East Sussex Pension Fund

Investment Performance Report

Quarter to 31 March 2023

Isio Investment Advisory

isio.

Contents

Highlights

Executive Summary – 31 March 2023

Access Pool	Fund	Q1 2023 Performance			Value at Quarter End	
		Fund	Benchmark	Relative	31-Dec-22	31-Mar-23
Yes	UBS Osmosis – Sustainable Equity	5.5%	4.8%	+0.7%	£224.7m	£237.0m
Yes	Longview - Global Equity	4.2%	4.8%	-0.6%	£533.5m	£555.7m
No	WHEB – Sustainable Equity	4.0%	4.8%	-0.9%	£213.4m	£221.8m
No	Wellington – Sustainable Equity	1.1%	4.4%	-3.3%	£219.7m	£222.1m
No	Storebrand – Sustainable Equity	5.1%	4.8%	+0.3%	£476.7m	£501.2m
Yes	Baillie Gifford – Global Equity	4.6%	4.4%	+0.2%	£179.0m	£187.3m
No	Harbourvest – Private Equity [1,2]	-2.6%	4.8%	-7.4%	£180.0m	£179.5m
No	Adams Street – Private Equity [1,2]	-3.6%	4.8%	-8.4%	£201.0m	£195.7m
Yes	Newton – Absolute Return	-0.8%	1.6%	-2.5%	£343.8m	£340.9m
Yes	Ruffer - Absolute Return	-1.3%	1.6%	-2.9%	£485.3m	£478.9m
No	Schroders – Property	-4.7%	-0.2%	-4.5%	£369.1m	£348.8m
No	UBS – Infrastructure [2]	0.9%	1.8%	-0.9%	£36.5m	£36.3m
No	Pantheon – Infrastructure [2]	1.5%	1.8%	-0.3%	£87.8m	£81.2m
No	M&G – Infrastructure [2]	4.0%	1.8%	+2.2%	£50.9m	£53.0m
No	IFM – Infrastructure [3]	1.8%	1.9%	-0.1%	-	£234.1m
No	ATLAS - Listed Infrastructure	6.5%	-1.3%	+7.8%	£94.8m	£100.9m
No	M&G – Real Estate Debt [2]	3.5%	2.0%	+1.5%	£35.2m	£43.0m
Yes	M&G – Diversified Credit	1.8%	1.7%	+0.1%	£287.9m	£293.2m
Yes	M&G - Corporate Bonds	3.0%	2.8%	+0.2%	£120.1m	£123.6m
Yes	UBS - Over 5 Year Index-linked Gilts	5.0%	4.9%	+0.1%	£89.3m	£93.8m
	Total Assets	1.5%	3.0%	-1.5%	**£4,496m**	**£4,564m**

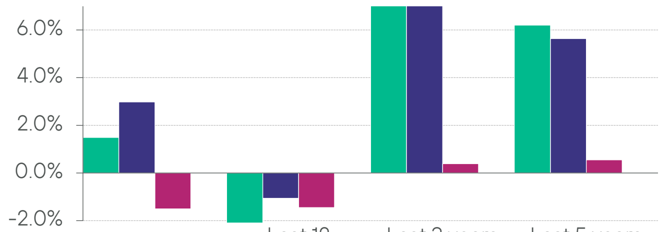
The asset portfolio delivered a positive return of 1.5% over Q1, underperforming the benchmark by 1.5%.

The public equity market managers posted positive returns but were mixed in terms of relative performance.

The Fund's illiquid holdings in private equity, which had performed very strongly over the majority of 2022 continued to see write downs in performance.

The various credit mandates also continued to perform well.

Period returns – to 31 March 2023



	Q1 2023	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
■ Scheme Return	1.5%	-2.5%	9.6%	6.2%
■ Benchmark Return	3.0%	-1.1%	9.2%	5.7%
■ Relative	-1.5%	-1.5%	0.4%	0.6%
Sample 60:40 Portfolio	3.5%	-5.0%	7.8%	6.0%

Commentary

- The Fund's assets delivered a positive absolute return over the quarter, returning 1.5% but underperforming the benchmark return of 3.0% by 1.5%.
- The public equity market managers posted positive returns but were mixed in terms of relative performance.
- The Fund's illiquid holdings in private equity, which had performed very strongly over the majority of 2022 continued to see write downs in performance as underlying asset valuations fell more in line with their public market equivalents.
- The various credit mandates also continued to perform well will all mandates positive in both absolute and relative terms and the Schroders property mandate posted a material negative return for the second quarter in a row.
- The longer term returns at Fund level remain strong, with equity assets adding significant value over the last decade, and unhedged exposure also having benefited from the depreciation in Sterling.

Note: Sample 60:40 portfolio consists of 60% allocation to MSCI ACWI and a 40% allocation to a bond portfolio split 20% in BofA Merrill Lynch Global Corporate Index, and 10% in FTSE Gilts (all maturities) and FTSE Index Linked Gilts (all maturities) respectively, with all portfolio returns unhedged in GBP terms.

Notes: Totals may not sum precisely due to rounding. All returns are net of fees. Unless stated otherwise, all performance figures and objectives provided by Northern Trust as at 31 March 2023. Fund Total value includes cash held with Northern Trust. [1] Valuation and performance information as at 31 December 2022. [2] Valuations shown are either 3m or 6m lagged and adjusted for distributions / drawdowns and currency movements. [3] Part period performance shown since inception to end of quarter

Source: Investment Managers, Northern Trust, Isio calculations.

Manager Performance – 31 March 2023

Fund	Q1 2023 Performance			1 Year Performance			3 Year Performance			5 Year Performance		
	Fund	Benchmark	Relative	Fund	Objective	Relative	Fund	Objective	Relative	Fund	Objective	Relative
UBS Osmosis – Sustainable Equity	5.5%	4.8%	+0.7%	-0.5%	-1.0%	+0.5%	-	-	-	-	-	-
Longview - Global Equity	4.2%	4.8%	-0.6%	5.7%	-1.0%	+6.7%	18.0%	16.5%	+1.5%	10.4%	10.3%	+0.1%
WHEB - Sustainable Equity	4.0%	4.8%	-0.9%	-3.6%	-1.0%	-2.6%	-	-	-	-	-	-
Wellington – Sustainable Equity	1.1%	4.4%	-3.3%	-6.8%	-1.4%	-5.3%	-	-	-	-	-	-
Storebrand – Sustainable Equity	5.1%	4.8%	+0.3%	-1.8%	-1.0%	-0.8%	-	-	-	-	-	-
Baillie Gifford – Global Equity	4.6%	4.4%	+0.2%	-5.1%	-1.4%	-3.7%	-	-	-	-	-	-
Harbourvest – Private Equity[1]	-2.6%	4.8%	-7.4%	1.9%	0.1%	+1.8%	24.7%	17.1%	+7.7%	21.8%	11.1%	+10.8%
Adams Street – Private Equity[1]	-3.6%	4.8%	-8.4%	-8.5%	0.1%	-8.6%	24.8%	17.1%	+7.8%	21.2%	11.1%	+10.1%
Newton – Absolute Return	-0.8%	1.6%	-2.5%	-3.5%	5.2%	-8.8%	5.0%	3.6%	+1.4%	3.7%	3.3%	+0.4%
Ruffer - Absolute Return	-1.3%	1.6%	-2.9%	0.2%	5.2%	-5.0%	9.7%	3.6%	+6.1%	6.6%	3.3%	+3.3%
Schroders – Property	-4.7%	-0.2%	-4.5%	-11.5%	-14.5%	+3.0%	3.1%	2.6%	+0.5%	2.6%	2.5%	+0.1%
UBS – Infrastructure	0.9%	1.8%	-0.9%	14.4%	12.1%	+2.3%	-0.4%	7.9%	-8.3%	3.0%	5.8%	-2.8%
Pantheon – Infrastructure[1]	1.5%	1.8%	-0.3%	22.6%	12.1%	+10.6%	13.9%	7.9%	+6.0%	-	-	-
M&G – Infrastructure	4.0%	1.8%	+2.2%	11.6%	12.1%	-0.4%	9.7%	7.9%	+1.8%	-	-	-
IFM – Infrastructure	1.8%	1.9%	-0.1%	-	-	-	-	-	-	-	-	-
ATLAS – Listed Infrastructure	6.5%	-1.3%	+7.8%	5.2%	-1.2%	+6.4%	-	-	-	-	-	-
M&G – Real Estate Debt	3.5%	2.0%	+1.5%	-1.3%	6.7%	-8.0%	1.9%	5.1%	-3.2%	-	-	-
M&G – Diversified Credit	1.8%	1.7%	+0.1%	1.9%	5.7%	-3.8%	6.9%	4.1%	+2.7%	3.0%	3.8%	-0.8%
M&G - Corporate Bonds	3.0%	2.8%	+0.2%	-16.9%	-16.8%	-0.1%	-5.0%	-5.7%	+0.6%	-1.5%	-2.1%	+0.7%
UBS - Over 5 Year Index-linked Gilts	5.0%	4.9%	+0.1%	-30.5%	-30.4%	-0.1%	-9.3%	-9.2%	-0.0%	-4.2%	-4.1%	-0.0%
Total Assets	1.5%	3.0%	-1.5%	**-2.5%**	**-1.1%**	**-1.4%**	**9.6%**	**9.2%**	**0.4%**	**6.2%**	**5.7%**	**0.5%**

Notes: Totals may not sum precisely due to rounding. All returns are net of fees. Unless stated otherwise, all performance figures and objectives provided by Northern Trust as at 31 March 2023.
[1] Valuation and performance information as at 31 December 2022.
Source: Investment Managers, Northern Trust, Isio calculations.

The table shows manager performance over the short, medium and long-term.

The sustainable active public equity mandates have continued to struggle relative to their benchmarks over the last 12 months, whilst the active mandate from Longview outperforming over this period.

The private equity mandates have delivered very strong performance over the 3 and 5 year periods, however the performance has been largely negative over the last 12 months and especially more recently.

Of the infrastructure mandates, Pantheon has performed particularly strongly.

Of the managers that have been in place for the longer term, only UBS infrastructure have not added value. This is primarily driven by the disappointing performance of Archmore Fund I.

Looking Forward

Key issues

Item	Action points / Considerations	Status
Overall Investment Strategy	**Infrastructure Equity Implementation** • Following the Committee's agreement at the Q1 2022 meeting to appoint IFM to manage the Fund's Infrastructure Equity mandate, the Fund has successfully onboarded with the full capital allocation drawn down in early January 2023.	Information only
	Liquid Fixed Income Manager Selection • At the Q1 2022 Committee meeting, Isio presented a paper detailing the proposed implementation approach for selection of the manager to manage the agreed increased allocation to fixed income. The Officers have now reached agreement on a preferred choice of manager, in Bluebay, and are due to arrange implementation once the fund is available on the ACCESS platform.	Information only
	Illiquid Fixed Income Allocation • The Officers and IWG group have requested Isio consider the options available to the Fund in relation to implementing the strategic allocation to illiquid fixed income. Isio prepared a briefing paper in early 2023 considering this allocation. This will be revisited in Q3 2023 following a formal investment strategy review due in July.	Information only
	Investment Strategy Review • Following the completion of the 2022 Actuarial Valuation and the shift in market regime to a higher interest rate environment over 2022, Isio has been asked to perform a formal investment strategy review for the Fund. Isio will prepare a paper on the broad strategic allocation of the Fund and the ongoing appropriateness in the current market environment, for the July strategy day.	Information only
	Engagement vs Divestment of Fossil Fuels • Isio have been working with the Committee to determine a scope for a paper covering the broad merits of engagement vs divestment in fossil fuels, with specific reference to the Fund's circumstances and available options. The findings of which are due to be presented at the July meeting.	Information only
Investment Managers	• Isio continue to work with UBS to improve the level of information they are able to provide in relation to their infrastructure funds on an ongoing basis.	Information only

Summary

This page sets out the main action / discussion points.

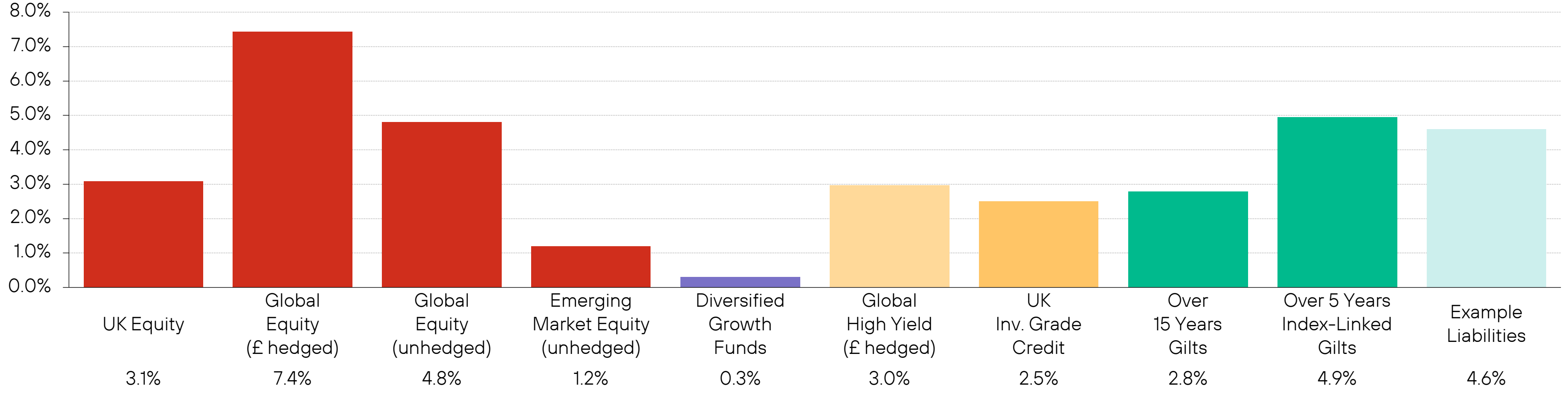
Status key

- Action
- Decision
- Discussion
- Information only

Market Background

Market Background – Overview Q1 2023

Returns by Asset Class – Q1 2023



Key Upcoming Events

- The dates for the Bank of England's Monetary Policy Committee (MPC) announcements in Q2 2023 are 11 May and 22 June.
- The dates for the US Federal Reserve's Federal Open Market Committee (FOMC) announcements in Q2 2023 are 3 May and 14 June.

