Appendix A

PENSIONS PARTNERSHIP

Teesside Pension Fund

Quarterly Investment Report - Q4 2024

Contents

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£2,923,023,804
Inflows	£0
Outflows	£0
Net Inflows / Outflows	£0
Realised / Unrealised gain or loss	£26,015,247
Value at end of the quarter	£2,949,039,051

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

Portfolio Analysis - Teesside Pension Fund
at 31 December 2024

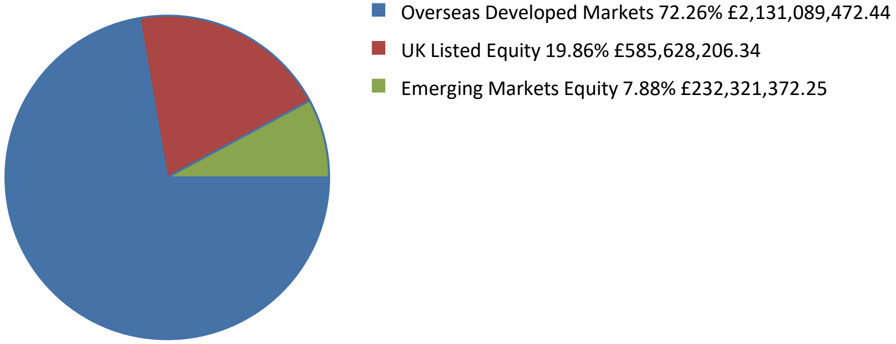
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Overseas Developed Markets	40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan	2,131,089,472.44	72.26
Emerging Markets Equity	FTSE Emerging Markets (Net)[2]	232,321,372.25	7.88
UK Listed Equity	FTSE All Share GBP	585,628,206.34	19.86

Available Fund Range

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

Teesside Pension Fund - Fund Breakdown



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

Portfolio Contribution - Teesside Pension Fund
at 31 December 2024

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Overseas Developed Markets	72.26	1.68	1.60	0.08	1.20
Emerging Markets Equity	7.88	(0.14)	0.14	(0.28)	(0.01)
UK Listed Equity	19.86	(1.49)	(0.35)	(1.14)	(0.30)
Total	**100.00**	**0.89**			

Note
1) Source: Northern Trust & Border to Coast
2) Performance shown is investor-specific, calculated using a time-weighted methodology which accounts for the impact of investor flows, whereby investments held for a longer period of time will have more of an impact than those held for a shorter time.
3) Past performance is not an indication of future performance and the value of investments can fall as well as rise.
4) Performance shown is net of charges incurred within the ACS, such as depository, audit and external manager fees. For the period to 31st March 2024, performance is gross of any fees paid to Border to Coast which are set out separately within the papers supporting the Shareholder Approval of the Border to Coast Strategic Business Plan. Effective 1st April 2024, performance is net of any fees paid to Border to Coast which are paid directly through the Funds via an Annual Management Charge (AMC).

Valuation Summary
at 31 December 2024

Fund	Market value at start of the quarter GBP (mid)	Total weight (%)	Purchases (GBP)	Sales (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter GBP (mid)	Total weight (%)
Overseas Developed Markets	2,095,884,373.75	71.70			35,205,098.69	2,131,089,472.44	72.26
Emerging Markets Equity	232,641,945.57	7.96			(320,573.32)	232,321,372.25	7.88
UK Listed Equity	594,497,484.55	20.34			(8,869,278.21)	585,628,206.34	19.86
Total	**2,923,023,803.87**	**100.00**			**26,015,247.16**	**2,949,039,051.03**	**100.00**

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

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund at 31 December 2024

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Markets	10.08	8.62	1.46	1.68	1.60	0.08	12.47	11.13	1.34	7.71	5.88	1.83	10.96	9.33	1.64
Emerging Markets Equity	4.18	5.91	(1.73)	(0.14)	0.14	(0.28)	11.99	14.36	(2.37)	1.10	2.98	(1.88)	2.25	4.13	(1.88)
UK Listed Equity	4.88	4.64	0.25	(1.50)	(0.35)	(1.15)	7.15	9.47	(2.32)	5.57	5.83	(0.26)	4.72	4.81	(0.09)

Note

1) Source: Northern Trust
2) Performance shown is for the pooled fund, which may differ to the investor-specific performance.
3) Performance inception dates are shown in the appendix.
4) Performance for periods greater than one year are annualised.
5) Performance shown is net of charges incurred within the ACS, such as depository, audit and external manager fees. For the period to 31st March 2024, performance is gross of any fees paid to Border to Coast which are set out separately within the papers supporting the Shareholder Approval of the Border to Coast Strategic Business Plan. Effective 1st April 2024, performance is net of any fees paid to Border to Coast which are paid directly through the Funds via an Annual Management Charge (AMC).
6) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 31 December 2024

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Markets	10.10	8.62	1.49	1.70	1.60	0.10	12.55	11.13	1.42	7.74	5.88	1.86	10.99	9.33	1.66
Emerging Markets Equity	4.34	5.91	(1.57)	(0.07)	0.14	(0.21)	12.27	14.36	(2.10)	1.35	2.98	(1.64)	2.44	4.13	(1.69)
UK Listed Equity	4.90	4.64	0.26	(1.48)	(0.35)	(1.13)	7.20	9.47	(2.26)	5.59	5.83	(0.24)	4.73	4.81	(0.08)

Note
1) Source: Northern Trust
2) Performance shown is for the pooled fund, which may differ to the investor-specific performance.
3) Performance inception dates are shown in the appendix.
4) Performance for periods greater than one year are annualised.
5) Performance shown is gross of all fees.
6) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Overseas Developed Markets Fund - Overview at 31 December 2024

Overseas Developed Markets Fund

During the fourth quarter the fund gained 1.68% compared to the composite benchmark that gained 1.60%; resulting in a relative outperformance of 0.08%. Year to date the fund has delivered a total return of 12.47%, outperforming its benchmark by 1.34%.

The fund's allocation to US equities was the main contributor to performance over the quarter following strong performance triggered by the result of the US election. The fund's investments in a range of technology companies such as Alphabet, Broadcom and Amazon all contributed strongly to this quarter's returns. The fund's Japanese equity allocation also contributed to returns generating both a positive absolute return and outperforming its domestic market. The main detractor from performance over the quarter originated from the fund's investments in Pacific ex-Japan. This was particularly visible in South Korea where domestic politics combined with weakness in export-oriented companies undermined performance.

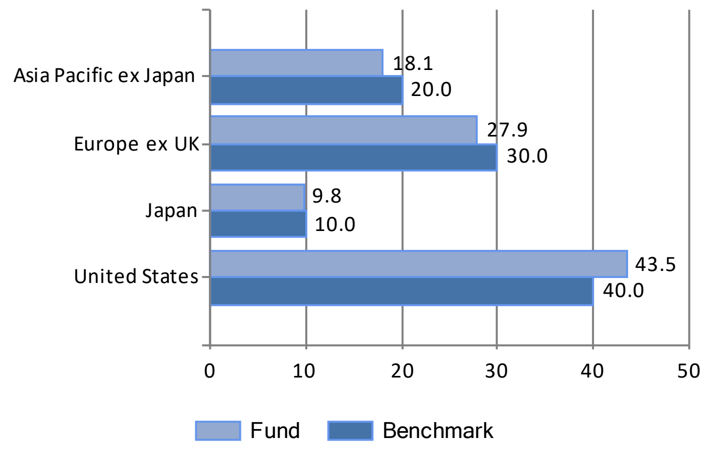
At the sector level the healthcare sector proved to be the largest detractor from performance over the quarter. A disappointing result in a drug trial for Novo Nordisk, the Danish pharmaceutical company at the centre of the GLP1 diabetes and weight loss revolution, proved a material headwind. Though this damaged short term expectations for the company's growth prospects, we remain still believe they have strong long term growth prospects in a highly attractive therapeutic area. The best performing sectors were technology and the consumer sector where global heavy weights such as Nvidia, Broadcom, Apple and Amazon all finished the year strongly.

The dominance of the Magnificent 7 proved a deciding factor for returns for 2024. They offer unparalleled exposure to some of the most exciting long term growth opportunities. Despite this, we harbour concerns over the concentration risk this creates as both valuations and expectations are high. For 2025 we therefore think it is important to walk a tightrope of managing the risks these companies represent whilst still maintaining some exposure to ensure we can benefit from the unique opportunities they continue to offer.

