Appendix A

Teesside Pension Fund

Quarterly Investment Report - Q2 2023

Contents

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,496,996,147
Inflows	£68,861,800
Outflows	£0
Net Inflows / Outflows	£68,861,800
Realised / Unrealised gain or loss	£(18,791,472)
Value at end of the quarter	£2,547,066,475

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 2023

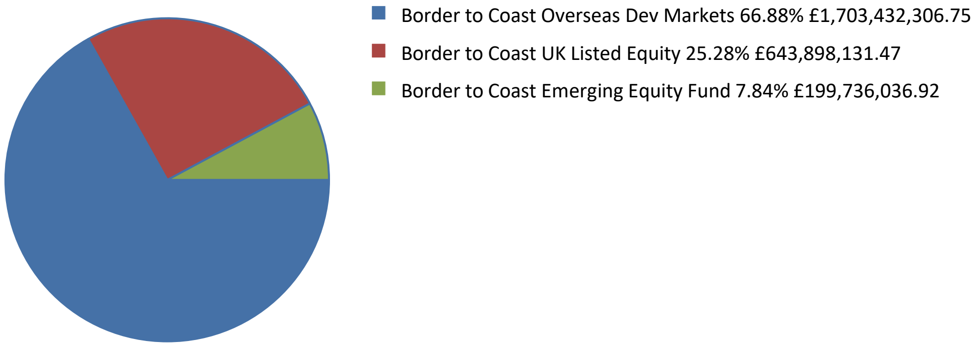
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	643,898,131.47	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	1,703,432,306.75	66.88
Border to Coast Emerging Equity Fund	EM Equity Fund Benchmark[2]	199,736,036.92	7.84

Available Fund Range

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

Teesside Pension Fund - Fund Breakdown



Note
1) Source: Northern Trust

Portfolio Contribution - Teesside Pension Fund
at 30 June 2023

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Border to Coast UK Listed Equity	25.28	(0.36)	(0.46)	0.10	(0.09)
Border to Coast Overseas Dev Markets	66.88	3.40	2.10	1.30	2.24
Border to Coast Emerging Equity Fund	7.84	(1.80)	(2.08)	0.28	(0.15)
Total	**100.00**	**2.01**			

Note

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

Valuation Summary
at 30 June 2023

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 (%)
Border to Coast UK Listed Equity	646,204,882.64	25.88	22,087,666.65		(24,394,417.82)	643,898,131.47	25.28
Border to Coast Overseas Dev Markets	1,647,396,920.40	65.98	39,872,000.88		16,163,385.47	1,703,432,306.75	66.88
Border to Coast Emerging Markets Equity	203,394,344.24	8.15	6,902,132.20		(10,560,439.52)	199,736,036.92	7.84
Total	**2,496,996,147.28**	**100.00**	**68,861,799.73**		**(18,791,471.87)**	**2,547,066,475.14**	**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 2023

	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	4.04	3.11	0.93	(0.35)	(0.46)	0.10	8.69	7.89	0.80	10.39	10.02	0.36	--	--	--
Border to Coast Overseas Dev Markets	9.10	7.61	1.49	3.40	2.10	1.31	15.27	12.92	2.35	11.35	9.65	1.70	--	--	--
Border to Coast Emerging Markets Equity	2.21	3.85	(1.64)	(1.80)	(2.08)	0.27	(2.88)	(3.62)	0.74	0.62	2.06	(1.43)	--	--	--

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

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 30 June 2023

	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	4.05	3.11	0.94	(0.36)	(0.46)	0.10	8.69	7.89	0.80	10.39	10.02	0.37	--	--	--
Border to Coast Overseas Dev Markets	9.11	7.61	1.50	3.40	2.10	1.31	15.28	12.92	2.36	11.36	9.65	1.71	--	--	--
Border to Coast Emerging Markets Equity	2.37	3.85	(1.48)	(1.72)	(2.08)	0.36	(2.61)	(3.62)	1.01	0.85	2.06	(1.20)	--	--	--

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

Border To Coast UK Listed Equity Fund - Overview at 30 June 2023

UK Listed Equity Fund

The Fund generated a total return of -0.35% during the quarter, compared to the benchmark return of -0.46%, resulting in 0.10% of outperformance.

The Fund benefited from the following factors:

- Overweight Industrials sector alongside positive stock selection with, in particular, overweight positions in Melrose Industries, Ferguson and Dowlais.
- Underweight allocation to Telecommunications, where larger index constituents BT and Vodafone have been weak performers.
- Stock selection in Consumer Discretionary, where Marks & Spencer and Whitbread have continued to perform strongly.

This was partly offset by the following:

- Stock selection in Financials where 3i Group (not held) outperformed and Impax Environmental (overweight) underperformed.
- Underweight allocation to Technology, combined with stock selection, where NCC (overweight) issued a profit warning.
- Overweight allocation to Consumer Staples where bond proxies have underperformed in a rising rate cycle.

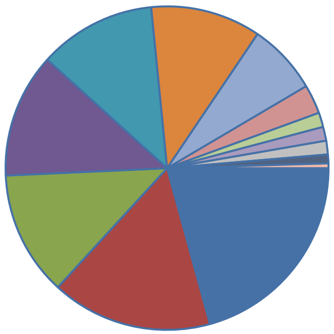
Note
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund at 30 June 2023

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.44
Consumer Staples	+1.11
Health Care	+0.79
Industrials	+0.52
Energy	+0.29
Financials	-2.53
Real Estate	-0.92
Utilities	-0.72
Technology	-0.71
Telecommunications	-0.37

Sector Portfolio Breakdown



Note

1) Source: Northern Trust

UK Listed Equity Fund

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

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

Sector Weights:

Common Stock Funds (o/w) – exposure to UK smaller companies via specialist funds/collective vehicles. While UK small caps, in common with other geographies, have underperformed the wider market over much of the past 2 years, over longer periods they typically outperform, benefitting from stronger growth potential, with the funds delivering long-term outperformance.

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

Healthcare (o/w) – global demographics (an ageing and growing global population), greater incidence of chronic health conditions, and increasing ability of emerging market populations to fund modern healthcare help drive above-GDP growth in global healthcare spending. Sector benefits from pricing power and barriers to entry such as patent protections and rigorous drug approval processes.

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

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

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

Border To Coast UK Listed Equity Fund Attribution at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Melrose Industries	0.60	46.21	0.30	109.33	0.08
BT	0.00	0.00	0.37	(16.08)	0.07
Whitbread	0.71	15.06	0.30	15.11	0.06
Dowlais Group	0.31	(9.22)	0.07	(47.96)	0.05
Ferguson	0.34	17.02	0.00	0.00	0.05

Melrose Industries PLC (o/w) – demerger of the automotive and powder metallurgy divisions has seen the shares re-rate as a pure-play aerospace business, with improving momentum and profitability driven by an accelerating recovery in both commercial (post-Covid disruption) and defence aerospace markets (Russia/Ukraine and China/Taiwan concerns).

