



Teesside Pension Fund

Quarterly Investment Report - Q4 2020

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1) Border to Coast

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£1,335,470,781
Inflows	£0
Outflows	£0
Net Inflows / Outflows	£0
Realised / Unrealised gain or loss	£159,959,125
Value at end of the quarter	£1,495,429,905

Over Q4 2020, Teesside's holdings performed as follows:

- The UK Listed Equity Fund underperformed its benchmark by 0.12%
- The Overseas Developed Markets Equity Fund underperformed its benchmark by 0.23%

Teesside did not make any subscriptions or redemptions during Q4 2020.

Note

- 1) Source: Northern Trust
- 2) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund
- 3) Returns for periods greater than one year are annualised
- 4) Past performance is not an indication of future performance and the value of investments can fall as well as rise.
- 5) Inflows and Outflows values may include income.

Portfolio Analysis - Teesside Pension Fund at 31 December 2020

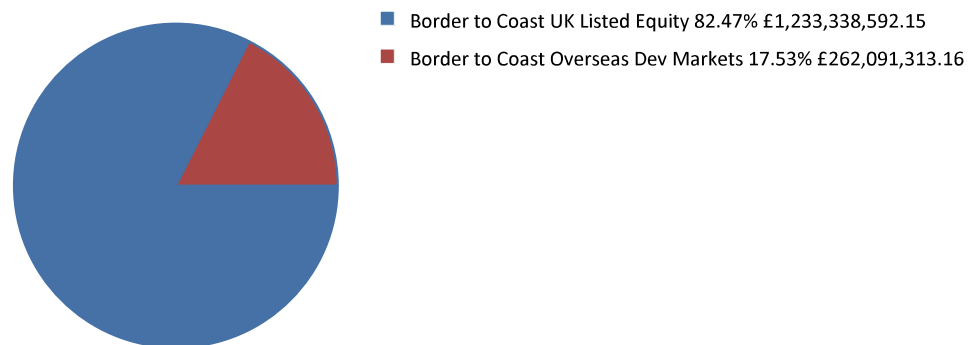
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	1,233,338,592.15	82.47
Border to Coast Overseas Dev Markets	40% S&P 500, 30% FTSE Developed Europe Ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan	262,091,313.16	17.53

Available Fund Range

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

Teesside Pension Fund - Fund Breakdown



Note

1) Source: Northern Trust

Portfolio Contribution - Teesside Pension Fund at 31 December 2020

Fund	Portfolio weight (%)	Fund return (net) over the quarter (%)	Benchmark return over the quarter (%)	Excess return (%)	Contribution to performance over the quarter (%)
Border to Coast UK Listed Equity	82.47	12.50	12.62	(0.12)	10.28
Border to Coast Overseas Dev Markets	17.53	9.56	9.79	(0.23)	1.70
Total	100.00	11.98			

The UK Listed Equity Fund returned 12.50% over the quarter, which was 0.12% behind the FTSE All Share Index.
The Overseas Developed Markets Equity Fund returned 9.56% over the quarter, which was 0.23% behind the composite benchmark.

Overall, Teesside's investments with Border to Coast returned 11.98% during Q4 2020.

Note

1) Source: Northern Trust & Border to Coast

Valuation Summary at 31 December 2020

Fund	Market value at start of the quarter			Inflows (GBP)	Outflows (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter		
	GBP (mid)	Total weight (%)	Strategy weight (%)				GBP (mid)	Total weight (%)	Strategy weight (%)
Border to Coast UK Listed Equity	1,096,259,806.00	82.09				137,078,786.15	1,233,338,592.15	82.47	
Border to Coast Overseas Dev Markets	239,210,974.62	17.91				22,880,338.54	262,091,313.16	17.53	
Total	1,335,470,780.62	100.00				159,959,124.69	1,495,429,905.31	100.00	

Note

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

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund at 31 December 2020

Fund	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Border to Coast UK Listed Equity	(0.46)	(1.88)	1.42	12.51	12.62	(0.12)	(8.43)	(9.82)	1.39	--	--	--	--	--	--
Border to Coast Overseas Dev Markets	9.78	8.68	1.11	9.56	9.79	(0.23)	13.77	12.33	1.45	--	--	--	--	--	--

Note

- 1) Source: Northern Trust
- 2) Values do not always sum due to rounding
- 3) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund
- 4) Performance is net of ACS charges such as depository and audit fees. Investment management fees have not been included in the performance calculations.
- 5) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Summary of Performance - Funds (Gross of Fees) Teesside Pension Fund at 31 December 2020

Fund	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Border to Coast UK Listed Equity	(0.45)	(1.88)	1.43	12.51	12.62	(0.11)	(8.42)	(9.82)	1.40	--	--	--	--	--	--
Border to Coast Overseas Dev Markets	9.80	8.68	1.12	9.57	9.79	(0.23)	13.78	12.33	1.46	--	--	--	--	--	--

Note

- 1) Source: Northern Trust
- 2) Values do not always sum due to rounding
- 3) Performance start dates of 26/07/2018 for the UK Listed Equity Fund and 17/10/2018 for the Overseas Developed Equity Fund
- 4) The performance shown above does not include the costs of operating the ACS such as the investment management, depository and audit fees.
- 5) Past performance is not an indication of future performance and the value of investments can fall as well as rise.

Border To Coast UK Listed Equity Fund - Overview at 31 December 2020

UK Listed Equity Fund

The Fund generated a total return of 12.51% during the quarter compared to the benchmark return of 12.62% resulting in 0.12% of underperformance.

The UK was one of the strongest equity markets due to the delivery of a Brexit deal and positive news flow regarding vaccine development; the latter due to a combination of the recognition that the UK has been disproportionately impacted by the COVID-19 pandemic and the level of advance vaccine orders. In addition, the UK market has a relatively large exposure to Energy stocks, and other cyclically sensitive value biased sectors which rebounded during the quarter.