Note
1) Source: Border to Coast

Overseas Developed Markets Fund
at 31 December 2024

Regional Breakdown



Overseas Developed Markets Fund

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

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

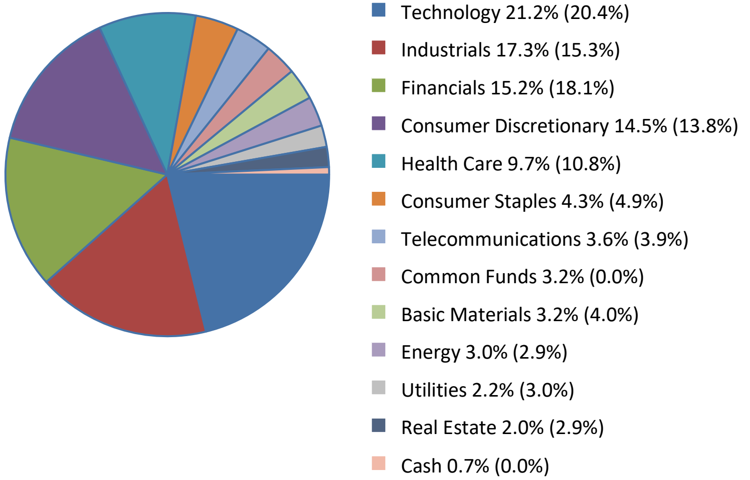
(*) The Benchmark is a composite of the following indices:
•40% S&P 500
•30% FTSE Developed Europe ex UK
•20% FTSE Developed Asia Pacific ex Japan
•10% FTSE Japan

	Inception to Date			Quarter			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Overseas Developed Markets	**10.08**	**8.62**	**1.46**	**1.68**	**1.60**	**0.08**	**12.47**	**11.13**	**1.34**	**7.71**	**5.88**	**1.83**	**10.96**	**9.33**	**1.64**
United States	15.67	14.12	1.55	10.09	9.57	0.51	30.67	26.74	3.93	13.39	11.30	2.09	17.13	15.28	1.85
Japan	7.71	4.98	2.72	4.72	2.73	1.99	14.24	9.71	4.52	8.38	5.48	2.90	8.75	5.81	2.94
Europe ex UK	7.16	5.85	1.31	(4.55)	(4.11)	(0.43)	1.52	1.99	(0.47)	4.98	2.47	2.51	7.78	6.32	1.47
Asia Pacific ex Japan	4.04	3.05	0.99	(7.66)	(6.33)	(1.33)	(5.10)	(3.90)	(1.20)	(0.59)	(0.31)	(0.28)	3.86	3.07	0.79

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

Overseas Developed Markets Fund
at 31 December 2024

Sector Portfolio Breakdown



Overseas Developed Markets Fund

Sector Weights:

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

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

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

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

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

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

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

Overseas Developed Markets Fund Attribution
at 31 December 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Alphabet A	2.22	22.35	0.89	22.34	0.22
Broadcom	1.54	44.37	0.87	44.20	0.20
Vanguard US Mid Cap ETF	3.20	7.62	0.00	0.00	0.18
Amazon	2.38	26.05	1.65	26.11	0.12
Walmart Inc	0.84	20.20	0.31	20.02	0.08

Alphabet Class A (o/w) – In early December Alphabet unveiled Willow, a new quantum computing chip. The company hailed this as a meaningful breakthrough in computing, with Willow able to perform computations that would take the current most powerful computers 10 septillion years – that's 10 and 24 zeros. This got investors thinking about a world even beyond AI, and what role Alphabet will play in it. Alphabet's third-quarter results were also very robust, with the company's core search advertising showing impressive resiliency, along with notable strength from YouTube and improving momentum with Google Cloud.

Broadcom (o/w) – The application specific integrated circuit (ASIC) maker delivered standout third-quarter results and suggested future potential revenues that far outstripped investor expectations.

Vanguard Mid-Cap ETF (o/w) – Even though small and medium sized stocks underperformed the broader S&P 500 for the quarter, our large position size in the Vanguard Mid-Cap ETF – which gives the portfolio exposure to the smaller end of the US stock market – delivered a positive contribution.

Amazon (o/w) – Amazon's relentless focus on costs has boosted profitability at the company's massive retail operation, lifting overall company profit margins. It also led to further price reductions for customers, extending the retail giant's lead. What's more, Amazon's cloud business – AWS – has benefitted from explosive demand for its AI offerings. In summary, the outlook for all parts of Amazon's business looks attractive.

Walmart (o/w) – Walmart's transformation from a bricks-and-mortar retailer to a genuine omnichannel (physical and digital) retailer has led to impressive market share gains – and an equally impressive stock price performance. While Walmart's stock valuation has expanded, the company's financial performance has justified the gains.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund Attribution Continued at 31 December 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Tesla	0.36	0.00	0.91	65.32	(0.33)
Alphabet C	0.00	0.00	0.73	22.09	(0.13)
Samsung Electronics	1.61	(17.33)	1.26	(17.27)	(0.11)
Novo Nordisk	1.25	(21.58)	1.00	(21.19)	(0.10)
Samsung SDI	0.20	(37.57)	0.06	(37.59)	(0.08)

Tesla (u/w) – Tesla fans believe that Elon Musk's proximity to the incoming US administration will give the electric vehicle maker a significant advantage over its competitors. Reduced incentives, for example, are seen as less impactful for Tesla than America's other big carmakers. And that could improve the competitive position for Tesla markedly. While we recognise that the size of emerging markets like robotics has widened the potential outcomes for the company (reflected in us closing our underweight) we still believe that extremely optimistic assumptions and forecasts are required to even get close to justifying Tesla's currents stock valuation.

Alphabet Class C (u/w) – Our underweight in Alphabet class C shares is more than offset by our overweight in the class A shares.

Samsung Electronics (o/w) – As per the Preferred shares, Samsung Electronics underperformed as the expected recovery in legacy memory products was delayed on sluggish demand for IT products including PCs and smartphones. Progress on achieving approval for the use of its high-bandwidth memory with Nvidia also remained slow though we are optimistic this should be resolved in 2025

Novo Nordisk (o/w) – Novo reported a disappointing result from the trial of its next generation anti-obesity drug, CagriSema where the weight loss from the drug was below the company's expectation. Novo should still see an increase in revenue as the supply issue starts to become less of a concern as Novo starts to integrate the three fill and finish Catalent sites acquired from Novo Holdings.

Samsung SDI (o/w) – Despite very undemanding valuations and attractive long-term growth prospects, the leading EV battery maker underperformed, affected by weak sales and deteriorating earnings guidance. Demand for EV batteries has been sluggish despite a long term growth trend and recent sentiment has softened due to concerns of potential changes to US government policies.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund at 31 December 2024

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.20
Alphabet A	+1.33
Microsoft	+0.80
Amazon	+0.73
Broadcom	+0.67
Alphabet C	-0.73
Tesla	-0.55
Westpac Bank	-0.51
Exxon Mobil	-0.38
Zurich Insurance Group	-0.32

Top 5 Holdings Relative to Benchmark:

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

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

Microsoft Corp – Microsoft continues to benefit from secular growth within its cloud hosting business as well as resilient demand for its ubiquitous productivity software led by Microsoft Office. The company looks well placed to increase its share of wallet from enterprise customers by upselling AI augmented, or co-pilot, versions of its software. Microsoft is spending aggressively on data centre capacity to support the growth of AI. This has caused some consternation among investors, but we remain confident in the firm's leading position.

Amazon – Amazon's leading cloud infrastructure hosting business looks well placed to continue to enjoy attractive profitable revenue growth. Its retail business should also enjoy higher margins, over time, as it reaps greater scale benefits and enjoys a more meaningful contribution from high margin advertising sales. Amazon has made impressive progress lowering costs within its retail operation too, via investing in efficiency-improving technology. This has led to a rapid increase in the company's profitability overall.

Broadcom – Half of Broadcom's revenue is derived from reliable, recurring software sales which it recently boosted through the acquisition of VMware. The other half comes from semiconductors, of which a sizable and rapidly growing portion flows from AI semiconductors. Broadcom is, therefore, an investment in the hottest theme around, along with a long-term play on the through-cycle growth of the broader semiconductor industry. All that is supported by a very cash generative software business.

Bottom 5 Holdings Relative to Benchmark:

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

Tesla Inc – We bought a position in Tesla during the quarter, but we remain underweight. While we believe that the stock remains overvalued, the explosion in AI has widened the range of potential outcomes for the company. Robotics, humanoids, and the company's energy storage business could become very valuable over time, whilst Elon Musk's alignment with the Republican party could result in preferential treatment in the short term.

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

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

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

Note
1) Source: Northern Trust

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

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Emerging Markets Equity	**4.18**	**5.91**	**(1.73)**	**(0.14)**	**0.14**	**(0.28)**	**11.99**	**14.36**	**(2.37)**	**1.10**	**2.98**	**(1.88)**	**2.25**	**4.13**	**(1.88)**
Border to Coast	7.29	7.91	(0.61)	0.85	0.59	0.26	11.50	11.51	(0.01)	6.66	6.74	(0.08)	--	--	--
FountainCap	(11.43)	(9.28)	(2.14)	(0.50)	(0.85)	0.35	16.78	21.51	(4.73)	(9.74)	(3.96)	(5.78)	--	--	--
UBS	(12.13)	(9.28)	(2.85)	(3.45)	(0.85)	(2.61)	12.24	21.51	(9.27)	(7.34)	(3.96)	(3.38)	--	--	--

Manager/Strategy	Benchmark	Role in fund	Target	Actual
Emerging Markets Equity	**FTSE Emerging Markets (Net)[3]**	**NA**	**100%**	**100%**
Border to Coast	FTSE Emerging ex China (Net)	Core strategy focused on Emerging Markets ex-China with a tilt towards quality companies.	69%	70%
FountainCap	FTSE China (Net)	China specialist with long term, high conviction strategy focused on three megatrends: Innovation Economy, Clean Energy, and Consumption Upgrade.	12%	12%
UBS	FTSE China (Net)	China specialist seeking to identify upcoming ‘industry leaders’ that will benefit from China’s structural growth and transition to a services-led economy.	19%	18%

Note

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

Emerging Markets Equity Fund - Overview at 31 December 2024

Emerging Markets Equity Fund

The EM Equity Fund returned -0.1% through Q4 2024, -0.3% below the FTSE EM benchmark. Over one year, it has returned 12.0%, underperforming the benchmark by 2.4%. Since the Fund was restructured, (April 2021), its returns are flat, underperforming the benchmark by an annualised 1.5%.

The FTSE EM ex-China Index marginally outperformed the FTSE China Index by c. 1.4% (0.6% vs. -0.8%), driven predominantly by the performance of Taiwanese equities. The country ended 2024 as Asia's best performing market and has benefitted throughout the past twelve months from the consistent positive sentiment, and elevated capex in relation to AI. The country is home to key parts of the supply chain for semiconductors, including the largest semiconductor manufacturing company, TSMC, which forms over 30% of the local market. TSMC performed strongly after its management guided towards 30% revenue growth for the full year. Meanwhile, the Indian market experienced its first negative quarter since Q1 2023, (having risen c. 50% since then to the end of Q3 2024), as investors digested a softening in short term growth expectations.

