Appendix A

Teesside Pension Fund

Quarterly Investment Report - Q1 2022

Contents

Note
1) Border to Coast

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,768,284,091
Inflows	£0
Outflows	£(280,000,000)
Net Inflows / Outflows	£(280,000,000)
Realised / Unrealised gain or loss	£(53,352,329)
Value at end of the quarter	£2,434,931,762

Over Q1 2022, Teesside's holdings performed as follows:

- The UK Listed Equity Fund outperformed its benchmark by 0.09%
- The Overseas Developed Markets Equity Fund outperformed its benchmark by 0.45%
- The Emerging Markets Equity Fund underperformed its benchmark by 3.68%

Teesside made redemptions totalling £160,000,000 from the UK Listed Equity Fund and £120,000,000 from the Overseas Developed Markets Fund during Q1 2022.

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

Portfolio Analysis - Teesside Pension Fund
at 31 March 2022

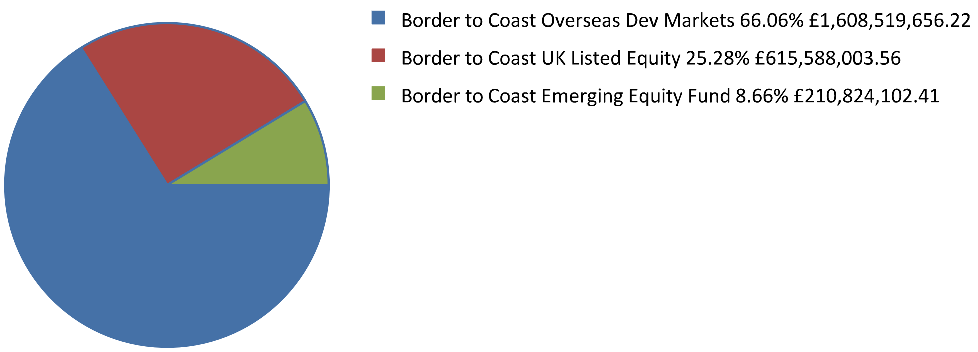
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	615,588,003.56	25.28
Border to Coast Overseas Dev Markets	40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan	1,608,519,656.22	66.06
Border to Coast Emerging Equity Fund	EM Equity Fund Benchmark[3]	210,824,102.41	8.66

Available Fund Range

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

Teesside Pension Fund - Fund Breakdown



Note
1) Source: Northern Trust

Portfolio Contribution - Teesside Pension Fund
at 31 March 2022

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Border to Coast UK Listed Equity	25.28	0.58	0.49	0.09	0.15
Border to Coast Overseas Dev Markets	66.06	(2.34)	(2.79)	0.45	(1.36)
Border to Coast Emerging Equity Fund	8.66	(6.21)	(2.53)	(3.68)	(0.59)
Total	**100.00**	**(1.79)**			

The UK Listed Equity Fund returned 0.58% over the quarter, which was 0.091% ahead of the FTSE All Share Index.
The Overseas Developed Markets Equity Fund returned -2.34% over the quarter, which was 0.45% ahead of the composite benchmark.
The Emerging Markets Equity Fund returned -6.21% over the quarter, which was 3.68% behind of the FTSE Emerging Markets.

Overall, Teesside's investments with Border to Coast returned -1.79% during Q1 2022.

Note
1) Source: Northern Trust & Border to Coast

Valuation Summary
at 31 March 2022

Fund	Market value at start of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)	Inflows (GBP)	Outflows (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)
Border to Coast UK Listed Equity	771,390,631.68	27.87			160,000,000.00	4,197,371.88	615,588,003.56	25.28	
Border to Coast Overseas Dev Markets	1,772,114,989.25	64.01			120,000,000.00	(43,595,333.03)	1,608,519,656.22	66.06	
Border to Coast Emerging Markets Equity	224,778,470.55	8.12				(13,954,368.14)	210,824,102.41	8.66	
Total	**2,768,284,091.48**	**100.00**			**280,000,000.00**	**(53,352,329.29)**	**2,434,931,762.19**	**100.00**	

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

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund
at 31 March 2022

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity	4.17	3.50	0.67	0.60	0.49	0.11	12.17	13.03	(0.86)	5.78	5.31	0.47	--	--	--
Border to Coast Overseas Dev Markets	10.63	9.45	1.18	(2.34)	(2.79)	0.45	11.49	10.09	1.40	13.55	12.19	1.35	--	--	--
Border to Coast Emerging Markets Equity	4.65	7.28	(2.63)	(6.21)	(2.53)	(3.68)	(8.36)	(3.86)	(4.51)	2.48	5.15	(2.67)	--	--	--

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

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 31 March 2022

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity	4.18	3.50	0.68	0.60	0.49	0.11	12.18	13.03	(0.85)	5.78	5.31	0.47	--	--	--
Border to Coast Overseas Dev Markets	10.64	9.45	1.19	(2.34)	(2.79)	0.46	11.50	10.09	1.42	13.56	12.19	1.36	--	--	--
Border to Coast Emerging Markets Equity	4.77	7.28	(2.51)	(6.15)	(2.53)	(3.62)	(8.06)	(3.86)	(4.21)	2.62	5.15	(2.54)	--	--	--

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

Border To Coast UK Listed Equity Fund - Overview at 31 March 2022

UK Listed Equity Fund

The Fund generated a total return of 0.60% during the quarter, compared to the benchmark return of 0.49%, resulting in 0.11% of outperformance.

The UK outperformed the broader global market indices during the quarter. This was due to being impacted by the Omicron variant earlier, and being able to cope with it better, than other countries partly as a result of an effective vaccination programme. As a result, the economic growth outlook was encouraging although this was likely to be impacted by an aggressive response from the Bank of England to counteract higher inflation. The events in Ukraine have dampened the growth outlook although the high proportion of Energy and Materials stocks, which have benefited from higher commodity prices, has supported the equity market.

The Fund benefited from the following factors:

- Underweight Consumer Discretionary together with positive stock selection as the sector was initially impacted by the Omicron variant and more latterly by rising inflation and consumer confidence concerns;
- Stock selection in Healthcare with an overweight position in AstraZeneca (revenue and margin growth expectations) and not holding Dechra Pharma (veterinary growth normalizing post-Covid) and Genus (headwinds in China); and
- Overweight Basic Materials where commodities continue to benefit from the re-opening of the global economy post-Covid and more recent supply concerns triggered by the Russia/Ukraine conflict.

This was offset by the following:

- Stock selection in Financial Services where overweight positions in Herald and Biotech Growth have been impacted by the rotation from growth stocks driven by the interest rate cycle;
- Overweight Collectives together with stock selection as Schroder UK Smaller Companies and Liontrust UK Smaller Companies have been impacted by the underperformance of small cap quality stocks; and
- Overweight Industrials which have continued to be impacted by global supply chain disruption post-Covid and input cost inflationary concerns.

