Appendix A

Teesside Pension Fund

Quarterly Investment Report - Q1 2021

Contents

Note
1) Border to Coast

Executive Summary

Overall Value of Teesside Pension Fund

Value at start of the quarter	£1,495,429,905
Inflows	£670,000,000
Outflows	£0
Net Inflows / Outflows	£670,000,000
Realised / Unrealised gain or loss	£80,664,212
Value at end of the quarter	£2,246,094,118

Over Q1 2021, Teesside's holdings performed as follows:

- The UK Listed Equity Fund underperformed its benchmark by 0.39%
- The Overseas Developed Markets Equity Fund outperformed its benchmark by 0.05%

Teesside allocated £670,000,000 to the Overseas Developed Markets Equity Fund during Q1 2021.

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 March 2021

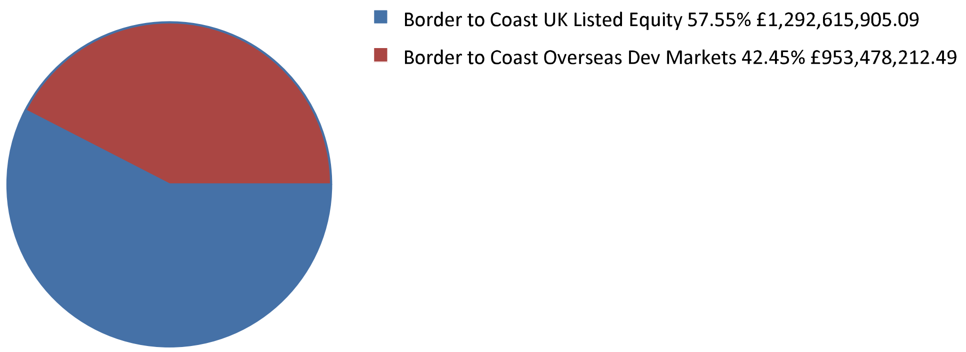
Funds Held

Fund	Market Index	Market Value (£)	Value (%)
Border to Coast UK Listed Equity	FTSE All Share GBP	1,292,615,905.09	57.55
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	953,478,212.49	42.45

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 March 2021

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	57.55	4.81	5.19	(0.39)	3.84
Border to Coast Overseas Dev Markets	42.45	3.47	3.43	0.05	1.11
Total	**100.00**	**4.95**			

The UK Listed Equity Fund returned 4.81% over the quarter, which was 0.39% behind the FTSE All Share Index.
The Overseas Developed Markets Equity Fund returned 3.47% over the quarter, which was 0.05% ahead of the composite benchmark.

Overall, Teesside's investments with Border to Coast returned 4.95% during Q1 2021.

Note
1) Source: Northern Trust & Border to Coast

Valuation Summary
at 31 March 2021

Fund	Market value at start of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)	Inflows (GBP)	Outflows (GBP)	Realised / unrealised gain or loss	Market value at end of the quarter GBP (mid)	Total weight (%)	Strategy weight (%)
Border to Coast UK Listed Equity	1,233,338,592.15	82.47				59,277,312.94	1,292,615,905.09	57.55	
Border to Coast Overseas Dev Markets	262,091,313.16	17.53		670,000,000.00		21,386,899.33	953,478,212.49	42.45	
Total	**1,495,429,905.31**	**100.00**		**670,000,000.00**		**80,664,212.27**	**2,246,094,117.58**	**100.00**	

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

Summary of Performance - Funds (Net of Fees) Teesside Pension Fund
at 31 March 2021

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity	1.34	0.16	1.18	4.81	5.19	(0.38)	26.29	26.71	(0.42)	--	--	--	--	--	--
Border to Coast Overseas Dev Markets	10.31	9.21	1.10	3.64	3.43	0.22	39.98	38.83	1.16	--	--	--	--	--	--

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 March 2021

	Inception to Date			Quarter to Date			1 Year			3 Years			5 Years		
Fund	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**	**Fund**	**Index**	**Relative**
Border to Coast UK Listed Equity	1.35	0.16	1.19	4.81	5.19	(0.38)	26.30	26.71	(0.41)	--	--	--	--	--	--
Border to Coast Overseas Dev Markets	10.32	9.21	1.11	3.65	3.43	0.22	39.99	38.83	1.17	--	--	--	--	--	--

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 March 2021

UK Listed Equity Fund

The Fund generated a total return of 4.81% during the quarter compared to the benchmark return of 5.19% resulting in 0.38% of underperformance.

The UK continued to perform well relative to global markets as the market digested the resolution of Brexit in late 2020 and good progress in the vaccine roll-out, with the UK having been disproportionately impacted by the COVID-19 pandemic. In addition, the UK market has a relatively large exposure to energy stocks, and other cyclically sensitive value biased sectors, which were strong during the quarter, along with small and medium sized companies also performing strongly.

The Fund was unable to fully match the strong performance of the benchmark during the quarter. The following factors all benefitted the Fund:

- Strong performance from specialist UK small-cap funds benefitting from the prospects of a re-opening of the domestic economy;
- Underweight technology stocks which have been impacted by a reversal of momentum away from lockdown beneficiaries; and
- Strong stock selection in Financials, Collectives and Technology.

However, these were offset by the following:

- Underweight position in mid-cap companies which have rebounded during the quarter on the prospects of economic recovery;
- Overweight large caps which have been impacted by sterling strength and rising bond yields;
- Underweight Consumer Discretionary which has responded positively to vaccine progress and easing of lockdown conditions.

