East Sussex Pension Fund

Investment Performance - Summary Report

Quarter to 31 March 2024

Isio Investment Advisory

isio.

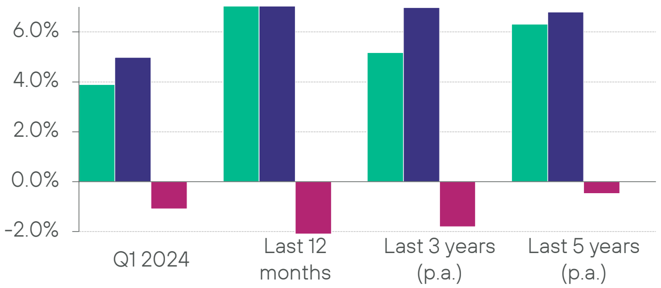
Contents

Highlights

Executive Summary – 31 March 2024

Access Pool	Fund	Q1 2024 Performance			Value at Quarter End	
		Fund	Benchmark	Relative	31-Dec-24	31-Mar-24
Yes	UBS Osmosis – Sustainable Equity	9.2%	9.9%	-0.6%	£364.4m	£398.1m
Yes	Longview - Global Equity	9.2%	9.9%	-0.7%	£477.8m	£521.6m
No	WHEB – Sustainable Equity	6.7%	9.9%	-3.2%	£223.0m	£237.9m
No	Wellington – Sustainable Equity	4.9%	9.2%	-4.3%	£236.4m	£247.9m
No	Storebrand – Sustainable Equity	9.0%	9.9%	-0.9%	£427.0m	£465.4m
Yes	Baillie Gifford – Global Equity	8.8%	9.2%	-0.4%	£199.7m	£217.3m
No	Harbourvest – Private Equity [1,2]	1.1%	9.6%	-8.5%	£180.2m	£181.6m
No	Adams Street – Private Equity [1,2]	2.4%	9.6%	-7.1%	£186.2m	£189.5m
Yes	Newton – Absolute Return	4.5%	1.9%	+2.6%	£352.4m	£368.2m
Yes	Ruffer - Absolute Return	-0.7%	1.9%	-2.6%	£453.5m	£450.4m
No	Schroders – Property	1.3%	0.5%	+0.8%	£338.0m	£339.7m
No	UBS – Infrastructure [2]	9.6%	1.1%	+8.5%	£32.3m	£35.4m
No	Pantheon – Infrastructure [2]	3.7%	1.1%	+2.6%	£86.5m	£87.0m
No	M&G – Infrastructure [2]	-18.8%	1.1%	-20.0%	£58.8m	£49.4m
Yes	IFM – Infrastructure	-0.7%	1.1%	-1.8%	£248.7m	£246.9m
No	ATLAS - Listed Infrastructure	-0.1%	1.8%	-1.9%	£100.0m	£99.9m
No	M&G – Real Estate Debt [2]	4.0%	2.3%	+1.8%	£35.7m	£35.1m
Yes	M&G – Diversified Credit	3.7%	2.0%	+1.7%	£317.0m	£328.8m
Yes	M&G - Corporate Bonds	-0.1%	-0.8%	+0.7%	£131.3m	£131.1m
Yes	UBS - Over 5 Year Index-linked Gilts	-2.4%	-2.4%	-0.0%	£240.7m	£234.9m
	Total Assets	3.9%	5.0%	-1.1%	£4689.4m	£4866.2m

Period returns – to 31 March 2024



	Q1 2024	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
Scheme Return	3.9%	7.9%	5.2%	6.3%
Benchmark Return	5.0%	12.3%	7.0%	6.8%
Relative	-1.1%	-4.4%	-1.8%	-0.5%
Sample 60:40 Portfolio	5.3%	12.8%	4.7%	6.7%

Commentary

- The Fund's assets delivered a positive absolute return over the quarter, returning 3.3% but below the benchmark return of 5.0%.
- The public equity managers all posted positive absolute and negative relative returns.
- The Fund's illiquid holdings in private equity similarly posted sportive absolute returns but negative relative performance in Q1 2024 as valuations failed to keep pace with strong returns from public equity markets which form the benchmark.
- The various credit mandates posted positive results on the whole in both absolute and relative terms despite rises in UK Gilt yields as spreads narrowed by varying degrees across credit sectors.
- The long-term returns at Fund level remain robust, and in line with expectations although lagging the benchmark. This underperformance has been driven by weak relative performance from the Fund's impact equity managers and challenging "cash plus" and "inflation plus" benchmarks over a period when both metrics have been high.

This page provides an overview of performance for the Fund and its underlying mandates.

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 2024. Fund Total value excludes cash held with Northern Trust. [1] Valuation and performance information as at 31 December 2023. [2] Valuations shown are either 3m or 6m lagged and adjusted for distributions / drawdowns and currency movements.

Source: Investment Managers, Northern Trust, Isio calculations.

Manager Performance – 31 March 2024

Fund	Q1 2024 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	9.2%	9.9%	-0.6%	22.5%	22.5%	+0.0%	-	-	-	-	-	-
Longview - Global Equity	9.2%	9.9%	-0.7%	18.1%	22.5%	-4.4%	12.7%	11.8%	+0.8%	11.0%	12.8%	-1.8%
WHEB - Sustainable Equity	6.7%	9.9%	-3.2%	7.3%	22.5%	-15.2%	2.2%	12.0%	-9.7%	-	-	-
Wellington – Sustainable Equity	4.9%	9.2%	-4.3%	11.6%	20.6%	-9.0%	3.6%	11.0%	-7.4%	-	-	-
Storebrand – Sustainable Equity	9.0%	9.9%	-0.9%	20.5%	22.5%	-1.9%	9.9%	12.0%	-2.1%	-	-	-
Baillie Gifford – Global Equity	8.8%	9.2%	-0.4%	16.0%	20.6%	-4.6%	-	-	-	-	-	-
Harbourvest – Private Equity[1]	1.1%	9.6%	-8.5%	-0.3%	22.2%	-22.4%	21.0%	11.7%	+9.3%	16.7%	13.1%	+3.6%
Adams Street – Private Equity[1]	2.4%	9.6%	-7.1%	-1.7%	22.2%	-23.9%	12.0%	11.7%	+0.3%	15.9%	13.1%	+2.8%
Newton – Absolute Return	4.5%	1.9%	+2.6%	8.0%	7.6%	+0.4%	1.8%	5.2%	-3.4%	3.9%	4.3%	-0.4%
Ruffer - Absolute Return	-0.7%	1.9%	-2.6%	-5.9%	7.6%	-13.6%	-0.2%	5.2%	-5.4%	5.4%	4.4%	+1.1%
Schroders – Property	1.3%	0.5%	+0.8%	0.5%	-0.7%	+1.2%	2.4%	1.5%	+0.9%	1.7%	1.4%	+0.3%
UBS – Infrastructure	9.6%	1.1%	+8.5%	-1.1%	5.2%	-6.3%	7.2%	8.7%	-1.5%	0.7%	6.4%	-5.8%
Pantheon – Infrastructure[1]	3.7%	1.1%	+2.6%	8.9%	5.2%	+3.8%	16.9%	8.7%	+8.2%	-	-	-
M&G – Infrastructure	-18.8%	1.1%	-20.0%	-19.2%	5.2%	-24.4%	-0.9%	8.7%	-9.6%	-	-	-
IFM – Infrastructure	-0.7%	1.1%	-1.8%	6.0%	5.2%	+0.8%	-	-	-	-	-	-
ATLAS – Listed Infrastructure	-0.1%	1.8%	-1.9%	-1.0%	0.4%	-1.4%	8.9%	6.5%	+2.5%	-	-	-
M&G – Real Estate Debt	4.0%	2.3%	+1.8%	9.7%	9.1%	+0.6%	4.7%	6.7%	-2.0%	-	-	-
M&G – Diversified Credit	3.7%	2.0%	+1.7%	12.2%	8.1%	+4.0%	4.7%	5.7%	-1.0%	5.4%	4.9%	+0.6%
M&G - Corporate Bonds	-0.1%	-0.8%	+0.7%	6.1%	5.8%	+0.2%	-6.1%	-6.3%	+0.2%	-1.2%	-1.8%	+0.7%
UBS - Over 5 Year Index-linked Gilts	-2.4%	-2.4%	-0.0%	-6.9%	-6.8%	-0.0%	-12.1%	-12.1%	-0.1%	-6.6%	-6.5%	-0.0%
Total Assets	3.9%	5.0%	-1.1%	7.9%	12.3%	-4.4%	**5.2%**	**7.0%**	**-1.8%**	**6.3%**	**6.8%**	**-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 2024.
[1] Valuation and performance information as at 31 December 2023.
Source: Investment Managers, Northern Trust, Isio calculations.

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

The active impact public equity mandates have continued to struggle relative to their benchmarks over the last 12 months.

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.

The infrastructure mandates have returned mixed performance over the quarter with M&G's performance the standout detractor.

Of the managers that have been in place for the longer term, UBS infrastructure has most significantly underperformed its benchmark. This is primarily driven by the disappointing performance of Archmore Fund I.

Looking Forward (1)

Key issues

Item	Action points / Considerations	Status
Overall Investment Strategy	**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 Committee subsequently reached agreement on a preferred choice of manager, Bluebay, and funded the mandate post quarter end via the ACCESS platform • Investment Grade Credit – at the point of the last investment strategy review the Committee took the decision to allocate the Fund's liquid credit allocation to Multi Asset Credit (as per above). Given the attractive yield available Investment Grade Corporate bonds, the source of the capital, at this point, it was agreed to phase the implementation of the switch. We believe that market conditions have changed such that now may be a good time to consider transferring more assets. This will be discussed further with the IWG.	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. The Officers are currently working with Isio and ACESS to assess what is available for implementation of this mandate.	Information only
Investment Managers	**M&G Alpha Opportunities Fund** • M&G AOF has a small allocation (c.0.3%) to bonds issued by Thames Water Utilities Ltd and Kemble Water Finance Ltd. Following recent negative news surrounding the issuers, and a worsening financial situation and requirement for shareholders to inject capital, the CEO suddenly departed in June 2023. As a result, the debt was downgraded by various agencies, triggering a cash lock up under regulatory rules. This meant that dividend payments cannot be made to Kemble, thus they cannot pay interest payments on their bonds and M&G expect Kemble to continue to miss upcoming interest rate payments. • The impact of TRCI's Thames Water holdings on M&G's fund NAV over the 12 months to 31 March was -0.38%. Of which, the Kemble Water bonds contributed -0.39% and the Thames Water Utilities Ltd bonds contributed +0.01%. Despite the Kemble Water bonds detracting, over the period of 12 months to the 31 March 2024, the Fund outperformed its cash benchmark by 7.3%, net of fees. • M&G acknowledges that the Fund will occasionally face adverse market events and defaults and, despite the unfolding situations at Thames Water, the Fund's performance remains robust. This strength reflects the advantages of rigorous risk management and portfolio construction. M&G believe that the current price of the bonds fully reflects the recent negative news and therefore exiting now would crystalise the loss and eliminate any possibility of future recovery. As such they are comfortable maintaining their existing positions. M&G will provide further updates on the outlook in due course.	Discussion

Summary

This page sets out the main action / discussion points.

Status key

- Action
- Decision
- Discussion
- Information only

Looking Forward (2)

Key issues

Item	Action points / Considerations	Status
Investment Managers	**Schroders Segregated Real Estate Mandate** • As previously communicated with the Committee, our view on the Schroders property mandate and the long-term sustainability of the Schroders Capital Real Estate Solutions (Property Fund of Funds) business has deteriorate in recent months.. These concerns centre around the concentration of the Schroders' client base, and specifically their exposure to LGPS clients in England and Wales, and the expected impact of LGPS asset pooling going forward. • We note the Fund has already taken the decision to exit the mandate and transfer the assets to the ACCESS pool, to a fund managed by CBRE, and we continue to support this decision.	Discussion

Summary

This page sets out the main action / discussion points.