The Portfolio Managers have continued to selectively add to mid-cap exposure including more cyclical stocks during the quarter, which typically outperform during periods of economic recovery as had been expected as global lockdown restrictions were removed. The conflict in Ukraine has impacted the outlook but we remain vigilant for opportunities to add to quality long term holdings at attractive valuations.

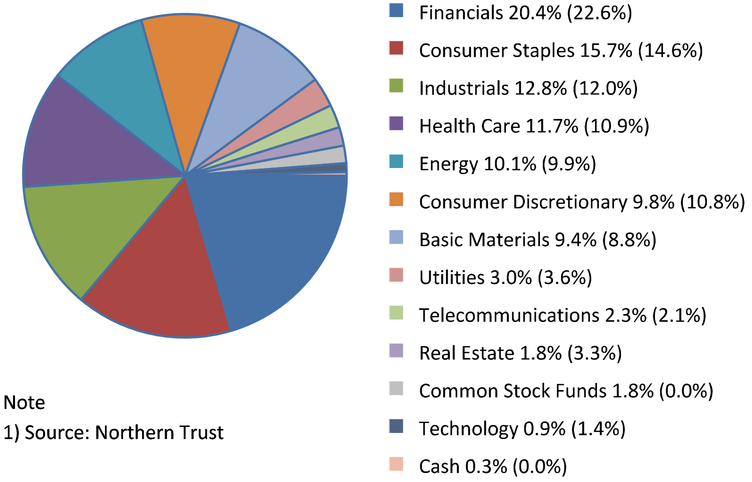
Note
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2022

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.76
Consumer Staples	+1.12
Industrials	+0.82
Health Care	+0.78
Basic Materials	+0.62
Financials	-2.21
Real Estate	-1.48
Consumer Discretionary	-0.94
Utilities	-0.64
Technology	-0.55

Sector Portfolio Breakdown



Note
1) Source: Northern Trust

UK Listed Equity Fund

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

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

Sector Weights:

Common Stock Funds (o/w) – exposure to UK smaller companies via specialist funds/collective vehicles with long-term track records of outperformance.

Consumer Staples (o/w) – broad mix of food and beverage, beauty, personal care and home care product producers, and food retailers which collectively offer strong cash generation, robust balance sheets and have benefited from resilient trading throughout the pandemic.

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

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

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

Consumer Discretionary (u/w) – bricks and mortar non-food retail structurally challenged by increasing online penetration and high occupancy costs, exacerbated by extended shut down of high street stores and leisure sites in response to the Covid pandemic. International travel restrictions have left travel sector balance sheets carrying significantly higher levels of debt, with an unclear longer-term impact on business travel.

Border To Coast UK Listed Equity Fund Attribution at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Polymetal International	0.00	0.00	0.00	(100.00)	0.19
Scottish Mortgage Investment Trust	0.00	0.00	0.61	(23.29)	0.18
EVRAZ	0.00	0.00	0.00	(100.00)	0.15
BHP Group	0.54	37.91	0.00	0.00	0.14
Barratt Developments	0.00	0.00	0.22	(30.16)	0.09

Polymetal International (u/w) – Russian precious metal mining company heavily impacted by sanctions imposed on Russian owned companies following the invasion of Ukraine.

Scottish Mortgage Investment Trust (u/w) – driven by the turn in the interest rate cycle, with the shares moving to a discount to net asset value.

EVRAZ (u/w) – predominantly Russian-based and controlled steel and mining business impacted by Russian sanctions. The shares are currently suspended from trading.

BHP Billiton (o/w) – increased returns as a result of increased demand for commodities as global economic growth recovers post-Covid and higher prices driven by supply disruptions as a result of the Ukraine conflict.

Barratt Developments (u/w) – housebuilders have been weak due to expectations of higher interest rates, potentially impacting mortgage affordability and house prices.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Glencore	1.97	33.23	2.68	33.35	(0.21)
Impax Environmental Markets	0.93	(14.36)	0.06	(14.39)	(0.14)
Herald Investment Trust	0.51	(24.54)	0.05	(24.31)	(0.14)
Liontrust UK Smaller Companies	0.83	(13.31)	0.00	0.00	(0.13)
Biotech Growth Trust	0.41	(24.71)	0.02	(24.41)	(0.13)

Glencore (u/w) – benefiting from higher commodity prices and increased volumes in its commodity trading division enabling accelerated debt reduction and balance sheet strengthening the balance sheet.

Impax Environmental Markets (o/w) – specialising in water and energy efficiency adversely impacted by underperformance of renewable energy investments due to concerns over stretched valuations.

Herald Investment Trust (o/w) – underperformed due to rotation from growth stocks triggered by the interest rate cycle; and compounded by a widening of the discount to net asset value.

Liontrust UK Smaller Companies (o/w) – smaller companies have underperformed in general and the Fund's quality/growth focus has been impacted by rising interest rates.

Biotech Growth Trust (o/w) – impacted by a rotation away from growth stocks triggered by the turn in the interest rate cycle, alongside the Fund's bias towards smaller biotech companies and an exposure to China.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Schroder UK Smaller Companies Fund	+0.93
Impax Environmental Markets	+0.87
Liontrust UK Smaller Companies	+0.83
Shell	+0.57
BHP Group	+0.54
Glencore	-0.71
SEGRO	-0.66
Scottish Mortgage Investment Trust	-0.61
3I Group plc	-0.54
NatWest	-0.45

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Schroder UK Smaller Companies Fund – Schroders incorporate proprietary ESG scoring systems in their investment process and undertake significant direct ESG engagement with portfolio holdings.

Impax Environmental Markets – leading ESG-focused fund delivering strong long-term outperformance, specialising in alternative energy, energy efficiency, water treatment, pollution control and waste technology.

Liontrust UK Smaller Companies – investment style focussed on intellectual property, strong distribution channels and durable competitive advantage. Strong emphasis on sustainable investment and undertakes extensive ESG engagement and reporting.

Shell – energy stocks have performed strongly as the global economy recovers post-Covid. Shell is a key player in energy transition and energy security, generates significant free cash flow and continues to benefit from its global reach and scale in LNG.

BHP Billiton – diversified mining company with a high-quality portfolio of assets operating towards the lower end of the cost curve. Modest position retained following its removal from the UK index following the unification of the UK/Australian share classes.

Bottom 5 Holdings Relative to Benchmark:

Glencore – operations in geographies with weaker governance; ongoing corruption investigations including US Department of Justice and UK Serious Fraud Office into allegations of bribery; and high coal exposure.

SEGRO – strong demand for online fulfilment/logistics sites and valued accordingly with shares trading at a premium to net asset value although interest rate cycle may act as a headwind.

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

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

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

Major transactions during the Quarter

Sales:

BHP Billiton (£80.3m) – reduced holding following the removal from the UK index due to the unification of the UK/Australian share classes; modest position retained to maintain exposure to a quality diversified mining company.