Commentary

- Growth markets delivered positive returns over Q1 2023 as investor sentiment remained optimistic.
- Global markets advanced early in the quarter as China abandoned its "Zero Covid Policy" and reopened its economy, and energy costs continued to fall from recent highs. However, the collapse of Silicon Valley Bank, followed closely by financial sector disruption in European markets with the bailout of Credit Suisse, caused US markets to fall sharply in March.
- Global bond markets generated positive returns over the quarter despite ongoing volatility in broad credit markets. Signals that global inflation may have peaked supported the tightening of credit spreads over Q1, although data points to core inflation remaining sticky.
- Long term gilt yields decreased slightly over the quarter, albeit now appear to have stabilised somewhat following the volatility fall out from September's 'mini-budget'.

Summary

Both equity and credit markets delivered positive returns over the quarter despite increased volatility over March as a result of the collapse of Silicon Valley Bank. Further disruption followed in European financial markets owing to the instability of Credit Suisse, which was subsequently taken over by UBS.

Investor sentiment remained broadly positive as a result of signs that inflation may have peaked, alongside confirmation that the UK avoided a recession at the end of last year. However, with growth low, investors continue to moderate their outlooks with a shallow recession expected at some point in 2023.

Major central banks continued to tighten monetary policy, though the pace of hikes slowed as they updated their outlook on inflation.

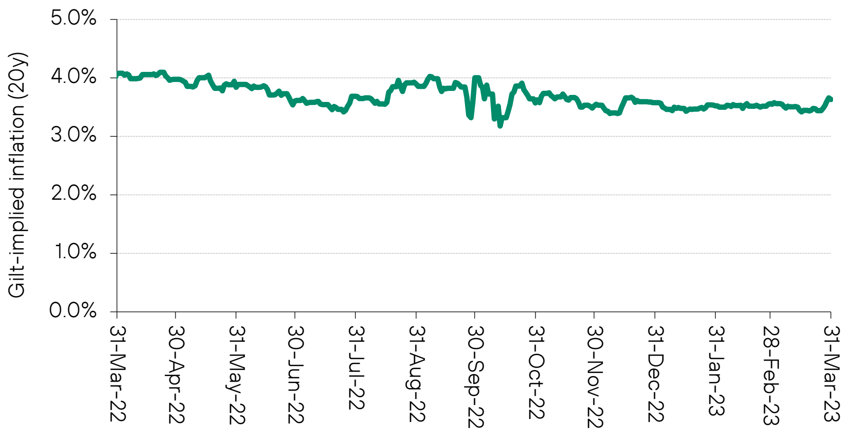
The US Federal Reserve raised base rates twice during the quarter, ending at 5.0%. The Bank of England also announced two base rate hikes of 50bps and 25bps, bringing the UK interest rate to 4.25% at the end of Q1 2023.

Notes: Please see the 'Explanation of Market Background' appendix for details of the returns representing each asset class.
Sources: Refinitiv, DGF investment managers, Isio calculations.

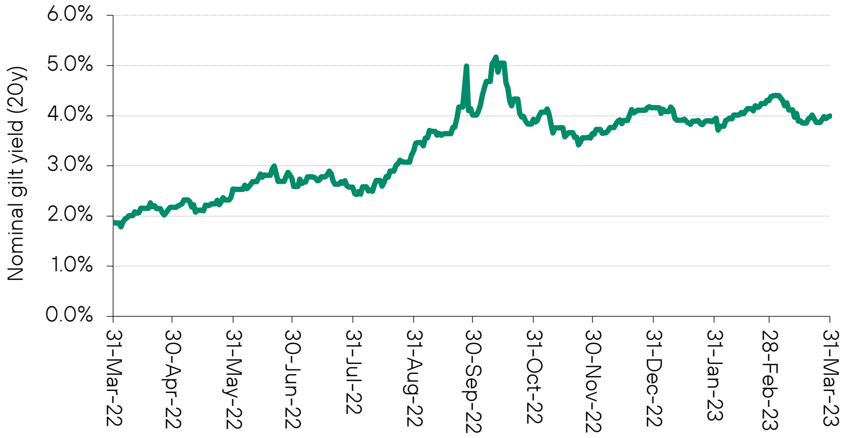
Market Background – Yields

Real Gilt Yields – Last 12 months

Gilt-Implied Inflation – Last 12 months



Nominal Gilt Yields – Last 12 months



Example Liabilities

- The liabilities for an example DB pension scheme increased by c.4.6% over the quarter. This can be broken down into the following components:
  - c. 3.3% increase, due to the decrease in real yields;
  - c. 0.5% increase, due to the decrease in nominal yields; and
  - c. 0.8% increase due to the "unwinding" effect (also known as "interest" on the liabilities).
- The liabilities for an example DB pension scheme decreased by c.27.2% over the last 12 months.

These charts show yield movements at the 20-year tenor over the past year.

The "Example Liabilities" indicate how a typical scheme's past-service liabilities may have moved.

Gilt Yield and Implied Inflation Changes

<u>20-year Real Gilt Yield</u>

January	-0.18%
February	0.33%
March	-0.36%
Quarter	-0.22%

<u>20-year Nominal Gilt Yield</u>

January	-0.25%
February	0.38%
March	-0.30%
Quarter	-0.17%

<u>20-year Gilt-Implied Inflation</u>

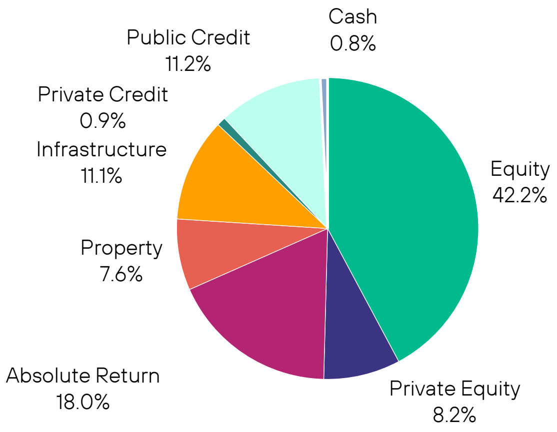
January	-0.06%
February	0.04%
March	0.07%
Quarter	0.06%

Notes: Please see the 'Explanation of Market Background' appendix for details of the example liabilities. Monthly yield changes may not sum to quarterly changes, due to rounding. Zero coupon rates are shown.
Sources: Bank of England, Isio calculations.

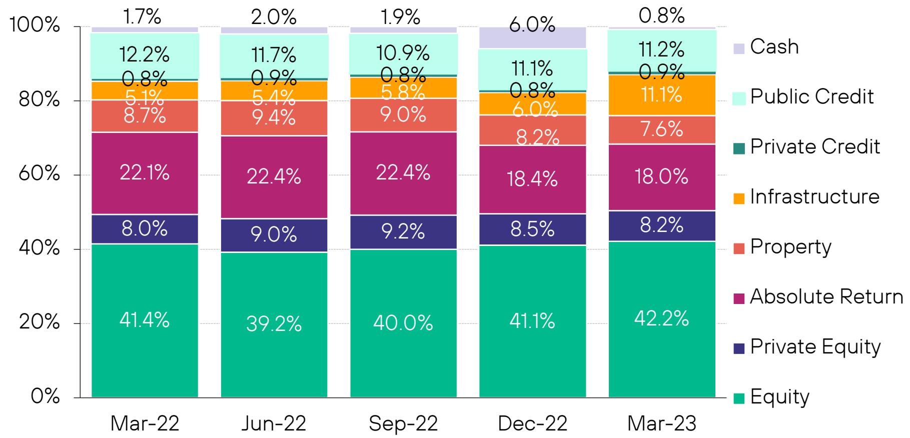
Strategy Overview

Asset Allocation – at 31 March 2023

Asset Allocation – 31 March 2023



Asset Allocation Changes Since 31 March 2022



Summary

As at March 2023, the Fund's asset allocation was off-benchmark following strategic changes to the Fund's asset allocation agreed by the Committee but which are yet to be implemented.

Allocations will be brought more closely in-line to the revised benchmark as managers for the new mandates are agreed and implemented over the coming quarters.

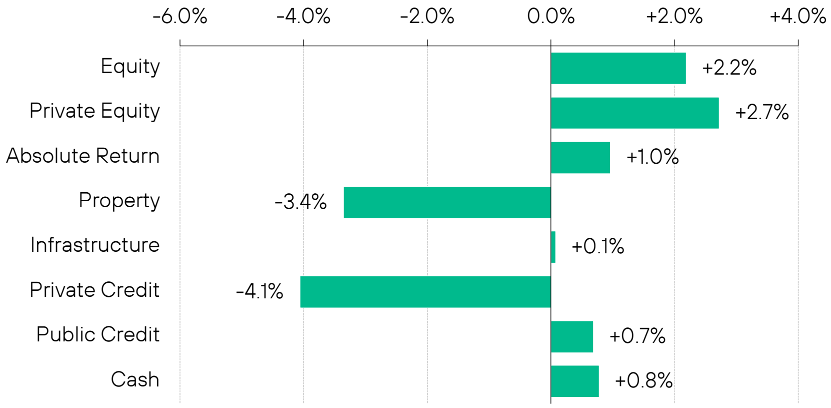
Total Assets

Start of quarter £4,496m
End of quarter £4,564m

Agreed long-term allocation

Equity	40.0%
Private Equity	5.5%
Absolute Return	17.0%
Balanced Property	7.0%
Inflation-Linked Property	4.0%
Infrastructure	11.0%
Public (Diversified) Credit	10.5%
Private Credit	5.0%

Assets Relative to Benchmark – 31 March 2022



Commentary

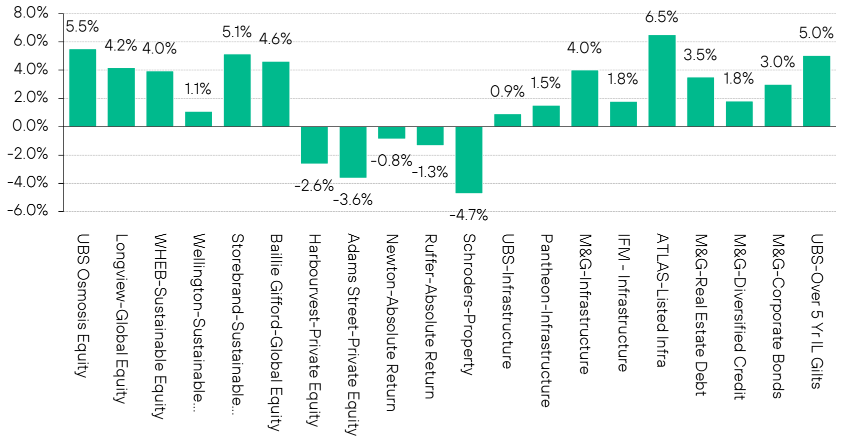
- As at March 2023, the Fund's asset allocation remained off-benchmark relative to the target asset allocation; though steps are being taken to address this through continued implementation of the agreed target investment strategy.
- The absolute return, equity (public and private) and cash allocations continue to be overweight; while the property and private credit allocations remain underweight.
- The allocations will be brought more closely in line with the strategic benchmark as the new mandates are agreed and implemented going forward. More specifically:
  - Infrastructure equity allocation increased by c5% to the target allocation due to the investment in the IFM Global Infrastructure mandate in January 2023.
  - A commitment to private credit is expected to be made over Q3/Q4 2023, with capital drawn into the chosen fund following this.
  - For property, the Committee continue to explore the implementation options available to them with the view to progressing this allocation over 2023.
- A formal asset allocation review is due to take place in July where it is possible the target asset allocation could change.

Note: Totals may not sum due to rounding.
Source: Investment managers, Isio calculations.

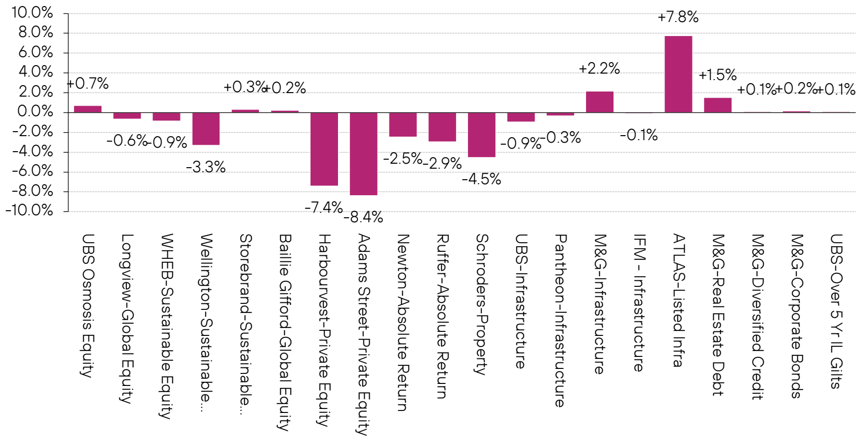
Investment Managers

Performance Summary – to 31 March 2023

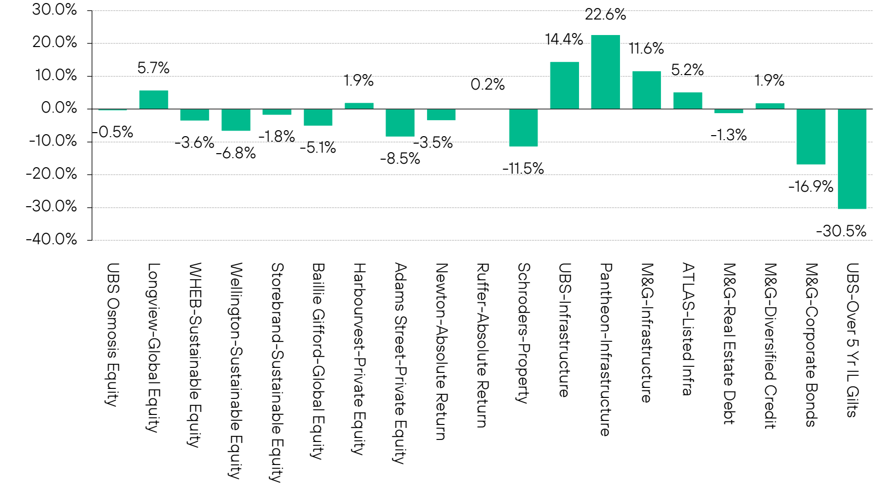
Absolute Return – Q1 2023



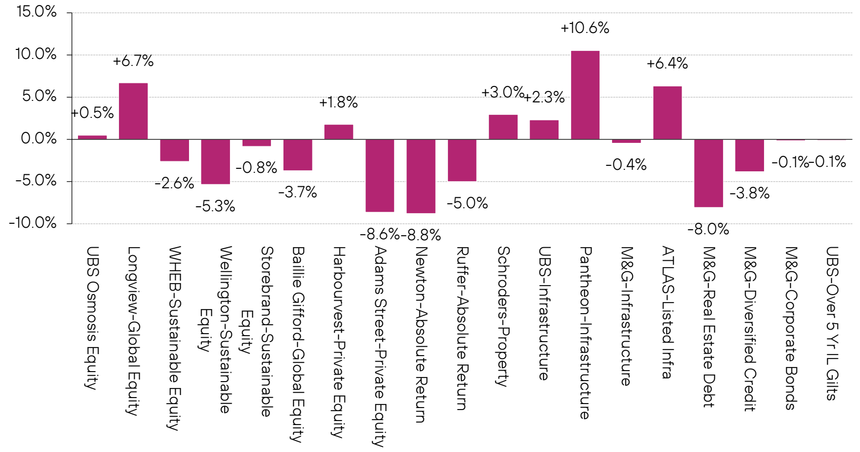
Relative Return – Q1 2023



Absolute Return – 12 months



Relative Return – 12 months



Summary

The Fund's mandates delivered mixed absolute performance over Q1, with private equity funds delivering the most notable negative absolute returns as valuations were marked to market on a lagged basis relative to public markets.