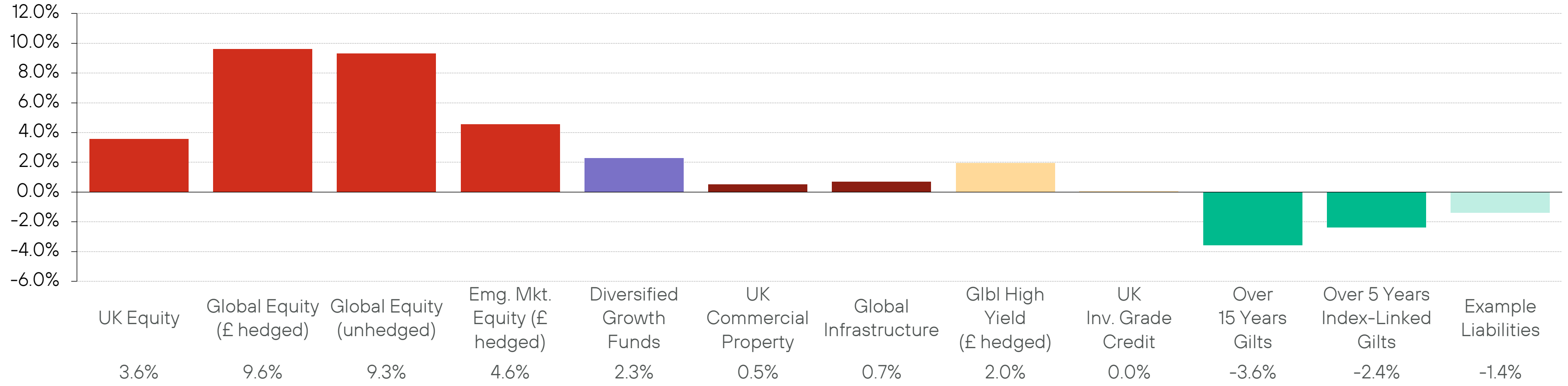
Status key

- Action
- Decision
- Discussion
- Information only

Market Background

Market Background – Overview Q1 2024

Returns by Asset Class – Q1 2024



Key Upcoming Events

Q2 2024 Base rate publications

- UK: The dates for the Bank of England's Monetary Policy Committee ("MPC") announcements are 9 May and 20 June.
- US: The dates for the US Federal Reserve's Federal Open Market Committee ("FOMC") meetings are 1 May and 12 June.

Q2 2024 Inflation publications

- UK Inflation data publications: 16 April, 21 May, 18 June.
- US Inflation data publications: 10 April, 15 May, 12 June.

Commentary

- Market expectations around the pathway for interest rate cuts were heavily revised over Q1, as markets priced in fewer expected rate cuts for 2024 due to resilient growth, sticky inflation and low unemployment figures. These data points indicated a stronger economic picture, especially in the US.
- US and Japanese equities delivered strong returns – the former was supported by strong earnings growth, particularly from the 'magnificent seven' and Japan was driven by an improving economic outlook as the BoJ began to normalise monetary policy.
- In credit markets, with the expected pace of rate cuts slowing, gilts and index linked gilt returns were negative. Corporate debt benefitted from the tightening credit spreads, as such, high yield bonds outperformed US and UK investment grade.
- Due to increasing gilt yields over the period, pension scheme liabilities are expected to have fallen. The extent to which this led to a funding gain will depend on the level of liability hedging employed to manage interest rate and inflation risk

Summary

Global economic resilience continued with U.S. GDP data showing that the U.S. economy grew faster than expected - this contributed to a continued rally in risk assets like equities and high yield bonds.

Over Q1 the market outlook changed substantially regarding anticipated interest rate cuts ahead, following stronger than expected economic and inflation data.

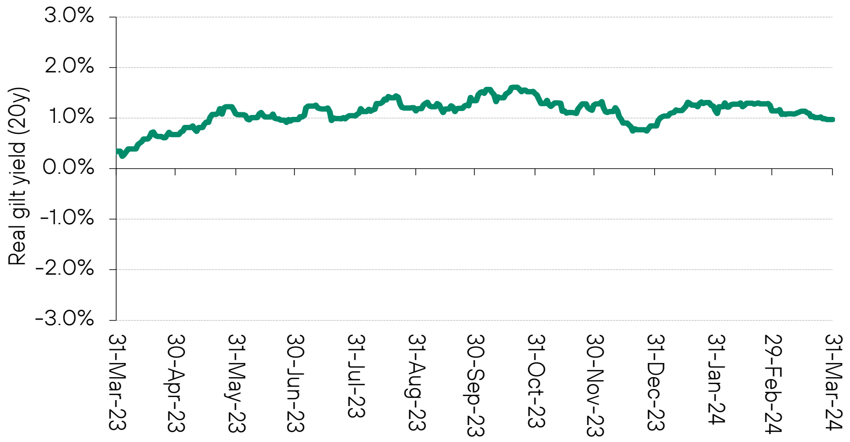
Equities benefitted from strong earnings and economic data tailwinds, hitting new highs in the US and Japan. Whereas credit performance was more varied. Gilts and Index-linked gilts were negative. Investment grade credit was flat/negative in US and UK. EM Debt , global high yield and Euro investment grade were positive.

Due to a rise in long-dated gilt yields, pension scheme liabilities are expected to have fallen over the period.

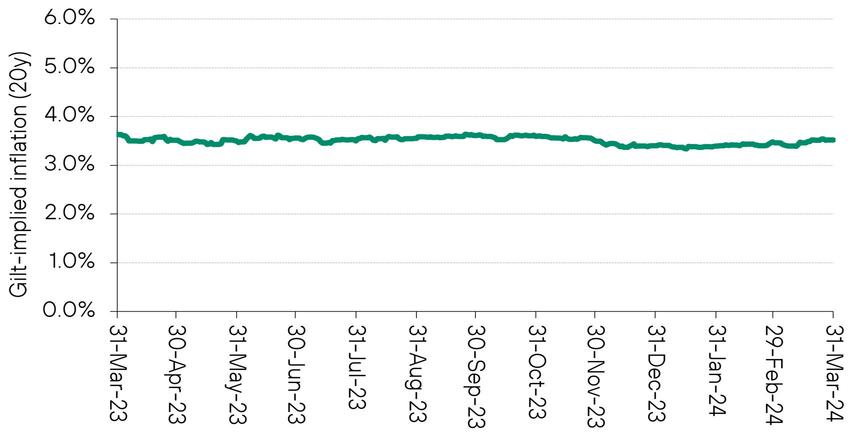
Notes: Please see the 'Explanation of Market Background' appendix for details of the returns representing each asset class.
Sources: Refinitiv, DGF investment managers, Isio calculations.

Market Background – Yields

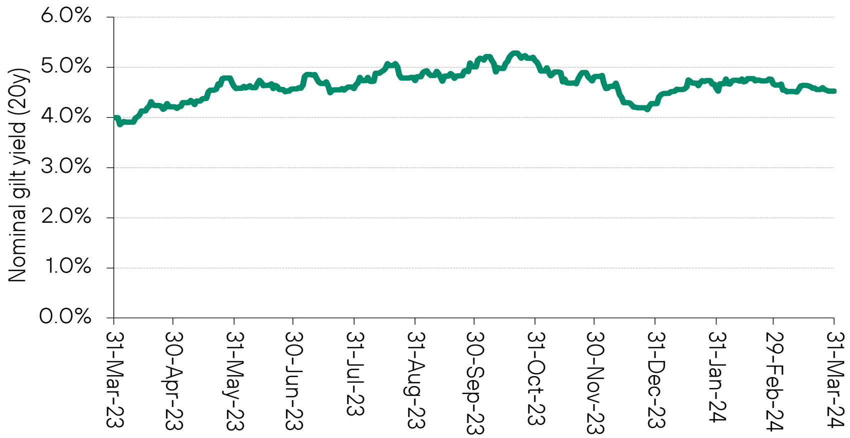
Real Gilt Yields – Last 12 months



Gilt-Implied Inflation – Last 12 months



Nominal Gilt Yields – Last 12 months



Example Liabilities

- The liabilities for an example DB pension scheme[1] decreased by c.1.4% over the quarter. This can be broken down into the following components:
  - c. 1.3% decrease, due to the increase in real yields;
  - c. 1.3% decrease, due to the increase in nominal yields; and
  - c. 1.2% increase due to the "unwinding" effect (also known as "interest" on the liabilities).
- The liabilities for an example DB pension scheme decreased by c.2.9% 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	0.31%
February	-0.01%
March	-0.17%
Quarter	**0.13%**

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

January	0.31%
February	0.08%
March	-0.14%
Quarter	**0.25%**

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

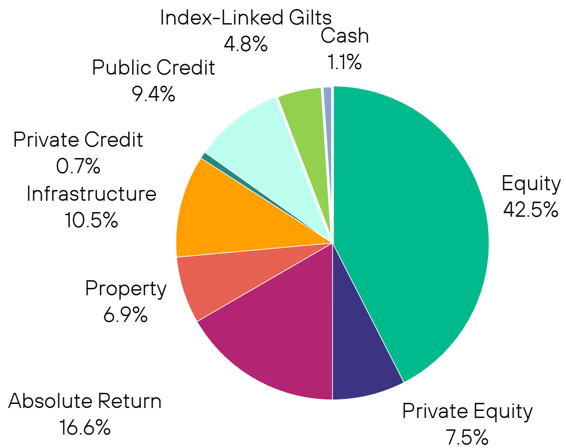
January	-0.01%
February	0.09%
March	0.04%
Quarter	**0.11%**

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.
[1] The duration of the scheme liabilities has been assumed to be 15 years and 70% of the benefits are assumed to be linked to inflation.
Sources: Bank of England, Isio calculations.

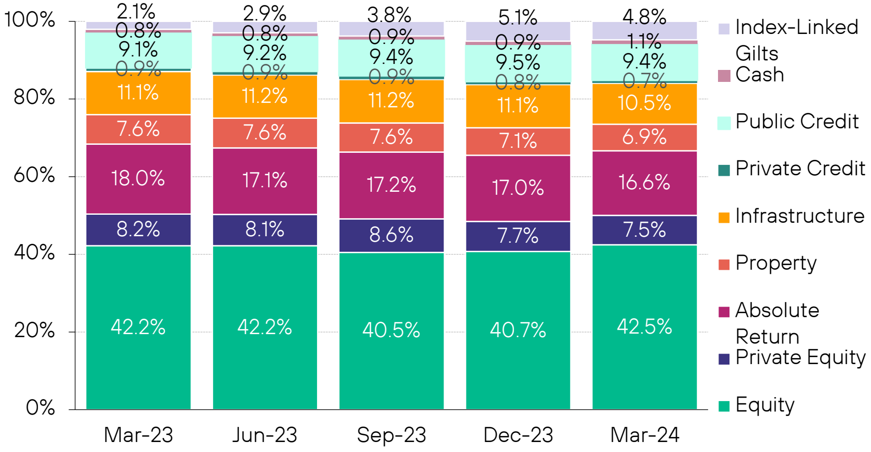
Strategy Overview

Asset Allocation – at 31 March 2024

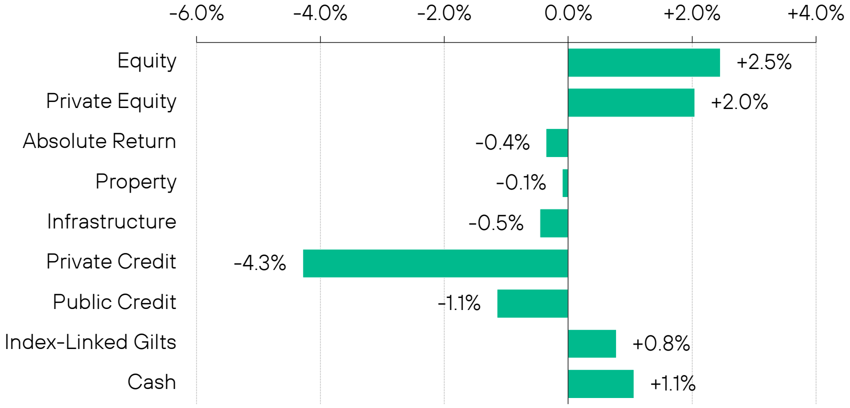
Asset Allocation – 31 March 2024



Asset Allocation Changes Since 31 March 2023



Assets Relative to Benchmark – 31 March 2024



Commentary

- As at 31 March 2024, the Fund's asset allocation remained off-benchmark relative to the newly agreed target asset allocation; though steps are being taken to address this through the continued implementation of the target investment strategy.
- The index-linked gilts, equity and private equity are currently overweight; while the private and public credit allocations are 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, a commitment to private credit is currently being target via the ACCESS platform, although timescales for implementation of this allocation remain unclear.
- A market level trigger framework remains in place to move the allocation to Index-linked Gilts to an overweight position should market levels become attractive to do so.

This page provides and overview of the current asset allocation position of the Fund.