With this backdrop, the internal Border to Coast EM ex-China mandate returned 0.9%, outperforming its regional benchmark by 0.3%. Driving the modest outperformance were holdings in several Taiwanese companies, which operate within the semiconductor supply chain, including (as referenced above) TSMC, ASE Technology, Elite Materials, and Mediatek. However, companies with greater sensitivity to the interest rate regime struggled, after an unexpectedly hawkish meeting of the Federal Reserve at the end of December led to the number of forecasted rate cuts in 2025 being scaled back. This includes Ayala Land, a property developer in the Philippines - where the interest regime is heavily influenced by the US yield curve - impacting the company's residential business.

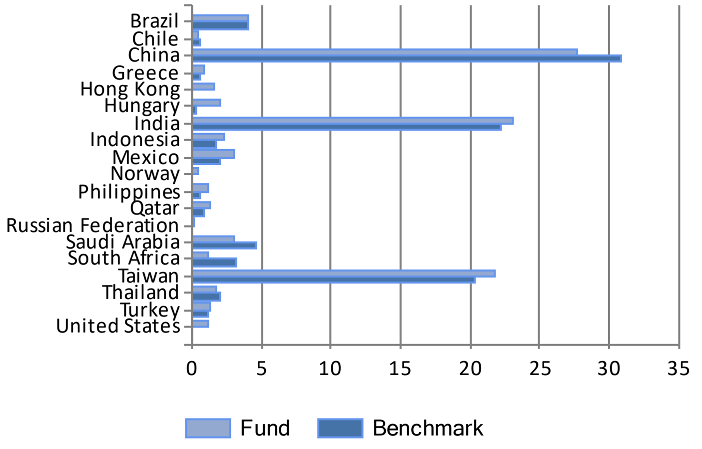
The China market had continued its extremely strong momentum from the end of September into the start of October, however as policy implementation disappointed, share prices fell back. Uncertainty remains in relation to the impact that the Trump election will have on China, amid speculation of various levels of tariff programmes to be implemented. However, Mr Trump's victory has not led to an immediate market reaction with the China market falling just c. 2% from 5th November 2024.

From a manager perspective, FountainCap returned -0.5%, outperforming the FTSE China by +0.4%, however, UBS returned -3.5% underperforming by 2.6%. Both managers faced headwinds from state-owned banks outperforming, driven in part by the Chinese government announcing its monetary policy would move to be "reasonably loose". FountainCap's performance was mixed despite beating the benchmark over the quarter. Its largest portfolio position, Pop Mart International, rose c. 80% as the retail store company reported strong growth amid its overseas expansion. However, other large portfolio holdings such as Sungrow Power and Anta Sports reported disappointing results. UBS fared similar to FountainCap for the most part, underperforming due to not holding some heavier index constituents which performed well, however, whereas Fountain Cap owned Pop Mart to offset the underperformance, UBS' strongest contributors performed more modestly.

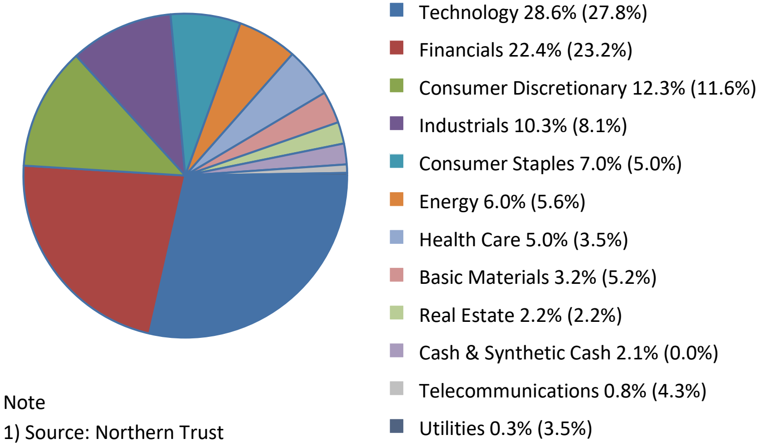
Note
1) Source: Border to Coast

Emerging Markets Equity Fund
at 31 December 2024

Regional Breakdown



Sector Portfolio Breakdown



Note
1) Source: Northern Trust

Emerging Markets Equity Fund

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

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

Sector Weights:

Industrials (o/w) – The Fund is 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.

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 several stocks (particularly in China) that are well positioned to benefit from such a tailwind.

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

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

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

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

Emerging Markets Equity Fund Attribution
at 31 December 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
POP MART	1.13	80.31	0.10	80.30	0.53	Consumer Discretionary	China
Alibaba	1.42	(17.42)	2.36	(19.78)	0.29	Consumer Discretionary	China
Taiwan Semiconductor	11.88	16.69	10.32	16.48	0.24	Technology	Taiwan
Aegis Logistics	1.71	12.74	0.00	0.00	0.19	Energy	India
Globant	1.14	15.92	0.00	0.00	0.18	Technology	United States

Positive Issue Level Impacts

Pop Mart International Group Ltd (o/w) – A global retailer domiciled in China. The company reported a +60% rise in revenues over the period 1H 24 driven by strong momentum in the firm's overseas expansion as well as witnessing resilient domestic demand for its products.

Alibaba Group Holding (u/w) – A Chinese multinational technology company, best known for e-commerce and online payment platforms. The company's share price declined amidst continued competition impacting its e-commerce and cloud business units.

TSMC (o/w) – The leading global semiconductor manufacturer. The company reported strong earnings over the quarter that evidenced profit growth of >50% from a year earlier, which came in above estimates, as well as other financial results exceeding analyst expectations.

Aegis Logistics (o/w) – An India-based integrated oil, gas and chemical logistics company. Management reiterated strong guidance of the company achieving 25% YoY volume expansion for March 2025, driven by additions to both liquid and gas terminal capacity.

Globant SA (o/w) – An IT and software development company. Its management announced an acquisition which will deepen its data & AI offering throughout North America and expand its global footprint across other regions.

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

Emerging Markets Equity Fund Attribution at 31 December 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)	Sector	Region
Ayala Land	1.10	(25.43)	0.04	(25.23)	(0.36)	Real Estate	Philippines
Chailease	0.95	(28.28)	0.07	(28.55)	(0.35)	Financials	Taiwan
Xiaomi	0.00	0.00	0.95	64.21	(0.34)	Telecommunications	China
Sungrow Power	0.77	(24.29)	0.02	(24.30)	(0.24)	Energy	China
CreditAccess Grameen	0.68	(22.29)	0.00	0.00	(0.23)	Financials	India

Negative Issue Level Impacts

Ayala Land Inc (o/w) – A Philippines based property developer focused on developing integrated and mixed-use real estates. Shares of the company retreated in response to rising yields in the US which will likely delay rate cuts in the Philippines, impacting growth of the company's residential development business.

Chailease Holding (o/w) – A Taiwanese equipment leasing organisation. The company reported earnings below market expectations and highlighted slower portfolio growth and elevated credit costs across major regions. Performance was also hindered by delinquency rates trending higher across China and Southeast Asia, reflective of a sluggish economy in the region.

Xiaomi Corporation (not held) – A China-based company principally engaged in the research, development and sales of smartphones. Xioami's quarterly earnings exceeded analyst expectations, reporting 31% revenue growth YoY, driven by robust performance in its high-end smartphone segment. The firm also benefitted from continued momentum in electric vehicle sales.

Sungrow Power Supply Inc (o/w) – A renewable energy equipment company. The company's earnings report illustrated strong energy storage systems shipments, however, reported revenue growth was below expectations. Donald Trump's re-election also raised concerns on the impacts of tariffs on the company's exports.

CreditAccess Grameen (o/w) – An India-based microfinance company. The company reported a weak set of results over the quarter which highlighted a deterioration in asset quality. Its management revised annual growth outlook downwards which further weighed on the company's shares over the period.

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

Emerging Markets Equity Fund at 31 December 2024

Largest Relative Over/Underweight Stock Positions (%)

Kweichow Moutai	+1.81
Aegis Logistics	+1.71
HDFC Bank	+1.61
Taiwan Semiconductor	+1.56
Netease	+1.54
China Construction Bank	-1.02
Xiaomi	-0.95
Alibaba	-0.94
Infosys	-0.75
ICBC	-0.69

Top 5 Holdings Relative to Benchmark:

Kweichow Moutai – A leading Chinese baijiu (liquor) producer with strong brand presence and scale. Although the company has suffered from a slowdown in consumer spending, it is still on track to deliver its 2024 growth target and remains well positioned to benefit from the return of consumer confidence in mainland China.

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

HDFC Bank Ltd – India's largest private sector bank. The bank faced challenges after its 2023 acquisition of HDFC Ltd, however the bank remains well positioned to benefit from India's increased rate of financial inclusion and digitisation of its financial system.

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

NetEase Inc – 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 in Japan) along with a strong pipeline of games, should bode well for sales and profit growth.

Bottom 5 Holdings Relative to Benchmark:

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 the banking and finance sector.

Xiaomi Corporation – The performance of the China-based company has been bolstered by its successful entry into the smart EV market over the past year, with shares now trading at all-time highs. However, it remains early days for the company, and it is yet to be seen whether this demand can be sustained. The company also faces domestic competition from Huawei.

Alibaba Group Holding – Chinese multinational technology company, best known for e-commerce and online payment platforms. The company continues to experience intensified competition across its core markets which is exerting pressure on profit margins.

Infosys – An Indian IT consulting and software services business. The company is held underweight, with our EM ex-China manager favouring other global competitor firms which offer less discretionary services, such as moving digital infrastructure to the cloud.

Industrial & Commercial Bank China – 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 the banking and finance sector.

