East Sussex Pension Fund

Investment Performance
Quarter to 31 March 2021

Isio Investment Advisory

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Document Classification Confidential

Contents

Highlights

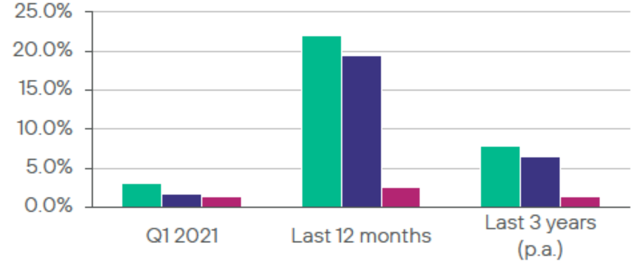
Executive Summary – 31 March 2021

The Fund's assets delivered a positive return of 3.0% over the quarter, outperforming its respective benchmark by 1.3%.

Over the quarter the Fund's growth assets generally performed inline with market expectations.

Access Pool	Fund	Q1 2021 Performance			Value at quarter end	
		Fund	Benchmark	Relative	31-Dec-20	31-Mar-20
Yes	UBS - UK Equity	5.2%	5.2%	-0.0%	£63.4m	£66.7m
Yes	UBS – Global Equity	3.3%	3.3%	-0.0%	£350.6m	£362.0m
Yes	Longview - Global Equity	6.6%	3.6%	+3.0%	£430.5m	£458.8m
No	WHEB - Sustainability Fund	0.6%	4.1%	-3.4%	£221.3m	£222.7m
No	Wellington – Global Impact Fund	-0.3%	4.0%	-4.2%	£223.3m	£222.8m
No	Storebrand – Global ESG Plus Fund	3.4%	4.1%	-0.7%	£439 2m	£454.5m
No	Harbourvest – Private Equity[1,2]	-0.8%	4.0%	-4.8%	£114.2m	£110.5m
No	Adams Street – Private Equity[1,2]	20.5%	4.0%	+16.5%	£129.9m	£154.5m
Yes	Newton – Absolute Return	1.2%	0.6%	+0.5%	£486.6m	£492.3m
No	Schroders – Property	1.9%	2.2%	-0.3%	£343.4m	£347.8m
No	UBS – Infrastructure[2]	-0.8%	0.7%	-1.5%	£38.4m	£37.7m
No	Pantheon – Infrastructure[2]	8.8%	0.7%	+8.1%	£31.0m	£38.1m
No	M&G Infrastructure[2]	16.1%	0.7%	+15.4%	£28 2m	£32.7m
No	ATLAS Global Infrastructure Equity Fund	-2 2%	2.7%	-4.9%	£79.0m	£77.3m
No	M&G -Private Debt[2]	2.5%	1.0%	+1.5%	£38.3m	£42.4m
No	M&G - Alpha Opportunities	1.9%	0.8%	+1.1%	£279.9m	£285.1m
Yes	Ruffer -Absolute Return	8.3%	0.6%	+7.7%	£470.9m	£510.0m
Yes	M&G -Corporate Bonds	-6.8%	-6.8%	+0.0%	£170.0m	£158.4m
Yes	UBS - Over 5 Year IL Gilt Fund	-7.0%	-7.0%	-0.0%	£138.4m	£128.8m
	Total Assets	**3.0%**	**1.8%**	**1.3%**	**£4,110m**	**£4,235m**

Period returns – to 31 March 2021



	Q1 2021	Last 12 months	Last 3 years (p.a.)
Scheme Return	3.0%	22.1%	7.8%
Benchmark Return	1.8%	19.5%	6.5%
Investment Objective	1.3%	2.6%	1.3%

Commentary

- The Fund s assets delivered a positive absolute return of 3.0% over the quarter, outperforming its respective benchmark by 1.3%. Over the quarter the Fund s growth assets generally performed inline with market expectations.
- Over the period, both the Adams Street private equity mandate and the M&G Infrastructure mandate were the standout performers in both absolute and relative terms. With the Adams Street mandate benefitting from the successful COVID-19 vaccine trials on expectations of future economic activity and the M&G infrastructure mandate benefitted from a strong material valuation uplift in one of its underlying assets as well as solid performance generally from the rest of its portfolio.
- One of the main detractors to performance over the period in both absolute and relative terms was the ATLAS Global Infrastructure Fund, which suffered as a result of limited exposure to the stronger performing infrastructure sectors over the quarter.

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 2021. [1] Valuation and performance information as at 31 December 2020. Fund Total value includes cash held with Northern Trust. [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 2021

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

The UBS Infrastructure Fund continues to materially underperform its respective benchmark across all time periods.

The ATLAS Global Infrastructure Equity Fund has underperformed over the time periods shown.

The three recently appointed ESG focused equity mandates all underperformed during Q1 2021.

Fund	Q1 2021 Performance			1 Year Performance			3 Year Performance			Since Inception performance		
	Fund	Objective	Relative	Fund	Objective	Relative	Fund	Objective	Relative	Fund	Objective	Relative
UBS - UK Equity	5.2%	5 2%	-0.0%	26.4%	26.7%	-0.4%	3.0%	3 2%	-0.2%	0.6%	0.7%	-0.1%
UBS – Global Equity	3.3%	3.3%	-0.0%	38.8%	39.5%	-0.7%	12.3%	12.5%	-0.2%	10.7%	10.9%	-0.2%
Longview - Global Equity	6.6%	3.6%	+3.0%	35.5%	38.9%	-3.4%	-	-	-	9.0%	14.9%	-5.9%
WHEB - Sustainability Fund	0.6%	4.1%	-3.4%	-	-	-	-	-	-	1.8%	5.0%	-3.2%
Wellington – Global Impact Fund	-0.3%	4.0%	-4 2%	-	-	-	-	-	-	3.1%	4.4%	-1.2%
Storebrand – Global ESG Plus Fund	3.4%	4.1%	-0.7%	-	-	-	-	-	-	5.6%	5.4%	+0.0%
Harbourvest – Private Equity[1]	-0.8%	4.0%	-4.8%	9.3%	40.7%	-31.4%	14.8%	14.0%	+0.8%	7.5%	11.2%	-3.8%
Adams Street – Private Equity[1]	20.5%	4.0%	+16.5%	36.3%	40.7%	-4.4%	22.3%	14.0%	+8.3%	10.9%	10.6%	+0 2%
Newton – Absolute Return	1.2%	0.6%	+0.5%	18.7%	2.9%	+15.8%	-	-	-	5.4%	3.0%	+2.4%
Schroders – Property	1.9%	2.2%	-0.3%	2.7%	-2.5%	+0 2%	2.1%	2.4%	-0.3%	6.6%	8.0%	-1.3%
UBS - Infrastructure	-0.8%	0.7%	-1.5%	-20.8%	2.7%	-23.6%	-2.4%	2.8%	-5 2%	4.3%	1.5%	2.8%
Pantheon – Infrastructure[1]	8.8%	0.7%	+8.1%	0.7%	2.7%	-2.0%	-	-	-	4.2%	3.3%	+1.0%
M&G Infrastructure	16.1%	0.7%	+15.4%	9.5%	2.7%	+6.7%	-	-	-	8.0%	3.0%	+5.0%
ATLAS Global Infrastructure Equity Fund	-2 2%	2.7%	-4.9%	-	-	-	-	-	-	-2.7%	0.0%	-2.7%
M&G -Private Debt	2.5%	1.0%	+1.5%	1.3%	4.4%	-3.1%	2.5%	4 2%	-1.7%	1.1%	4.6%	-3.5%
M&G -Alpha Opportunities	1.9%	0.8%	+1.1%	19.3%	3.4%	+15.9%	4.3%	3.4%	1.0%	4.1%	1.4%	+2.7%
Ruffer -Absolute Return	8.3%	0.6%	+7.7%	25.1%	2.9%	+22.2%	-	-	-	20.1%	3.0%	+17.0%
M&G -Corporate Bonds	-6.8%	-6.8%	+0.0%	9.8%	8 2%	+1.6%	-	-	-	1.5%	-0.5%	+2.0%
UBS -Over 5 Year IL Gilt Fund	-7.0%	-7.0%	-0.0%	0.8%	2.6%	-1.8%	2.9%	3.6%	-0.6%	4.5%	5.1%	-0.6%
Total Assets	**3.0%**	**1.8%**	**1.3%**	**22.1%**	**19.5%**	**2.6%**	**7.8%**	**6.5%**	**1.3%**			

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 2021. [1] Valuation and performance information as at 31 December 2021.

Source: Investment Managers, Northern Trust, Isio calculations.

Looking Forward

Summary

This page sets out the main action / discussion points.

Status key

- Action
- Decision
- Discussion
- Information only

Key issues

Item	Action points / Considerations	Status
Overall Investment Strategy	**Fixed Income Allocation Review** • Isio is reviewing the Fund s current Fixed income portfolio and considering how it fits in with the Fund s current objectives, whether it remains appropriate in its current form and what improvement could be made to make it fit for the future. The paper will be presented at the June Committee meeting.	Information only
	Infrastructure Allocation Review • Isio is preparing a paper on the Fund s current Infrastructure mandates and outlining a proposal to increase the Fund s current exposure to this asset class, inline with the previously agreed strategic direction of travel. We are considering how best for the Fund to deploy capital across the Infrastructure universe that will help the Fund reach its objectives and will provide advice on future commitments for the Fund in order to maintain the agreed target allocation. The paper will be presented at the June Committee meeting.	Information only
	Equity Allocation Review • Isio are preparing a second paper in relation to reviewing the makeup of the Fund s current equity allocation. The first paper focused on overall composition and agreement to allocation to the Osmosis Resource Efficiency Fund, ESG focused smart beta mandate,, to compliment existing holdings. The second paper focus on the selection of a core active equity manager from those available on the ACCESS pool. The paper will be presented at the June Committee meeting.	Information only
	Responsible Investment Impact Assessment • Isio is preparing a paper for the July Committee meeting reviewing all of the Fund s investment managers and Funds across five keys ESG areas, Risk Management, Investment Approach/ Framework, Voting & Engagement, Reporting and Collaboration. We have now completed meetings with all of the Fund s Investment managers and we look forward to presenting the paper in July.	Information only
	Strategy Review – Including Cashflow Assessment • Isio is in the process of producing a detailed strategy review of the Fund, assessing the overall risk/return profile of the investment strategy, the suitability of the various asset class components, as well as alternative options for the strategy asset allocation going forward. We are in the process of completing our analysis, however, we look forward to presenting it to the Committee at the July meeting.	Information only

Looking Forward (Cont.)

Summary

This page sets out the main action / discussion points.

Key issues

Item	Action points / Considerations	Status
Investment Managers	**M&G – Real Estate Debt Fund** Over the quarter, we were notified of a number of the senior team within the M&G Real Estate Debt Fund leaving M&G, which includes the departure of 4 key individuals, John Barakat, Peter Foldvari, Jamil Farooqi and Lexie Elliott. We have met with M&G over the quarter to discuss these changes in detail, understand how they are responding to the changes and what the future will look like for the management of the Fund. This has resulted in us downgrading our rating for the fund from "meets criteria" to "partially meets criteria". We have provided a detailed due diligence note within Appendix 1.	●

Status key

- Action
- Decision
- Discussion
- Information only

Market Background

Market Background – Overview Q1 2021

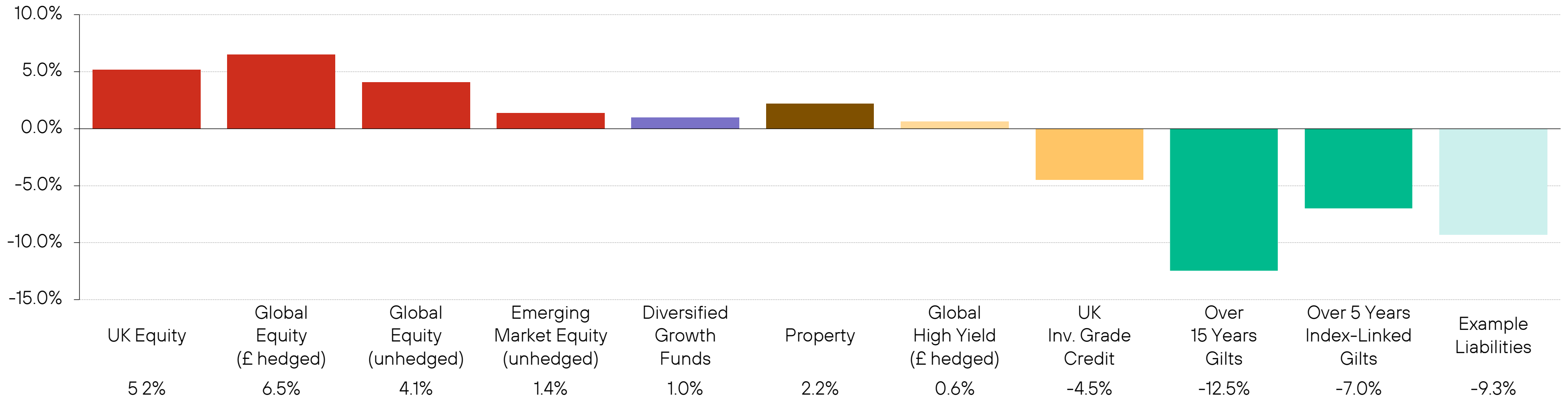
Summary

The first quarter of 2021 was dominated by rising gilt yields and a value-led equity market rally. This was driven by further US fiscal stimulus and the success of the vaccine rollout in the UK and US.

Global equity markets performed positively for a fourth consecutive quarter. Emerging Markets lagged behind the rest of the world with weak performance at the end of the quarter.

Gilt yields rose over Q1 amid the continued rollout of COVID-19 vaccinations and expectations of large US fiscal stimulus. This resulted in negative total returns for investment grade credit.

Returns by Asset Class – Q1 2020



Key upcoming events

- The dates for the Bank of England s Monetary Policy Committee (MPC) announcements in Q2 2021 are 6 May and 24 June.
- The dates for the US Federal Reserve s Federal Open Market Committee (FOMC) announcements in Q2 2021 are 28 April and 16 June.

Commentary

- Global markets performed positively during Q1 following further US fiscal stimulus and the successful rollout of the COVID-19 vaccination programmes in the UK and US. This positive sentiment led to sharp rises in gilt yields, as investors rotated portfolios into higher risk asset classes.
- Global equities performed positively over Q1 but Emerging Markets delivered relatively weaker returns as their vaccination programme lagged developed markets. UK equities performed well over the quarter as the reduction in people being hospitalised with COVID-19 increased investor optimism for a sustainable reopening of the economy.
- Gilt yields increased markedly over the quarter as the COVID-19 vaccination rollout progressed significantly in the UK and US, who expect further fiscal stimulus measures. This led to government bonds delivering negative returns over the quarter.
- Investment grade credit returns were negative due to the sensitivity of the asset class to rising interest rates, whilst high yield credit performed positively following rising growth expectations.

Note: Please see Appendix 3 for details of the returns representing each asset class.
Source: Refinitiv, DGF investment managers, Isio calculations.

