East Sussex Pension Fund

Investment Performance Report

Quarter to 30 June 2023

Isio Investment Advisory

isio.

Document Classification: Confidential

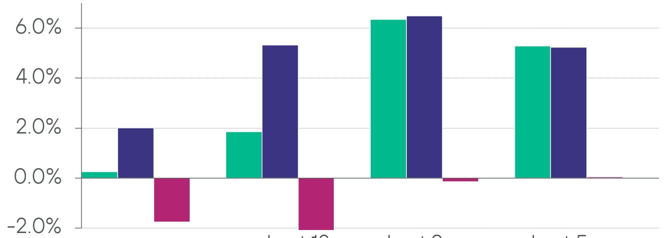
Contents

Highlights

Executive Summary – 30 June 2023

Access Pool	Fund	Q2 2023 Performance			Value at Quarter End	
		Fund	Benchmark	Relative	31-Mar-23	30-Jun-23
Yes	UBS Osmosis – Sustainable Equity	4.1%	3.9%	+0.2%	£237.0m	£246.8m
Yes	Longview - Global Equity	4.6%	3.9%	+0.7%	£555.7m	£529.0m
No	WHEB – Sustainable Equity	-0.6%	3.9%	-4.5%	£221.8m	£220.6m
No	Wellington – Sustainable Equity	0.0%	3.3%	-3.2%	£222.1m	£222.2m
No	Storebrand – Sustainable Equity	3.6%	3.9%	-0.3%	£501.2m	£519.2m
Yes	Baillie Gifford – Global Equity	3.1%	3.3%	-0.2%	£187.3m	£193.1m
No	Harbourvest – Private Equity [1,2]	-2.6%	3.6%	-6.2%	£179.5m	£179.0m
No	Adams Street – Private Equity [1,2]	-2.0%	3.6%	-5.6%	£195.7m	£191.3m
Yes	Newton – Absolute Return	-1.7%	1.7%	-3.4%	£340.9m	£335.2m
Yes	Ruffer - Absolute Return	-6.3%	1.7%	-8.0%	£478.9m	£448.7m
No	Schroders – Property	0.6%	0.4%	+0.2%	£348.8m	£347.8m
No	UBS – Infrastructure [2]	-2.5%	2.5%	-5.0%	£36.3m	£35.4m
No	Pantheon – Infrastructure [2]	2.2%	2.5%	-0.3%	£81.2m	£83.0m
No	M&G – Infrastructure [2]	0.2%	2.5%	-2.3%	£53.0m	£57.5m
No	IFM – Infrastructure [3]	0.6%	2.5%	-1.9%	£234.1m	£235.4m
No	ATLAS - Listed Infrastructure	-1.0%	-3.0%	+2.1%	£100.9m	£100.0m
No	M&G – Real Estate Debt [2]	2.0%	2.1%	-0.1%	£43.0m	£40.5m
Yes	M&G – Diversified Credit	2.5%	1.9%	+0.7%	£293.2m	£300.6m
Yes	M&G - Corporate Bonds	-4.2%	-4.1%	-0.1%	£123.6m	£118.5m
Yes	UBS - Over 5 Year Index-linked Gilts	-7.8%	-7.8%	-0.0%	£93.8m	£133.2m
	Total Assets	0.2%	2.0%	-1.8%	**£4,528m**	£4,536.9m

Period returns – to 30 June 2023



	Q2 2023	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
Scheme Return	0.2%	1.9%	6.3%	5.3%
Benchmark Return	2.0%	5.3%	6.5%	5.2%
Relative	-1.8%	-3.5%	-0.1%	0.0%
Sample 60:40 Portfolio	0.3%	3.5%	3.0%	5.1%

Commentary

- The Fund's assets delivered a positive absolute return over the quarter, returning 0.2% but underperformed the benchmark return of 2.0% by 1.8%.
- The public equity market managers posted largely positive returns but were mixed in terms of relative performance., with the active impact strategies WHEB and Wellington underperforming
- The Fund's illiquid holdings in private equity, which had performed very strongly over the majority of 2022 continued to see write downs in performance as underlying asset valuations fell more in line with their public market equivalents.
- The various credit mandates posted mixed results in both absolute and relative terms and gilt yields rose and spreads widened by varying degrees across credit sectors. The Schroders property mandate posted a positive return for the first time in 3 quarters, meanwhile the Absolute Return managers, particularly Newton, disappointed over the quarter.
- The longer term returns at Fund level remain strong, with equity assets adding significant value over the last decade.

The asset portfolio delivered a positive return of 0.2% over Q2, underperforming the benchmark by 1.8%.

The public equity market managers posted positive returns but had mixed relative performance as WHEB and Wellington continued to underperform.

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

The various credit mandates produced varied absolute performance but performance broadly in line with benchmark.

The Absolute Return managers disappointed over the quarter.

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

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

Source: Investment Managers, Northern Trust, Isio calculations.

Manager Performance – 30 June 2023

Fund	Q2 2023 Performance			1 Year Performance			3 Year Performance			5 Year Performance		
	Fund	Benchmark	Relative	Fund	Objective	Relative	Fund	Objective	Relative	Fund	Objective	Relative
UBS Osmosis – Sustainable Equity	4.1%	3.9%	+0.2%	13.9%	13.2%	+0.7%	-	-	-	-	-	-
Longview - Global Equity	4.6%	3.9%	+0.7%	16.2%	13.2%	+3.0%	14.6%	11.1%	+3.5%	9.5%	9.7%	-0.2%
WHEB - Sustainable Equity	-0.6%	3.9%	-4.5%	10.2%	13.2%	-3.0%	-	-	-	-	-	-
Wellington – Sustainable Equity	0.0%	3.3%	-3.2%	7.4%	11.3%	-3.9%	-	-	-	-	-	-
Storebrand – Sustainable Equity	3.6%	3.9%	-0.3%	11.8%	13.2%	-1.4%	-	-	-	-	-	-
Baillie Gifford – Global Equity	3.1%	3.3%	-0.2%	10.8%	11.3%	-0.5%	-	-	-	-	-	-
Harbourvest – Private Equity[1]	-2.6%	3.6%	-6.2%	-13.3%	13.0%	-26.3%	23.3%	11.5%	+11.9%	18.5%	10.4%	+8.2%
Adams Street – Private Equity[1]	-2.0%	3.6%	-5.6%	-14.0%	13.0%	-27.0%	23.8%	11.5%	+12.4%	18.4%	10.4%	+8.0%
Newton – Absolute Return	-1.7%	1.7%	-3.4%	-3.5%	6.1%	-9.6%	1.9%	3.9%	-2.0%	2.9%	3.6%	-0.7%
Ruffer - Absolute Return	-6.3%	1.7%	-8.0%	-2.0%	6.1%	-8.1%	4.9%	3.9%	+1.0%	5.1%	3.6%	+1.4%
Schroders – Property	0.6%	0.4%	+0.2%	-15.5%	-17.4%	+1.9%	3.8%	3.4%	+0.4%	2.3%	2.2%	+0.1%
UBS – Infrastructure	-2.5%	2.5%	-5.0%	3.8%	9.9%	-6.2%	-0.5%	8.6%	-9.1%	0.6%	6.3%	-5.7%
Pantheon – Infrastructure[1]	2.2%	2.5%	-0.3%	15.6%	9.9%	+5.7%	14.0%	8.6%	+5.4%	-	-	-
M&G – Infrastructure	0.2%	2.5%	-2.3%	13.8%	9.9%	+3.9%	11.9%	8.6%	+3.3%	-	-	-
IFM – Infrastructure	0.6%	2.5%	-1.9%	-	-	-	-	-	-	-	-	-
ATLAS – Listed Infrastructure	-1.0%	-3.0%	+2.1%	4.3%	-4.9%	+9.2%	-	-	-	-	-	-
M&G – Real Estate Debt	2.0%	2.1%	-0.1%	2.0%	7.6%	-5.6%	4.7%	5.4%	-0.7%	-	-	-
M&G – Diversified Credit	2.5%	1.9%	+0.7%	5.2%	6.6%	-1.4%	4.5%	4.4%	+0.2%	3.8%	4.1%	-0.4%
M&G - Corporate Bonds	-4.2%	-4.1%	-0.1%	-10.3%	-10.2%	-0.1%	-9.6%	-9.9%	+0.3%	-2.2%	-2.8%	+0.6%
UBS - Over 5 Year Index-linked Gilts	-7.8%	-7.8%	-0.0%	-20.0%	-20.0%	-0.1%	-14.9%	-14.8%	-0.1%	-5.5%	-5.5%	-0.0%
Total Assets	**0.2%**	**2.0%**	**-1.8%**	**1.9%**	**5.3%**	**-3.5%**	**6.3%**	**6.5%**	**-0.2%**	**5.3%**	**5.2%**	**0.1%**

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 30 June 2023.
[1] Valuation and performance information as at 31 March 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, whilst the active mandate from Longview outperformed over this period.

The private equity mandates have delivered very strong performance over the 3 and 5 year periods, however the performance has been largely negative recently and over the last 12 months as mark downs in private valuations have come through.

Of the infrastructure mandates, Pantheon has performed particularly strongly.

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

Looking Forward

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 are due to arrange implementation once the fund is available on the ACCESS platform. We currently expect this to be Q4 2023. **Illiquid Fixed Income Allocation** • The Officers and IWG group have requested Isio consider the options available to the Fund in relation to implementing the strategic allocation to illiquid fixed income. Isio prepared a briefing paper in early 2023 considering this allocation. This will be revisited later in 2023 following the formal investment strategy review currently in progress. **Investment Strategy Review** • Following the completion of the 2022 Actuarial Valuation and the shift in market regime to a higher interest rate environment over 2022, Isio was asked to perform a formal investment strategy review for the Fund. Isio prepared a paper considering the broad strategic allocation of the Fund and the ongoing appropriateness in the current market environment, for the July strategy day. Discussion will continue at the September meeting when the Committee will be asked to formally agree the new asset allocation. **Engagement vs Divestment of Fossil Fuels** • Isio have been working with the Officers and Committee on a detailed paper covering the broad merits of engagement vs divestment of fossil fuels, with specific reference to the Fund's circumstances and available options. The findings of which were presented at the July meeting. The final report will be presented at the September Committee meeting. **Mansion House Speech and Pooling Consultation** • Via the Mansion House speech in July 2023, the UK government is at the early stages of discussing reforms which may encourage LGPS funds to increase private equity allocations in the future. Alongside this, a wide ranging LGPS investment consultation was launched seeking views on proposals relating the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.	Information only Information only Information only Information only Information only Information only Information only
Investment Managers	• Wellington – following a material change in team, Isio are refreshing due diligence on the manager and will share views on this shortly. • M&G AOF Sustainable Version – Isio are in the process of researching and forming a view on the newly launched sustainable version of the Fund's existing holding AOF. Isio will share views on this shortly.	

Summary

This page sets out the main action / discussion points.

