

East Sussex Pension Fund

Investment Performance – Summary Report

Quarter to 30 June 2024

Isio Investment Advisory

isio.

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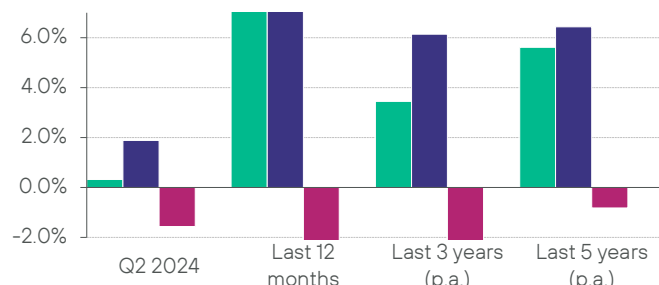
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Highlights

Executive Summary – 30 June 2024

Access Pool Fund		Q2 2024 Performance			Value at Quarter End	
		Fund	Benchmark	Relative	31-Mar-24	30-Jun-24
Yes	UBS Osmosis – Sustainable Equity	2.4%	2.6%	-0.1%	£398.1m	£407.9m
Yes	Longview - Global Equity	-1.4%	2.6%	-3.9%	£521.6m	£514.4m
No	WHEB – Sustainable Equity	-3.5%	2.6%	-6.1%	£237.9m	£229.6m
No	Wellington – Sustainable Equity	-0.5%	2.8%	-3.3%	£247.9m	£246.8m
No	Storebrand – Sustainable Equity	2.8%	2.6%	+0.2%	£465.4m	£478.2m
Yes	Baillie Gifford – Global Equity	1.2%	2.8%	-1.6%	£217.3m	£219.9m
No	Harbourvest – Private Equity ^{1,2}	1.1%	3.1%	-2.0%	£181.6m	£184.1m
No	Adams Street – Private Equity ^{1,2}	-0.3%	3.1%	-3.4%	£189.5m	£186.3m
Yes	Newton – Absolute Return	0.1%	1.9%	-1.7%	£368.2m	£368.7m
Yes	Ruffer - Absolute Return	0.1%	1.9%	-1.8%	£450.4m	£450.8m
No	Schroders – Property	2.1%	1.1%	+1.0%	£339.7m	£344.1m
No	UBS – Infrastructure ²	-2.3%	1.3%	-3.6%	£35.4m	£34.6m
No	Pantheon – Infrastructure ²	-0.3%	1.3%	-1.6%	£87.0m	£85.9m
No	M&G – Infrastructure ²	-0.5%	1.3%	-1.8%	£49.4m	£50.6m
Yes	IFM – Infrastructure	0.7%	1.3%	-0.7%	£246.9m	£248.5m
No	ATLAS - Listed Infrastructure	-2.9%	0.8%	-3.7%	£99.9m	£97.0m
No	M&G – Real Estate Debt ²	1.9%	2.2%	-0.4%	£35.1m	£33.6m
Yes	M&G – Diversified Credit	2.4%	2.0%	+0.4%	£328.8m	£184.0m
Yes	BlueBay -Total Return	-	-	-	£0.0m	£170.0m
Yes	M&G - Corporate Bonds	-1.0%	-1.2%	+0.2%	£131.1m	£129.8m
Yes	UBS - Over 5 Year Index-linked Gilts	-2.9%	-2.9%	-0.0%	£234.9m	£228.0m
Total Assets		0.3%	1.9%	-1.6%	£4866.2m	£4892.6m

Period returns – to 30 June 2024



Commentary

- The Fund's assets delivered a positive absolute return over the quarter, returning 0.3% but below the benchmark return of 1.9%.
- The equity managers posted mixed absolute and negative relative returns with Storebrand and Osmosis performing the strongest.
- The Fund's illiquid holdings in private equity posted largely negative absolute and relative performance in Q2 2024 as transactions volumes still remain suppressed.
- As a whole, the various credit mandates posted largely positive results in absolute terms apart from Investment grade bonds, which experienced negative performance as rate cuts stalled in the US and UK and nominal and index-linked gilt yields rose over Q2.
- The long-term returns at Fund level remain robust, and in line with expectations although lagging the benchmark. This underperformance has been driven by weak relative performance from the Fund's impact and growth equity managers and challenging "cash plus" and "inflation plus" benchmarks over a period when both