Market Background – Government Bond Yields Q1 2021

Summary

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 Changes:

20-year Real Gilt Yield

January	0.14%
February	0.31%
March	-0.09%
Quarter	**0.37%**

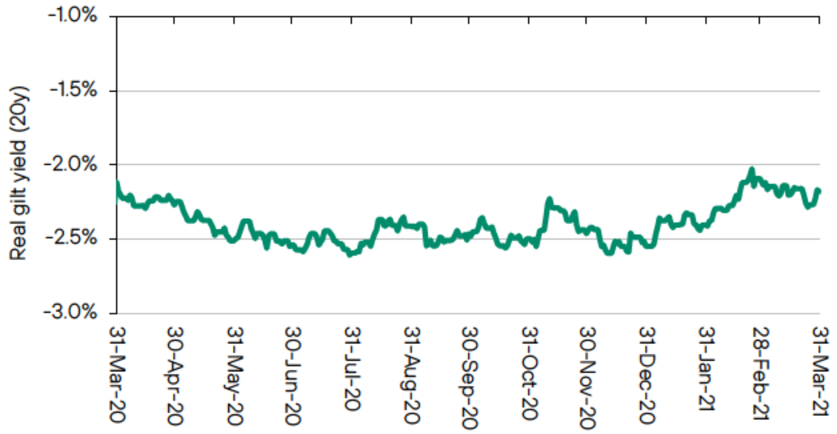
20-year Nominal Gilt Yield

January	0.16%
February	0.51%
March	0.02%
Quarter	**0.69%**

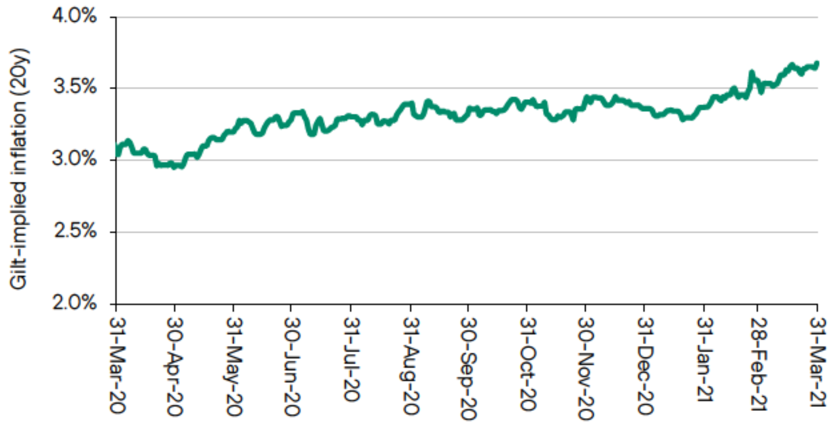
20-year Gilt-Implied Inflation

January	0.01%
February	0.19%
March	0.12%
Quarter	**0.32%**

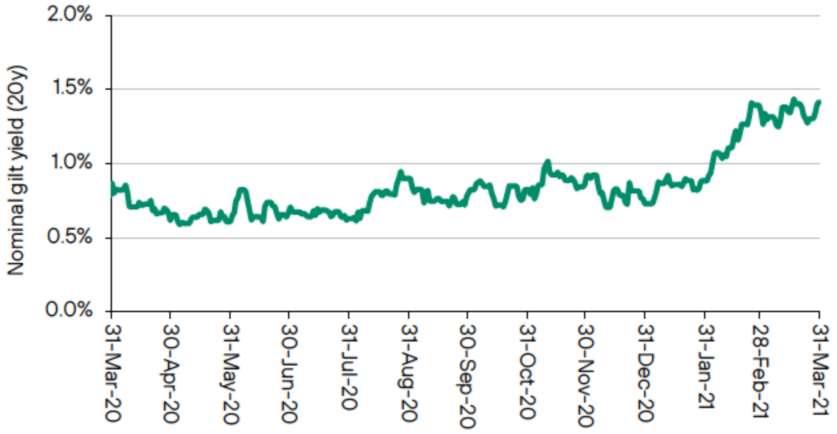
Real Gilt Yields – Last 12 months



Gilt-Implied RPI Inflation – Last 12 months



Nominal Gilt Yields – Last 12 months



Example Liabilities

- The liabilities for an example DB pension scheme decreased by c.9.3% over the quarter. This can be broken down into the following components:
  - c. 5.2% decrease, due to the rise in real yields;
  - c. 4.1% decrease, due to the rise in nominal yields; and
  - c. 0.0% due to the "unwinding" effect (also known as "interest" on the liabilities).
- The liabilities for an example DB pension scheme decreased by c.2.2% over the last 12 months.

Note: Please see Appendix 3 for details of the example liabilities. Monthly yield changes may not sum to quarterly changes, due to rounding.
Source: Bank of England, Isio calculations.

Strategy Overview

Asset Allocation – at 31 March 2021

Summary

As at March 2021 the Fund remained broadly in line with its strategic benchmark, albeit with small overweight positions in equity and cash and small underweight positions in property and infrastructure.

The fund also had a more material overweight position in Absolute Return and corresponding underweight position in credit.

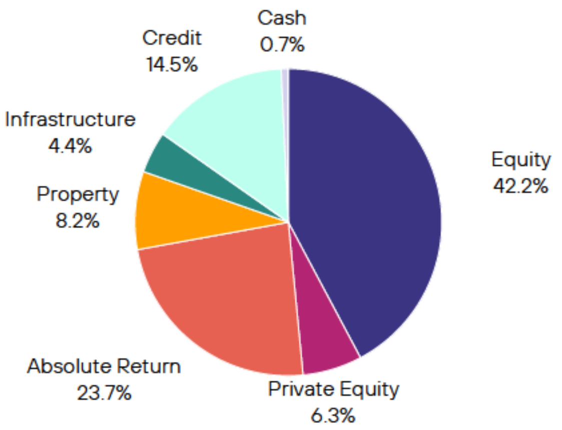
Total Assets

Start of quarter	£4,110m
End of quarter	£4,235m

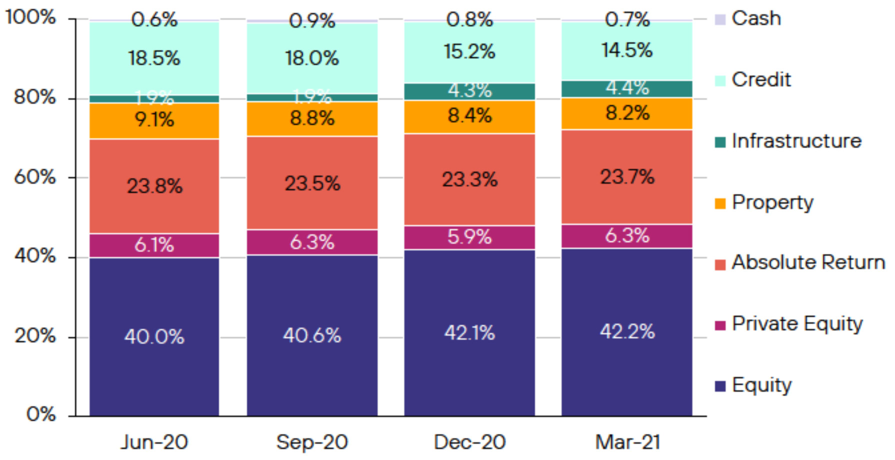
Target Allocation

Equity	40.0%
Absolute Return	20.0%
Private Equity	5.5%
Property	10.0%
Infrastructure	8.0%
Private Debt	3.0%
Diversified Credit	7.0%
Index-Linked Gilts	3.0%
Fixed Interest Bonds	3.5%

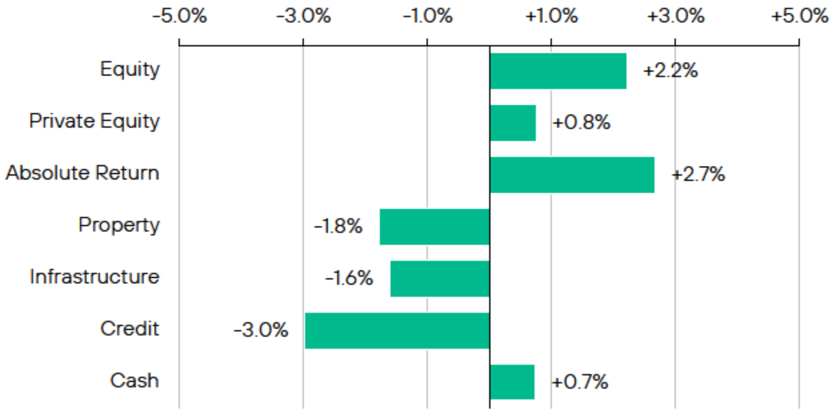
Asset Allocation – 31 March 2021



Asset Allocation Changes Since 30 June 2020



Assets Relative to Benchmark – 31 March 2021



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

Commentary

- As at March 2021 the Fund s asset allocation remained broadly in line with its strategic benchmark, with a slight overweight to equity and absolute return mandates whilst underweight positions in credit, infrastructure and property mandates.
- The biggest positive shift in relative weighting over the quarter occurred within absolute return. This was largely driven by the Ruffer Absolute Return Fund, which performed strongly over the quarter, outperforming its peers.
- Over the last 12 months the Fund s asset allocation has remained relatively stable.
- The Committee has agreed to review the credit mandate over the coming months and we suggest that this is rebalanced towards the agreed benchmark once this is complete.

Investment Managers

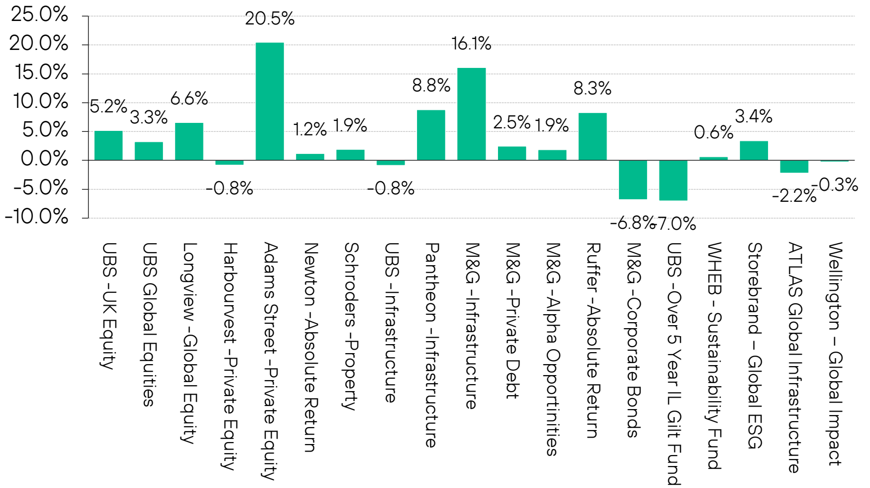
Performance Summary – to 31 March 2021

Summary

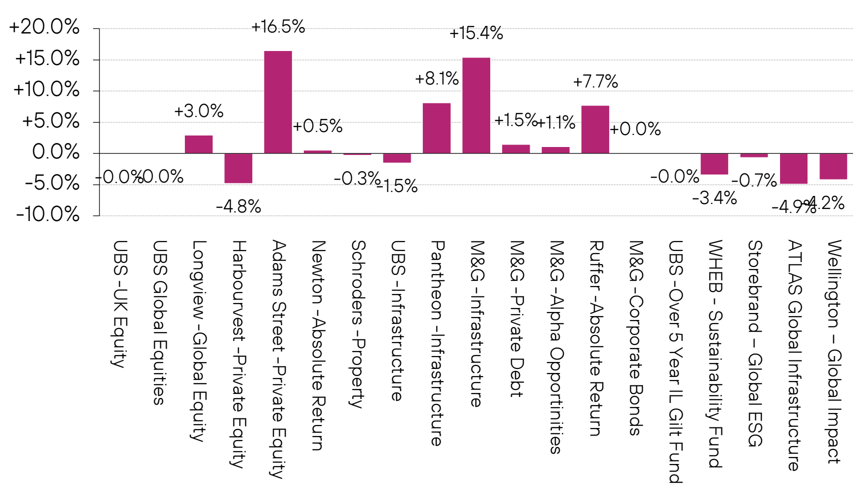
The majority of the Fund's assets delivered positive absolute returns over Q1 2021. This is in line with expectations, given the COVID vaccine and fiscal support-driven market upside experienced over the period.

The biggest contributor to both absolute and relative performance was the Adams Street Private Equity Portfolio.

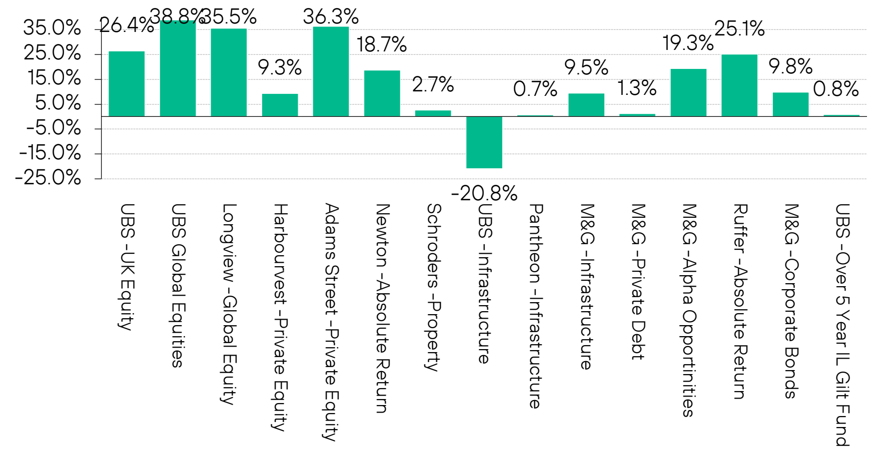
Absolute Return – Q1 2021



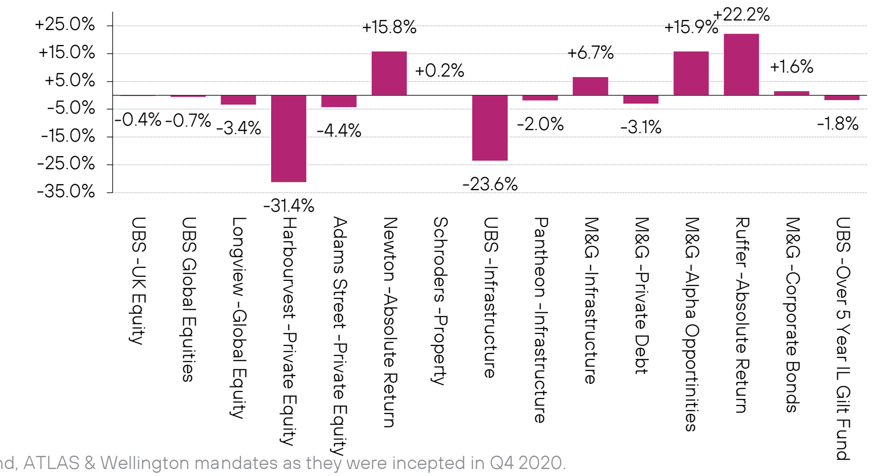
Relative Return – Q1 2021



Absolute Return – 12 months



Relative Return – 12 months



Note: Returns net of fees. 12 month relative and absolute returns are not available for the WHEB, Storebrand, ATLAS & Wellington mandates as they were incepted in Q4 2020.
Source: Investment Managers, Northern Trust, Isio calculations.