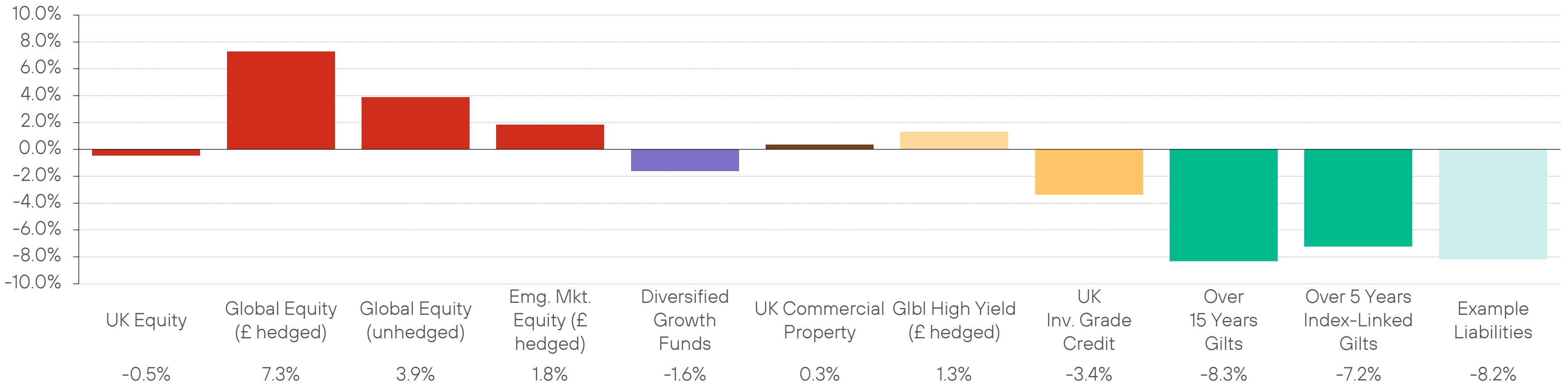
Status key

- Action
- Decision
- Discussion
- Information only

Market Background

Market Background – Overview Q2 2023

Returns by Asset Class – Q2 2023



Key Upcoming Events

- The dates for the Bank of England's Monetary Policy Committee (MPC) announcements in Q3 2023 are 3 August and 21 September.
- The dates for the US Federal Reserve's Federal Open Market Committee (FOMC) announcements in Q3 2023 are 26 July and 20 September.

Commentary

- Growth markets delivered mixed returns over Q2 2023, as there was a notable dispersion in performance across asset classes, sub-sectors, and geographies.
- Global equity markets delivered positive performance over Q2, despite continued interest rate hikes by major central banks. Strong returns were largely driven by developed markets (most notably the US), which benefitted from a rally in technology stocks, driven by growing enthusiasm over Artificial Intelligence.
- Over Q2, global bond market performance was mixed, as volatility somewhat stabilised after the previous quarter's banking crisis, though there was a dispersion in performance across underlying credit sub-sectors.
- Government bond yields rose over the quarter, with the UK being impacted the most due to higher-than-expected inflation.

Summary

Equity markets saw broadly positive performance over the quarter, while returns were generally mixed across the major credit markets.

Over April and May, market jitters around the US regional banking crisis and the potential for it to spread to the European banking sector subsided.

However, as the quarter progressed, major central bank policies diverged, with the US Federal Reserve raising base rates once in May, by 25bps, ending at 5.25%, while the Bank of England announced two base rate hikes of 25bps (May) and a further 50bps (June), bringing the UK interest rate to 5.0% at the end of Q2 2023.

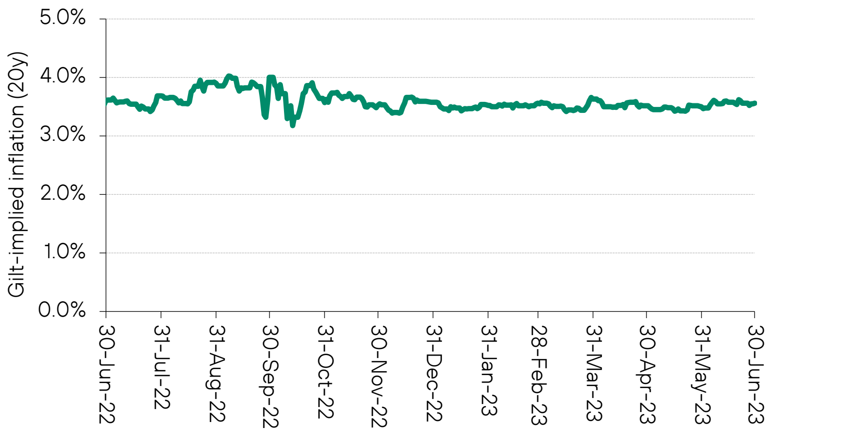
Investor sentiment was relatively positive as a soft landing scenario in the US became market consensus boosting equity performance, particularly mega-cap tech stocks.

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.

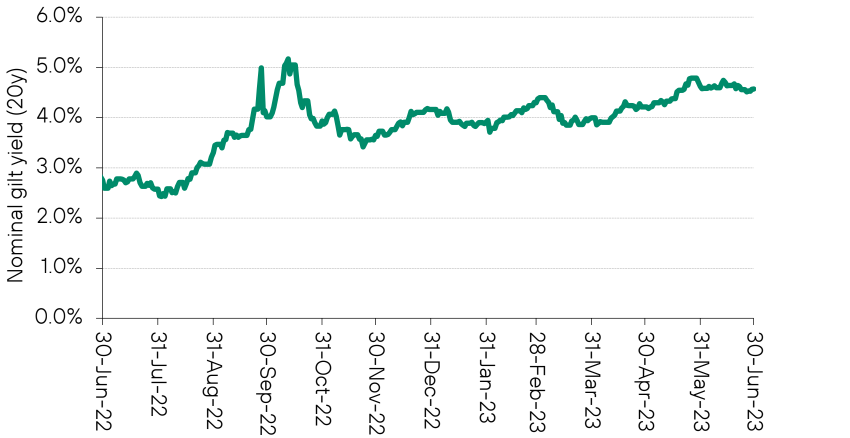
Market Background – Yields

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 decreased by c.8.2% over the quarter. This can be broken down into the following components:
  - c. 6.3% decrease, due to the increase in real yields;
  - c. 2.9% decrease, due to the increase in nominal yields; and
  - c. 1.0% increase due to the “unwinding” effect (also known as “interest” on the liabilities).
- The liabilities for an example DB pension scheme decreased by c.20.6% 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

20-year Real Gilt Yield	
April	0.33%
May	0.41%
June	-0.11%
Quarter	**0.62%**

20-year Nominal Gilt Yield	
April	0.22%
May	0.41%
June	-0.05%
Quarter	**0.57%**

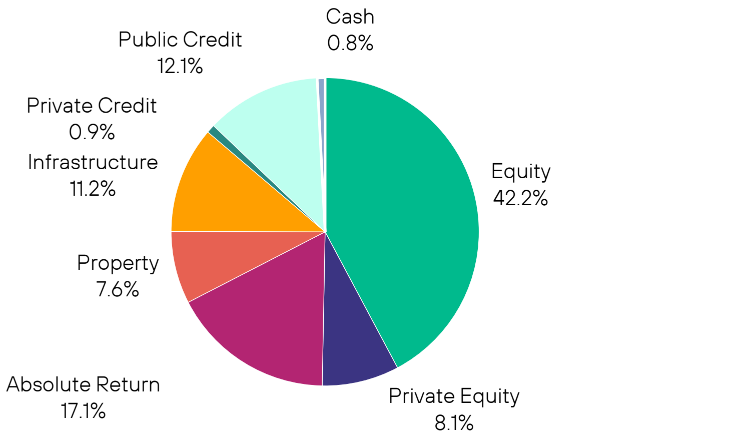
20-year Gilt-Implied Inflation	
April	-0.12%
May	-0.01%
June	0.06%
Quarter	**-0.07%**

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

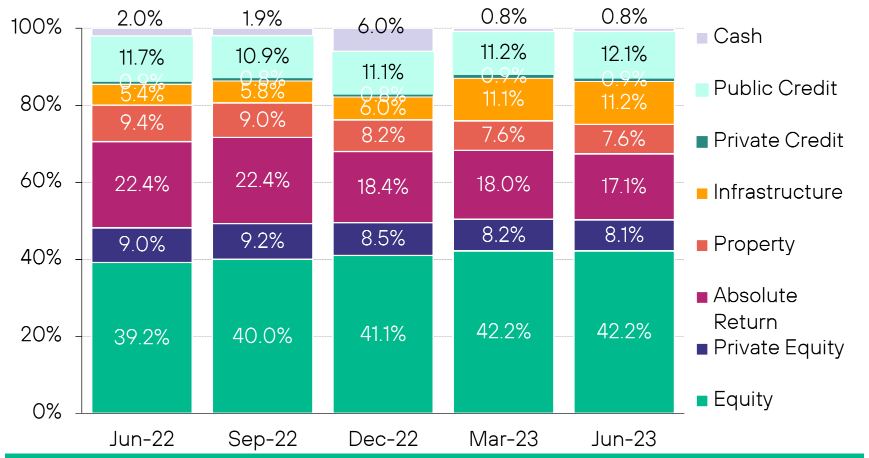
Strategy Overview

Asset Allocation – at 30 June 2023

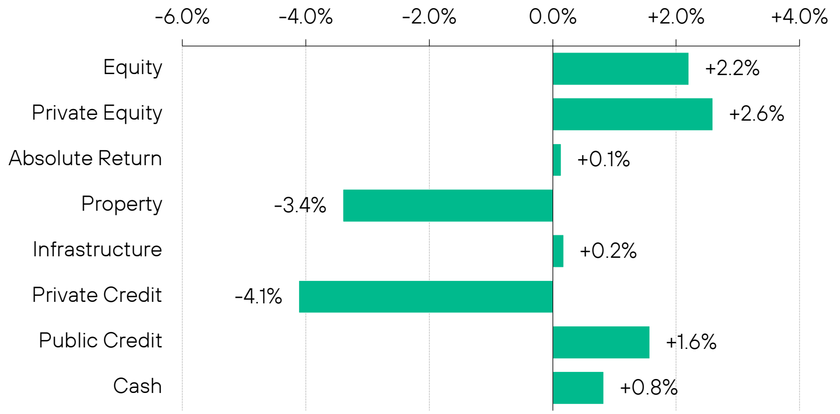
Asset Allocation – 30 June 2023



Asset Allocation Changes Since 30 June 2022



Assets Relative to Benchmark – 30 June 2022



Commentary

- As at June 2023, the Fund's asset allocation remained off-benchmark relative to the target asset allocation; though steps are being taken to address this through continued implementation of the agreed target investment strategy.
- The absolute return, equity (public and private) and cash allocations continue to be overweight; while the private credit allocation remains underweight.
- Subject to any changes following the ongoing investment strategy review, 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 expected to be made in the coming quarters, with capital drawn into the chosen fund following this.
- A formal asset allocation review took place in July, with a decision on the final revised target asset allocation will be taken in the September meeting.

Summary

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

Notwithstanding any changes agreed as part of the ongoing investment strategy review, allocations will be brought more closely in-line to the revised benchmark as managers for the new mandates are agreed and implemented over the coming quarters.

A formal asset allocation review took place in July, with a decision on the final revised target asset allocation will be taken in the September meeting.