Agreed long-term allocation

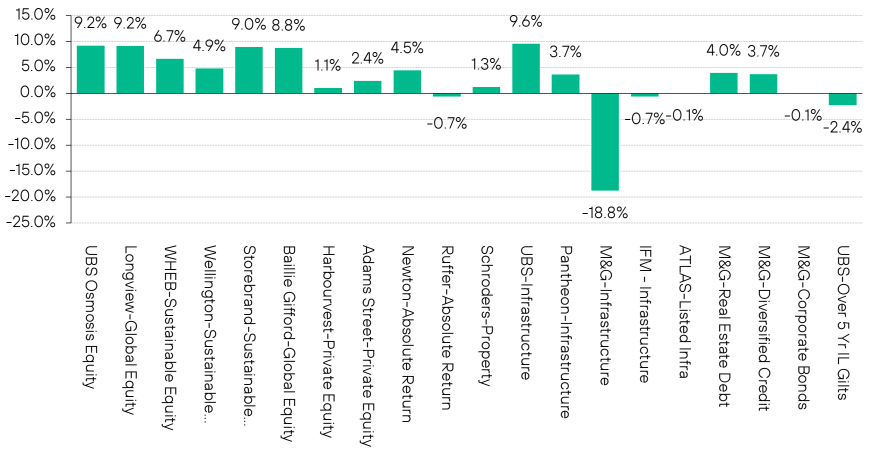
Equity	40.0%
Private Equity	5.5%
Absolute Return	17.0%
Balanced Property	7.0%
Index-Linked Gilts	4.0%
Infrastructure	11.0%
Public (Diversified) Credit	10.5%
Private Credit	5.0%

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

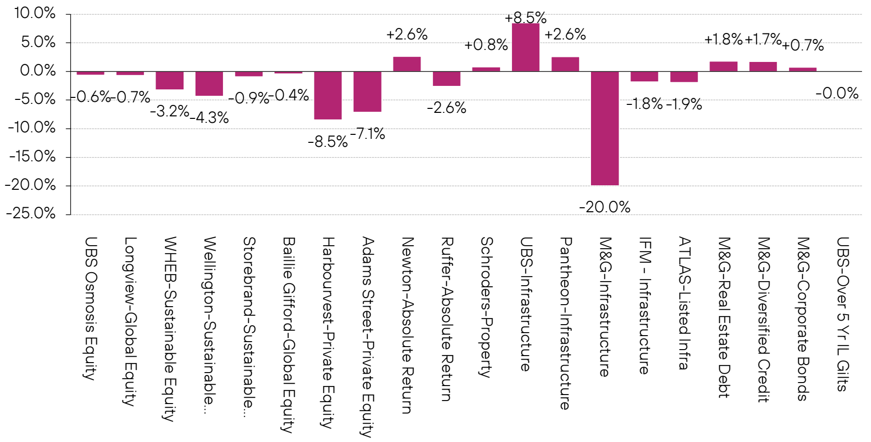
Investment Managers

Performance Summary – to 31 March 2024

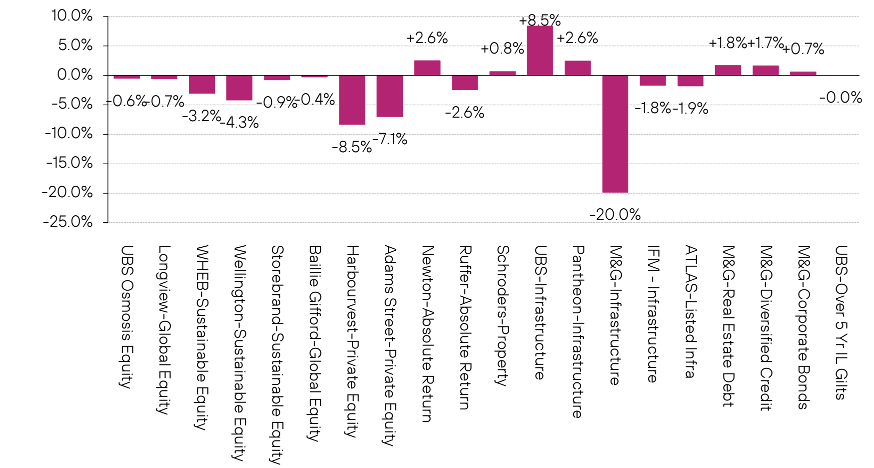
Absolute Return – Q1 2024



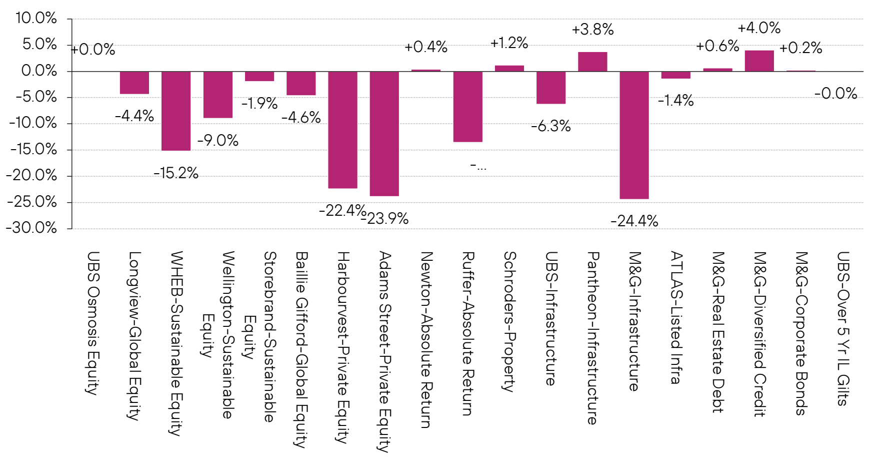
Relative Return – Q1 2024



Absolute Return – 12 months



Relative Return – 12 months



Summary

The Fund's mandates delivered largely positive absolute performance over Q4, with public equity, corporate bonds and index-linked gilts funds producing positive returns. ATLAS and IFM infrastructure funds also exhibited positive returns.

Meanwhile, the UBS Infrastructure fund, and the private equity mandates delivered the most notable negative absolute performance, as did M&

On a relative basis over Q4, Harbourvest equity, Adams Street equity, UBS infrastructure and Pantheon infrastructure all underperformed. M&G infrastructure was the standout negative performance over the quarter, this was driven by a significant mark down in value of one of the underlying assets.

Private equity relative returns over the quarter have been particularly poor as private market valuations moderated in line with public market valuations.

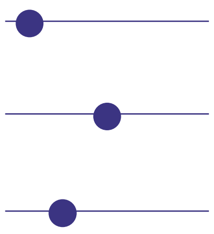
Note: Returns net of fees. 12 month relative and absolute returns are not available for the IFM Infrastructure mandate as it was incepted post 31 December 2022.
Source: Investment Managers, Northern Trust, Isio calculations.

UBS / Osmosis – Sustainable Equity

Overview

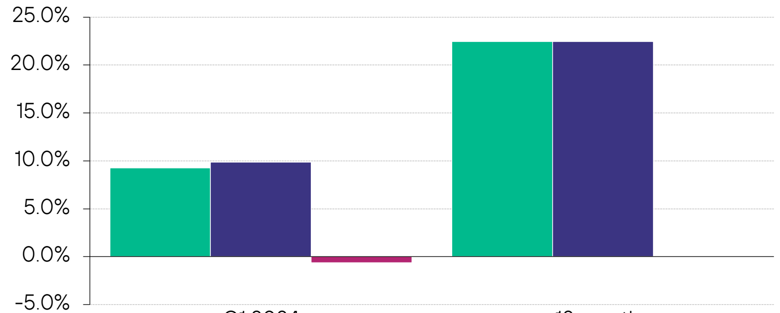
The Fund adopts an optimised, smart beta approach, investing in global equities with the aim of approximating the performance and risk profile of the index, with an explicit incorporation of ESG and climate-related risks.

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), Nvidia (US IT) and Eaton (US Industrials). Top detractors were Alphabet (US Communication Services), Caterpillar (US Industrials) and Walmart (US Consumer Staples).Osmosis remains confident in the uncorrelated resource efficiency which drives the positive active return against the MSCI World benchmark.
Portfolio positioning	• Unilever (UK Consumer Staples), Mizuho (Japan Financials) and Rexel (French Industrials) were added to the portfolio. Japanese Consumer Discretionary firm and Everest Group 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	• Osmosis remains confident in their Resource Efficiency signal, given it has added value in line with expectations since the Fund's inception.

Performance to 31 March 2024



	Q1 2024	12 months
Return	9.2%	22.5%
Benchmark	9.9%	22.5%
Relative	-0.6%	+0.0%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	475	568	Decrease, but in line with quant process
12m turnover	24%	24%	Remained constant
Active share	49%	47%	Low, in line with expectations
Top 3 sectors	Information Technology (25%), Financials (16%), Health Care (14%).		
Top 3 stocks	Apple Inc (5%), Microsoft Corp (4%), NVIDIA Corp(3%).		
Top 3 regions	North America (74%), Europe (17%), Asia (9%).		

Mandate: Sustainable Passive Global Equities

Current Value: £398.1m

Current Weighting: 8.1%

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

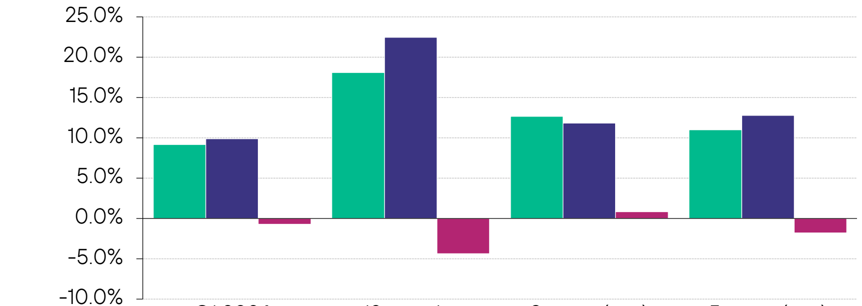
Overview

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	• Consumer Discretionary and Healthcare were the biggest sector detractors.. The Consumer Staples sector was the biggest contributor. • Some of the largest detractors to relative performance over the period were UnitedHealth, Nike, and S&P Global. • Longer term performance remains below benchmark.
Portfolio positioning	• During the quarter, two new holdings were added to the portfolio; Moët Hennessy – Louis Vuitton and NIKE. The positions in Bank of New York Mellon, Sanofi and State Street 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 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	9.2%	18.1%	12.7%	11.0%
Benchmark	9.9%	22.5%	11.8%	12.8%
Relative	-0.7%	-4.4%	+0.8%	-1.8%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	29	30	In line with expectations
12m turnover	21%	18%	Remains low relative to peers
Active share	90%	90%	Remains high relative to peers
Top 3 sectors	Financials (28%), Health Care (20%), Consumer Staples (18%)		
Top 3 stocks	CDW (4%), Fiserv (4%), Microsoft (4%)		
Top 3 regions	US (84%), UK (7%), Netherlands (6%)		

Mandate: Active Global Equities

Current Value: £521.6m

Current Weighting: 10.6%

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.

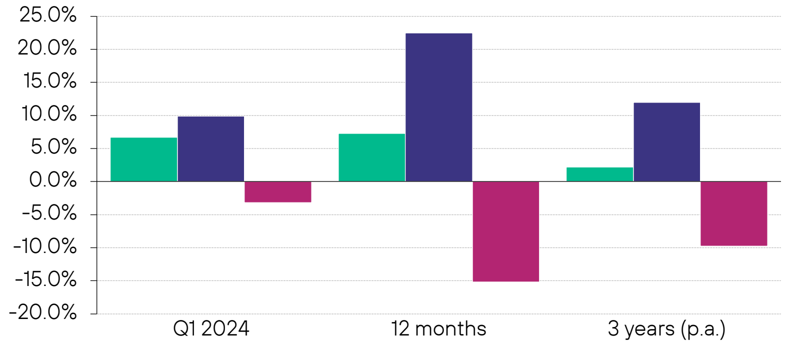
WHEB – Impact Equity

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 2024



	Q1 2024	12 months	3 years (p.a.)
Return	6.7%	7.3%	2.2%
Benchmark	9.9%	22.5%	12.0%
Relative	-3.2%	-15.2%	-9.7%

Mandate: Active Impact Global Equity

Current Value: £237.9m

Current Weighting: 4.8%

Inception: December 2020

Benchmark: MSCI World

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

Pooled: No

Key area	Comments
Key contributors/ detractors	• The fund continued to deliver behind benchmark performance over the quarter with positive contributions most notably from Health and Resource Efficiency. • Cleaner Energy and Sustainable Transport were the weakest performing themes over the quarter. Largest detractors were Infineon, Vestas Wind Systems and SolarEdge.
Portfolio positioning	• 3 new additions: Novo Nordisk (Health), Siemens Healthineers (Health), NEXTracker (Cleaner Energy). • 2 sales: Tomra (Environmental Services), JB Hunt (Sustainable Transport)
Outlook	• Following the fall in inflation, sentiment in global equities is more positive with markets expecting that central bank tightening is nearing its end. This environment supports the generally smaller and growth orientated impact stocks WHEB invest in. Long term performance remains disappointing.