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

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

Manager Performance – 30 June 2024

Fund	Q2 2024 Performance			1 Year Performance			3 Year Performance			5 Year Performance		
	Fund	Benchmark	Relative	Fund	Objective	Relative	Fund	Objective	Relative	Fund	Objective	Relative
UBS Osmosis – Sustainable Equity	2.4%	2.6%	-0.1%	20.5%	20.9%	-0.4%	-	-	-	-	-	-
Longview – Global Equity	-1.4%	2.6%	-3.9%	11.3%	20.9%	-9.6%	10.0%	10.1%	-0.0%	9.8%	11.9%	-2.1%
WHEB – Sustainable Equity	-3.5%	2.6%	-6.1%	4.1%	20.9%	-16.8%	-1.0%	10.1%	-11.2%	-	-	-
Wellington – Sustainable Equity	-0.5%	2.8%	-3.3%	11.1%	20.1%	-9.0%	0.6%	8.6%	-8.0%	-	-	-
Storebrand – Sustainable Equity	2.8%	2.6%	+0.2%	19.5%	20.9%	-1.4%	8.3%	10.1%	-1.9%	-	-	-
Baillie Gifford – Global Equity	1.2%	2.8%	-1.6%	13.9%	20.1%	-6.2%	-	-	-	-	-	-
Harbourvest – Private Equity ¹	1.1%	3.1%	-2.0%	3.6%	21.6%	-18.0%	8.4%	10.1%	-1.8%	15.4%	12.4%	+2.9%
Adams Street – Private Equity ¹	-0.3%	3.1%	-3.4%	0.1%	21.6%	-21.5%	7.7%	10.1%	-2.4%	14.3%	12.4%	+1.9%
Newton – Absolute Return	0.1%	1.9%	-1.7%	10.0%	7.7%	+2.2%	1.0%	5.6%	-4.6%	3.0%	4.5%	-1.5%
Ruffer – Absolute Return	0.1%	1.9%	-1.8%	0.5%	7.7%	-7.3%	-0.2%	5.6%	-5.8%	5.1%	4.6%	+0.6%
BlueBay – Total Return	-	-	-	-	-	-	-	-	-	-	-	-
Schroders – Property	2.1%	1.1%	+1.0%	2.1%	0.1%	+2.0%	1.8%	0.6%	+1.2%	2.0%	1.5%	+0.5%
UBS – Infrastructure	-2.3%	1.3%	-3.6%	-0.9%	4.0%	-4.8%	6.1%	8.4%	-2.3%	-0.3%	6.4%	-6.8%
Pantheon – Infrastructure ¹	-0.3%	1.3%	-1.6%	6.3%	4.0%	+2.3%	14.9%	8.4%	+6.5%	10.8%	6.4%	+4.4%
M&G – Infrastructure	-0.5%	1.3%	-1.8%	-19.8%	4.0%	-23.8%	-1.8%	8.4%	-10.2%	1.3%	6.4%	-5.1%
IFM – Infrastructure	0.7%	1.3%	-0.7%	6.0%	4.0%	+2.1%	-	-	-	-	-	-
ATLAS – Listed Infrastructure	-2.9%	0.8%	-3.7%	-3.0%	4.4%	-7.3%	7.2%	5.8%	+1.3%	-	-	-
M&G – Real Estate Debt	1.9%	2.2%	-0.4%	9.6%	9.2%	+0.4%	4.9%	7.1%	-2.2%	3.9%	6.1%	-2.2%
M&G – Diversified Credit	2.4%	2.0%	+0.4%	12.1%	8.2%	+3.9%	5.0%	6.1%	-1.1%	5.6%	5.1%	+0.5%
M&G – Corporate Bonds	-1.0%	-1.2%	+0.2%	9.5%	9.0%	+0.5%	-7.2%	-7.5%	+0.3%	-1.9%	-2.6%	+0.6%
UBS – Over 5 Year Index-linked Gilts	-2.9%	-2.9%	-0.0%	-1.9%	-1.9%	-0.0%	-14.1%	-14.0%	-0.1%	-7.5%	-7.4%	-0.0%
Total Assets	0.3%	1.9%	-1.6%	8.0%	12.2%	-4.2%	3.5%	6.1%	-2.7%	5.6%	6.4%	-0.8%

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 2024.

¹ Valuation and performance information as at 31 March 2024.

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, with WHEB the stand out detractor.

The private equity mandates have delivered very strong performance over the 5-year period. However, relative performance has been largely negative over the last 12 months.

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

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

Looking Forward (1)

Key issues		
Item	Action points / Considerations	Status
Overall Investment Strategy	<p>Liquid Fixed Income Manager Selection</p> <ul style="list-style-type: none"> 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 have now funded the mandate on the 17th April 2024 via the ACCESS platform Investment Grade Credit – at the point of the last investment strategy review the Committee took the decision to allocate the Fund's liquid credit allocation to Multi Asset Credit (as per above). Given the attractive yield available Investment Grade Corporate bonds at the time, the source of the capital, at this point, it was agreed to phase the implementation of the switch. We believe that market conditions have changed such that now may be a good time to consider transferring more assets. This will be discussed further with the IWG ahead of any action. 	●
	<p>Illiquid Fixed Income Allocation</p> <ul style="list-style-type: none"> The Officers and IWG group have requested Isio consider the options available to the Fund in relation to implementing the strategic allocation to illiquid fixed income. Isio prepared a briefing paper in early 2023 considering this allocation. The Officers are currently working with Isio and ACCESS to assess what is available for implementation of this mandate. ACCESS are looking to progress their offering in the near term. 	●
	<p>Equity Dividends</p> <ul style="list-style-type: none"> At the July Investment Strategy Day the Committee discussed the underlying makeup of the Fund's equity portfolio and the exposure and contribution to equity returns from income and growth this gave. The Committee considered whether there was merit in investigating this further. This split can vary with market conditions and with significant allocations to actively managed funds (who alter their exposure based on market views) this split can vary over time at a portfolio level. Income focused strategies (currently not included in the Fund's portfolio) provide dividends which can sometimes provide a dampening effect on returns against market volatility (more defensive) as well as provide income to help with cashflow needs. The Growth investment style, as the names suggests targets high growth companies and so tends to exhibit certain sector bias's such as technology. There could be a rationale to reduce the bias to growth in the portfolio and rebalance to other areas – such as income to reduce sector (and performance) concentration risk and make the portfolio more robust. Ahead of any changes, it is important, however, to understand any portfolio tilts that would be introduced by this action – historically, a tilt to dividend stocks have implied a UK or energy sector bias for example. This, alongside the income profile of any changes being considered, will need to be investigated further if the Committee is interested in pursuing this. 	●

Summary

This page sets out the main action / discussion points.

Status key

- Action
- Decision
- Discussion
- Information only

Looking Forward (2)

Key issues		
Item	Action points / Considerations	Status
Investment Managers	M&G Alpha Opportunities Fund and UK Corporate Bond Funds <ul style="list-style-type: none">Jim Leaviss, CIO of Public Fixed Income, has decided to leave M&G. Andrew Chorlton, previously Head of Fixed Income at Schroders, will replace Jim and will join M&G in December. As Jim was not directly involved in the Fund's bond mandates held whit M&G, and as such, we anticipate no changes at fund level due to his departure.	●
	M&G Infracapital <ul style="list-style-type: none">The Infracapital team has moved to a more streamlined model. The overarching aim is to improve investment outcomes and promote operational efficiency. We are comfortable with the proposed changes as they will permit clear responsibility across the team, while adopting a shared use of competencies and skill sets across the Greenfield and Brownfield funds.During Q1 2024, Infracapital Germany ("IFG"), an asset within the Brownfield Fund, recorded a decrease in valuation to zero. This is disappointing and represents some of the risks involved in infrastructure equity investing, although Infracapital could have addressed the management of these risks better in their original and ongoing due diligence.	●

Summary

This page sets out the main action / discussion points.