Informa PLC (£18.0m) – decision to exit the holding over ongoing concerns for the recovery of the events business amid continuing Covid restrictions in Asia/China.

Border To Coast Overseas Developed Markets Equity Fund - Overview at 31 March 2022

Overseas Developed Markets Fund

The Fund generated a total return of -2.34% during the quarter compared to the composite benchmark return of -2.79% resulting in outperformance of 0.45%. Asia Pacific ex-Japan was the best performing region (+2.8%), while Europe was the weakest (-7.3%). All portfolios outperformed their respective benchmarks during the quarter with the exception of Pacific ex-Japan, with the Europe ex-UK portfolio having the largest positive contribution to the Fund's relative performance.

The Fund has navigated the volatility in markets, with differing regions showing strength and weakness at differing times. Growth stocks have come under pressure from the increase in bond yields, while more cyclical segments have been challenged by supply chain impacts and cost pressures as well as fears over future strength in the global economy. To this point companies have largely navigated the challenges of supply chain disruptions well, but this may become more difficult the longer the situation persists.

The Fund has outperformed due to the following:

- Strong stock selection in Japan and Europe ex-UK; and
- Strong stock selection within the Technology and Healthcare sectors across all regions.

This has been partly offset by:

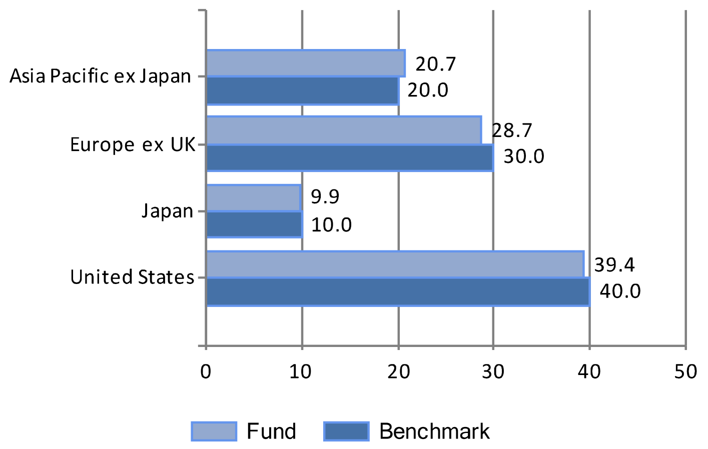
- Overweight position in Technology and Consumer Discretionary stocks which under-performed.

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

Note
1) Source: Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2022

Regional Breakdown



Overseas Developed Markets Fund

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

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

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

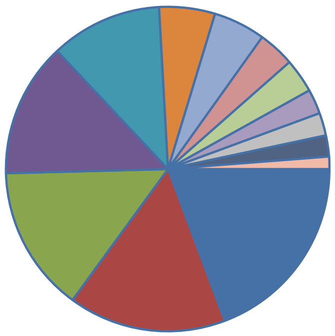
	Inception to Date			Quarter			1 Year			3 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Equity Fund	**10.63**	**9.45**	**1.18**	**(2.34)**	**(2.79)**	**0.45**	**11.49**	**10.09**	**1.40**	**13.55**	**12.19**	**1.35**
United States	15.85	14.83	1.02	(1.80)	(1.97)	0.16	22.65	20.68	1.97	19.00	17.92	1.07
Japan	5.95	3.19	2.76	(2.35)	(3.69)	1.34	0.47	(2.67)	3.14	9.32	6.09	3.23
Europe ex UK	6.63	6.06	0.57	(6.09)	(7.32)	1.22	7.52	5.70	1.82	9.68	9.01	0.67
Asia Pacific ex Japan	8.27	6.45	1.82	2.00	2.79	(0.79)	1.35	2.09	(0.75)	10.08	8.05	2.03

Note

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

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2022

Sector Portfolio Breakdown



- Technology 19.3% (18.8%)
- Financials 15.7% (15.6%)
- Consumer Discretionary 14.6% (14.2%)
- Industrials 13.4% (14.3%)
- Health Care 11.2% (12.3%)
- Consumer Staples 5.6% (6.3%)
- Basic Materials 5.2% (5.4%)
- Common Funds 3.7% (0.0%)
- Energy 3.4% (3.4%)
- Real Estate 2.4% (3.5%)
- Telecommunications 2.3% (3.0%)
- Utilities 2.1% (3.0%)
- Cash 1.2% (0.0%)

Overseas Developed Markets Fund

Sector Weights:

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

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

Financials (o/w) – small overweight position driven by larger overweight in Pacific ex-Japan and more neutral positions in other regions. Interest rate cycle looking more favourable for Banks' earnings than has been the case for some time, particularly in the Pacific region.

Industrials (u/w) – driven in general by a preference for the higher secular growth rates and lower leverage of technology companies, particularly given the uneven nature of the recovery in Europe and potential for interest rates to trend higher.

Healthcare (u/w) – one of the sectors to benefit from the pandemic, but this has been reflected in valuations. With economic recovery fuelling a rebound in earnings in other segments of the market, opportunities have appeared more attractive elsewhere.

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

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

Border To Coast Overseas Developed Markets Equity Fund Attribution at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Chevron	0.65	43.92	0.33	43.80	0.11
ConocoPhillips	0.40	43.61	0.14	43.31	0.09
Prosus	0.00	0.00	0.18	(33.51)	0.08
PayPal	0.00	0.00	0.14	(36.91)	0.08
BHP Group	1.44	38.28	1.20	38.46	0.07

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

ConocoPhillips (o/w) – due to disruption as a result of the Russia/Ukraine conflict, ConocoPhillips benefited from higher energy prices.

Prosus (u/w) – principal holding in Tencent impacted on concerns that Chinese internet sector would be hit with further restrictions and its Russian subsidiary could be affected by the Russia/Ukraine conflict.

PayPal (u/w) – reduced guidance from company for near-term revenue growth weighed on already fragile sentiment.

BHP Group (o/w) – experiencing strong cash generation enabling increased shareholder returns as a result of increased demand for commodities and higher prices driven by Ukraine conflict.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Exxon Mobil	0.00	0.00	0.37	39.93	(0.11)
Home Depot	0.59	(25.25)	0.33	(25.49)	(0.09)
Tesla	0.00	0.00	0.94	4.90	(0.07)
AbbVie	0.00	0.00	0.30	24.07	(0.07)
Ballie Gifford Shin Nippon	0.29	(19.14)	0.00	0.00	(0.05)

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

Home Depot (o/w) – sentiment impacted by sharp rise in mortgage rates given the strong correlation between company turnover and housing activity.

Tesla (u/w) – benefited from increased demand for electric vehicles as a result of higher fuel prices, new factory opening, strong management of supply headwinds and announcement of a stock split.

AbbVie (u/w) – benefited from a rotation into value companies and strong trial data for its pipeline arthritis treatment.