UBS – Equity

Mandate: Passive Equities

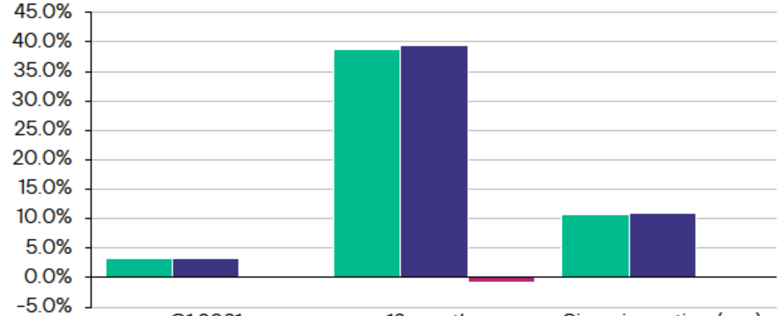
Current Value: £428.7m

Current Weighting: 10.1%

Inception: UK Equities – 31 December 2017 & Global Equities 31 January 2018

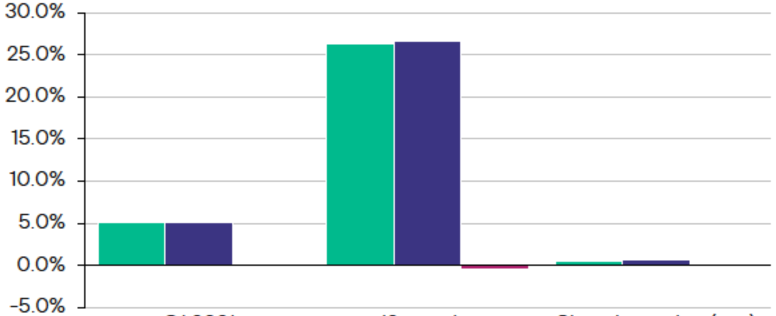
Objective: To track their respective underlying respective regional equity benchmarks

Global Performance to 31 March 2021



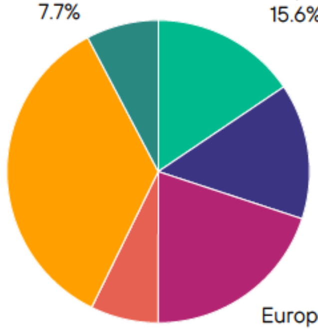
	Q1 2021	12 months	Since inception (p.a.)
Return	3.3%	38.8%	10.7%
Benchmark	3.3%	39.5%	10.9%
Relative	-0.0%	-0.7%	-0.2%

UK Equities Performance to 31 March 2021



	Q1 2021	12 months	Since inception (p.a.)
Return	5.2%	26.4%	0.6%
Benchmark	5.2%	26.7%	0.7%
Relative	-0.0%	-0.4%	-0.1%

Geographic Exposure as at 31 March 2021



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

Commentary

- All UBS passive equity mandates performed positively over the quarter, with the UK and US equity funds adding particular value.
- Equity markets generally performed positively over Q1 2021, as investor sentiment remained strong with the successful COVID-19 vaccine rollout across the US and UK allowing for the gradual easing of some lockdown measures.
- The UK market benefitted from the a rotation in investor sentiment away from high growth technology firms (to which the region has low exposure), towards more cyclical value sectors such as energy and financials. The effective COVID-19 vaccine rollout also provided further hope for certain sectors significantly impacted by lockdown restrictions, in particular the UK services sector.
- The strong performance of the US market was largely attributable to agreement of a further significant economic stimulus package, with returns further buoyed by a successful ongoing deployment of the COIVD-19 vaccine.

Longview - Global Equity

Mandate: Active Global Equities

Current Value: £458.8m

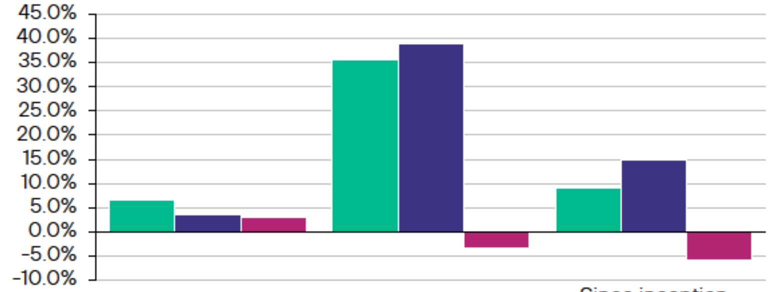
Current Weighting: 10.8%

Inception: 4 February 2019

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

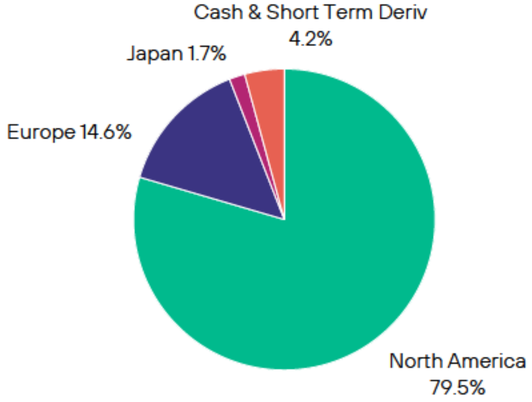
Benchmark: MSCI ACWI

Longview Global Equity Performance to 31 March 2021

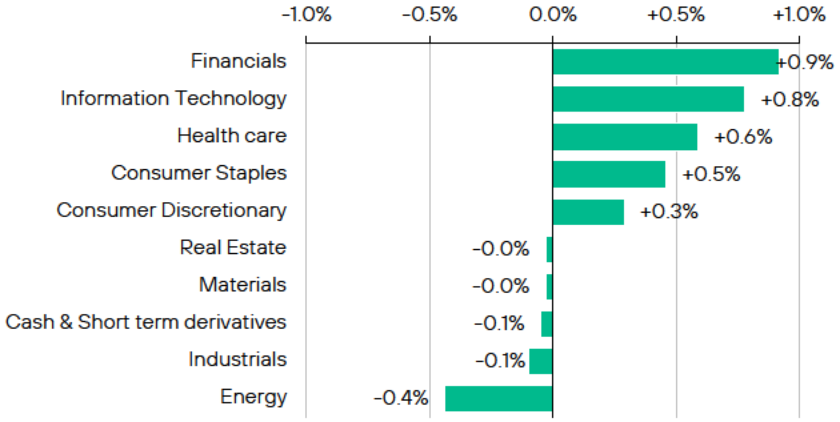


	Q1 2021	12 months	Since inception (p.a.)
Return	6.6%	35.5%	9.0%
Benchmark	3.6%	38.9%	14.9%
Relative	+3.0%	-3.4%	-5.9%

Geographic Allocation at 31 March 2021



Performance Attribution as at 31 March 2021



Commentary

- The fund delivered a positive absolute return of 6.6% over the quarter outperforming the benchmark by 3.0%. However longer term relative performance remains negative.
- Information Technology was the largest contributor to relative performance over the period, with both sector allocation and stock selection adding value. Alphabet was a notable strong performer, underpinned by positive financial results. Additionally, the overweight position in Financials was beneficial, with the sector benefitting from rising yields, and the general rotation towards value stocks.
- The Fund continues to seek to consistently generate alpha through investing in a concentrated portfolio of global companies, focusing on a bottom up approach. As at 31 March 2021 there were 34 stocks held within the portfolio.
- Longview anticipate further market volatility in the coming months, and highlight the importance of a long term perspective especially during market style and sector rotations.

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

WHEB – Sustainability Fund

Mandate: ESG focused Global Equity

Current Value: £222.7m

Current Weighting: 5.3%

Inception: 1 December 2020

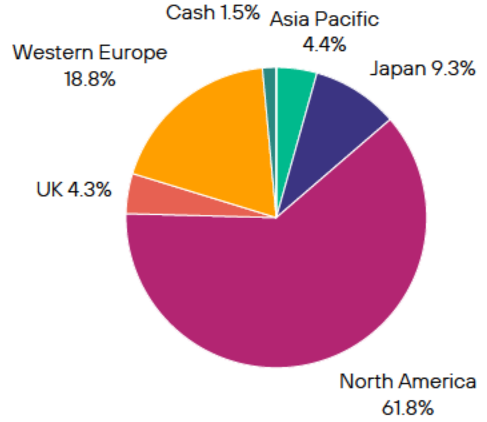
Benchmark: MSCI World Total Return Net GBP

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

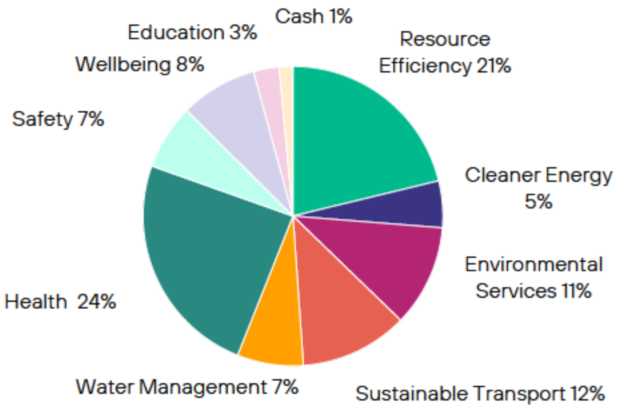
WHEB – Sustainability Fund Performance to 31 March 2021

	Q1 2021	Since inception
Return	0.6%	1.8%
Benchmark	4.1%	5.0%
Relative	-3.4%	-3 2%

Geographic Allocation at 31 March 2021



Impact positioning at 31 March 2021



Commentary

- The fund produced positive absolute performance of 0.6% over the quarter, however underperformed the benchmark by 3.4%.
- This underperformance was largely driven by the underlying equity rotation over the quarter from growth to value, which benefitted sectors such as financials and traditional energy, to which the fund has no exposure.
- The Sustainable Transport theme aided returns, with notable performance from JB Hunt, the freight operator, which benefitted from improving economic conditions. Additionally, the Environmental Services theme contributed positively.
- Over the period the manager acquired a new position in HelloFresh, the recipe box delivery service with a market leading position, adding to the Wellbeing portfolio theme. Additionally, WHEB sold its position in China Water Affairs, as part of the water management theme, due to slowing growth and concerns over the stock s liquidity.

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

Wellington – Global Impact Fund

Mandate: Global Impact Equities

Current Value: £222.8m

Current Weighting: 5.3%

Inception: 2 December 2020

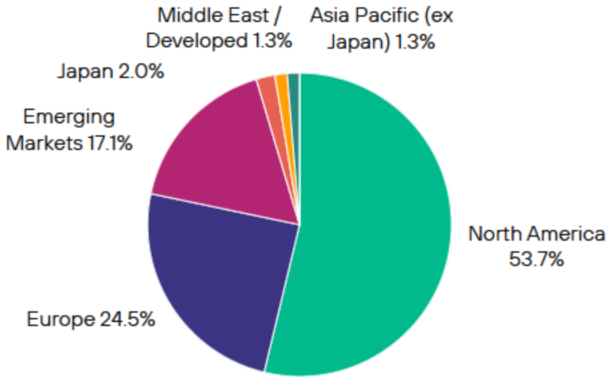
Benchmark: MSCI AC World

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

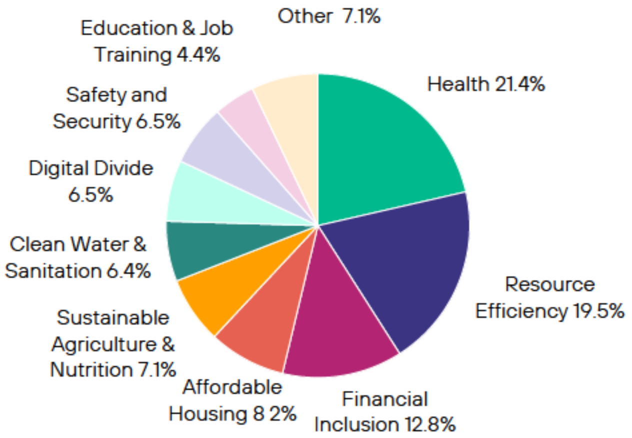
Performance to 31 March 2021

	Q1 2021	Since inception
Return	-0.3%	3.1%
Benchmark	4.0%	4.4%
Relative	-4.2%	-1.2%

Geographic Allocation at 31 March 2021



ESG Theme Distribution at 31 March 2021



Commentary

- The Global Impact Fund delivered a net return of -0.3% over the quarter, underperforming broader equity markets.
- Underperformance was largely driven by the Fund s relative overweight to growth and underweight to value stocks, given the style rotation that occurred over the quarter. The fund s Q1 relative returns are broadly in line with those experienced elsewhere in the sustainable fund market given the inherent exposures in this style..
- The fund s Life Essentials and Environment themes contributed positively to returns, while the Human Empowerment detracted from performance.
- Wellington note that the fund s holdings in cybersecurity firms were particularly detrimental over the period, as investors sold out of the sector following a large-scale US Federal Government data breach in late December 2020.
- Wellington remain optimistic, particularly in relation to several themes which they consider will benefit from the US Government s $2tn infrastructure plan.