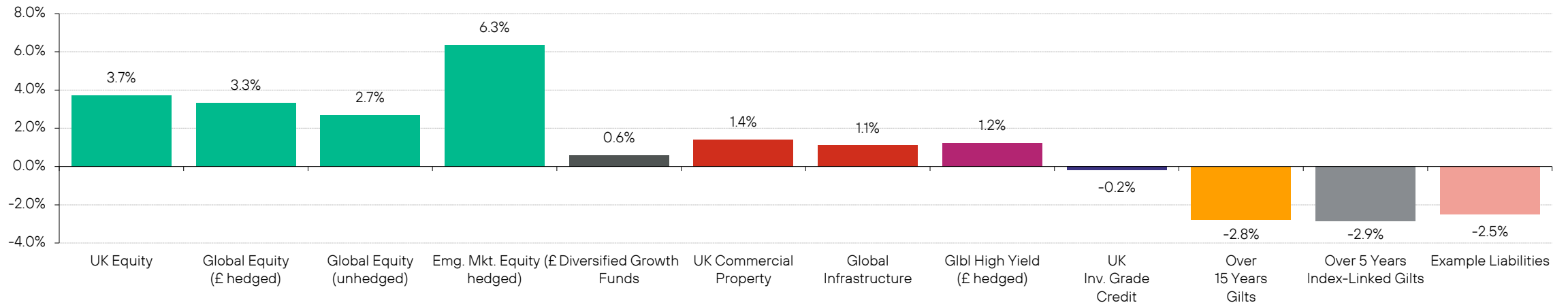
Status key

- Action
- Decision
- Discussion
- Information only

Market Summary

Market Background – Overview Q2 2024

Market movements over the quarter



Key Upcoming Events

Q3 2024 Base rate publications

- UK: The dates for the Bank of England's Monetary Policy Committee ("MPC") announcements are 1 August and 19 September.
- US: The dates for the US Federal Reserve's Federal Open Market Committee ("FOMC") meetings are 31 July and 18 September.

Q3 2024 Inflation publications

- UK: 17 July, 14 August, 18 September.
- US: 11 July, 14 August, 11 September.

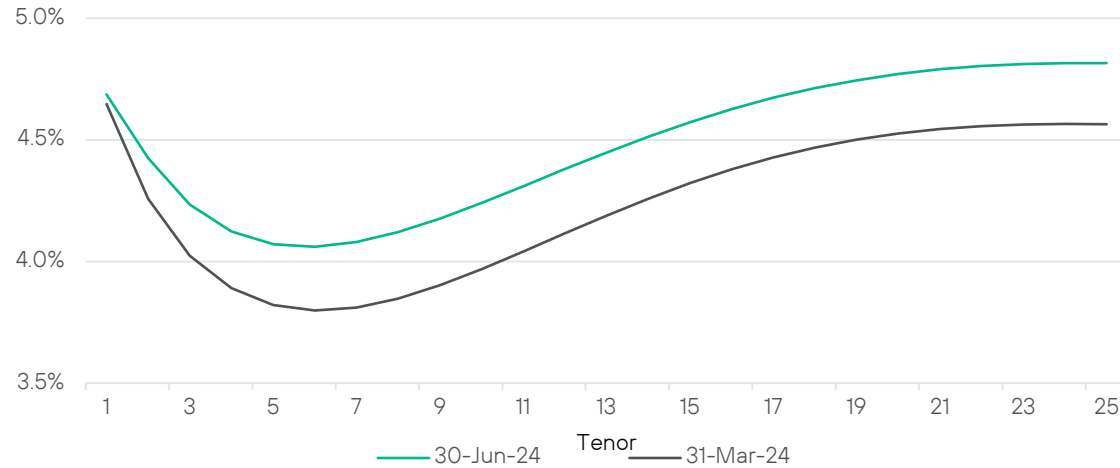
Sources: Refinitiv, DGF investment managers, LGIM, Isio calculations.

Commentary

- Q2 2024 saw mixed returns across asset classes as economic data supported risk assets, but central bank messaging led to negative returns in some areas of bond markets. Whilst the ECB implemented a rate cut over the quarter, the US and UK maintained their current interest rates, noting any cuts would be data dependent. This rhetoric led to nominal and index-linked gilt yields rising over Q2.
- As such, investment grade bonds also experienced negative performance, following government bond yields higher amidst persistent services inflation. However, high yield bonds delivered positive returns as credit spreads remained stable.
- Global equities delivered strong returns over Q2, underpinned by positive investor sentiment due to strong earnings growth and easing headline inflation figures.
- Performance in the property sector was positive following an increase in consumer demand and activity. However, transaction volumes within the property market remain suppressed as markets wait for interest rate cuts to materialise.

Market Background – Yields

Nominal gilt yield curve



Real gilt yield curve



Gilt Yield Changes

10-year Nominal Gilt Yield

April	+0.44%
May	-0.05%
June	-0.12%
Quarter	+0.27%

Gilt Yield Changes

10-year Real Gilt Yield

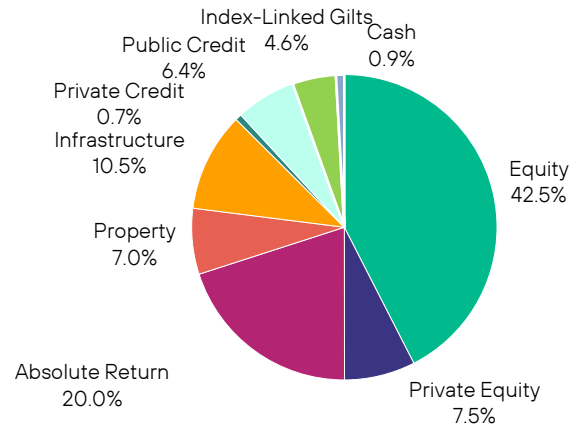
April	+0.31%
May	-0.05%
June	+0.05%
Quarter	+0.31%

Sources: BoE, Isio calculations.