The portfolio has maintained a relatively low risk profile given concerns around heightened geopolitical risks compounded by lingering uncertainty regarding Brexit. This stance had been deemed appropriate as uncertainty has been high in both a national and international context for several reasons, not least the pandemic and an unresolved Brexit situation, and 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 increased exposure to more cyclical, value-oriented stocks in acknowledgement of the shifting balance of risks and to add to favoured companies at lower valuations. This has largely helped protect performance as these segments have led the market in recent months. The Fund will continue to focus on long term fundamentals with a bias towards quality companies with strong balance sheets, earnings and income visibility.

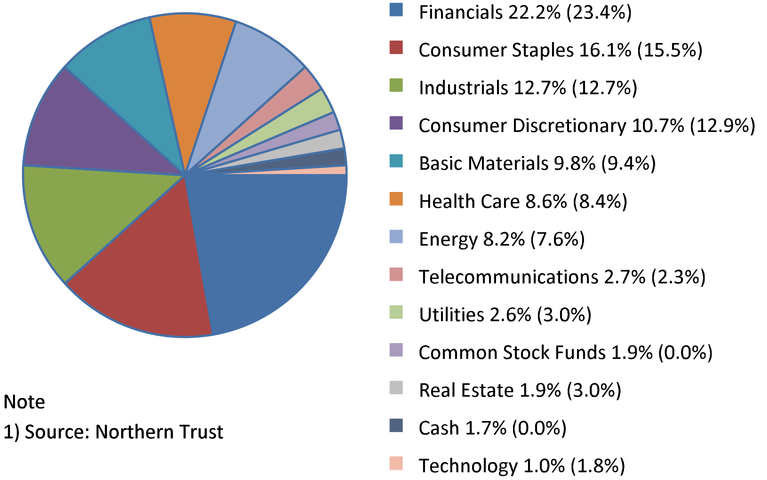
Note
1) Source: Border to Coast

Border To Coast UK Listed Equity Fund
at 31 March 2021

Largest Relative Over/Underweight Sector Positions (%)

Common Stock Funds	+1.87
Energy	+0.67
Consumer Staples	+0.55
Basic Materials	+0.42
Telecommunications	+0.31
Consumer Discretionary	-2.18
Financials	-1.20
Real Estate	-1.13
Technology	-0.84
Utilities	-0.37

Sector Portfolio Breakdown



Note
1) Source: Northern Trust

UK Listed Equity Fund

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

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

Sector Weights:

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

Energy (o/w) – oil prices have continued to rally from last year on the prospects of economic recovery post the global pandemic and a tightening in supply/demand, supported by OPEC+ production discipline. Strong cash flows support re-based dividends and balance sheet repair. UK integrated oil companies have announced ambitious net-zero carbon intentions and are key enablers of energy transition.

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

Consumer Discretionary (u/w) – bricks and mortar non-food retail structurally challenged by on-line penetration and high occupancy costs, exacerbated by extended shut down of high street stores and leisure sites in response to the COVID-19 pandemic. Timetable for re-opening of international travel unclear, with travel sector balance sheets carrying elevated levels of debt than seen pre-pandemic.

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

Real Estate (u/w) – concerns around retail/leisure sector exposure including vacancy rates, rent re-negotiations and accumulated rent arrears, together with uncertainty around the impact of COVID-19 and continuation of home/flexible working on the long-term demand for office space.

Border To Coast UK Listed Equity Fund Attribution at 31 March 2021

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Antofagasta	1.08	17.16	0.26	17.32	0.14
Just Eat Takeaway	0.00	0.00	0.35	(19.03)	0.10
Scottish Mortgage Investment Trust	0.00	0.00	0.72	(6.34)	0.09
Ocado	0.00	0.00	0.43	(11.02)	0.08
IP Group	0.45	25.74	0.05	25.58	0.07

Antofagasta (o/w) – continues to benefit from higher copper prices driven by energy transition (electrification) and robust infrastructure demandfrom China, combined with ongoing COVID-19 related supply restrictions at major producers in central and southern America.

Just Eat Takeaway (u/w) – not held. Concerns around the prospects for the food takeaway category post lockdown, alongside a broader rotation away from tech stocks on stretched valuations.

Scottish Mortgage Investment Trust (u/w) – not held. A fund focussed on global large-cap tech stocks and impacted by the rotation away from long duration tech stocks triggered by rising bond yields.

Ocado (u/w) – not held. Concerns around potential normalisation of grocery demand post COVID-19, alongside the lack of new international fulfilment centre partnerships and an ongoing patent challenge.

IP Group (o/w) – strong portfolio gains and realisations driving NAV growth together with the prospect of an IPO of its largest holding, Oxford Nanopore (DNA/RNA sequencing and COVID-19 testing), at a significant premium to book value.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund Attribution Continued at 31 March 2021

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Glencore	0.38	0.00	1.35	22.00	(0.19)
Fresnillo	0.40	(23.56)	0.07	(23.49)	(0.13)
Biotech Growth Trust	0.66	(8.83)	0.03	(9.52)	(0.10)
Entain	0.00	0.00	0.39	33.92	(0.08)
Herald Investment Trust	0.62	(7.47)	0.06	(7.35)	(0.08)

Glencore (u/w) – robust commodity prices such as copper and zinc, driven by electrification and Chinese demand has supported a recovery in the share price, together with management changes offering the prospect of moving beyond ESG concerns.