The Fund's listed equity and liquid credit mandates produced solid positive contributions within the portfolio over Q1 in terms of absolute return levels.

On a relative basis over Q1 Wellington equity, Newton and Ruffer absolute return and UBS infrastructure all underperformed and Atlas was the stand out outperformer.

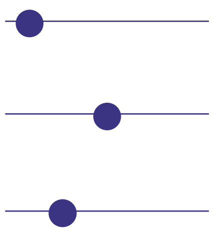
Note: Returns net of fees. 12 month relative and absolute returns are not available for the UBS Osmosis mandate as it was incepted post 30 September 2021.
Source: Investment Managers, Northern Trust, Isio calculations.

UBS / Osmosis – Sustainable Equity

Overview

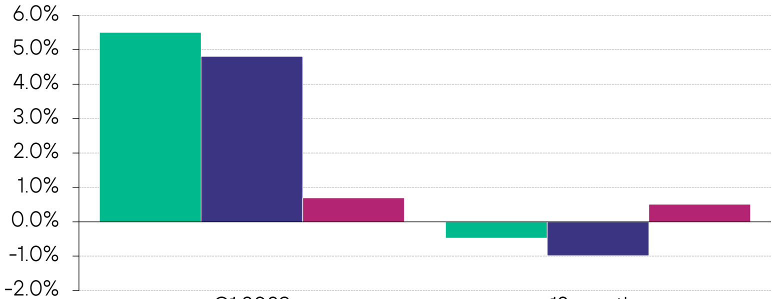
The Fund adopts an optimised, smart beta approach, investing in global equities with the aim of approximating the performance and risk profile of the index, with an explicit incorporation of ESG and climate-related risks.

Process	Bottom Up		Top Down
Stock Selection	Low		High
Active Share	Low		High



Key area	Comments
Key contributors/ detractors	• Strongest contributors were Advanced Micro Devices (US IT), Apple (US IT),and Nvidia (US IT). • Key detractors were Salesforce (US IT), United Health Group and CVS Health Group (US Health Care).
Portfolio positioning	• Masco Corp (US industrials) and Toast Inc (US Financials) were added to the portfolio. US Industrials firm Paccar Inc, and Genuine Parts (US Consumer Discretionary) were sold. • The overall sector and country weights have remained similar to the previous quarter, maintaining the targeted tight factor exposures to the MSCI World benchmark.
Outlook	• Low active risk means that future relative returns will continue to be low, with performance versus the index driven by fossil fuel returns and the success of the resource efficiency signal (which has added value in line with expectations since the Fund's inception).

Performance to 31 March 2023



	Q1 2023	12 months
Return	5.5%	-0.5%
Benchmark	4.8%	-1.0%
Relative	+0.7%	+0.5%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	511	550	Material decrease, but in line with quant process
12m turnover	24%	24%	Remained constant
Active share	49%	52%	Low, in line with expectations
Top 3 sectors	Information Technology (22%), Financials (15%), Health Care (14%).		
Top 3 stocks	Apple Inc (6%), Microsoft Corp (4%), UnitedHealth Group Inc (2%).		
Top 3 regions	North America (71%), Europe (19%), Asia (10%).		

Mandate: ESG Focused Global Equities

Current Value: £237.0m

Current Weighting: 5.2%

Inception: March 2022

Benchmark: MSCI World

Objective: Achieve superior risk-adjusted returns by targeting maximum resource efficiency exposure while maintaining a tight tracking error to the MSCI World.

Pooled: Via Access Pool

Note: Totals may not sum due to rounding. Performance quoted net of fees. Performance shown since inception of the Fund's investment on 3 March 2022.
Source: Investment manager, Northern Trust, Isio calculations.

Longview - Global Equity

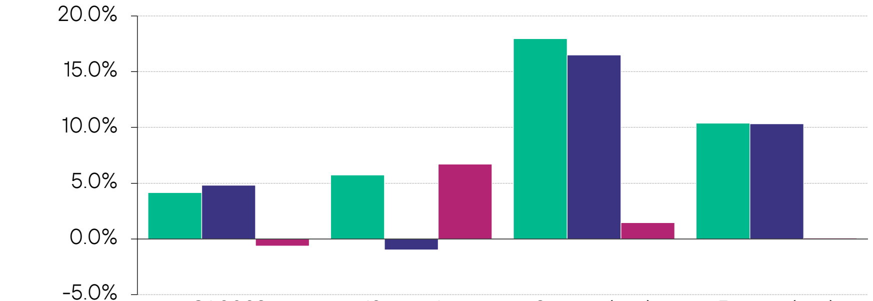
Overview

The strategy utilises a bottom-up approach to invest in 30-35 high quality global companies which have strong business fundamentals and a market capitalisation greater than $5 billion.

Process	Bottom Up		Top Down
Stock Selection	Low		High
Active Share	Low		High

Key area	Comments
Key contributors/ detractors	• The small relative underperformance was driven by lack exposure to large growth stocks, which drove market returns. • Stock selection added 1.3% of value over the quarter, with relative returns driven by an overweight position in healthcare and financial stocks, as well as an underweight to IT.
Portfolio positioning	• During the quarter, one new holding was added to the portfolio – Visa; this is based on the firm's strong position within its industry, and track record of effective capital allocation. • The positions in Charter Communications, Whitebread and WW Grainger were sold.
Outlook	• The portfolio remains concentrated, with a high active share, and therefore investors should expect periods of material out or under performance. • The team continues to focus on what they perceive as high quality companies which trade at reasonable valuations.

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	4.2%	5.7%	18.0%	10.4%
Benchmark	4.8%	-1.0%	16.5%	10.3%
Relative	-0.6%	+6.7%	+1.5%	+0.1%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	30	32	In line with expectations
12m turnover	24%	22%	Low relative to peers
Active share	91%	91%	High relative to peers
Top 3 sectors	Financials (30%), Health Care (26%), Consumer Staples (12%)		
Top 3 stocks	Booking (4%), Oracle (4%), HCA Healthcare (4%)		
Top 3 regions	US (83%), UK (7%), Netherlands (6%)		

Mandate: Active Global Equities

Current Value: £555.7m

Current Weighting: 12.2%

Inception: April 2013

Objective: Outperform benchmark by 3% (gross) p.a. over rolling 3 year periods.

Benchmark: MSCI AC World

Pooled: Via Access Pool

Note: Totals may not sum due to rounding. Performance quoted net of fees.
Source: Investment manager, Northern Trust, Isio calculations.

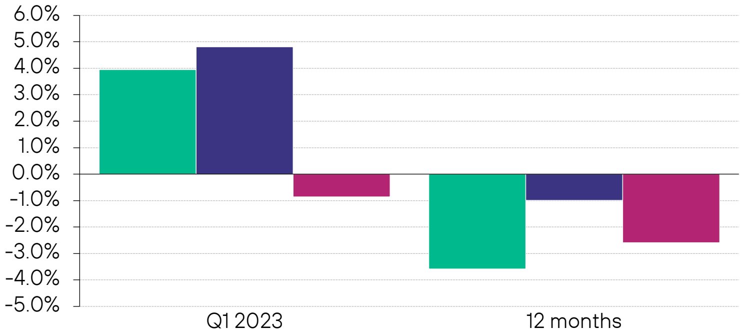
WHEB – Sustainable Equity

Overview

The Fund utilises an unconstrained global equity approach which focuses on investing in companies capitalising on opportunities created by the transition to healthy, low carbon and sustainable economies, across nine broad sustainability themes.

Process	Bottom Up	Top Down
Stock Selection	Low	High
Active Share	Low	High

Performance to 31 March 2023



	Q1 2023	12 months
Return	4.0%	-3.6%
Benchmark	4.8%	-1.0%
Relative	-0.9%	-2.6%

Key area	Comments
Key contributors/ detractors	• Underperformance is somewhat disappointing, given the strong relative returns of 'growth' stocks (to which the fund has significant exposure) over the quarter. • Health and Environmental services were the weakest performing themes over the quarter, with DSM and Smurfit Kappa particular detractors.
Portfolio positioning	• 2 new additions: TOMRA Systems (a manufacturer of reverse vending machines with a 70% market share) and Enphase Energy (a provider of services in relation to solar energy). • 2 exits: Globus Medical (a manufacturer of surgical instruments) and Sonova (a provider of hearing solutions).
Outlook	• WHEB are cautious about imminent market volatility, but remain confident in their holdings in the long-term • With the mandate's higher active share, we expect it to continue to deliver relative return volatility.

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	41	41	Relatively concentrated – low end of target
12m turnover	28%	42%*	Further detail on right
Active share	97%	97%	High relative to peers
Top 3 sectors	IT (30%), Healthcare (27%), Industrials (24%)		
Top 3 stocks	Autodesk (3%), Linde (3%), Thermo Fisher Scientific (3%)		
Top 3 regions	North America (64%), Western Europe (18%), Japan (8%)		

Mandate: ESG focused Global Equity

Current Value: £221.8m

Current Weighting: 4.9%

Inception: December 2020

Benchmark: MSCI World

Objective: To achieve capital growth over the medium to longer term.

Pooled: No

***12m turnover:** The manager has confirmed that the higher turnover was as a result of the higher market volatility, which led to more upgrades and downgrades and ad hoc redemptions, which resulted in higher trading activity. WHEB expect it to come down in future.

Wellington – Sustainable Equity

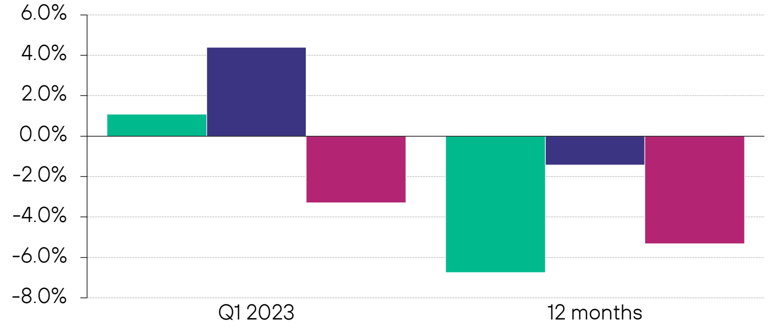
Overview

The Fund aims to invest in innovative companies whose core products and services addresses the world's major social and environmental challenges. Wellington choose stocks from the universe list which has been derived from a number of sources such as internal and field research, company meetings, conferences or third party research.

Process	Bottom Up	Top Down
Stock Selection	Low	High
Active Share	Low	High

Key area	Comments
Key contributors/ detractors	• The Fund's lack of exposure to mega cap tech names such as Apple and Nvidia weighed on relative returns. • Stock selection was the key detractor from performance (relative to sector or regional allocation), with National Vision the key underperforming holding. The price of the stock fell sharply in light of weakening consumer demand.
Portfolio positioning	• Wellington completed four sales whilst adding five new positions. • In light of economic uncertainty, the team are placing increasing emphasis on companies with stable revenue and accounting practices, as well as relatively low leverage.
Outlook	• The Fund continues to be overweight to smaller, fast growing companies, and as such is likely to underperform in an environment in which these firms are out-of-favour.

Performance to 31 March 2023



	Q1 2023	12 months
Return	1.1%	-6.8%
Benchmark	4.4%	-1.4%
Relative	-3.3%	-5.3%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	66*	68	High end of 50-70 range
12m turnover	27%	17%	Higher than typical, to be monitored.
Active share	98%	98%	High, in line with expectations
Top 3 sectors	Industrials (25%), IT (23%), Healthcare (21%		
Top 3 stocks	Boston Scientific (3%), Globe Life (3%), GoDaddy (3%)		
Top 3 regions	North America (60%), Emerging Markets (17%), Europe ex UK (15%)		

Mandate: Global Impact Equities

Current Value: £222.1m

Current Weighting: 4.9%

Inception: December 2020

Benchmark: MSCI AC World

Objective: To outperform the MSCI All Country World Index over the long-term.

Pooled: No

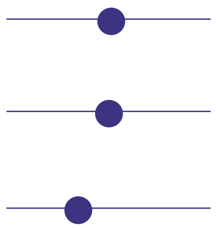
Sources: Investment manager, Isio calculations.
Notes: Returns net of fees. *Please note this may include sales/purchases which were in the process of being completed as at the quarter end.

Storebrand – Sustainable Equity

Overview

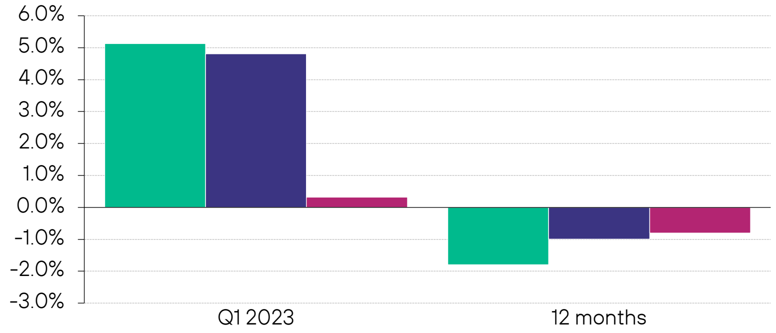
The Fund adopts an optimised, smart beta approach, investing in global equities with the aim of approximating the performance and risk profile of the index, with an explicit incorporation of ESG and climate-related risks.