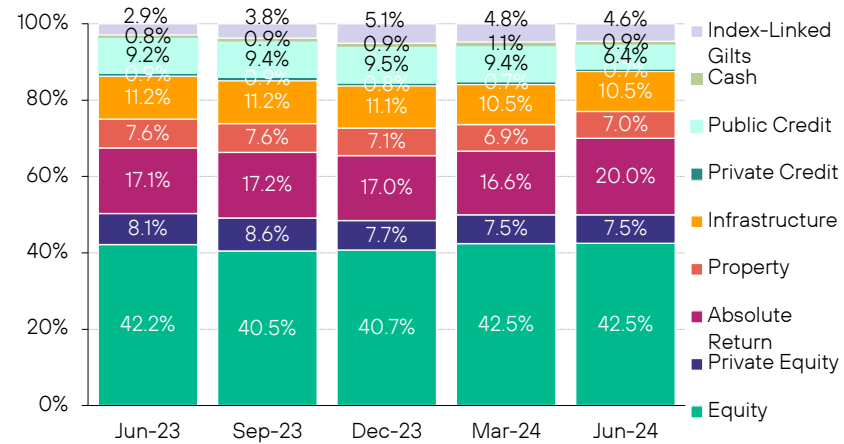
Strategy Overview

Asset Allocation – at 30 June 2024

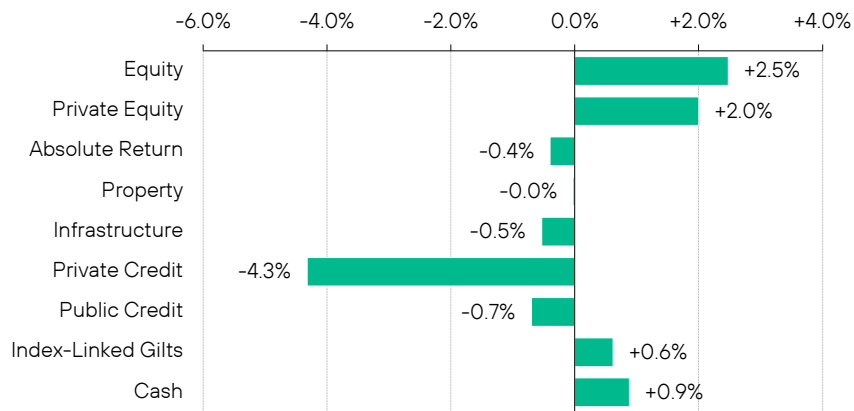
Asset Allocation – 30 June 2024



Asset Allocation Changes Since 30 June 2023



Assets Relative to Benchmark – 30 June 2024



Commentary

- As at 30 June 2024, the Fund's asset allocation remained off-benchmark relative to the newly agreed target asset allocation; though steps are being taken to address this through the continued implementation of the target investment strategy.
- The index-linked gilts, equity and private equity mandates are currently overweight; while the absolute return, private and public credit allocations are underweight.
- The allocations will be brought more closely in line with the strategic benchmark as the new mandates are agreed and implemented going forward.
- More specifically, a commitment to private credit is currently being target via the ACCESS platform, although timescales for implementation of this allocation remain unclear.
- A market level trigger framework remains in place to move the allocation to Index-linked Gilts to an overweight position should market levels become attractive to do so.

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

Agreed long-term allocation

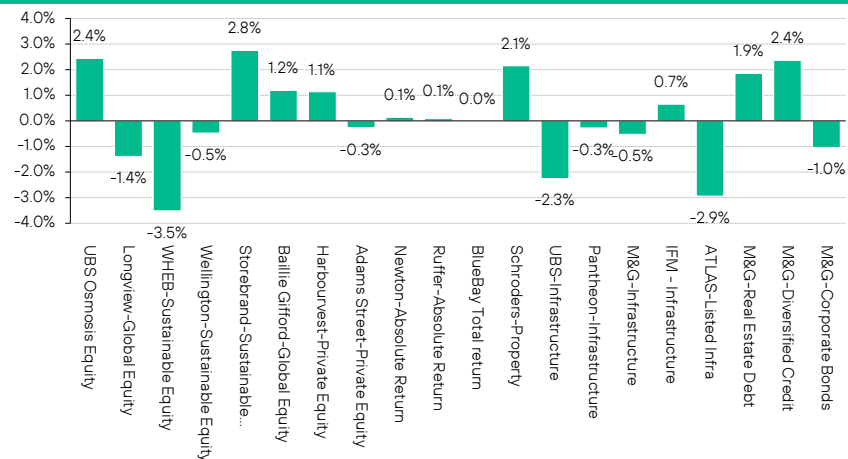
Equity	40.0%
Private Equity	5.5%
Absolute Return	17.0%
Balanced Property	7.0%
Index-Linked Gilts	4.0%
Infrastructure	11.0%
Public (Diversified) Credit	10.5%
Private Credit	5.0%