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

Storebrand – Global ESG Plus Fund

Mandate: ESG Focused Global Equities

Current Value: £454.5m

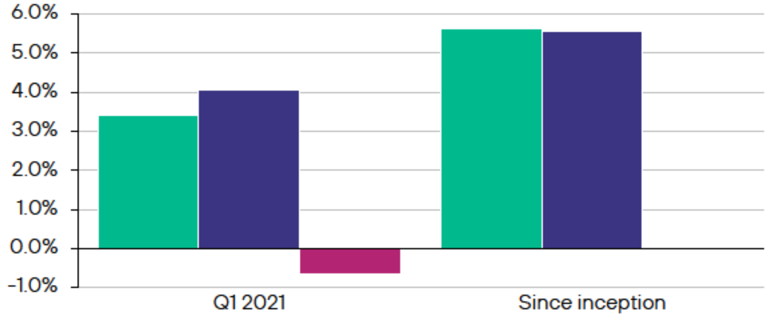
Current Weighting: 10.7%

Inception: 3 December 2020

Benchmark: MSCI World NR

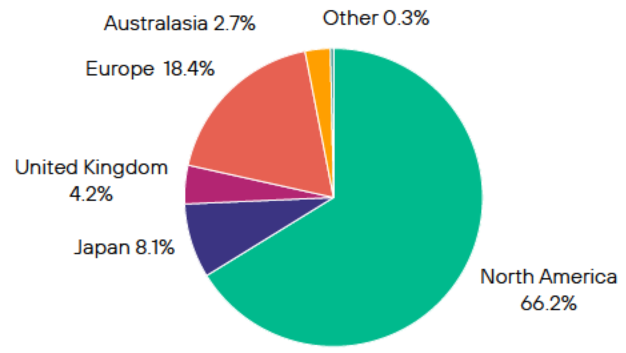
Objective: Outperform benchmark by 4.0% p.a. (net of fees)

Performance to 31 March 2021

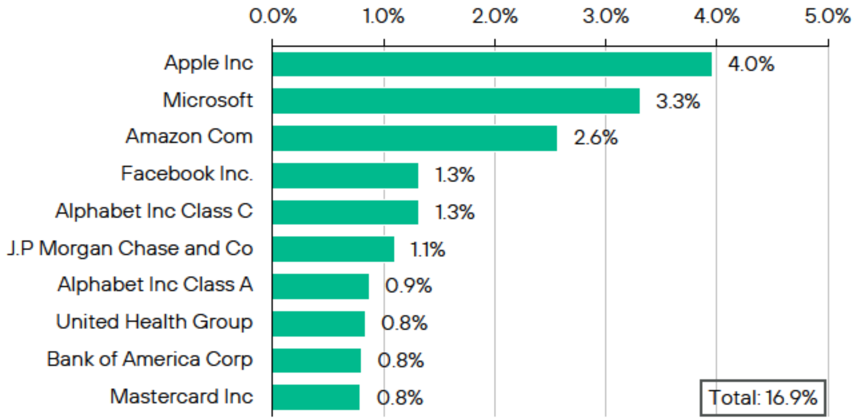


	Q1 2021	Since inception
Return	3.4%	5.6%
Benchmark	4.1%	5.6%
Relative	-0.7%	+0.0%

Geographic Allocation at 31 March 2021



Top 10 Holdings as at 31 March 2021



Commentary

- The fund delivered absolute performance of 3.4%, underperforming its MSCI World benchmark by 0.7% over the quarter.
- Storebrand attribute some of the relative underperformance of the fund to the increase in fossil fuel prices experienced over the quarter. These are inversely related to relative fund performance due to the fund being fossil fuel free.
- Similarly, renewables detracted from performance, which Storebrand attribute to mean reversion, given the recent strong performance from the sector.
- These detractors were offset in absolute terms by strong performance across the rest of the portfolio, including tilts towards carbon footprints, science-based targets, green revenues, carbon risk, among others.
- Storebrand remain optimistic regarding outlook, particularly in light of the shift in US policy towards more of a climate change focus. The philosophy and process remains unchanged, with the introduction of some additional climate solution stocks to the portfolio over Q1.

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

Harbourvest – Private Equity

Mandate: Private Equity

Current Value: £110.5m

Current Weighting: 2.6%

Inception: 31 January 2003

Benchmark: MSCI World +1.5%

Objective: MSCI World +3.0%

Harbourvest	Market Value at start (£m)	Drawdowns over quarter (£m)	Distributions over quarter (£m)	Market Value at end (£m)
HIPEP IV SUPPLEMENTAL EUROPEAN COMPANIONFUND	0.0	-	-	0.0
HARBOURVEST PTRS VIII - CAYMAN VENTURE FUND	1.5	-	0.1	1.3
HARBOURVEST INTL PEP V - CAYMAN PSHP FD	1.9	-	0.2	1.6
HARBOURVEST PTRS VIII - CAYMAN BUYOUT FUND	1.6	-	-	1.5
HARBOURVEST PARTNERS IX- CAYMAN BUYOUT FUND	12.2	-	0.8	11.3
HARBOURVEST PARTNERS XI AIF	11.7	1.6	0.3	12.9
HARBOURVEST INTL PEP VI - CAYMAN PSHP FUND	16.3	-	0.8	14.8
HIPEP VII (AIF) PARTNERSHIP FUND LP	13.3	-	0.8	12.4
HIPEP VIII (AIF) PARTNERSHIP FUND LP	9.7	1.2	0.4	11.2
HARBOURVEST PARTNERS CAYMAN CLEANTECH FUND I	11.3	-	0.2	11.0
HARBOURVEST PARTNERS CAYMAN CLEANTECH FUND II	18.8	-	-	18.6
DEFAULT ISSUER HARBOURVEST PTNS VII CAYMAN BUYOUT FD LP	0.4	-	0.0	0.3
HARBOURVEST PTRS VIII - CAYMAN MEZZANINEAND DISTRESSED DEBT FD	0.1	-	0.0	0.1
HARBOURVEST PTRS VII - CAYMAN VENTURE FUND	0.9	-	0.1	0.8
HARBOURVEST PARTNERS VII - CAYMAN MEZZANINE FUND	0.0	-	0.0	0.0
HARBOURVEST PARTNERS IX CAYMAN VENTURE FUND	11.5	-	1.3	10.1
HARBOURVEST PARTNERS IX CAYMAN CREDIT OPPORTUNITIES FUND	1.5	-	0.1	1.3

Performance to 31 March 2021

	Q1 2021	12 months	3 years (p.a.)
Return	-0.8%	9.3%	14.8%
Benchmark	4.0%	40.7%	14.0%
Relative	-4.8%	-31.4%	+0.8%

Commentary – 3 month lagged

- The HarbourVest portfolio produced a negative return of –0.8%, translating into 4.8% underperformance relative to the public equity market benchmark.
- The HarbourVest portfolio is marginally underweight relative to its strategic target allocation due to the continued return of capital over the quarter.
- HarbourVest consider COVID-19 a trend accelerator, and are optimistic about the future outlook, noting business model disruption, digital acceleration, data and ESG, as trends that they believe will drive performance over the coming year.
- Prior to 2014, investments with HarbourVest were made through, Buyout, Mezzanine or Venture fund-of-funds and since then commitments from the Fund have been to the annual vintage of two of HarbourVest s flagship fund-of-fund products HIPEP or the Fund program.
- The overall portfolio has been volatile over the past 12 months and is martially behind benchmark over that period. This should continue to be monitored. Longer term performance remains ahead of benchmark.
- We note the future commitments required to maintain the allocation with the manager have been agreed in principle.

Note: Totals may not sum due to rounding. Performance quoted net of fees. Harbourvest valuations are lagged by 3 months.
Source: Investment manager, Northern Trust, Isio calculations.

Adams Street – Private Equity

Mandate: Private Equity

Current Value: £154.5m

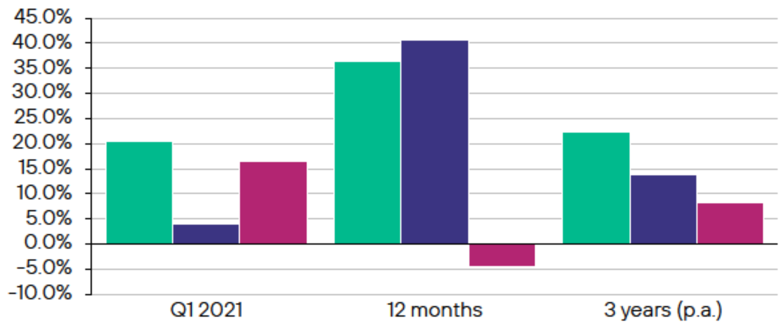
Current Weighting: 3.6%

Inception: 31 March 2003

Benchmark: MSCI World +1.5%

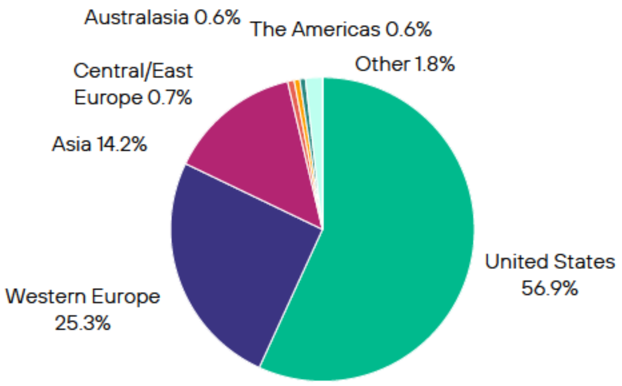
Objective: MSCI World +3.0%

Performance to 31 March 2021



	Q1 2021	12 months	3 years (p.a.)
Return	20.5%	36.3%	22.3%
Benchmark	4.0%	40.7%	14.0%
Relative	+16.5%	-4.4%	+8.3%

Geographical Exposure as at 31 December 2020



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

Adams Street	Market Value at start (£m)	Drawdowns over quarter (£m)	Distributions over quarter (£m)	Market Value at end (£m)
Adams Street Direct Funds	1.8	-	0.0	2.1
Adams Street Co-Investment Fund II	1.4	-	-	1.5
Adams Street Global Funds 2014-2019	24.4	-	0.8	29.1
Adams Street Partnership Funds	24.0	-	1.6	26.1
Adams Street Feeder Funds	51.8	4.6	1.6	66.2
Adams Street Offshore Company Limited Funds	26.6	-	1.8	29.5

Commentary – 3 month lagged

- The Adams Street portfolio produced a positive absolute performance of 20.5% over the quarter, outperforming its composite benchmark by 16.5%.
- The returns for the quarter reflecting the impact of the announcement of successful COVID-19 vaccine trials on expectations of future economic activity – and its corresponding impact on mark-to-market valuations.
- Adams Street are optimistic regarding the outlook going forward, given the vaccine rollout, stimulus packages and resilience shown by firms, noting that the significant dry powder in private equity firms (and their continued ability to raise capital) demonstrates that investors see opportunity during periods of market dislocation.
- **We note the future commitments required to maintain the allocation with the manager have been agreed in principle.**

Newton – Absolute Return

Mandate: Diversified Growth Fund

Current Value: £492.3m

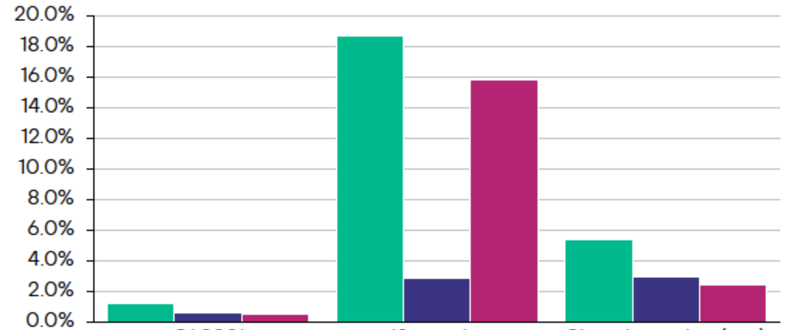
Current Weighting: 11.6%

Inception: 21 January 2020

Benchmark: 3 Month LIBOR+2.5%

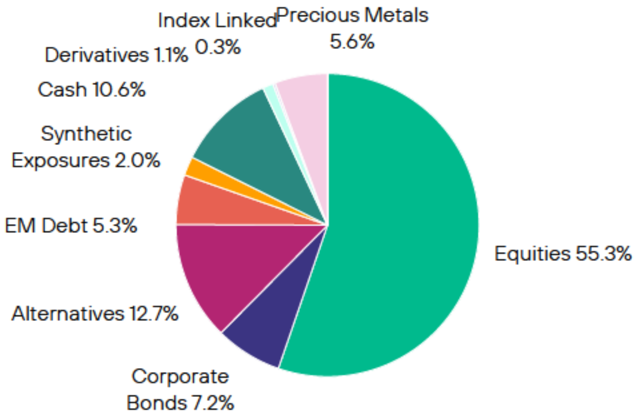
Objective: 3-month LIBOR + 4% p.a. (gross) over rolling 5 years

Performance to 31 March 2021

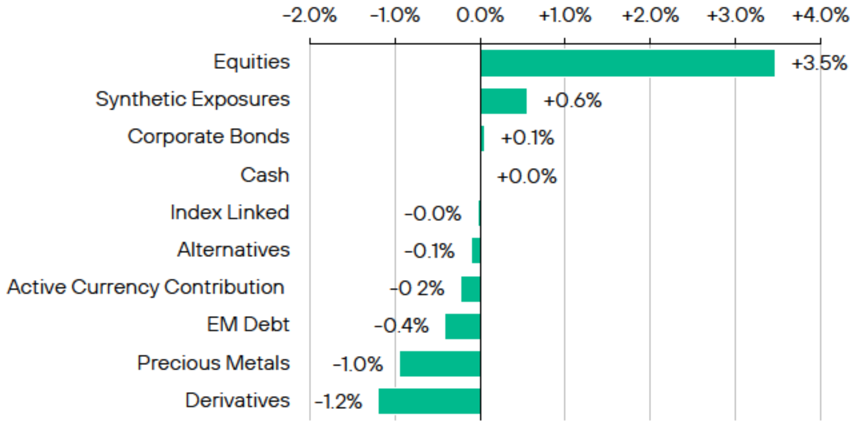


	Q1 2021	12 months	Since inception (p.a.)
Return	1.2%	18.7%	5.4%
Benchmark	0.6%	2.9%	3.0%
Relative	+0.5%	+15.8%	+2.4%

Sector Allocation at 31 March 2021



Contributors to performance to 31 March 2021



Commentary

- Q1 returns were broadly in line with peers over what was a mixed quarter for markets. Returns were underpinned by developed market equities within the return-seeking core , given sustained economic stimulus and unlocking of the global economy. Meanwhile, the Fund s stabilising layer detracted, as rising inflation expectations drove yields higher, resulting in government debt and Gold falling in value.
- Newton increased its equity exposure in Q1, rotating towards more cyclical businesses, which are set to benefit from the opening of economies. Newton also sold the majority of its US treasury futures, while trimming the gold allocation as rising yields and strengthening US Dollar are expected to provide headwinds for defensive assets.
- Newton believes healthy banking systems and household balance sheets indicate we are moving towards a recovery in corporate earnings, which will buoy markets. However, they remain aware of tail-risks such as geopolitical tensions and tightening of monetary policy therefore retain hedges within the portfolio.