The Fund was largely able to match the strong performance of the benchmark during the quarter and thus maintain the outperformance achieved in the first 9 months of the year. This has been due to the following factors:

- Strong performance from specialist funds offering exposure to growth segments and smaller companies;
- Strong selection and increasing exposure in both the Energy and Financials sectors, and
- Strong stock selection in Consumer Discretionary and Communications Services.

This was partly offset by:

- Underweight position in smaller companies, which rebounded during the quarter;
- Underweight to Consumer Discretionary and Communications Services sectors which have rebounded on the prospect of economic recovery, and
- Weaker stock selection in Materials, Industrials and Healthcare.

The portfolio has maintained a relatively low risk profile given concerns around heightened geopolitical risks compounded by lingering uncertainty regarding Brexit. This low risk profile has been beneficial for most of the past year as uncertainty remained high and investors remained cautious on balance despite the strong equity market recovery. Although Brexit is now at least notionally resolved, the impact on specific sectors and companies will only become clear over time. The portfolio managers have continued to modestly increase exposure to more cyclical, value-oriented stocks to take advantage of relative performance as well as adding to favoured companies at lower valuations, and this has helped protect performance as the market has rotated towards these segments of the market in recent months. The Sub-fund will continue to focus on long term fundamentals with a bias towards quality companies with strong balance sheets and earnings and income visibility.

Note

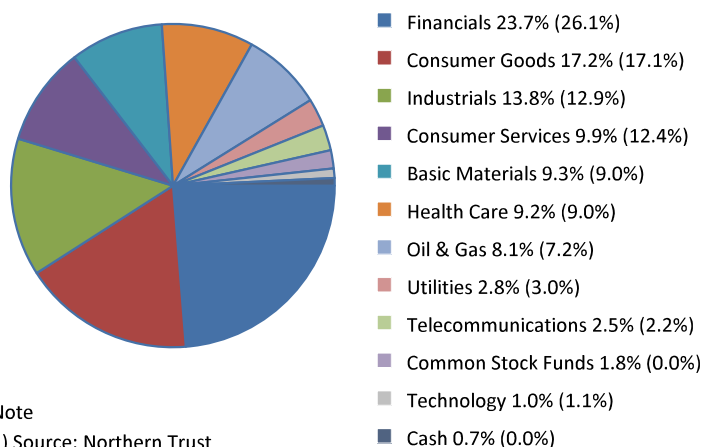
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund at 31 December 2020

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.81
Industrials	+0.88
Oil & Gas	+0.85
Telecommunications	+0.38
Basic Materials	+0.32
Consumer Services	-2.52
Financials	-2.34
Utilities	-0.27
Technology	-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) – exposure to smaller companies and sector specialist investments via collective vehicles with long-term track records of outperformance.

Industrials (o/w) – diversified sector benefiting from exposure to longer term growth in global investment capital expenditure.

Oil & Gas (o/w) – strong cash generation enabling significant debt reduction, increased shareholder distributions and increased capital investment over the long term; beneficiary of growing Chinese infrastructure expenditure.

Consumer Services (u/w) – high street and leisure expected to continue to see pressure on discretionary spending from a more cautious UK consumer and rising unemployment. High street retail remains structurally challenged by an increase in on-line penetration exacerbated by extended shut down of high street stores and leisure sites in response to COVID-19.

Financials (u/w) – underweight in Banks due to concerns over UK consumer debt, rising unemployment, growing impairments linked to COVID-19 lockdown, and deteriorating China-US relations impacting Asian focused banks. This is partly offset by overweight positions in Insurers and Wealth Managers, as they are expected to benefit from increase in Asian and Emerging Market wealth.

Utilities (u/w) – UK focused utilities exposed to increased regulatory risk, in particular concerning permissible returns on investment. Fund preference for National Grid with its mix of UK and US market exposure.

Border To Coast UK Listed Equity Fund Attribution at 31 December 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Antofagasta	1.32	40.89	0.23	40.74	0.22
Ocado	0.00	0.00	0.51	(16.65)	0.18
Herald Investment Trust	0.72	37.18	0.07	37.39	0.12
BlackRock Smaller Companies Trust	0.56	44.06	0.04	43.86	0.11
JPMorgan Smaller Companies Trust	0.47	47.74	0.01	48.27	0.11

Antofagasta (o/w) – benefited from higher copper prices, driven by robust infrastructure demand from China and Covid-19 related supply restrictions at major producers in central and southern America.

Ocado (u/w) – quarterly trading statement highlighted slowing sales growth, in part due to capacity constraints; and the company received a technology patent infringement challenge.

Herald Investment Trust (o/w) – benefitted from its focus on small-cap technology and media stocks, with a bias to the UK, driving a narrowing of the net asset value discount - the shares ending the quarter at close to par.

BlackRock Smaller Companies Trust (o/w) – UK domestically focussed small-caps have performed strongly, driven by the prospect of a vaccine-related reopening of the economy and a UK trade deal with the EU.

JP Morgan Smaller Companies Trust (o/w) – UK small cap-stocks have outperformed and the fund has benefited from a narrowing of the net asset value discount during the quarter, due to positive COVID-19 vaccine announcements and the prospect of a Brexit trade deal.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 31 December 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Glencore	0.00	0.00	1.16	44.76	(0.26)
AstraZeneca	4.95	(13.37)	4.42	(13.40)	(0.13)
Reckitt Benckiser	2.33	(13.40)	1.90	(13.47)	(0.11)
NatWest	0.00	0.00	0.35	58.09	(0.10)
IAG	0.00	0.00	0.27	68.18	(0.09)

Glencore (u/w) – robust commodity prices driven by Chinese demand has supported a recovery in the share price, although key bribery investigations (including US Department of Justice) remain unresolved.

AstraZeneca (o/w) – pharma sector weakness around the US election outcome (potential drug pricing reform) together with announcement of its intention to acquire US biotech company Alexion for \$39bn.

Reckitt Benckiser (o/w) – hygiene products (Dettol and Lysol disinfectant brands) have seen strong sales growth during COVID-19 pandemic but creates tough comparatives as vaccines emerge; infant nutrition in China remains challenging.