Fresnillo (o/w) – softer gold and silver commodity prices, combined with ongoing operational and geological issues impacting production levels.

Biotech Growth Trust (o/w) – impacted by a broad rotation away from tech stocks following a strong performance in 2020.

Entain (u/w) – not held. Benefitting from the opening-up of the US online gaming and sports betting market as more individual states pass legislation, driving revenue growth.

Herald Investment Trust (o/w) – fund focussed on smaller-cap tech and media stocks, which have been impacted by a rotation away from long-duration assets triggered by the rise in bond yields.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast UK Listed Equity Fund at 31 March 2021

Largest Relative Over/Underweight Stock Positions (%)

Schroder UK Smaller Companies Fund	+1.01
Impax Environmental Markets	+0.93
Liontrust UK Smaller Companies	+0.85
BHP Billiton	+0.84
Antofagasta	+0.82
Glencore	-0.97
Flutter Entertainment	-0.87
Scottish Mortgage Investment Trust	-0.72
SEGRO	-0.49
Anglo American	-0.49

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

Schroder UK Smaller Companies Fund – specialist fund manager providing UK small-cap exposure, with a long-term track record of out-performance. UK small-cap stocks continue to outperform larger-caps as the UK domestic economy re-opens on vaccine progress.

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

Liontrust UK Smaller Companies – 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.

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.

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.

Bottom 5 Holdings Relative to Benchmark:

Glencore – significant operations in geographies with weaker governance; ongoing corruption investigations including US Department of Justice and UK Serious Fraud Office into allegations of bribery; coal exposure higher than peers. We initiated a position during the quarter to partially close one of the Fund’s larger risk positions amid signs of improvements in governance.

Flutter Entertainment – leading market share in the US where ongoing deregulation is driving market growth as more states pass legislation allowing online gaming and sports betting. We initiated a position during the quarter and intend to build our weighting.

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

SEGRO – real estate holding company focussed on logistics/industrial units across Europe. The Fund has similar UK exposure through St Modwen.

Anglo American – diversified mining company benefitting from elevated commodity prices. The Fund also has diversified mining exposure, such as through BHP and Rio Tinto.

Major transactions during the Quarter

Purchases:

Glencore (£17.8m) – new holding – funded from reduction to BHP and Antofagasta. Company has started to address governance concerns under new management and by virtue of the trading division it offers the fund a lower weighted average carbon intensity.

Sales:

Antofagasta (£18.6m) – following strong performance driven by the copper price on the back of robust global electrification demand, in particular from China, we have reduced our overweight position (alongside a reduction to our BHP holding) to part-fund a new position in Glencore.

Border To Coast Overseas Developed Markets Equity Fund - Overview at 31 March 2021

Overseas Developed Markets Fund

The Fund generated a total return of 3.64% during the quarter compared to the composite benchmark return of 3.43% resulting in out-performance of 0.22%. The US (+5.07%) was the strongest region and Japan (+1.06%) was the weakest. The Europe ex-UK, Asia Pacific and Japanese portfolios outperformed their respective benchmarks while the US lagged.

The Fund has continued to benefit from ongoing strength in equity markets supported by extensive monetary and fiscal stimulus. Markets have been supported by the prospect of vaccines bringing an end to the COVID-19 pandemic and carrying the prospect of what would seem likely to be a V-shaped recovery in many economies, given the level of stimulus being applied. Markets remained firm through the quarter, despite the poor vaccine roll-out in Europe necessitating an extended period of restrictions which will impede any recovery.

The Fund has out-performed due to the following:

- Strong stock selection in Japan and Europe, particularly within Industrials and IT;
- Strong contributions from our holdings in collectives; and
- Strong stock selection in Financials.

This has been partly offset by:

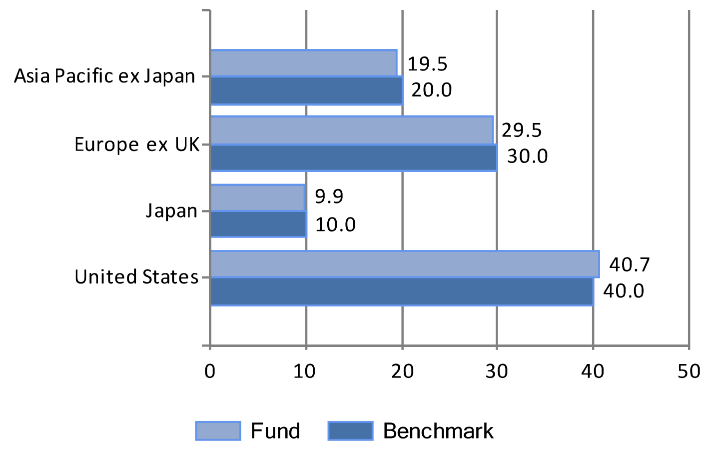
- Underweight position in Financials, which have been strong this quarter;
- Underweight position in smaller companies in the US which out-performed the broader market; and
- Weaker stock selection in the US.