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

Schroders - Property

Mandate: Balanced Property

Current Value: £347.8m

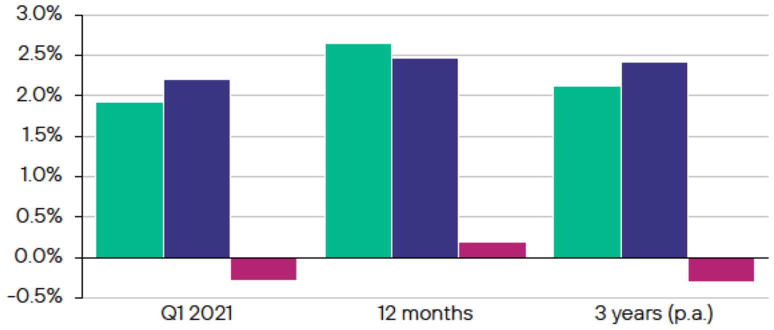
Current Weighting: 8.2%

Inception: 31 December 2009

Benchmark: IPD All Balanced Fund Index

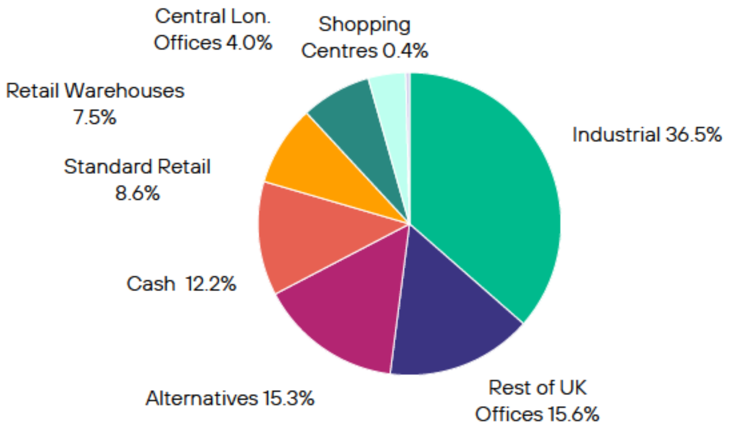
Objective: Outperform benchmark by 0.75% p.a. (net) over rolling 3 years

Performance to 31 March 2021

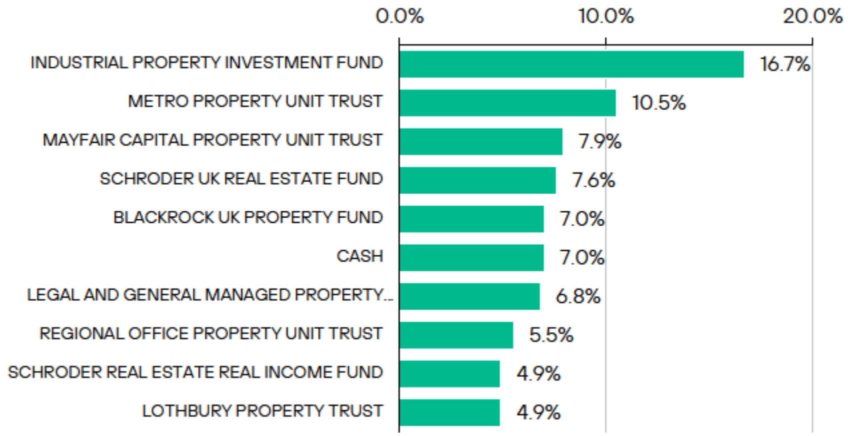


	Q1 2021	12 months	3 years (p.a.)
Return	1.9%	2.7%	2.1%
Benchmark	2.2%	2.5%	2.4%
Relative	-0.3%	+0.2%	-0.3%

Sector Allocation at 31 March 2021



Top 10 holdings as at 31 March 2021



Commentary

- The fund delivered a positive absolute return of 1.9% over the quarter, marginally underperforming its benchmark.
- Industrial assets continue to be the standout performer over the quarter following further and substantial yield compression in the sector, as demand remains strong for this type of commercial property. The portfolio saw particularly strong contributions to performance from the Industrial Property Investment Fund, Mayfair Capital Property Unit Trust and the Metro Property Unit Trust.
- Over the quarter, one of the biggest detractors to performance was the UK Retirement Living Fund. The Fund is still in the land acquisition phase and will continue to be dilutive to performance whilst the underlying assets are constructed.
- The team made c.£5m of acquisitions over the quarter, increasing the fund s exposure to the Regional Office Property Unit Trust, the Social Supported Housing Fund and the UK Retirement Living Fund.

Note: Totals may not sum due to rounding. Performance quoted net of fees. Within the portfolio sector allocation, cash also includes cash held within the underlying funds.
Source: Investment manager, Northern Trust, Isio calculations.

UBS - Infrastructure

Mandate: Infrastructure

Current Value: £37.7m

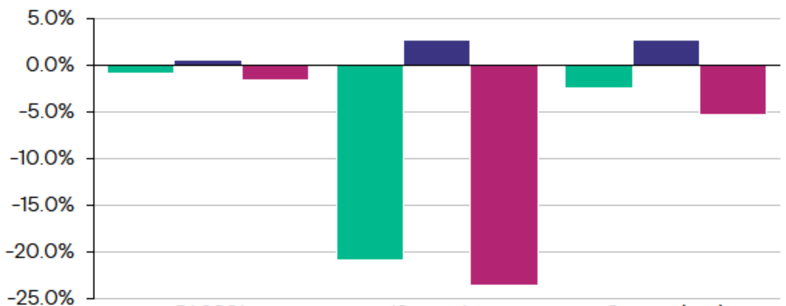
Current Weighting: 0.9%

Inception: 31 January 2008

Benchmark: CPI + 2.0%

Objective: CPI + 3%

Performance to 31 March 2021

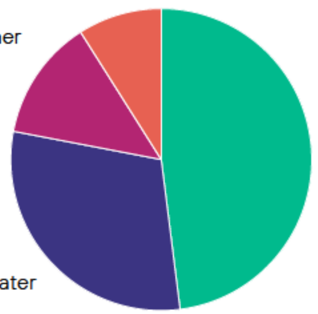


	Q1 2021	12 months	3 years (p.a.)
Return	-0.8%	-20.8%	-2.4%
Benchmark	0.7%	2.7%	2.8%
Relative	-1.5%	-23.6%	-5 2%

Commitments and Distributions to 31 March 2021

UBS	Fund I	Fund III
Total Commitment ($m)	35.0	50.0
Commitment Drawn ($m)	33.3	35.4
Distributions ($m)	23.7	-
Outstanding Commitment ($m)	1.7	14.6
Market Value (£m)	11.5	26.2

Underlying Asset Split as at 31 December 2020



Commentary – 3 month lagged

- Over the quarter the portfolio returned -0.8%, underperforming the CPI linked benchmark by 1.5%.
- Fund I continues 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.
- Underperformance has been driven by Fund I, which has been impacted by the performance of Southern Water (SW), with both revenue and EBITDA below baseline as a result of various factors including, low non-household consumption and overspends in relation to COVID-19. SW s carrying value was also reduced by £31m over the quarter, partly as a result of these issues and the board continue to develop and implement a 2 year execution plan to realign the business.
- The portfolio remains committed to positive ESG outcomes and both Funds achieved 5 stars in the GRESB 2020 survey.

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

Pantheon – Infrastructure

Mandate: Infrastructure

Current Value: £38.1m

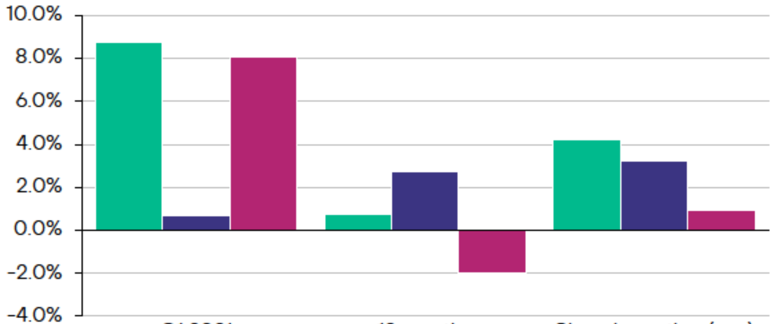
Current Weighting: 0.9%

Inception: 4 May 2018

Benchmark: CPI + 2.5%

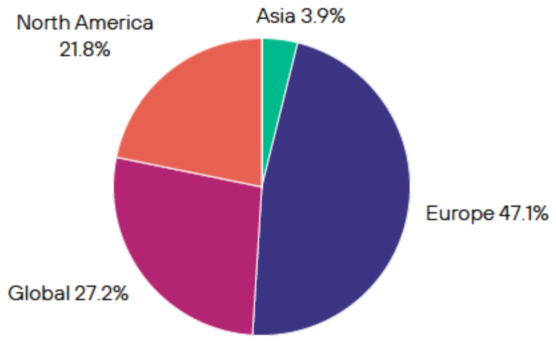
Objective: CPI + 3%

Performance to 31 March 2021



	Q1 2021	12 months	Since inception (p.a.)
Return	8.8%	0.7%	4.2%
Benchmark	0.7%	2.7%	3.3%
Relative	+8.1%	-2.0%	+1.0%

Geographical Allocation at 31 December 2020



Commitments and Distributions to 31 December 2020

Pantheon	
Total Commitment ($m)	117.0
Commitment Drawn ($m)	46.2
Distributions ($m)	5.3
Outstanding Commitment ($m)	70.8
Market Value (£m)	38.1

Commentary - 3 month lagged

- The fund delivered a positive absolute return of 8.8% over the quarter, outperforming the benchmark by 8.1%.
- The fund remains in its drawdown phase, with c.40% of the commitment drawn as at 31 December 2020. We expect the remaining capital for PGIF III will be drawn by mid 2021.
- Patheon note the continued demand for Digital Infrastructure, which has seen significant valuation uplifts over the quarter. For example, Hivory (a leading French Telecom towers business) was disposed of earlier than planned, after receipt of an attractive offer which was a 44% increase on the Q3 2020 valuation.
- Pantheon cite their pipeline remains strong, with over $3bn worth of additional deals in various stages of due diligence across secondaries and co-investments.

Note: Totals may not sum due to rounding. Performance quoted net of fees. Performance information available to 31 December 2020 due to 3 month reporting lag.
Source: Investment manager, Northern Trust, Isio calculations.

M&G – Infrastructure

Mandate: Infrastructure

Current Value: £32.7m

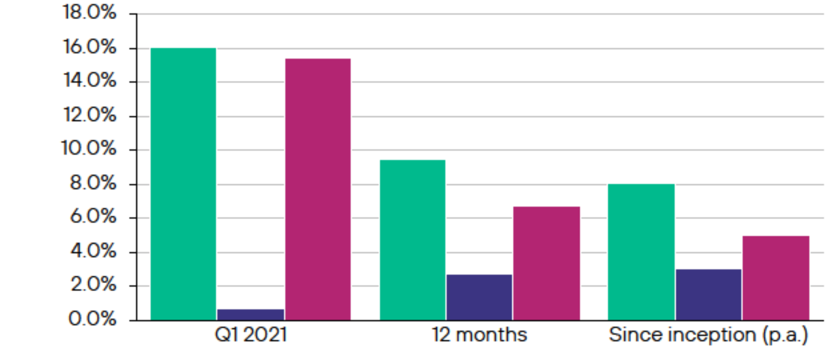
Current Weighting: 0.8%

Inception: 31 October 2018

Benchmark: CPI + 2.5%

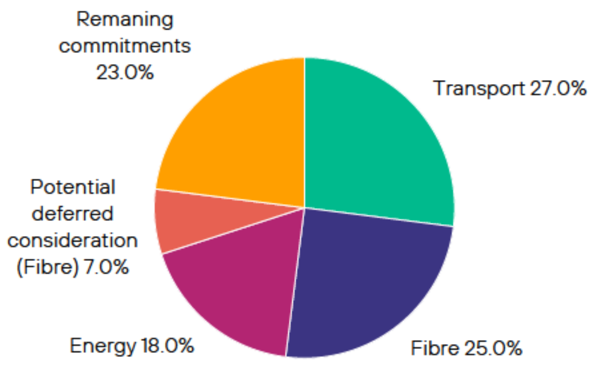
Objective: CPI + 3%

Performance to 31 March 2021



	Q1 2021	12 months	Since inception (p.a.)
Return	16.1%	9.5%	8.0%
Benchmark	0.7%	2.7%	3.0%
Relative	+15.4%	+6.7%	+5.0%

Brownfield Sector exposure to 31 March 2021



Commitments and Distributions to 31 March 2021

M&G – Infracapital	Brownfield III	Greenfield II
Total Commitment (£m)	42.0	20.0
Commitment Drawn (£m)	29.2	-
Distributions (£m)	3.5	-
Outstanding Commitment (£m)	12.8	-
Market Value (£m)	32.7	-

Commentary

- The Portfolio delivered exceptionally strong performance over the quarter, outperforming its benchmark by 15.4%. Performance is still driven solely by the Brownfield III Fund as the Greenfield fund remains undrawn. Current net forecast IRR is 14.7%.
- Performance over the quarter was driven a material valuation uplift in the Last Mile Infrastructure Group, which designs, builds and operates last mile electricity, gas and water connections in the UK. The business has been able to continue trading through the various lockdowns and has just produced an updated 5 year business plan, which included a reassessment of discount rate and future value projections.
- M&G expects to start drawing down capital for the Greenfield II Fund over the coming months.

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

ATLAS – Global Infrastructure Equity Fund

Mandate: Global Infrastructure Equity

Current Value: £77.3m

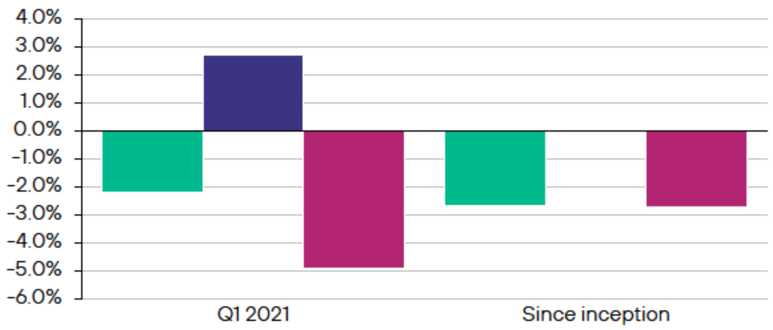
Current Weighting: 1.8%

Inception: 2 December 2020

Benchmark: FTSE Developed Core 50/50 Infrastructure Index

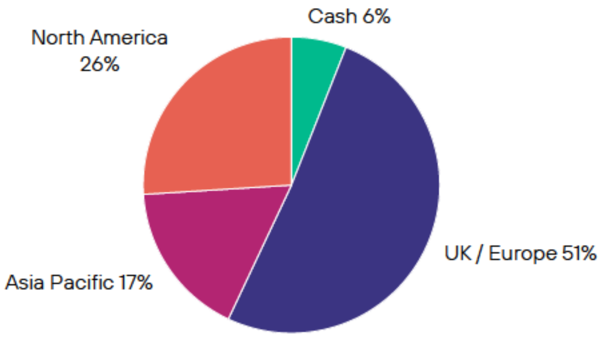
Objective: CPI + 5%

Performance to 31 March 2021

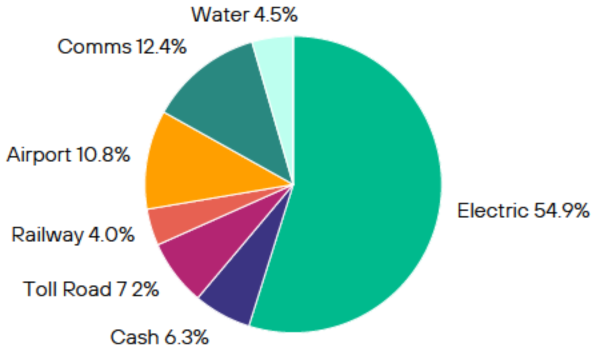


	Q1 2021	Since inception
Return	-2 2%	-2.7%
Benchmark	2.7%	0.0%
Relative	-4.9%	-2.7%

Geographic Allocation at 31 March 2021



Sector Allocations at 31 March 2021



Commentary

- The fund delivered a return of -2.2% over the quarter, underperforming its CPI linked objective and its market benchmark.
- The fund s limited exposure to stronger performing sectors such as pipelines, storage, North American rail and Japanese utilities, weighed on performance relative to benchmark over the period.
- At asset level, SES Global (European Communications) and Red Electric (US electric / renewables) both detracted from returns, as the market reacted negatively to their respective financial results releases.
- The team added four new positions over Q1, including Severn Trent (UK Water), ASTM (Italian toll roads), Chorus (New Zealand fibre) and Nisource (US Gas/ Electric). These investments were funded through ATLAS seeing attractive opportunities to exit some existing holdings which had experienced strong share price appreciation over Q4 (and corresponding reduced expected returns going forward).