BT Group PLC (u/w) – exited our position last quarter. Increasing competition from alternative network providers, deteriorating line losses, elevated Openreach capex and balance sheet concerns (debt financing costs and caution around the pension fund deficit ahead of the triennial review) have weighed on the shares.

Whitbread PLC (o/w) – strong quarterly trading update confirmed continued momentum in room pricing and occupancy, with market share gains as independent hotel capacity exits the market and expansion in Germany benefits from increasing hotel maturity.

Dowlais Group PLC (o/w) – auto divisions de-merged from Melrose in April with an undemanding rating at separation. Benefitting from an easing of bottlenecks in auto supply chains, growing recognition of its leading market positions and appreciation of the auto electrification opportunity.

Ferguson PLC (o/w) – continues to benefit from a strong construction market and infrastructure investment in the US, gaining market share in fragmented markets. Shares have also re-rated following the switch of its primary listing to the US.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
3I Group plc	0.00	0.00	0.81	17.42	(0.12)
John Wood Group	0.21	(32.69)	0.04	(32.35)	(0.07)
HSBC	4.97	14.31	5.43	14.61	(0.06)
British Land	0.40	(18.95)	0.12	(19.21)	(0.06)
Centrica	0.00	0.00	0.31	18.90	(0.05)

3i Group PLC (u/w) – not held. Concentrated investment portfolio with the European discount retailer Action, accounting for over half of the net asset value, continuing to perform ahead of expectations.

John Wood Group PLC (o/w) – shares have reversed gains as private equity firm Apollo announced it did not intend to make a firm offer for the company after several unsuccessful all-cash proposals.

HSBC Holdings PLC (u/w) – quarterly trading update ahead of expectations and elevated share buyback announced. Rate cycle tailwind and expectations around China re-opening/rising cross border activity in Hong Kong.

British Land Co PLC (o/w) – full year results confirmed the rate cycle continues to weigh on property valuations with net asset value 12% lower and year end loan to value moving higher at 36%.

Centrica PLC (u/w) – not held. Trading statement confirmed continued strong performance across both its upstream energy trading division and downstream British Gas division.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Impax Environmental Markets	+0.88
Schroder UK Smaller Companies Fund	+0.75
Liontrust UK Smaller Companies	+0.68
Herald Investment Trust	+0.51
Shell	+0.47
3I Group plc	-0.81
Rolls Royce	-0.55
Glencore	-0.54
HSBC	-0.46
NatWest	-0.45

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

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

Liontrust UK Smaller Companies Fund – specialist UK small-cap fund with an investment style focussed factors considered relevant to the stronger long-term growth profile of smaller companies.

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

Shell PLC – Elevated energy prices and Shell's global LNG scale have enabled significant debt reduction while also supporting a commitment to invest in energy transition and return an increasing proportion of cash generated to shareholders.

Bottom 5 Holdings Relative to Benchmark:

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

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

Glencore PLC – historically a higher risk commodity company with significant operations in geographies with weaker governance, such as the Democratic Republic of the Congo and thermal coal exposure higher than peers.

HSBC Holdings PLC – caught in the midst of the geopolitical tension between the US and China, heightened by more recent economic sanctions restricting the export of leading-edge technology to China. Fund preference for Standard Chartered offering a broader Asian/emerging market exposure.

NatWest Group PLC – The fund has recently added NatWest as a holding given its increased index weight, strong capital position and beneficiary of the rising rate cycle, although we remain cautious around the potential for rising defaults as UK monetary policy continues to tighten to combat inflation.

Major transactions during the Quarter
Purchases:
NatWest Group PLC (£5.1m) – new holding. See above.

Sales:
Dechra Pharmaceuticals PLC (£5.5m) –exited recently added holding following company acceptance of all-cash private equity offer.
Wickes Group PLC (£5.0m) – exited position – DIY sectors have struggled in the face of rising consumer headwinds.

Border To Coast Overseas Developed Markets Equity Fund - Overview at 30 June 2023

Overseas Developed Markets Fund

The Fund generated a total return of 3.40% during the quarter compared to the composite benchmark return of 2.10% resulting in 1.31% of outperformance.

The fund has historically shown a low correlation of returns between its different geographic splits. The past quarter was exceptional with outperformance delivered across all geographies simultaneously. Despite relative returns all being positive, there was a notable variation in both absolute returns and the source of those returns.

The key driver of absolute performance was the funds US equity exposure which gained 7.30%. High growth companies with exposure to specific market themes such as AI performed exceptionally well. In stark contrast, Developed Asia ex Japan lagged, with the index dropping 2.35% over the quarter. Our investments in high quality companies with sustainable returns proved defensive and delivered outperformance of 0.28% over the period.

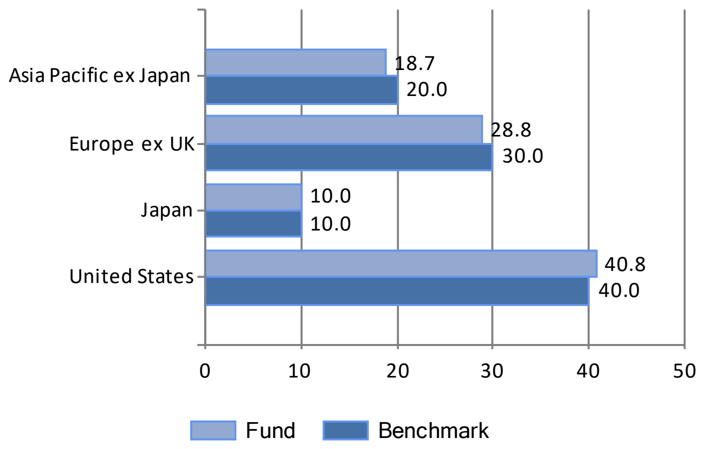
On a sector basis the strength of the technology sector and specifically US Technology, where the fund is overweight, was the major contributor to returns. This accounted for near half of the fund's total outperformance over the period. The healthcare sector was also a positive contributor to returns where despite its poor performance, strong stock selection resulted in materially better returns.

The Fund retains its low risk profile with strong diversification across its four geographies. The emphasis on focusing on long term fundamentals with a bias towards quality companies with strong balance sheets, and earnings and income visibility has proven a resilient approach across different market regimes in recent years.