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

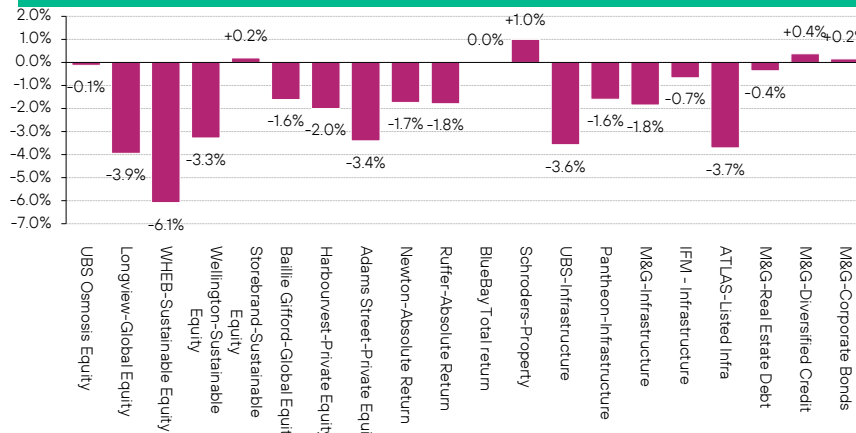
Investment Managers

Performance Summary – to 30 June 2024

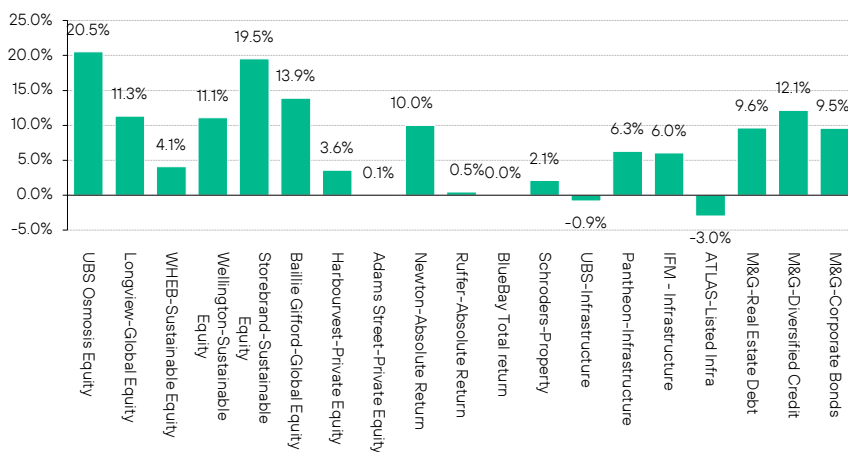
Absolute Return – Q2 2024



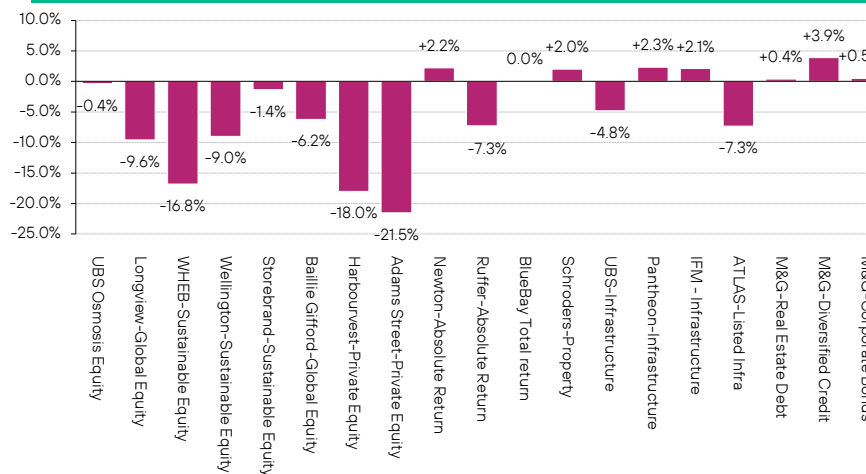
Relative Return – Q2 2024



Absolute Return – 12 months



Relative Return – 12 months



Summary

The Fund's mandates delivered mixed absolute performance over Q2, with diversified credit, real estate debt and some public equity funds producing positive returns.

Meanwhile, the UBS Infrastructure Fund, WHEB and ATLAS delivered the most notable negative absolute performances.

On a relative basis over Q2, Schroders, Storebrand and M&G Diversified Credit and outperformed. Infrastructure saw negative relative returns and WHEB Sustainable Equity fund had standout negative absolute and relative performance over the quarter. This was driven by a challenging time for sustainability themes as comparatively few of the companies that WHEB consider to deliver positive impact kept up with the broader market,

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

Note: Returns net of fees. 12 month relative and absolute returns are not available for the IFM Infrastructure mandate as it was inception post 31 December 2022.

Source: Investment Managers, Northern Trust, Isio calculations.

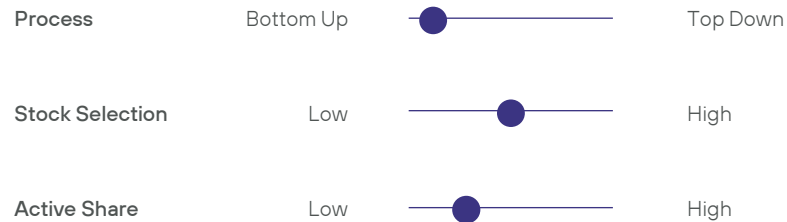
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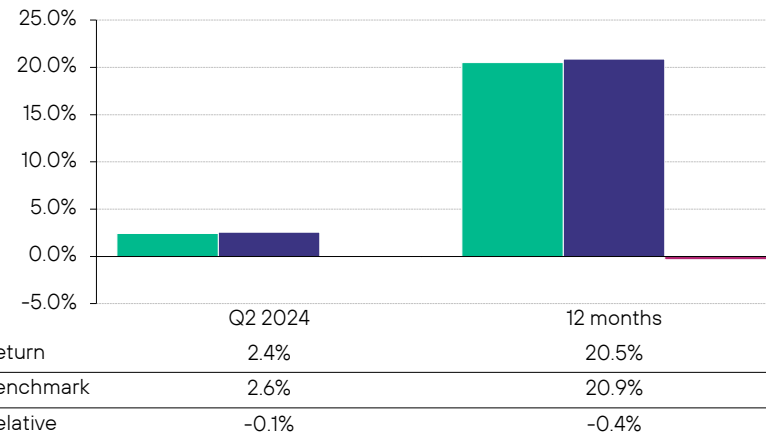
UBS / Osmosis – Sustainable Equity

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.



Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	484	475	Increase
12m turnover	24%	24%	Remained constant
Active share	45%	49%	Low, in line with expectations
Top 3 sectors	Information Technology (27.9%), Financials (16%), Health Care (13%).		
Top 3 stocks	Apple Inc (6%), NVIDIA Corp (5%), Microsoft Corp (5%),		
Top 3 regions	North America (75%), Europe (17%), APAC (8%).		

Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> Strongest contributors were Apple, Anglo American and Arista Networks. Top detractors were Alphabet, Caterpillar, Bristol Myers Squibb and Fastenal. Osmosis remains confident in the uncorrelated resource efficiency which drives the positive active return against the MSCI World benchmark.
Portfolio positioning	<ul style="list-style-type: none"> Carlisle Companies (US Industrials), Fortinet (US IT) and Publicis Groupe (French Communication Services) were added to the portfolio. Twilio (US IT), FMC (US Materials), Stanley Black and Decker (US Industrials) 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	<ul style="list-style-type: none"> Osmosis believe they are well placed to outperform despite the continued uncertainty in financial markets as firms continue to adjust to an environment of higher interest rates and the portfolio contends with the market ramifications of increased geopolitical tensions in the Middle East.

Mandate: Sustainable Passive Global Equities

Current Value: £407.9m

Current Weighting: 8.3%

Inception: March 2022

Benchmark: MSCI World

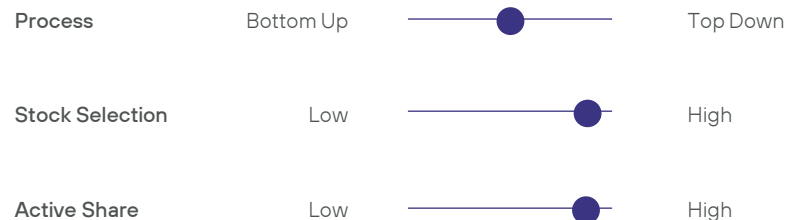
Objective: Achieve superior risk-adjusted returns by targeting maximum resource efficiency exposure while maintaining a tight tracking error to the MSCI World.