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

Ruffer – Absolute Return

Mandate: Diversified Growth Fund

Current Value: £510.0m

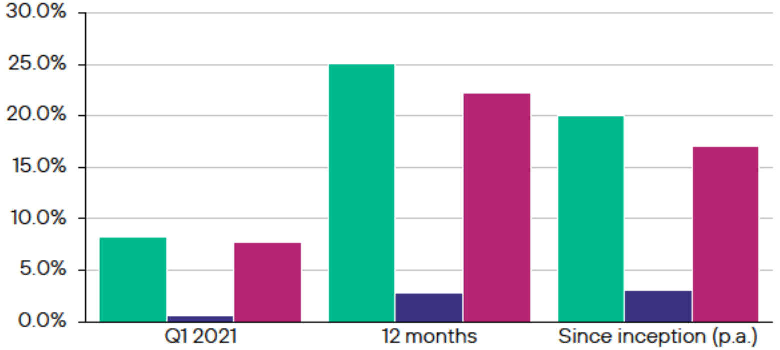
Current Weighting: 12.0%

Inception: 4 December 2019

Benchmark: 3-month LIBOR + 2.5%

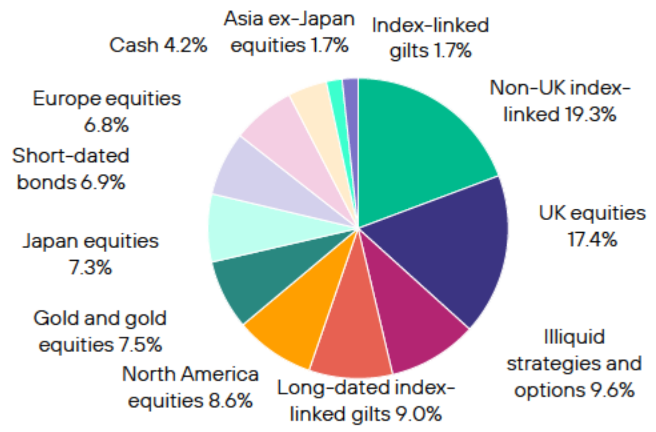
Objective: 3-month LIBOR + 4% p.a. (gross) over rolling 5 years

Performance to 31 March 2021

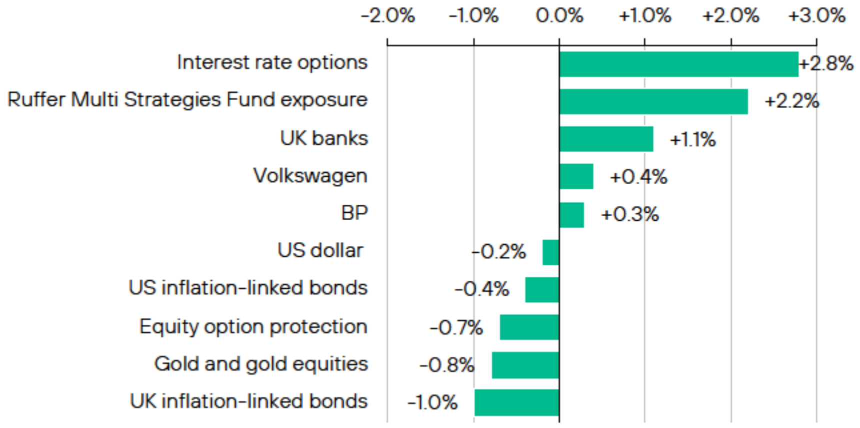


	Q1 2021	12 months	Since inception (p.a.)
Return	8.3%	25.1%	20.1%
Benchmark	0.6%	2.9%	3.0%
Relative	+7.7%	+22 2%	+17.0%

Asset Allocation at 31 March 2021



Contributors to performance at 31 March 2021



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

Commentary

- The fund delivered strong returns over Q1 and significantly outperformed it s peers over the quarter and one year. Q1 outperformance was driven primarily by its allocation to equities, particularly Financial and Energy stocks, which performed well in anticipation of economies reopening. The main detractor was exposure to inflation linked bonds. Despite inflation expectations rising these declined due to the positive outlook for the economy.
- Throughout the quarter Ruffer rotated some of its equity exposures from high quality stay-at-home staples such as Disney and Ocado towards more economically sensitive equities in sectors including Healthcare and Oil with the aim of benefitting from reopening economies.
- The team maintain the view that low interest rates and fiscal support from governments will lead to higher inflation. They have therefore maintained allocations to inflation linked assets such as Inflation Linked Bonds and Gold.

M&G – Real Estate Debt Fund

Mandate: Private Debt

Current Value: £42.4m

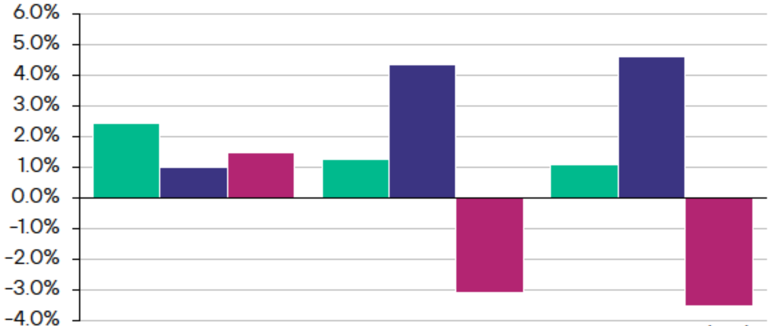
Current Weighting: 1.0%

Inception: 11 April 2019

Benchmark: Benchmark: 3m LIBOR +4%

Objective: Objective: 3m LIBOR +5%

Performance to 31 March 2021

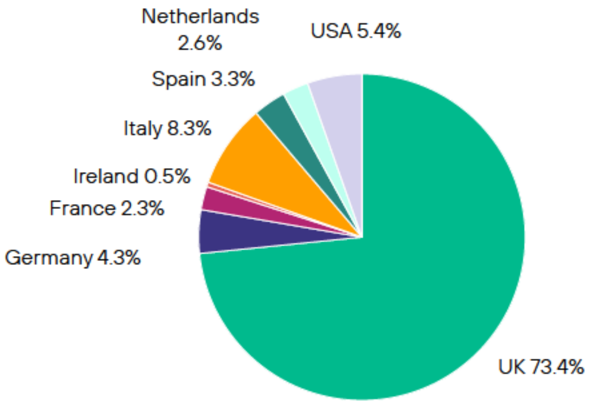


	Q1 2021	12 months	Since inception (p.a.)
Return	2.5%	1.3%	1.1%
Benchmark	1.0%	4.4%	4.6%
Relative	+1.5%	-3.1%	-3.5%

Commitments and Distributions to 31 March 2021

M&G – Real Estate Debt Fund	
Total Commitment (£m)	60.0
Commitment Drawn (£m)	41.3
Distributions (£m)	20.9
Outstanding Commitment (£m)	18.7
Market Value (£m)	42.4

Average Invested Capital by Geography Across the Portfolio



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

Commentary – 3 month lag

- M&G continued to deploy capital over Q4, with all portfolios now largely deployed. Four new deals were transacted in the office and residential sectors in the UK and Netherlands. M&G believe these sectors are resilient, with prime locations protecting against uncertainty such as future office demand in a flexible working environment.
- Project Genesis remains the only major position on the watch list. As senior lenders, M&G is providing additional capital split equally with an external lender. M&G have injected £2m for capex purposes to support the asset going forward with a further £18m available to be drawn. Various underlying tenants agreed to renew their leases over Q4 and alternative uses are being explored for those units with excess capacity (e.g. Boohoo considering converting a portion of retail space for office purposes).
- M&G have an active pipeline to support full deployment and are comfortable with the overweight to UK assets given its pace of vaccine roll outs relative to Europe. No losses or impairments are expected from the four remaining minor watchlist positions.
- We note there have recently been some material team changes at M&G in relation to this fund and have provided further detail in the appendix of this report.

M&G - Alpha Opportunities Fund

Mandate: Multi Asset Credit

Current Value: £285.1m

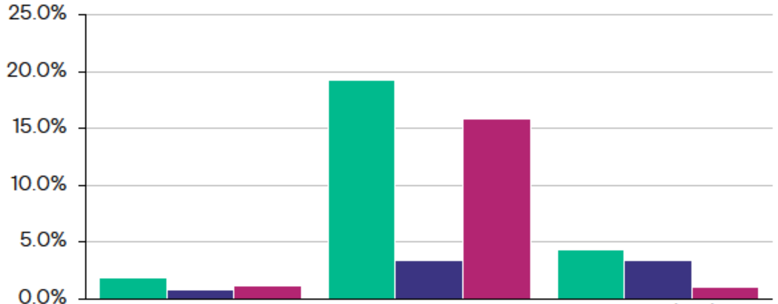
Current Weighting: 6.7%

Inception: 30 November 2009

Benchmark: 3 Month Libor +3%

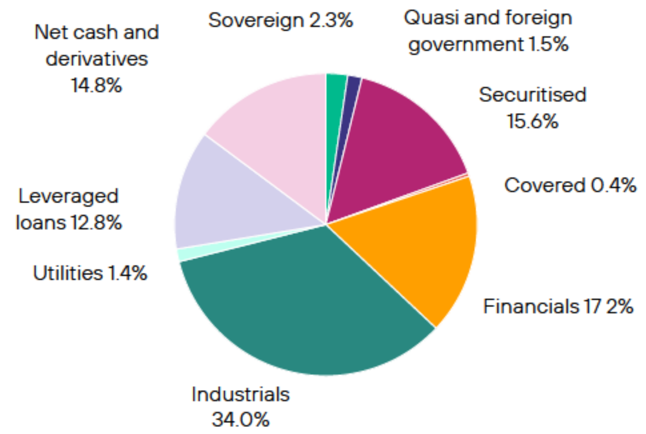
Objective: 3 Month Libor +5% (gross)

Performance to 31 March 2021

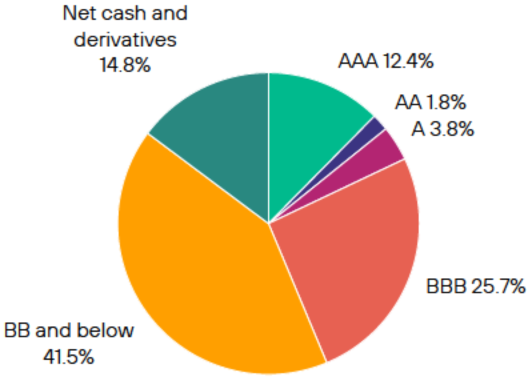


	Q1 2021	12 months	3 years (p.a.)
Return	1.9%	19.3%	4.3%
Benchmark	0.8%	3.4%	3.4%
Relative	+1.1%	+15.9%	+1.0%

Sector Allocation as at 31 March 2021



Credit Ratings as at 31 March 2021



Commentary

- In a quarter where credit market returns were dominated by movements in the risk free rate, the fund performed relatively well as the manager hedges away this exposure. The 12 Months performance shown is displaying a "base effect", as the performance is measured from the market low of Q1 2020.
- Notable performers included GE, Ford and Anglo American – reflecting the US s advanced recovery and increasing investor confidence in sectors heavily impacted by the pandemic. US positions are not typically a key component of the strategy and demonstrates the manager s conviction in some of these unloved names .
- M&G think that credit markets continue to price in a near perfect recovery and have decided to position the portfolio more defensively. They have continued take profits on strong performing credits and increased the Fund s cash allocation by c.4% – as a result, reducing the overall level of portfolio risk (measured through spread duration).

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

M&G – Corporate Bonds

Mandate: Corporate Bonds

Current Value: £158.4m

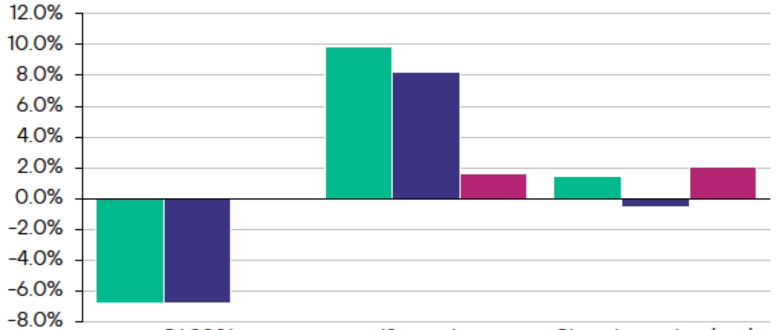
Current Weighting: 3.7%

Inception: 26 February 2020

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

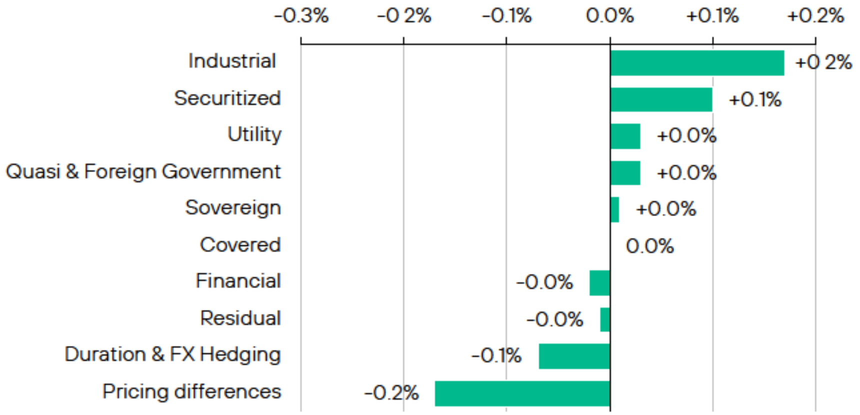
Objective: Outperform benchmark by 0.8% p.a. (gross)

Performance to 31 March 2021

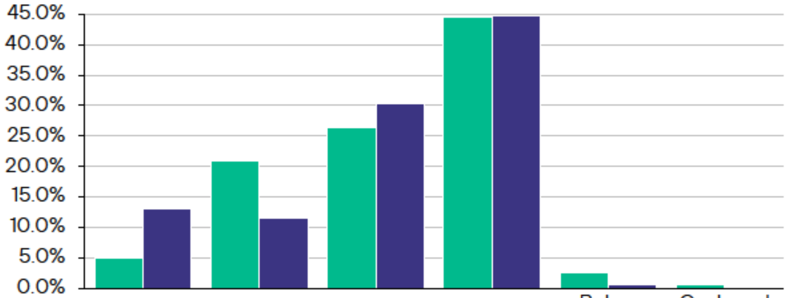


	Q1 2021	12 months	Since inception (p.a.)
Return	-6.8%	9.8%	1.5%
Benchmark	-6.8%	8.2%	-0.5%
Relative	+0.0%	1.6%	+2.0%

Performance Attribution as at 31 March 2021



Fund Credit ratings to Benchmark at 31 March 2021



	AAA	AA	A	BBB	Below BBB or Non-rated	Cash and Derviatives
Credit Rating	5.0%	21.0%	26.5%	44.5%	2.5%	0.5%
Benchmark	13.0%	11.4%	30.4%	44.7%	0.5%	0.0%

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

Commentary

- The Fund returned -6.8% over the quarter, performing inline with its benchmark.
- Over the quarter increasing expectations for inflation drove rising yields, leading to losses across interest-rate-sensitive sectors of the market. This came even as central government fiscal policy continued to offer significant support to stabilise the market.
- We note that the corporate bond allocation has partial liability-matching characteristics, providing the Fund with a degree of protection against the impact of interest rate movements on the value placed on the liabilities.
- Over the quarter M&G continued to de-risk the fund, retaining an underweight position in credit risk relative to the benchmark.
- Looking further ahead, M&G believe the steepness of government bond yield curves is an indication that monetary policy will not be tightened in the near future; however, the team note that longer term rates are more susceptible to changes in inflation expectations.