Note
1) Source: Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 30 June 2023

Regional Breakdown



Overseas Developed Markets Fund

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

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

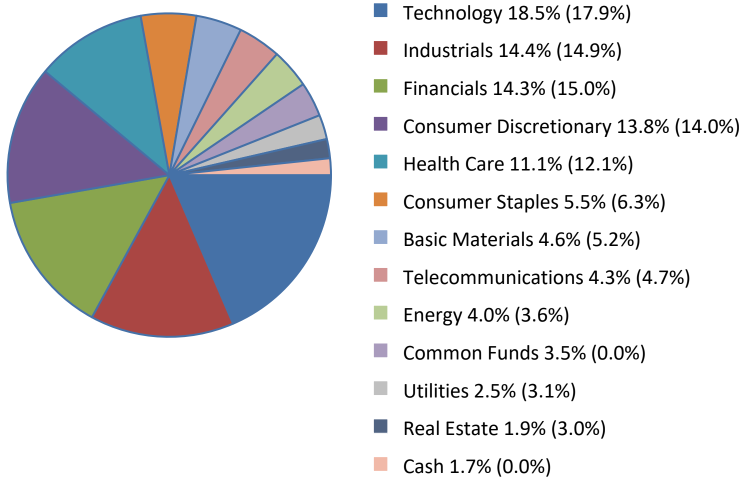
(*) The Benchmark is a composite of the following indices:
•40% S&P 500
•30% FTSE Developed Europe ex UK
•20% FTSE Developed Asia Pacific ex Japan
•10% FTSE Japan

	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	**9.10**	**7.61**	**1.49**	**3.40**	**2.10**	**1.31**	**15.27**	**12.92**	**2.35**	**11.35**	**9.65**	**1.70**
United States	12.88	11.60	1.28	7.30	5.63	1.67	15.37	13.66	1.71	14.13	12.99	1.15
Japan	5.65	3.29	2.37	6.49	2.94	3.55	16.29	12.12	4.17	7.70	4.49	3.20
Europe ex UK	7.58	6.08	1.51	0.89	0.07	0.82	21.82	18.47	3.34	11.16	8.84	2.32
Asia Pacific ex Japan	4.87	3.45	1.42	(2.08)	(2.35)	0.28	3.70	2.80	0.90	6.76	5.84	0.91

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

Border To Coast Overseas Developed Markets Equity Fund
at 30 June 2023

Sector Portfolio Breakdown



Note

1) Source: Northern Trust

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

Overseas Developed Markets Fund

Sector Weights:

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

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

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

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

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

Consumer Staples (u/w) – high valuations and vulnerability to margin compression due to higher input costs and weaker end demand make the sector less attractive even with the uncertainty surrounding the economy.

Border To Coast Overseas Developed Markets Equity Fund Attribution at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
NVIDIA Corporation	1.57	48.22	1.13	48.12	0.18
Alphabet A	1.87	12.30	0.77	12.23	0.10
Eli Lilly	0.71	32.43	0.40	33.05	0.08
Oracle	0.62	25.20	0.20	25.02	0.08
Broadcom	0.73	32.13	0.39	32.00	0.08

NVIDIA Corp (o/w) – the company provided short-term revenue guidance that was significantly ahead of market expectations driven by AI related demand for the latest versionsof its industry-leading data centre microprocessors.

Alphabet Inc Class A (o/w) – the quarter saw increasing investor confidence that Google internet search can defend its position against new entrants in digital advertising, and against an AI augmented platform being introduced by its principal rival in search, Microsoft.

Eli Lilly & Co (o/w) – growth continues to exceed that of its pharmaceutical peers driven by its diabetes franchise. The period saw encouraging news for the associated treatment of obesity and certain related co-morbidities. Obesity represents a significant opportunity, as does the market for Lilly's promising late-stage pipeline drug for the treatment of Alzheimer's disease, which also generated positive headlines in the quarter.

Oracle Corp (o/w) – the company saw strong results from its nascent but fast-growing cloud service business. The share price also benefitted from reporting that Oracle has beneficial access to Nvidia's leading data centre chips, giving it an early start in securing generative AI revenues.

Broadcom Inc (o/w) – investor expectations grew over the quarter around the scale of the company's opportunity in niche semiconductors and data centre networking solutions that will be key to running augmented AI workloads across data centres.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Tesla	0.00	0.00	0.76	22.71	(0.13)
Alphabet C	0.00	0.00	0.67	13.12	(0.07)
Dollar General	0.26	(21.28)	0.04	(21.39)	(0.06)
Meta Platforms	0.49	31.64	0.68	31.69	(0.05)
Teleperformance	0.13	(31.03)	0.04	(31.46)	(0.04)

Tesla Inc (u/w) – the period saw ongoing investor enthusiasm for the leader in US electric car production, driven by comments from the company that they are seeing a strong demand response following a series of vehicle price cuts.

Alphabet Inc Class C (u/w) – the quarter saw increasing investor confidence that Google internet search can defend its position against new entrants in digital advertising, and against the AI augmented platform being introduced by its principal rival in search.

Dollar General Corp (o/w) – experienced subdued same store sales after consecutive quarters of gross margin pressure, with this starting to challenge management's credibility. The company has reasoned that their core low-income customer base is showing increasing signs of shopping basket inflation fatigue.

Meta Platforms (u/w) – the quarter saw an improvement in social media advertising revenues. Combined with a reaffirmation from the company that they will continue to bear down on cost, this gave rise to expectations for profit improvement resulting in an uplift for Meta's valuation and share price.

Teleperformance (o/w) – the French IT services company operates global call centres and tends to work higher up the value chain by offering a higher service. The management announced a major acquisition of Majorel Group for €3bn that surprised the market and was not consistent with the company's state strategy.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.09
Alphabet A	+1.10
Novo Nordisk	+0.59
Visa Inc	+0.58
Microsoft	+0.53
Tesla	-0.76
Alphabet C	-0.67
Exxon Mobil	-0.47
Mastercard	-0.35
Hermes	-0.28

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – parent company of Google: zero weight in the C shares nets out to a moderate overweight position. Google enjoys strong and profitable internet advertising market positions whilst also benefitting from a fast-growing cloud computing infrastructure business.

Novo Nordisk – the Danish pharmaceutical company has a strong market position in type 2 diabetes and they have also branched out into treatment of obesity. Their obesity treatment drug, Wegovy, is seeing demand far outstrip supply as they extend its offering to other countries.

Visa Inc Class A – Visa's revenues are positively correlated with consumer price inflation and are being boosted by the ongoing recovery in lucrative overseas travel transactions. Ongoing spend conversion from cash to card and contactless payments is a secular growth opportunity.

Microsoft Corp – the company enjoys the benefit of structural growth from its Azure cloud hosting business as well as upselling opportunities from the migration of Office license sales to online subscription sales. The company should be well placed to pursue opportunities in augmented AI within the enterprise space.

Bottom 5 Holdings Relative to Benchmark:

Tesla Inc – there is a concern that the Company may need to cut vehicle prices further to stimulate demand at a time of increasing competition. The high valuation of the shares is difficult to justify without evidence, so far illusive, that Tesla can generate material revenue streams from vehicle autonomous driving functionality.

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

Exxon Mobil Corp – we hold a preference for Chevron and ConocoPhillips due to their better track records of ESG engagement.

Mastercard Inc Class A – the fund holds a preference for Visa, the other global payment network company due to Visa's more favourable valuation.

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

Summary of Performance - Funds (Net of Fees) Border to Coast Emerging Markets Equity Fund at 30 June 2023

	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	2.21	3.85	(1.64)	(1.80)	(2.08)	0.27	(2.88)	(3.62)	0.74	EM Equity Fund Benchmark[3]
Border to Coast	2.69	3.51	(0.82)	4.37	3.71	0.66	9.89	7.27	2.62	FTSE Emerging ex China (Net)
FountainCap	(20.57)	(19.93)	(0.63)	(12.46)	(12.28)	(0.18)	(20.91)	(20.88)	(0.03)	FTSE China (Net)
UBS	(21.55)	(19.93)	(1.61)	(12.26)	(12.28)	0.02	(22.37)	(20.88)	(1.49)	FTSE China (Net)

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

Note

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

Border to Coast Emerging Markets Equity Fund - Overview at 30 June 2023

Emerging Markets Equity Fund

This quarter's 'topic du jour' was artificial intelligence, with enthusiasm about the potential applications of said technology driving markets, most notably US technology stocks, higher. Unfortunately, this optimism did not reach emerging markets, which lagged over the period.