NatWest (u/w) – loan impairments continue below expectations given various government COVID-19 support schemes; strong capital position and mortgage volumes/pricing improving. Fund preference for Lloyds Bank which is seeing similar tailwinds.

IAG (u/w) – beneficiary of the COVID-19 vaccine announcements which open up the possibility of a return to air travel. Fund preference for short haul/leisure exposure through easyJet PLC.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 31 December 2020

Largest Relative Over/Underweight Stock Positions (%)

Antofagasta	+1.09
Impax Environmental Markets	+0.98
Schroder UK Smaller Companies Fund	+0.96
BHP Billiton	+0.92
Liontrust UK Smaller Companies	+0.85
Glencore	-1.16
Flutter Entertainment	-0.89
Scottish Mortgage Investment Trust	-0.81
SEGRO	-0.52
Ocado	-0.51

Note

1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Antofagasta – operates at the lower end of the cost curve and benefits from attractive long term demand for copper, driven by electric vehicles, transition to renewable energy and Chinese infrastructure investment.

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

Schroder UK Smaller Companies Fund – providing UK small-cap exposure, with a long term track record of outperformance.

BHP Billiton – diversified commodity exposure and strong cash generator benefitting from operating at the lower end of the cost curve, proximity to end markets and continued robust commodity demand from China.

Liontrust UK Smaller Companies – specialist UK small-cap fund manager with long term track record of outperformance; investment style focussed on intellectual property, strong distribution channels and durable competitive advantage.

Bottom 5 Holdings Relative to Benchmark:

Glencore – ongoing corruption investigations including US Department of Justice and UK Serious Fraud Office into allegations of bribery; coal exposure higher than peers; poor ESG score relative to peer group.

Flutter Entertainment – beneficiary of the ongoing deregulation taking place in the US on-line and sports betting market, the fund has similar exposure via William Hill.

Scottish Mortgage Investment Trust – investment trust with a focus on global large-cap technology, fund has preference for Allianz Technology Trust with a similar investment focus.

SEGRO – real estate holding company focused upon logistics/industrial units across Europe; fund has similar UK exposure through St Modwen.

Ocado – beneficiary of UK on-line grocery market growth and offers a technology solution to food retailers globally. However, the valuation is stretched, investment returns from constructing overseas fulfilment centres not yet clear and the company has recently received patent infringement challenge in US and UK.

Major transactions during the Quarter

Purchases:

Unilever PLC (£105.6m) – share unification of the UK and Dutch lines led to a 120% increase in benchmark weight.

Sales:

William Hill PLC (£24.1m) – sold holding after the Board recommended acceptance of an all-cash bid from its US joint venture partner, Caesars Entertainment Inc.

Border To Coast Overseas Developed Markets Equity Fund - Overview at 31 December 2020

Overseas Developed Markets Fund

The Fund generated a total return of 9.56% during the quarter compared to the composite benchmark return of 9.79% resulting in underperformance of 0.23%. Asia Pacific (+19.3%) was the strongest region and the US (+6.0%) was the weakest. The Asia Pacific and Japanese portfolios of the Fund outperformed their respective benchmarks, while the US and Europe ex-UK portfolios lagged theirs.

The Fund has continued to benefit from the recovery in equity markets, supported by extensive monetary and fiscal stimulus. Markets were buoyed by the prospect of vaccines bringing an end to the COVID-19 pandemic and carrying the prospect of an economic recovery. Markets remained firm through the quarter, despite the strength of the second wave of the pandemic impacting Europe and the US towards the end of the quarter.

The Fund has underperformed due to the following:

- Bias towards large-cap stocks, particularly in the US and Europe, and an underweight to smaller companies which have led the market during the quarter;
- Weaker stock selection in Healthcare and Consumer Services, and
- Underweight position in Financials which outperformed the broader market.

This has been partly offset by:

- Strong stock selection in Resources and Industrials;
- Underweight position in Utilities which underperformed the broader market, and
- Strong performance from Common Funds with investments in specialist growth segments and smaller companies.

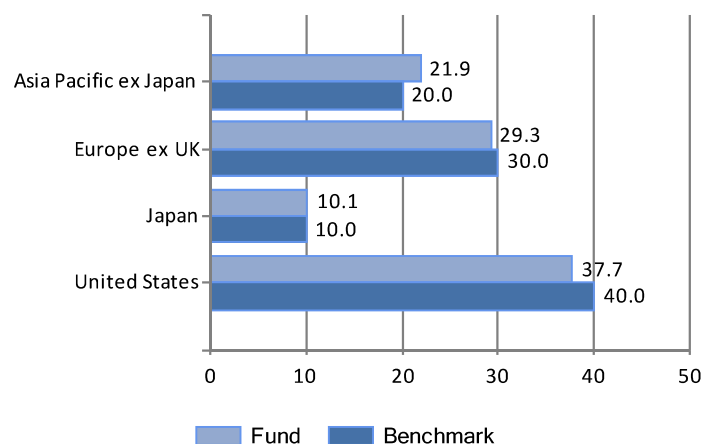
The Fund has a relatively low risk profile, which is driven by low correlations between the four constituent portfolios, whose individual risk profiles are generally in the middle of the targeted range for tracking error of 1-3%. It is unlikely that there will be material changes to portfolio positioning in the short term and the Fund will continue to focus on long term fundamentals with a bias towards quality companies with strong balance sheets and earnings and income visibility.