Pooled: Via Access Pool

Longview - Global Equity

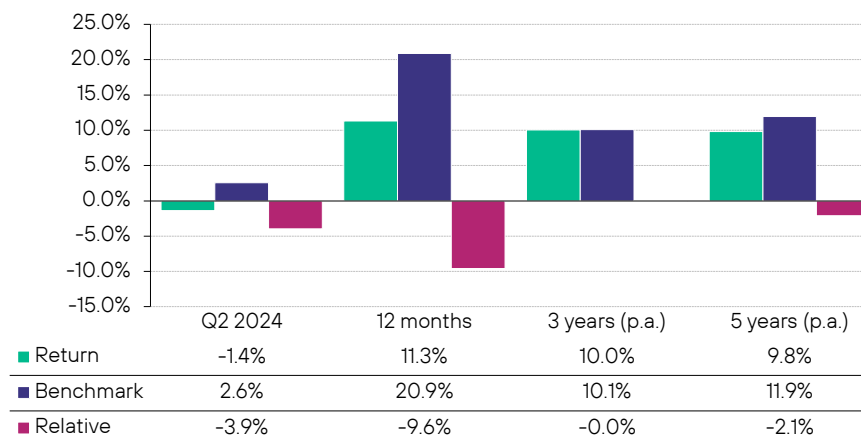
Overview

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.



Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> Consumer Staples and Healthcare were the biggest sector detractors. The Communication Services sector was the biggest contributor. Some of the largest detractors to relative performance over the period were CDW, IQVIA and Nike. Longer term performance remains below benchmark.
Portfolio positioning	<ul style="list-style-type: none"> During the quarter, one new holding was added to the portfolio - Adobe. Meanwhile, the position in US Foods was sold due to its lack of market share and underperforming shares.
Outlook	<ul style="list-style-type: none"> Longview believe they are building a portfolio of high-quality companies that can deliver predictable double digit percentage shareholder returns over the long term.

Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	29	29	In line with expectations
12m turnover	19%	21%	Remains low relative to peers
Active share	89%	90%	Remains high relative to peers
Top 3 sectors	Financials (29%), Health Care (20%), Consumer Discretionary (17%)		
Top 3 stocks	Microsoft (4%), Adobe (4%), Oracle (4%)		
Top 3 regions	US (85%), Netherlands (6%), UK (6%)		

Mandate: Active Global Equities

Current Value: £514.4m

Current Weighting: 10.5%

Inception: April 2013

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

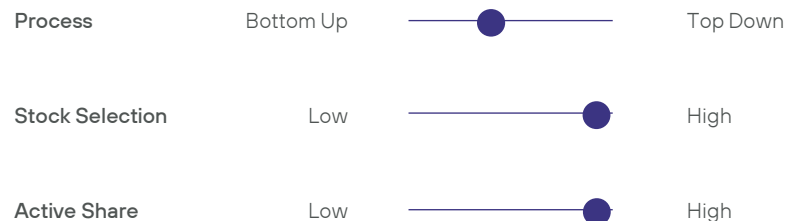
Benchmark: MSCI AC World

Pooled: Via Access Pool

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.



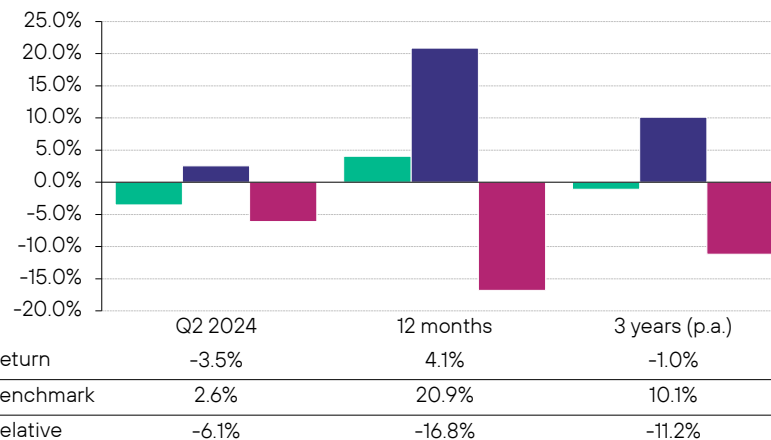
Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> The fund continued to deliver behind benchmark performance over the quarter. Positive contributions were made by Water Management and Sustainable Transport stocks, while negative contributions came most notably from Resource Efficiency holdings. The largest contributor was First Solar while largest detractors were Silicon Laboratories and Spirax Group.
Portfolio positioning	<ul style="list-style-type: none"> 3 new additions: Rockwell Automation (Resource Efficiency), Gerresheimer (Health), American Water Works (Water Management). 2 sales: Cooper Companies (Wellbeing), SolarEdge (Cleaner Energy)
Outlook	<ul style="list-style-type: none"> Following the fall in inflation, sentiment in global equities is more positive with markets expecting that central bank tightening is nearing its end. WHEB believe this environment should be more supportive for the generally smaller and more growth orientated impact stocks WHEB invest in.

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

Source: Investment manager, Northern Trust, Isio calculations.

Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	43	42	Relatively concentrated – low end of target
12m turnover*	48%	30%	Further detail on right
Active share	97%	97%	High relative to peers
Top 3 sectors	Healthcare (31%), Industrials (29%), IT (24%)		
Top 3 stocks	Ecolab (4%), Xylem (4%), Schneider Electric (4%)		
Top 3 regions	North America (61%), Western Europe (23%), UK (7%)		

Mandate: Active Impact Global Equity

Current Value: £229.6m

Current Weighting: 4.7%

Inception: December 2020

Benchmark: MSCI World

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

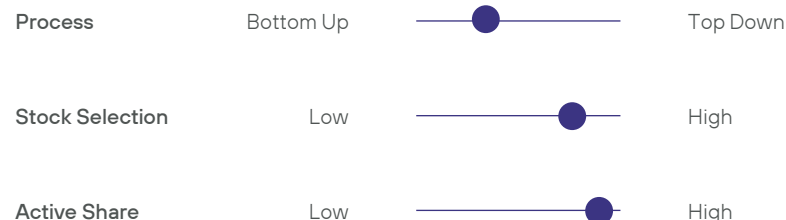
Pooled: No

***12m turnover:** The manager has confirmed that the higher turnover 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.