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

Note
1) Source: Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2021

Regional Breakdown



Overseas Developed Markets Fund

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

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

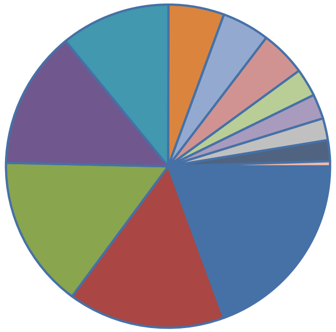
(*) The Benchmark is a composite of the following indices:
•40% S&P 500
•30% FTSE Developed Europe ex UK
•20% FTSE Developed Asia Pacific ex Japan
•10% FTSE Japan

	Inception to Date			Quarter			1 Year			3 Years		
Fund	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative	Fund	Index	Relative
Overseas Developed Equity Fund	**10.31**	**9.21**	**1.10**	**3.64**	**3.43**	**0.22**	**39.98**	**38.83**	**1.16**	**--**	**--**	**--**
United States	13.42	12.72	0.69	4.83	5.07	(0.25)	38.78	39.85	(1.07)	--	--	--
Japan	8.07	5.45	2.61	2.06	1.06	1.00	32.07	25.88	6.19	--	--	--
Europe ex UK	6.30	6.19	0.11	2.83	2.38	0.45	34.08	34.13	(0.04)	--	--	--
Asia Pacific ex Japan	10.97	8.13	2.84	2.91	2.89	0.02	56.23	50.34	5.89	--	--	--

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

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2021

Sector Portfolio Breakdown



- Technology 19.4% (18.4%)
- Financials 15.7% (15.3%)
- Consumer Discretionary 15.3% (15.2%)
- Industrials 13.7% (15.3%)
- Health Care 10.9% (11.8%)
- Consumer Staples 5.6% (6.3%)
- Basic Materials 4.8% (4.9%)
- Common Funds 4.6% (0.0%)
- Telecommunications 2.8% (3.3%)
- Energy 2.5% (2.9%)
- Real Estate 2.2% (3.4%)
- Utilities 2.1% (3.2%)
- Cash 0.5% (0.0%)

Overseas Developed Markets Fund

Sector Weights:

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

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

Financials (o/w) – modest overweight as the position in banks was moved closer to neutral due to low valuations and the positive impact of higher bond yields and reduced credit risk as economies recover; remain overweight in insurers and wealth managers as they are expected to benefit from long term increase in investment wealth, and shorter-term pressures from the sharp fall in financial markets have obviously abated.

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

Real Estate (u/w) – the high leverage that is typically associated with the sector leaves it exposed in a rising interest rate environment. Normally improving economies would be favourable for asset pricing and demand trends but these compensatory factors are less certain in a post COVID-19 world.

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 March 2021

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Alphabet A	1.65	16.66	0.74	16.59	0.10
The Cheesecake Factory	0.24	55.70	0.00	0.00	0.09
Vanguard US Mid Cap ETF	3.11	6.05	0.00	0.00	0.08
Deere & Co	0.38	37.65	0.14	38.01	0.07
Bank of America	0.72	26.26	0.35	26.90	0.07

Alphabet A (o/w) – results revealed a resurgence in advertising revenue and strong growth in cloud computing.

The Cheesecake Factory (o/w) – prospects for restaurant re-openings and hopes that company can retain at least some of the recent gains in take-away sales.

Vanguard US Mid Cap ETF (o/w) – continued rally in smaller companies.

Deere & Co (o/w) – strong agricultural commodity pricing supportive of increased farm machinery sales.

Bank of America (o/w) – economic recovery improves outlook for credit risk, steepening yield curve should support wider interest margins.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund Attribution Continued at 31 March 2021

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Fund return (%)	Benchmark weight (%)	Benchmark return (%)	Contribution to performance (%)
Alphabet C	0.00	0.00	0.71	16.99	(0.08)
Exxon Mobil	0.00	0.00	0.28	35.81	(0.07)
Volkswagen Prefs	0.00	0.00	0.19	48.98	(0.06)
Xinyi Solar	0.00	(34.53)	0.00	0.00	(0.06)
Ballie Gifford Shin Nippon	0.38	(10.35)	0.00	0.00	(0.06)

Alphabet C (u/w) – results revealed a resurgence in advertising revenue and strong growth in cloud computing.

Exxon Mobil (u/w) – strong recovery in crude oil boosts outlook for profits and viability of dividend.

Volkswagen Prefs (u/w) – the “Power Day” capital markets day was a success as it showcased how the company was transitioning towards electric vehicles.

Xinyi Solar (o/w) – shares drifted as the market focussed on potential reduction in pricing as capacity increases; this non-benchmark holding has been sold having made substantial overall gains.

Baillie Gifford Shin Nippon (o/w) – net asset value reduced due in part to worldwide falls in tech stocks, and premium to NAV fell from around 9% at start of quarter to 3% at end.

Note

1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund
at 31 March 2021

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.11
Alphabet A	+0.91
Vanguard US Small Cap Value ETF	+0.87
Samsung Electronics	+0.54
Microsoft	+0.48
Alphabet C	-0.71
Tesla	-0.61
Mastercard	-0.37
PayPal	-0.34
Samsung Electronics Prefs	-0.32

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.

Vanguard US Small Cap Value ETF – recent position purchased in order to capture market rotation into small, recovery names to which the portfolio otherwise has limited exposure.

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.

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

Bottom 5 Holdings Relative to Benchmark:

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

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

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.

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

Note
1) Source: Northern Trust

APPENDICES

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2021

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Alphabet A	1.65	0.74	0.10
The Cheesecake Factory	0.24	0.00	0.09
Vanguard US Mid Cap ETF	3.11	0.00	0.08
Deere & Co	0.38	0.14	0.07
Bank of America	0.72	0.35	0.07

Alphabet A (o/w) – results revealed a resurgence in advertising revenue and strong growth in cloud computing.