Note

1) Source: Border to Coast

Border To Coast Overseas Developed Markets Equity Fund at 31 December 2020

Regional Breakdown



Overseas Developed Markets Fund

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

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

(*) The Benchmark is a composite of the following indices:

- 40% S&P 500
- 30% FTSE Developed Europe ex UK
- 20% FTSE Developed Asia Pacific ex Japan
- 10% FTSE Japan

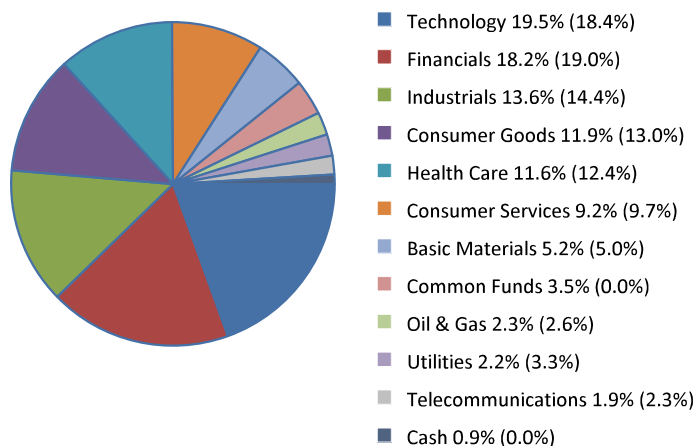
Fund	Inception to Date			Quarter			1 Year			3 Years		
	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Overseas Developed Equity Fund	9.78	8.68	1.11	9.56	9.79	(0.23)	13.77	12.33	1.45	--	--	--
United States	12.67	11.80	0.87	4.62	5.95	(1.33)	15.49	14.16	1.33	--	--	--
Japan	8.01	5.57	2.44	10.82	8.50	2.32	13.78	10.67	3.11	--	--	--
Europe ex UK	5.75	5.82	(0.07)	8.75	9.02	(0.26)	6.78	8.12	(1.35)	--	--	--
Asia Pacific ex Japan	10.83	7.72	3.11	20.40	19.32	1.09	20.34	14.92	5.42	--	--	--

Note

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

Border To Coast Overseas Developed Markets Equity Fund at 31 December 2020

Sector Portfolio Breakdown



Overseas Developed Markets Fund

Sector Weights:

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

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

Basic Materials (o/w) – valuations below long term averages and strong free cash flow generation enabling increased shareholder distribution.

Financials (u/w) – underweight in Banks due to concerns over profitability in a persistent low interest rate environment, non-performing loans, legacy litigation issues and the risk of increased regulation. This is partly offset by overweight positions in Insurers and Wealth Managers as they are expected to benefit from long term increase in investment wealth, although shorter term pressures from the sharp fall in financial markets.

Consumer Goods (u/w) – short term disruption from current macroeconomic uncertainty and longer term uncertainty over whether consumer spending patterns revert to historic norms are not reflected in valuations.

Utilities (u/w) – considered to be a relatively defensive sector in current market conditions; however, pressure from increased capital investment, changes in government policy, increased regulatory risk and technological advances in renewable power generation are having an adverse impact on “traditional” power generation companies. In addition, there is long standing government influence, particularly in Europe, where the sector is considered to be of strategic importance and where interests are not always aligned with shareholders.

Note

1) Source: Northern Trust

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

Border To Coast Overseas Developed Markets Equity Fund Attribution at 31 December 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Samsung Electronics	3.10	42.03	2.22	42.21	0.15
Samsung SDI	0.54	47.55	0.19	47.71	0.09
Airbus	0.57	42.78	0.23	42.73	0.08
Xinyi Solar	0.17	53.86	0.00	0.00	0.06
Fortescue Metals	0.39	46.71	0.18	46.36	0.06

Samsung Electronics (o/w) – prospects for recovery in all business segments, led by DRAM (dynamic random access memory) semiconductor chips, and potential for improved shareholder returns.

Samsung SDI (o/w) – continued positive news flow regarding electric vehicle (EV) growth forecasts led to outperformance in the EV Battery names.

Airbus (o/w) – news of the COVID-19 vaccine breakthrough, and the potential for recovery in air travel has been the main driver for the company. Deliveries of aircrafts were also slightly higher than expected.

Xinyi Solar (o/w) – positive trading update and Chinese government policy supportive of industry growth prospects, leading to increased demand for solar products.

Fortescue Metals (o/w) – strong rise in iron ore prices due to increased Chinese demand and continued supply disruptions.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 31 December 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Samsung Electronics Prefs	0.00	0.00	0.35	48.96	(0.10)
NVIDIA Corporation	0.78	(8.69)	0.41	(8.73)	(0.08)
SAP	0.72	(20.43)	0.57	(20.30)	(0.06)
Home Depot	0.62	(9.08)	0.36	(9.19)	(0.06)
Dollar General	0.41	(4.91)	0.07	(5.01)	(0.05)

Samsung Electronics Prefs (u/w) – benefited from the same drivers as Samsung Electronics Ords. The Fund is overweight Samsung Electronics overall but has no exposure to the preference shares.

NVIDIA Corporation (o/w) – shares stalled following strong gains, strategically advantageous acquisition of Arm facing an anti-trust challenge.

SAP (o/w) – significant profit warning and reduced earnings guidance with expectations of higher capital expenditure as integration of recent acquisitions has not been successful.

Home Depot (o/w) – identified as a pandemic beneficiary whilst the market has been starting to reward names that will provide greater leverage to a recovery.

Dollar General (o/w) – concern that record same store sales numbers will not be maintained at the current pace once the US recovers from the pandemic.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund at 31 December 2020

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.86
Samsung Electronics	+0.87
Alphabet A	+0.70
Visa Inc	+0.43
JP Morgan European Smaller Companies Trust	+0.43
Tesla	-0.68
Alphabet C	-0.64
Mastercard	-0.40
Samsung Electronics Prefs	-0.35
PayPal	-0.35

Top 5 Holdings Relative to Benchmark:

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

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

Alphabet A – parent company of Google; offset by not holding the C shares which results in a modest overweight exposure to Alphabet overall.

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

JP Morgan European Smaller Companies Trust – provides relatively defensive exposure to smaller companies in Europe with weighting likely to be reduced over time.

Bottom 5 Holdings Relative to Benchmark:

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

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

Mastercard – preference for Visa, the other global payment network company with similar exposure to growth trends in the payments space, on valuation grounds.