Wellington – Global Impact Fund

Overview

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



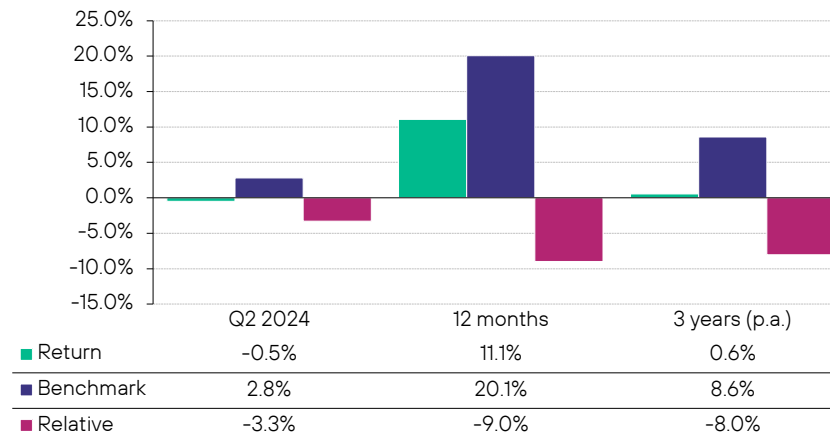
Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> The fund has underperformed materially over the short- and medium-term, with both stock-specific issues and thematic trends underpinning negative relative returns. Two of the largest Q2 detractors were stocks not held in the portfolio: Nvidia (-1.0%) and Apple (-0.7%), as the fund was hampered by a small size bias, and lack of exposure to the large technology names which have driven returns; this has been a consistent theme amongst active managers.
Portfolio positioning	<ul style="list-style-type: none"> There has been turnover over recent periods, with several Q2 sales (i.e., Etsy and Katitas) driven by a negative view on the prospects for 'low-end consumers'. The team have expanded holdings in defensive stocks, such as Waste Connections (a waste management company).
Outlook	<ul style="list-style-type: none"> A material portion of active risk remains driven by the size and growth factors; high tracking error is to be expected.

Sources: Investment manager, Isio calculations.

Notes: Returns net of fees.

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Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	64	66	High end of 50-70 range
12m name turnover	24%	23%	-
Active share	96%	96%	High, in line with expectations
Top 3 sectors	Resource Efficiency (22%), Healthcare (20%), Financial Inclusion (9%)		
Top 3 stocks	Xylem Inc (4%), Boston Scientific (4%), Westinghouse AirBrake Technologies (3%)		
Top 3 regions	North America (64%), Europe ex UK (20%), Emerging Markets (10%)		

Mandate: : Active Impact Global Equities

Current Value: £246.8m

Current Weighting: 5.0%

Inception: December 2020

Benchmark: MSCI AC World

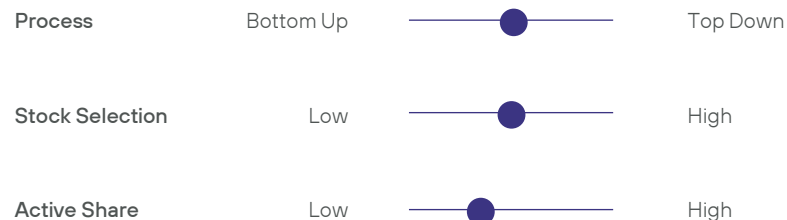
Objective: To outperform the MSCI All Country World Index over the long-term.

Pooled: No

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.



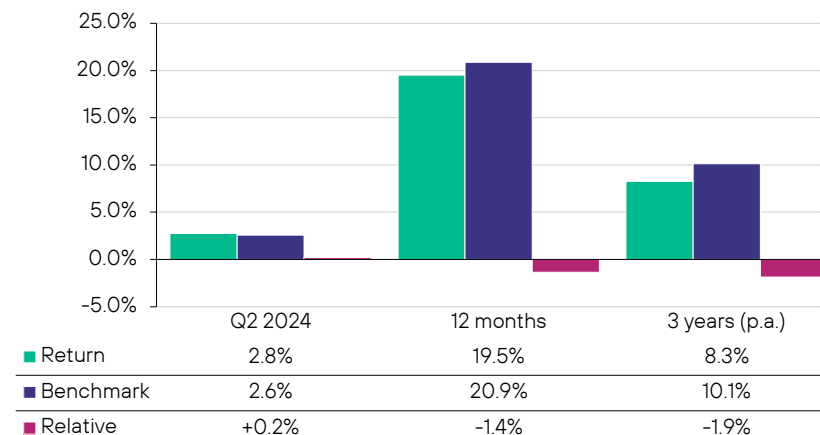
Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> The fund outperformed the MSCI World Index by 0.2% during Q2. Exclusion of fossil fuel-related stocks contributed a 0.3% on a relative basis. Non-climate solutions companies also had a challenging quarter, detracting -0.4% from relative returns.
Portfolio positioning	<ul style="list-style-type: none"> Storebrand added 32 new positions all with portfolio weight of under 1% (largest two positions were for Wells Fargo and Otis Worldwide Corp). Storebrand also exited 11 positions largest of which were Yokogawa Electric and Smart Metering Systems PLC.
Outlook	<ul style="list-style-type: none"> Storebrand encourages companies to set verified targets and has increased the allocation of companies with science-based targets.

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

Source: Investment manager, Northern Trust, Isio calculations.