Of the major emerging markets, China was again the laggard. The 'big bang' reopening that many expected for China has not yet materialised. In particular, manufacturing and export activity has been weaker than expected. Whilst consumers have the ability to spend (high savings levels), confidence has not yet returned, and therefore willingness is low. When there are outflows from China, they tend to head to India, and this was the case in Q2 2023, with the Indian market (which outperformed) further supported by earnings and economic confidence. Another outperformer was Brazil, where decisive policy in 2021/2022 means interest rate cuts are expected in the near future, buoying equity markets.

Against this backdrop, the Fund outperformed the benchmark by 0.3%. On a since inception to date basis, however, the Fund remains behind benchmark (underperforming by 1.6% per annum).

Looking through to the underlying mandates, the internally managed emerging markets ex. China portfolio had another strong quarter, outperforming its benchmark by 0.7%. Key contributors were stock selection in Consumer Staples (ITC), being overweight Health Care (and in particular Richter Gedeon), as well as being overweight Brazil and underweight Malaysia.

As mentioned, it was another weak quarter for the Chinese equity market, with the Fund's China specialists broadly tracking the market as it fell. The aggregate allocation finished the quarter very marginally behind benchmark (which was down ~12%). UBS were ever so slightly ahead of benchmark with Fountain Cap ~0.2% behind. UBS' overweights to NetEase, Ping An Insurance and Midea were key contributors, but these were offset by UBS having no exposure to auto-makers Li Auto and BYD and many of the state-owned banks. With Fountain Cap, key active positions in the energy sector PetroChina (traditional energy) and Sungrow Power (renewables) performed well, as did large underweights to Alibaba and Tencent. The largest detractor was Anta Sports, which fell some 30% (in GBP terms) on the back of consumer spending slowdown fears.

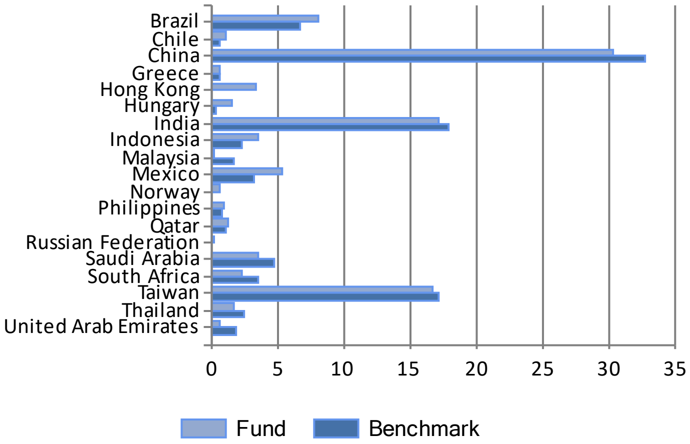
Looking forward, we expect the next year to look much like the last few, with large regional dispersions as economies continue to solve growth and inflation puzzles. Overall, we are cautiously optimistic about the long-term prospects for emerging market equities. Our investment philosophy continues to be rooted in long-term thinking and analysis and we believe that our stock and thematic positioning should help turn short-term volatility into opportunities.

Note

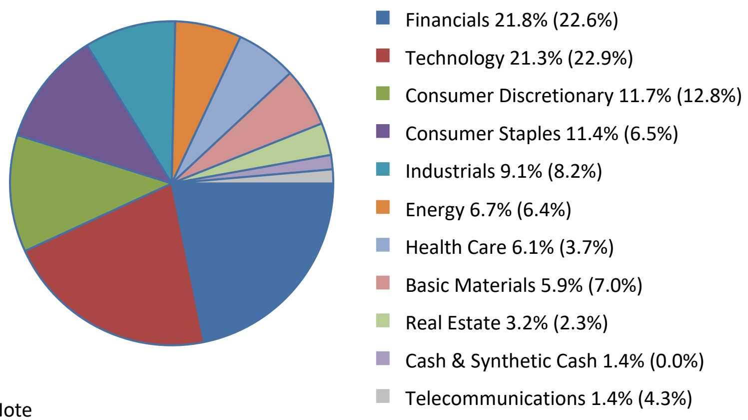
1) Source: Border to Coast

Border to Coast Emerging Markets Equity Fund
at 30 June 2023

Regional Breakdown



Sector Portfolio Breakdown



Note
1) Source: Northern Trust

Emerging Markets Equity Fund

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

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

Sector Weights:

Consumer Staples (o/w) – the rapidly growing Emerging Market middle class population is expected to lead to an increase in the consumption of staple goods over the long-term. The Fund is overweight in 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.

Industrials (o/w) – the Fund is marginally overweight in 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.

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

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

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

Border to Coast Emerging Markets Equity Fund Attribution at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
ITC	2.11	17.08	0.26	16.70	0.28	Consumer Staples	India
Alibaba	1.45	(20.84)	2.85	(21.21)	0.27	Consumer Discretionary	China
Gedeon Richter	1.54	19.22	0.05	19.81	0.24	Health Care	Hungary
PRIO	1.49	20.36	0.08	21.52	0.22	Energy	Brazil
Itau Unibanco	1.77	18.04	0.45	18.55	0.18	Financials	Brazil

Positive Issue Level Impacts

ITC (o/w) – an Indian conglomerate focused on fast moving consumer goods. ITC outperformed the Indian market after reporting better than expected earnings results, the product of solid volume growth as well as margin improvement from premiumisation across many of its business lines.

Alibaba (u/w) – shares of the Chinese internet giant retreated once again as markets were once more in risk-off mode with regards to China. The firm's recently announced restructuring plan will take time to enact and could create operational difficulties in the short-term. The Fund is underweight and therefore this share price weakness was a contributor to performance.

Gedeon Richter (o/w) – the pharmaceutical and biotechnology company delivered strong earnings results that showed continued sales momentum for key drugs in the US, solid growth of its women's health portfolio, and stable profitability in its generics business.

PRIO (o/w) – PRIO is a Brazilian oil producer. PRIO's share price rose during the period on steady production progression at its oil fields. The stabilisation in the oil price following supportive measures from OPEC+ was also beneficial.

Itau (o/w) - performed well on the back of resilient Q1 results with no unexpected surprises regarding loan delinquency, whilst loan and fee income growth was better than expected, resulting in an improvement in ROE to 20.7%.