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

PayPal – growth in payments platform and processing but exposure accessed through other portfolio holdings including Visa and FIS.

Note

1) Source: Northern Trust

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 December 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Walt Disney	0.65	0.41	0.05
Vanguard US Mid Cap ETF	2.86	0.00	0.05
Citigroup	0.40	0.16	0.05
Mastercard	0.00	0.40	0.04
AT&T	0.00	0.26	0.03

Walt Disney (o/w) –subscription data and management guidance suggest strong momentum behind the company’s direct to consumer media business.

Vanguard US Mid Cap ETF (o/w) – strong rally in smaller companies after a challenging first half of the year.

Citigroup (o/w) – boosted by a steepening yield curve, nascent recovery optimism and a surprise Fed decision allowing recommencement of bank’s capital returns to shareholders.

Mastercard (u/w) – market rotation away from high valuation "winners", concern that higher margin travel and entertainment revenues will be slow to recover.

AT&T (u/w) – doubts surfacing around a proposed business divestment that would help reduce debt on the balance sheet.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 December 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NVIDIA Corporation	0.78	0.41	(0.08)
Home Depot	0.62	0.36	(0.06)
Dollar General	0.41	0.07	(0.05)
S&P Global	0.28	0.10	(0.05)
Procter & Gamble	0.72	0.44	(0.05)

NVIDIA Corporation (o/w) – shares stalled following strong gains, strategically advantageous acquisition of Arm facing an anti-trust challenge.

Home Depot (o/w) – identified as a pandemic beneficiary whilst the market has been starting to reward names that will provide greater leverage to a recovery.

Dollar General (o/w) – concern that record same store sales numbers will not be maintained at the current pace once the US recovers from the pandemic.

S&P Global (o/w) – market digesting news of a large acquisition in the quarter and concerns around a possible deceleration in new debt issuance.

Procter & Gamble (o/w) – strong results in the quarter but, in keeping with others in the consumer staples sector, viewed as a fading shelter at home beneficiary.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 December 2020

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+2.86
Alphabet A	+0.70
Visa Inc	+0.43
NVIDIA Corporation	+0.37
Microsoft	+0.34
Tesla	-0.68
Alphabet C	-0.64
Mastercard	-0.40
PayPal	-0.35
Comcast	-0.30

Top 5 Holdings Relative to Benchmark:

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

Alphabet A – parent company of Google; offset by not holding the C shares which results in a modest overweight exposure to Alphabet overall.

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

NVIDIA Corporation – technology company that sells into strong end markets for cloud servers, machine learning and cutting-edge gaming graphics.

Microsoft – structural growth from Azure cloud hosting business and migration of Business Office to MS 365 on-line, with associated opportunity for value added sales and increased customer stickiness.

Bottom 5 Holdings Relative to Benchmark:

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

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

Mastercard – preference for Visa, the other global payment network company with similar exposure to growth trends in the payments space, on valuation grounds.

PayPal – growth in payments platform and processing but exposure accessed through other portfolio holdings including Visa and FIS.

Comcast – faces challenges in broadcast media and theme park businesses. Preference for Charter, a pure play broadband provider.

Major transactions during the Quarter

Purchases:

Union Pacific (£2.4m) – management focus on operational efficiency should provide leverage to a cyclical recovery.

Sales:

Exxon Mobil Corp (£5.2m) – oil price weakness and pressure within the refining division, making it harder to sustain the current level of dividends. In addition, the company is yet to develop a credible strategy for a low carbon future.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 December 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Airbus	0.57	0.23	0.08
JP Morgan European Smaller Companies	0.43	0.00	0.04
BNP Paribas	0.39	0.22	0.03
Logitech International	0.38	0.06	0.03
Banco Santander	0.29	0.21	0.03

Airbus (o/w) – news of the COVID-19 vaccine breakthrough, and the potential for recovery in air travel has been the main driver for the company. Deliveries of aircrafts were also slightly higher than expected.

JP Morgan European Smaller Companies (o/w) – rebound in smaller companies following significant underperformance in previous quarter and the Fund also benefited from rotation from Quality into Value stocks.

BNP Paribas (o/w) – rotation into Value following the positive vaccine announcements has benefited Banks and news regarding dividend pay-out was also positive for the sector.

Logitech International (o/w) – the company has experienced an increase in demand due to COVID-19 induced lockdowns and increased working from home.

Banco Santander (o/w) – rotation into Value following the positive vaccine announcements has benefited Banks, and news regarding dividend pay-out was also positive for the sector.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 December 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
SAP	0.72	0.57	(0.06)
Novo Nordisk	0.79	0.44	(0.05)
Symrise	0.30	0.06	(0.05)
BBVA	0.00	0.13	(0.04)
Nestle	1.56	1.27	(0.04)

SAP (o/w) – significant profit warning and reduced earnings guidance with expectations of higher capital expenditure, as integration of recent acquisitions has not been successful.

Novo Nordisk (o/w) – rotation into Value stocks has resulted in underperformance of pharmaceutical stocks, and concerns that the company has overpaid for the recent acquisition of drug delivery technology company, Emisphere.

Symrise (o/w) – poor quarterly results and reduced earnings guidance, although organic growth remains robust.

BBVA (u/w) – sale of US business and positive developments regarding ability to recommence shareholder distributions, as well as being at the centre of consolidation within the Spanish banking sector, although the proposed merger with Banco de Sabadell has not progressed.

Nestle (o/w) – underperformed on the back of rotation from defensives to cyclical on positive vaccine announcements.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 December 2020

Largest Relative Over/Underweight Stock Positions (%)

JP Morgan European Smaller Companies Trust	+0.43
HBM Healthcare	+0.37
Novo Nordisk	+0.35
Koninklijke Philips	+0.34
Airbus	+0.33
Enel SPA	-0.30
Zurich Insurance Group	-0.24
Adyen	-0.24
Daimler	-0.22
Kering	-0.21

Top 5 Holdings Relative to Benchmark:

JP Morgan European Smaller Companies Trust – provides relatively defensive exposure to smaller companies in Europe with weighting likely to be reduced over time.