Process	Bottom Up	Top Down
Stock Selection	Low	High
Active Share	Low	High



Key area	Comments
Key contributors/ detractors	• Not investing in the fossil fuel value chain delivered a positive contribution to relative returns of 1.0% over Q1. Other climate-related exclusions added 0.2% relative to the index, while excluding companies screened by the Storebrand Standard added another 0.4%. • The rest of the portfolio positioning delivered a negative 1.0% contribution overall in relative terms.
Portfolio positioning	• New positions in the fund during Q1 2023 in sum had a weight of 1.8% at quarter end. The two largest were both climate solutions companies: Valmont and First Solar. • 9 companies were sold from the portfolio, with the two largest being Fujitus and Somfy
Outlook	• Store brand is working on carbon intensity data and implementing change into how this information is used in portfolio construction.

Performance to 31 March 2023



	Q1 2023	12 months
Return	5.1%	-1.8%
Benchmark	4.8%	-1.0%
Relative	+0.3%	-0.8%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	710	685	Slight increase
12m turnover	11%	9%	Stable
Active share	44%	45%	Low, as expected
Top 3 sectors	IT (23%), Industrials (14%), Financials (14%)		
Top 3 stocks	Apple (5%), Microsoft (4%), Amazon (2%)		
Top 3 regions	United States (66%), Japan (7%), France (4%)		

Mandate: ESG Focused Global Equities

Current Value: £501.2m

Current Weighting: 11.0%

Inception: December 2020

Benchmark: MSCI World

Objective: Reproduce risk-return profile of the MSCI World Index

Pooled: No

Baillie Gifford – Global Equity

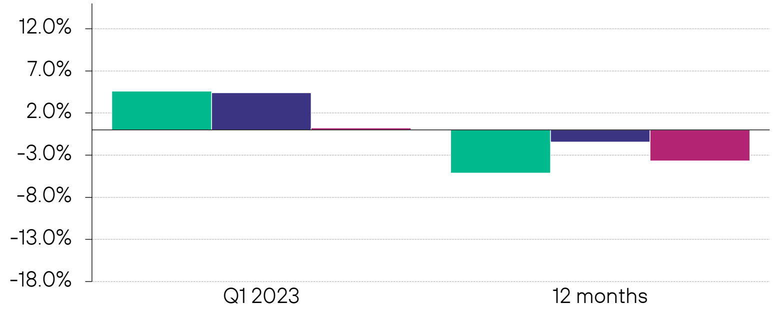
Overview

The Fund utilises an unconstrained global equity approach which focuses on investing in companies displaying above average earnings growth and sustainable competitive advantages in their respective industries, whilst aligning to the UN Paris Agreement climate commitments.

Process	Bottom Up	Top Down
Stock Selection	Low	High
Active Share	Low	High

Key area	Comments
Key contributors/ detractors	• The Fund performed broadly in line with the parent Global Alpha Fund, which marginally outperformed the index. • Negative stock selection in the US weighed on relative returns. Exposure to high growth stocks such as Farfetch (e-commerce) and Twilio (communication platform) were key detractors due to significant valuation compression following tighter macroeconomic conditions.
Portfolio positioning / transactions	• BG made 4 purchases (Advance Drainage Systems, Floor & Decor Holdings, SCP Pool Corp and Signature Bank) and 4 sales (Chegg, Iac/Interactivecorp, Signature Bank and Twilio). • BG had conducted material due diligence on Signature Bank prior to investment, and believed it was a strong risk/reward idea, given its expected future growth prospects.
Outlook	• BG note that they are seeing attractive opportunities in earlier stage 'Disruptor' companies, in favour of 'Compounder' stocks.

Performance to 31 March 2023



	Q1 2023	12 months
Return	4.6%	-5.1%
Benchmark	4.4%	-1.4%
Relative	+0.2%	-3.7%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	88	87	Broadly unchanged
12m turnover	23%	17%	In line with expectation
Active share	86%	87%	In line with expectation
Top 3 sectors	Consumer Disc (20%), IT (17%), Financials (17%)		
Top 3 stocks	Microsoft (4%), Prosus (4%), Elevance Health (4%),		
Top 3 regions	North America (60%), Europe ex UK (17%), Emerging Markets (10%)		

Mandate: Global Equities

Current Value: £187.3m

Current Weighting: 4.1%

Inception: August 2021

Benchmark: MSCI AC World

Objective: Outperform benchmark by 2.0% p.a. (net of fees) over rolling 5-year periods

Pooled: Via Access Pool

Note: Totals may not sum due to rounding. Performance quoted net of fees. The Fund switched into the Paris-aligned version of the Global Alpha Fund over Q2 2022 and performance is combined.
Source: Investment manager, Northern Trust, Isio calculations.

Harbourvest – Private Equity

Overview

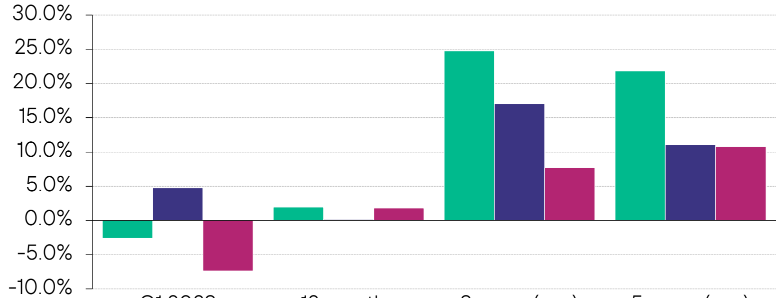
HarbourVest manage a global private equity portfolio for the Fund, invested globally across a range of subclasses (buyout, venture, debt/credit, among others).

Style	Multiple: Buyout, venture, credit
Stage	Multiple: Primary, secondary
Access	Fund-of-Funds
Vintage Year	Multiple: 2004-2021
Regional Focus	Global

Key area	Comments (3 month lagged)
Performance	• Deal and exit volume trended downwards across private equity over the second half of 2022, as general partners reacted to the macro-economic uncertainty present. • The portfolio produced negative returns over the quarter as private valuations were marked down; however long term performance remains very strong.
Developments over quarter	• Several funds distributed proceeds back to investors during Q4, with the most sizeable distributions coming from HIPEP VIII Partnership and Cleantech II.
Outlook	• HarbourVest have not provided specific outlook for the portfolio.

Note: Totals may not sum due to rounding. Performance quoted net of fees.
Source: Investment manager, Northern Trust, Isio calculations.

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-2.6%	1.9%	24.7%	21.8%
Benchmark	4.8%	0.1%	17.1%	11.1%
Relative	-7.4%	+1.8%	+7.7%	+10.8%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	10.8%	11.0%	As expected
Capital Deployed/Raised	68%	66%	Slight increase
DPI	1.0x	1.0x	No change
TVPI	1.7x	1.8x	Slight decrease
Top 3 subclasses	Buyout (52%), Venture (46%), Credit (1%)		
Top 3 regions	North America (59%), Europe (23%), Asia (14%)		

Mandate: Private Equity

Current Value: £179.5m

Current Weighting: 3.9%

Inception: January 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

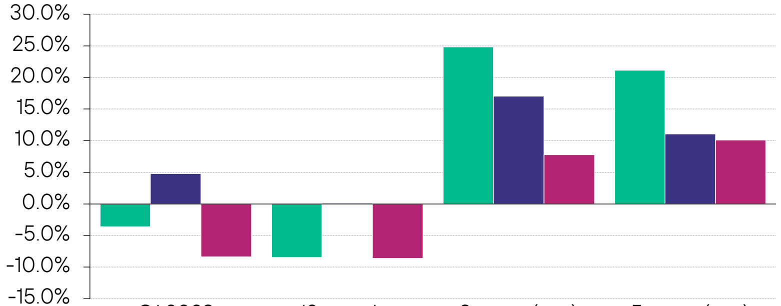
Adams Street – Private Equity

Overview

Adams Street manage a global private equity portfolio for the Fund, combining Partnerships and Co-investments, invested globally across a range of subclasses (buyout, venture, energy, debt/credit, among others).

Style	Multiple: Buyout, venture, debt
Stage	Multiple: Primary, secondary, co-investment
Access	Fund-of-Funds
Vintage Year	Multiple: 2003-2021
Regional Focus	Global

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-3.6%	-8.5%	24.8%	21.2%
Benchmark	4.8%	0.1%	17.1%	11.1%
Relative	-8.4%	-8.6%	+7.8%	+10.1%

Mandate: Private Equity

Current Value: £195.7m

Current Weighting: 4.3%

Inception: March 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

Key area	Comments (3 month lagged)
Performance	• Similarly to previous quarter, there was a small reduction in IRR, which is in line with expectations as private equity valuations continue to be adjusted downwards in line with public markets.
Developments over quarter	• No significant developments over the quarter • c. \$3.6m in distributions over Q4 • c. \$6.0m capital called over Q4
Outlook	• Adams Street have highlighted that there is a current disconnect between buyer and seller valuation expectations; coupled with broader market uncertainty, this is making buyers more hesitant and slowing deal flow. However, they do expect activity to pick up towards the second half of 2023.

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	11.9%	12.1%	Slight reduction
Capital Deployed/Raised	80%	77%	Slight increase
DPI	1.1x	1.1x	Unchanged
TVPI	1.8x	1.9x	Slight reduction
Top 3 subclasses (Partnerships)	Buyout (49%), Venture (45%), Other (5%)		
Top 3 regions (Partnerships)	United States (65%), Western Europe (19%), Asia (12%)		

Source: Investment manager, Northern Trust, Isio calculations.

Newton – Absolute Return

Overview

The Fund aims to generate returns by investing in a wide universe of global securities. The Fund allocates between return seeking, and risk reducing positions, dynamically changing asset allocations over time in order to add value. The primary aim is to deliver positive risk adjusted returns in all market economic environments.

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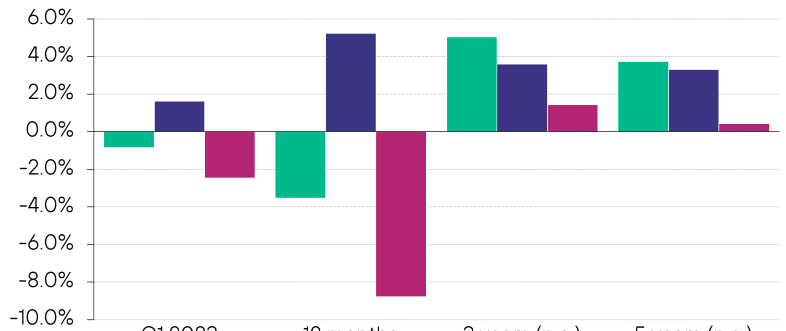
Target Return	Low	●(low–mid)	High
Return Drivers	Market beta	●(high)	Active management
Diversification	Low	●(mid)	High

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-0.8%	-3.5%	5.0%	3.7%
Benchmark	1.6%	5.2%	3.6%	3.3%
Relative	-2.5%	-8.8%	+1.4%	+0.4%

Mandate: Diversified Growth Fund

Current Value: £340.9m

Current Weighting: 7.5%

Inception: April 2010

Benchmark: 3-month SONIA + 2.5%

Objective: 3-month SONIA + 4% p.a. (gross) over rolling 5 years

Pooled: Via Access Pool

Key area	Comments
Key contributors/ detractors	• Negative absolute return was driven by the stabilising layer, with the equity hedges in place detracting from overall returns as markets began to rebound over the period. • Growth assets, in particular equity exposure was beneficial over the period, however the allocations lagged the broader market due to the underweight position in technology. .
Portfolio positioning	• Newton rotated equity positions over the period towards a more cyclical nature by adding index exposure to the Hang Seng (Hong Kong) and emerging markets. • The team have a positive view on gold and hence added to this within the stabilising layer.
Outlook	• The team retain a cautious stance and believe that whilst recent 'mini-crisis' have been contained, there are more to come which will cause issues for valuations.

Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year)	61%	59%	In line with expectations
Volatility (1 year)	5.7%	6.5%	In line with expectations
Top 3 asset-classes	Equities (36%), Alternatives (19%), Corporate Bonds (10%)		
Equity sector breakdown	Healthcare (7.5%), Financials (6.3%), Consumer Discretionary (5.8%),		

Sources: Investment manager, Isio calculations.

Ruffer – Total Return Fund

Overview

The Fund has two investment aims; to deliver positive returns in any rolling twelve month period and ahead of the risk-free rate. The strategy has a strong focus on capital preservation, the core investment objective of the Fund.

Target Return	Low		High
Return Drivers	Market beta		Active management
Diversification	Low		High

Performance to 31 March 2023

	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-1.3%	0.2%	9.7%	6.6%
Benchmark	1.6%	5.2%	3.6%	3.3%
Relative	-2.9%	-5.0%	+6.1%	+3.3%

Mandate: Diversified Growth Fund

Current Value: £478.9m

Current Weighting: 10.5%

Inception: April 2010

Benchmark: 3-month SONIA + 2.5%

Objective: 3-month SONIA + 4% p.a. (gross) over rolling 5 years

Pooled: Via Access Pool

Key area	Comments
Key contributors/ detractors	• Equity options, a position which is designed to protect the portfolio in times of market stress, was the key detractor, as despite volatility, valuations increased. • Index-linked bond exposure was the biggest contributor as yields fell over the period.
Portfolio positioning	• The Fund remains defensively positioned, with a high allocation to index linked gilts reflecting the view that inflation will remain above-target over the medium term.
Outlook	• Believe inflation will fall over the short-term but expect this to be temporary and inflationary pressures to persist. • Expect unstable correlations between asset classes to persist for some time yet.

Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year)	41%	31%	Lower than expected
Volatility (1 year)	5.9%	6.2%	In line with expectations
Top 3 asset-classes	Short-dated bonds (24.6%), Index linked gilts (11.0%) Cash (10.3%)		
Top 3 contributors to return	Equity (1.0%), inflation linked bonds (1.0%), Gold exposure and gold equities (0.6%)		

Notes: Returns net of fees. Inception date 29 September 2000
Sources: Investment manager, Isio calculations.

Schroders - Property

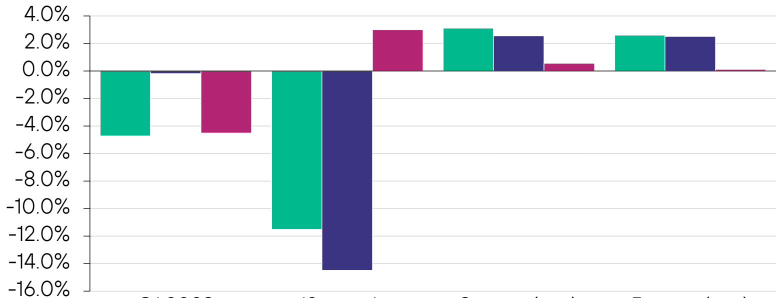
Overview

The Schroders Property Fund is a medium risk balanced property fund investing across the retail, offices, industrials and alternative property sectors.