Total Assets

Start of quarter £4,564m

End of quarter £4,575m

Agreed long-term allocation

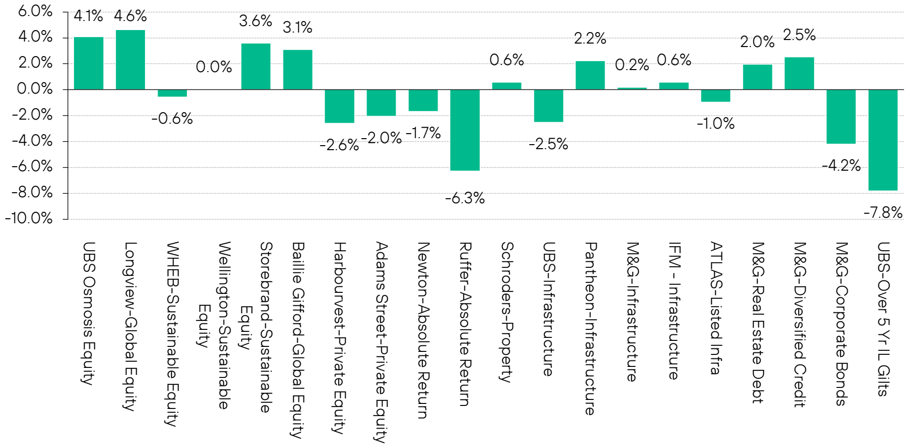
Equity		40.0%
Private Equity		5.5%
Absolute Return		17.0%
Balanced Property	7.0%	
Inflation-Linked Property	4.0%	
Infrastructure		11.0%
Public (Diversified) Credit	10.5%	
Private Credit		5.0%

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

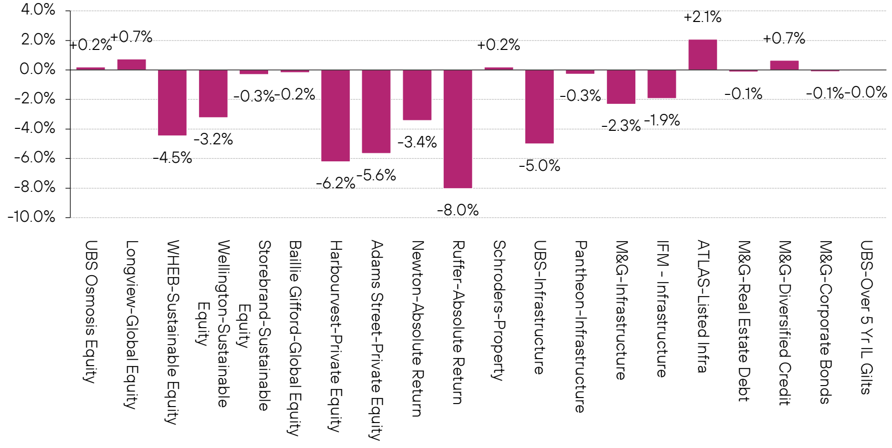
Investment Managers

Performance Summary – to 30 June 2023

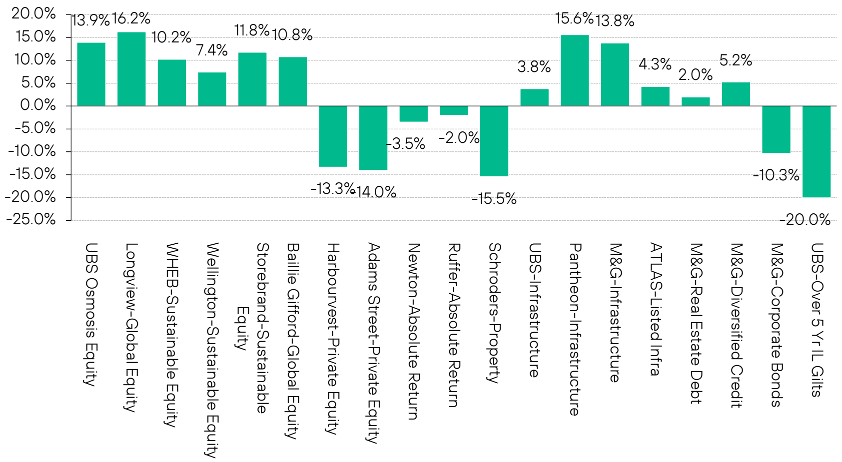
Absolute Return – Q2 2023



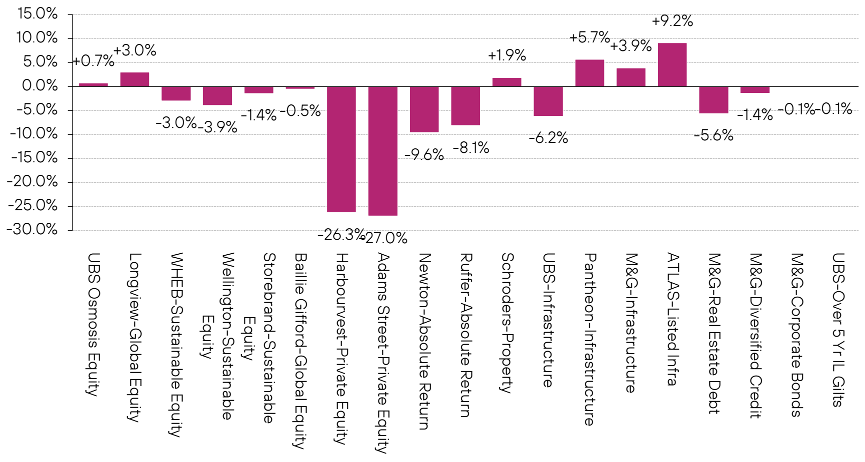
Relative Return – Q2 2023



Absolute Return – 12 months



Relative Return – 12 months



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

Summary

The Fund's mandates delivered mixed absolute performance over Q2, with private equity funds producing negative returns as valuations were marked to market on a lagged basis relative to public markets. The absolute return funds and the index-linked gilts delivering the most notable negative absolute performance.

The Fund's listed equity, infrastructure and diversified credit produced positive contributions within the portfolio over Q2 in terms of absolute return levels.

On a relative basis over Q2 Wellington equity, WHEB equity, Newton, Ruffer absolute return and UBS infrastructure all underperformed and Atlas was the stand out outperformer.

Private equity relative returns over the year have been particularly poor, although longer term relative returns remain been strong.

UBS / Osmosis – Sustainable Equity

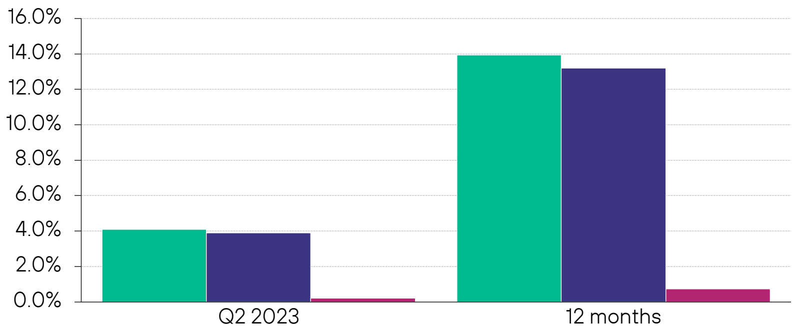
Overview

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), Carrier Global Corp (US Industrials) and Nvidia (US IT), Key detractors were Alphabet (US IT), Lilly Eli (US Health Care) and Hershey (US Consumer Staples).
Portfolio positioning	• Intuit (US IT) was added to the portfolio. Sainsbury were sold. • The overall sector and country weights have remained similar to the previous quarter, maintaining the targeted tight factor exposures to the MSCI World benchmark.
Outlook	• Low active risk means that future relative returns will continue to be low, with performance versus the index driven by fossil fuel returns and the success of the resource efficiency signal (which has added value in line with expectations since the Fund's inception).

Performance to 30 June 2023



	Q2 2023	12 months
Return	4.1%	13.9%
Benchmark	3.9%	13.2%
Relative	+0.2%	+0.7%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	573	511	Material decrease, but in line with quant process
12m turnover	24%	24%	Remained constant
Active share	45%	49%	Low, in line with expectations
Top 3 sectors	Information Technology (24%), Financials (16%), Health Care (13%).		
Top 3 stocks	Apple Inc (6%), Microsoft Corp (5%), NVIDIA Corp(2%).		
Top 3 regions	North America (73%), Europe (18%), Asia (9%).		

Mandate: Sustainable Passive Global Equities

Current Value: £246.8m

Current Weighting: 5.4%

Inception: March 2022

Benchmark: MSCI World

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

Pooled: Via Access Pool

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

Longview - Global Equity

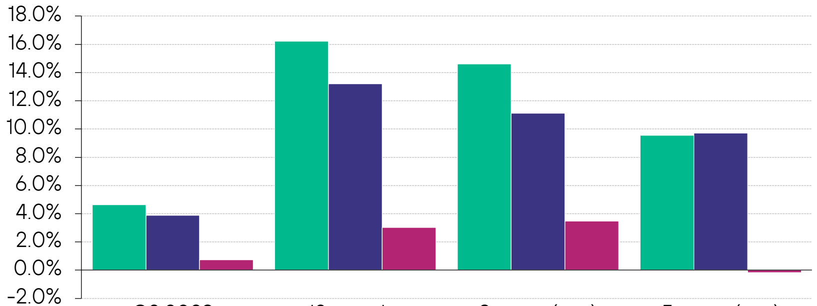
Overview

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

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

Key area	Comments
Key contributors/ detractors	• The small relative overperformance was driven by exposure to the technology-related companies, which drove market returns. • Some of the largest detractors to relative performance over the period were Diageo, CDW, and Heineken.
Portfolio positioning	• During the quarter, three new holdings were added to the portfolio – Adobe, Dollar General and Fidelity National Information Services. The positions in Adobe and Zimmer Biomet 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 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	4.6%	16.2%	14.6%	9.5%
Benchmark	3.9%	13.2%	11.1%	9.7%
Relative	+0.7%	+3.0%	+3.5%	-0.2%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	31	30	In line with expectations
12m turnover	21%	24%	Low relative to peers
Active share	90%	91%	High relative to peers
Top 3 sectors	Financials (31%), Health Care (22%), Consumer Staples (14%)		
Top 3 stocks	Oracle (5%), Microsoft (4%), HCA Healthcare (4%)		
Top 3 regions	US (84%), UK (7%), Netherlands (6%)		

Mandate: Active Global Equities

Current Value: £529.0m

Current Weighting: 11.7%

Inception: April 2013

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

Benchmark: MSCI AC World

Pooled: Via Access Pool

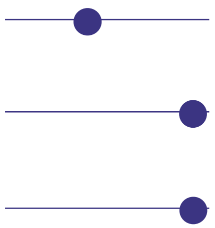
Note: Totals may not sum due to rounding. Performance quoted net of fees.
Source: Investment manager, Northern Trust, Isio calculations.

WHEB – Impact Equity

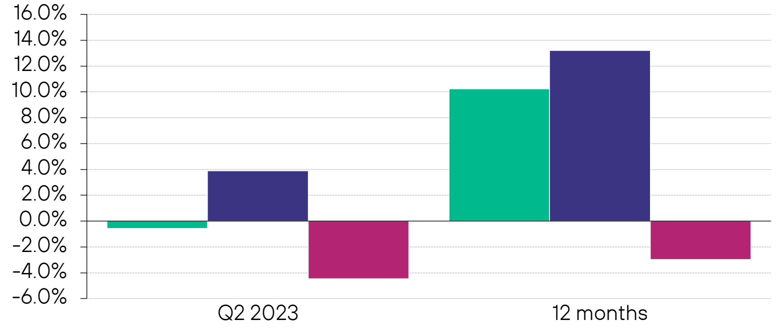
Overview

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 30 June 2023



	Q2 2023	12 months
Return	-0.6%	10.2%
Benchmark	3.9%	13.2%
Relative	-4.5%	-3.0%

Mandate: Active Impact Global Equity

Current Value: £220.6m

Current Weighting: 4.9%

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	• Underperformance was driven by not holding some of the names benefiting from AI. • Health and Cleaner Energy were the weakest performing themes over the quarter. Largest detractors were Agilent Technologies, First Solar and SolarEdge.
Portfolio positioning	• No new additions or exits during the quarter.
Outlook	• WHEB are cautious about market volatility, but believe the diversification and the quality of the portfolio will provide resilience in the medium to long-term. • With the mandate's higher active share, we expect it to continue to deliver relative return volatility.

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	41	41	Relatively concentrated – low end of target
12m turnover*	31%	28%	Further detail on right
Active share	97%	97%	High relative to peers
Top 3 sectors	IT (30%), Healthcare (27%), Industrials (26%)		
Top 3 stocks	Icon (3%), MSA Safety (3%), Advanced Drainage Systems (3%)		
Top 3 regions	North America (66%), Western Europe (16%), Japan (8%)		

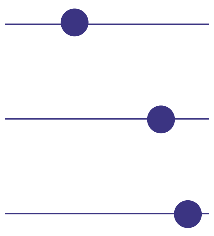
***12m turnover:** The manager has confirmed that the higher turnover is as a result of the higher market volatility, which led to more upgrades and downgrades and ad hoc redemptions, which resulted in higher trading activity. They expect it to come down in future.