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	42	41	Relatively concentrated – low end of target
12m turnover	30%	37%	Further detail on right
Active share	97%	97%	High relative to peers
Top 3 sectors	Healthcare (32%), Industrials (30%), IT (23%)		
Top 3 stocks	Agilent Technologies (4%), Thermo Fisher (4%), Ecolab (4%)		
Top 3 regions	North America (63%), Western Europe (20%), Japan (7%)		

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

Wellington – Global Impact Fund

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 underperformed over Q4, with stock selection in IT a key detractor, with longer term performance remaining weak. • The portfolio's small cap tilt was detrimental, with lack of exposure to Nvidia the largest relative detractor (-1.3%). The fund is likely to underperform when large stocks underpin market returns – as has been the case over recent periods.
Portfolio positioning	• The team increased exposure to Healthcare by adding Veeva Systems, GSK Plc and Merck. • There were disinvestments from several smaller positions, including Croda, Brookfield Renewables and PGT, based on the evaluation that other opportunities are more attractive.
Outlook	• The portfolio remains diversified (with Xylem the largest holding at 3.3%); however, active share is very high, and therefore the fund is will continue to be subject to high tracking error relative to the benchmark.

Performance to 31 March 2024

	Q1 2024	12 months	3 years (p.a.)
Return	4.9%	11.6%	3.6%
Benchmark	9.2%	20.6%	11.0%
Relative	-4.3%	-9.0%	-7.4%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	66	66	High end of 50-70 range
12m turnover	27%	29%	Higher than typical, to be monitored.
Active share	96%	97%	High, in line with expectations
Top 3 sectors	Resource Efficiency (22%), Healthcare (19%), Financial Inclusion (11%)		
Top 3 stocks	Xylem Inc (3%), Westinghouse Air (3%), Boston Scientific (3%)		
Top 3 regions	North America (65%), Europe ex UK (17%), Emerging markets (11%)		

Mandate: : Active Impact Global Equities

Current Value: £247.9m

Current Weighting: 5.0%

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.

Storebrand – Sustainable Equity

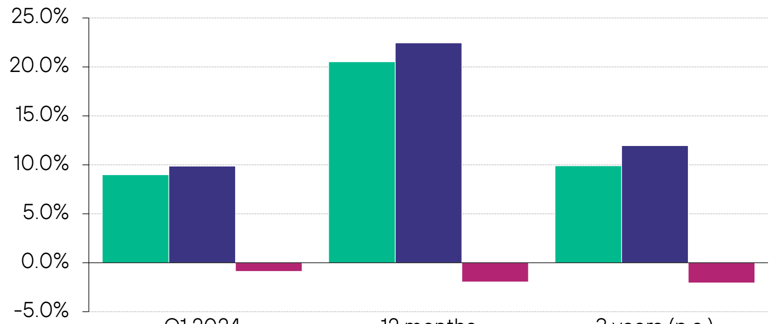
Overview

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	• The fund underperformed the MSCI World Index by 0.9% during Q1. Exclusion of fossil fuel-related stocks contributed a 0.2% on a relative basis. Non-climate solutions companies also had a challenging quarter, detracting -0.9% from relative returns,
Portfolio positioning	• Storebrand added 2 new positions, Carel Industries SpA and Stryker Corp, and exited two positions, International Business Machines Corp and SPIE SA.
Outlook	• Storebrand is working on carbon intensity data and implementing change into how this information is used in portfolio construction.

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)
Return	9.0%	20.5%	9.9%
Benchmark	9.9%	22.5%	12.0%
Relative	-0.9%	-1.9%	-2.1%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	694	689	Increase
12m turnover	13%	15%	Decrease
Active share	40%	41%	Low, as expected
Top 3 sectors	IT (25%), Financials (14%), Industrials (13%)		
Top 3 stocks	Microsoft (5%), Apple (4%), Nvidia (3%)		
Top 3 regions	United States (69%), Japan (7%), France (3%)		

Mandate: Sustainable Passive Global Equities

Current Value: £465.4m

Current Weighting: 9.5%

Inception: December 2020

Benchmark: MSCI World

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

Pooled: No

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

Baillie Gifford – Global Paris Aligned Equity

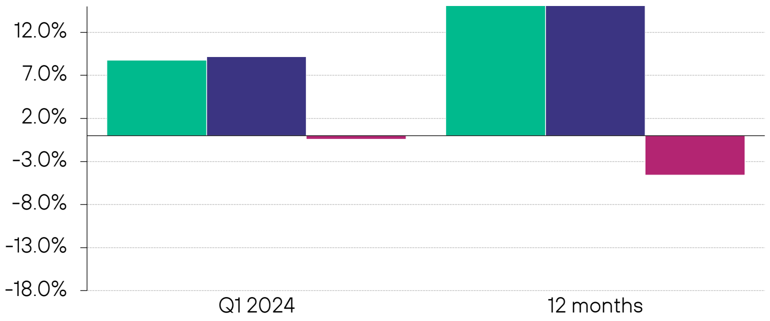
Overview

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 experienced a positive absolute performance over the quarter. Against an economic backdrop, BG continue to revisit the underlying growth drivers that underpin the portfolio and remain confident that the growth tailwinds will endure despite global economic challenges. • The IT sector was the clear contributor in Q1. The Real Estate sector was the biggest detractor over the last quarter.
Portfolio positioning / transactions	• BG made 5 purchases (Bellway, Mobileye, Neogen, Novo Nordisk, Walt Disney) and 12 sales (Adidas, Broadridge Financial Solutions, Charles Schwab, Estee Lauder, Exact Sciences, HelloFresh, Howard Hughes, Novocure, Ping An Insurance, Prudential, Snowflake and Wayfair).
Outlook	• BG see a portfolio of companies thriving in the current environment and exposed to diverse structural growth drivers. Although the outperformance that began at the end of October last year remains short, it's an early but encouraging start to the recovery.

Performance to 31 March 2024



	Q1 2024	12 months
Return	8.8%	16.0%
Benchmark	9.2%	20.6%
Relative	-0.4%	-4.6%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	89	94	Decrease
12m turnover	18%	16%	Slight increase
Active share	81%	82%	In line with expectations
Top 3 sectors	Consumer Disc (21%), IT (20%), Financials (14%)		
Top 3 stocks	Microsoft (5%), Meta Platforms (4%), Amazon.com (4%)		
Top 3 regions	North America (64%), Europe ex UK (17%), Emerging Markets (10%)		

Mandate: Global Equities

Current Value: £217.3m

Current Weighting: 4.4%

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

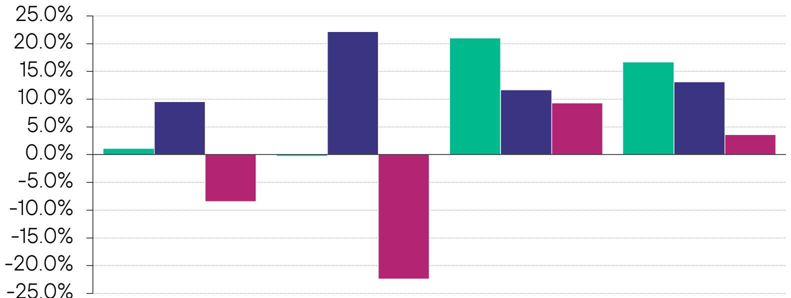
HarbourVest manage a global private equity portfolio for the Fund, invested globally across a range of subclasses (buyout, venture, debt/credit, among others).

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	• Performance continues to moderate relative to public equity markets in recent periods as private as market valuations adjust in sympathy with public markets. • Further details of performance will be contained within the 2023 Annual Reports, which are in the process of being finalised
Developments over quarter	• Several funds distributed proceeds back to investors during Q4, with the most sizeable distributions coming from Cleantech II and Fund IX Buyout.
Outlook	• HarbourVest has 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 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	1.1%	-0.3%	21.0%	16.7%
Benchmark	9.6%	22.2%	11.7%	13.1%
Relative	-8.5%	-22.4%	+9.3%	+3.6%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	10.6%	10.5%	Slight decrease
Capital Deployed/Raised	75%	74%	Slight increase
DPI	0.97x	0.97x	No change
TVPI	1.7x	1.7x	No change
Top 3 subclasses	Buyout (57%), Venture (42%), Credit (1%)		
Top 3 regions	North America (56%), Europe (26%), Asia (15%)		

Mandate: Private Equity

Current Value: £181.6m

Current Weighting: 3.7%

Inception: January 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

Adams Street – Private Equity

Overview

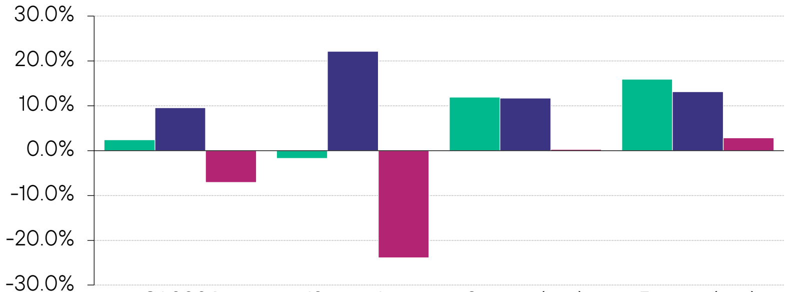
Adams Street manage a global private equity portfolio for the Fund, combining Partnerships and Co-investments, invested globally across a range of subclasses (buyout, venture, energy, debt/credit, among others).

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

Key area	Comments (3 month lagged)
Performance	• Performance continues to moderate relative to public equity markets in recent periods as private as market valuations adjust in sympathy with public markets. • Over the quarter, IRR remained unchanged, which is in line with expectations.
Developments over quarter	• There were no new primary or secondary investments. There was one new co-investment in Macrobond and one new growth equity investment in Green Technologies Inc. • c.$5.9m in distributions and c.$4.5m capital called
Outlook	• There is increased confidence that interest rates will begin to decline this year as global inflation continues to slow. US, Japanese and European equity markets experienced strong returns, whilst Chinese equity markets fell behind due to concerns surrounding growth in China. There is expectation that IPO slowdown will pick up over H2 of 2024 and there is increased appetite for co-investment capital and the secondaries market.

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

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	2.4%	-1.7%	12.0%	15.9%
Benchmark	9.6%	22.2%	11.7%	13.1%
Relative	-7.1%	-23.9%	+0.3%	+2.8%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	11.4%	11.4%	Unchanged
Capital Deployed/Raised	82%	81%	Slight increase
DPI	1.1x	1.1x	Unchanged
TVPI	1.8x	1.8x	Unchanged
Top 3 subclasses (Partnerships)	Buyout (61%), Venture (29%), Other (7%)		
Top 3 regions (Partnerships)	United States (53%), Western Europe (28%), Asia (11%)		

Mandate: Private Equity

Current Value: £189.5m

Current Weighting: 3.9%

Inception: March 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

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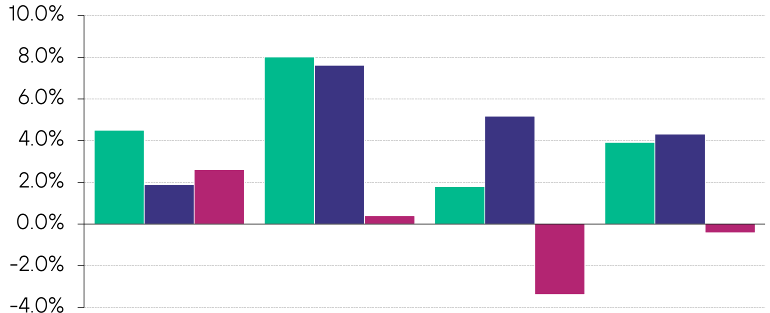
Target Return	Low	High
Return Drivers	Market beta	Active management
Diversification	Low	High

Key area	Comments
Key contributors/ detractors	• The Fund performed strongly during Q1, with returns driven by technology equities (benefiting from optimism in AI) and synthetic equity exposures in healthcare and industrials. • Alternatives and commodities were detractors to returns.
Portfolio positioning	• The return-seeking core was broadly unaltered but repositioned through equity positions in Apple, Pinterest, Phillips 66 and exiting Estee Lauder and Nestle. • Duration increased through the purchase of two-year US Treasury futures to take advantage of attractive yields.
Outlook	• Newton believe that inflation declining and growth expectations rising across Europe and Asia have reduced fears of a global economic slowdown. However, uncertainty remains as the prospect of sticky inflation could still lead rates to remain high and hinder the global growth outlook.