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

Border to Coast Emerging Markets Equity Fund Attribution at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Kweichow Moutai	3.06	(13.56)	0.33	(13.52)	(0.34)	Consumer Staples	China
ANTA Sports Products	0.95	(30.97)	0.20	(31.04)	(0.30)	Consumer Discretionary	China
Petrobas	0.00	0.00	0.40	48.95	(0.15)	Energy	Brazil
Hong Kong Exchanges & Clearing	0.64	(17.38)	0.00	0.00	(0.12)	Financials	Hong Kong
China Merchants Bank	1.16	(13.65)	0.27	(13.51)	(0.12)	Financials	China

Negative Issue Level Impacts

Kweichow Moutai (o/w) – a leading Chinese baijiu (liquor) producer and the Fund's largest active weight. It was a difficult quarter for the stock which fell more than 10% (in GBP terms, less in local terms) on the back of a less optimistic outlook and more competition with the listing of competitor baijiu manufacturer and KKR backed ZJLD.

Anta Sports (o/w) – produces and distributes sportswear, leisurewear, and footwear throughout China. Anta shares dropped sharply in mid-April following a $1.5bn top-up share placement (priced at a discount to the prevailing market price) and continued to fall on overall consumption fears and increased competition in China from international brands like Nike.

Petrobras (u/w) – a state-owned Brazilian oil and gas multinational. Early quarter volatility was followed by a strong rally as the continued payment of dividends (the business is highly cash generative) and greater comfort regarding the risk of political interference buoyed investors. The Fund no longer has exposure to Petrobras.

Hong Kong Exchanges and Clearing (o/w) – operates a range of equity, commodity, fixed income, and currency markets through its range of subsidiaries. The firm is a key conduit of capital flows to and from China and despite strong operating results in the first quarter, fears that slowing economic activity would restrict volumes for the rest of the year resulted in poor share price performance.

China Merchants Bank (o/w) – a leading Chinese banking group. Weaker than expected operating results (narrower net interest margin and lower fee income) and a rising property related non-performing loan ratio saw investor sentiment weaken leading to underperformance versus other Chinese banks.

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

Border to Coast Emerging Markets Equity Fund at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Kweichow Moutai	+2.73
ITC	+1.85
Netease	+1.81
Gedeon Richter	+1.49
PRIO	+1.40
Alibaba	-1.39
Tencent	-0.97
China Construction Bank	-0.96
ICBC	-0.67
Baidu	-0.60

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.

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

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

GedeonRichter – a diversified and growing pharmaceutical business that trades materially cheaper than peers. Richter boasts a growing women's health platform and is a leader in proprietary CNS (central nervous system) drug discovery. The firm is well positioned to benefit from increased global medical spending with mature cash generative drugs and an innovative pipeline.

PRIO – PRIO is a Brazilian oil producer with an impressive track record of acquiring aged offshore oil fields and then driving productivity and cost efficiencies, while improving reserve replacement. These operational improvements reduce the carbon emissions footprint of production and drive cash generation. The business is appealing in the context of Brazil as it exports its oil internationally.

Bottom 5 Holdings Relative to Benchmark:

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

Industrial and Commercial Bank of China – 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.

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

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.

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

Major Transactions During the Quarter

Purchases:

Ayala Land (Addition, £8m) – The Fund's position in Ayala Land (property developer located in the Philippines) was increased over the quarter in response to a much-improved outlook for its residential sales volumes and commercial rental income, alongside management's reinvigorated focus on cash flow generation and dividend growth.

Varun Beverages (New Position, £7m) – A position in Varun Beverages (Indian beverages and snacks distributor) was initiated in the period given the Company's attractive growth fundamentals, particularly regarding geographical expansion of its distribution platform as well as volume throughput, which has been aided by the introduction of new products.

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NVIDIA Corporation	1.57	1.13	0.18
Alphabet A	1.87	0.77	0.10
Eli Lilly	0.71	0.40	0.08
Oracle	0.62	0.20	0.08
Broadcom	0.73	0.39	0.08

NVIDIA Corp (o/w) – the company provided short-term revenue guidance that was significantly ahead of market expectations driven by AI related demand for the latest versions of its industry-leading data centre microprocessors.

Alphabet Inc Class A (o/w) – the quarter saw increasing investor confidence that Google internet search can defend its position against new entrants in digital advertising, and against an AI augmented platform being introduced by its principal rival in search, Microsoft.

Eli Lilly & Co (o/w) – growth continues to exceed that of its pharmaceutical peers driven by its diabetes franchise. The period saw encouraging news for the associated treatment of obesity and certain related co-morbidities. Obesity represents a significant opportunity, as does the market for Lilly's promising late-stage pipeline drug for the treatment of Alzheimer's disease, which also generated positive headlines in the quarter.

Oracle Corp (o/w) – the company saw strong results from its nascent but fast-growing cloud service business. The share price also benefitted from reporting that Oracle has beneficial access to Nvidia's leading data centre chips, giving it an early start in securing generative AI revenues.

Broadcom Inc (o/w) – investor expectations grew over the quarter around the scale of the company's opportunity in niche semiconductors and data centre networking solutions that will be key to running augmented AI workloads across data centres.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Tesla	0.00	0.76	(0.13)
Alphabet C	0.00	0.67	(0.07)
Dollar General	0.26	0.04	(0.06)
Meta Platforms	0.49	0.68	(0.05)
Thermo Fisher Scientific	0.46	0.22	(0.04)

Tesla Inc (u/w) – the period saw ongoing investor enthusiasm for the leader in US electric car production, driven by comments from the company that they are seeing a strong demand response following a series of vehicle price cuts.

Alphabet Inc Class C (u/w) – the quarter saw increasing investor confidence that Google internet search can defend its position against new entrants in digital advertising, and against the AI augmented platform being introduced by its principal rival in search.

Dollar General Corp (o/w) – experienced subdued same store sales after consecutive quarters of gross margin pressure, with this starting to challenge management's credibility. The company has reasoned that their core low-income customer base is showing increasing signs of shopping basket inflation fatigue.

Meta Platforms (u/w) – the quarter saw an improvement in social media advertising revenues. Combined with a reaffirmation from the company that they will continue to bear down on cost, this gave rise to expectations for profit improvement resulting in an uplift for Meta's valuation and share price.

Thermo Fisher Scientific (o/w) – the demand environment for life science tools is moderating post the windfall from elevated COVID-19 diagnostic, therapeutic, and vaccine expenditures. Tighter financial conditions are also leading startup biotechnology firms to conserve cash at the expense of pharmaceutical research.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.09
Alphabet A	+1.10
Visa Inc	+0.58
Microsoft	+0.53
NVIDIA Corporation	+0.44
Tesla	-0.76
Alphabet C	-0.67
Exxon Mobil	-0.47
Mastercard	-0.35
PepsiCo	-0.27

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – parent company of Google: zero weight in the C shares nets out to a moderate overweight position. Google enjoys strong and profitable internet advertising market positions whilst also benefitting from a fast-growing cloud computing infrastructure business.

Visa Inc Class A – Visa's revenues are positively correlated with consumer price inflation. Ongoing spend conversion from cash to card and contactless payments is a secular growth opportunity.

Microsoft Corp – the company enjoys the benefit of structural growth from its Azure cloud hosting business as well as upselling opportunities from the migration of Office license sales to online subscription sales.