HBM Healthcare – specialist healthcare investment trust with an excellent long term track record particularly generating value from the listing of private companies.

Novo Nordisk – market leading position in diabetes treatment, with the potential to adapt an existing drug to be effective against Alzheimer's, and a developing programme in obesity treatments.

Koninklijke Philips – increased demand for healthcare equipment driven by Emerging Markets and the increased adoption of image guided radiation therapy equipment.

Airbus – operates in a duopoly market that still has a strong order book and a weakened competitor. Shorter term concerns on the impact of COVID-19 are considered to be reflected in the current price.

Bottom 5 Holdings Relative to Benchmark:

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

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

Adyen – very high valuation but the company has been the main benefactor from the demise of competitor, Wirecard.

Daimler – structural concerns regarding the sector as a whole and particular concerns regarding the strength of the balance sheet.

Kering – over reliance on Gucci brand.

Major transactions during the Quarter

Purchases:

Siemens (£3.6m) – increasing overweight position as the company remains on a valuation discount relative to the sector; discount should narrow following the successful disposal of the energy division.

Sales:

Unilever (£17.0m) – full disposal as company is no longer in the index following full relocation to the UK.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 December 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Tokyo Electron	0.32	0.13	0.04
Renesas Electronics	0.19	0.02	0.03
Shin-Etsu Chemical	0.40	0.16	0.03
Sony Corp	0.46	0.28	0.02
Softbank Group Corp	0.49	0.26	0.02

Tokyo Electron (o/w) – excellent results and outlook, followed by upgrades leading to an all-time share price high.

Renesas Electronics (o/w) – semiconductor and integrated device designer/manufacturer continues strong performance following evidence of flexible cost control and appreciation of benefits of debt-enabled acquisition of IDT (Integrated Device Technology).

Shin-Etsu Chemical (o/w) – solid results with PVC supply/demand providing a positive boost to the outlook; multiple analyst upgrades leading to an all-time share price high.

Sony Corp (o/w) – good results with the launch of PlayStation 5 seen as positive, as demand outstrips supply. The company is also expected to continue to benefit from the impact of continuing COVID-19 restrictions on gaming demand.

Softbank Group Corp (o/w) – positive response to technology investor’s continued disposals and share buybacks. The possibility of a management buyout also acts as an underpin to the share price.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 December 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Nippon Shinyaku	0.12	0.01	(0.05)
ZOZO	0.10	0.01	(0.03)
Takeda Pharmaceutical	0.29	0.13	(0.02)
M3	0.00	0.09	(0.02)
Fast Retailing	0.00	0.10	(0.02)

Nippon Shinyaku (o/w) – disappointing quarterly results and guidance, combined with a weak pharmaceuticals sector.

ZOZO (o/w) – failed to be included in the main Japanese index (Nikkei 225) and has not benefitted as much as expected from the increase in on-line clothes shopping.

Takeda Pharmaceutical (o/w) – even though continued asset sales are delivering the planned debt reduction; Takeda appears to be lacking a catalyst to rerate.

M3 (u/w) – medical information services company that has benefitted from COVID-19 and the increasing move away from face-to-face medical consultations.

Fast Retailing (u/w) – results in line with expectations, but positive outlook has supported the share price as main markets in Asia (Japan and China) are considered to be less impacted by COVID-19, and the key basic clothes lines are in demand as a result of increased working from home.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 December 2020

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.38
Shin-Etsu Chemical	+0.24
Softbank Group Corp	+0.23
Nintendo	+0.21
Tokyo Electron	+0.20
Daiichi Sankyo	-0.15
Daikin Industries	-0.13
Nidec	-0.13
Recruit Holdings	-0.13
Honda Motor	-0.11

Top 5 Holdings Relative to Benchmark:

Ballie Gifford Shin Nippon – smaller companies-focused with strong long term relative performance.

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

Softbank Group Corp – trading at a significant discount to the sum of the parts; tends to be volatile partly due to unorthodox style of the Founder and Chairman, Masayoshi Son.

Nintendo – Switch selling very well, games trending to higher margin digital sales and huge potential from underutilised Intellectual Property rights.

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

Bottom 5 Holdings Relative to Benchmark:

Daiichi Sankyo – preference for other names in the healthcare sector.

Daikin Industries – concerns due to exposure to declining air-conditioning demand in China and exposure of chemicals business to the auto and technology sectors.

Nidec – concern that future strategy is unclear and company forecasts are too optimistic; move away from declining HDD (hard disk drive) motors will continue to squeeze margins.

Recruit Holdings – trades on a premium valuation relative to peers in a difficult environment for recruitment.

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

Major transactions during the Quarter

Purchases:

Shionogi & Co Ltd (£1.5m) and Nippon Shinyaku (£1.5m) – fund rebalancing used to move healthcare/pharmaceutical sector towards neutral by increasing preferred holdings.

KDDI (£1.5m) – fund rebalancing used to top-up this mobile telecom and internet provider which had underperformed following a desire from the new Prime Minister to see lower phone and data charges.

Note

1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 December 2020

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Samsung Electronics	3.10	2.22	0.15
Samsung SDI	0.54	0.19	0.09
Xinyi Solar	0.17	0.00	0.06
Fortescue Metals	0.39	0.18	0.06
SK Hynix	0.63	0.36	0.06

Samsung Electronics (o/w) – prospects for recovery in all business segments, led by DRAM (dynamic random access memory) semiconductor chips, and potential for improved shareholder returns.

Samsung SDI (o/w) – continued positive news flow regarding electric vehicle (EV) growth forecasts led to outperformance in the EV Battery names.

Xinyi Solar (o/w) – positive trading update and Chinese government policy supportive of industry growth prospects, leading to increased demand for solar products.

Fortescue Metals (o/w) – strong rise in iron ore prices due to increased Chinese demand and continued supply disruptions.