Note
1) Source: Northern Trust

Emerging Markets Equity Fund
at 31 December 2024

Major transactions during the Quarter:

Purchases:

SF Holding *(New Position – China)* – A Chinese logistics services company, operating domestically and internationally. The Manager believes that the company is positioned to be a key beneficiary from both Chinese firms expanding internationally, and multinational corporations adopting a "China+1" strategy.

China Resources Beverage (Holdings) Company Ltd *(New Position – China)*– Principally engaged in the manufacturing and sales of packaged water products and beverage products. Our manager participated in the IPO of CR Beverage due to its strong positioning in the underpenetrated bottled water segment in China and it expects margin expansion to drive strong earnings growth going forwards.

Sales:

Budweiser Brewing Co APAC *(Exited Position – China)*– Fountain Cap sold the company noting a declining market share and expectations of low growth over the next few years.

Yum China *(Exited Position – China)* – Fountain Cap sold the company noting it expects decreasing same store sales, which would bring pressure on profit margins.

Hangzhou Tigermed Consulting Co.Ltd *(Exited Position – China)* – UBS sold the position after the share price rose to an attractive level.

UK Listed Equity Fund - Overview
at 31 December 2024

UK Listed Equity Fund

The fund generated a total return of -1.50% during the quarter, compared to the benchmark return of -0.35%, resulting in 1.15% of underperformance.

The Fund's underperformance primarily resulted from the following:

- Stock selection in Industrials, an underweight position in Rolls Royce for the majority of the quarter, and overweight positions in both Experian and Ashtead were the largest contributors.
- Underweight allocation to Financials, where an underweight allocation to Financial Services was the main contributor.
- Stock selection in Utilities, where an overweight position in SSE and underweight holding in Centrica weighed on performance.

This underperformance was partly mitigated by the following:

- Combination of an underweight allocation to Telecoms alongside positive stock selection where an initial underweight position in BT followed by a move to an overweight position during the quarter and an underweight holding in Vodafone were the key drivers.
- Positive stock selection in Consumer Staples where an overweight position in Imperial Brands was the most significant contributor.

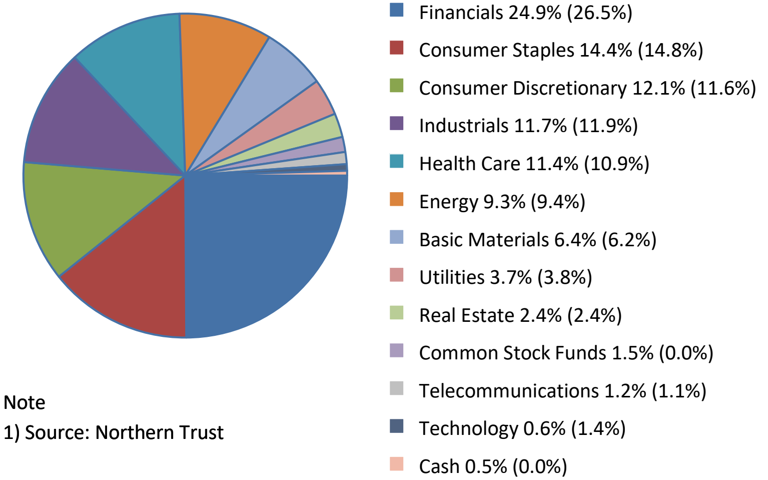
Note
1) Source: Border to Coast

UK Listed Equity Fund
at 31 December 2024

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.51
Health Care	+0.48
Consumer Discretionary	+0.46
Basic Materials	+0.25
Telecommunications	+0.09
Financials	-1.65
Technology	-0.71
Consumer Staples	-0.40
Industrials	-0.22
Energy	-0.14

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) – the fund holds two specialist funds/collective vehicles forming part of our exposure to UK smaller companies. UK small caps, in common with other geographies, have underperformed the wider market in recent years leaving current valuations increasingly attractive. Over longer periods of time, helped by their higher growth potential, small cap companies have a track record of delivering outperformance.

Healthcare (o/w) – secular growth industry driven by 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, with healthcare spending typically growing ahead of GDP. Additionally, the sector benefits from significant barriers to entry – from patent protection and rigorous drug approval processes – enhancing pricing power.

Consumer Discretionary (o/w) – broad mix of exposure to higher quality names within the sector such as RELX, Compass & Next plus travel and leisure holdings Intercontinental Hotels, Whitbread and Carnival which are experiencing a strong post-Covid recovery, together with Flutter which continues to benefit from strong growth in US on-line sports betting and gaming.

Financials (u/w) – predominantly due to an underweight position in investment trusts and stock specific underweights in 3i Group and Lloyds Banking Group, partly compensated by overweight positions in Barclays and selective financials with Asian exposure such as Standard Chartered and Prudential where rising wealth levels provide attractive long term growth potential, plus overweight positions in UK small cap investment trusts which typically outperform the broader equity market over the long term.

Technology (u/w) – small sector within the UK benchmark with the sector underweight position compensated by holdings elsewhere such as Allianz Technology Trust (global technology focussed investment trust), biotechnology investment trust holdings and Herald Investment Trust (small cap technology /communications /media focussed investment vehicle).

Consumer Staples (u/w) – small underweight to the sector primarily due to stock specific underweights (Diageo & Reckitt). The wider sector boasts a broad mix of food and beverage, beauty, personal care, and home care product manufacturers and food retailers which typically offer strong cash generation, robust balance sheets and provide quality through-cycle compounding characteristics. Consumer staples companies demonstrated resilient trading throughout the pandemic, and would be expected to perform strongly, relative to the wider equity market, during a global downturn.

UK Listed Equity Fund Attribution
at 31 December 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Imperial Brands	1.89	19.66	0.91	19.96	0.16
Glencore	0.95	(16.99)	1.82	(17.37)	0.15
Intercontinental Hotels	1.42	22.37	0.67	22.35	0.14
Standard Chartered	1.52	24.64	0.85	24.67	0.13
Flutter Entertainment	0.74	17.91	0.00	0.00	0.11

Imperial Brands PLC (o/w) – shares continue to outperform peers with full year results during the quarter confirming sales and market share growth across its top 5 markets. Pricing helped drive Imperial's strongest earnings growth in over a decade, supporting elevated shareholder returns through a combination of buybacks and dividends.

Glencore PLC (u/w) – softer commodity prices and delays to anticipated China stimulus have weighed, with the decision to retain coal assets post the acquisition of Teck Resources coal division leaving gearing higher than anticipated, potentially delaying additional shareholder distributions.

Intercontinental Hotels Group PLC (o/w) – continues to see strong trading in its key markets such as the US, with China in particular beating expectations. Announced new US co-branded credit card deal during the quarter on materially improved financial terms.

Standard Chartered PLC (o/w) – higher base rates and reviving Asia trade post Covid disruption supportive with Standard Chartered also well placed as wider Asia trade benefits from China substitution, management commitment to increasing returns on tangible equity ("ROTE") and expectations for strong growth in its Asian wealth business.

Flutter Entertainment PLC (o/w) – consolidating its leading position in US on-line sports betting and gaming, where growth continues to exceed expectations and now reaching a key breakeven hurdle in the US division. Positive reaction to its Capital Markets Day which set out a credible strategy to double EBITDA over the next 3 years.

Note
1) Source: Northern Trust & Border to Coast

UK Listed Equity Fund Attribution Continued
at 31 December 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Vistry Group	0.29	(56.36)	0.07	(56.20)	(0.28)
IAG	0.00	0.00	0.47	46.98	(0.15)
Persimmon	0.53	(26.18)	0.16	(26.25)	(0.13)
3I Group plc	0.00	0.00	1.40	8.74	(0.12)
Rolls Royce	2.04	(0.84)	2.05	7.85	(0.11)

Vistry Group PLC (o/w) – affordable/social housing focussed builder where demand continues to exceed supply however three profit warnings during the period have seen the shares fall sharply, initially centred upon previously unidentified building cost overruns in its largest Southern division, leading to the exit of its COO, followed by a further announcement of delayed completions /termination of unprofitable contract negotiations towards the end of the quarter.

International Consolidated Airlines Group PLC (u/w) – shares have performed strongly on the back of a continued recovery in long haul air travel. Capacity constraints remain in its key transatlantic market, supporting both pricing and margins, with a new share buyback also announced during the quarter.

Persimmon PLC (o/w) – a strong performance for UK housebuilders following the UK election result on the prospect of planning reforms faded during the quarter triggered by affordability concerns (inflationary impact of Budget on mortgage rates), homebuyer stamp duty increases and likely delays to potential planning reforms.

3i Group PLC (u/w) – not held. Positive reaction to interim results where Action, the European discount retailer representing over 70% of the investment company's portfolio, has continued to deliver strong trading performance, with the remainder of the private equity portfolio also proving resilient.

Rolls Royce Holdings PLC (neutral) – continues to deliver operational improvements following significant restructuring and seeing a sustained recovery in aftermarket business, underpinning confidence in free cash generation growth. During the quarter the fund closed its underweight position.

Note
1) Source: Northern Trust & Border to Coast

UK Listed Equity Fund
at 31 December 2024

Largest Relative Over/Underweight Stock Positions (%)

Shell	+1.03
Imperial Brands	+0.98
Barclays	+0.94
Impax Environmental Markets	+0.86
Unilever	+0.85
3I Group plc	-1.40
Diageo	-1.25
Lloyds Banking Group	-0.95
BP	-0.93
Glencore	-0.87

Note
1) Source: Northern Trust

Top 5 relative stock weights

Shell PLC – increased overweight position funded by a reduced position in BP (overall neutral weighting to Energy). Shell's global LNG assets offer unique exposure to a key component of the global energy market and the transition away from more polluting energy sources such as thermal coal. Elevated shareholder returns appear more sustainable given strong cash flow and following significant reduction in balance sheet debt.