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	4.5%	8.0%	1.8%	3.9%
Benchmark	1.9%	7.6%	5.2%	4.3%
Relative	+2.6%	+0.4%	-3.4%	-0.4%

Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year) *	74%	73%	In line with expectations
Volatility (1 year) *	6.0%	5.9%	In line with expectations
Top 3 asset-classes	Equities (43.3%), Bonds (16.5%), Cash (14.4%)		
Equity sector breakdown	Technology (10.3%), Financials (7.1%), Healthcare (6.0%),		

Mandate: Diversified Growth Fund

Current Value: £368.2m

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

Notable Changes

- In January, Mathieu Poitrat Rachmaninoff rejoined Newton as a portfolio manager on the mixed assets and charities team, adding experience in industrials and clean energy to the team.
- In March, Chris King was promoted to Portfolio Manager within the Real Return team in March 2024, while Ilya Figelman joined the multi-asset solutions team as head of quantitative multi-asset research, overseeing the team that develop asset forecasts, risk models and portfolio construction techniques.

Notes: Returns net of fees. Inception date 31 March 2004.
Sources: Investment manager, Isio calculations. * Correlation and Volatility statistics now calculated by Isio to maintain consistency with the methodology used when comparing between peer groups.

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.

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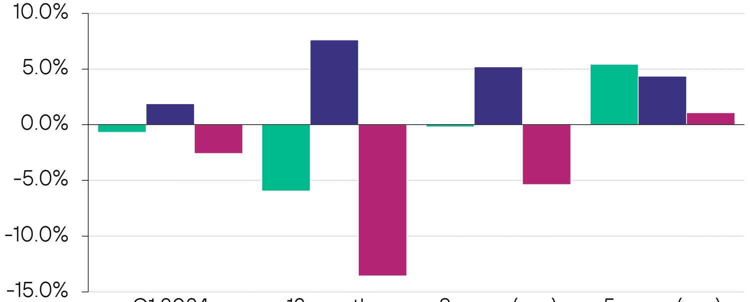
Target Return	Low		High
Return Drivers	Market beta		Active management
Diversification	Low		High

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	-0.7%	-5.9%	-0.2%	5.4%
Benchmark	1.9%	7.6%	5.2%	4.4%
Relative	-2.6%	-13.6%	-5.4%	+1.1%

Mandate: Diversified Growth Fund

Current Value: £450.4m

Current Weighting: 9.2%

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	• The Fund performed negatively in Q1, with exposure to Japanese Yen being the largest detractor to returns. • Inflation linked bond valuations also fell after yields rose. • Equities contributed to returns after the global economy showed continued resilience, alongside growth in AI stocks.
Portfolio positioning	• The Fund added to its gold exposure during Q1, while continuing to hold its positioning in Japanese Yen. • It also held its commodities position, believing it will benefit from persistent inflation.
Outlook	• Ruffer believes recent falls in equity volatility and declines in credit spreads sees investors being unprepared for worsening of market conditions. • Although its defensive positioning led to underperformance in Q1, the Fund maintains the belief that the economy is entering into an era of higher and more volatile inflation.

Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year) *	59%	63%	In line with expectations
Volatility (1 year) *	5.5%	4.8%	In line with expectations
Top 3 asset-classes	Short-dated bonds (54.2%), Gold and precious metals exposure (8.9%), Long-dated Index-linked gilts (8.0%).		
Top 3 contributors / detractors to return	Equities (+0.8%), Short Dated Bonds (+0.5%), Oil Exposure (+0.4%) Yen exposure (-1.4%), UK long-dated inflation-linked bonds (-0.6%), Credit protection (-0.6%).		

Notes: Returns net of fees. Inception date: 29 September 2000

Sources: Investment manager, Isio calculations. * Note: Correlation to Equity / Volatility figures are now using Isio calculations to maintain consistency with peer groups and compared to MSCI World – Total Return Index

Schroders - Balanced Property

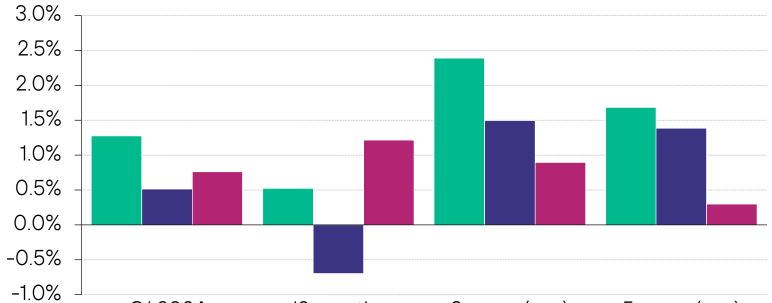
Overview

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	• The portfolio outperformed the benchmark over the quarter. The Schroders Special Situations Fund was the strongest performer over the quarter, followed by UK Retirement Living Fund (ReLF), Social Supporting Housing Fund and the Local Retail Fund (LRF) • The weakest performing funds over the quarter were the BlackRock UK Property Fund, ReForm, the Future Workplace Property Unit Trust and Lothbury Property Trust.
Portfolio positioning	• The core portfolio has a strategic overweight to alternative sectors and an underweight to the wider retail sector. • The Portfolio has been structured with downside protection provided via the defensive holdings (c.10.6%) in cash and convenience retail.
Manager Outlook	• Schroders expect UK commercial real estate values to reach a floor in the first half of 2024 marking the start of potential buying opportunities. They foresee a robustness in occupational markets due to the expectation of positive rental growth on the back of restricted levels of floorspace supply. Their defensive style strategies have enabled them to deliver outperformance over the last 12 months and since inception of the mandate.

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	1.3%	0.5%	2.4%	1.7%
Benchmark	0.5%	-0.7%	1.5%	1.4%
Relative	+0.8%	+1.2%	+0.9%	+0.3%

Metrics	Current Quarter	Last Quarter	View/Change
Net acquisitions / (Sales)	(£0.8m)	£5.6m	Decrease
Cash yield	3.2%	3.2%	No change
No of assets	19	19	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: £339.7m

Current Weighting: 6.9%

Inception: December 2009

Benchmark: IPD All Balanced Fund Index

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

Pooled: No

Isio View

We hold concerns with the ongoing sustainability of the Schroder's business and continue to support the Fund's move away from this mandate and towards a mandate on-pool.

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. Fund III has a significant tilt to ESG assets compared to Fund I.

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 slightly increased to 1.9% p.a. but continue to significantly disappoint, • The value of Northern Star Generation (NSG) was written down in Q1, in line with distribution made to the Fund in December 2023. • Southern Water's exit strategy was reviewed post Macquarie capital injection, with aim to exit to preserve the stake's remaining value. • Saubermacher has completed the preparation for a sale process and is expected to launch in early 2024. • Spinning Spur II – the Manager is negotiating a buy-out of tax equity investors before preparing for a sales launch.
Outlook	• Fund III continues to drawdown committed capital and perform as expected. There was no change to the $139.3m drawn from the total $185.0m committed relative to Q3 2023.

Performance to 31 March 2024

	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	9.6%	-1.1%	7.2%	0.7%
Benchmark	1.1%	5.2%	8.7%	6.4%
Relative	+8.5%	-6.3%	-1.5%	-5.8%

Metrics (3m lag)	31 Dec 2023	30 Sept 2023	View/Change
Net SI return (Fund I)	1.9%	1.8%	No material change
Net SI return (Fund III)	16.9%	16.6%	Slight increase
Total value to paid-in (Fund I)	1.16x	1.14x	Slight increase
Total value to paid-in (Fund III)	1.39x	1.34x	Slight increase
Top sectors (Fund III)	Digital (60%), Renewable Energy (40%)		

Mandate: Infrastructure

Current Value: £35.4m

Current Weighting: 0.7%

Inception: January 2008

Benchmark: CPI + 2%

Objective: CPI + 3%

Pooled: No

Notable Updates

- The Fund made distributions of $27,4 million to Limited Partners in December 2023

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

Pantheon - Infrastructure

Overview

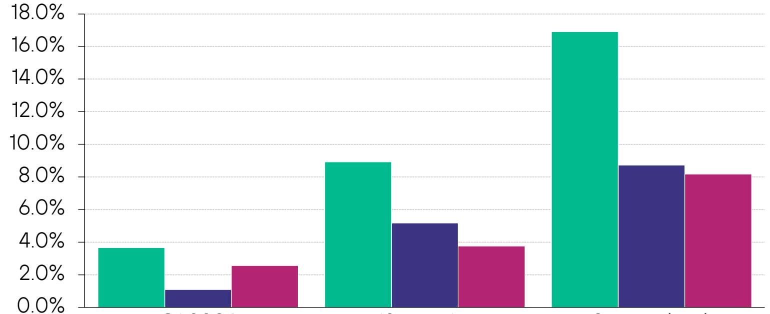
The fund provides investors with access to a diversified portfolio of infrastructure assets.

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	• Over Q4, the Fund's valuation increased by 1.1% ($1.2m), and the fund IRR increased to 14.0% (vs 13.7% in Q3). This was driven by its investment in Fibercorp and its merger with Telecom Italia's network assets, alongside FX gains and gains in the value of assets such as Blue Jays (+17%), Aurora (+15%) and IFT (+10%). • This was offset by $3.4m of distributions during the quarter.
Portfolio positioning	• In November 2023, KKR signed an agreement to merge FiberCop with Telecom Italia's residual network assets to form "Telecom Italia NetCo", a telecom network in Italy • A large distribution of $3.4m was carried out in the quarter, including a material contribution from IFT ($1.9m). • No sales / acquisitions were made in Q4.
Outlook	• Pantheon expect the portfolio to continue generate modest level of distributions throughout 2024.

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)
Return	3.7%	8.9%	16.9%
Benchmark	1.1%	5.2%	8.7%
Relative	+2.6%	+3.8%	+8.2%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
Cash yield (p.a.)	8.9%	11.9%	Decrease due to rolling quarterly variations due to cash flow timing
Net Acquisitions/sales	$0	$0	No change at the fund level
Initial secondaries discount rate	2.96%	2.96%	No change
Remaining number of assets	45	45	No change
Top 3 sectors	Digital, Transport and Logistics, Renewables / Efficiency		

Mandate: Infrastructure

Current Value: £87.0m

Current Weighting: 1.8%

Inception: May 2018

Benchmark: CPI + 2.5%

Objective: CPI + 3%

Pooled: No

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

IFM Global Infrastructure Fund

Overview

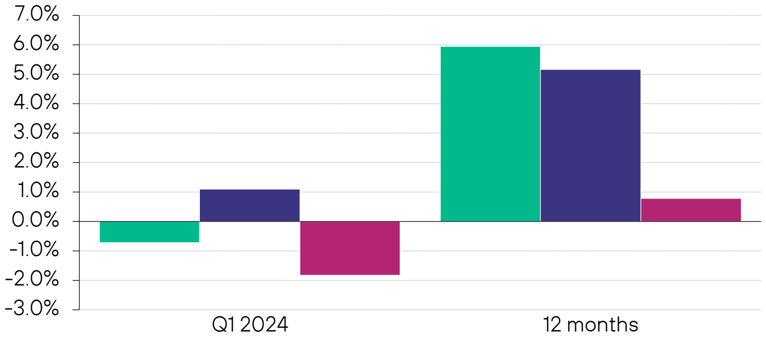
The Fund is a large, global open-ended infrastructure fund, launched on 1 December 2004. Due to the scale of the Fund and strong existing sourcing relationships, IFM are able to focus on investing in larger deals or deals with high barriers to entry.

The Fund has a diverse portfolio of 23 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	• The Fund performed negatively in Q1 due to a broader rise in risk free rates and financing assumptions across the portfolio. • The main detractors to performance were Naturgy Energy Group S.A. (-34%), Arqiva (-8.7%) and Atlas Arteria (-7.4%). • Airport and toll road assets demonstrated steady returns after rising usage, with Mersin International Port (+9.7%) and Aqualia (+5.5%) contributing positively to returns.
Portfolio positioning	• The Fund invested $185.3m of follow-on equity to Switch, Inc. ("Switch"), one of the leading US providers of data centres, to support the accelerated build at Switch's campuses. • The Fund received $270m distributions, largely from Indiana Toll Road, Sydney Airport and Manchester Airports Group.
Outlook	• Their outlook for the global aviation and midstream sub-sector is positive, bolstered by the ongoing revival of tourism and travel. The outlook also remains positive for its Seaports assets, despite the ongoing conflict in the Red Sea.