SK Hynix (o/w) – expectations of recovery in the DRAM market.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 December 2020

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Samsung Electronics Prefs	0.00	0.35	(0.10)
Afterpay	0.00	0.13	(0.04)
Celltrion Healthcare	0.00	0.07	(0.03)
Kia Motors	0.00	0.09	(0.02)
CSL	0.87	0.63	(0.02)

Samsung Electronics Prefs (u/w) – benefited from the same drivers as Samsung Electronics Ordsooutlined above; the Fund is overweight Samsung Electronics overall but has no exposure to the preference shares.

Afterpay (u/w) – Australian fintech company continuing to benefit from gaining market share in the global payments processing market, as well as entry into the main Australian index.

Celltrion Healthcare (u/w) – development of COVID-19 treatment with the company seeking emergency approval in South Korea and US.

Kia Motors (u/w) – shares in Korean Autos outperformed on the back of successful launches in the US and hopes for electric vehicles; the Fund has exposure via Hyundai Motor.

CSL (o/w) – increasing concerns that plasma collection is restricted by COVID-19 and abandonment of COVID-19 vaccine trial.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 December 2020

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.87
AIA Group	+0.38
Samsung SDI	+0.35
BHP Group	+0.29
SK Hynix	+0.27
Samsung Electronics Prefs	-0.35
UOB	-0.14
Afterpay	-0.13
KaKao	-0.12
Hong Kong & China Gas	-0.10

Top 5 Holdings Relative to Benchmark:

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

AIA Group – despite recent weakness in the Hong Kong market, growth is expected to be driven by increased penetration into underserved provinces in China; this is leading to clear earnings visibility.

Samsung SDI – the company is a market leader in the supply of batteries to the growing electronic vehicle (EV) market; the longer term trend to transition to EVs is a structural growth story and SDI is well positioned to serve this market.

BHP Group – diversified commodity exposure and strong cash generator benefitting from operating at the lower end of the cost curve and proximity to end markets.

SK Hynix – expected to benefit from a more disciplined, but recovering, DRAM market; the company should also benefit from its recent acquisition of Intel’s flash memory business.

Bottom 5 Holdings Relative to Benchmark:

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

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

Afterpay – this “buy now pay later” platform has grown rapidly in recent years and the lack of a holding represents a significant underweight; further research is being conducted as to whether this would be a suitable holding for the Fund.

KaKao – Korean internet company has benefited from COVID-19 via its fintech, e-commerce and entertainment businesses; the Fund has a preference for Naver.

Hong Kong & China Gas – although the company has a monopoly on gas supply in Hong Kong, it has a very high valuation with potentially slowing earnings growth and increased regulatory risk in China.

Major transactions during the Quarter

Purchases:

Banks – Westpac Bank (£2.9m); BOC HK (£2.5m); KB Financial (£2.5m); and DBS (£2.0m) – reduced underweight in Banks as market started to focus on the potential recovery in the sector.

Sales:

Xinyi Solar (£4.5m) – strong performance enabled the Fund to continually take profits in this non-benchmark holding.

Fortescue Metal (£2.9m) – strong rise in iron ore price benefited Fortescue, enabling the Fund to take profits.

Note

1) Source: Northern Trust

Market Background

at 31 December 2020

After a tumultuous year for capital markets in general and equities, in particular, there was a significant rebound in the fourth quarter driven by a relaxation of lockdown restrictions, positive vaccine developments, the eventual resolution of the US Presidential Election and a form of Brexit agreement. This was tempered at the end of the quarter with an escalation of lockdown restrictions, particularly in Europe but also in the US and parts of Asia, as a result of a more virulent strain of the COVID-19 virus.

Extensive fiscal and monetary support is helping economies to weather the worst of the disruption, and these measures have been extended following the latest lockdown restrictions. However, this will result in higher debt levels which may constrain economic growth in the medium term. Although this may be partly offset by pent-up consumer demand once restrictions are removed.

Although there has been a recovery in global economic activity it remains a long way short of pre-pandemic levels. Positive vaccine developments and continued fiscal and monetary support should enable economic growth to accelerate in 2021. However, existing restrictions and the pace of the rollout of vaccinations, particularly in Europe and Emerging Markets, will temper this growth in the short term.

The transition to the Biden administration in the US, and the securing of the Senate, is likely to result in continued fiscal support and an attempt to repair global relations, particularly with regards to the trade disputes with China. Although Biden is unlikely to reverse Trump's less egregious policy making, he is likely to strike a more conciliatory tone, which would be beneficial for financial markets.

Inflationary pressures have been contained as the increased fiscal and monetary measures have been broadly offset by the reduction in economic activity. However, there remains a risk that inflationary pressures build and there appears to be an increased tolerance for higher inflation, particularly as it would help to reduce debt levels. The US Federal Reserve

and other major central banks have indicated that monetary policy is likely to remain loose for the foreseeable future.

Labour markets will remain under pressure particularly when support schemes are reduced or withdrawn. There is also a risk of a two-tier market where employment in occupations that can be performed remotely remains stable, or even grows, and occupations requiring a physical presence, particularly linked to discretionary activities, will face significant pressures.

The fourth quarter was marked by two notable features in equity markets:

- The first was a strong recovery in segments of the market left behind in recent quarters, perhaps as a result of the prospect of a genuine and lasting economic recovery once the pandemic has passed. Smaller stocks performed very strongly making up all the ground they had lost earlier in the year. Value stocks also started to outperform growth stocks and, after many years of underperformance during which relative valuation multiples had fallen to historic extremes, many market observers suggested that this marked the beginning of a sustained move.
- Despite this move in Value, the second feature during the quarter was certain pockets of the Growth segment continuing to perform exceptionally strongly, prompting many to comment they were exhibiting bubble-like characteristics. Consumer and Technology stocks that have benefited, and are expected to continue to benefit, from both the COVID-19 disruption as well as increasing awareness of environmental issues have risen almost exponentially since the March lows and have been unscathed by the broader Value rotation in the last quarter. Valuations amongst this cohort of stocks are now extremely high by any measure, with the value accorded to them also now becoming increasingly material.