Imperial Brands PLC – Growing market share in its key markets for traditional tobacco products generating strong cash generation where pricing continues to offset volume declines and a more disciplined approach to new generation product development, leading to elevated shareholder returns through a combination of share buy backs and progressive dividend.

Barclays PLC – provides diversified banking exposure mix from its UK, Wealth, Investment Bank and global card business, with the group generating double digit ROTE and shareholder returns. Valuation remains undemanding compared to peers at c0.7x Price/Tangible Book Value.

Impax Environmental Markets PLC – leading ESG-focused fund which specialises in alternative energy, energy efficiency, water treatment, sustainable food, clean transport, smart environments, pollution control and waste technology. Whilst more recently the sector has been out of favour, over the long term it has delivered strong performance.

Unilever PLC – preferred staples exposure with a switch from Diageo and Reckitt during the quarter. Attractive mix of emerging market and developed market exposure, with investment now more focussed toward higher growth/higher margin areas, whilst also benefitting from recent restructuring/improving operational performance under a new management team.

Bottom 5 relative stock weights

3i Group PLC – global private equity investor albeit with an unusually concentrated investment portfolio where over 70% of the current net asset value is invested in a single asset, Action, a European discount retailer. Whilst Action continues to trade strongly, the valuation of 3i appears demanding, with the premium at which the shares are trading near historic highs.

Diageo PLC – staples preference for Unilever and Haleon. Diageo continues to be impacted by a prolonged de-stocking within the global spirits market and where the longer-term impact from an increase in the adoption of weight loss drugs and lower alcohol consumption by younger generations remains unclear.

Lloyds Banking Group PLC – preference for NatWest, which provides similar UK banking exposure, and Barclays for broader global banking mix, with both having significantly lower risk associated with potential motor finance redress following the recent unfavourable court ruling and ongoing FCA review.

BP PLC – sector rotation with preference for Shell whilst maintaining neutral Energy sector weighting. Shell offers a more attractive business mix (greater LNG exposure) whereas BP has been slower to address concerns over lower returns from capital investment and higher debt levels, with shareholder distributions appearing less sustainable should energy prices fall from current levels.

Glencore PLC – the recent acquisition of Elk Valley Resources from Teck Resources has significantly increased Glencore's exposure to metallurgical/coking coal. We prefer Rio Tinto & Antofagasta where we see a more attractive blend of commodity exposures (copper & iron ore assets).

UK Listed Equity Fund
at 31 December 2024

<u>Major transactions during the Quarter:</u>

Purchases

Rolls Royce Holdings PLC (£68.3m) – new holding. Neutralised the fund's largest risk position. Significant restructuring and improvement in operational delivery, supported by a strong recovery in aftermarket revenues, underpinning free cash generation and growth.

NatWest Group PLC (£45.7m) – switch from Lloyds Banking Group. NatWest offers similar UK domestic banking exposure but with much less material risk from potential motor finance redress following the recent adverse court ruling. The UK government stake has continued to reduce significantly, removing a potential overhang whilst also increasing liquidity/benchmark weight.

BT Group PLC (£39.3m) – new holding. After a number of years of underperformance, the investment case appears stronger under new management, with a reduced risk from alternative network providers (increased funding costs) and a cleaner/more reliable free cash flow profile as capex nears its peak.

Rio Tinto PLC (£31.2m) – closing the fund's underweight to mining stocks following China's initial policy action. Attractive mix of copper/iron ore assets with increased visibility on growth plans and operating towards the lower end of the commodity cost curve.

Sales

Diageo PLC (£49.6m) – global spirits continue to be impacted by an extended period of de-stocking post the boost to in-home consumption experienced during the Covid lockdown. The longer-term impact of increased use of weight-loss drugs and lower alcohol consumption amongst younger generations remains unclear.

Lloyds Banking Group PLC (£47.8m) – switch to NatWest which offers similar UK domestic banking exposure but with a much lower risk from potential motor finance redress following the recent adverse court ruling concerning undisclosed motor finance commissions.

Reckitt Benckiser Group PLC (£34.8m) – moved to underweight position. Material litigation risk within the infant nutrition business following a recent adverse US court ruling which is likely to remain an overhang on the shares for some considerable time.

Associated British Foods PLC (£26.1m) – exited position following a profit warning in its sugar division and over concerns Primark's sales growth, a key part of the investment case, may be moderating after experiencing a number of years of strong growth.

APPENDICES

Overseas Developed Markets Fund - United States
at 31 December 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Alphabet A	2.22	0.89	0.22
Broadcom	1.54	0.87	0.20
Vanguard US Mid Cap ETF	3.20	0.00	0.18
Amazon	2.38	1.65	0.12
Walmart Inc	0.84	0.31	0.08

Alphabet Class A (o/w) – In early December Alphabet unveiled Willow, a new quantum computing chip. The company hailed this as a meaningful breakthrough in computing, with Willow able to perform computations that would take the current most powerful computers 10 septillion years – that’s 10 and 24 zeros. This got investors thinking about a world even beyond AI, and what role Alphabet will play in it. Alphabet’s third-quarter results were also very robust, with the company’s core search advertising showing impressive resiliency, along with notable strength from YouTube and improving momentum with Google Cloud.

Broadcom (o/w) – The application specific integrated circuit (ASIC) maker delivered standout third-quarter results and suggested future potential revenues that far outstripped investor expectations.

Vanguard Mid-Cap ETF (o/w) – Even though small and medium sized stocks underperformed the broader S&P 500 for the quarter, our large position size in the Vanguard Mid-Cap ETF – which gives the portfolio exposure to the smaller end of the US stock market – delivered a positive contribution.

Amazon (o/w) – Amazon’s relentless focus on costs has boosted profitability at the company’s massive retail operation, lifting overall company profit margins. It also led to further price reductions for customers, extending the retail giant’s lead. What’s more, Amazon’s cloud business – AWS – has benefitted from explosive demand for its AI offerings. In summary, the outlook for all parts of Amazon’s business looks attractive.

Walmart (o/w) – Walmart’s transformation from a bricks-and-mortar retailer to a genuine omnichannel (physical and digital) retailer has led to impressive market share gains – and an equally impressive stock price performance. While Walmart’s stock valuation has expanded, the company’s financial performance has justified the gains.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - United States
at 31 December 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Tesla	0.36	0.91	(0.33)
Alphabet C	0.00	0.73	(0.13)
Palantir Technologies	0.00	0.12	(0.07)
Salesforce	0.00	0.26	(0.06)
Elevance Health	0.25	0.07	(0.05)

Tesla (u/w) – Tesla fans believe that Elon Musk's proximity to the incoming US administration will give the electric vehicle maker a significant advantage over its competitors. Reduced incentives, for example, are seen as less impactful for Tesla than America's other big carmakers. And that could improve the competitive position for Tesla markedly. While we recognise that the size of emerging markets like robotics has widened the potential outcomes for the company (reflected in us closing our underweight) we still believe that extremely optimistic assumptions and forecasts are required to even get close to justifying Tesla's currents stock valuation.

Alphabet Class C (u/w) – Our underweight in Alphabet class C shares is more than offset by our overweight in the class A shares.

Palantir Technologies (u/w) – Palantir's solutions continue to benefit from the explosion in AI related demand. The stock's valuation has benefitted even more, however, with Palantir trading on a remarkable 167 times 2025 forecast earnings.

Salesforce (u/w) – Salesforce is rapidly becoming known as the market leader for Agentic Computing – meaning digital agents that displace human labour. This could be a massive market, and the company's Agentforce product is proving popular in its early days. Markets that have unimaginable potential capture the imagination of investors. They are also difficult to accurately size, leaving room for dramatic valuation expansion in the early stages of growth.

Elevance (o/w) – Health insurers suffered during the quarter as results showed that rising health care costs – particularly from government insurance programme Medicaid – were not matched by insurance premium increases. This mismatch will take some time to equalise.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - United States
at 31 December 2024

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.20
Alphabet A	+1.33
Microsoft	+0.80
Amazon	+0.73
Broadcom	+0.67
Alphabet C	-0.73
Tesla	-0.55
Exxon Mobil	-0.38
Johnson & Johnson	-0.28
Salesforce	-0.26

Top 5 Holdings Relative to Benchmark:

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

Alphabet Inc Class A – Alphabet, Google's parent company, has two share classes. Although the fund doesn't own class C shares, our position remains overweight. Google excels in internet advertising and cloud computing, and Alphabet is leading in quantum computing.

Microsoft Corp – Microsoft is thriving with growth in cloud hosting and strong demand for Office. It's well-positioned to upsell AI-enhanced software to enterprises. Despite concerns over AI-related data center spending, we remain confident in Microsoft's leadership.

Amazon – Amazon's cloud infrastructure business is set for profitable growth, while its retail division should see higher margins from scale benefits and high-margin advertising. Cost reductions through efficiency technology have significantly boosted overall profitability.

Broadcom – Half of Broadcom's revenue is from recurring software sales, boosted by acquiring VMware. The other half is from semiconductors, with a growing share from AI chips. This makes Broadcom a strong AI and semiconductor investment, supported by a cash-generative software business.

Bottom 5 Holdings Relative to Benchmark:

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

Tesla Inc – We acquired a position in Tesla this quarter but remain underweight. Despite believing the stock is overvalued, AI advancements have expanded Tesla's potential. Robotics, humanoids, and energy storage could become valuable, and Elon Musk's Republican alignment might offer short-term benefits.

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

Johnson & Johnson – We sold Johnson & Johnson on concerns about the company’s inability to replace key drugs that are losing their patents. The stock has continued to underperform post our exit.

Salesforce – We see more AI opportunities in enterprise resource planning (ERP) than in customer relationship management (CRM). While Salesforce has potential in Agentic Computing, we believe this market is unproven and may be smaller than projected.