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

Bottom 5 Holdings Relative to Benchmark:

Tesla Inc – there is a concern that the Company may need to cut vehicle prices further to stimulate demand at a time of increasing competition.

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

Exxon Mobil Corp – We hold a preference for Chevron and ConocoPhillips due to their better track records of ESG engagement.

Mastercard Inc Class A – the fund holds a preference for Visa, the other global payment network company due to Visa's more favourable valuation.

PepsiCo Inc – the fund's exposure to the soft drink segment is gained through The Coca-Cola Company. Coca Cola has a well-developed strategy across the broad beverage space and is trading on a discount to PepsiCo.

Major transactions during the Quarter

Purchases:
Vanguard Mid-Cap ETF (£16.5m) – the outperformance of the largest companies in the market has led to an increasing underweight exposure to the smaller companies of the index. Purchases of the ETF have helped to moderate the relative underweight.

Sales:
Vanguard Small-Cap Value ETF (£14.6m) – exited holding. The smallest companies of the market tend to rely on bank financing over corporate bond issuance. After the collapse of Silicon Valley Bank there is increasing concern that corporate bank loans might become more difficult and expensive to obtain.

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
ING	0.51	0.18	0.04
Kering	0.00	0.15	0.03
Engie	0.37	0.10	0.03
BNP Paribas	0.57	0.26	0.03
Prosus	0.00	0.20	0.02

ING (o/w) – Despite the Dutch bank reporting below expectations during the quarter the share's shares outperformed on the announcement of a €1.5bn share buyback. The bank is over capitalised and has announced capital reduction plans for 2025 which increase the chances of more buybacks going forward.

Kering (u/w) – The French luxury good company performed poorly as the economic backdrop suggested potentially weakening consumer spending. The impact from the Chinese reopening proved weaker than anticipated. Kering is more exposed to China through Gucci which accounts for around a third of sales.

Engie (o/w) – The French utility company saw the operating lives of their two Belgium nuclear reactors extended beyond 2025.They were also provided with clarity on the payment for the transfer of the atomic waste liability to the Belgium government. Full year guidance was also raised.

BNP Paribas (o/w) – The French bank which has a strong franchise and is seen as systemically important released stronger than expected results. This was supported by the sale of BancWest, its US subsidiary.

Prosus (u/w) – affected by the poor performance of its main asset Tencent, the Chinese Internet company. The company has been reducing their ownership of Tencent to lower their overall reliance on a single dominant investment and fund their capital return to shareholders. The Tencent share price has been pressured by Prosus's sell down and the poor performance of the Chinese equity market.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Teleperformance	0.13	0.04	(0.04)
BB Biotech	0.13	0.00	(0.04)
UniCredit	0.00	0.16	(0.03)
DSM-Firmenich	0.16	0.07	(0.02)
TotalEnergies	0.88	0.49	(0.02)

Teleperformance (o/w) – The French IT services company operates global call centres and tends to work higher up the value chain by offering a higher service. The management announced a major acquisition of Majorel Group for €3bn that surprised the market and was not consistent with the company's state strategy.

BB Biotech (o/w) – The Swiss biotechnology investment company underperformed during the quarter. Portfolio investment into biotech has been low as concerns over the macro environment with higher interest rates affecting the small and midcap part of the sector.

Unicredit (u/w) – The Italian bank performed strongly as its profitability improved on higher interest rates. This gave management confidence to suggest they could return further capital to shareholder.

DSM Firmenich (o/w) – The Dutch flavour and fragrance company is the result of the completion of the merger of DSM and Firmenich. A weakening economic outlook was unhelpful at a time when investors are unsure about the direction of the new company and its ability to meet its synergy targets.

TotalEnergies (o/w) – the French integrated oil and gas company underperformed as profits for the quarter eased due to oil prices falling during the quarter. The surprise OPEC cuts announced at the beginning of the quarter did little to stop oil prices from falling as concerns that demand would weaken going into the second half of the year.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Novo Nordisk	+0.59
Siemens	+0.40
TotalEnergies	+0.39
Air Liquide	+0.37
AXA	+0.36
Hermes	-0.28
Zurich Insurance Group	-0.27
Mercedes-Benz	-0.26
Banco Santander	-0.22
EssilorLuxottica	-0.21

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

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

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

Air Liquide – The French gas distributor is seen as defensive play in the chemicals sector with the potential to benefit with the shift to hydrogen.

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

Bottom 5 Holdings Relative to Benchmark:

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

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

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

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

EssilorLuxottica – The French eyewear company initially struggled following its creation through the merger of Essilor and Luxottica.

Major transactions during the Quarter

Purchases: No major purchases during this quarter.

Sales:

Fresenius SE (£4.2m) – Total holding sold. Fresenius was a small part of the portfolio and there are concerns that the company will not be able to meet their target of €1bn of cost savings.

Givaudan (£6.9m) – Total holding sold. Looking to reduce the portfolio's exposure to the Flavour and Fragrances sector. Givaudan was seen to be the laggard as the alternatives had drivers that could push their revenue higher and quicker.

Border To Coast Overseas Developed Markets Equity Fund - Japan
at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Renesas Electronics	0.26	0.06	0.05
DISCO Corporation	0.22	0.03	0.04
Panasonic	0.21	0.06	0.03
Daiichi Sankyo	0.00	0.15	0.03
KEPCO	0.17	0.02	0.03

Renesas Electronics (o/w) – A beneficiary of the market focus on Tech/AI, which would have also highlighted the low relative valuation of this stock.

Disco (o/w) – A beneficiary of the market focus on Tech/AI, as the company's products are used in the chip manufacturing process.

Panasonic (o/w) – The company announced a battery partnership with Mazda and plans to expand EV battery production. These announcements, combined with anticipated tax credits for the US Inflation Reduction Act, have all contributed positively this quarter.

Daiichi Sankyo (u/w) – A weak quarter for the pharmaceutical and biotech sector as the market moved to a "risk-on" stance with a particular focus on Tech/AI.

Kansai Electric Power (o/w) – Positive results, issue of storing spent nuclear fuel appears resolved, and dates given for restart of 2 nuclear reactors have all contributed to strong outperformance. Some caution is needed regarding the reactor restarts as they have been idle for 12 years and are over 40 years old, so some unforeseen issues may be found when the reactors are powered up.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan
at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Ballie Gifford Shin Nippon	0.24	0.00	(0.03)
Mitsui & Co	0.00	0.14	(0.02)
Shionogi	0.18	0.03	(0.02)
Advantest	0.00	0.06	(0.02)
Takeda Pharmaceutical	0.27	0.12	(0.02)

Baillie Gifford Shin Nippon (o/w) – The focus of the market has been on large cap foreign held stocks, and this small cap fund has therefore underperformed.

Mitsui & Co (u/w) – The company has benefitted from a strong quarter for the Japanese Trading companies as Warren Buffett increased his stakes in them and they benefitted from strong commodity prices.

Shionogi (o/w) – A weak quarter for the pharmaceutical and biotech sector as the market moved to a “risk-on” stance with a particular focus on Tech/AI.