The Cheesecake Factory (o/w) – prospects for restaurant re-openings and hopes that company can retain at least some of the recent gains in take-away sales.

Vanguard US Mid Cap ETF (o/w) – continued rally in smaller companies.

Deere & Co (o/w) – strong agricultural commodity pricing supportive of increased farm machinery sales.

Bank of America (o/w) – economic recovery improves outlook for credit risk, steepening yield curve should support wider interest margins.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2021

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Alphabet C	0.00	0.71	(0.08)
Exxon Mobil	0.00	0.28	(0.07)
Applied Materials	0.00	0.15	(0.05)
Wells Fargo	0.00	0.19	(0.04)
Visa Inc	0.85	0.43	(0.03)

Alphabet C (u/w) – results revealed a resurgence in advertising revenue and strong growth in cloud computing.

Exxon Mobil (u/w) – strong recovery in crude oil boosts outlook for profits and viability of dividend.

Applied Materials (u/w) – short term supply bottlenecks in semi-conductors and a longer-term strategic drive toward reduced manufacturing concentration, provide tailwinds for the equipment names.

Wells Fargo (u/w) – recovery from multi-year share price low on improving outlook for credit risk and net interest margins.

Visa Inc (o/w) – rotation away from highly valued growth names, concern around potential regulatory review of US debit business.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - United States at 31 March 2021

Largest Relative Over/Underweight Stock Positions (%)

Vanguard US Mid Cap ETF	+3.11
Alphabet A	+0.91
Vanguard US Small Cap Value ETF	+0.87
Microsoft	+0.48
Visa Inc	+0.42
Alphabet C	-0.71
Tesla	-0.61
Mastercard	-0.37
PayPal	-0.34
Comcast	-0.29

Note
1) Source: Northern Trust

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.

Vanguard US Small Cap Value ETF – recent position purchased in order to capture market rotation into small, recovery names to which the portfolio otherwise has limited exposure.

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

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

Bottom 5 Holdings Relative to Benchmark:

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

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

Mastercard – preference for Visa, 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:

Vanguard US Small Cap Value ETF (£33.8m) – new holding purchased to mitigate portfolio's limited exposure to smaller, sometimes challenged companies that should benefit as economies start to recover.

Sales:

Electronic Arts (£7.5m) – consolidating gaming sector exposure into alternative name with stronger content pipeline and more developed mobile gaming strategy.

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2021

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
ASML	1.17	0.90	0.05
Orsted	0.00	0.11	0.03
Stellantis	0.17	0.00	0.03
Vestas Wind Systems	0.00	0.15	0.03
Lonza	0.00	0.16	0.03

ASML (o/w) – the company has benefitted from the shortages in microchips as companies are looking to expand production. Intel has also announced that they will also produce more microchips which will benefit ASML.

Orsted (u/w) – profit warning at the beginning of the quarter meant that momentum was more to the downside for this Danish multinational power company. A return to more normal wind speeds would hit profits this year.

Stellantis (o/w) – the auto sector has benefited from positive news flow as many manufacturers have announced their electric vehicle strategy as well as investor rotation into value stocks. Stellantis should also benefit from synergies now the merger with Fiat Chrysler is complete.

Vestas Wind Systems (u/w) – the company was impacted by the issues at peer Orsted. High valuations and a reversal in momentum stocks resulted in underperformance during the quarter after a strong 2020.

Lonza (u/w) – the chemicals and biotechnology company reported earnings and sales below estimates. Another stock that performed well in 2020 with valuations at high levels.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2021

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Volkswagen Prefs	0.00	0.19	(0.06)
Daimler	0.00	0.27	(0.05)
Nestle	1.27	1.16	(0.03)
Ubisoft Entertainment	0.11	0.03	(0.03)
Zalando	0.20	0.06	(0.03)

Volkswagen Prefs (u/w) – the “Power Day” capital markets day was a success as it showcased how the company was transitioning towards electric vehicles.

Daimler (u/w) – the auto sector has benefited from positive news flow as many manufacturers have announced their electric vehicle strategy, as well as investor rotation into value stocks. Daimler also benefited from the news that they are spinning off their trucks division which should release some value.

Nestle (o/w) – bond proxy that has underperformed as bond yields have increased.

Ubisoft Entertainment (o/w) – another beneficiary of COVID-19 disruption which has underperformed as lockdowns are relaxed and has also suffered from the delay in the release of two highly rated games.

Zalando (o/w) – underperformed due to relatively high valuation and concern over growth targets as lockdowns are relaxed.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Europe (ex UK) at 31 March 2021

Largest Relative Over/Underweight Stock Positions (%)

Koninklijke Philips	+0.38
Total	+0.35
Teleperformance	+0.33
JP Morgan European Smaller Companies Trust	+0.33
Schneider Electric	+0.33
Enel SPA	-0.29
Daimler	-0.27
Zurich Insurance Group	-0.24
Adyen	-0.22
Volkswagen Prefs	-0.19

Note
1) Source: Northern Trust

Top 5 Holdings Relative to Benchmark:

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

Total – has been shifting away from its main core business of producing oil and is now the second largest player in liquefied natural gas (LNG) as well as seeking to diversify further into green energy.

Teleperformance – experiencing high growth with high levels of operational gearing with the expectation of cost reductions as workforce moves more towards home working.