Note
1) Source: Northern Trust

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

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Bayer	0.00	0.07	0.04
Airbus	0.63	0.35	0.04
Sika	0.00	0.13	0.04
Vestas Wind Systems	0.00	0.05	0.03
Givaudan	0.00	0.13	0.02

Bayer (u/w) – The German healthcare and chemicals conglomerate saw its share price fall substantially. This followed it lowering the outlook for revenues at its agricultural products division due to low prices for crop protection products and due to slower than expected growth in its consumer health business. It also guided for earnings to fall year on year in 2025.

Airbus (o/w) – The French aircraft manufacturer saw orders confirmed from a Middle Eastern airline for its flagship A350 product. This confirmed the strong demand for their products and underpinned their full year guidance on deliveries which was heavily weighted towards the end of the year.

Sika (u/w) – The Swiss specialty chemicals company which provides products for the construction industry held a Capital Markets Day which disappointed investors. During this event, the CEO noted that the company was not seeing an acceleration on growth and margins would be lower in H2 compared to H1 2024.

Vestas Wind System (u/w) – The Danish wind turbine manufacturer saw its shares fall sharply during the quarter as it cut its margin guidance for 2024 due to a whole host of factors. Vestas has seen increased competition and lower demand as project delays have put pressure on pricing. At the same time, the company has been burdened by rising raw material costs and higher provisions for equipment warranties.

Givaudan (u/w) – The Swiss flavours and fragrances group, saw its share price fall over the quarter despite strong Q3 2024 numbers showing good organic growth as investors started to question whether volume growth and margins had peaked. The company also indicated that it would reinvest some of the higher-than-expected cashflow back in the business which would lead to lower margins in 2025.

Note
1) Source: Northern Trust & Border to Coast

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

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Novo Nordisk	1.25	1.00	(0.10)
Capgemini	0.38	0.10	(0.06)
DSM-Firmenich	0.31	0.07	(0.06)
TotalEnergies	0.78	0.41	(0.05)
ASML	1.32	1.03	(0.05)

Novo Nordisk (o/w) – Novo reported a disappointing result from the trial of its next generation anti-obesity drug, CagriSema where the weight loss from the drug was below the company's expectation. Novo should still see an increase in revenue as the supply issue starts to become less of a concern as Novo starts to integrate the three fill and finish Catalent sites acquired from Novo Holdings.

Capgemini (o/w) – The French IT consulting group underperformed following weaker than expected quarterly results which have led to it cutting its outlook for 2024 revenues given the softer aerospace and automotive end markets. The consultancy market has been soft, and expectations are that industrial consultancy will start to see improvements in the second half of 2025.

DSM-Firmenich (o/w) – The Dutch flavours and fragrances company declined over the quarter despite raising its guidance for 2024 on the back of higher vitamin prices. Higher vitamin prices should only be a short-term driver due to peers currently experiencing production difficulties. Going forward the company should now start to see sales synergies coming through as DSM and Firmenich are becoming more integrated.

TotalEnergies (o/w) – The French oil and gas company fell due to concerns surrounding global economic growth which impacted the results from the downstream segment during the quarter. In addition, the oil price fell after Israel stated it would not target Iran's oil infrastructure. The company is still one of the lowest cost oil producers and diversification into LNG and renewables will help to reduce its risk to oil prices.

ASML (o/w) – The Dutch lithography company underperformed on weaker than expected Q3 2024 orders with the company also cutting guidance for 2025. Valuation is now at the lower end and as lithography will be an important part in semiconductor chip production ASML should benefit due to its monopoly position.

Note
1) Source: Northern Trust & Border to Coast

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

Largest Relative Over/Underweight Stock Positions (%)

Schneider Electric	+0.45
Deutsche Telekom	+0.42
Industria de Diseno Textil	+0.38
TotalEnergies	+0.37
Munich Re	+0.34
Zurich Insurance Group	-0.32
Hermes	-0.30
Banco Santander	-0.26
UniCredit	-0.23
BBVA	-0.21

Top 5 Holdings Relative to Benchmark:

Schneider Electric (o/w) – Schneider is a highly regarded and well-managed electrical power equipment company that enjoys a strong global position in the structural growth markets of Energy Management and Industrial Automation where growth is being driven by strong demand for Data Centres.

Deutsche Telekom (o/w) – Deutsche Telekom in Germany is Europe's largest listed telecoms company which owns a majority stake in a US mobile telecoms operator which generates 2/3rds of profits. Strong growth in the US mobile market is driving improved cashflow and earnings which is leading to improved cash returns for shareholders through higher dividends and buybacks

Inditex (o/w) – The Spanish listed retailer is the largest fashion retailer globally by revenues with 8 different retail formats in 213 markets. It has grown strongly over the last 20 years due to its flexible business model which has seen it adapt better to digital competition than other bricks and mortar retailers. It has a strong balance sheet and still has opportunities for growth whilst now trading at a valuation discount to its history.

TotalEnergies (o/w) – The French petroleum company has recently been shifting away from its core oil business and has now become the second largest player in LNG. The management team is looking to diversify further into green energy and renewables. This diversification as well as being one of the lowest cost oil producers lead us to being overweight the name.

Munich Re (o/w) – The German financial company is one of the world's leading providers of reinsurance where the group can use its strong balance sheet to drive faster growth and generate higher shareholder returns.

Bottom 5 Holdings Relative to Benchmark:

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

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

Banco Santander (u/w) – Santander's balance sheet is considered one of the weakest in the sector, and its end markets are especially vulnerable to the impact of higher interest rates. The bank's strategy to expand into investment banking remains risky, in our opinion.

Unicredit (u/w) – The Italian bank is not held in the portfolio as we think it is less well managed with management considering M&A that we believe could destroy shareholder value. We prefer its competitor, Intesa Sanpaolo, as it benefits from a more diversified revenue base, strong asset gathering capability and a potential recovery in fees & trading to largely offset sector wide the margin pressures.

BBVA (u/w) – BBVA's recent acquisition of Banco Sabadell, a local competitor, adds integration and deal risk, which we believe is not adequately compensated for in the equity valuation. BBVA is also less diversified than to some if its peers which the Sabadell deal does little to alleviate due to its exposure outside of Spain consisting largely of Mexico and Turkey.

Note
1) Source: Northern Trust

Overseas Developed Markets Fund - Japan
at 31 December 2024

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Recruit Holdings	0.42	0.22	0.04
Mitsubishi UFJ Financial	0.49	0.30	0.03
Sumitomo Mitsui Financial	0.40	0.20	0.03
Sony	0.46	0.29	0.02
Nintendo	0.31	0.14	0.02

Recruit Holdings (o/w) – Owner of popular US employment search-engine Indeed.com, Recruit attracted market attention as a Japanese beneficiary of the "Trump Trade" with the share price buoyed by expectations of an improving US labour market. Current fundamentals also appear more resilient than expected.

Mitsubishi UFJ (o/w) – Interest-rate sensitive stocks outperformed the broader market during the quarter as Bank of Japan guidance turned more hawkish and JGB yields resumed their upward trajectory following the summer's notable macro volatility. Blue-chip stocks like MUFG faired particularly well in recognition of their strong balance sheets and solid growth potential in a higher-rate environment.

Sumitomo Mitsui Financial Group (o/w) – Interest-rate sensitive stocks tended to outperform the broader market during the quarter as JGB yields resumed their upward trajectory and the Bank of Japan reverted to a more hawkish outlook. As with MUFG, blue-chip stocks like SMFG faired particularly well.

Sony (o/w) – The shares had underperformed for some time as investors struggled to understand the growth trajectory of the company's core gaming and network services business. Sentiment shifted during the quarter, however, on news that PS5 consoles had become profit-making, as well as improving growth numbers in key network services metrics like monthly average users (MAU) and total game playtime.

Nintendo (o/w) – Investors responded positively to a rare strategic update from senior management in November. Management appears confident that next-generation Switch gaming console can generate comparable sales and earnings to the current generation — a particularly salient point given the feast-and-famine-type volatility traditionally associated with Nintendo new console launches.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Japan
at 31 December 2024

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
KEPCO	0.13	0.02	(0.04)
Shimano	0.14	0.03	(0.04)
Mizuho Financial	0.00	0.14	(0.03)
Advantest	0.00	0.10	(0.02)
Asahi	0.18	0.03	(0.02)

Kansai Electric Power (o/w) – The company issued new equity during the quarter, pressuring the share price. In addition, a significant portion of capital raised from the new equity issuance looks to be allocated toward replacing existing capital stock rather than growing sales and earnings.

Shimano (o/w) – Shares reversed course from previous quarter's outperformance. Despite signs earlier in the year that an inventory correction for the company's core bicycle parts business is finally coming to an end, quarterly results disappointed the market. Sales had surged during the Covid era, and post-covid normalisation left many of the company's retail customers holding excess levels of inventory.

Mizuho Financial Group (u/w) – As we pointed out in our discussion on Top 5 contributors Mitsubishi UFG and Sumitomo Mitsui Financial Group, interest-rate sensitive stocks outperformed the broader market during the quarter on a resumption of hawkish language from the BoJ and further gains in JGB yields. We prefer these two megabanks to Mizuho, however, due to their superior positioning and strong business portfolio.

Advantest (u/w) – Shares of this back-end chip testing-equipment maker managed to avoid the boom-and-bust volatility that characterized its peer group in the semiconductor production equipment sector (including our core holdings, Tokyo Electron and Disco) during the earlier part of the year. As a result, the stock was well positioned to benefit from a year-end tech rally following the summer selloff in the sector.

Asahi Group (o/w) – The market reacted unfavourably to weakness in Australian operations, one of the Japanese beer-maker's key markets. Japanese domestic volumes also appear weak. We continue to see solid longer-term opportunities in these markets, however, as well as the company's growth markets of Central and Eastern Europe.