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

Wellington – Impact Equity

Overview

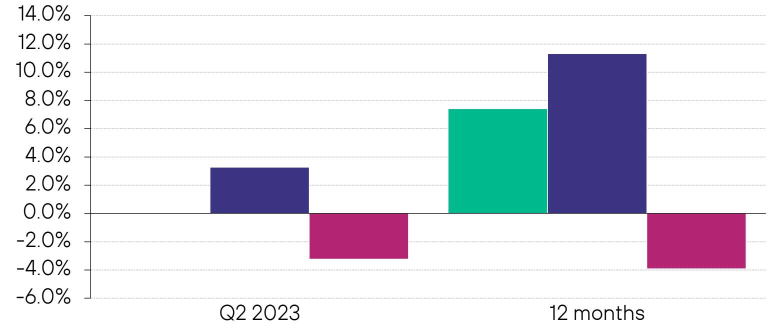
The Fund aims to invest in innovative companies whose core products and services addresses the world's major social and environmental challenges. Wellington choose stocks from the universe list which has been derived from a number of sources such as internal and field research, company meetings, conferences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



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

Key area	Comments
Key contributors/ detractors	• Stock selection detracted over Q2; specifically, the Fund's lack of exposure to certain US large-cap technology firms weighed on relative returns (Apple and Nvidia were two of the largest three detractors from relative performance) as market returns were driven by a narrow range of stocks.
Portfolio positioning	• Wellington swapped their position in Acciona (Alternative Energy, Spain) for a new position in EDP Renovaveis (Alternative Energy, Portugal), due to expected headwinds in Spanish policy and promising growth prospects of EDPR. • Wellington completed three purchases and two sales.
Outlook	• The team continue to find opportunities in healthcare and alternative energy, and to identify firms which provide solutions to meet the rising demand for affordable housing. The fund has a tilt towards high growth and small firms, two factors which drive active risk relative to the benchmark.

Performance to 30 June 2023



	Q2 2023	12 months
Return	0.0%	7.4%
Benchmark	3.3%	11.3%
Relative	-3.2%	-3.9%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	66	66*	High end of 50-70 range
12m turnover	30%	27%	Higher than typical, to be monitored.
Active share	98%	98%	High, in line with expectations
Top 3 sectors	Clean Water & Sanitation (6%), Alternative Energy (5%), Affordable Housing (4%)		
Top 3 stocks	Xylem Inc (4%), Hubbell Inc (3%), Boston Scientific (3%)		
Top 3 regions	North America (62%), Europe ex UK (19%), Emerging markets (10%)		

Mandate: : Active Impact Global Equities

Current Value: £222.2m

Current Weighting: 4.9%

Inception: December 2020

Benchmark: MSCI AC World

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

Pooled: No

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

Storebrand – Sustainable Equity

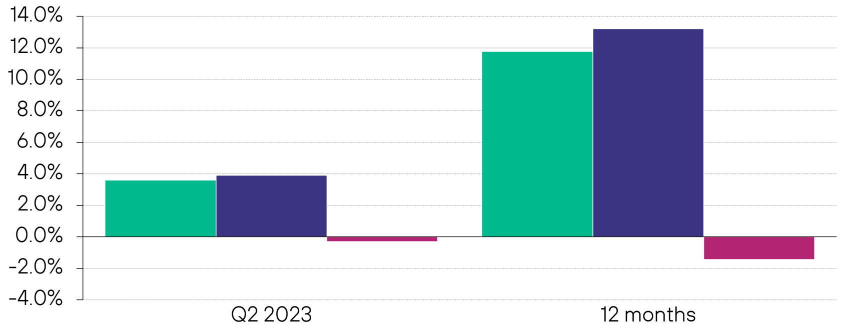
Overview

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

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

Key area	Comments
Key contributors/ detractors	• The fossil fuel screen, which was the main detractor in 2022, added +0.7% to relative returns in Q2. • While oil and gas was by far the best-performing sector in the MSCI World index last year, with relative outperformance of 64%, it has been the biggest laggard in the first half of 2023, with a -7% relative return.
Portfolio positioning	• Close to ninety percent of the fund is invested in a broad selection of companies which are neither part of the investment screens, nor climate solutions companies. Climate solutions companies remain about 11% of the portfolio.
Outlook	• Store brand is working on carbon intensity data and implementing change into how this information is used in portfolio construction.

Performance to 30 June 2023



	Q2 2023	12 months
Return	3.6%	11.8%
Benchmark	3.9%	13.2%
Relative	-0.3%	-1.4%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	752	710	Slight increase
12m turnover	9%	11%	Stable
Active share	42%	44%	Low, as expected
Top 3 sectors	IT (25%), Financials (14%), Industrials (14%)		
Top 3 stocks	Apple (6%), Microsoft (5%), Amazon (2%)		
Top 3 regions	United States (68%), Japan (7%), UK (4%)		

Mandate: Sustainable Passive Global Equities

Current Value: £519.2m

Current Weighting: 11.4%

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

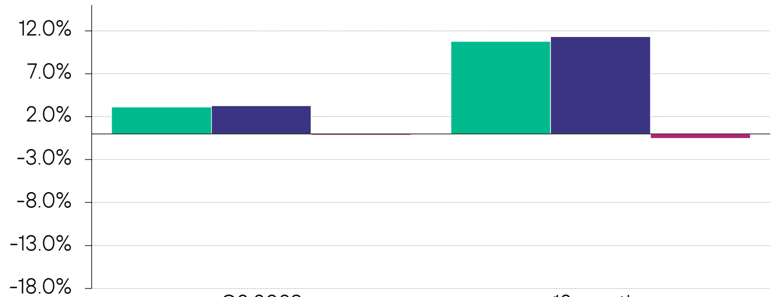
Overview

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 performed broadly in line with the parent Global Alpha Fund, which marginally underperformed the index. • As long-term investors, BG is taking advantage of investments where valuations appear anomalous (as opposed to being driven by short-term fear and uncertainty). BG has been supporting transaction-based online platforms; as well as, the search for returns on advertising spend.
Portfolio positioning / transactions	• BG made 5 purchases (Advanced Micro Devices Inc, ASM International, NVIDIA, Samsung Electronics and Sartorius Stedim Biotech) and 3 sales (Axon Enterprise Inc, Booking Holdings Inc and Meituan).
Outlook	• BG note that they will continue to back the winners in the portfolio and leverage their ability to invest across the growth spectrum.

Performance to 30 June 2023



	Q2 2023	12 months
Return	3.1%	10.8%
Benchmark	3.3%	11.3%
Relative	-0.2%	-0.5%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	90	88	Broadly unchanged
12m turnover	14%	23%	Slight decrease
Active share	84%	86%	In line with expectation
Top 3 sectors	Consumer Disc (21%), Financials (19%), IT (16%).		
Top 3 stocks	Microsoft (4%), Amazon.com (3%), Elevance Health (3%),		
Top 3 regions	North America (62%), Europe ex UK (16%), Emerging Markets (10%)		

Mandate: Global Equities

Current Value: £193.1m

Current Weighting: 4.3%

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	• Similarly to last quarter, the portfolio produced negative returns over the quarter as private valuations were marked down; however, long term performance remains very strong.
Developments over quarter	• Several funds distributed proceeds back to investors during Q1, with the most sizeable distributions coming from HIPEP VI and VII Partnership Funds.
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 30 June 2023

	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-2.6%	-13.3%	23.3%	18.5%
Benchmark	3.6%	13.0%	11.5%	10.4%
Relative	-6.2%	-26.3%	+11.9%	+8.2%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	10.8%	10.8%	As expected
Capital Deployed/Raised	70%	68%	Slight increase
DPI	0.99x	1.0x	Slight decrease
TVPI	1.7x	1.7x	No change
Top 3 subclasses	Buyout (54%), Venture (45%), Credit (1%)		
Top 3 regions	North America (58%), Europe (24%), Asia (15%)		

Mandate: Private Equity

Current Value: £179.0m

Current Weighting: 3.9%

Inception: January 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

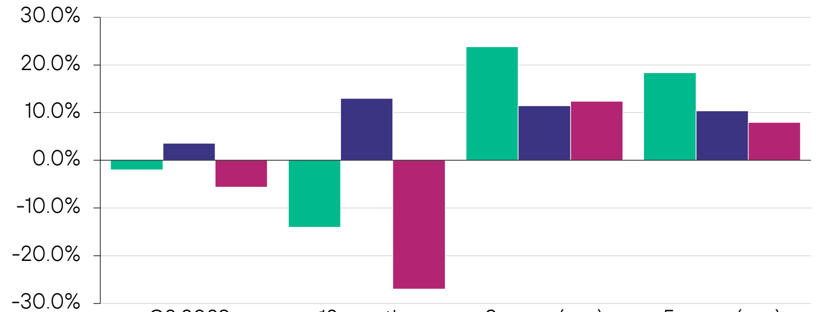
Adams Street – Private Equity

Overview

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

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

Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-2.0%	-14.0%	23.8%	18.4%
Benchmark	3.6%	13.0%	11.5%	10.4%
Relative	-5.6%	-27.0%	+12.4%	+8.0%

Mandate: Private Equity

Current Value: £191.3m

Current Weighting: 4.2%

Inception: March 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

Key area	Comments (3 month lagged)
Performance	• Similarly to last quarter, there was a small reduction in IRR, which is in line with expectations as private equity valuations continue to be adjusted downwards in line with public markets.
Developments over quarter	• No significant developments over the quarter • c. $3.3m in distributions over Q1 • c. $2.9m capital called over Q1
Outlook	• Adams Street have highlighted that there has been a resurgence in equity markets in the first-half of 2023, with pricing and valuations being seen to revert towards historical means. They see the environment to be more compelling for Venture, with Venture capital firms seeing a lot of potential value creation due to the pace of technological developments.

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	11.8%	11.9%	Slight reduction
Capital Deployed/Raised	81%	80%	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 (59%), Western Europe (27%), Asia (11%)		

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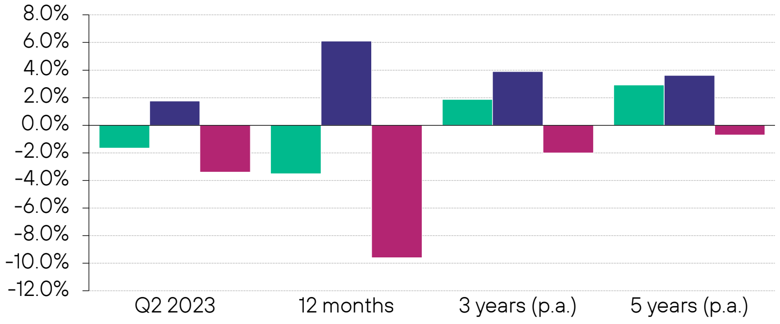
Target Return	Low	High
Return Drivers	Market beta	Active management
Diversification	Low	High

Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-1.7%	-3.5%	1.9%	2.9%
Benchmark	1.7%	6.1%	3.9%	3.6%
Relative	-3.4%	-9.6%	-2.0%	-0.7%

Mandate: Diversified Growth Fund

Current Value: £335.2m

Current Weighting: 7.3%

Inception: April 2010

Benchmark: 3-month SONIA + 2.5%

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

Pooled: Via Access Pool

Key area	Comments
Key contributors/ detractors	• Negative absolute return was driven by the stabilising layer, with the equity hedges in place detracting from overall returns as markets began continued to rally over the period. • Within the return seeking part of the portfolio, equities were a contributor to performance with names in areas such as technology benefitting from the rally in specific sectors.
Portfolio positioning	• Newton simplified the strategy somewhat by lowering gross equity exposure as well as hedging strategies. This left the overall exposures relatively unchanged, however freed up a small amount of capital that Newton will deploy if they see an attractive opportunity.
Outlook	• The team retain a cautious stance and believe that whilst recent 'mini-crisis' have been contained, there will be a correction ahead and are positioned accordingly.

Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year)	55%	59%	In line with expectations
Volatility (1 year)	6.0%	5.7%	In line with expectations
Top 3 asset-classes	Equities (29%), Alternatives (18%), Government bonds (16.%)		
Equity sector breakdown	Healthcare (6.2%), Technology (5.6%), Consumer Discretionary (4.7%),		

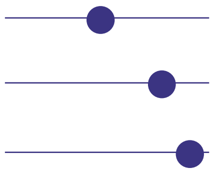
Sources: Investment manager, Isio calculations.