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

Schneider Electric – the best positioned franchise globally for secular growth in data centres, building automation, smart grid and electrification of fossil fuel processes. It is the only company with an integrated approach offering all critical aspects of the value chain.

Bottom 5 Holdings Relative to Benchmark:

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

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

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, and is considered to be the best European fintech name in the sector.

Volkswagen Prefs – governance concerns and cost of transition to electric vehicles as well as competitive pressures from new entrants having a potential adverse impact on market share.

Major transactions during the Quarter

Purchases:

BASF (£6.8m) – the company should benefit from the opening up of the global economy.

Sales:

Logitech (£4.3m) – reducing the large overweight as the company has benefited from COVID-19 disruption and may underperform as lockdown restrictions are lifted.

Border To Coast Overseas Developed Markets Equity Fund - Japan
at 31 March 2021

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
M3	0.00	0.06	0.03
Daiichi Sankyo	0.00	0.12	0.03
LIXIL	0.12	0.02	0.02
Chugai Pharmaceutical	0.00	0.06	0.02
Mitsubishi UFJ Financial	0.28	0.15	0.02

M3 (u/w) – medical information services company experiencing profit taking following excellent performance in the previous two quarters, combined with a market rotation away from quality growth names.

Daiichi Sankyo (u/w) – volatile pharmaceutical company reversed some of the gains that were seen in November when it announced a large share buyback.

LIXIL (o/w) – share price recovery continues on good results, and prospects for increased demand for contactless bathroom products.

Chugai Pharmaceutical (u/w) – volatile pharmaceutical company reversed most of the gains seen in the previous quarter as recent results were below expectations.

Mitsubishi UFJ Financial (o/w) – investors starting to recognise cheap valuation of Japan’s major banks.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan at 31 March 2021

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Ballie Gifford Shin Nippon	0.38	0.00	(0.06)
Nintendo	0.31	0.13	(0.03)
Daifuku	0.11	0.02	(0.03)
KEYENCE	0.26	0.18	(0.02)
Terumo	0.14	0.05	(0.02)

Baillie Gifford Shin Nippon (o/w) – NAV reduced due in part to worldwide falls in tech stocks, and premium to NAV fell from around 9% at start of quarter to 3% at end.

Nintendo (o/w) – worldwide underperformance of tech stocks in the quarter weighed on Nintendo, combined with a rotation away from “lockdown winners”, despite excellent sales of hardware (Switch) and software.

Daifuku (o/w) – quarterly results disappointed the market, but long-term outlook for factory automation still good.

KEYENCE (o/w) – profit taking in this factory automation name following an excellent performance in 2020, combined with a market rotation away from quality growth names.

Terumo (o/w) – volatile pharmaceutical and medical equipment company experienced weakness in the quarter that was not attributed to any specific news.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Japan
at 31 March 2021

Largest Relative Over/Underweight Stock Positions (%)

Ballie Gifford Shin Nippon	+0.38
Shin-Etsu Chemical	+0.21
Tokyo Electron	+0.21
Oji Holdings	+0.21
Softbank Group Corp	+0.21
Recruit Holdings	-0.15
Nidec	-0.13
Daiichi Sankyo	-0.12
Daikin Industries	-0.12
Honda Motor	-0.12

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.

Tokyo Electron – manufactures and sells industrial electronics products. Good growth prospects, strong balance sheet and potential for increased shareholder returns.

Oji Holdings – potential for growth from switch from plastic to paper and cardboard packaging, and for market to appreciate value of carbon negative position from forestry operations.

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

Bottom 5 Holdings Relative to Benchmark:

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

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.

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.

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:

Baillie Gifford Shin Nippon (£4.3m) – increased holding whilst liquidity was available at a small premium to NAV.

Sales:

Chubu Electric Power (£2.6m) – exited holding on poor prospects, as unlikely to benefit from national aim to increase exposure to renewables.

Note
1) Source: Northern Trust

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2021

Positive Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
NAVER	0.46	0.27	0.03
Techtronic Industries	0.35	0.13	0.03
Afterpay	0.00	0.10	0.02
Samsung Electronics Prefs	0.00	0.32	0.02
Northern Star Resources	0.00	0.05	0.02

NAVER (o/w) – outperformance driven by a number of well received collaborations and market appreciation of the group's online platform potential.

Techtronic Industries (o/w) – strong results, with the manufacturing group taking market share - but not at expense of gross margin, which rose for 12th consecutive year.

Afterpay (u/w) – underperformed due to news of increased competition and potential regulations in the BNPL ("Buy Now Pay Later") sector.

Samsung Electronics Prefs (u/w) – despite forecasts for a strong recovery in the memory space, the shares underperformed due to chip shortage concerns at one of its US foundries.

Northern Star Resources (u/w) – increased bond yields resulted in underperformance of gold producers.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2021

Negative Stock Level Impacts

Fund	Portfolio weight (%)	Benchmark weight (%)	Contribution to performance (%)
Xinyi Solar	0.00	0.00	(0.06)
Samsung C&T	0.18	0.06	(0.02)
Samsung Electronics	2.61	2.06	(0.02)
NCSoft	0.22	0.08	(0.02)
KaKao	0.00	0.14	(0.02)

Xinyi Solar (o/w) – shares drifted as the market focussed on potential reduction in pricing as capacity increases; this non-benchmark holding has been sold having made substantial overall gains.