Note
1) Source: Northern Trust & Border to Coast

Overseas Developed Markets Fund - Japan
at 31 December 2024

Largest Relative Over/Underweight Stock Positions (%)

Sumitomo Mitsui Financial	+0.20
Recruit Holdings	+0.19
Mitsubishi UFJ Financial	+0.19
TDK	+0.19
Hitachi	+0.18
Mizuho Financial	-0.14
Fast Retailing	-0.14
Mitsui & Co	-0.13
Daiichi Sankyo	-0.11
Mitsubishi Heavy Industries	-0.10

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

Recruit Holdings – We value this company's ability to grow its digital properties over the last decade and transform its business model from a domestic player focused on in-person recruitment to a global enterprise with comprehensive capabilities across recruitment functions. In our view, the company still has significant leeway to grow through ever-greater monetization of its digital properties.

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

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

Hitachi – Over the last 14 years, large-scale corporate restructuring has transformed this company from a sprawling and inefficient corporate behemoth into a lean and focused creator of industrial value. Management is now shifting its attention from restructuring to growth, led by world-class technology and industrial integration, as well as electric distribution and traditional industrial verticals like rolling stock.

Bottom 5 Holdings Relative to Benchmark:

Mizuho Financial Group – While we maintain our overweight in financials, we prefer MUFG for the higher quality of its domestic franchise as well as its blue-chip overseas assets like Morgan Stanley. We also prefer to hold Sumitomo Mitsui Financial Group for its successful efforts to build profitable non-lending businesses.

Fast Retailing – We rate this high-quality, high-growth apparel retailer very favourably but struggle to find an attractive entry point as valuations reflect greater positive performance than we believe is feasible.

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

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

Mitsubishi Heavy Industries – The shares of this diversified industrial company have been attracting market attention over the last year as long-running restructuring efforts that have frustrated investors in the past have finally started to bear tangible fruit. We prefer Hitachi, however, given its better growth profile, superior industry positioning, and the fact that its portfolio restructuring has progressed far further.

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

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Samsung Electronics Prefs	0.00	0.18	0.04
Shinhan Financial	0.00	0.11	0.03
DBS Group	0.60	0.47	0.02
Aristocrat Leisure	0.34	0.20	0.02
NAVER	0.32	0.13	0.02

Samsung Electronics Prefs (u/w) – Samsung Electronics underperformed as the expected recovery in legacy memory products was delayed on sluggish demand for IT products including PCs and smartphones. Progress on achieving approval for the use of its high-bandwidth memory with Nvidia also remained slow though we are optimistic this should be resolved in 2025. The Fund is overall overweight in Samsung with an underweight in the preferred Samsung shares more than offset by an overweight in the common shares.

Shinhan Financial Group (u/w) – In line with the wider banking sector in Korea, Shinhan underperformed on the back of the political turmoil in the country. The increased prospects of the left-leaning opposition party winning the next presidential elections could impact the ability of banks to release capital and lift shareholders' returns going forward. Potential political pressure leading to new social lending programmes also affected the sentiment towards the stock and sector.

DBS Group (o/w) – Outperformed benefitting from the rise in global bond yields and an improved outlook for profitability as interest rates remain higher for longer.

Aristocrat Leisure (o/w) – Continued to gain market share in its gaming operations in the US. Their social casino business also performed strongly following optimisation measures that resulted in lower user acquisition spending and further costs savings.

Naver (o/w) – Underpinned by its low valuation, Naver outperformed as revenue grew from both its search and e-commerce platforms. Margins also improved, supported by their efficient cost management.

Note
1) Source: Northern Trust & Border to Coast

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

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Samsung Electronics	1.61	1.26	(0.11)
Samsung SDI	0.20	0.06	(0.08)
AIA Group	0.83	0.58	(0.04)
Lynas Rare Earths	0.17	0.03	(0.04)
Newmont Corporation	0.12	0.00	(0.04)

Samsung Electronics (o/w) – As per the Preferred shares, Samsung Electronics underperformed as the expected recovery in legacy memory products was delayed on sluggish demand for IT products including PCs and smartphones. Progress on achieving approval for the use of its high-bandwidth memory with Nvidia also remained slow though we are optimistic this should be resolved in 2025.

Samsung SDI (o/w) – Despite very undemanding valuations and attractive long-term growth prospects, the leading EV battery maker underperformed, affected by weak sales and deteriorating earnings guidance. Demand for EV batteries has been sluggish despite a long term growth trend and recent sentiment has softened due to concerns of potential changes to US government policies.

AIA Group (o/w) – Though they are set to benefit from the low penetration in life insurance markets and rising living standards in China/ASEAN, after being one of the best performers in 3Q24, AIA suffered from overall weakness in sentiment towards Chinese-related stocks.

Lynas Rare Earths (o/w) – The largest and only fully vertically-integrated rare earths manufacturer outside China was another China-related name which struggled in Q4 and gave back some of the outperformance in the prior quarter. This also reflected softness in rare earth materials prices which we believe to be temporary.

Newmont (o/w) – The largest gold producer in the world was affected by a slight deterioration in margin profile and conservative guidance with 2025 production cuts set against lofty expectations. This should be placed in the longer-term context of a strong recovery in Newmont's revenue back to post-pandemic highs, still overall resilient margins, a solid balance sheet and expanding share buybacks.

Note
1) Source: Northern Trust & Border to Coast

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

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.35
SK Hynix	+0.26
AIA Group	+0.26
KB Financial Group	+0.23
Techtronic Industries	+0.21
Westpac Bank	-0.51
UOB	-0.24
Samsung Electronics Prefs	-0.18
Celltrion	-0.14
QBE Insurance	-0.13

Top 5 Holdings Relative to Benchmark:

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

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

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 and ASEAN.

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

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

Bottom 5 Holdings Relative to Benchmark:

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

UOB – While Singaporean banks tend to be highly correlated, the portfolio prefers competitors DBS and OCBC – both enjoy stronger capital positions and more differentiated profiles. DBS is the leader in terms of profitability and carries a high valuation, whilst OCBC is slightly more expensive than UOB, with similar profitability but paying a slightly higher dividend yield.

Samsung Electronics Prefs – The portfolio is overweight Samsung Electronics overall via the more liquid ordinary shares. The discount of the preferred shares to the ordinary shares has widened in recent months. Should this trend continue, we would consider some partial switching to preferred shares going forward, allowing for liquidity considerations.

Celltrion – Exited the position in early 2022 as reports of accounting irregularities emerged as well as concerns over product concentration, uncertain pipeline and pricing/margins and the deteriorating competitive dynamics in the biosimilars space in pharmaceuticals.

QBE – Largest Australian insurer by market cap with strong revenues from its North America and international segments. The fund has a preference for Insurance Australia Group given its historically higher returns profile and scope for outperformance on premiums growth.

Note
1) Source: Northern Trust

Overseas Developed Markets Fund
at 31 December 2024

<u>Major transactions during the Quarter:</u>

<u>United States</u>

Purchases:

Sherwin-Williams (£35.1m) – Sherwin is a paint manufacturer and seller, serving primarily professional painters through its network of high-touch paint stores. The company's intense focus on customer service, and its unrivalled distribution, has led to years of market share gains and enviable profitability in this consolidated industry. Higher interest rates have curtailed housing transactions, which has dragged down residential repainting activity – although Sherwin has continued to grow through share gains. Pent-up demand for housing means transactions will recover eventually, and that should lead to outsized sales for Sherwin, given recent share gains.

Tesla (£11.5m) – While our view that Tesla's stock price is overvalued is unchanged, the rapid advance of AI technology – and the need for clean energy to power it – has brought into view several potentially massive markets for Tesla to chase. Other risks remain, not least governance concerns surrounding the company's CEO.

Microsoft (£9.1m) – Microsoft underperformed in 2024 due to concerns around the company's massive capital spending plans to support its AI ambitions. However, we ultimately believe that these investments will prove fruitful, and that Microsoft will emerge an AI software leader, as well as one of a handful of scaled AI infrastructure providers. The stock's valuation had contracted a little, so we took the opportunity to top up our core overweight.

Veralto (£7.2) – Veralto, the maker of water quality test and measurement instruments and consumables, is a high-quality Investment with attractive long-term growth prospects. We inherited a small position courtesy of a spin-off from Danaher, and after an in-depth review we decided to increase our position size.

Sales:

Linde (-£39.3m) – Linde is an extremely well-managed company with a leadership team highly focused on costs. The company's revenue growth has been robust too, having been boosted by inflation over the past couple of years. However, with the inflation tailwind petering out, we believe that it will be difficult for Linde to meet the level of profit growth its stock price valuation would appear to demand.

Johnson & Johnson (-£33.0m) – Johnson & Johnson's pharma business must overcome a few key drugs going off patent over the coming years. And while there are some promising replacements in the pipeline, visibility over the long-term prospects of the pharma segment is low. The share price is cheap, but we felt that there are better – and equally defensive – businesses in our portfolio that deserve the capital we had tied up in Johnson & Johnson.

Xylem (-£14.7m) – Xylem benefits from the same thematic water-related tailwinds as Veralto. However, much of Xylem's profit growth targets hinge on management's ability to continue to execute a cost-led streamlining of the company (which includes shedding unprofitable relationships). This might be achievable, but with an expensive stock price, any disappointment will be received poorly.

Apple (-£10.1m) – Apple's stock price has continued to drift higher, driven mostly by continued valuation expansion. Much of this appreciation is in sympathy with the broader AI theme, with investors feeling that Apple is well positioned to capture a lion's share of AI edge (consumer devices) opportunity. To date, though, Apple's AI announcements have been disappointing, in our view. Ultimately the smartphone market is mature and slow growing, and despite relatively sluggish growth expectations for Apple, the company's stock price commands a price-to-earnings ratio similar to that of its mega cap peer Nvidia – which should grow multiple times faster than Apple.