Ruffer – Absolute Return

Overview

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

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



Performance to the end of the quarter

	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-6.3%	-2.0%	4.9%	5.1%
Benchmark	1.7%	6.1%	3.9%	3.6%
Relative	-8.0%	-8.1%	+1.0%	+1.4%

Mandate: Diversified Growth Fund

Current Value: £448.7m

Current Weighting: 9.8%

Inception: April 2010

Benchmark: 3-month SONIA + 2.5%

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

Pooled: Via Access Pool

Key area	Comments
Key contributors/ detractors	• Negative returns were primarily attributable to the fact that investment markets diverged from Ruffer's central view that challenges lie ahead • Protective strategies were the largest detractor as these positions performed weakly amidst global markets providing positive returns. • The equity exposure lagged the broader market as a result of the underweights to certain sectors (i.e. technology).
Portfolio positioning	• The Fund remains defensively positioned, with a high allocation to index linked gilts reflecting the view that inflation will remain above-target over the medium term.
Outlook	• Ruffer believe there will be a sharp reversal in valuations and are positioned accordingly. However they are wary that their view may lead to short term underperformance.

Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year)	10%	41%	Low Reflects portfolio positioning
Volatility (1 year)	5.4%	6.1%	In line with expectations
Top 3 asset-classes	Short-dated bonds (34.3%), Index linked gilts (8.8%) Cash (9.3%)		
Top 3 detractors to return	Currency exposure (-2.2%), Protective strategies (-1.5%), inflation linked bonds (-1.0%).		

Sources: Investment manager, Isio calculations.

Schroders - Balanced Property

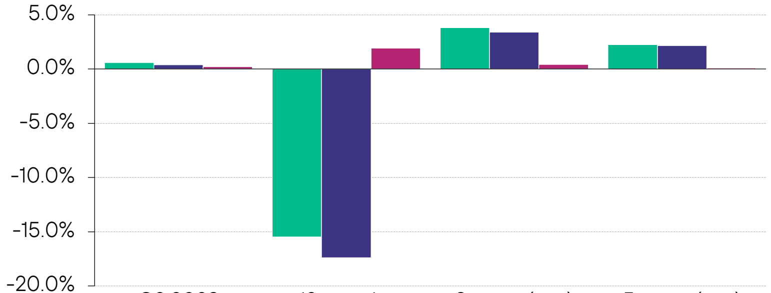
Overview

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	• Based on the latest figures available from Schroders, East Sussex's portfolio marginally outperformed the benchmark due to it's defensive relative positioning. • The Industrial Property Investment Fund was the most accretive holding in the portfolio over the quarter. Other strong performing funds were all of Schroders Partnership Funds. • The weakest performing funds over the quarter were Schroders Capital UK Real Estate Fund, UK Retail Warehouse Fund and the UK Retirement Living Fund.
Portfolio positioning	• Over the last few years, the Portfolio has been structured with downside protection provided via the defensive holdings in convenience retail.
Outlook	• Schroders believe the portfolio is well positioned to continue to outperform the benchmark. This is largely driven by portfolio structure. Going forward, they are expecting strong performance to come through from their three opportunistic strategies.

Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	0.6%	-15.5%	3.8%	2.3%
Benchmark	0.4%	-17.4%	3.4%	2.2%
Relative	+0.2%	+1.9%	+0.4%	+0.1%

Metrics	Current Quarter	Last Quarter	View/Change
Net acquisitions / (Sales)	£4.7m	£0.4m	Increase
Cash yield	3.1%	3.1%	No change
No of assets	18	18	No change
Top 3 sectors	Industrial, Alternatives (via student accommodation, social supported housing, retirement living and care homes) and Regional Offices.		

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

Mandate: Balanced Property

Current Value: £347.8m

Current Weighting: 7.7%

Inception: December 2009

Benchmark: IPD All Balanced Fund Index

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

Pooled: No

UBS - Infrastructure

Overview

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

Expected volatility	Low	●(lower-middle)	High
Lease Length	Short	●(upper-middle)	Long
Shape of outcomes	0% Contractual	●(upper-middle)	100% Contractual
Diversification	Low	●(lower-middle)	High

Key area	Comments (3m lag)
Portfolio positioning	• Net return since inception for Fund I remained at 3.0% (significantly below target); Saubermacher (waste management) continued to underperform and UBS have appointed advisors to support a sales process for the asset during Q3 and Q4 2023. • Northern Star Generation (NSG)'s operational performance was in line with expectations; as they executed a contract extension with Nevada Cogeneration Associates, their largest power off- taker. • Southern Water raised a £400m bridge facility during Q1 and are working with Evercore and consulting shareholders to raise an additional £550m equity over the period Q2 2023 and Q2 2024.
Outlook	• Fund III continues to drawdown committed capital, however there was no change to the $139.3m drawn from the total $185.0m committed relative to Q4 2022. • Fund I distributed £23.3m in Q1 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.

Performance to 30 June 2023

	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-2.5%	3.8%	-0.5%	0.6%
Benchmark	2.5%	9.9%	8.6%	6.3%
Relative	-5.0%	-6.2%	-9.1%	-5.7%

Metrics (3m lag)	31 Mar 2023	31 Dec 2022	View/Change
Net SI return (Fund I)	3.0%	3.0%	Unchanged
Net SI return (Fund III)	17.7%	18.3%	Slight decrease
Total value to paid-in (Fund I)	1.28x	1.28x	Unchanged
Total value to paid-in (Fund III)	1.28x	1.25x	Small increase
Top 3 sectors (Fund I – current quarter)	Power generation (59%), Water (25%), Wastewater (16%)		

Mandate: Infrastructure

Current Value: £35.4m

Current Weighting: 0.8%

Inception: January 2008

Benchmark: CPI + 2%

Objective: CPI + 3%

Pooled: No

Notable Actions

The UBS infrastructure funds should be monitored closely going forward given weak historical performance.

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

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

Pantheon - Infrastructure

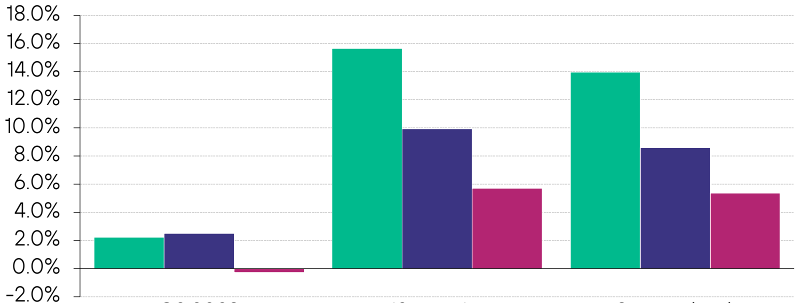
Overview

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

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

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

Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)
Return	2.2%	15.6%	14.0%
Benchmark	2.5%	9.9%	8.6%
Relative	-0.3%	+5.7%	+5.4%

Mandate: Infrastructure

Current Value: £83.0m

Current Weighting: 1.8%

Inception: May 2018

Benchmark: CPI + 2.5%

Objective: CPI + 3%

Pooled: No

Key area	Comments (3 month lag)
Key contributors/ detractors	• Since inception performance has been strong (13.4% net IRR). • Over Q1 2023, the Fund's valuation was up 4.4%, with largest contributors being co-investments Gas Natural Fenosa (+25%), MapleCo (+121.4%) and secondary Gemini Aero (+16.1%) . • There were ten detractors over the period with co-investments Astound (-9.8%) and Fairway (-3%) being the largest detractors while the other eight detractors each fell less than 2%.
Portfolio positioning	• There were no purchases nor full asset realisations over the quarter, though there was one underlying asset realisation. • The majority of total asset distributions over the quarter ($3.3m) were driven by a secondary asset, Kapany ($2.2m).
Outlook	• The Fund has $12.3m of undrawn capital remaining, but has moved to a net cash outflow position (i.e. distributions greater than calls) as of Q3 2022 and this will likely remain the case.

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
Cash yield	15.4%	8.3%	Due to distributions over the quarter
Acquisitions/sales	-$8.1m	$9.7m	Due to distributions and a sale related to a co-investment position, Telxius
Initial secondaries discount rate	3.0%	3.0%	No change as Fund is not investing
Remaining number of assets	45	45	No change
Top 3 sectors	Digital, Transport and Logistics, Renewables / Efficiency		

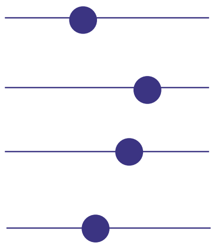
Note: Totals may not sum due to rounding. Performance quoted net of fees. Manager data is lagged by one quarter.
Source: Investment manager, Northern Trust, Isio calculations.

M&G - Infrastructure

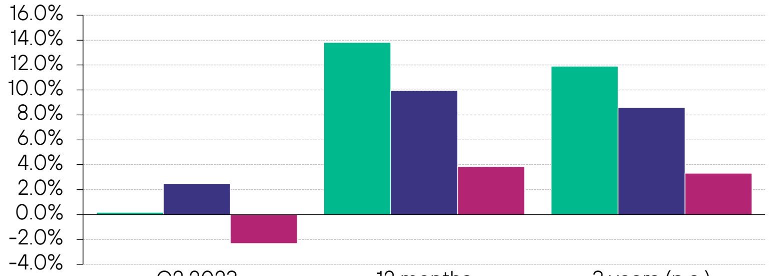
Overview

The fund provides investors with access to a diversified portfolio (Brownfield III and Greenfield II) 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



Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)
Return	0.2%	13.8%	11.9%
Benchmark	2.5%	9.9%	8.6%
Relative	-2.3%	+3.9%	+3.3%

Mandate: Infrastructure

Current Value: £57.5m

Current Weighting: 1.3%

Inception: October 2018

Benchmark: CPI + 2.5%

Objective: CPI + 3%

Pooled: No

Key area	Comments (3 month lag)
Key contributors/ detractors	• The Brownfield Fund returned 0.3% over Q1, which was driven by near-term valuation pressures on Neos, Recharge and GBRf. Last Mile was the largest contributor to returns (+2.2%) while Recharge was the largest detractor (-2.8%). • The Greenfield Fund returned 2.3% over Q1, with a steady performance across all assets. The largest contributors were Speed Connect Austria (+3.8%) and Energy Nest (3.7%).
Portfolio positioning	• The Greenfield Fund continues its strong deployment across all portfolio companies and are considering future capital requirements to sustain their growth. • The Brownfield Fund has over 83% of capital committed to investments, looking at strategic initiatives at an asset level e.g. delivering growth business plans to help grow these businesses
Outlook	• Both funds expected to continue to draw capital over the coming quarters into current companies rather than new investments.

Metrics (3m lag)	Brownfield	Greenfield
Portfolio Value to current paid in capital	1.3x	1.4x
Number of assets	6 investments	7 investments
Top sectors	Fibre Telecoms (30%), Transport (34%) and Energy (19%)	Energy Transition (24%), Telecoms (32%) and Transport (18%)

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

IFM - Infrastructure

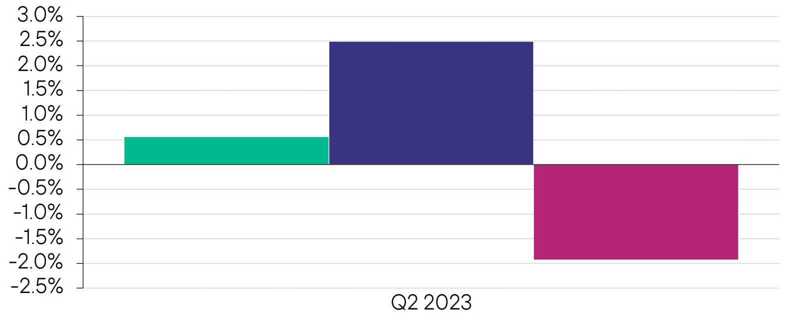
Overview

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

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

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

Performance to 30 June 2023



	Q2 2023
Return	0.6%
Benchmark	2.5%
Relative	-1.9%

Mandate: Infrastructure Equity (higher risk)
Current Value: £235.4m

Current Weighting: 5.2%

Inception: January 2023

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

Objective: CPI +2%

Pooled: No

Key area	Comments
Key contributors/ detractors	• Q2 returns were driven by outperformance of assets such as Vienna Airport (+22.6%, increased travel levels) and Mersin International Port (+7.4%; lower perceived country specific risk for Turkey). • Assets such as Atlas Arteria (-4.8%), Enwave Energy Corporation (-4.5%) and Naturgy Energy Group S.A. (-3.1%) detracted from returns.
Portfolio positioning	• IFM increased its shareholding in Atlas Arteria ("Atlas") from 18.7% to 21.0%, a listed global toll road owner and operator. • No other sales or acquisitions were made in Q2.
Outlook	• IFM expects infrastructure assets to remain resilient across key sectors due to positive inflation-resilient revenue streams and steady demand profiles, with continued attention on energy security/transition and transportation boosting investment and interest in infrastructure assets.