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

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.60
Alphabet A	+1.10
Vanguard US Small Cap Value ETF	+0.62
Samsung Electronics	+0.58
Novo Nordisk	+0.49
Tesla	-0.94
Alphabet C	-0.81
Exxon Mobil	-0.37
Mastercard	-0.32
AbbVie	-0.30

Top 5 Holdings Relative to Benchmark:

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

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

Vanguard US Small Cap Value ETF – offers exposure to small, recovery names to which the portfolio otherwise has limited exposure.

Samsung Electronics – has a diversified earnings stream and large shareholder return potential; the overweight in the ordinary shares is partly offset by not owning the preference shares.

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

Bottom 5 Holdings Relative to Benchmark:

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

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

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

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

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

Note
1) Source: Northern Trust

Summary of Performance - Funds (Net of Fees) Border to Coast Emerging Markets Equity Fund at 31 March 2022

	Inception to Date			Quarter to Date			1 Year			Benchmark
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	
Border to Coast Emerging Markets Equity Fund	4.65	7.28	(2.63)	(6.21)	(2.53)	(3.68)	(8.36)	(3.86)	(4.51)	EM Equity Fund Benchmark³
Border to Coast	5.63	11.29	(5.66)	(1.07)	2.29	(3.36)	--	--	--	FTSE Emerging ex China (Net)
FountainCap	(29.46)	(29.96)	0.50	(18.93)	(11.20)	(7.73)	--	--	--	FTSE China (Net)
UBS	(30.69)	(29.96)	(0.72)	(11.23)	(11.20)	(0.03)	--	--	--	FTSE China (Net)

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

Note

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

Border to Coast Emerging Markets Equity Fund - Overview at 31 March 2022

Emerging Markets Equity Fund

Q1 2022 was dominated by Russia's invasion of Ukraine which caused global ripples in equity, bond and particularly commodity markets. Russia is a key producer of many important commodities, in particular oil and gas, and this supply shock exacerbated existing inflation fears and questions of slowing growth and recession risks.

The Chinese market was once again under pressure as new Covid outbreaks and subsequent lockdowns (of important commercial and manufacturing hubs) put renewed pressure on supply chains and the prospect of weaker than anticipated Chinese GDP growth. The announcement of economic stimulus measures (amongst other things) at the National People's Congress in March, however, did go some way to stopping the rot; with markets rebounding somewhat late in the period.

For net commodity exporters like South Africa, Saudi Arabia and the UAE, the fallout from the conflict in Ukraine was beneficial for performance, with these markets posting strong gains on the back of commodity price increases. Brazil was also a strong performer over the quarter, with financials in particularly performing well as beneficiaries of the rate hiking cycle.

Against this backdrop, the Fund struggled, returning minus 6.2% in the quarter vs. the benchmark return of minus 2.5%. Since the restructure of the Fund in April 2021, the Fund has underperformed its benchmark (and therefore performance objective), returning minus 10%, 3.6% behind the benchmark. In absolute terms, the allocation to China has been a drag, with the Chinese market down some 30% since the Fund was restructured. On a relative basis, the Fund's small overweight to Russia has been the biggest detractor, with South Africa (Naspers holding) and Taiwan other material detractors.

Over the quarter, the EM ex-China sleeve, managed internally by Border to Coast, delivered negative absolute (-1.1%) and relative returns (-3.4%). This, unsurprisingly, was driven by the Fund's Russian exposure, with share prices effectively going to zero over the period. The other area of weakness was South Africa, with the Naspers overweight detracting as a result of underlying Russian exposures (e.g. Avito, a Russian classified ads website). Positive performance from Brazilian financials and the Fund's commodity exposures (e.g. Petrobras, SQM and Grupo Mexico) did help offset some of the Russia linked underperformance.

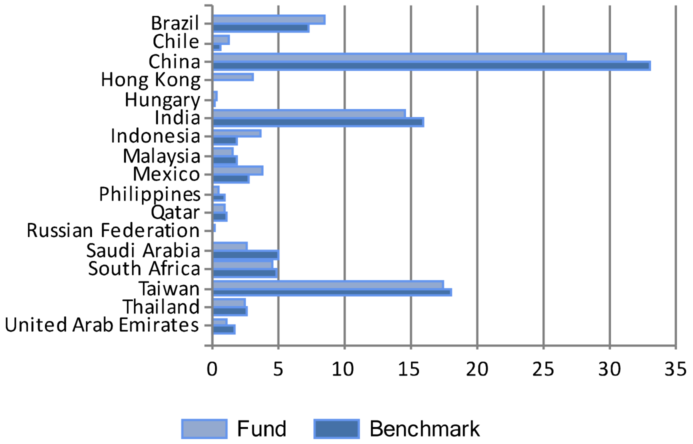
In aggregate, the Fund's allocation to China was a negative contributor to relative returns, with the China portion of the Fund underperforming by 2.8% over the quarter. Within this allocation, Fountain Cap was a material detractor, underperforming by almost 7% as a number of 2021's winners (like Sungrow Power and Sunny Optical) gave up gains as wider market sentiment eventually caught up with these stocks. The allocation to UBS was flat over the period (with positive allocation and selection within Consumer Discretionary offset by having no exposure to the energy sector). Despite Fountain Cap's underperformance in Q1 2022, it remains slightly above water since restructure. With UBS marginally behind (minus 0.7%), the Fund's China specialists are now flat on a since restructure basis.

Volatility, either as a result of the conflict in Ukraine, China's zero-Covid policy, or as a result of interest rate hiking cycles, is likely to remain a feature of emerging market equities throughout 2022. Economies fighting inflation will need to tread a fine line between suppressing price spirals and choking economic growth. Key political elections (e.g. Brazil and China) are also on the horizon and could drive market performance; particularly in China. Our investment philosophy continues to be rooted in long-term thinking and analysis and we believe that our stock and thematic positioning, will serve us well in the long term.