Expected volatility	Low		High
Lease Length	Short		Long
Shape of outcomes	0% Contractual		100% Contractual
Diversification	Low		High

Key area	Comments
Key contributors / detractors	• Based on the latest figures available from Schroders, East Sussex's portfolio outperformed the benchmark due to it's defensive relative positioning. • Opportunistic funds, value add holdings and cash made positive contributions, which were offset by the contribution from core funds. • The Industrial Property Investment Fund and Schroders Special Situations Fund were the strongest performing funds over the quarter.
Portfolio positioning	• Over the last few years, the Portfolio has been structured with downside protection provided via the defensive holdings in convenience retail. There is an overweight to alternative sectors and underweight to retail sectors.
Outlook	• Schroders expects opportunities at the luxury end of the hotels market, driven by the end of Covid restrictions in China boosting overseas visitors and raising capital for refurbishments.

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-4.7%	-11.5%	3.1%	2.6%
Benchmark	-0.2%	-14.5%	2.6%	2.5%
Relative	-4.5%	+3.0%	+0.5%	+0.1%

Metrics	Current Quarter	Last Quarter	View/Change
Net acquisitions / (Sales)	£0.4m	(£7.5m)	Decrease
Cash yield	3.1%	3.3%	Decreased yield as valuations rise
No of assets	18	18	No change
Top 3 sectors	Industrial, Alternatives (via student accommodation, social supported housing, retirement living and care homes) and Regional Offices.		

Note: Totals may not sum due to rounding. Performance quoted net of fees
Source: Investment manager, Northern Trust, Isio calculations.

Mandate: Balanced Property

Current Value: £348.8m

Current Weighting: 7.6%

Inception: December 2009

Benchmark: IPD All Balanced Fund Index

Objective: Outperform benchmark by 0.75% p.a. (net) over rolling 3 years

Pooled: No

UBS – Infrastructure

Overview

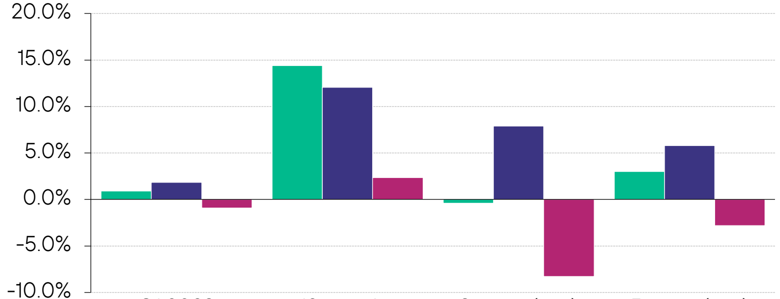
The fund provides investors with access to a diversified portfolio across Fund I and Fund III infrastructure assets. Fund I remains in the value realisation phase and is paying capital back to Investors, whilst Fund III is in its investment phase and continues to draw capital for investment.

Expected volatility	Low		High
Lease Length	Short		Long
Shape of outcomes	0% Contractual		100% Contractual
Diversification	Low		High

Key area	Comments (3m lag)
Portfolio positioning	• Net return since inception for Fund I reached 3.0% (significantly below target) with Southern Water's continued negative returns being the largest contributor. • Northern Star Generation (NSG)'s returns were in line with expectations. • Saubermacher performed positively, supported by increased volumes, price increases and commodities compensating for a more expensive operating environment.
Outlook	• Fund III continues to draw down the committed capital, having now drawn $139.3m of the total $185.0m committed. • Fund III is also continue to distribute as well, having distributed $42.9m during the quarter.

Note: Totals may not sum due to rounding. Performance quoted net of fees. SI is since inception.
Source: Investment manager, Northern Trust, Isio calculations.

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	0.9%	14.4%	-0.4%	3.0%
Benchmark	1.8%	12.1%	7.9%	5.8%
Relative	-0.9%	+2.3%	-8.3%	-2.8%

Metrics (3m lag)	31 Dec 2022	30 Sept 2022	View/Change
Net SI return (Fund I)	3.0%	2.9%	+0.1%
Net SI return (Fund III)	18.3%	19.4%	-1.1%
Total value to paid-in (Fund I)	1.28x	1.27x	Unchanged
Total value to paid-in (Fund III)	1.25x	1.28x	Unchanged
Top 3 sectors (Fund I – current quarter)	Power generation (60%), Water (24%), Wastewater (16%)		

Mandate: Infrastructure

Current Value: £36.3m

Current Weighting: 0.80%

Inception: January 2008

Benchmark: CPI + 2%

Objective: CPI + 3%

Pooled: No

Notable Actions

The UBS infrastructure funds should be monitored closely going forward given weak historical performance especially over the 3 and 5 year period.

Isio have engaged UBS to present a summary of the additional monitoring they are able to provide.

UBS have discussed with Officers and are in the process of implementation of a final version of this.

Pantheon – Infrastructure

Overview

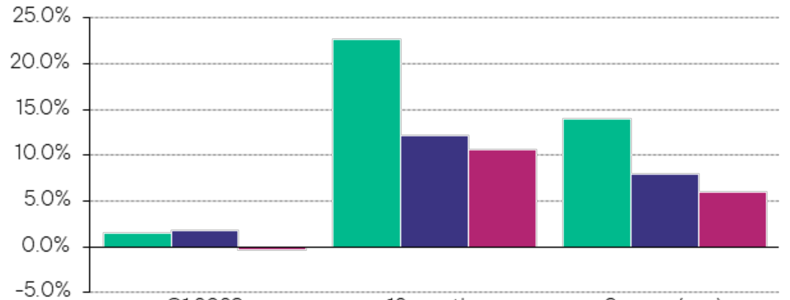
The fund provides investors with access to a diversified portfolio of infrastructure assets.

It focuses on investments which provide a contracted or regulated income stream, which enables the Fund to generate robust cash yields which are inflation-linked, making it attractive to pension scheme investors.

Expected volatility	Low	●——	High
Lease Length	Short	——●—	Long
Shape of outcomes	0% Contractual	——●—	100% Contractual
Diversification	Low	—●——	High

Key area	Comments (3 month lag)
Key contributors/ detractors	• Since inception performance has been strong (12.7% net IRR). • Over Q4 2022, the Fund's valuation was up 5.2%, with largest contributors being Springbank secondaries (34.8%), Pantheon Strategic Primaries (24%) and VTG co-investment (20.7%). • There were 9 detractors over the period – co-investments Covanta (-7.6%) and Parallel Infrastructure (-4.9%), with the remaining detractions all suffering valuation falls less than 2%.
Portfolio positioning	• The majority of distributions over the quarter were driven by 3 co-investments (Parallel Infrastructure, Proxiserve, VTG). • There were 4 exits of underlying portfolio companies within the Fund and $784,000 of commitments drawn over the quarter.
Outlook	• The Fund has $117.0m committed, and $12.5m undrawn capital. • The assets in the portfolio with highest inflation linkage are expected to continue to perform strongly going forward.

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)
Return	1.5%	22.6%	13.9%
Benchmark	1.8%	12.1%	7.9%
Relative	-0.3%	+10.6%	+6.0%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
Cash yield	20.8%	16.1%	Strong increase of +4.7%
Net acquisitions/sales	$242.3m	$22.4m	Fund is winding down (lower calls and higher distributions)
Average discount rate	2.96%	2.96%	0.0%
Number of assets	45	45	0
Top 3 sectors	Digital, Transport and Logistics, Renewables / Efficiency		

Mandate: Infrastructure

Current Value: £81.2m

Current Weighting: 1.8%

Inception: May 2018

Benchmark: CPI + 2%

Objective: CPI + 3%

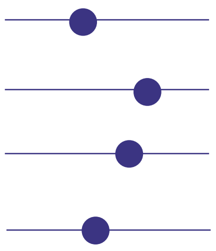
Pooled: No

Note: Totals may not sum due to rounding. Performance quoted net of fees. Manager data is lagged by one quarter.
Source: Investment manager, Northern Trust, Isio calculations.

M&G - Infrastructure

Overview

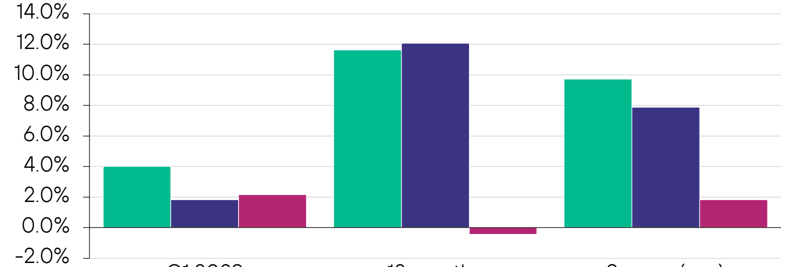
The fund provides investors with access to a diversified portfolio, Brownfield III and Greenfield II, infrastructure assets. It focuses on investments which provide a contracted or regulated income stream, which enables the Fund to generate robust cash yields which are inflation-linked, making it attractive to pension scheme investors.



Expected volatility	Low		High
Lease Length	Short		Long
Shape of outcomes	0% Contractual		100% Contractual
Diversification	Low		High

Key area	Comments (3 month lag)
Key contributors/ detractors	• The Brownfield Fund returned 3.7% over Q4, with valuation uplifts driven by macro economic updates. Inland Terminal Group and Infrafibre Germany were the largest contributors. • The Greenfield Fund returned 4.6% over Q4, driven by Fibrus (Incorporating Northern Ireland inflation and plan) and Speed Connect Austria (uplift due to roll forward).
Portfolio positioning	• The Greenfield Fund has been focusing on value creation over the quarter with all assets continuing to progress on construction milestones or winning new contracts. • Over 83% of the Brownfield Fund is committed. The manager is considering rebalancing the portfolio to reduce sterling exposure and provide additional funding to existing assets for growth.
Outlook	• Both funds are expected to continue to draw capital over the coming quarters

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)
Return	4.0%	11.6%	9.7%
Benchmark	1.8%	12.1%	7.9%
Relative	+2.2%	-0.4%	+1.8%

Metrics (3m lag)	Brownfield	Greenfield
Portfolio Value to current paid in capital	1.2x	1.5x
Number of assets	6 investments	7 investments
Top sectors	Transport, Fibre Telecoms, Energy and Utilities	Telecoms and Energy Transition

Mandate: Infrastructure

Current Value: £53.0m

Current Weighting: 1.2%

Inception: October 2018

Benchmark: CPI + 2%

Objective: CPI + 3%

Pooled: No

Note: Totals may not sum due to rounding. Performance quoted net of fees

Source: Investment manager, Northern Trust, Isio calculations. Manager information has a one quarter lag.

IFM Global Infrastructure Fund

Overview

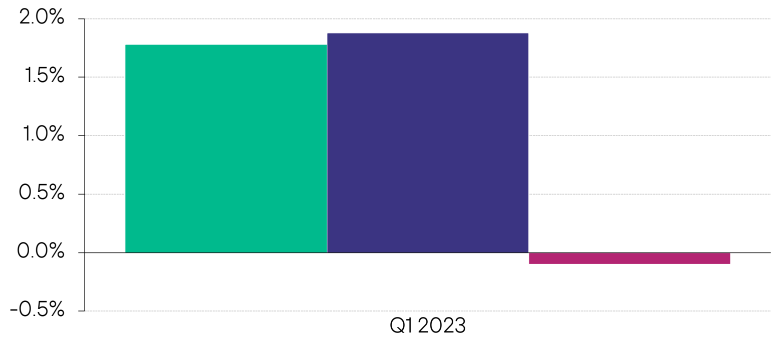
The Fund is a large, global open-ended infrastructure fund, launched on 1 December 2004. Due to the scale of the Fund and strong existing sourcing relationships, IFM are able to focus on investing in larger deals or deals with high barriers to entry.

The Fund has a diverse portfolio of 24 companies across a variety of sectors, largely focussed on North America and Europe. The Fund focusses on purchasing primarily operational assets with strong contractual income-producing characteristics, and the team aim to add value across financing, operations and business strategy.

Expected volatility	Low	High
Lease Length	Short	Long
Shape of outcomes	0% Contractual	100% Contractual
Diversification	Low	High

Key area	Comments
Key contributors/ detractors	• Q1 returns were driven by outperformance of assets such as Vienna Airport (+21.6%; growth in travel demand) and Naturgy Energy Group S.A (+20.6%; increase in share price). • Assets such as GCT Global Container Terminals (-3.2%), and Atlas Arteria (-3.1%) delivered the negative returns.
Portfolio positioning	• IFM completed the voluntary tender offer / acquisition of a further 3.4% stake in Vienna Airport for c.$103m (total ownership now c.43.4%), and sold a 25% stake in the M6 toll to GLIL Infrastructure, at a premium to the September 2022 independant valuation (total stake now 75%).
Outlook	• IFM expects infrastructure assets to remain resilient across key sectors due to positive inflation links and steady demand profile, with continued attention on energy security, transition and social factors boosting investment and interest in infrastructure assets.

Performance to 31 March 2023



	Q1 2023
Return	1.8%
Benchmark	1.9%
Relative	-0.1%

Metrics	Q1 2023	Q4 2022	View/change
Cash yield	1.1% current annual yield 5.4% p.a. SI	1.4% current annual yield 5.6% p.a. SI	Slight decrease
Net acquisitions/sales	-$0.3bn	$2.5bn	Vienna Airport - $103m follow-on investment; M6toll - $379m partial disinvestment
Average discount rate	10%	10%	No change
Number of assets	24 investments 100+ assets	24 investments 100+ assets	
Top 3 sectors	Utilities, Transport, Energy (14+ underlying sub sectors)		

Notes: Returns net of fees and in local currency terms (fee assumed as 0.77% p.a. ie <$300m invested.
The Fund was launched on 1 December 2004.
Sources: Investment manager, Isio calculations.