Metrics	Q2 2023	Q1 2023	View/change
Cash yield (Trailing p.a)	1.5% annual yield 5.4% p.a. SI	1.1% annual yield 5.4% p.a. SI	Small increase in Q2
Net acquisitions/sales	-	-$0.3bn	None over quarter
Average discount rate	10%	10%	No change
Number of assets	24 investments 150+ assets	24 investments 150+ assets	No change
Top 3 sectors	Utilities, Transport, Energy (14+ underlying sub sectors)		

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

Atlas - Listed Infrastructure

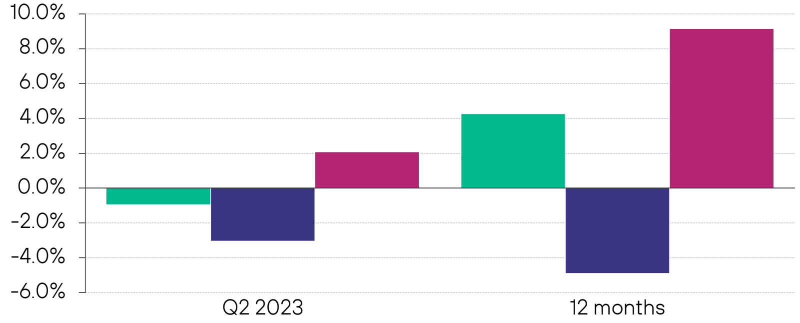
Overview

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	●(middle)	High
Lease Length	Short	●(towards long)	Long
Shape of outcomes	0% Contractual	●(middle)	100% Contractual
Diversification	Low	●(middle)	High

Key area	Comments
Key contributors/ detractors	• At a stock level, there were strong positive returns from holdings in Enel (European Utilities), Terna (European Utilities) and Norfolk Southern Corporation (North American Railways). • SES (European Comunicaciones), Severn Trent (UK Water) and United Utilities (UK Water) were key detractors.
Portfolio positioning	• The Global Strategy has continued to reduce its GDP exposure and consistent with this also has reduced its recession exposure over the past four months. The strategy has materially increased its positive Fast Transition delta (ie. a higher return under FT).
Outlook	• Atlas note that the market at the end of the quarter is pricing in the worst of the interest rate cycle in North America, with positive signals ahead, while Europe still faces further tightening.

Performance to 30 June 2023



	Q2 2023	12 months
Return	-1.0%	4.3%
Benchmark	-3.0%	-4.9%
Relative	+2.1%	+9.2%

Metrics	Current Quarter	Last Quarter	View/change
Cash yield	4.4%	4.4%	Within expectations
Net acquisitions/sales	3 new positions established and 1 position up weighted. 4 positions exited.	1 new position established / 2 positions exited and 3 reduced.	Within expectations
Number of individual positions in portfolio	21	21	Within expectations
Top 3 sectors	Electric utilities (48%), Water (11%), Railway (9%)		

Mandate: Global Infrastructure Equity

Current Value: £100.0m

Current Weighting: 2.2%

Inception: December 2020

Benchmark: FTSE Developed Core 50/50 Infrastructure Index

Objective: CPI + 3%

Pooled: No

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

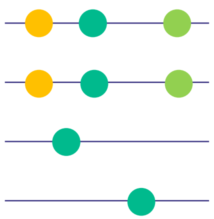
Source: Investment manager, Northern Trust, Isio calculations.

M&G - Real Estate Debt

Overview

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

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



REDF IV   REDF V   Both Funds/REDF VI

Key area	Comments
Capital Activity	• 2 new deals (Project Archer in Fund IV and Winter in Fund V) were funded – both in the leisure sector on the back of softening market sentiment for this sector.
Minor/Major Watchlist Names	• **Project Carlton** (Minor): Construction issues have persisted leading to an extension of the loan maturity to December 2023, with a further 6-month provision if issues continue. • **Project Pontiac** (Minor): There are concerns around the loan being refinanced in time (August 2023), failing which, the chargeable interest rate will rise leading to a technical default. • **Project Genesis** (Major): The asset is now in a position to be sold however, the co-lender has blocking rights on any sale till Q1 24 (which have been exercised). M&G expect to sell the asset after Q1 24, with the expectation of a loss.
Outlook	• M&G are confident that they are on the stronger side of the capital structure given the fall in real estate valuations.

Performance to 30 June 2023

	Q2 2023	12 months	3 years (p.a.)
Return	2.0%	2.0%	4.7%
Benchmark	2.1%	7.6%	5.4%
Relative	-0.1%	-5.6%	-0.7%

(IV / V / VI)	Q1 2023	Q4 2022	View/change
IRR (gross projected)	3.7% / 12.1% / 6.5%	3.7% / 11.9% / 6.2%	Stable
Total capital invested	123% / 126% / 113%	119% / 104% / 105%	One new position added to IV/VI
Positions outstanding	29 / 16 / 52	29 / 15 / 51	Positions repaid + 2 new deals
Watchlist	3 / 3 / 3	3 / 3 / 3	Project Pontiac added
Top 3 sectors	REDF IV: Retail (25%), Office (24%), Residential (19%) REDF V: Retail (46%), Office (22%), Hotel (14%) REDF VI: Office (31%), Retail (30%), Residential (14%)		
Phase	Distribution period – due to end December 2027. Reinvestment period has now ended.		

Mandate: Private Debt

Current Value: £40.5m

Current Weighting: 0.9%

Inception: April 2019

Benchmark: 3-month SONIA + 4%

Objective: 3-month SONIA + 5%

Pooled: No

Notable Developments

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

•There was a capital call in REDF IV in Q2 however, this was used to clear a subline in addition to meeting future funding commitments for Project Grey. No further capital calls are expected for REDF

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

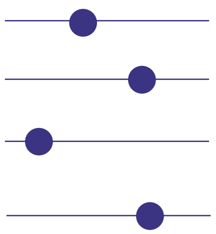
Sources: M&G, Isio calculations.

M&G – Diversified Credit

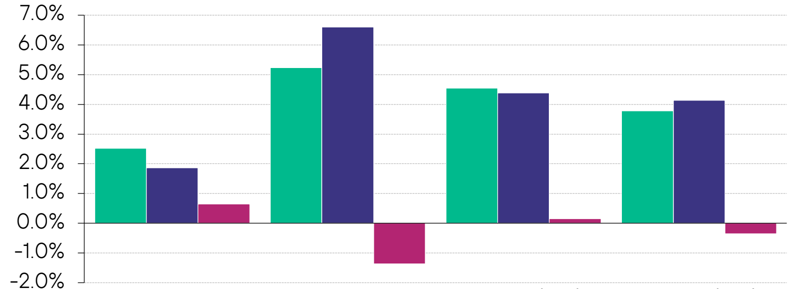
Overview

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

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



Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	2.5%	5.2%	4.5%	3.8%
Benchmark	1.9%	6.6%	4.4%	4.1%
Relative	+0.7%	-1.4%	+0.2%	-0.4%

Mandate: Multi Asset Credit

Current Value: £300.6m

Current Weighting: 6.6%

Inception: November 2009

Benchmark: 3-month SONIA +3%

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

Pooled: Via Access Pool

Key area	Comments
Key contributors/ detractors	• Industrial corporate bonds, primarily core holdings such as supermarkets, were the main driver of returns over the quarter (+0.9%) • Financials also contributed (+0.7%) as credit spreads tightened across the sector following a turbulent Q1 2023.
Portfolio positioning	• M&G are marginally decreasing the risk of the portfolio and allocating to more defensive and liquid assets as the market begins to reprice. • There has been a focus on scaling back exposure to selective high yield positions following strong performance from a number of assets.
Outlook	• M&G continue retain a preference for European credit valuations over the U.S. given that the yield on investment grade credit remains attractive.

Metrics	Current Quarter	Last Quarter	View/change
Yield	9.0%	8.7%	Increased due to rising gilt yields
Average credit rating	BBB	BBB	No change
Modified duration (years)	-0.05	0.02	Slight decrease
Spread duration (years)	3.9	4.1	No significant change
Number of issuers	385	396	Decreased as expected

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. Performance attribution based on the performance of the Euro denominated A share class gross of fees.

Sources: Investment manager, Isio calculations.

M&G - Corporate Bonds

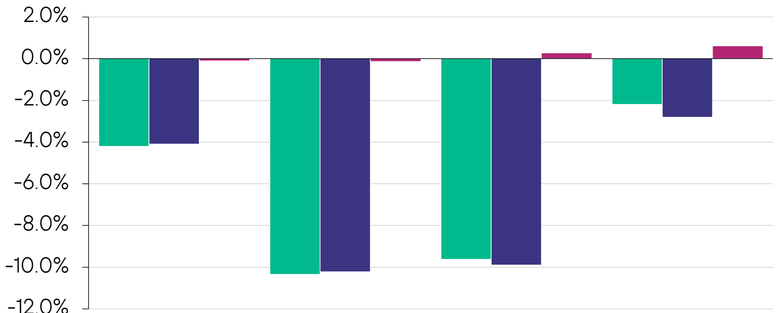
Overview

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	• Duration and FX hedging was the strongest contributor to performance, from both a sector and security selection perspective, whilst Industrial Corporate bonds detracted the most.
Portfolio positioning	• Overall, the manager maintained the levels of risk in the portfolio and remains marginally overweight in terms of credit risk relative to the benchmark. • The team continues to marginally increase exposure to real estate companies in response to further price weakness.
Outlook	• M&G note despite the sharp rise in interest rates economies continue to grow and inflation is generally falling. A recession remains possible but does not seem imminent at this stage. • The overall yield available on investment grade bonds remains attractive.

Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-4.2%	-10.3%	-9.6%	-2.2%
Benchmark	-4.1%	-10.2%	-9.9%	-2.8%
Relative	-0.1%	-0.1%	0.3%	+0.6%

Metrics	Current Quarter	Last Quarter	View/change
Yield	6.5%	6.0%	In line with expectations
Average credit rating	A	BBB	Slight increase
Modified duration	9.4	9.7	In line with expectations

Mandate: Corporate Bonds

Current Value: £118.5m

Current Weighting: 2.6%

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

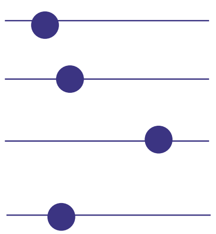
Note: Totals may not sum due to rounding. Performance quoted net of fees
Source: Investment manager, Northern Trust, Isio calculations.

UBS – Over 5 Year Index-linked Gilts

Overview

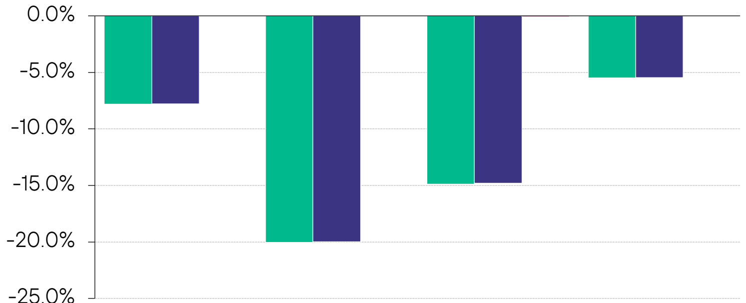
The Fund has defensive characteristics, providing the Fund with protection against the impact of both interest rates and inflation expectations on the value placed on the liabilities.