UBS – Over 5 Year IL Gilt Fund

Mandate: Index Linked Gilts

Current Value: £128.8m

Current Weighting: 3.0%

Inception: 28 August 2017

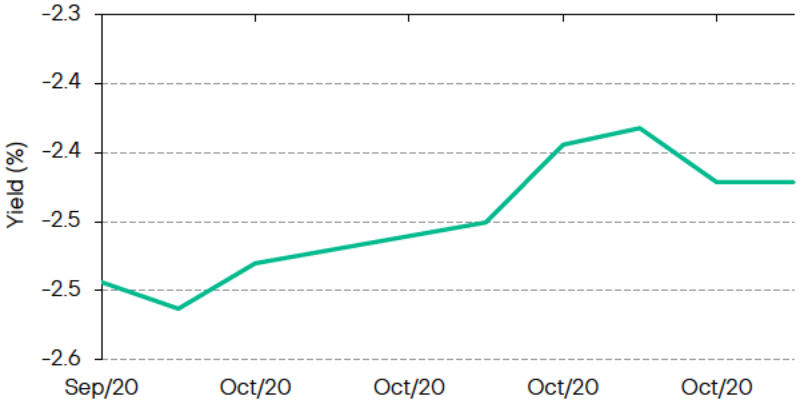
Benchmark: FTSE Index- Linked Gilts Over 5 Years

Objective: Match benchmark

Performance to 31 March 2021

	Q1 2021	12 months	Since inception (p.a.)
Return	-7.0%	0.8%	4.5%
Benchmark	-7.0%	2.6%	5.1%
Relative	-0.0%	-1.8%	-0.6%

Real Gilt Yields – Q1 2021



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

Commentary

- The Fund returned -7.0% over the quarter, in line with its benchmark.
- The increase in real yields observed over the period came despite a rise in long term inflation expectations, which failed to offset the impact of a significant spike in long dated nominal yields.
- This allocation has liability-matching characteristics, providing the Fund with protection against the impact of both interest rates and inflation expectations on the value placed on the liabilities.

Fossil Fuel Exposure

The Table shows the Fund's fossil fuel exposure as at 31 March 2021.

The Fund's biggest contributors to Fossil Fuel exposure is the passive UBS equity mandates.

There was a sharp increase in the fossil fuel exposure of the UBS Japan Fund due to a new fossil fuel flag for thermal coal reserves with the Toyota Motor Corporation.

Fund	Actual Fossil Fuel Exposure (%)	Actual Fossil Fuel Exposure (£m)	Benchmark Fossil Fuel Exposure (%)	Relative (%)	Management Style
UBS – Japan	9.5%	£2.9	9.6%	-0.1%	Passive
UBS - Europe	5.2%	£4.5	5.3%	-0.1%	Passive
UBS - UK	13.4%	£8.9	13.2%	0.1%	Passive
UBS – Pacific (ex Japan)	9.3%	£3.1	9.5%	-0.2%	Passive
UBS – North America	4.7%	£7.1	4.7%	0.0%	Passive
UBS – Emerging Markets	9.2%	£5.7	9 2%	0.0%	Passive
Longview - Global Equity	0.0%	£0.0	10.8%	-10.8%	Active
WHEB - Sustainability Fund	0.0%	£0.0	-	-	Active
ATLAS Global Infrastructure Equity Fund	0.0%	£0.0	-	-	Active
Wellington – Global Impact Fund	0.0%	£0.0	-	-	Active
Storebrand – Global ESG Plus Fund	0.0%	£0.1	-	-	Passive – Smart Beta
Harbourvest – Private Equity[1]	1.1%	£1.2	-	-	Active
Adams Street – Private Equity[1]	1.7%	£2.6	-	-	Active
Newton – Absolute Return	2.6%	£12.8	-	-	Active
Schroders – Property[2]	0.0%	£0.0	-	-	Active
Pantheon – Infrastructure[2]	0.0%	£0.0	-	-	Active
M&G Infrastructure[2]	0.0%	£0.0	-	-	Active
M&G -Private Debt2	0.0%	£0.0	-	-	Active
M&G -UK Financing Fund[2]	0.0%	£0.0	-	-	Active
M&G -Alpha Opportunities	2.0%	£5.6	8.4%	-6.4%	Active
Ruffer -Absolute Return	2.8%	£14.5	-	-	Active
M&G -Corporate Bonds	8.4%	£13.2	9.6%	-1.3%	Active
UBS -Over 5 Year IL Gilt Fund	0.0%	£0.0	-	-	Passive
Cash	0.0%	£0.0	-	-	Passive
Total Assets	**1.9%**	**£82.2**	**-**	**-**	

Notes: Totals may not sum precisely due to rounding. All asset valuations have been provided by Northern Trust. Benchmark data where available has been provided by investment manager. 1. Data provided as at 31 December 2021. 2. Manager unable to provide fossil fuel exposure information for Fund.
Source: Investment Managers, Northern Trust, Link, Isio calculations.

Appendices

Market Background – Global Equity

Summary

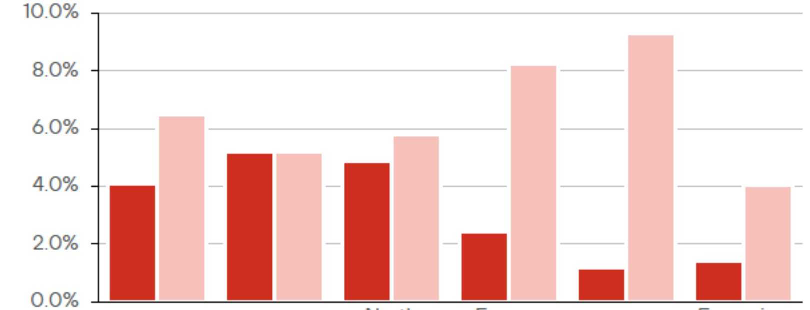
Equity markets performed positively over Q1, underpinned by the rollout of COVID-19 vaccines and the progressive easing of lockdown measures.

Global central banks have retained expansionary monetary polices through low interest rates and asset purchase programs.

The US president confirmed a $1.9 trillion fiscal stimulus package, whilst the UK Government continued with the furlough scheme.

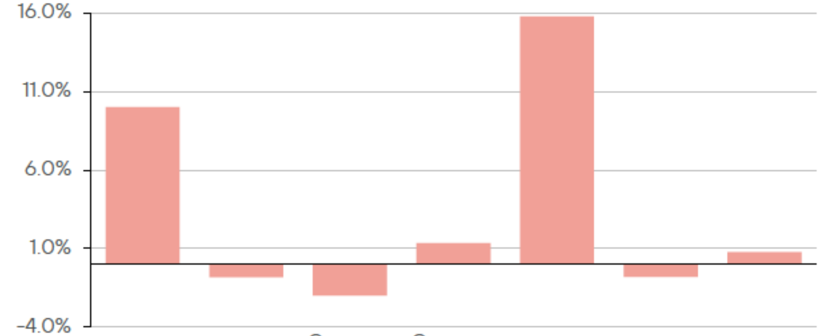
GBP hedged assets outperformed unhedged assets over Q1, with Sterling strengthening against most currencies over the period.

Regional Returns – Q1 2021



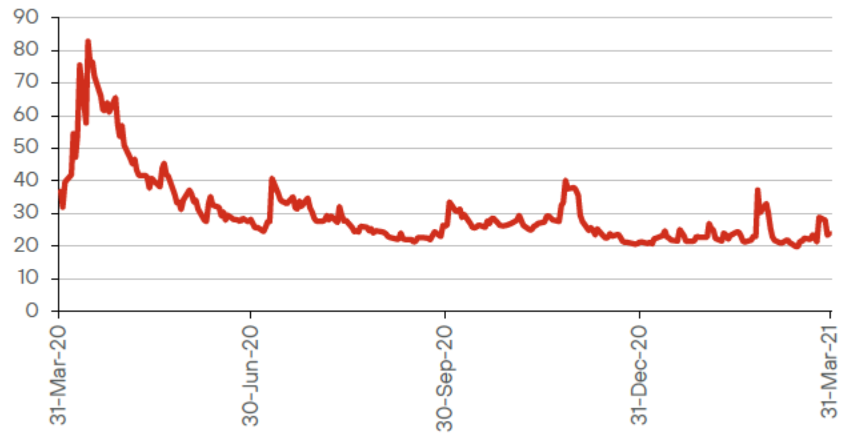
	World	UK	North America	Europe exc UK	Japan	Emerging Markets
Sterling	4.1%	5.2%	4.9%	2.4%	1.2%	1.4%
Local	6.5%	5.2%	5.8%	8.2%	9.3%	4.0%

Sector Returns – Q1 2021



	Financial	Utilities	Consum. Staples	Consum. Discret.	Energy	Health	Tech
Sector	10.0%	-0.8%	-2.0%	1.3%	15.8%	-0.8%	0.8%

VIX Volatility Index – Last 12 months



Commentary

- Equity markets delivered positive performance over Q1 with returns being supported by the impact of the COVID-19 vaccine rollout on economic growth expectations, and further announcements surrounding the US stimulus package.
- UK equities posted positive returns as lower multiple cyclical stocks, to which the UK market has considerable exposure, continued to recover and deliver strong performance. The US also performed positively, with confirmation of a significant stimulus package contributing to improving investor sentiment.
- GDP-sensitive stocks performed strongly: energy was the highest returning sector, with prices supported by increased demand for oil as economies continued to re-open. Promises of increased government spending also drove gains for the Industrials sector.
- Elevated volatility is expected to remain over the short-term, as markets remain sensitive to COVID-19 developments and further lockdown measures.

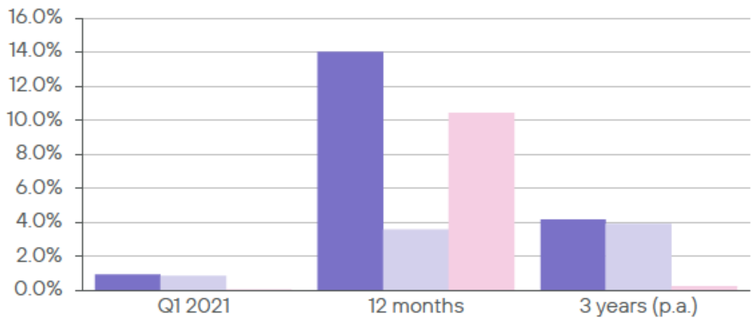
Note: Please see Appendix 3 for further information.
Source: Datastream, Isio calculations.

Market Background – Diversified Growth Funds ("DGFs")

Summary

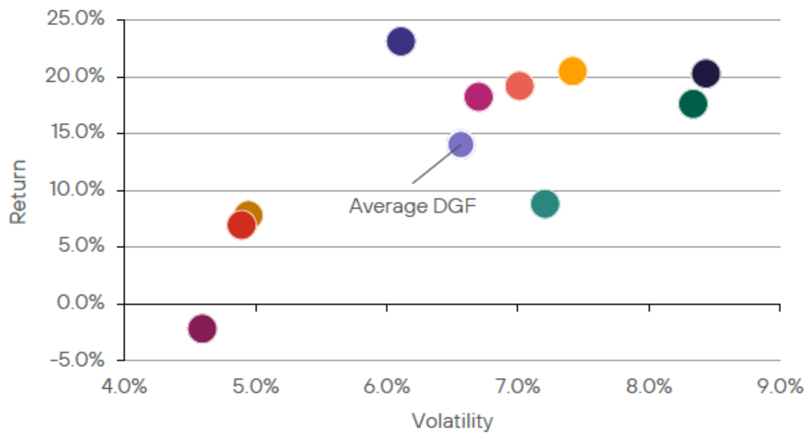
Within our sample of managers we have incorporated the performance of ten DGFs with various manager styles, aiming to give a balanced view of the market.

Sample Manager Average Returns – Q1 2021

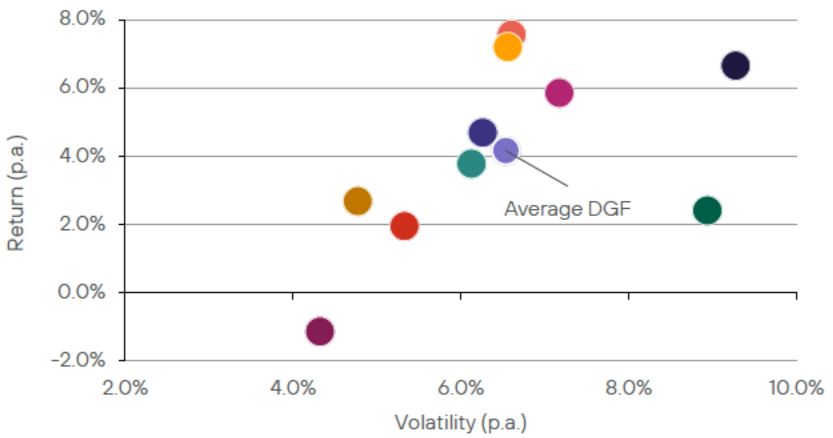


	Q1 2021	12 months	3 years (p.a.)
Average DGF	1.0%	14.0%	4.2%
Cash +3.5%	0.9%	3.6%	3.9%
Relative	0.1%	10.4%	0.3%

Sample Manager Returns and Volatility – 12 months



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



Note: Please see Appendix 3 for further information. All returns are quoted net of management fee.
Source: Investment Managers, Isio calculations.