Performance to 31 March 2024



	Q1 2024	12 months
Return	-0.7%	6.0%
Benchmark	1.1%	5.2%
Relative	-1.8%	+0.8%

Metrics	Current quarter	Last quarter	View/change
Annual cash yield (Trailing p.a.)	0.6%	0.6%	Fund is managed to total return and not cash yield
Net acquisitions/ sales	-$299m net	-$26m net	$185m investment into Switch and $90m follow-on investment into GlasfaserPlus
Average discount rate	10%	10%	No change
Number of assets	23 investments 150+ assets	23 investments 150+ assets	No material change
Top 3 sectors	Utilities, Transport, Energy (14+ underlying sub sectors)		

Mandate: Infrastructure Equity (higher risk)

Current Value: £246.9m

Current Weighting: 5.0%

Inception: January 2023

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

Objective: CPI +2%

Pooled: No

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

Atlas - Listed Infrastructure

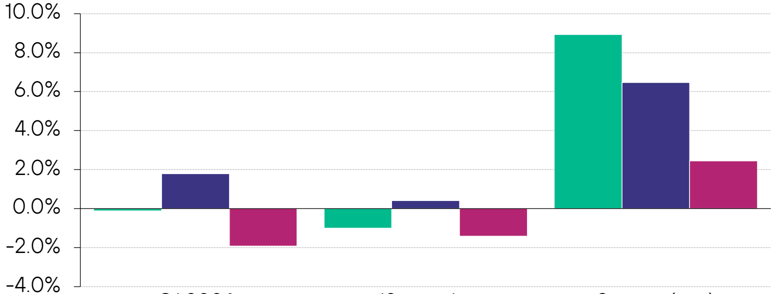
Overview

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 positive returns from holdings in the US Electric sector, including Avangrid, Exelon Corporation and Pinnacle West Capital Corporation. The key detractors were Fragport AG (UK Airport), Enel SpA and Elia Group (UK Electric),
Portfolio positioning	• There was a new position in Exelon Corporation (US Electric Utility) established through an exit in position weight of Norfolk Southern Corporation (US Railway). A new position in Pinnacle West (US Electric Utility) was established partly through participation in an equity placement. The new position was funded through a combination of a reduction in Redeia (Spain Electric), and available cash. There was a new position in RWE (EU Electric Utility), funded through the sale of AEP (US Electric). • These improved the expected forward return and the major stress risk, whilst being positive to macro risk metrics.
Outlook	• Atlas note that this quarter saw continued strengthening of the market due to performance of mega-tech stocks. Economic data remained robust with stabilising core inflation reducing rate cut optimism amid a resilient labour market.

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)
Return	-0.1%	-1.0%	8.9%
Benchmark	1.8%	0.4%	6.5%
Relative	-1.9%	-1.4%	+2.5%

Metrics	Current Quarter	Last Quarter	View/change
Cash yield	4.5%	4.5%	Within expectations
Net acquisitions/sales	3 new positions established in the quarter 1 position exited in the quarter	2 new positions established in the quarter 1 position exited in the quarter	Within expectations
Number of individual positions in portfolio	20	21	Within expectations
Top 3 sectors	Electric utilities (52%), Water (12%), Communications (11%)		

Mandate: Global Infrastructure Equity

Current Value: £99.9m

Current Weighting: 2.0%

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

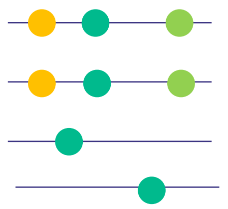
Source: Investment manager, Northern Trust, Isio calculations.

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.

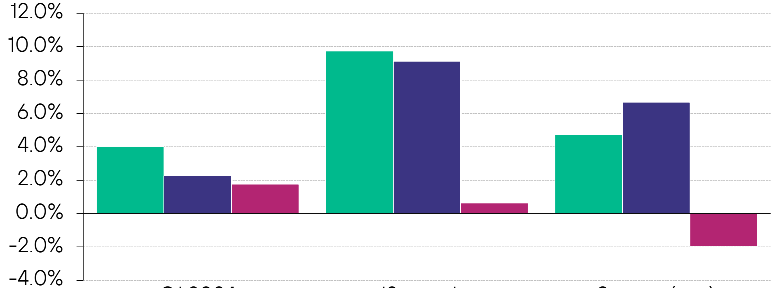
Target Return	Low		High
Target Exposure	Senior only		Mezzanine
Size of Borrower	Large-cap		Small-cap
Target Fund Size	Small		Large



REDF IV   REDF V   Both Funds/REDF VI

Key area	Comments
Capital Activity	• Tropic and Mercury Senior (held as 2 positions) were fully repaid.
Minor/Major Watchlist Updates	• **Project Carlton** (Minor): Most residential sales are near completion, with office construction currently delayed. Expecting full recovery on senior / junior loans in c.6 months. • **Project Lime Street** (Minor): Due to receive payment from an adjacent development which should reduce the LTV. Sponsor and developer are working on a plan to redevelop the building. • **Project Charlie** (Minor): Loan extension of 12-18 months has been granted due to sponsor request. • **Project Pontiac** (Major): Expecting imminent refinancing of asset which should result in full debt repayment. • **Project Orbit Senior** (Major): Anticipate interim stress on cashflow after early termination of office lease.
Outlook	• M&G remain confident with the Funds' cashflow forecasts due to real estate transactions currently favouring refinancings.

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)
Return	4.0%	9.7%	4.7%
Benchmark	2.3%	9.1%	6.7%
Relative	+1.8%	+0.6%	-2.0%

(IV / V / VI)	Q4 2023	Q3 2023	View/change
IRR (gross projected)	3.8% / 12.4% / 6.8%	3.8% / 12.2% / 6.6%	No material change
Distributions** as % of capital committed	68% / 75% / 66%	55% / 72% / 57%	Material increase in funds IV & VI due to loan repayments
Positions outstanding	24 / 16 / 47	27 / 16 / 50	3 loans repaid in funds IV & VI
Watchlist	6 / 4 / 6	5 / 4 / 5	Project Orbit Senior added
Top 3 sectors	REDF IV: Retail (26%), Office (26%), Residential (21%) REDF V: Retail (42%), Office (35%), Hotel (13%) REDF VI: Office (36%), Retail (31%), Residential (15%)		
Phase	Distribution period – due to end December 2027.		

Mandate: Private Debt

Current Value: £35.1m

Current Weighting: 0.7%

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.
- Duncan Batty, co-PM of REDF team will be leaving M&G for a career break, with Dan Riches (previously the co-PM) taking over as the sole PM. Given the stage of the Funds, no key person clause has been triggered.
- Isio will follow up with a view on this departure however, we note that it is likely to have a limited impact on these funds given their stage.

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. **Distributions = Total distributions paid to investors since inception (both income and capital).

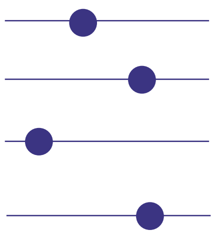
Sources: M&G, Isio calculations.

M&G – Diversified Credit

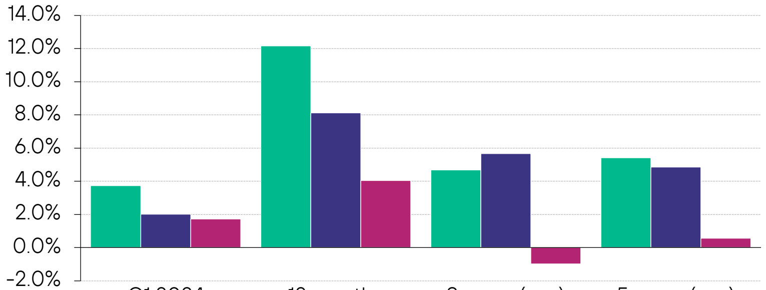
Overview

The Fund aims to take advantage of diversified opportunities across various areas of the public credit spectrum. M&G have generally maintained an IG average rating for the Fund with a European bias. 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 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	3.7%	12.2%	4.7%	5.4%
Benchmark	2.0%	8.1%	5.7%	4.9%
Relative	+1.7%	+4.0%	-1.0%	+0.6%

Mandate: Multi Asset Credit

Current Value: £328.8m

Current Weighting: 6.7%

Inception: November 2009

Benchmark: 3-month SONIA +3%

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

Pooled: Via Access Pool

Key area	Comments
Performance	• The Fund performed well during a period when credit spreads narrowed, with the main contributors being industrial bonds, financial bonds, and leveraged loans. • Utilities exposure marginally detracted due to the small exposure to Kemble Water and Thames Water bonds.
Positioning	• As credit valuations increased, M&G de-risked by trimming high yield and subordinated debt in favour of defensive assets such as sovereign bonds, covered bonds, and cash. • M&G see value in IG-rated banks, where fundamentals are strong, and spreads are wider than other sectors.
Outlook	• M&G expect the allocation to defensive assets to increase further to provide the flexibility to rotate into new opportunities should valuations improve.

Metrics	Current Quarter	Last Quarter	View/change
Yield	7.8%	8.2%	Fell due to portfolio rebalancing
Average credit rating	A-	BBB+	Increased due to de-risking
Modified duration (years)	-0.03	0.00	No major change
Spread duration (years)	3.0	3.4	Reflects de-risking of strategy
Number of issuers	333	363	

Notable Developments

- Negative news flow regarding Thames Water detracted from returns over Q1.
- The Fund had 0.09% exposure to Kemble Water bonds (which have defaulted) and 0.19% exposure to senior Thames Water bonds at 31 March.
- The performance impact has been limited (c.0.4% over the past 12 months) and M&G intend to hold the bonds.

Notes: 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.

Sources: Investment manager, 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	• Industrial and Financial Corporate bonds were the strongest contributors, whilst Quasi and Foreign Government bonds detracted the most from performance.
Portfolio positioning	• There was continued de-risking over the quarter as credit markets continued strengthening. • There was reduced exposure to several European Real Estate names as well as Utility company Southern Gas, following strong performance. The manager increased exposure to Bank covered bonds.
Maanger Outlook	• Like last quarter, there is still the spectre of a geopolitical or financial event that could spark future bond market volatility. Alongside this there are numerous global elections in 2024 which could result in periods of high financing costs for the first time for lots of company executives. • M&G still believe that the best strategy to take advantage of the market, is a patient and highly selective approach to fixed income investment.

Performance to 31 March 2024

	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	-0.1%	6.1%	-6.1%	-1.2%
Benchmark	-0.8%	5.8%	-6.3%	-1.8%
Relative	+0.7%	0.2%	0.2%	+0.7%

Metrics	Current Quarter	Last Quarter	View/change
Yield	5.6%	5.6%	No change
Average credit rating	A	A	No change
Modified duration	9.4	9.5	In line with expectations

Mandate: Corporate Bonds

Current Value: £131.1m

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

Isio View

We believe the investment outlook for IG Corporate Bonds has deteriorated and the Fund should consider continuing the transition of this allocation to Multi-Asset Credit.

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

Source: Investment manager, Northern Trust, Isio calculations.

