0	15	15	4.95	19	0	19	19	4.50	18	0	18	18
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.00%	4.89	264	0	264	264	4.78	306	0	306	306	4.85	255	0	255	255
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100.00%	N/A	N/A	N/A			N/A	N/A	N/A			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	31-Aug	98.75%	N/A	N/A	N/A	N/A			N/A	N/A	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	3.80	124	0	124	124	3.95	130	1	130	129
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100.00%	N/A	N/A	N/A			N/A	N/A	N/A			N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100.00%	N/A	N/A	N/A			N/A	N/A	N/A			N/A	N/A	N/A		

Appendix 2 – Administration Team

Key contacts		
Laura Pelmear	Client Relationship Manager	laura.pelmear1@xpsplc.com

Other contacts		
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Award-winning

Pensions advisory

Investment consulting

Administration

Technology

Culture and Sustainability

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