Commentary

- The average DGF delivered positive performance over Q1 2021 as equities and commodities rose following the COVID-19 vaccine rollout and further US stimulus. Credit markets detracted due to rising yields following global inflationary concerns – managers who positioned themselves for higher future inflation performed strongly as inflation-linked bonds rallied.
- Growth assets were the main driver of returns over the 12-month period. This has benefited managers with more exposure to equities and commodities relative to broad credit markets. Assets such as equity recovered from the lows seen in March 2020.
- DGF managers are maintaining a positive outlook believing growth assets should benefit from the rollout of COVID-19 vaccines programs supporting the economic re-opening, as well as the ongoing fiscal and monetary stimulus. The main risks identified by managers include increasing debt, inflationary pressure, and political instability.

Market Background – Real Assets

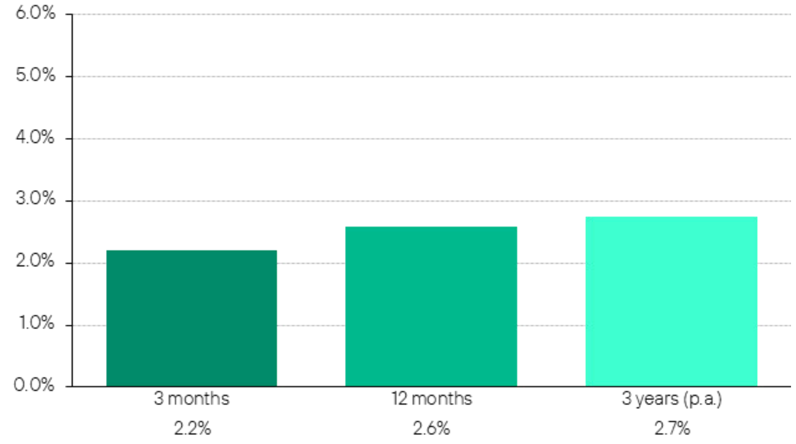
Summary

Both Core and Long Lease Property returned positive performance over the quarter, due to positive income return combined with improved capital values across some sectors.

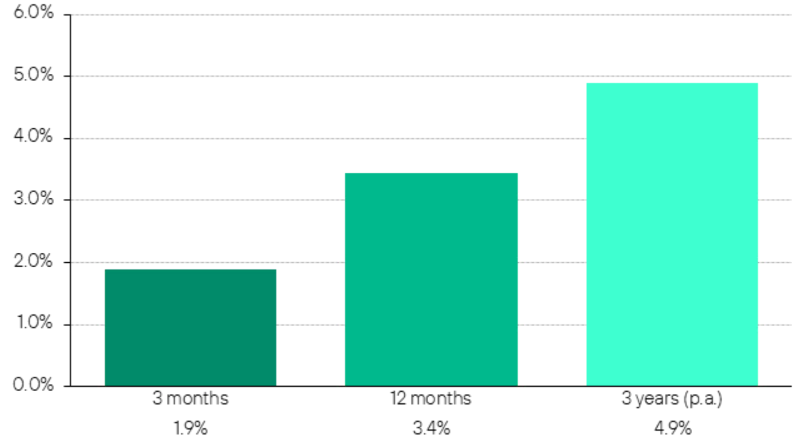
A successful beginning to the rollout of COVID-19 vaccinations in the UK, alongside a more bullish outlook for economic recovery in the UK, including from the Bank of England, boosted market sentiment.

A familiar theme of divergence between sectors, with leisure and hospitality assets struggling and industrials performing the strongest, continued over the quarter as a further lockdown in the UK led to retail remaining largely online.

Core UK Property Returns



Long Lease UK Property Returns



Commentary – Core UK Property

- Core UK property delivered positive returns for the third consecutive quarter following a fall in values during the initial lockdown restrictions of H1 2020. Positive income returns boosted performance, whilst stable capital values implied that further lockdown restrictions in the UK during Q1 2021 were largely priced in to 31 December 2020 valuations.
- Rent collections remain in the region of 65%-80% for Core UK property funds, with retail and leisure assets most impacted. Most managers continue to take a long-term view to rent collection, in some cases extending payment plans in order to ease liquidity strains on businesses currently struggling, but expected to recover.
- Industrials continued to be the strongest performer over the quarter, with most managers noting that demand remains high despite historically low yields.
- A positive start to the UK s COVID-19 vaccination programme led to increased optimism that leisure, retail and office space would see some recovery in activity over 2021. A 2% increase in deal flow reflected some pent up demand for UK property, notably in the industrial sector.

Commentary – Long Lease UK Property

- Long Lease Property delivered positive returns over the period, with income return the principle driver of performance.
- Positive income returns for long lease funds continues to benefit from higher rent collection versus core property funds, with managers ranging from 80%-90% collection, reflecting a bias towards less economically sensitive, high quality tenants, which have been less impacted by lockdown restrictions in the UK.
- As in recent quarters, supermarkets performed strongly as demand for consumer staples remained high. Industrial assets, including logistics and online retail warehouses performed strongly as discretionary retail remained largely online.
- Transaction activity in the UK property market, measured by the number of deals completed, increased by 2% versus Q4 2020, reaching the highest levels since pre-Covid-19. However, the total volume of transactions over the period fell.
- Most managers continue to forecast positive capital growth from 2022 onward, as the economy recovers, with income returns expected to remain relatively stable.

Note: Please see Appendix 3 for further information.
Source: AREF / IPD and Investment Managers.

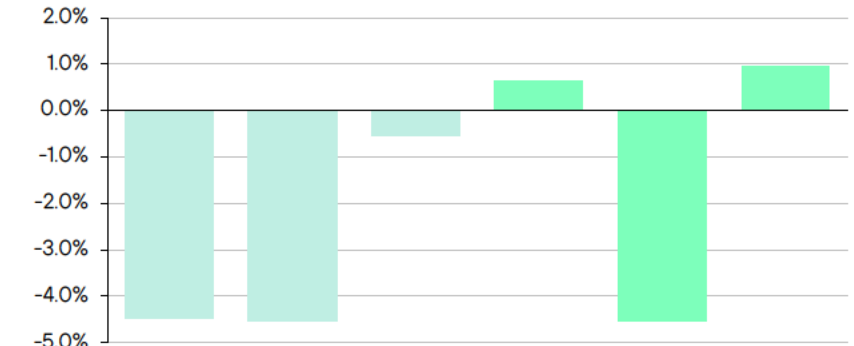
Market Background – Credit

Summary

Performance across global credit markets was mixed over Q1, with the interest rate sensitivity of different sub-asset classes being the main driver of relative performance. Rising inflation expectations and developed market government bond yields put pressure on interest rate sensitive markets, such as IG.

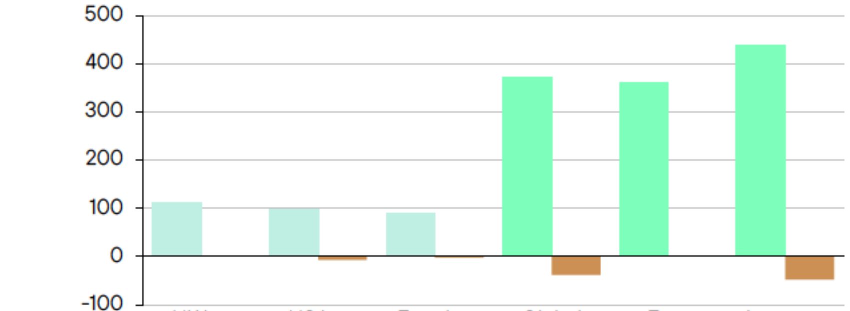
Higher yielding asset classes (such as high yield bonds and leveraged loans) fared comparatively better, due to their lower correlation with government bond yields and improved economic outlook among investors. This led credit spreads in these markets to fall below their pre-pandemic levels (i.e. 31 December 2019).

Credit Market Returns – Q1 2021



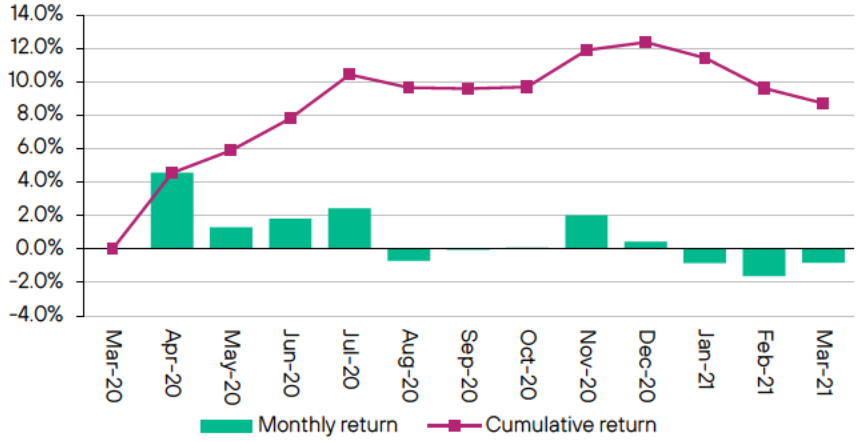
	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets	Leverag. Loans
£ Hedged	-4.5%	-4.5%	-0.5%	0.6%	-4.5%	1.0%

Credit Spreads – Q1 2021



	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets	Leverag. Loans
End of qtr	113	97	91	373	361	439
Qtr change	0	-6	-2	-37	1	-47

Global Broad Credit Market Return – Last 12 Months



Commentary

Over Q1, the main market trend driving credit markets returns was rising interest rate expectations due to global reflationary fears. This led to interest rate sensitive assets, such as investment grade credit, performing negatively.

- Total returns within **investment grade ('IG')** credit markets were negative over Q1, despite strong demand for newly issued IG bonds and muted spread movements. This was due to the interest rate sensitivity of this sub-asset class, as IG bond prices followed developed government bond prices downwards.
- **Global high yield ('HY')** bond markets delivered positive total returns, outperforming IG due to their lower sensitivity to interest rate expectations. Performance was driven by spread movements as demand for yield-producing credit increased in Q1 , with supportive economic/company earnings data and COVID-19 vaccinations improving investor sentiment towards HY.
- **Emerging market ('EM')** debt markets delivered negative returns over Q1 due to their sensitivity to rising global interest rates. In addition, a strengthening US Dollar also weighed on the asset class, making US Dollar denominated debt more expensive to service in local currency terms.

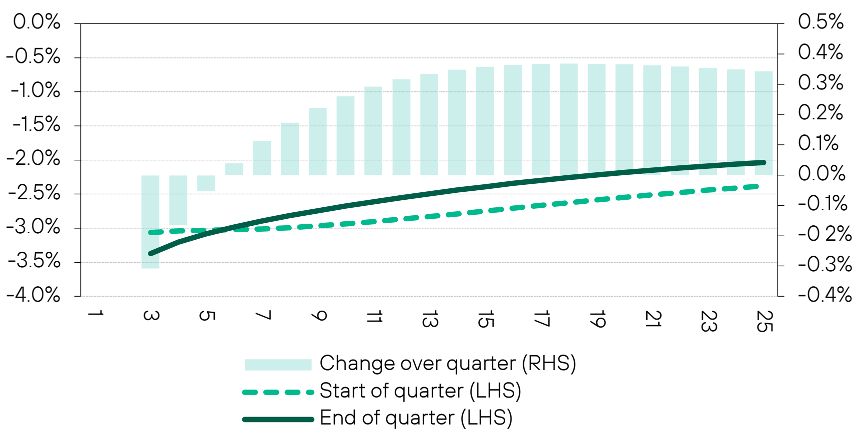
Note: Please see Appendix 3 for further information. Credit spreads are shown in basis points (100 bp = 1%).
Source: Investment Managers, Isio calculations, Eikon

Market Background – Yields

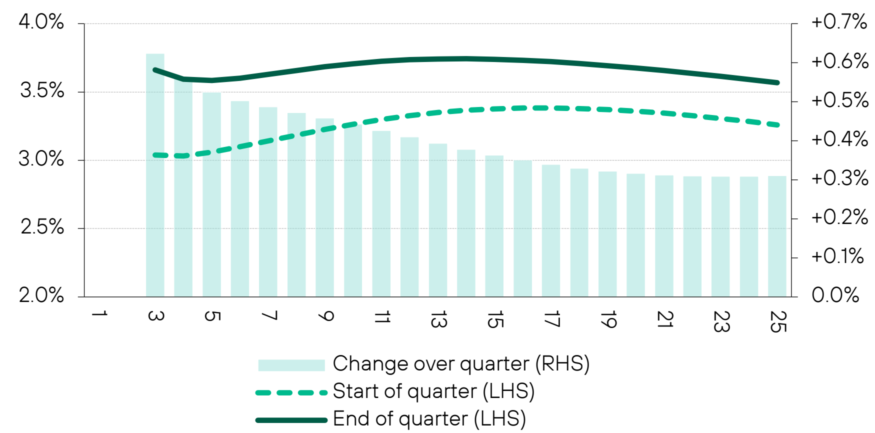
Summary

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

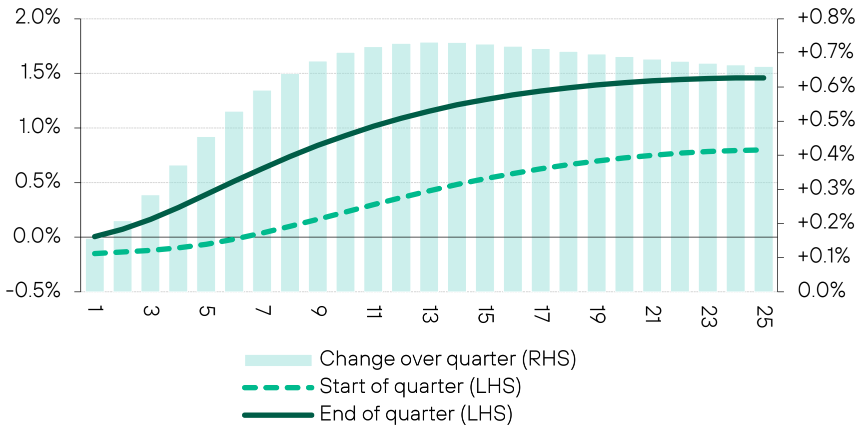
Real Gilt Yields – Q1 2021



Gilt-Implied Inflation – Q1 2021



Nominal Gilt Yields – Q1 2021



Commentary

- Long-dated (20-year) yields at the quarter-end were:
  - Real gilt yield: -2.2%
  - Nominal gilt yield: 1.4%
  - Gilt-implied inflation expectation: 3.7%

Note: Please see Appendix 5 for further information.
Source: Bank of England, Isio Calculations

Explanation of Market Background

This glossary explains the components of the Market Background charts in Appendix 2.

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).

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
  - Diversified Growth Funds: mean of a sample of DGF 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.

Explanation of Market Background (cont.)

This glossary explains the components of the Market Background charts in Appendix 2.

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).

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 – 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).

Explanation of Market Background (cont.)

This glossary explains the components of the Market Background charts in Appendix 2.

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).

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.

Market Background - DGF

- **Diversified Growth Funds ("DGFs")** – Due to the lack of a market index for DGFs, 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 DGF 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.
- DGFs encompass a range of investment approaches, return targets, and risk profiles. Consequently, different managers returns are not necessarily a like-for-like comparison.

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