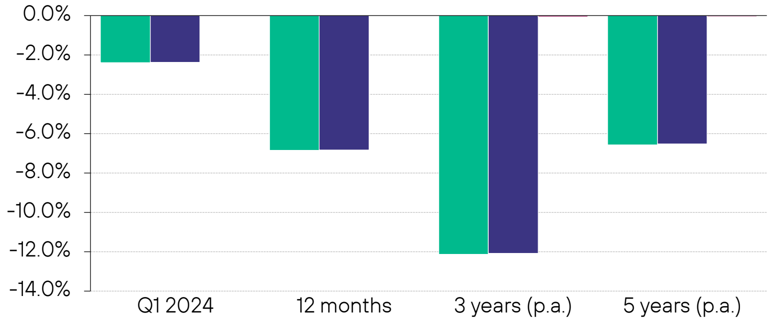
UBS – Over 5 Year Index-linked Gilts

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

Performance to 31 March 2024



	Q1 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	-2.4%	-6.9%	-12.1%	-6.6%
Benchmark	-2.4%	-6.8%	-12.1%	-6.5%
Relative	-0.0%	-0.0%	-0.1%	0.0%

Mandate: Index Linked Gilts

Current Value: £234.9m

Current Weighting: 4.8%

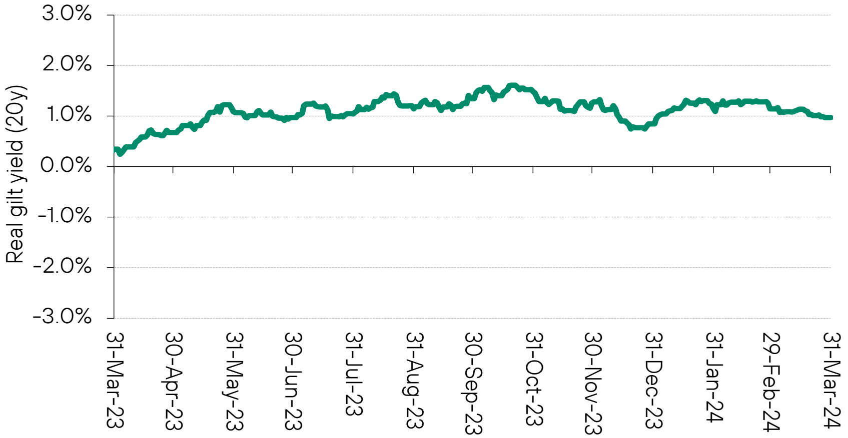
Inception: February 2018

Benchmark: FTSE Index-Linked Gilts Over 5 Years

Objective: Match benchmark

Pooled: Via Access Pool

Real Gilt Yields – Last 12 months

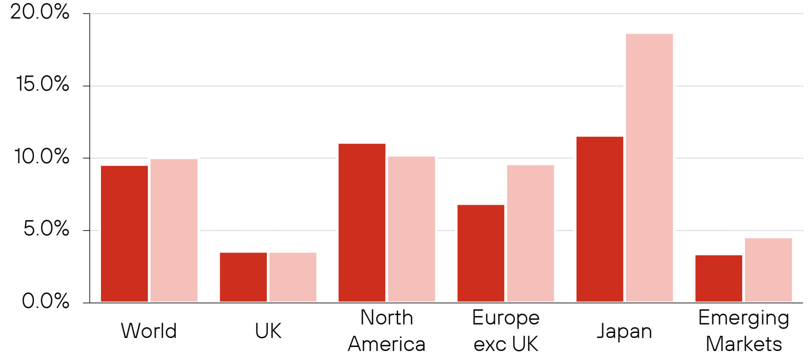


Note: Totals may not sum due to rounding. Performance quoted net of fees.
Source: Investment manager, Northern Trust, Isio calculations.

Appendices

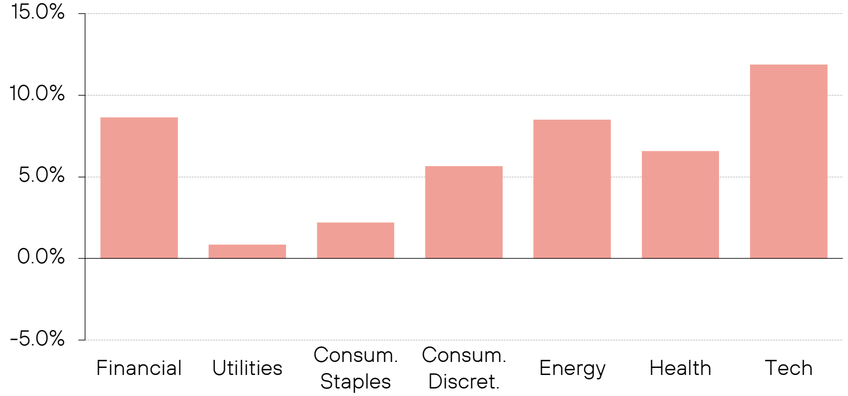
Market Background – Global Equity

Regional Returns – Q1 2024



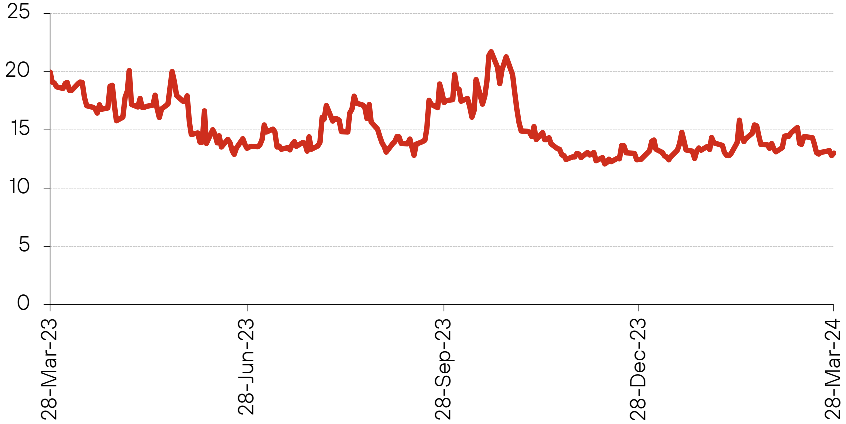
	World	UK	North America	Europe exc UK	Japan	Emerging Markets
Unhedged	9.6%	3.6%	11.1%	6.9%	11.6%	3.4%
Hedged	10.0%	3.6%	10.2%	9.6%	18.7%	4.6%

Sector Returns – Q1 2024 (Local)



	Financial	Utilities	Consum. Staples	Consum. Discret.	Energy	Health	Tech
Sector	8.6%	0.9%	2.2%	5.7%	8.5%	6.6%	11.9%

VIX Volatility Index – Last 12 months



Commentary

- Equity market performance was strong over Q1 due to optimism around a "no landing" scenario driven by the strength of the US economy. US corporate earnings were positive over the period, with the 'Magnificent seven' stocks continuing to drive performance of the S&P 500.
- The UK equity market lagged its global counterparts over Q1 due to its value-oriented bias, lack of exposure to technology names and underperformance of the UK economy, which entered a technical recession in late 2023.
- In terms of sector trends, energy companies benefitted from rising commodity prices, driven by increased geopolitical tensions and supply/demand imbalances. The financial sector also performed well due to banks benefitting from higher interest rates. The technology sector continued to benefit from AI-related themes.
- Emerging markets lagged their developed counterparts as the region continues to be impacted by the economic deceleration in China. The strengthening of the USD also weighed on EM performance.

Summary

Equity markets experience a strong Q1 across most regions, due to increasing optimism around a 'no landing' scenario driven by the strength of the US economy. US market performance continues to be dominated by the 'Magnificent 7' stocks.

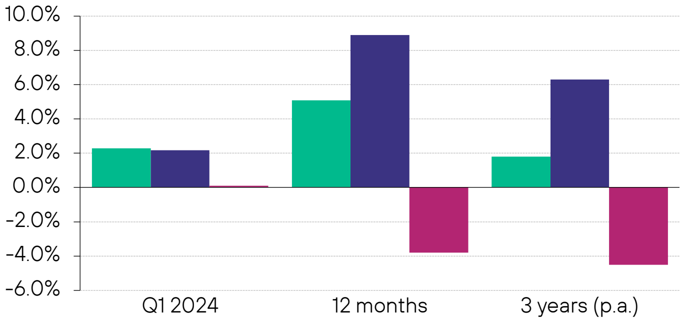
Outside of the technology sector, both the energy and financial sector performed strongly. Energy was supported by increased political tensions and supply demand imbalances, whereas financials continued to benefit from the higher rate regime.

China continues to weigh on EM performance, with concerns regarding economic deceleration, alongside the current regulatory and political regime.

Notes: Please see the 'Explanation of Market Background' appendix for details of the underlying indices. Sector returns in USD.
Sources: Refinitiv.

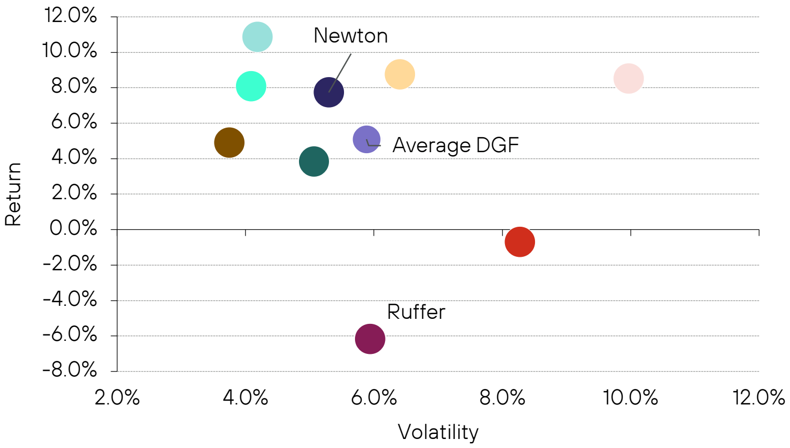
Market Background – Absolute Return

Sample Manager Average Returns– Q1 2024



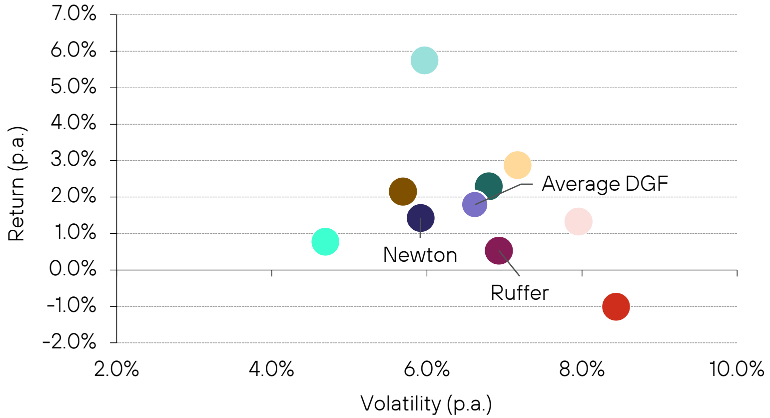
	Q1 2024	12 months	3 years (p.a.)
Average DGF	2.3%	5.1%	1.8%
Cash +3.5%	2.2%	8.9%	6.3%
Relative	0.1%	-3.8%	-4.5%

Sample Manager Returns and Volatility – 12 months



Within our sample of managers, we have incorporated the performance of nine DGFs with various manager styles, aiming to give a balanced view of the market.

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



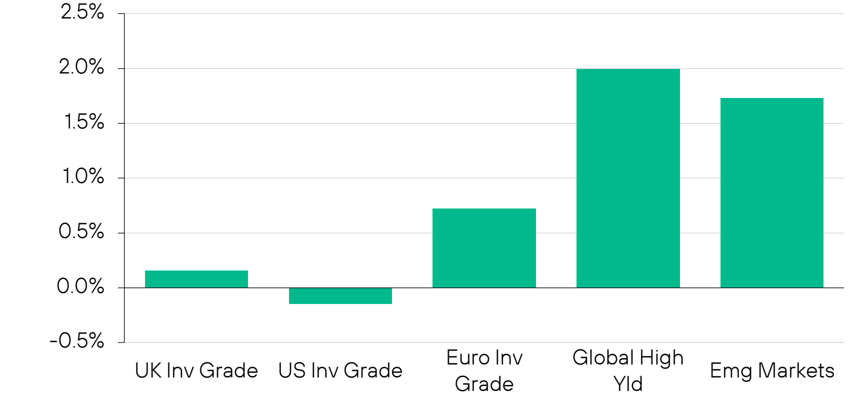
Commentary

- The average DGF performed in line with the cash plus target over Q1 2024 but is trailing the cash + 3.5% objective over longer periods.
- The positive performance was led by equity allocations, as higher risk assets continued to perform well amidst confidence of a robust economic backdrop. On the contrary, fixed income positions were mixed across with the rise in yields leading to a loss in value for any holdings with duration (interest rate sensitivity). Some managers did offset this though by benefitting from the continued tightening in credit spreads.
- In line with the above, we have observed that managers are actively trying to manage their duration exposure given how sensitive these positions are to expectations of changes to monetary policy and interest rate expectations.
- The majority of DGF managers also remain aware to geopolitical tensions and note that this is not something they expect to dissipate in the near term.