Mandate: Infrastructure Equity (higher risk)
Current Value: £234.1m

Current Weighting: 5.1%

Inception: January 2023

Benchmark: 10% p.a. net of all fees over the long term

Objective: CPI +2%

Pooled: No

Notable Changes

- Executive Director Jamie Cemm has left IFM and has been appointed as CEO of Buckeye Partners, a portfolio company and subsidiary of IFM. Jamie's departure is a loss given his involvement in a number of transactions, however, IFM's deep team structure, and Jamie's ongoing role at Buckeye, give us comfort with IFM's approach

Atlas - Listed Infrastructure

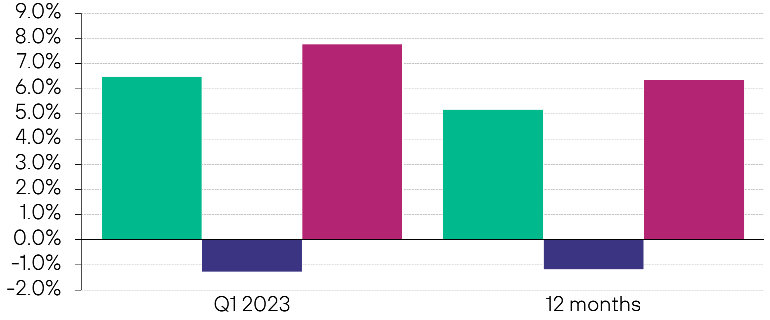
Overview

The fund provides investors with access to a diversified portfolio of brownfield and greenfield infrastructure assets. It focuses on investments which provide a contracted or regulated income stream, which enables the Fund to generate robust cash yields which are inflation-linked, making it attractive to pension scheme investors.

Expected volatility	Low	High
Lease Length	Short	Long
Shape of outcomes	0% Contractual	100% Contractual
Diversification	Low	High

Key area	Comments
Key contributors/ detractors	• At a stock level, there were also strong positive returns from holdings in Enel (European Utilities), Aena (European Airport) and E.ON (European Utility). • Norfolk Southern Corporation (US Railway) and Eutelsat (European Communications) were key detractors.
Portfolio positioning	• Atlas took a position in National Grid (European Electric Utilities) via a reduction in Cellnex (European Communications), resulting in improved inflation protection. • After a reduction in Atlas Arteria (Asia-Pacific Toll Roads) last quarter, this was subsequently exited over Q1 2023, due to lower returns and higher risk following the Chicago Skyway acquisition.
Outlook	• Atlas have made changes to the portfolio with the aim of increasing base case returns and reducing climate transition scenario risk, whilst aiming to maintain inflation protection.

Performance to 31 March 2023



	Q1 2023	12 months
Return	6.5%	5.2%
Benchmark	-1.3%	-1.2%
Relative	+7.8%	+6.4%

Metrics	Current Quarter	Last Quarter	View/change
Cash yield	4.4%	4.5%	Within expectations
Net acquisitions/sales	1 new position established / 2 positions exited and 3 reduced.	1 new position established / 2 positions increased/ 1 position exited and 2 reduced.	Within expectations
Number of individual positions in portfolio	21	22	Within expectations
Top 3 sectors	Electric utilities (45%), Airports (14%), Water (12%)		

Mandate: Global Infrastructure Equity

Current Value: £100.9m

Current Weighting: 2.2%

Inception: December 2020

Benchmark: FTSE Developed Core 50/50 Infrastructure Index

Objective: CPI + 3%

Pooled: No

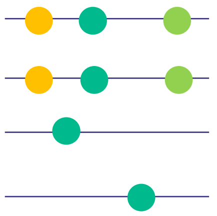
Note: Totals may not sum due to rounding. Performance quoted net of fees. Cash yield is Prospective portfolio yield, pre cash, pre withholding

Source: Investment manager, Northern Trust, Isio calculations.

M&G – Real Estate Debt

Overview

The Funds directly originate private loans that are secured by commercial real estate. REDF VI invests directly in whole loans, while REDF IV and V obtain senior and junior exposure, respectively. The Funds are UK and Europe focused but have scope to invest in the US. The Funds' investment periods ended in June 2021 and reinvestment periods ended December 2022. Wind up is expected in December 2027.

Target Return	Low		High
Target Exposure	Senior only		Mezzanine
Size of Borrower	Large-cap		Small-cap
Target Fund Size	Small		Large

REDF IV ● REDF V ● Both Funds/REDF VI ●

Key area	Comments
Capital Deployment	• **Project Lewisham** (student accommodation, UK, REDF IV/V/VI) was repaid on time. **Project All Star** (office, Italy, REDF IV/VI) and **Project OMS** (residential, USA, REDF IV/V/VI) prepaid. • **Project Sapphire** (logistics, Germany) added to REDF IV/VI.
Minor/Major Watchlist Names	• **Project Charlie** (Minor): The lease signed in Q3 brought the loan back into compliance and triggered the extension option. The position was removed from the watchlist during Q1 2023. • **Project Carlton** (Minor): M&G continue to monitor developments given that construction delays may mean the loan remains beyond current maturity in Q2 2023. • **Project Genesis** (Major): M&G continue to progress their plans to make the asset more attractive ahead of initiating a sale.
Outlook	• The funds called capital for their final new positions in Q1 2023. • M&G are confident that they are on the stronger side of the capital structure given the fall in real estate valuations.

Performance to 31 March 2023

	Q1 2023	12 months	3 years (p.a.)
Return	3.5%	-1.3%	1.9%
Benchmark	2.0%	6.7%	5.1%
Relative	+1.5%	-8.0%	-3.2%

(IV / V / VI)	Q4 2022	Q3 2022	View/change
IRR (gross projected)	3.7% / 11.9% / 6.2%	3.8% / 11.9% / 6.3%	Stable
Total capital invested	119% / 104% / 105%	118% / 104% / 105%	One new position added to IV/VI
Total Positions	29 / 15 / 51	32 / 17 / 56	Several positions repaid
Watchlist	3 / 3 / 3	3 / 3 / 3	No change
Top 3 sectors	REDF IV: Office (26%), Retail (26%), Residential (20%) REDF V: Retail (53%), Office (26%), Residential (12%) REDF VI: Office (34%), Retail (32%), Residential (15%)		
Phase	Distribution period – due to end December 2027. Reinvestment period has now ended.		

Mandate: Private Debt

Current Value: £43.0m

Current Weighting: 0.9%

Inception: April 2019

Benchmark: 3-month SONIA + 4%

Objective: 3-month SONIA + 5%

Pooled: No

Notable Developments

•We downgraded the Funds to Partially Meets Criteria in mid-2021 following the resignation of four senior members within M&G's Real Estate Debt business in April 2021.

•M&G plc have announced that Andrea Rossi (previously CEO of AXA IM) has been appointed CEO, replacing John Foley. We are continuing to monitor the situation with regards to stability in the leadership following the change in CEO and other senior departures

Notes: REDF VI figures are inclusive of this Fund's allocations to REDF IV and V (and vice versa). Gross projected IRRs are based on M&G's assumptions on performance of the existing portfolios. Total Capital Invested includes capital drawn from investors, capital used to fund investments by way of the subline, and capital expected to be drawn over time. *Cashflow profile is an estimate using analysis produced in May 2023, including actual capital called during Q1 2023.

Sources: M&G, Isio calculations.

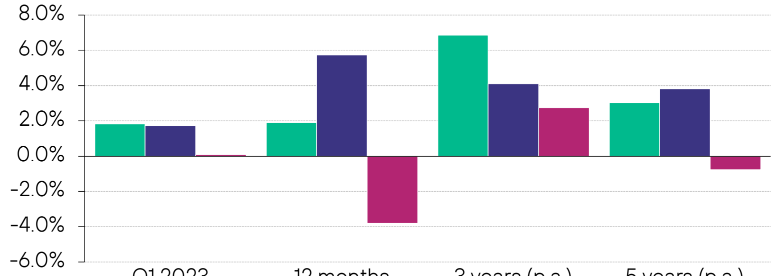
M&G – Diversified Credit

Overview

The Fund aims to take advantage of diversified opportunities in public credit markets, such as investment grade bonds, high yield bonds, leveraged loans and asset backed securities. M&G will seek to protect capital when the Fund is not being adequately compensated for taking risk. Currency and interest rate risks are typically hedged out of the portfolio.

Target Return	Low	High
Return Drivers	Sector Allocation	Credit Selection
Interest Rate Sensitivity	Low	High
Diversification	Low	High

Performance to 31 March 2023



	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	1.8%	1.9%	6.9%	3.0%
Benchmark	1.7%	5.7%	4.1%	3.8%
Relative	+0.1%	-3.8%	+2.7%	-0.8%

Mandate: Multi Asset Credit

Current Value: £293.2m

Current Weighting: 6.4%

Inception: November 2009

Benchmark: 3-month SONIA +3%

Objective: 3-month SONIA +5% (gross)

Pooled: Via Access Pool

Key area	Comments
Key contributors/ detractors	• Industrial corporate bonds were the main driver of returns over the quarter (+0.6%) with leveraged loans also contributing +0.3% as they provided good carry. • Financials were flat over the quarter (+0.01%) on the back of heightened volatility across the wider banking sector.
Portfolio positioning	• M&G took profits on industrials and utilities following strong performance, rotating into opportunities in the financials sector as a result of the banking sector volatility. • Cash levels reduced over the quarter (from c.22% to c.6%). as M&G met the initial large flow of redemptions following the gilts crisis in Q4 2022.
Outlook	• M&G continue to seek attractive entry points in credit markets and continue to favour European credit valuations over the US.

Metrics	Current Quarter	Last Quarter	View/change
Yield	8.7%	6.8%	Increased due to rising gilt yields
Average credit rating	BBB	BBB+	No significant change
Modified duration (years)	0.02	-0.05	Slight increase
Spread duration (years)	4.1	3.8	No significant change
Number of issuers	396	416	Decreased as expected

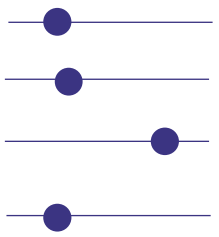
Note: Returns net of fees (based on share class A (GBP)). Benchmark used is 1 month LIBOR from fund inception to 30 June 2021 and 1 month SONIA thereafter. Objective shown is benchmark +2.5% p.a. The Fund was launched on 26 April 2007. Performance attribution based on the performance of the Euro denominated A share class gross of fees.
Source: Investment manager, Northern Trust, Isio calculations.

M&G - Corporate Bonds

Overview

The Fund invests in a variety of UK Corporate Bonds, including but not limited to Industrial, Financial, Sovereign and Utility bonds.

Target Return	Low		High
Return Drivers	Sector Allocation		Credit Selection
Interest Rate Sensitivity	Low		High
Diversification	Low		High



Key area	Comments
Key contributors/ detractors	• Financials were the strongest contributor to performance, from both a sector and security selection perspective, whilst Quasi and Foreign Government detracted.
Portfolio positioning	• The manager selectively reduced the level of risk in the portfolio and continued to hold an underweight position in credit spread duration relative to the benchmark. • The manager reduced the portfolio's exposure to names, including Lloyds, where credit spreads were trading at expensive multi-year levels.
Outlook	• M&G note that increased volatility in markets will likely remain with inflation and recession risk dominating markets. • The risk of a recession remains high as financial conditions are tightened by central banks.

Note: Totals may not sum due to rounding. Performance quoted net of fees
Source: Investment manager, Northern Trust, Isio calculations.

Performance to 31 March 2023

	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	3.0%	-16.9%	-5.0%	-1.5%
Benchmark	2.8%	-16.8%	-5.7%	-2.1%
Relative	+0.2%	-0.1%	0.6%	+0.7%

Metrics	Current Quarter	Last Quarter	View/change
Yield	6.0%	6.1%	In line with expectations
Average credit rating	BBB	BBB	No change
Modified duration	9.7	9.4	In line with expectations

Mandate: Corporate Bonds

Current Value: £123.6m

Current Weighting: 2.7%

Inception: December 1996

Benchmark: Benchmark: - 50% iBoxx Non-Gilts Over 15Y - 50% iBoxx Non-Gilts

Objective: Outperform benchmark by 0.8% p.a. (gross)

Pooled: Via Access Pool

UBS – Over 5 Year Index-linked Gilts

Overview

The Fund has defensive characteristics, providing the Fund with protection against the impact of both interest rates and inflation expectations on the value placed on the liabilities.

Target Return	Low		High
Return Drivers	Sector Allocation		Credit Selection
Interest Rate Sensitivity	Low		High
Diversification	Low		High

Real Gilt Yields – Last 12 months

Note: Totals may not sum due to rounding. Performance quoted net of fees.
Source: Investment manager, Northern Trust, Isio calculations.

Performance to 31 March 2023

	Q1 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	5.0%	-30.5%	-9.3%	-4.2%
Benchmark	4.9%	-30.4%	-9.2%	-4.1%
Relative	+0.1%	-0.1%	-0.0%	0.0%

Mandate: Index Linked Gilts

Current Value: £93.8m

Current Weighting: 2.1%

Inception: February 2018

Benchmark: FTSE Index-Linked Gilts Over 5 Years

Objective: Match benchmark

Pooled: Via Access Pool

Appendices

A1: Market Background: Global Equity, Absolute Return, Real Assets, Credit & Yields

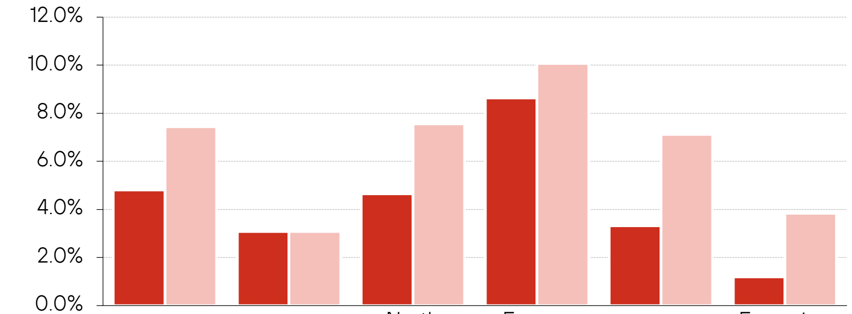
A2: Explanation of Market Background

A3; How to Read the Fund Manager Pages

A4: Disclaimers

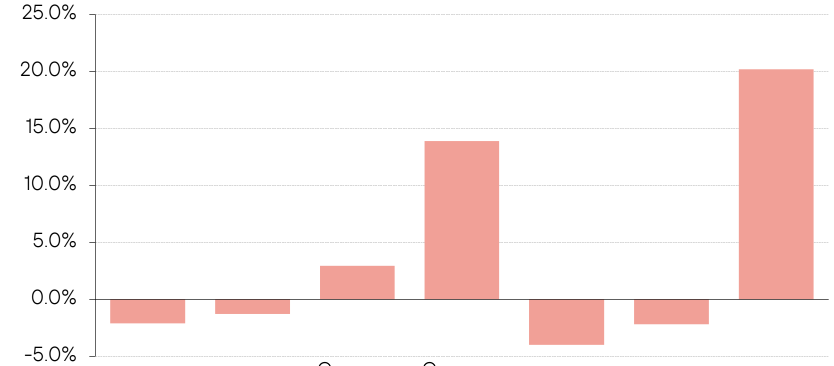
Market Background – Global Equity

Regional Returns – Q1 2023



	World	UK	North America	Europe exc UK	Japan	Emerging Markets
Sterling	4.8%	3.1%	4.6%	8.6%	3.3%	1.2%
Local	7.4%	3.1%	7.6%	10.1%	7.1%	3.8%

Sector Returns – Q1 2023 (Local)



	Financial	Utilities	Consum. Staples	Consum. Discret.	Energy	Health	Tech
Sector	-2.1%	-1.3%	2.9%	13.9%	-4.0%	-2.2%	20.2%

Summary

Global equity markets provided positive performance over the quarter, with investors reacting positively to expectations that interest rate hikes may slow sooner then previously expected.