Advantest (u/w) – This chip manufacturer was seen as a major beneficiary of AI, and there is now a lot of AI expectation in the price.

Takeda Pharmaceutical (o/w) – A weak quarter for the pharmaceutical and biotech sector as the market moved to a “risk-on” stance with a particular focus on Tech/AI.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan
at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.24
Renesas Electronics	+0.21
Tokyo Electron	+0.20
Hitachi	+0.20
Shin-Etsu Chemical	+0.19
Daiichi Sankyo	-0.15
Mitsui & Co	-0.14
Honda Motor	-0.12
HOYA	-0.10
Fast Retailing	-0.10

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

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

Tokyo Electron – Manufactures and sells industrial electronics products such as semiconductor manufacturing machines and flat panel display manufacturing machines.

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

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

Bottom 5 Holdings Relative to Benchmark:

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

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

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.

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

Fast Retailing – We prefer other names in the retail space that are less highly valued. Fast Retailing has had a good run this year and is now trading above the average analyst target price.

Major transactions during the Quarter

Purchases:
Secom (£2.0m) – Topping up holding of this security services company as a defensive name with reliable cash flows and the potential for increased shareholder returns.
Keisei Electric Railway (£1.6m) – Topping up holding to partially balance disposal of East Japan Railway. Keisei is undervalued due to its holding in Oriental Land which is held at a large discount to market value.

Sales:
Kubota (£6.9m) – Full disposal of holding on rising costs and the risk of falling sales as homeowners and small farmers repair rather than replace their machinery.
East Japan Railway (£6.3m) – Full disposal of holding on limited prospects for growth.

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 30 June 2023

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
SK Hynix	0.60	0.33	0.05
Samsung Electronics	2.26	1.83	0.04
James Hardie	0.29	0.08	0.03
Kakao	0.00	0.08	0.02
UOB	0.00	0.18	0.02

Samsung Electronics (o/w) and **SK Hynix (o/w)** – Both companies benefitted from a change in expectations for demand for high bandwidth memory linked to AI applications. Signs of a bottoming out of the memory market in mid-2023 was also encouraging.

James Hardie Industries (o/w) – after a poor performance in 2022 on the back of macro headwinds (increasing costs, rising rates, deteriorating housing market), the stock continued outperforming on expectations of stabilising housing demand and relatively resilient margins.

Kakao Corp (u/w) – the Korean internet platform underperformed on further slowing down of advertising and content-related revenues. The market was also wary of the ongoing losses from its new initiatives on AI, cloud and healthcare management initiatives.

United Overseas Bank (u/w) – the second largest Singaporean banks delivered record quarterly profits. Despite that, expectations that its profitability may have peaked and loan growth may slow due to the tough economic backdrop meant the company performed poorly over the quarter.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 30 June 2023

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
SK Innovation	0.23	0.04	(0.04)
Hong Kong Exchanges & Clearing	0.47	0.34	(0.03)
Samsung SDI	0.35	0.19	(0.03)
NAVER	0.29	0.14	(0.02)
Amcor	0.22	0.10	(0.02)

SK Innovation (o/w) – the largest Korean oil refiner as well as petrochemical and electric vehicle ("EV") battery manufacturer underperformed on the announcement of a rights issue (including a treasury shares cancellation) to invest in green business, fund R&D and repay debt after investing around KRW 1tn (£600bn) supporting the capex of its EV battery subsidiary SK On.

Hong Kong Exchanges and Clearing (o/w) – underperformed on the back of weak market sentiment in Hong Kong in the second quarter. This resulted in falling revenues from its cash equity and derivative businesses and low volumes of initial public offerings despite recent initiatives aimed at boosting the connectivity between China and Hong Kong.

Samsung SDI (o/w) – after a strong outperformance in the first quarter on confirmation of more aggressive expansion plans for leading auto OEMs, the company struggled in the second quarter. This was inline with other EV battery manufacturers and linked to some concerns of slowing EV demand in Europe and weak IT/consumer electronics demand for smaller batteries and electronic materials.

Naver (o/w) – after outperforming in the first quarter, Naver was affected by expectations of slowing growth in its advertising and e-commerce related revenues. Despite this weakness we believe earnings growth is supported by improving e-commerce service offerings and profitability.

Amcor (o/w) – A global leader in flexible and rigid packaging with a strong track record of value creation and high profitability struggled in the second quarter as consumption and de-stocking caused by inflationary pressure undermined confidence.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 30 June 2023

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.43
SK Hynix	+0.27
Techtronic Industries	+0.21
James Hardie	+0.20
Hyundai Motors	+0.20
Samsung Electronics Prefs	-0.26
UOB	-0.18
Kia	-0.12
QBE Insurance	-0.11
LG Energy Solution	-0.10

Top 5 Holdings Relative to Benchmark:

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

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

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

James Hardie Industries – leading global manufacturer of a wide range of fibre cement and fibre gypsum building products with several internal and external uses across a wide range of applications. The company focuses on the Renovation & Repair housing market in the US but counts with an established market position in APAC and a growing presence in EMEA.

Hyundai Motor – one of the leaders with regards to development of EV models benefitting from still strong pent-up auto demand, rising production volumes on supply chain normalization and improving model / product mix led by SUVs and luxury models.

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 DBS and OCBC with stronger capital positions.

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

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

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

Major transactions during the Quarter

Purchases: No major purchases during this quarter.
Sales: No major sales during this quarter.

Note
1) Source: Northern Trust

Market Background at 30 June 2023

The saying that "markets climb a wall of worry" could not be better suited to the last nine months. Since October 2022 global equity markets have increased in value by more than a fifth in US dollar terms. Each quarter has been a tug of war between economic recessionary fears and corporate resilience, with last quarters positive returns feeling fragile at best.

In the prior quarter we commented that there were some initial signs from global economic data that the rate tightening cycle was starting to have an effect. Certainly, the events at Silicon Valley Bank (SVB), Signature Bank and Credit Suisse during the prior quarter drew investors' attention to some of the more visible and unexpected consequences of tightening monetary policy. The data itself has been far more mixed and heralds a period of potentially diverging policy decisions from global central banks. It is our view that this uncertainty will persist for the coming quarters and could add further volatility to equity markets.

The main focus for central banks has been the ongoing battle to control inflation. Inflation is showing signs of softening in many regions. In the US headline inflation dropped to below 4%, this was from its peak just over a year ago of 9.1%. In Europe, where the peak was higher due in part to the energy mix and the impact from the Ukraine invasion, inflation has dipped close to 6%. The United Kingdom appears the outlier. Though there has been a drop from the 11% peak last year it has been modest and remains above 8%. The persistence of inflationary pressures in the UK, is worrisome and symptomatic of what global central banks wish to avoid. Last year, it was easy to point a finger at the impacts from the Ukraine invasion, the high oil and gas price, and the last remnants of supply chain disruption from covid. Now, these transient factors are less relevant. Stickier components to inflation: wages, housing, and core prices that exclude energy and food, are remaining stubbornly high, with some parts even moving higher. Just as the persistence of inflationary pressures has been most visible in the UK, so has the reaction of the central bank, with the Bank of England raising its base interest rate by a further 0.5% in June to 5%.