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



Real Gilt Yields – Last 12 months

Performance to 30 June 2023



	Q2 2023	12 months	3 years (p.a.)	5 years (p.a.)
Return	-7.8%	-20.0%	-14.9%	-5.5%
Benchmark	-7.8%	-20.0%	-14.8%	-5.5%
Relative	-0.0%	-0.1%	-0.1%	0.0%

Mandate: Index Linked Gilts

Current Value: £133.2m

Current Weighting: 2.9%

Inception: February 2018

Benchmark: FTSE Index-Linked Gilts Over 5 Years

Objective: Match benchmark

Pooled: Via Access Pool

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

Appendices

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

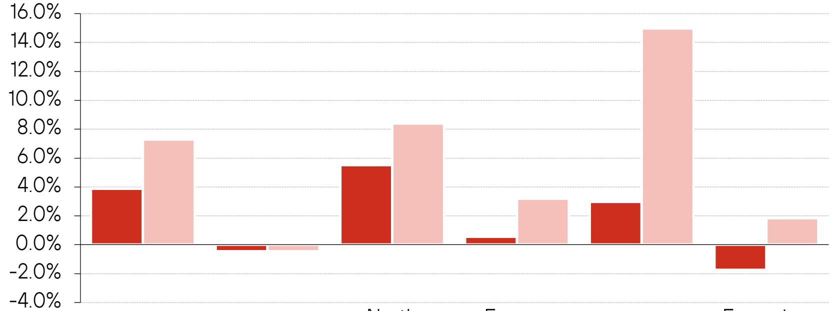
A2: Explanation of Market Background

A3; How to Read the Fund Manager Pages

A4: Disclaimers

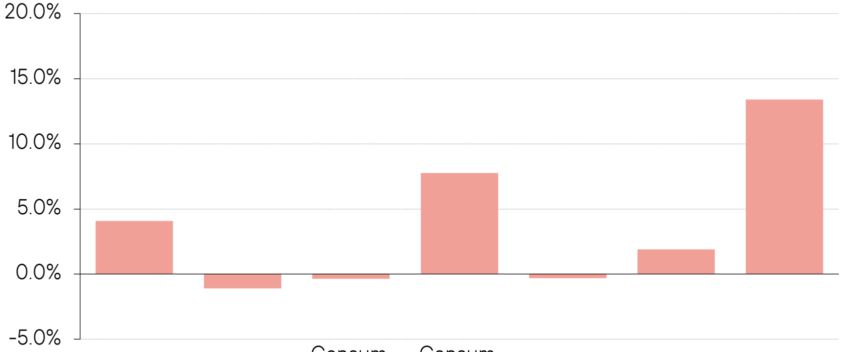
Market Background – Global Equity

Regional Returns – Q2 2023



	World	UK	North America	Europe exc UK	Japan	Emerging Markets
Sterling	3.9%	-0.5%	5.5%	0.6%	3.0%	-1.7%
Local	7.3%	-0.5%	8.4%	3.2%	15.0%	1.8%

Sector Returns – Q2 2023 (Local)



	Financial	Utilities	Consum. Staples	Consum. Discret.	Energy	Health	Tech
Sector	4.1%	-1.1%	-0.4%	7.8%	-0.3%	1.9%	13.4%

Summary

Global equity markets delivered positive performance over Q2, despite continued interest rate hikes by major central banks. Strong returns were largely driven by developed markets (most notably the US), which benefitted from a rally in a select number of mega-cap technology stocks.

UK equities fell over the quarter, largely driven by persistent inflation, which resulted in the Bank of England implementing two rate hikes over the period.

Emerging Markets lagged other markets, as the largest component of the index – China – continued to struggle economically.

Currency-hedged mandates outperformed their unhedged equivalents over the quarter, as Sterling strengthened against a number of major currencies.

VIX Volatility Index – Last 12 months

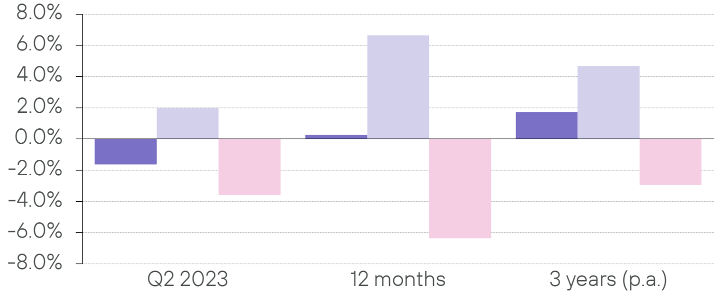
Commentary

- The US market performed strongly, as inflation showed signs of slowing; meanwhile, the UK and Emerging Markets lagged. The significant rally in a relatively small number of mega-cap stocks boosted the technology sector, as companies benefited from growing enthusiasm around artificial intelligence. Financial stocks also performed well, with expectations for European banks' near-term earnings improving over the period.
- The Japanese market hit its highest level in 33 years, with foreign investor demand underpinned by corporate governance reforms and macroeconomic developments; non-currency hedged returns were eroded by a material weakening of the Yen.
- Continued tightening of monetary policy in the UK negatively impacted sectors with a domestic focus. Resource-focused UK firms also underperformed, amidst weakness in global commodity prices.
- Emerging Markets lagged developed counterparts, partially due to the ongoing tensions between the US and China, coupled with ongoing concerns around the performance of the Chinese economy.

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

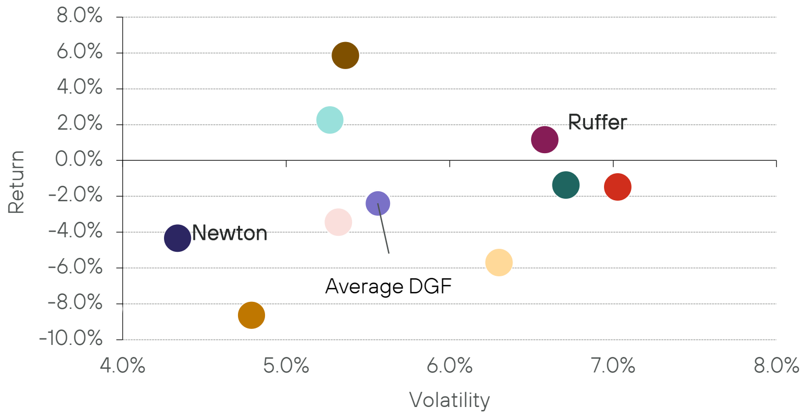
Market Background – Absolute Return

Sample Manager Average Returns– Q2 2023



	Q2 2023	12 months	3 years (p.a.)
Average DGF	-1.6%	0.3%	1.7%
Cash +3.5%	2.0%	6.6%	4.7%
Relative	-3.6%	-6.4%	-2.9%

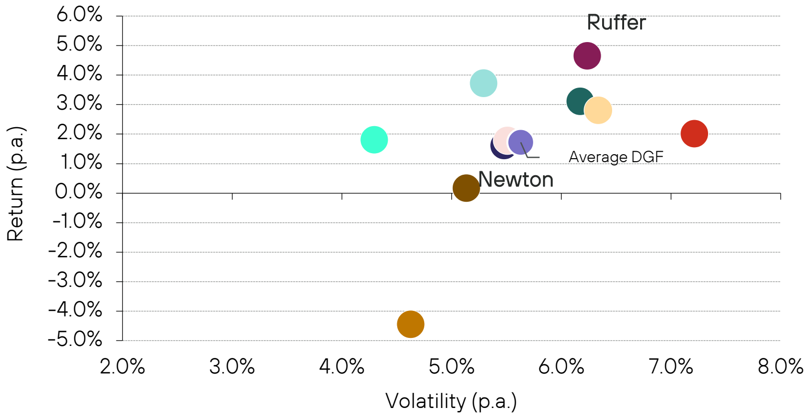
Sample Manager Returns and Volatility – 12 months



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



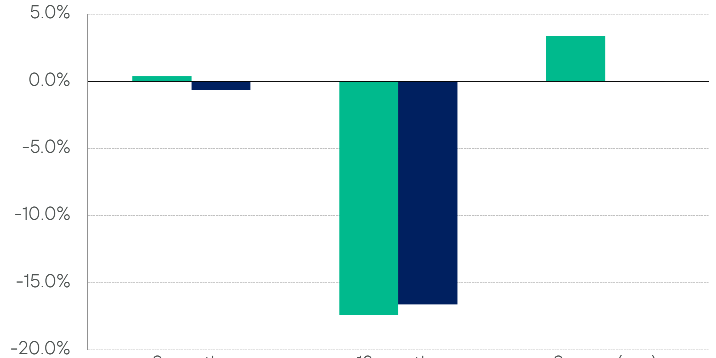
Commentary

- The average DGF underperformed the cash plus target over Q2 2023, and over the longer-term measures.
- In a sharp reversal from Q1, government bond yields moved higher again following signs that inflation may remain more persistent than many investors had hoped for. This is on the back of fixed income holdings hindering performance over the long run due to the sharp rise in yields experienced over 2022.
- Returns in equity markets were broadly positive, although emerging market allocations proved to be a headwind to performance due to concerns over the performance of the Chinese economy.
- The majority of DGF managers remain aware to geopolitical tensions, as well as the potential impact of moving into a recessionary economic environment and are positioned accordingly.

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

Market Background – Real Assets

UK Commercial Property - Balanced and Long Lease (GBP)

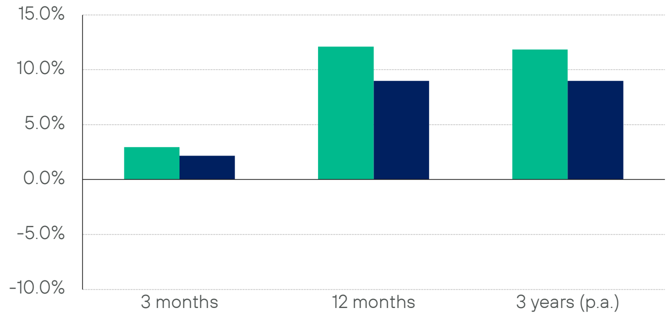


	3 months	12 months	3 years (p.a.)
Balanced Index	0.4%	-17.4%	3.4%
Long Income Index	-0.7%	-16.6%	0.0%

Commentary

- The overall property market saw slight positive performance (0.3% over Q2 2023) but there was a disparity between balanced property, where performance was marginally positive while long lease property performance was marginally negative.
- Balanced property outperformance was driven by relatively higher exposure to industrials and retail warehouses, which outperformed due to the occupational resilience of these sectors.
- While the quarter began positively as property markets stabilised, this turned when the Bank of England raised rates in June by 50bps to 5.00% (after inflation surprise on the upside) and restated their intention to continue hiking should they need to.
- Higher rates and greater inflation uncertainty led to a slowdown in transactions.
- The Office sector fared the worst over Q2. The Retail sector was broadly flat as Shopping Centres and High Street Retail continued to struggle while Retail Warehouses continued to do well. Industrials performed relatively better than other sectors, with Alternatives performing well for a lot of the same reasons as Industrials.
- Redemption requests continued to be deferred by a number of asset managers, and as such, asset sales remain a key focus for them for liquidity purposes.

Global Core Unlisted Infrastructure (USD)



	3 months	12 months	3 years (p.a.)
Illustrative Infrastructure Manager	3.0%	12.1%	11.9%
Objective	2.2%	9.0%	9.0%

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

Commentary

- Infrastructure continued to perform well over the quarter and continued to outperform its benchmark over the long-term, largely due to its ability to pass through inflation as well as structural earnings growth.
- The key risk for infrastructure assets is the impact of steep interest rate changes on asset valuations, but so far this is being offset by declining equity risk premiums and higher dividend forecasts.
- Transportation continued its recovery with global aviation traffic increasing as demand remains strong despite high energy prices and broader economic headwinds while toll roads are seeing increased levels of work-related commute.
- Digital assets lagged with towers specifically underperforming due to rising concerns of a moderation in investment as some carriers' initial 5G coverage nears completion.
- The defensive utilities / renewables sector delivered broadly flat returns.
- Demand for infrastructure assets continues to be strong as investor appetite grows for more defensive sectors with high quality businesses that can offer positive inflation links and are resilient to changes in interest rates.