European equities outperformed over the period due to a combination of easing inflation and a positive outlook for manufacturing and services industries.

Emerging Markets lagged other markets, with strained relations between the world's two largest economies – the US and China – negatively impacting sentiment.

VIX Volatility Index – Last 12 months

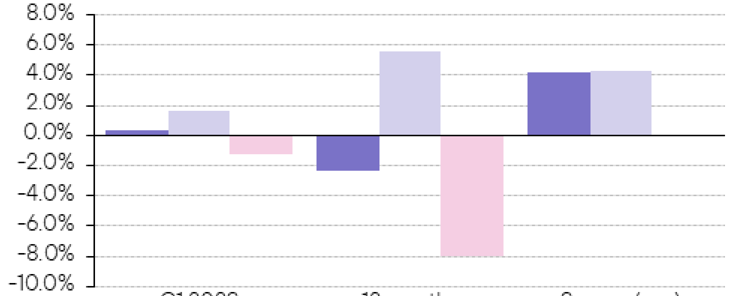
Commentary

- The impact of tightening financial conditions on balance sheets drove the collapse of a number of second tier US Banks (including Silicon Valley Bank), resulting in elevated volatility across the sector. Despite this, global equity markets provided positive performance, as recession fears abated across developed markets.
- Both European and US equity markets posted positive returns, with cooling inflation data and the impact of banking sector issues underpinning expectations that the peak in global interest rates may be lower then previously expected.
- The UK market underperformed, but did add value in absolute terms over the period. The more domestic-focussed sectors contributed positively, with the consumer discretionary sector posting particularly strong returns.
- Emerging Markets lagged developed counterparts, with a re-emergence of US-China tensions impacting performance. Brazil and India underperformed, with weak GDP data, and allegations of fraud at a major firm, weighing on the respective markets.

Notes: Please see the 'Explanation of Market Background' appendix for details of the underlying indices. Please note that sector returns are based on local USD pricing.
Sources: Refinitiv.

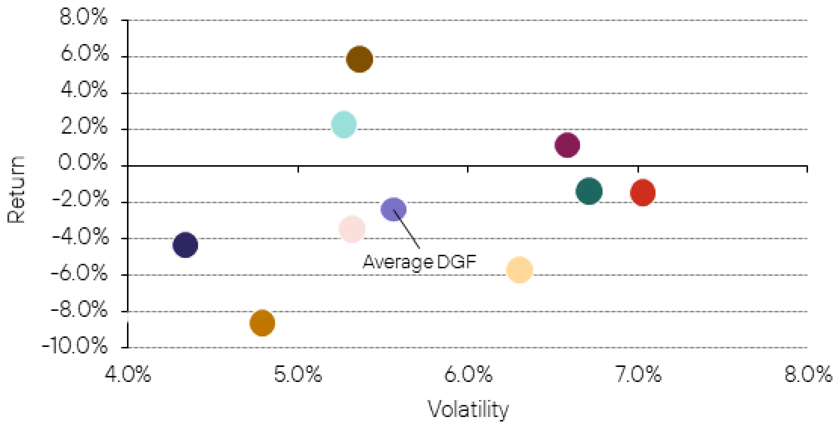
Market Background – Absolute Return

Sample Manager Average Returns– Q1 2023



	Q1 2023	12 months	3 years (p.a.)
Average DGF	0.3%	-2.4%	4.2%
Cash +3.5%	1.6%	5.6%	4.3%
Relative	-1.3%	-8.0%	-0.1%

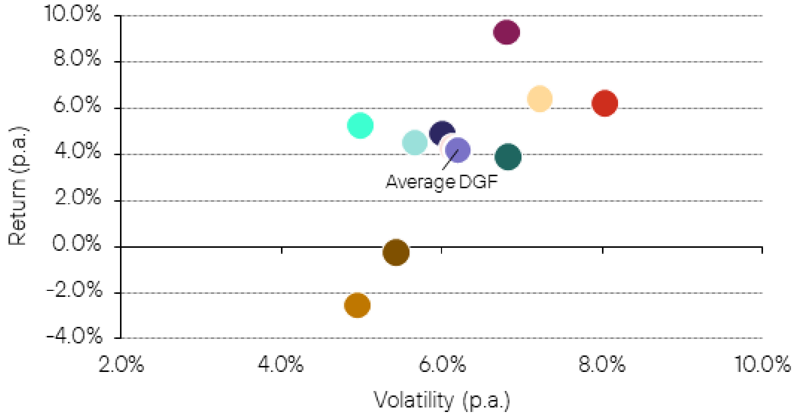
Sample Manager Returns and Volatility – 12 months



Summary

Within our sample of managers we have incorporated the performance of ten Absolute Return Funds with various manager styles, aiming to give a balanced view of the market.

Sample Manager Returns and Volatility – 3 years (p.a.)



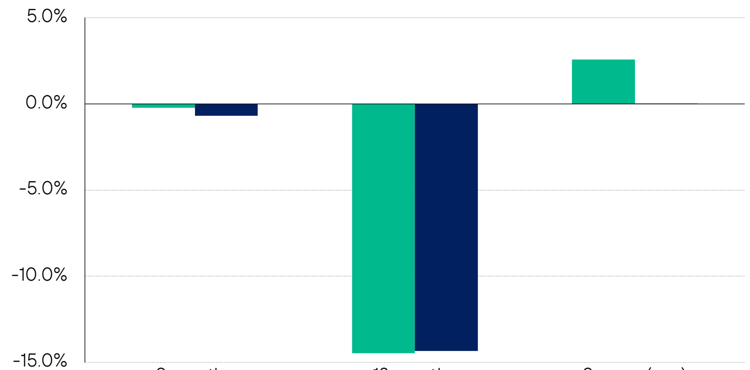
Commentary

- The average Absolute Return Fund underperformed the cash plus target over Q1 2023, however is broadly tracking this comparator over a 3 year period.
- Most broad equity markets offered positive returns for the first period this year, as investor sentiment improved over hopes that inflation has peaked. Whilst the muted movement in credit spreads resulted in fixed income having a marginal impact on performance, real asset exposure (i.e. property) continued to be weak.
- Returns over the longer term have suffered from the sell-off over 2022 with managers finding it difficult to source positive returns from most asset classes. Whilst the broad market backdrop posed significant challenges, some managers fared better than others in terms of providing downside protection.
- The majority of Absolute Return Fund managers remain aware to geopolitical tensions, as well as the potential impact of moving into a recessionary economic environment.

Note: Please see the 'Explanation of Market Background' appendix for details of the underlying indices. All returns quoted are net of management fees.
Source: Investment Managers, Isio calculations

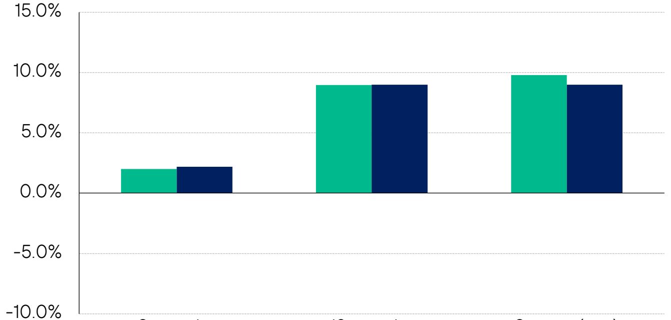
Market Background – Real Assets – Q1 2023

UK Commercial Property - Balanced and Long Lease



	3 months	12 months	3 years (p.a.)
Balanced Index	-0.2%	-14.5%	2.6%
Long Income Index	-0.7%	-14.3%	0.0%

Global Core Unlisted Infrastructure



	3 months	12 months	3 years (p.a.)
Illustrative Infrastructure Manager	2.0%	9.0%	9.8%
Objective	2.2%	9.0%	9.0%

- Objective: 9.0% p.a. net of all fees over the long term, ranging between 8%-12% depending on market cycle stage.

Commentary

- Following the significant decline in valuations experienced in Q4 2022, some stability returned in commercial property, though returns were still marginally negative over Q1.
- The main drivers of negative returns were continued market uncertainty and the collapse of Silicon Valley Bank / Credit Suisse in March. This lead to a lack of transactions, higher financing costs (post rising rates) and weaker occupancy/rental growth rates, though the majority of the impact was incorporated into Q4 valuations.
- Within commercial property, industrials (followed by retail warehouses) saw the strongest relative performance, while the office and standard retail sectors struggled.
- Balanced property outperformed long lease property over Q1 2023, largely due to a higher exposure to industrials on average (particularly the more cyclical areas such as factories, plants and retail warehouses), which outperformed, given strong long-term fundamentals and the steepest valuation decline in Q4 2022 already priced in.
- The aftermath of the mini-budget led to a wave of redemptions requests in late Q3 and Q4 2022. Managers have continued to defer requests to protect value for investors and this has lead to a number of asset sales to support such liquidity needs.

Commentary

- Infrastructure performed well over the quarter and continued to outperform its benchmark over the long term, on the back of declining energy prices, positive global economic data and lowered expectations of further rate hikes following issues in the banking sector.
- The continued re-emergence of mobility and travel (particularly with the re-opening of China) supported the transportation sector, with airports, toll roads and seaports performing positively over Q1 2023. Bond yields coming off recent highs also helped support longer-duration assets such as renewables.
- Laggards include the rail sector (due to increasing recession expectations and fuel/labour costs) and the energy inc. midstream sector (easing prices due to an abnormally warmer winter and signs of a softening in global fuel demand). Assets focused on energy transition appeared to be resilient to such issues.
- Despite the banking issues over the quarter, infrastructure companies raising debt in March priced deals at lower rates than expected, suggesting these companies should continue to have access to credit, unlike the situation in real estate, where financing has been harder to come by. The demand for infrastructure assets continues to be strong, supporting its resilience in tough and uncertain market conditions.

Summary

UK Commercial Property
After a significant valuation decline in Q4 2022, the first quarter of 2023 saw valuations stabilising somewhat, though commercial property markets continued to experience small negative performance. This was driven by continued rising interest rates, and uncertainty related to inflation.

We believe capital values for property sectors are now close to or have stabilised, having fallen by 10-20% since mid-2022.

Going forward, Isio believe property markets will continue to recover and begin to move upwards and sectors that will drive this are those with strong, long-term fundamentals such as industrials, logistics and retail warehouses.

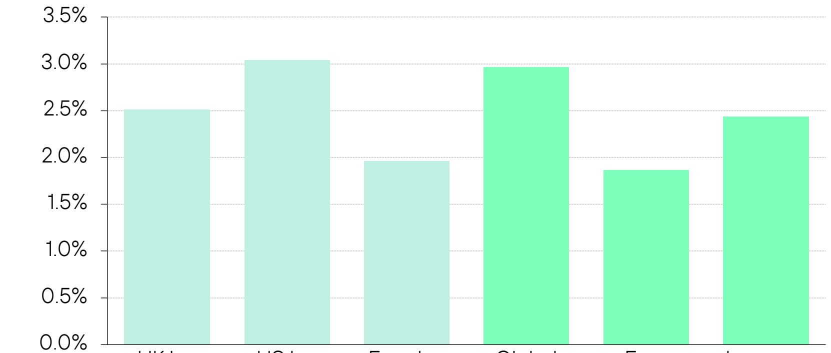
Infrastructure
Following a strong 2022, where infrastructure displayed its robust nature amidst an economic downturn, the asset class continued to perform positively in Q1 2023. Lifted travel restrictions, stabilising energy prices, as well as positive economic data and diminishing rate hike expectations continued to support the asset class.

Given the current environment, we continue to believe a focus on a prudent approach, targeting assets that are well underwritten, with high inflation-linkage in contracted revenues and low levels of leverage will serve investors well.

Note: Please see the 'Explanation of Market Background' appendix for details of the underlying indices.   Source: MSCI / IPD and Investment Managers.

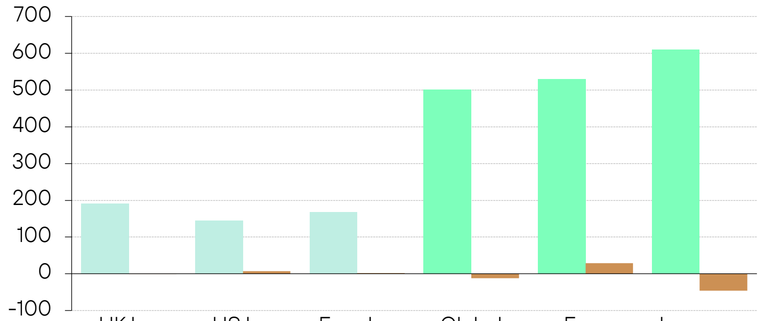
Market Background – Credit

Credit Market Returns – Q1 2023



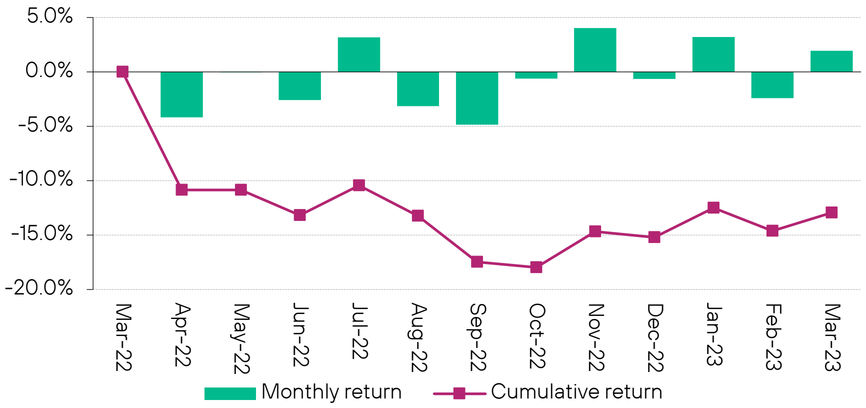
	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets	Leverag. Loans
£ Hedged	2.5%	3.0%	2.0%	3.0%	1.9%	2.4%

Credit Spreads – Q1 2023



	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets	Leverag. Loans
End of qtr	191	145	168	501	530	610
Qtr change	-1	7	2	-12	29	-46

Global Broad Credit Market Return – Last 12 Months



Commentary

In contrast to 2022, bond market performance was generally positive overall in Q1 2023, but volatility remained. While early signs global inflation may have peaked supported yields and tightened spreads, subsequent inflation data and banking sector issues provided headwinds.