Samsung C&T (o/w) – imprisonment of heir apparent, JY Lee, led to underperformance as the market discounted the prospects of a group restructuring.

Samsung Electronics (o/w) – despite forecasts for a strong recovery in the memory space, the shares underperformed due to chip shortage concerns at one of its US foundries.

NCSoft (o/w) – weaker sales of key online game in Japan resulted in earnings downgrades.

KaKao (u/w) – internet sector in Korea benefiting from platform developments; the Fund has exposure to this theme via NAVER.

Note
1) Source: Northern Trust & Border to Coast

Border To Coast Overseas Developed Markets Equity Fund - Asia Pacific (ex Japan) at 31 March 2021

Largest Relative Over/Underweight Stock Positions (%)

Samsung Electronics	+0.54
Techtronic Industries	+0.22
Hyundai Motor	+0.21
LG Chemical	+0.20
SK Hynix	+0.20
Samsung Electronics Prefs	-0.32
UOB	-0.15
KaKao	-0.14
Kia	-0.11
Afterpay	-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.

Techtronic Industries – the group's technology leading focus on cordless power tools market should lead to improving margins and market share, especially as it starts to skew the business more to the professional market in the US.

Hyundai Motor – leading the way with regards to development of EV model and an overall beneficiary of the overall recovery in global auto demand.

LG Chemical – leader in the development of the EV battery; also strong backing from the chemical business with strong demand for high performance chemicals.

SK Hynix – expected to benefit from a more disciplined, but recovering, DRAM chip 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.

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

Kia – South Korean auto company with same exposures as the preferred holding Hyundai Motor which also owns 34% of Kia.

Afterpay – this BNPL ("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.

Major transactions during the Quarter

Sales:

Xinyi Solar (£4.0m) – non-benchmark holding was sold having made significant returns over the holding period.

Origin Energy (£4.2m) – the company downgraded guidance just a few days after a trading update which did not refer to any specific issues; the company is under pressure in a competitive market and the position has been exited.

Note

1) Source: Northern Trust

Market Background at 31 March 2021

2021 began in the same fashion as 2020 ended. Optimism grew early in the first quarter that vaccines would enable abundant fiscal and monetary stimulus to propel the global economy out of the Covid-induced slump. The combination of optimism and liquidity stimulated investor risk appetite, evidenced by continued strength in small-cap and value stocks. This also manifested in extreme performance in some corners of the market and certain stocks in particular, to the extent that these were exhibiting bubble-like characteristics.

As the quarter progressed, fears that the authorities might be over-cooking the economy rattled bond markets and prompted a tempering of some of the exuberance within equity markets. The uneven roll-out of vaccine programmes globally, along with the continued threat to the health of populations in many countries from new strains of the virus, also served to dampen some optimism over the pace of the anticipated economic recovery.

Extensive fiscal and monetary support has allowed economies to weather the worst of the disruption caused by COVID-19, and these measures have been extended as necessary. However, the resulting high debt levels may constrain economic growth in the medium term, although this may be partly offset by pent-up consumer demand once restrictions are removed.

Economies have already seen sharp recoveries from the lowest levels of activity seen through the spring and early summer of 2020 but remain for the most part some way below pre-pandemic levels. With vaccine roll-out proceeding at different speeds and the effects of the pandemic likely to be felt for longer in certain countries as new virus mutations take hold, the continuing recovery is likely to be uneven. This has two effects on those countries lagging. Further delays to recovery will further add to already high debt levels, while the risk increases that continued economic weakness leads to permanent damage being inflicted on sections of the economy with negative implications for long-term growth potential. The combination of these factors could test investor’s views of the sustainability of debt levels in certain countries in the coming years.

The US would seem to be poised to be one of the leaders of the economic recovery, with the success of its vaccine programme and its fiscal stimulus amongst the largest of the major global economies. Indeed, these factors have combined with the Fed’s apparent insouciance towards the risk of inflation to awaken the bond vigilantes and provoke a sharp increase in bond yields. The extensive shorter-term stimulus is being accompanied by longer term infrastructure plans and green initiatives that could provide lasting impetus. They are likely to come at the cost of an increasing tax burden, particularly for companies, which will have implications for earnings and equity markets.

Inflation is very much back at the forefront of investors’ minds. Rising commodity prices, stretched supply chains, fractured global trading relations all indicate supply side pressures building at the same time as demand is rebounding from depressed levels. Central banks are very reluctant to withdraw stimulus too soon and have broadly indicated they are comfortable with higher inflation until they are confident economies are back on their feet in the belief that inflation pressures will naturally subside. This is likely to test the nerves of bond investors as inflation rises and will likely cause further upward pressure on yields for a period of time.

The other factor that investors are having to contend with is that although many had anticipated the US would take a more conciliatory approach in foreign policy and trade matters, to date, US policy towards China has not softened, and in respect of perceived human rights issues it may even be seen to have hardened. This is something that will not help ease some of the supply issues that the process of de-globalisation begun under Trump has helped foment. Encouragingly, the US and its allies have coalesced around these human rights concerns to adopt a more unified stance in dealing with China, which might presage a return to a more aligned and cooperative stance between the US and its strategic partners.