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

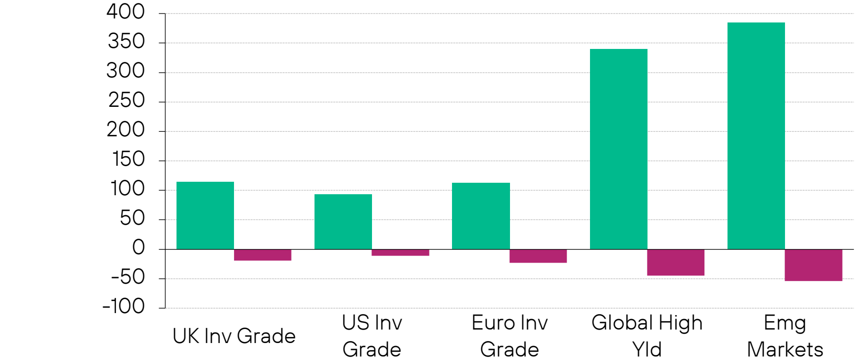
Market Background – Credit

Credit Market Returns – Q1 2024



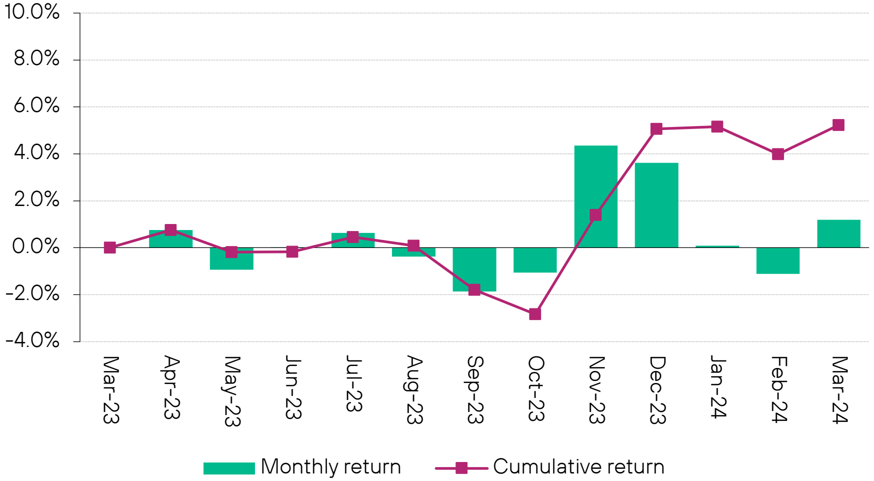
	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets
£ Hedged	0.2%	-0.1%	0.7%	2.0%	1.7%

Credit spreads – Q1 2024



	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets
End of qtr	115	93	113	340	385
Qtr change	-19	-11	-23	-45	-54

Global broad credit market return – Last 12 months



Commentary

Credit market performance was largely positive over Q1, with relative performance between sub-asset classes largely determined by their sensitivity to rising government bond yields and tightening credit spreads.

- **Investment grade ('IG') bonds** was broadly flat - a consequence of higher government bond yields (IG assets are more sensitive to changes in interest rates) being offset by the tightening of credit spreads. European IG was a notable outlier owing to investors being attracted to cheaper valuations in this region.
- **High yield ('HY') bonds** produced positive returns, outperforming IG and EM due to the lower interest rate sensitivity of HY assets. Spreads tightened further than IG as market expectations of a soft economic landing lent support to riskier assets.
- **Emerging market ('EM') debt** performance was positive, albeit marginally below HY due to the former's greater sensitivity to interest rates and a stronger U.S. dollar impacting local currency FX rates. However, spreads tightened as market expectations of a soft economic landing reduced the perceived credit risk of EM debt.

Summary

The market rally from the prior quarter that led to a fall in government bond yields was partially reversed following stronger than expected economic data and higher inflation readings.

This drove investors to scale back their expectations on the future path of interest rates, leading to a rise in government bond yields.

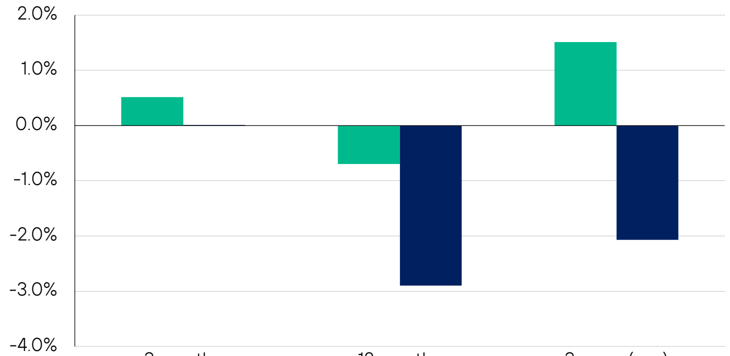
Consequently, IG performance was muted, with Europe being the exception where a combination of cheap valuations and slightly more positive economic forecasts supported outperformance versus the UK and US IG markets.

Stronger economic data led to a tightening of credit spreads across all fixed income asset classes, especially high yield and emerging market debt, as investors became more comfortable holding credit risk.

Note: 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.
Source: Thomson Reuters, PIMCO, Fidelity.

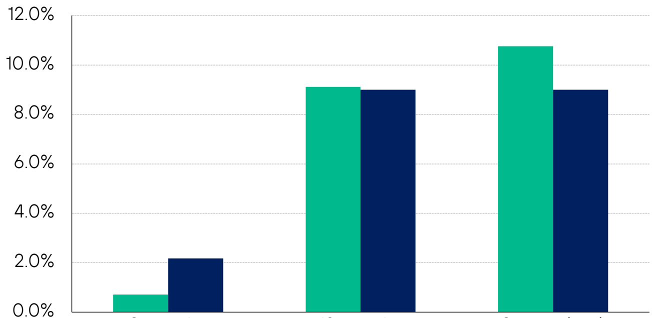
Market Background – Real Assets

UK Commercial Property - Balanced and Long Lease (GBP)



	3 months	12 months	3 years (p.a.)
Balanced Index	0.5%	-0.7%	1.5%
Long Income Index	0.0%	-2.9%	-2.1%

Global Core Unlisted Infrastructure (USD)



	3 months	12 months	3 years (p.a.)
Illustrative Infrastructure Manager	0.7%	9.1%	10.8%
Objective *	2.2%	9.0%	9.0%

Commentary

- Property market performance was marginally positive over the quarter (+0.5%). Market sentiment improved due to inflation falling and expected interest rate cuts in 2024 following guidance from the BoE. Valuations rose despite subdued capital markets activity and lower transaction volumes year-on-year.
- Positive performance over the quarter was largely driven by Retail (+1.5%) and Industrial (+1.1%) sectors. The Office sector performed negatively (-1.4%) as sentiment remained weak and funds maintained underweight positions.
- Rental growth remained positive (+0.8%) over the quarter. Industrials (+1.1%), Offices (0.8%) and Retail (+0.1%) sectors all saw positive rental growth the quarter.
- The Residential sector returned +0.6% over the quarter and led on rental growth (+2.0%). The sector was also the most active in terms of deal activity, benefitting from the demand-supply imbalance and strong investor appetite.
- Liquidity pressure continues to be an issue for property managers following the surge in redemption requests in 2022 and challenging market conditions since. This has exposed managers to discounted sales to generate liquidity and/or fund deferrals .

Commentary

- Whilst infrastructure's quarterly performance was underwhelming, it was still in positive territory. Long term performance remains strong, largely due to stable cash flows and the ability to pass through inflationary uplifts to the consumer.
- Global aviation has continued to demonstrate resilience, supported by a high demand for leisure and travel as the tourism industry in major markets recover, with kilometres travelled and airport traffic surpassing pre-pandemic levels.
- Toll road assets also continue to deliver steady performance via increased use and higher congestion levels as well as concession agreements that allow for increasing toll charges.
- Within utilities, energy continued to be a key theme, particularly the government's focus on affordability of energy and capital expenditures on the grid and renewables.
- Renewables specifically continues to be favourable, driven by the COP28 target of tripling global renewable capacity by 2030 as well as government policy incentives.
- The demand for digital infrastructure investment also remains favourable, strongly driven by the global adoption of AI and widened digital coverage.

Summary

UK Commercial Property

Performance was positive despite low transaction volumes. Rental growth was also supportive for the property market.

There continues to be attractive entry points in distressed real estate and there is cautious optimism that the market is showing signs of stabilising following improved inflation expectations and expectations of rates cuts in 2024 following the BoE's dovish rhetoric in their latest meeting. Whilst this is expected to lead to a recovery in property valuations during 2024, the pace of recovery could be impacted by sticky inflation, higher rates for longer and political uncertainty (UK and US elections this later this year).

Infrastructure

Returns were driven by the transportation sectors, benefitting from increased travel.

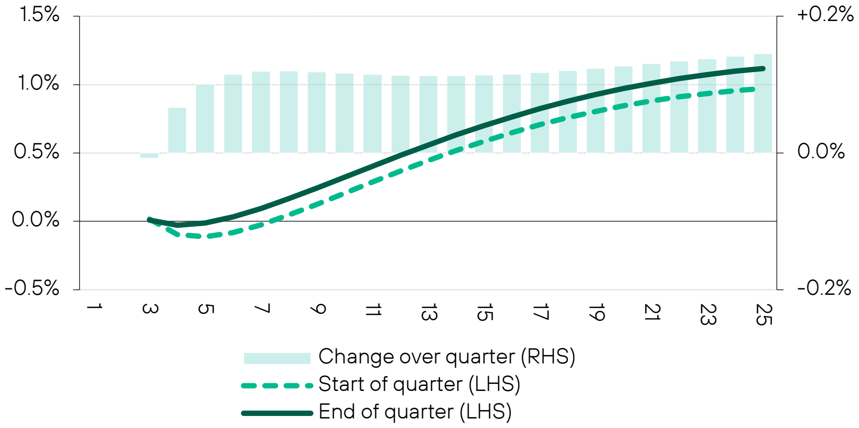
Infrastructure performance is expected to remain positive over the medium to long-term as demand for investments in renewables, particularly in transport, digital and energy transition sectors, continues to increase. This is demonstrated by fundraising within the sector gradually increasing,

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

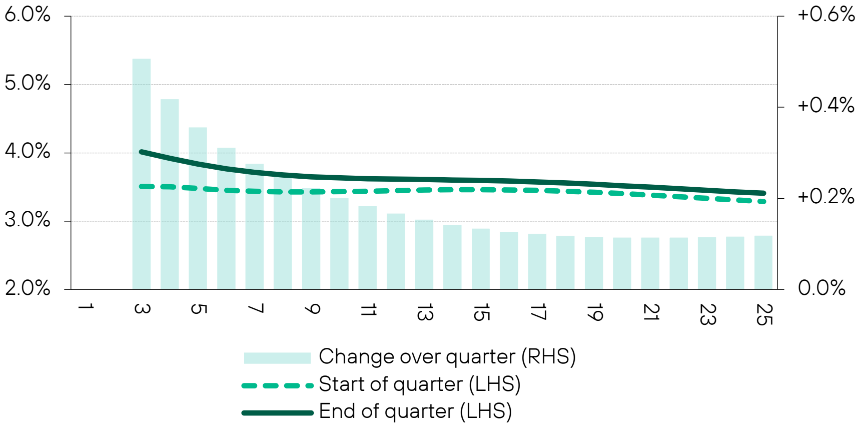
*Objective: 9.0% p.a. net of all fees over the long term, ranging between 8%-12% depending on market cycle stage.

Market Background – Yields

Real Gilt Yields – Q1 2024

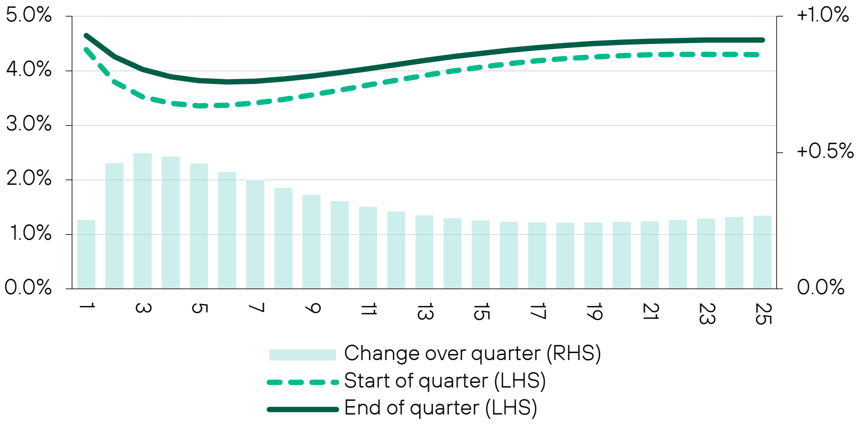


Gilt-Implied Inflation – Q1 2024



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

Nominal Gilt Yields – Q1 2024



Commentary

- Long-dated (20-year) yields at the quarter-end were:
  - Real gilt yield: 1.0%
  - Nominal gilt yield: 4.5%
  - Gilt-implied inflation expectation: 3.5%

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 – 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).

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 – 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

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

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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.
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- 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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