- Though **investment grade ('IG') bond** spreads ended Q1 fairly unchanged, IG performance was supported by its sensitivity to falling government bond yields. The attractive IG yields coming into Q1 also contributed to Q1 performance.
- **High yield ('HY') bonds** also produced positive returns over the quarter. Similar to IG, this was partially driven by ongoing yield income, but was supported by HY spreads tightening slightly overall. This was particularly true in January, as markets reacted positively to central bank messaging following signs inflation may have peaked.
- **Emerging market ('EM') debt** also posted positive returns over the quarter, benefitting from the above risk-on sentiment early in Q1. While EM credit spreads widened overall in Q1, the high starting yield was sufficient to still generate positive returns.

Summary

Overall, Q1 2023 saw credit markets generate positive returns, but each month was characterised by different factors.

January saw a strong market rally, driven by falling government bond yields and tightening credit spreads. This was due to initial signs global inflation may have peaked, easing pressure on central banks to increase interest rates further.

However, this reversed somewhat in February due to higher than expected inflation prints and strong jobs market data. In March, banking sector issues also led to a risk-off sentiment in markets. IG bonds were however supported by lower yields as markets expected banking sector fragility to lead to lower future rates than what was previously priced in.

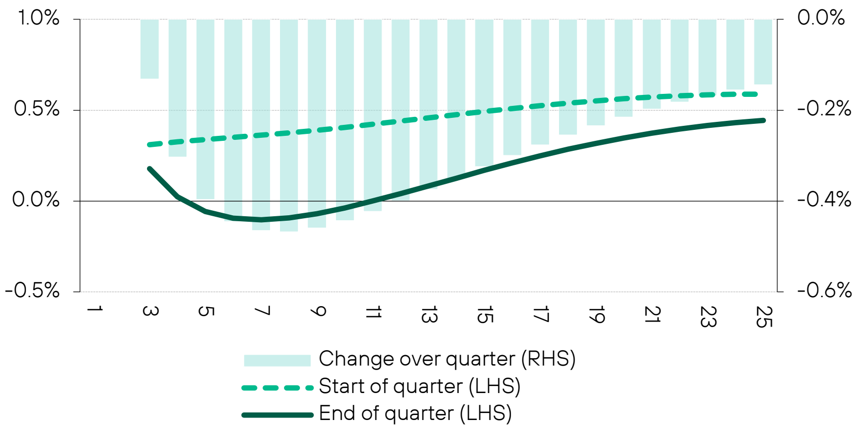
Overall, despite the volatility, broad credit markets delivered positive returns, largely due to high yields heading into Q1. More interest rate sensitive bonds were also supported by government bond yields falling overall.

Notes: Please see the 'Explanation of Market Background' appendix for details on the underlying indices shown. Credit spreads are shown in basis points (100bps = 1%) and correspond to the incremental yield available on corporate bonds above government bonds of a similar maturity.

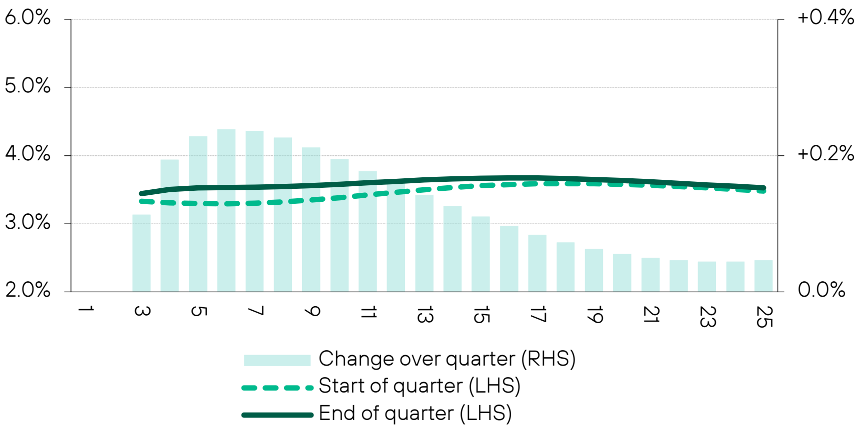
Sources: Thomson Reuters, PIMCO, Fidelity.

Market Background – Yields

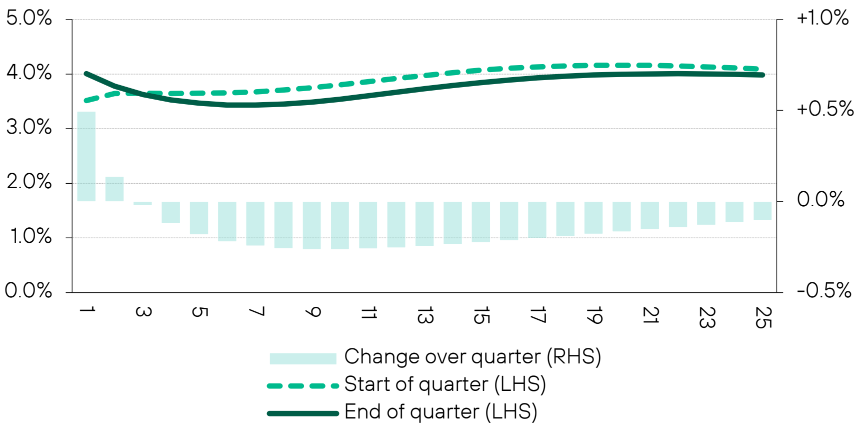
Real Gilt Yields – Q1 2023



Gilt-Implied Inflation – Q1 2023



Nominal Gilt Yields – Q1 2023



Commentary

- Long-dated (20-year) yields at the quarter-end were:
  - Real gilt yield: 0.3%
  - Nominal gilt yield: 4.0%
  - Gilt-implied inflation expectation: 3.6%

Summary

These curves show gilt yields and inflation expectations at varying time horizons. The horizontal axis represents the number of years.

Sources: Bank of England, Isio calculations.

Explanation of Market Background

Market Background – Overview

- Returns by Asset Class – The market indices underlying this chart are as follows:
  - UK Equity: FTSE All-Share
  - Global Equity: FTSE World (Unhedged and Hedged)
  - Emerging Market Equity: MSCI Emerging Markets
  - Absolute Return Funds: mean of a sample of managers
  - Property: IPD Monthly UK
  - Global High Yield: BoAML Global High Yield (GBP Hedged)
  - UK Inv. Grade Credit: BoAML Sterling Non-Gilt
  - Over 15 Years Gilts: FTSE Over 15 Year Gilt
  - Over 5 Years Index-Linked Gilts: FTSE Over 5 Year Index-Linked Gilt
  - Example Liabilities: a simplified calculation illustrating how a typical pension scheme's past-service liabilities may have moved

Market Background – Global Equity

- Regional Returns – The market indices underlying this chart are as follows:
  - World: FTSE World
  - UK: FTSE All Share
  - North America: FTSE North America
  - Europe ex UK: FTSE Europe ex UK
  - Japan: FTSE Japan
  - Emg Mkts: MSCI Emerging Markets
- Sector Returns – The market indices underlying this chart are the relevant sectors from the MSCI All-Countries index.
- VIX Volatility Index – This is a forward-looking indicator. It represents the expected range of movement (in percentage terms) in the S&P 500 index (i.e. US equities in dollar terms) over the next year, at a 68% confidence level. It is calculated using options prices over a 30-day horizon.

This glossary explains the components of the Market Background charts in Appendix 1.

All returns are in Sterling terms, unhedged, unless otherwise stated. Where "hedged" returns are quoted, these are local currency returns (i.e. any costs and imprecisions in hedging are assumed to be negligible).

Explanation of Market Background (cont.)

Market Background – Absolute Return

- **Absolute Return Funds** – Due to the lack of a market index for Absolute Return, we illustrate the performance of this by showing the returns of 10 of the largest funds by assets under management. Specifically:
  - Aberdeen Standard Global Absolute Return Strategies
  - Aviva Multi-Strategy Target Return
  - Baillie Gifford Diversified Growth
  - BlackRock Dynamic Diversified Growth
  - Invesco Perpetual Global Targeted Returns
  - L&G Diversified
  - Newton Real Return
  - Nordea Stable Return
  - Ruffer Absolute Return
  - Schroder Diversified Growth
- The 'Average Absolute Return Fund' performance is an equally-weighted average of the sample of 10 managers' performance figures.
- Returns are shown net of each manager's standard fee. While every effort has been taken to select vehicles with institutional/clean fee structures, the impact may not necessarily reflect any particular client's fee arrangements.
- Volatility is calculated by annualising the volatility of daily returns.
- As clients have specific selection criteria, the managers listed here may not meet any given client's criteria.
- Absolute Return encompass a range of investment approaches, return targets, and risk profiles. Consequently, different managers' returns are not necessarily a like-for-like comparison.

Market Background – Real Assets

- Real Assets – The market indices underlying these charts are:
  - Core UK Property: IPD Monthly UK Index
  - Long Lease UK Property: IPD Long Income Property Fund Index

This glossary explains the components of the Market Background charts in Appendix 1.

All returns are in Sterling terms, unhedged, unless otherwise stated. Where "hedged" returns are quoted, these are local currency returns (i.e. any costs and imprecisions in hedging are assumed to be negligible).

Explanation of Market Background (cont.)

Market Background – Credit

- Sector Returns and Credit Spreads – The market indices underlying this chart are as follows:
  - UK Inv Grade: BoAML Sterling Non-Gilt
  - US Inv Grade: BoAML US Corporate (GBP Hedged)
  - Euro Inv Grade: BoAML Euro Corporate (GBP Hedged)
  - Global High Yield: BoAML Global High Yield (GBP Hedged)
  - Emerging Markets: JP Morgan EMBI Global (GBP Hedged)
  - Leveraged Loans: S&P/LSTA US Leveraged Loan Equity (GBP Hedged)
- Global broad credit market return – The market index underlying this chart is the BoAML Global Broad Market Corporate Index (GBP Hedged):
  - The Global Broad Market Index tracks the performance of investment grade public debt issued in the major domestic and eurobond markets, including 'global' bonds.
  - Qualifying bonds must have at least one year remaining term to maturity and a fixed coupon schedule. Bonds must be rated investment grade and be domiciled in a country having an investment grade foreign currency long-term debt rating (based on a composite of Moody's and S&P).

Market Background – Yields

- Yields – Yields shown are annual yields (i.e. they have been converted from the "continuously compounded" basis quoted by the Bank of England).
- Example Liabilities – This illustrates how a typical scheme's past-service liabilities may have moved.
  - It is based on a simplified calculation assuming a scheme with duration 20 years and liabilities split 70% inflation-linked and 30% fixed.
  - Liability movement is calculated using yield changes and unwinding (short-term interest rate with no premium) only, with no accrual, outgo, or inflation experience.
  - A rise in yields equates to a fall in the calculated value of the liabilities (due to the higher discount rate at which the future cashflows are valued); conversely, a fall in yields means a rise in liabilities.

This glossary explains the components of the Market Background charts in Appendix 1.

All returns are in Sterling terms, unhedged, unless otherwise stated. Where "hedged" returns are quoted, these are local currency returns (i.e. any costs and imprecisions in hedging are assumed to be negligible).

How to Read the Fund Manager Pages

How to Read the "Overview" Section

Expected Volatility Low — High

- This is a standard quantitative measure of our expectation of absolute annual volatility of the fund.
- The measure ranges from 1% p.a. for the least volatile strategies (e.g. Cash) to 30% p.a. for the most volatile strategies (e.g. Emerging Markets Equity).

Shape of Outcomes 0% Contractual — 100% Contractual

- This is an Isio-specific measure of how "contractual" the expected return from the fund is.
- The measure ranges from 0% for strategies that have no fixed return component and are instead based on a share of any profits (e.g. Global Equity) to 100% for strategies where the return in normal conditions is fixed and predictable (e.g. Corporate Bonds).

Diversification Low — High

- This Isio-specific measure shows how diversified we consider the fund to be, in terms of broad market risk drivers.
- The measure ranges from "low" for mandates that invest in a single asset class that is concentrated in other respects, such as geography (e.g. European Direct Lending) to "high" for mandates that invest in a wide range of diversified asset classes (e.g. Diversified Growth Funds).

Manager Ratings

We show two ratings for a manager:

Research View: This comprises our opinion of the manager as a whole, judged against the client's specific selection criteria (which usually include ESG considerations). The possible ratings are:

- Meets Criteria
- Partially Meets Criteria
- Significantly Fails to Meet the Criteria
- Not Evaluated

ESG View: This is a narrower opinion focusing specifically on the manager's treatment of ESG (Environmental, Social, and Governance) issues. The possible ratings are:

- Green
- Amber
- Red
- Not Evaluated

This page contains guidance on how to read the fund manager pages

Disclaimers

Performance, Opinions, and Estimated Liabilities

- This report sets out the past performance of various asset classes and fund managers. It should be noted that past performance is not a guide to the future.
- Our opinions (and comparison vs criteria) of the investment managers stated in this report are based on Isio's research and are not a guarantee of future performance. These are valid at the time of this report but may change over time.
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- Funds that make use of derivatives are exposed to additional forms of risk and can result in losses greater than the amount of invested capital.
- The estimated liabilities (where quoted) have been "rolled forward" from the last actuarial valuation and/or funding update, by taking current bond yields and inflation expectations into account. The methodology underlying the actuarial assumptions (e.g. discount-rate premium, mortality, real salary growth etc.) is assumed to remain constant for this estimate. Due to the approximate nature of the calculations, the Fund's actual experience and changes in future valuation assumptions may mean that the liabilities and funding position calculated at the next actuarial valuation (or funding update) could be significantly different from the quoted estimate.

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