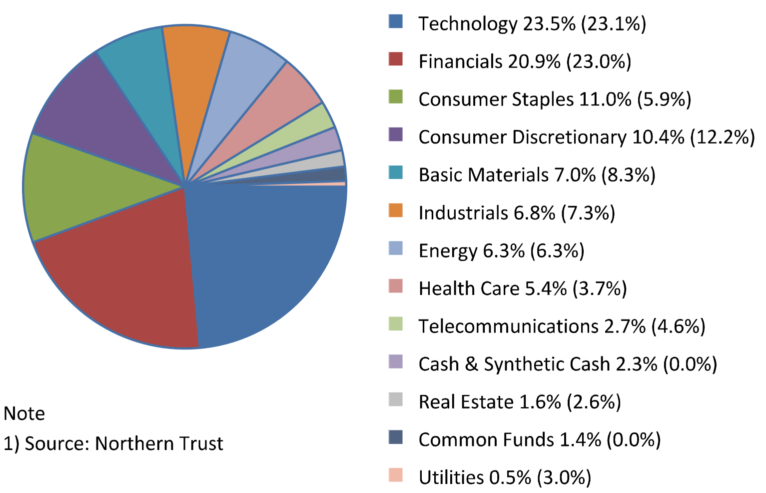
Note
1) Source: Border to Coast

Border to Coast Emerging Markets Equity Fund
at 31 March 2022

Regional Breakdown



Sector Portfolio Breakdown



Note
1) Source: Northern Trust

Emerging Markets Equity Fund

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

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

Sector Weights:

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

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

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

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

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

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

Border to Coast Emerging Markets Equity Fund Attribution at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Gazprom	0.00	0.00	0.00	(100.00)	0.68	Energy	Russian Federation
SQM	1.24	74.89	0.17	74.18	0.47	Basic Materials	Chile
iShares South Africa ETF	1.44	22.42	0.00	0.00	0.37	Common Stock Funds	South Africa
Grupo Mexico	1.39	42.04	0.28	42.77	0.35	Basic Materials	Mexico
Petrobas	1.56	41.77	0.58	41.77	0.30	Energy	Brazil
Itau Unibanco	1.45	57.65	0.41	58.54	0.29	Financials	Brazil
B3	0.96	72.52	0.30	72.71	0.28	Financials	Brazil
Banco Bradesco	1.07	39.85	0.32	39.80	0.22	Financials	Brazil
NIO	0.00	0.00	0.40	(31.65)	0.17	Consumer Discretionary	China
Tatneft	0.00	0.00	0.00	(100.00)	0.14	Energy	Russian Federation

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

Border to Coast Emerging Markets Equity Fund Attribution Continued at 31 March 2022

Positive Issue Level Impacts

Gazprom (u/w) – shares of the Russian gas titan went to zero during Q1 2022 after Russia's invasion of Ukraine in late February resulted in economic sanctions being placed on strategically important assets (e.g. financials and energy firms). The Fund had no exposure to Gazprom.

SQM (o/w) – a Chilean lithium and fertiliser producer. SQM shares performed exceptionally (+75%) in the period as the commodity prices for Lithium and fertilisers soared following Russia's invasion of Ukraine (with Russia a substantial fertiliser and gas, used in the manufacturing process, exporter).

iShares South Africa ETF (o/w) – this ETF provides exposure to a basket of South African businesses. The South African market, a net commodity exporter, performed well as commodity prices moved higher in response to the war in Ukraine. Overall, the Fund is broadly neutral vs. the benchmark in respect of South African stocks.

Grupo Mexico (o/w) – a Mexican infrastructure and mining group (in particular copper, third largest globally). Like elsewhere this quarter, the firm's share price performed well against the backdrop of rising commodity prices.

Petrobras (o/w) – is a state-owned Brazilian oil and gas multinational. The firm's share price moved steadily higher over the period as prices for oil and gas rocketed following Russia's invasion of Ukraine and the decision of many nations to stop buying Russian oil and gas (effectively constraining supply).

Itau Unibanco (o/w) – is the largest private bank in Brazil. The business is well positioned to capture the benefits of a rising interest rate environment in Brazil (which is ahead of developed market peers in hiking interest rates) and the stock outperformed as a result of this macro tailwind.

B3 (o/w) – is the owner-operator of the Brazilian stock exchange. After a difficult 2021, the share price rallied (+70%) in the period as management signalled that the operating environment for the business should improve and the threat of competition seems to have reduced.

Banco Bradesco (o/w) – is a Brazilian financial services company (primarily commercial banking). As with Itaú Unibanco, Bradesco performed well against the backdrop of rising interest rates in Brazil.

NIO (u/w) – Nio is a leading Chinese electric vehicle manufacturer. Despite promising operating results (record deliveries), the share price was weighed down by Covid-driven lockdowns (impacting supply chains) and rising raw material costs. The Fund has no exposure to Nio.

Tatneft (u/w) – as with Gazprom, the shares of the Russian oil and gas company went to zero in the quarter following Russia's invasion of Ukraine. The Fund held no exposure to Tatneft.

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

Border to Coast Emerging Markets Equity Fund Attribution at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Sberbank of Russia	0.00	(99.71)	0.00	(100.00)	(0.69)	Financials	Russian Federation
Novatek	0.00	(99.72)	0.00	(100.00)	(0.51)	Energy	Russian Federation
Norilsk Nickel	0.00	(93.86)	0.00	(100.00)	(0.47)	Basic Materials	Russian Federation
Lukoil	0.00	(99.19)	0.00	(100.00)	(0.45)	Energy	Russian Federation
Magnit	0.00	(99.92)	0.00	(100.00)	(0.42)	Consumer Staples	Russian Federation
Polymetal International	0.11	(76.77)	0.00	0.00	(0.36)	Basic Materials	Russian Federation
Sunny Optical	0.60	(47.58)	0.15	(47.63)	(0.35)	Technology	China
Hengli Hydraulic	0.62	(34.41)	0.01	(34.43)	(0.29)	Industrials	China
Kweichow Moutai	2.75	(13.58)	0.35	(13.59)	(0.29)	Consumer Staples	China
Jiangsu Hengrui Medical	0.50	(25.15)	0.04	(25.18)	(0.19)	Health Care	China

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

Border to Coast Emerging Markets Equity Fund Attribution Continued at 31 March 2022

Negative Issue Level Impacts

Sberbank of Russia, Novatek, Norilsk Nickel, Lukoil PJSC, Magnit, and Polymetal International (all o/w) – the Fund held six Russian names heading into the quarter and was, in aggregate, overweight Russia vs. the benchmark. Following Russia's invasion of Ukraine in February, the share prices of the Fund's six Russian holdings collapsed as economic sanctions started to bite. These names have now dropped out of the Fund's benchmark.

Sunny Optical (o/w) – designs and manufactures optical products including lenses, prisms, and mobile phone cameras. The share price fell materially (almost 50%) during the period as investors became more bearish on the shorter-term outlook for the business following weak 2021 results (especially in smartphone related product lines). Long-term opportunities remain intact however (e.g. AR/VR).

Hengli Hydraulic (o/w) – a Chinese manufacturer of hydraulic components and systems for use in industrial equipment (e.g. excavators, presses and cranes). The share price had a rough quarter (down some 30%) as production guidance was disappointing, indicating woes in the real estate sector are dampening shorter-term expectations in adjacent businesses.

Kweichow Moutai (o/w) – a leading Chinese baijiu (liquor) producer. Despite positive operating results and channel shifts during the period, the shares traded gradually on general market volatility. Moutai is the Fund's largest active weight (+2.4%).

Jiangsu Hengrui Medical (o/w) – develops, manufactures, and markets a variety of medicines and related packing materials. The firm's share price came under pressure in Q1 2022 as investors became concerned once again that China's centralised procurement scheme would force prices lower, reducing the profitability of pharmaceutical and health care service names.