Note

1) Source: Border to Coast

Market Background at 31 December 2020

Tesla is probably the poster child of this phenomenon and was, by early January 2021, the fifth largest stock in the S&P500 with a market capitalisation of \$800bn. It may be the largest, but it is by no means the only example of stocks being driven by bubble-like behaviours.

Valuations of equity markets are above their long-term average and investor sentiment remains positive – perhaps excessively so given the behaviour evident in certain pockets of the market, as alluded to previously. Returns available in other asset classes remain relatively unattractive though. Government bond yields have risen but remain low by historic standards and are still negative in many areas. Investment grade and high yield credit spreads have also narrowed considerably. The outlook for commercial real estate is unclear, both in the near term due to payment defaults but also longer term due to changes in demand. Investor allocations to Alternatives continue to increase but it will need time for this capital to be deployed.

Global equity markets enjoyed a strong final quarter in 2020, rising 8.5% in sterling terms, with only strength in sterling preventing that rise being greater for UK investors. After some initial weakness in October, markets recovered after the US election passed and vaccine trial results were announced, and advanced steadily through the remainder of the year. In contrast to recent periods, the US market lagged global markets in part due to the large weighting in growth-oriented Technology and Consumer stocks, while the UK outperformed other major markets, rising 12.6%, benefiting from a higher weighting to Resource stocks as well as positive Brexit developments. Emerging Markets also performed very well (+11.4%), outperforming Developed Markets (+7.8%) and continuing to unwind the underperformance of the first half of the year. Within Emerging Markets, Brazil (+29.1%) and India (+16.9%) were the strongest performing major markets and China (+5.6%) was the weakest.

In terms of sector performance, Technology (long term growth trends, short term beneficiary of disruption) continues to deliver solid performance but, understandably given the resurgence of Value, could not match the performance of Energy and Financials while other

cyclically sensitive sectors such as Consumer Discretionary, Materials and Industrials also performed well. Defensive sectors such as Healthcare, Utilities and Consumer Staples lagged.

In terms of factor performance, Value outperformed Growth for the first time in a considerable while. Quality lagged, as did Size, reflecting the fact smaller companies performed strongly during the quarter. More volatile stocks also performed well.

Amidst high valuations and potential delays to economic recovery equity markets are unlikely to be supported by positive earnings revisions until later in the year. Economic activity is likely to remain uneven with the hoped-for V-shaped recovery distorted and delayed. Although the uncertainty surrounding the US Presidential Election has passed there is some uncertainty over the priorities of the Biden administration and their ability to implement their agenda. Geopolitical risks remain elevated across the globe as US/China relations have deteriorated. As such, sentiment looks vulnerable to events with valuations offering little near-term support.

Note

1) Source: Border to Coast

Border to Coast News

People:

- Tim Sankey has joined us as our first Head of Real Estate, leading on the development of our property funds. Tim brings a wealth of investing experience together with hands-on experience of building and running property funds, most recently at Aberdeen Standard Investments.
- We are also joined by Steve Walton, our new interim Chief Risk Officer. Steve brings significant experience including Global Head of Investment Oversight and Responsible Investing at the Prudential and, most recently, Interim Chief Risk Officer at Intermediate Capital Group.
- We also welcomed two new Board Directors, Cllr Anne Walsh (Tyne & Wear) who replaces Cllr Jeff Watson of Northumberland as a Partner Fund nominee; and Kate Guthrie, who replaces Enid Rowland as Remuneration and Nominations Committee Chair. Kate is a highly experienced HR Director with strong financial services experience.

Investment Funds:

- During the quarter we launched our latest fixed income product, the £1.5bn Sterling Index Linked Fund. This is an internally managed Fund, helping to generate aggregate cost savings across the pool. The Partner Funds involved as initial investors are Durham, North Yorkshire and South Yorkshire. The launch of the fund demonstrates the skills and capabilities within Border to Coast to deliver effective investment solutions to our Partner Funds.
- Our first co-investment within the Infrastructure Fund took place – a £40m investment in Sleaford Renewable Energy Plant. A straw-fired biomass plant located in Lincolnshire, this will have a real impact in tackling climate change. Our co-investment marks a significant step forward for Border to Coast as an active alternative investor. The plant benefits from predictable, contracted revenue streams in the form of the Renewable Obligation Certificate support and the sale of the clean electricity that it generates under a long-term Power Purchase Agreement.

Responsible Investment:

- Climate Action 100+ published its second progress update in December which summarised overall progress. The initiative now has 545 investor signatories with assets under management totalling \$52 trillion. In 2020 it developed the Net Zero Company Benchmark, which will be used to publicly benchmark focus companies, with the first set of scorecards being released in early 2021.
- The Asset Management Taskforce set up Stewardship and Stakeholder working groups last year to help strengthen stewardship and responsible investment in the UK. November saw the publication of the recommendations in the report: [Investing with Purpose: placing stewardship at the heart of sustainable growth](#). Their 19 recommendations cover three areas: stewardship behaviours, stewardship for clients and savers, and the economy wide approach to stewardship.

Other news:

- At the 2020 LAPF Investment Awards, Border to Coast won in two categories. For the second year running Border to Coast were named 'Pool of the Year'. The second award we picked up was the 'Collaboration' award - another great achievement, the award highlights the culture of partnership we have been building together with our Partner Funds, our external managers, and other key strategic partners.
- Following the success in the LAPF Investment Awards, Border to Coast was recognised in the Women in Investment Awards, organised by Investment Week, for our outstanding work on diversity in the workplace and the progress we have made as an organisation since our launch.
- In October, we hosted our first virtual annual conference welcoming over 130 delegates. During the event we gave an update on progress over 2020, discussed key issues facing Partner Funds and how we can work collaboratively on these, and explored our collective future priorities. Many thanks to all that were able to attend and contributed to the day.

Disclosures

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

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