Singling out the UK is easy, but that does not mean that the Federal Reserve or the European Central Bank are not walking a similar tightrope. In the US headline inflation may have dropped but the jobs market remains tight and wages are moving higher. In Europe the softening in energy prices has hidden the fact that service price inflation remains higher than where it was at the start of the year. The task facing central bankers is therefore a difficult one. They must stop these inflationary expectations from becoming permanently embedded into the global economy whilst ensuring that their actions do not tip us into a full-blown global recession. Should they wish to remain true to their mandates of returning inflation to a target 2% level, it is likely that global interest rates will remain higher for longer.

It would seem like the markets themselves had no interest in the delicate balancing act taking place at central banks. Overall, global equity markets (based on the MSCI indices) generated a total return, in sterling terms of 3.1% during the quarter with developed markets (3.7%) continuing to outperform emerging markets (-3.3%).

The US was one of the best performing markets over the quarter (+5.6%) and year to date (+11.2%). In May, Nvidia, the computer graphics processing unit (GPU) designer, released its first quarter results. They took the market by surprise, announcing unprecedented demand for their GPUs triggered by the boom in artificial intelligence ("AI"). Nvidia's chips are crucial to the operation of large language models like ChatGPT, making the processing much faster and more cost effective. Despite more than a 25% move higher in their equity price on the day, the change in expectations for the profitability was such that, based on next year's earnings expectations, the headline valuation of the company dropped. With Nvidia gaining over 50% for the quarter, it was part of a very small number of securities that contributed almost all the returns over the period. The rally in US equities has become increasingly narrow with only a handful of technology companies accounting for almost all of the returns. This is reminiscent of the year 2000 when investors chased companies purportedly having business models geared to the rise of the internet. Just like the internet during the dot.com years, it is likely that the long-term impact of AI will be transformational. That being said, in a similar vein, it is unlikely that it will drive an immediate productivity surge for the global economy.

The performance of the US tech companies fed through into sector performance across the globe. It should come as no surprise that the technology sector generated the strongest

Note
1) Source: Border to Coast

Market Background
at 30 June 2023

returns over the quarter (+13.5%). What is more surprising is that all sectors other than consumer discretionary underperformed. Sectors such as Energy (-2.5%) and Materials (-5.2%), which have been beneficiaries of rising commodity prices last year, were some of the worst performing. The disappointing post-covid reopening of China and particularly the weakness in the domestic housing market has been unhelpful for commodities such as iron ore, of which China are a large part of global demand. The ongoing weakness of the global oil price due to the slowing global economy, has also been unhelpful for energy companies, despite OPEC's attempts to cut supply and support the price near the current $80/bl level.

We remain optimistic for the outlook for equities over the long term but our view that the near term could present some challenges remains unchanged. The persistence and embedding of inflationary expectations across developed markets is giving central banks little room to manoeuvre should they wish to avoid a recession, retain credibility and remain true to their 2% inflation target. We therefore believe that on balance interest rates will remain higher for longer. High interest rates are likely to reduce the availability of cheap capital and dampen economic activity. In such an environment we look for low valuations to provide a margin of safety for equities. We find that across European, UK and Japanese equities. The US equity markets do not look as attractive. The recent strength, driven by near term optimism over AI's long term societal benefits, provides opportunities at the company specific level but leaves the broader US market trading above its historic 10 year average valuation.

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

Note
1) Source: Border to Coast

Border to Coast News

People:

- We are currently recruiting for our latest graduate intake. Now in its fourth year, this has been hugely successful in bringing new talent into the business and wider industry. It is part of our commitment to invest in our people to ensure we can deliver long-term, sustainable success for our Partner Funds.

Investment Funds:

- The launch of ‘Series 2B’ of our Private Markets programme with £2.3bn of commitments from Partner Funds has been widely covered in the media including IPE, Pensions Age and Room 151. Additionally, the FT covered one of our Climate Opportunities investments - Project Fortress, the UK's largest solar and battery storage plant, near Faversham, Kent. The article notes that it is the UK's first solar farm to be approved as a Nationally Significant Infrastructure Project. It is expected to support over 2,300 jobs and produce renewable energy to power 100,000 homes.

Responsible Investment:

- It has been voting season with the AGMs of several major companies providing the opportunity for us to demonstrate active stewardship of our Partner Funds’ assets. As a long term, responsible investor, our collective voice can drive real change on material financial factors in the companies we invest in; for example on climate change by influencing and pushing businesses to take real steps towards settingreduction targets, reducing emissions and the carbon intensity of their operations.
- Along with other large UK pension schemes, we voted against the re-election of the Chair of BP, due to backtracking on climate targets. This received widespread coverage from outlets such as the Times, Financial Times and the BBC. While the Chair was re-appointed, a significant number of shareholders joined us in voting against, continuing an increasing trend in the last few years, sharing our belief that BP’s transition plans are not sufficiently aligned with a 1.5C pathway and, as such, pose a key financial risk. We will be following up with BP to continue the discussion.
- We also joined a coalition of investors who are seeking to ensure Glencore, the multi-national commodity trading and mining company, provides greater transparency on how its thermal coal production aligns with the Paris objective of keeping global temperature increase to 1.5°C. As BP, we pre-disclosed our voting intention.
- A growing body of evidence shows that a fulfilled, engaged and motivated workforce is fundamental to long-term sustainable financial performance. That’s why we’re supporting Railpen’s new guidance on Workforce Directors. This incorporates feedback from discussions with companies, investors including Border to Coast, regulators, workforce representatives, and academics as to how larger companies can take a meaningful approach to considering appointing a director from the broader workforce.

  Managing climate-related risks and opportunities is essential in enabling us to deliver sustainable, long- term investments for our Partner Funds. Using the Task Force on Climate-related Financial Disclosures (TCFD) framework has enabled us to adopt a climate change policy, commit to a net zero by 2050 target, and become a signatory to the Net Zero Asset Managers initiative, all of which help us in our role as a responsible investor. Our work in this area has been recognised by Accounting for Sustainability (A4S), who have used our work as a case study.

Other News:

- One of the sessions at the LGPS Pooling Symposium heard from Chris Seir, the CEO of Clearglass Analytics, an independent data company which helps asset owners assess value for money delivered by their asset managers. It has a scheme efficiency ‘index’ of 1,000 pension schemes, across over 50 asset classes and over 500 asset managers, including a number of large international schemes. As part of their research, it ranked Border to Coast at number one, which is great in starting to evidence the benefits of pooling and gives us a strong base from which we can develop.
- In June, Professional Pensions held their annual awards. We are delighted that Border to Coast won awards in two key categories – ‘Equity Manager of the Year’, and ‘Alternative and Private Markets Investment Manager of the Year’. With firms such as JP Morgan, Mercer, Morgan Stanley and

T.Rowe Price among those on the shortlist, this really demonstrates how we have progressed as a business in just five years. Building a strong internal investment team was one of the partnership's founding principles; these awards are an illustration of this capability.

Disclosures

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

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Fund List and Inception Dates

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