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

Border to Coast Emerging Markets Equity Fund at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Kweichow Moutai	+2.40
Netease	+1.46
iShares South Africa ETF	+1.44
Grupo Mexico	+1.11
China Merchants Bank	+1.07
Alibaba	-1.97
China Construction Bank	-1.03
ICBC	-0.71
Tencent	-0.68
Baidu	-0.59

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

Netease – despite some headwinds in its domestic market, growing success on the international stage (in particular Japan) along with a strong pipeline of games, including a new metaverse gaming platform, should bode well for sales and profit growth.

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

Grupo Mexico – while the Group operates the dominant railroad in Mexico, it is the mining unit that is well positioned to drive value for shareholders. Has access to large, low-cost reserves of copper in Peru and Mexico, and should benefit from the increased demand.

China Merchants Bank – has embraced technology in traditional banking areas, investing heavily in mobile banking apps and related technology. This strong market position should enable them to continue to deliver better-than-peers profit growth.

Bottom 5 Holdings Relative to Benchmark:

Alibaba – 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" banks in China, offering services to millions of personal and corporate customers. The Fund maintains a structural underweight to Chinese State-Owned Enterprises, many of which are within banking and finance.

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

Tencent – a Chinese technology conglomerate with numerous business units. The stock is a material proportion of the benchmark, and whilst the Fund does hold some exposure, there are deemed to be better opportunities elsewhere.

Baidu – the Chinese internet sector continues to remain under pressure (from regulation) and, for Baidu in particular, a slow recovery in advertising revenue could constrain any upside from other business units.

Major Transactions During the Quarter

Purchases:

FirstRand (£6m) – FirstRand is a leading South African financial institution with a strong deposit franchise. It is well positioned to benefit from any increase in interest rates as well as any recovery in credit growth.

Anglo American Platinum (£6m) – the business is primed to benefit from the potential disruption to global metals supply caused by the conflict in Ukraine and should be a long-term winner as the demand for metals increases.

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Chevron	0.65	0.33	0.11
ConocoPhillips	0.40	0.14	0.09
PayPal	0.00	0.14	0.08
Hess	0.21	0.03	0.06
Deere & Co	0.40	0.12	0.06

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

ConocoPhillips (o/w) – due to disruption as a result of the Russia/Ukraine conflict, ConocoPhillips benefited from higher energy prices.

PayPal (u/w) – reduced guidance from company for near-term revenue growth weighed on already fragile sentiment.

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

Deere & Co (o/w) – benefited from the high correlation of farm equipment sales to higher agricultural prices; sharp increase in corn and wheat prices due to expected supply disruption from Russia and Ukraine.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Exxon Mobil	0.00	0.37	(0.11)
Home Depot	0.59	0.33	(0.09)
Tesla	0.00	0.94	(0.07)
AbbVie	0.00	0.30	(0.07)
Xylem Inc	0.17	0.02	(0.05)

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

Home Depot (o/w) – sentiment impacted by sharp rise in mortgage rates given the strong correlation between company turnover and housing activity.

Tesla (u/w) – benefited from increased demand for electric vehicles as a result of higher fuel prices, new factory opening, strong management of supply headwinds and announcement of a stock split.

AbbVie (u/w) – benefited from a rotation into value companies and strong trial data for its pipeline arthritis treatment.

Xylem Inc (o/w) – impacted by poor results, weak guidance and supply bottlenecks, and broad market pressure for highly rated growth names.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.60
Alphabet A	+1.10
Vanguard US Small Cap Value ETF	+0.62
Microsoft	+0.47
Visa Inc	+0.46
Tesla	-0.94
Alphabet C	-0.81
Exxon Mobil	-0.37
Mastercard	-0.32
AbbVie	-0.30

Top 5 Holdings Relative to Benchmark:

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

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

Vanguard US Small Cap Value ETF – offers exposure to small, recovery names to which the portfolio otherwise has limited exposure.

Microsoft – structural growth from Azure cloud hosting business and migration of Business Office to MS365 online, opportunity for value added sales and increased customer stickiness.

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

Bottom 5 Holdings Relative to Benchmark:

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

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

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

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

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

Major transactions during the Quarter

Purchases:

Netflix (£5.9m) – added after share price decline on conviction that concerns around subscription weakness for the quarter were overdone.

Sales:

Vanguard US Mid Cap ETF (£6.6m) – moderating weighting in smaller companies in light of potential economic headwinds, given higher exposure to leverage.

Note
1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Prosus	0.00	0.18	0.08
Thales	0.19	0.05	0.05
TotalEnergies	0.85	0.45	0.04
Delivery Hero	0.00	0.03	0.04
Novo Nordisk	1.15	0.66	0.03

Prosus (u/w) – principal holding in Tencent impacted on concerns that Chinese internet sector would be hit with further restrictions and itsRussian subsidiary could be affected by the Russia/Ukraine conflict.

Thales (o/w) – defence company expected to benefit from increased European defence spending as a result of the Russia/Ukraine conflict.

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

Delivery Hero (u/w) – online food ordering service fell sharply due to concerns over the path to profitability.

Novo Nordisk (o/w) – improved revenue and earnings outlook from new diabetes and obesity drug.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
HBM Healthcare	0.29	0.00	(0.05)
JPMorgan European Discovery Trust	0.26	0.00	(0.05)
Siemens	0.70	0.39	(0.05)
ASML	1.36	0.96	(0.04)
Infineon Technologies	0.33	0.17	(0.04)

HBM Healthcare (o/w) – growth stocks have been adversely impacted by a change in the interest rate cycle.

JPMorgan European Discovery Trust (o/w) – impacted by general underperformance of smaller companies as well as investors rotating into more defensive stocks as a result of increased market uncertainty.

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

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

Infineon Technologies (o/w) – adversely impacted by investor rotation away from highly valued growth stocks.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.49
TotalEnergies	+0.40
ASML	+0.40
AXA	+0.37
Schneider Electric	+0.37
Zurich Insurance Group	-0.27
Mercedes-Benz	-0.22
EssilorLuxottica	-0.20
Lonza	-0.20
Enel SPA	-0.19

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

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

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

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

Schneider Electric – only company with an integrated approach offering all critical aspects of the value chain with superior market access and high market share in higher margin low voltage products.

Bottom 5 Holdings Relative to Benchmark:

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

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

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

Lonza – high valuation relative to peers with question marks over achievability of growth targets.

EnelSPA – higher risk profile due to large exposure to Italy (political uncertainty) as well as exposure to Latin America, particularly Brazil.

Major transactions during the Quarter

Purchases:

Nordea (£6.8m) – new holding in the portfolio; one of the higher quality European banks with a strong balance sheet, high dividend yield and attractive growth expectations.

Sales:

Banco Santander (£13.2m) – exiting the company as it is considered to be lower quality than the Nordic banks.