Summary

UK Commercial Property

After a period of significant volatility in 2022, the markets have begun to show signs of stabilising with the commercial property market experiencing small positive performance. This was driven by a growth in demand for industrial assets, in particular, as investors now prefer investments with higher resilience to market volatility. However, some uncertainty remains in the market due to high and potentially rising interest rates.

Going forward, Isio believe property markets will continue to recover and begin to move upwards and sectors that will drive this are those with strong, long-term fundamentals such as industrials, logistics and retail warehouses. However, we do note that this recovery is likely to be gradual rather than a spike in asset valuations.

Moreover, the rapid and significant repricing to the downside in UK commercial property relative to the rest of the world is beginning to encourage foreign investors to the UK real estate market.

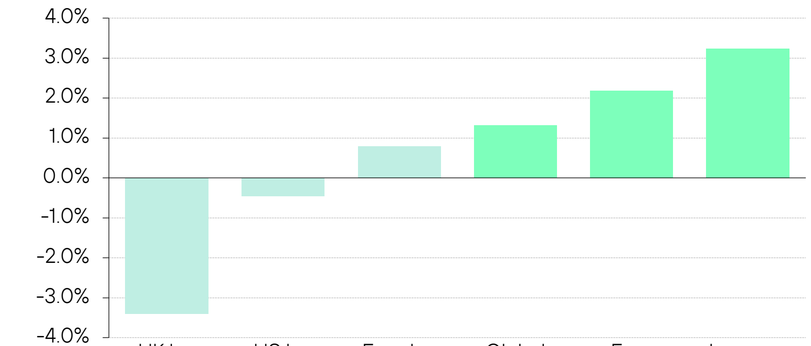
Infrastructure

Infrastructure performed well over Q2 largely due to its ability to pass through inflation to the end-consumer. Positive returns were driven by the transportation sector, utilities/renewable were flat as digital infrastructure, particularly towers, lagged. However, we remain cautious that infrastructure could come under pressure due to the impact of rising interest rates on asset valuations. Given the current environment, we continue to believe a focus on a prudent approach, targeting assets that are well underwritten, with high inflation-linkage in contracted revenues and low levels of leverage will serve investors well.

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

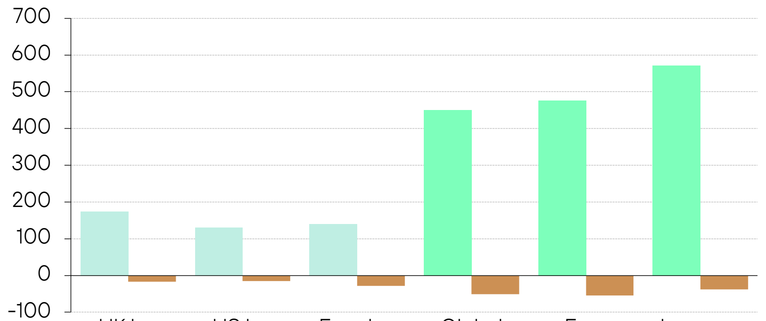
Market Background – Credit

Credit Market Returns – Q2 2023



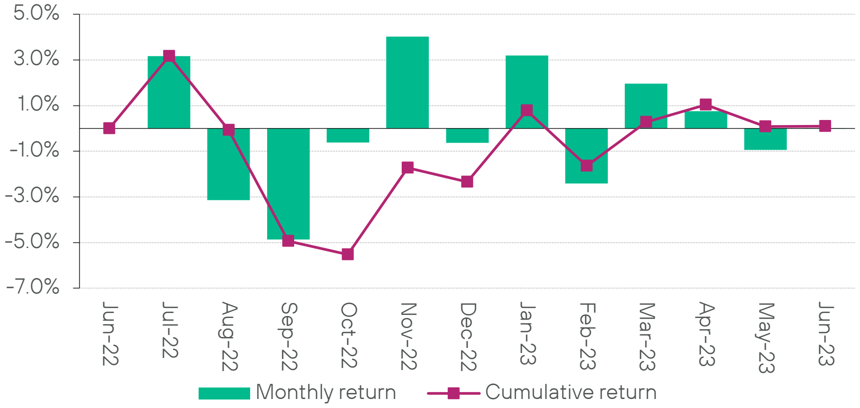
	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets	Leverag. Loans
£ Hedged	-3.4%	-0.5%	0.8%	1.3%	2.2%	3.2%

Credit spreads – Q2 2023



	UK Inv Grade	US Inv Grade	Euro Inv Grade	Global High Yld	Emg Markets	Leverag. Loans
End of qtr	174	130	140	450	476	572
Qtr change	-17	-15	-28	-51	-54	-38

Global broad credit market return – Last 12 months



Commentary

Over Q2 2023, global bond market performance was flat, as volatility somewhat stabilised after the previous quarter's banking crisis, though there was a dispersion in performance across underlying credit sub-sectors. Government bond yields rose over the quarter, with the UK being impacted the most due to higher-than-expected inflation.

- **Investment grade ('IG') bond** spreads tightened over Q2, however, IG bonds underperformed other fixed income sub-sectors due to former's greater sensitivity to rising government bond yields. The UK fared the worst due to the rise in gilt yields being more pronounced than in other regions.
- **High yield ('HY') bonds** produced positive returns over the quarter, largely due to the broader market recovery following the previous quarter's fallout from the banking crisis, in addition to limited new HY issuance supporting returns.
- **Emerging market ('EM') debt** also posted positive returns over the quarter as EM central banks remained accommodative, particularly in China, where its central bank surprisingly cut the main interest rate.

Summary

Performance was mixed across different credit sub-sectors in Q2 2023. This was due to two opposing factors impacting returns, whereby rising interest rates (and the associated increase in government bond yields) were partially offset by tightening spreads.

Global high yield bonds outperformed investment grade bonds as markets stabilised over the quarter, which led to a more risk-on environment.

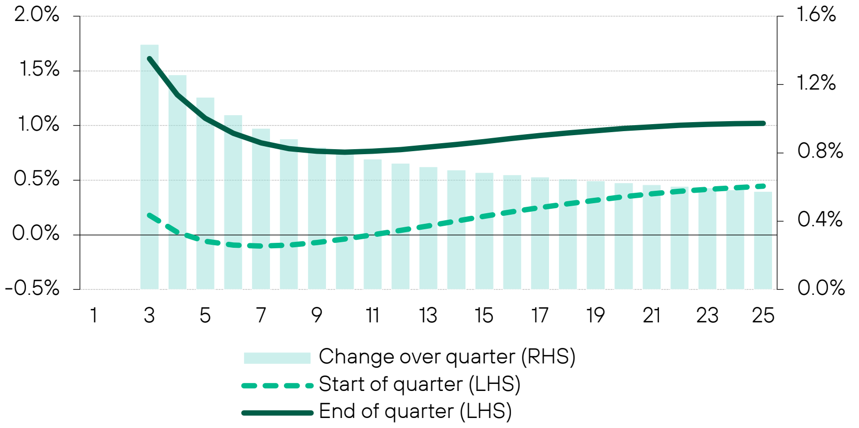
At the start of the quarter, market jitters around the US regional banking crisis and the potential for it to spread to the European banking sector subsided. This was largely due to extensive government support in the U.S., in addition to regulatory authorities allaying fears around the risk of any potential contagion.

As the quarter progressed, central bank policy started to diverge - with the Fed pausing its increase in interest rates, whilst the BoE and the ECB raised interest rates due to lingering concerns over high inflation in their respective regions.

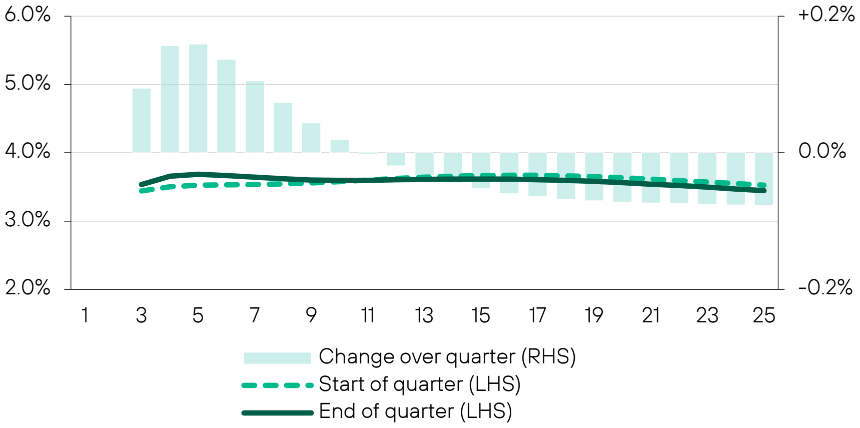
Notes: Please see the 'Explanation of Market Background' appendix for details on the underlying indices shown. Credit spreads are shown in basis points (100bps = 1%) and correspond to the incremental yield available on corporate bonds above government bonds of a similar maturity. Sources: Thomson Reuters,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

Market Background – Yields

Real Gilt Yields – Q2 2023

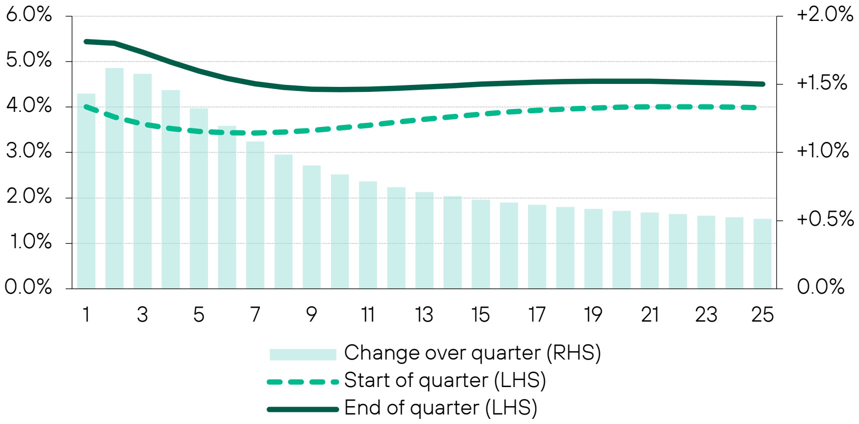


Gilt-Implied Inflation – Q2 2023



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

Nominal Gilt Yields – Q2 2023



Commentary

- Long-dated (20-year) yields at the quarter-end were:
  - Real gilt yield: 1.0%
  - Nominal gilt yield: 4.6%
  - Gilt-implied inflation expectation: 3.6%

Sources: Bank of England, Isio calculations.

Explanation of Market Background

Market Background – Overview

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

Market Background – Global Equity

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

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

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

Explanation of Market Background (cont.)

Market Background – Absolute Return

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

Market Background – Real Assets

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

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

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

Explanation of Market Background (cont.)

Market Background – Credit

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

Market Background – Yields

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

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

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

How to Read the Fund Manager Pages

How to Read the "Overview" Section

Expected Volatility Low High

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

Shape of Outcomes 0% Contractual 100% Contractual

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

Diversification Low High

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

Manager Ratings

We show two ratings for a manager:

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

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

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

- Green
- Amber
- Red
- Not Evaluated

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

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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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- Funds that make use of derivatives are exposed to additional forms of risk and can result in losses greater than the amount of invested capital.
- The estimated liabilities (where quoted) have been "rolled forward" from the last actuarial valuation and/or funding update, by taking current bond yields and inflation expectations into account. The methodology underlying the actuarial assumptions (e.g. discount-rate premium, mortality, real salary growth etc.) is assumed to remain constant for this estimate. Due to the approximate nature of the calculations, the Fund's actual experience and changes in future valuation assumptions may mean that the liabilities and funding position calculated at the next actuarial valuation (or funding update) could be significantly different from the quoted estimate.

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