<u>Europe (ex UK)</u>

Purchases:

Overseas Developed Markets Fund
at 31 December 2024

Deutsche Telekom (£13.6m) – Consolidating positions within the telecoms sector into one name. DT's execution is now best in class, and its organic growth outlook both in the US and Germany is still enviable. Shareholder returns are expected to increase over time thanks to higher growth and better profitability.

Atlas Copco (£11.0m) – Increasing position to overweight. Atlas Copco is a giant in niche markets 3x the size of its nearest competitors in compressors and with a ~50% market share in semiconductor vacuums. Atlas Copco derives >60% of operating profits from its aftermarket and service franchise. This is more than 2x the sector average which supports high-margin revenue growth and protects earnings downside.

SBM Offshore (£2.3m) – SBM Offshore is a new position in the portfolio. It is the market leader in FPSOs (Floating Production and Storage Offshore) and is seeing demand increase. The company has a strong balance sheet with good cash generation. The long term cashflows from leasing FPSOs are undervalued and the group is building a new business in building FPSO's for sale which is not reflected in the current valuation.

Sales:

Orange (-£14.9m) – Orange was sold to consolidate the position in the telecom sector and adding to Deutsche Telekom. Competition in its main market France is increasing, with Orange pushing through price cuts to maintain market share and this should lead to margin pressure.

Symrise (-£12.4m) – Exited Symrise to consolidate position in the Flavours and Fragrances space. Symrise has limited growth as pet foods, the main driver of revenue, has seen demand normalising following the increase in the domestic pet population during Covid. DSM Firmenich is preferred as it should deliver growth through synergies via cost-cutting and cross selling.

Stellantis (-£11.8m) – Exited Stellantis as we believe the company will be impacted heavily by Chinese competition at the lower end of the market. Stellantis will also be impacted by the new European carbon emissions rules coming into effect in 2025.

Eiffage (-£8.3m) – Consolidating position in the infrastructure space. Eiffage faces the expiry of its toll road concession in 2031 which will leave a sizeable gap in its revenue. The risk is that Eiffage decides to try and acquire other assets to fill in this gap which leaves the company at risk of overpaying given high competition for infrastructure assets.

BB Biotech (-£6.6m) – Exited BB Biotech, a listed investment company which invests in US and European biotech companies. The position was sold in order to consolidate our holding in the space by adding to HBM Healthcare, our preferred play in the space.

Stora Enso (-£6.0m) – Exited the investment due to the company's weak balance sheet and high-cost assets making it vulnerable to the recent pulp price weakness.

<u>**Asia Pacific (ex Japan)**</u>

Purchases:

Seatrium (£5.2m) – continued building the position in this leading Singaporean marine engineering group on expectations improving profitability supported by a large and rising orderbook as well as its position and technical capabilities to capture the ongoing need for offshore oil & gas production platforms and the rising capex needed for renewables as part of the global energy transition.

Park Systems (£5.2m) – the Korean atomic force microscopes manufacturer was added to the Fund on the back of high technological barriers to entry, increasing penetration of its equipment in semiconductor manufacturing and development of new applications addressing different stages of the chip production process.

Sales:

None.

Japan

Purchases:

None.

Sales:

Sumitomo Mitsui Financial Group (-£1.8m) – Reduced our position in this megabank to rebalance after strong outperformance.

Mitsubishi UFG Financial Group (-£1.1m) – We reduced our position in Japan’s largest banking group on strong outperformance and less attractive valuations.

TDK (-£1.1m) – This electronic-components manufacturer remains a core holding, but the valuation has become less attractive as the position size has grown following strong share price performance.

Market Background
at 31 December 2024

Global equities gained 7% in the fourth quarter in sterling terms, capping a terrific year for stock investors which saw global markets jump more than 20%. For the quarter, sterling's 6% decline took the shine off returns in dollar terms, however.

The full year 20% return is even more impressive considering it followed a return of 16% the year before. It has been a remarkable two decades for equity markets, with an annualised return of around 8% in sterling terms. What's more, that annualised figure includes major market corrections in 2022, 2020 and 2008. But, after periods of strong performance complacency can creep in, so as experienced investors it's important to remember the pain of large market declines. That's why we remain vigilant to global risks – perhaps more so than ever.

The events of the fourth quarter might go some way to showing us what could be instore for the coming twelve months. Flat dollar-based returns belie what was in fact a very eventful quarter. Diverging global economic fortunes, along with a rapidly changing political and geopolitical backdrop caused sizable volatility intra quarter. An outlook for stable growth and gradually easing inflation meant the markets started out on a strong footing. But as the quarter progressed, the world's asynchrony became apparent. In the US, stronger-than-expected economic data boosted the S&P 500 by 10%, despite a deteriorating inflationary picture. While in Europe, the softer-than-anticipated economic growth led a 4% drop in equities. Further east, initial reaction to government stimulus efforts pushed the Chinese equity market higher. The enthusiasm faded, though, as the stimulus appeared insufficient to release the country from a two-handed grip of sagging consumer confidence and a deflating property bubble. As for 2025, whilst the world's political landscape could normalise, and the global economy could hit smoother waters, it's unlikely. That means we're probably in for another year of uncertainty, with the accompanying volatility.

At the start of the year, we highlighted that 76 countries – and over half the world's population – faced an election of some sort. Elections always bring uncertainty, and 2024's elections saw no shortage of drama, but by and large democracy passed its test, with dissatisfied citizens either removing – or significantly weakening – incumbent governments, with limited unrest. In the UK, the Conservatives almost graciously ceded power to the Labour party after 14 years. In often-fraught emerging markets, Indian and South African elections concluded peacefully despite a significant loss of majority for India's ruling BJP, and a forced alliance between the ANC and Democratic Alliance in South Africa.

The election with probably the biggest impact was held in the US. During the run up, investors were fearful of a contested result and large-scale unrest. Contested elections aren't a new thing, but as everyone knows, markets prefer certainty. These concerns proved unfounded, the election passed without incident, and the Democrats conceded defeat to the Republican Party. But, when one door to uncertainty closes another one opens, and the rhetoric from Donald trump and his close circle of advisors in recent weeks once again has the world on the edge of its seat. This is just another reason why we believe that 2025 will be yet another year of investor anxiety and potential equity market volatility. It's also why we remain steadfast in our long-term approach.

That said, Trump's policies (or at least his stated wish lists) might further increase the potential for global equity market divergence in the near term – something we are watching closely. His famous protectionist approach is likely to be inflationary, as higher import costs will probably get passed onto consumers. That, combined with a stronger economic outlook fuelled by tax cuts and a dismantling of regulations, means inflation will probably prove stickier than previously thought. That puts the Federal Reserve's 2% target out of reach, in our view. Throw in high concentration in expensive mega cap technology companies, overall market valuations that are by no means cheap, and a sprinkle of animal spirits that has lifted the US market to heights few people expected, and it's hard not to be incrementally more alert to increasing risks.

On the flip side, though, an improving domestic economic outlook, the potential for equity market performance to broaden beyond large cap tech companies, and a rampant artificial intelligence (AI) theme that shows little sign of fading, all make the US an attractive destination for capital. In summary, while we are less enthusiastic about the US than before, it remains our favoured equity market.

Across the pond, Europe continues to struggle with glacial economic growth and political uncertainty. In France and Germany, Europe's two biggest and previously political-stable countries – at least in recent times – ascending populist parties are unsettling the

Note
1) Source: Border to Coast

Market Background
at 31 December 2024

establishment. The German AFD and French National Rally both trumpet Republican-style protectionism, as well as anti-immigration policies. Notably, the National Rally is demanding more fiscal largess to fund its populist agenda. That's possibly not all that wise against the backdrop of an already high national debt and a ballooning fiscal deficit.

Unsurprisingly, then, the broader European equity market has been relatively poor over the past year. Germany, however, managed to churn out strong equity performance despite its political wranglings and weak domestic economy. Two things explain this. First, the constituents of the Dax – the county's leading stock index – are similar to the FTSE 100 in that they derive less than a quarter of their revenues from their home country. Second, the German index has a heavy weighting in high-flying technology companies. SAP – the software giant – was responsible for nearly 40% of the Dax's gains in 2024. That's more than the entire auto sector combined. While this has supported German equity returns, and similar to our view on the US, this high level of concentration is a worry. What's more, while the gale force strength AI tailwind should continue to support US technology companies at least in the near term, large parts of the German market rely on global exports – especially to an economically weak China. That means an increasingly protectionist world presents an additional risk. Looked at through this lens, while the UK, and its FTSE 100 Index, isn't littered with exciting technology firms, its comparatively stable political backdrop, and cheap valuations makes it look relatively well positioned.

There has been significant divergence in sector performance over the past twelve months. The Technology sector has continued its un-contested leadership, while sectors like Basic Materials and Energy have struggled. Basic Materials – the worst performing sector – underperformed Technology by over 50%. What's clear is that the excitement surrounding the development of AI stands in sharp contrast to the waning demand for base metals as the world re-tools and Chinese growth continues to moderate. But this level of underperformance brings our concern over both valuation and market expectations into sharper focus. The Technology sector is now valued at double that of the Materials sector – and that's with already elevated growth expectations. In contrast, growth expectations for the Materials sector have dropped precipitously. Materials stocks are now valued similarly to Energy companies, even though they do not face the same energy-transition fuelled existential angst.

Despite this turbulent backdrop we remain optimistic that 2025 will be another year of positive equity market returns. Equity bull markets are known to climb a wall of worry, after all, and while the wall might be steepening, we think the foundations remain strong. Most importantly against a backdrop of never-ending uncertainty, we take comfort from our ability to look through short term concerns and differentiate between companies. Our focus on investing in reasonably valued companies that have strong balance sheets, good track records and generate high and sustainable returns will stand us in good stead. This differentiation should allow us to participate in the current equity market strength while protecting us from ongoing risks.

Note
1) Source: Border to Coast

Disclosures

Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).
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Fund List and Inception Dates

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