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
INPEX	0.22	0.03	0.06
Recruit Holdings	0.00	0.16	0.04
Nidec	0.00	0.09	0.03
Mitsubishi UFJ Financial	0.36	0.19	0.03
ITOCHU	0.27	0.11	0.03

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

Recruit Holdings (u/w) – weakness due to concerns that margins have peaked and risk that some large shareholders may reduce their exposure as Japan reforms its cross-shareholdings structure.

Nidec (u/w) – poor results from manufacturer of small precision motors, and lack of confidence that future strategy can support high valuation.

Mitsubishi UFJ Financial (o/w) – benefitting from rising global interest rates and limited exposure to Russia.

ITOCHU (o/w) – general trading company that has benefitted from rising commodity prices.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Ballie Gifford Shin Nippon	0.29	0.00	(0.05)
LIXIL	0.09	0.01	(0.02)
Terumo	0.13	0.05	(0.02)
KEYENCE	0.30	0.21	(0.02)
Sony	0.48	0.32	(0.02)

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

LIXIL (o/w) – this manufacturer and distributor of housing materials has been under pressure due to rising raw material and logistics costs.

Terumo (o/w) – medical equipment company weak on rising costs and lingering impact of Covid hospitalisations delaying surgical procedures.

KEYENCE (o/w) – factory automation company impacted by investor rotation out of growth stocks with high valuations.

Sony (o/w) – concerns over competition impact from Microsoft-Activision deal, concerns regarding announcement on moving into crowded electric vehicle market, and general weakness in the technology sector.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.29
Tokyo Electron	+0.25
Shin-Etsu Chemical	+0.22
Renesas Electronics	+0.19
INPEX	+0.19
Recruit Holdings	-0.16
Honda Motor	-0.12
Mitsui & Co	-0.11
Daiichi Sankyo	-0.10
Nidec	-0.09

Top 5 Holdings Relative to Benchmark:

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

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

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

Renesas Electronics – continuing global chip shortages should support demand for chip production and enable increased margins.

INPEX – energy producer with a strong market position in LNG benefiting from higher energy prices due to strong demand and supply disruption as a result of the Russia/Ukraine conflict.

Bottom 5 Holdings Relative to Benchmark:

Recruit Holdings – trades on a premium valuation relative to peers although the environment for recruitment is improving.

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

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

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

Nidec – concern that future strategy is unclear for this manufacturer of small precision motors, and company forecasts are too optimistic. Stock was priced for perfection.

Major transactions during the Quarter

Purchases:

Baillie Gifford Shin Nippon (£1.5m) – increasing exposure to smaller growth companies in anticipation of stronger performance from this segment of the market.

Sales:

Obic (£4.5m) – fully exited due to uncertain prospects and relatively high valuation.

Note
1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2022

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
BHP Group	1.44	1.20	0.07
Bank of China (Hong Kong)	0.23	0.08	0.03
CapitaLand Investment	0.18	0.05	0.03
KRAFTON	0.00	0.04	0.03
Samsung Electronics Prefs	0.00	0.26	0.02

BHP Group (o/w) – experiencing strong cash generation enabling increased shareholder returns as a result of increased demand for commodities and higher prices driven by Ukraine conflict.

Bank of China (Hong Kong) (o/w) – the bank enjoyed strong momentum on expectations of rising interest rates and its strong domestic franchise.

CapitaLand Investment (o/w) – the largest real estate investment management business in Asia was a beneficiary of investor rotation into companies with stable earnings profiles.

KRAFTON (u/w) – adversely impacted by slowing growth in its key mobile games.

Samsung Electronics Prefs (u/w) – underperformed on the potential impact of slowing economic growth on demand for its memory chips and consumer electronic products.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2022

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
James Hardie	0.23	0.08	(0.04)
UOB	0.00	0.19	(0.04)
Samsung Electronics	2.24	1.66	(0.03)
South32	0.00	0.11	(0.03)
Santos	0.00	0.11	(0.03)

James Hardie (o/w) – increasing costs, rising interest rates, and the dismissal of the CEO following conduct breaches offset positive results for this building materials company.

UOB (u/w) – beneficiary of rising interest rates.

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

South32 (u/w) – outperformed due to its diversified metals exposure against a backdrop of rising commodity prices.

Santos (u/w) – oil and gas company with a leading position in LNG benefited from higher energy prices as a result of strong demand and supply disruption as a result of the Russia/Ukraine conflict.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2022

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.58
AIA Group	+0.25
Macquarie Group	+0.25
BHP Group	+0.24
Goodman	+0.23
Samsung Electronics Prefs	-0.26
UOB	-0.19
Kakao	-0.15
Santos	-0.11
South32	-0.11

Top 5 Holdings Relative to Benchmark:

Samsung Electronics – has a diversified earnings stream and large shareholder return potential; the overweight in the ordinary shares is partly offset by not owning the preference shares.

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

Macquarie Group – well diversified financial services company with large exposure to structural growth areas within infrastructure, strong balance sheet and very highly regarded management.

BHP Group– diversified miner with strong positions on the cost curve of all its commodity exposures, a focus on shareholders' returns and a robust track record of outperformance.

Goodman – offers above-peer earnings growth supported by strong structural demand for modern logistics and warehouse space.

Bottom 5 Holdings Relative to Benchmark:

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

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

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

Santos – preference for energy exposure via Woodside Petroleum.

South32 – preference for mining exposure via BHP, Rio Tinto and Newcrest Mining.

Major transactions during the Quarter

Purchase:

BHP Group (£16.9m) – added to the holding to maintain target overweight position following unification of the UK and Australian share classes.

Note
1) Source: Northern Trust

Market Background at 31 March 2022

The Russian invasion of Ukraine has undoubtedly been an event that will come to define 2022 and likely affect global developments for many years to come. Its impact on the people of Ukraine is a tragedy beyond the comprehension of most of those outside of the conflict zone or personally touched by the unfolding events.

Equity markets have been buffeted during the first quarter of 2022 though in the context of the events market reactions could be considered relatively benign. The build-up of Russian troops on the Ukrainian border had been visible for several weeks and had increasingly impacted investors' risk appetites. As such, although the commencement of hostilities still came as an unpleasant surprise for markets and prompted some further weakness it was, outside of European markets, limited in extent and duration. Perhaps more surprising was the unity and strength of the response from the Western alliance which went beyond what most had thought probable given the economic cost that would accompany such a response.

In aggregate, global equity markets (MSCI indices) generated a total return (in sterling) of ~6% in the quarter. During the quarter, developed markets (7.3%) outperformed emerging markets (-1.8%) with Asia Pacific ex-Japan the strongest region. UK stocks also proved resilient during the quarter, with the US also closing the quarter with only a minor negative return while Europe ex-UK was the weakest region. The Chinese market remained weak, due to concerns over government action to rebalance the economy and a resurgence of Covid cases, although government announcements to reassure investors helped stem the fall.