Value has been enjoying something of a resurgence since the beginning of Q4 2020 as positive vaccine announcements promised an end to the pandemic and the prospect of a

Note
1) Source: Border to Coast

Market Background at 31 March 2021

sharp recovery fuelled by loose fiscal and monetary policy. Smaller companies have also shown impressive strength over this period, signalling an improvement in market breadth. Returns had become relatively narrowly concentrated in the time up to this shift, with a relatively narrow cohort of large growth stocks accounting for a substantial proportion of equity market returns. The return of value, and strong performance of smaller companies, has marked an end to this trend, at least for now, which is perhaps best illustrated by the fact that an equally- weighted S&P500 index produced almost twice the return of the broadly followed market cap weighted S&P500 Index. Normally an improvement in breadth would be considered a sign of a healthy market, but the presence of several pockets of the market exhibiting bubble-like characteristics and the extremely sharp moves in other areas sound a note of caution.

These latter developments are trends that bear watching as they may be evidence in a shift in the established market order. The first quarter of 2021 has seen retail investors in the US become increasingly active and have increasing influence in determining the moves of individual stocks and potentially the broader market as a whole. Given that many of these retail investors are younger, with a different philosophy to older more established investors, drawing information from different sources and using different channels to disseminate this information, it has been viewed by some as a challenge to the existing market orthodoxy. That orthodoxy believes institutional investors hold the power, and are the arbiters of what securities are worth, but that view is being challenged both in the abstract and also in the current market reality.

The other market issue of note in 2021 to date has been the implosion of Archegos. This shone a light not only on the high levels of leverage that are integral to the trading strategies of some institutional investors, but also the increasing difficulty banks and regulators are having in keeping track of this leverage in the system and getting a full picture on where it is concentrated. Archegos exhibited that many leading global investment banks had fallen short in their oversight of their relationships with key institutional accounts and exposed one of the current vulnerabilities in the financial market system.

Last quarter we remarked that 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. That remains the case although solid earnings and an improvement in economic prospects, given large stimulus and vaccine success in many economies, have helped justify the rise from year-end market levels. Sentiment remains supported by strong economic growth in China and US policy under new President Joe Biden that is firmly pro-growth. Together these are currently sufficient to outweigh problems in the Euro-zone where a poor vaccine roll-out has negatively impacted the outlook for the rest of the year. And it remains the case that returns available in other asset classes are still relatively unattractive. Government bond yields have risen quite sharply in the US but remain low by historic standards and are still negative in many areas. Investment grade and high yield credit spreads have remained narrow. 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 3.6% in sterling terms with developed markets (4.0%) outperforming emerging markets (1.8%). Returns were higher in the UK (5.2%) and the US (5.1%) while Japan lagged (1.1%). In emerging markets Chile posted the highest returns, but Brazil was amongst the weakest countries along with Colombia and Turkey.

Note

1) Source: Border to Coast

Border to Coast News

People:

- We're sad to announce that Peri Thomas is set to leave us in June. Peri was one of the first people to join Border to Coast and has been instrumental in our development. In particular, she has ensured the HR function provides a friendly but professional service to both the organisation and colleagues on all people matters.
- We are pleased to announce that Richard Charlton will soon be joining us as our new Chief Risk Officer. Richard brings significant experience including several senior roles within UK and global insurance companies. Most recently, Richard worked for Deloitte as a Director within its UK consulting practice, providing advice and guidance to risk functions.
- We are pleased to welcome Lauren Madden-Queralt, joining us as an Operational Due Diligence Manager. Lauren joins us from Oxford University Endowment Management where she was Head of Investment Operations. We also welcome George Kendall, joining us as a Responsible Investment Manager. George joins us from the investment advisory team at Isio (formerly KPMG).

Investment Funds:

- We are delighted to announce that the Financial Conduct Authority has approved our submissions for our Multi-Asset Credit (MAC) and Emerging Markets Equity funds.
- During the quarter we committed £540 million to six new infrastructure funds. These commitments provide exposure to several of our targeted themes within Infrastructure including Operational Value Add, Greenfield, Energy. Over the same period, we also committed £370m in to five new Private Equity funds providing additional exposure to our targeted themes including Operational Value Add, Buy and Build, Mid-market, and co-investments.

Responsible Investment:

- Work on our standalone climate change policy started in January, with Ernst & Young completing an initial benchmarking exercise to assess best practice in the industry. Benchmarking was structured around the TCFD framework and aims to identify gaps and where best-efforts should be focused.
- We believe that better run and governed companies that consider a wider stakeholder group will, in the long-term, generate better risk-adjusted returns. While ESG reporting has improved in public markets, there is a clear need to enhance the measurement of ESG risk, opportunity and performance in Private Markets. We have been working with Albourne Partners to develop a new ESG reporting framework, which we hope will enable us to bring significant influence to much needed improvement in this area.
- Our Head of Responsible Investment, Jane Firth, took part in a Transition Pathway Initiative (TPI) roundtable event hosted by the World Investment Forum and The Church of England Pensions Board. The event was an interactive session with a group of Asset Owners & Consultants sharing their TPI experiences and insights.

Other news:

- We are delighted to support two initiatives that support the development of future talent. The first is Kickstarter, which is a 6-month placement for a 16–24-year-old on Universal Credit. The second is supporting two interns for 8 weeks through the GAIN internship programme, which is designed to tackle the lack of gender diversity in the investment management industry.
- We are pleased to announce that all 11 Partner Funds have now signed off on our strategic plan for the next three years, which confirms our ambition, by the end of 2024, to: have pooled all assets other than passive (and certain legacy alternatives); be seen as a full investment partner by Partner Funds; be set up to deliver long-term, risk-adjusted investment performance; and be a sustainable organisation.

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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