At a sector level, the consumer discretionary sector was hit hard by concerns that rising interest rates and higher energy bills would dampen spending while highly valued technology and communications stocks came under pressure from rising bond yields. At the other end of the scale, energy stocks surged during the quarter as oil and gas prices spiked in the aftermath of the invasion. Materials stocks also benefitted from higher commodity prices, and it was felt that utilities would also profit from the squeeze on supplies.

Aside from the immediate and direct impact of the Ukraine conflict on the activities of companies operating and investing in Russia and Ukraine, which has been to materialise an almost total loss of economic value, the wider impacts on corporate activity, global trade, and geopolitical dynamics are far more profound. Russia is a major energy producer, and in particular a critical supplier of natural gas to Europe, but it is also a significant producer and resource holder of many of the commodities critical to the energy transition, such as nickel. In addition, both Russia and the Ukraine are major exporters of grain and wheat, and significant producers of fertilizers. As such, potential disruption to both energy and food supply chains is significant, and so abrupt that adoption of alternate supply in sufficiently short-order as to avert a crisis is almost impossible.

Inflation was front and centre of investors' minds as we entered 2022 and was already running hotter than most had predicted. Central bank references to "transitory" were notably absent from statements and the latest spike in oil and gas prices is only likely to add further upward pressure on inflation. Supply disruptions are also likely to take years to resolve, suggesting there will be no swift retracement in prices. Supply chains across multiple sectors were already stretched and impacting economic growth, and disruptions stemming from the situation in the Ukraine have added or compounded problems providing further inflationary impetus.

Labour markets meanwhile are getting even tighter as unemployment has continued to fall, exacerbated by higher absenteeism due to Covid, and is feeding through to wage inflation. The dilemma facing markets is whether central banks are too far behind the curve to avoid causing a recession as a result of their efforts to bring inflation under control. Central banks have indicated they will be aggressive in combating inflation, and bond yields have risen very sharply since the start of the year. However, longer-dated yields have not risen as much leading to a flattening of the yield curve. Although an "inverted yield curve" often precedes recessions current conditions are different to prior cycles – interest rates and bond yields are low and economic growth is only just recovering post-Covid. Higher energy prices and

Note
1) Source: Border to Coast

Market Background at 31 March 2022

housing costs could dampen consumer spending and a deterioration in the labour market could undermine sentiment quite quickly. Central banks will have to manage monetary conditions exceptionally well to hit the goldilocks scenario and avoid falling into recession

Of equal importance, but possibly more imponderable in nature, is the impact on the established global order. Although the reaction of the Western alliance has been to draw closer and act with unity, it should be remembered that countries representing more than 50% of the global population did not support the UN resolution. The fissures between China and the US and its allies were already evident before the Ukraine crisis and have widened since, and the conflict has seen other countries more affirmatively declaring on which side of the divide they stand. For China too, it is evident that they do not want their own strategic goals to be impeded by any reliance or inter-dependence on the US and its partners and will seek to insulate their economy from this.

Companies will reconfigure their supply chains and countries will seek security of supply for goods of strategic importance, such as energy, materials, food and technology. Capital allocation will not always be driven by the desire to optimise the economics of that allocation. Spending on defence is going to increase. Localisation, and the strengthening of strategic positions, is going to come at a cost. This cost may be in the form of higher taxes and prices, with negative implications for economic growth, or through cutting spending elsewhere and reducing margins. Neither is particularly positive for equity markets, particularly if accompanied by higher interest rates.

Valuations of equity markets are more supportive now than in the recent past, and in many regions earnings yields still compare favourably with fixed income alternatives – particularly so in Europe. This is just as well because prospects for growth were already being threatened by the imminent sharp interest rate increases necessary to combat inflation, and the economic measures taken to punish Russia will come at a further cost to the broader global economy. Despite these pressures, expectations for earnings growth so far this year have remained remarkably firm although, with global economic growth slowing, it seems hard to envisage this trend being maintained. Growth in Europe is now extremely challenged given its proximity to Russia both geographically and economically. In recent months Europe had begun to look relatively attractive but that is no longer as clear-cut.

The only economies or markets which are deemed likely to benefit from current events are those heavily geared to natural resources. Australia and Canada are thus the standout developed markets, though the UK equity market has also benefitted from its high representation of mining and energy stocks. Several emerging markets have also benefitted – notably those in Latin America and South Africa.

Consumer balance sheets are very strong suggesting that consumer spending should be firm although sentiment has turned negative. Capital spending should also provide some support to growth as companies invest both to position for the energy transition but also to raise productivity in the face of increasing wage inflation and adjust supply chains for the new era of localisation.

There seem few easy or obvious solutions to the multiple challenges currently facing the world and its equity markets, and as such it is hard to envisage a positive outcome for equity markets over the remainder of the year. Careful stock selection, and conservative positioning thus seem appropriate.

Note
1) Source: Border to Coast

Border to Coast News

People:

- We regretfully announce that Andrew Stone our Head of CRM, left us in March and will be returning to LGIM as a Client Director, where he previously worked for almost a decade. Milo Kerr will be replacing Andrew and joining as Head of CRM in July 2022. Milo is currently a client director within Mercer's Investment Team.

- Alistair Smith will be joining us in May as our new Head of Real Estate. Alistair brings a wealth of experience, having started his career focussing on UK Real Estate and directly managing property portfolios.

Investment Funds:

- Thanks to the hard work of many the £1.3bn Listed Alternatives Fund is now live. The fund holds listed securities that provide exposure to infrastructure, specialist real estate, private equity, and alternative credit, complementing Border to Coast's existing £5.7bn private markets investment programme and providing funding for critical projects in the UK and beyond.

- We are also proud to have added a £1.35bn dedicated Climate Opportunities offering to Series Two of our Alternatives Program. This will be invested over a three-year period and will target investments that will have a material positive impact on climate change and support long-term net zero carbon emission goals.

Responsible Investment:

- In March the Financial Reporting Council published an updated list of signatories to the UK Stewardship Code for applicants submitting reports for the end of October deadline. We were pleased to be accepted as a signatory, which recognises the work we are doing in this area practicing active stewardship across our investments.

- Robeco launched the Acceleration to Paris engagement theme last quarter which focuses on triggering climate action at companies that have a large carbon footprint and assessed as laggards. As part of the initial engagement launch Robeco sent a letter to the top carbon emitting companies which Border to Coast, along with other Robeco engagement clients, supported. The letter outlines the expectations of investee companies regarding climate change. Border to Coast hold 40 of the companies that have received the letter.

Other News:

- Border to Coast were shortlisted in several categories at the delayed 2021 LAPF Investments awards held in March. We won the award for Good Governance and were highly commended in the Best Approach to Responsible Investment category.

- We have also been shortlisted for the Diversity and Inclusion Excellence Award and the DB Investment Innovation Award at the Professional Pensions UK Pension Awards 2022 which are being held on 30th June 2022.

Disclosures

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

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