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Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	710	694	Increase
12m turnover	11%	13%	Decrease
Active share	39%	40%	Low, as expected
Top 3 sectors	IT (27%), Industrials (14%), Financials (13%)		
Top 3 stocks	Apple (5%), Microsoft (5%), Nvidia (5%)		
Top 3 regions	United States (71%), Japan (7%), UK (3%)		

Mandate: Sustainable Passive Global Equities

Current Value: £478.2m

Current Weighting: 9.8%

Inception: December 2020

Benchmark: MSCI World

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

Pooled: No

Baillie Gifford – Global Paris Aligned Equity

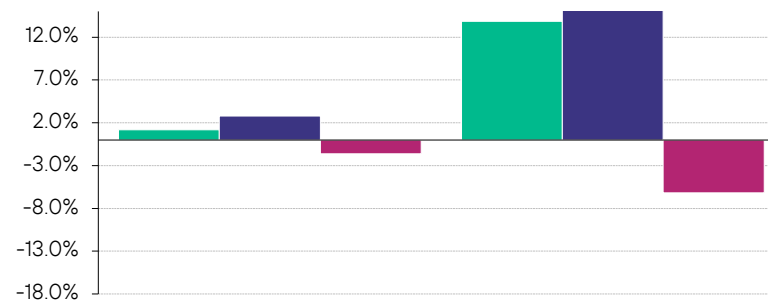
Overview

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	<ul style="list-style-type: none"> The Fund experienced a positive absolute performance over the quarter. Against an economic backdrop, BG continue to revisit the underlying growth drivers that underpin the portfolio and remain confident that the growth tailwinds will endure despite global economic challenges. The IT sector was the clear contributor in Q2. The Materials sector was the biggest detractor over the last quarter.
Portfolio positioning / transactions	<ul style="list-style-type: none"> BG made 7 purchases (Aerovironment, AutoZone, Brunswick Corp, Kweichow Moutai "A", Rakuten, Stella-Jones Inc. and UnitedHealth) and 3 sales (Alibaba Group Holding, Teradyne and Tesla Inc).
Outlook	<ul style="list-style-type: none"> Baillie Gifford believe the fund is well positioned for market returns broadening from the concentrated returns seen in recent quarters.

Performance to 30 June 2024



	Q2 2024	12 months
Return	1.2%	13.9%
Benchmark	2.8%	20.1%
Relative	-1.6%	-6.2%

Metrics	Current Quarter	Last Quarter	View/change
Stocks (no.)	89	89	No Change
12m turnover	18%	18%	No Change
Active share	79%	81%	In line with expectations
Top 3 sectors	Consumer Disc (21%), IT (21%), Healthcare (14%)		
Top 3 stocks	Microsoft (5%), Amazon.com (5%), Meta Platforms (4%)		
Top 3 regions	North America (66%), Europe ex UK (17%), Emerging Markets (11%)		

Mandate: Global Equities

Current Value: £219.9m

Current Weighting: 4.5%

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

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	<ul style="list-style-type: none"> Further details of performance will be contained within the Quarterly Reports, which are in the process of being finalised.
Developments over quarter	<ul style="list-style-type: none"> Several funds distributed proceeds back to investors during Q1, with the most sizeable distributions coming from Cleantech Fund II, HIPEP VI and Fund IX Buyout
Outlook	<ul style="list-style-type: none"> 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.

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Performance to 30 June 2024



	Q2 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	1.1%	3.6%	8.4%	15.4%
Benchmark	3.1%	21.6%	10.1%	12.4%
Relative	-2.0%	-18.0%	-1.8%	+2.9%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	10.4%	10.6%	Slight decrease
Capital Deployed/Raised	76%	75%	Slight increase
DPI	0.98x	0.97x	No change
TVPI	1.7x	1.7x	No change
Top 3 subclasses	Buyout (57%), Venture (41%), Credit (1%)		
Top 3 regions	North America (56%), Europe (27%), Asia (15%)		

Mandate: Private Equity

Current Value: £184.1m

Current Weighting: 3.9%

Inception: January 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

Adams Street – Private Equity

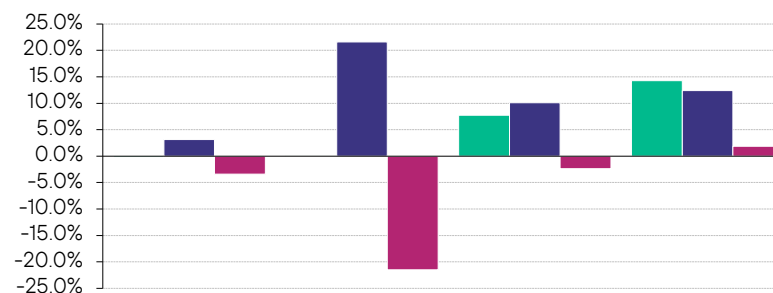
Overview

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

Key area	Comments (3 month lagged)
Performance	<ul style="list-style-type: none"> Performance continues to moderate relative to public equity markets in recent periods as private as market valuations adjust in sympathy with public markets. Over the quarter, IRR remained largely unchanged, which is in line with expectations.
Developments over quarter	<ul style="list-style-type: none"> There were no new primary or secondary investments. There were no new co-investments and no new growth equity investments during the quarter. There were c.\$5.8m in distributions and c.\$2.5m capital called over the quarter.
Outlook	<ul style="list-style-type: none"> Major global public equity indexes rose to records during the second quarter of 2024 on optimism that interest rates may have peaked as inflation in key markets decelerates. Adams Street expects the demand for co-investment capital to increase, despite the overall decline in buyout activity, as GPs seek to secure certainty for their equity needs amid higher debt capital costs.

Performance to 30 June 2024



Return	-0.3%	0.1%	7.7%	14.3%
Benchmark	3.1%	21.6%	10.1%	12.4%
Relative	-3.4%	-21.5%	-2.4%	+1.9%

Metrics (3m lag)	Current Quarter	Last Quarter	View/change
IRR (net)	11.3%	11.4%	Slight decrease
Capital Deployed/Raised	83%	82%	Slight increase
DPI	1.1x	1.1x	Unchanged
TVPI	1.8x	1.8x	Unchanged
Top 3 subclasses (Partnerships)	Buyout (61%), Venture (29%), Other (7%)		
Top 3 regions (Partnerships)	United States (53%), Western Europe (28%), Asia (11%)		

Mandate: Private Equity

Current Value: £186.3m

Current Weighting: 3.8%

Inception: March 2003

Benchmark: MSCI World + 1.5%

Objective: MSCI World + 3.0%

Pooled: No

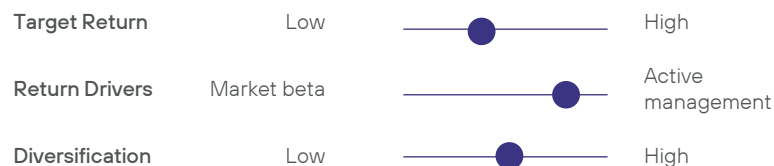
Note: Totals may not sum due to rounding. Performance quoted net of fees.

Source: Investment manager, Northern Trust, Isio calculations.

Newton – Absolute Return

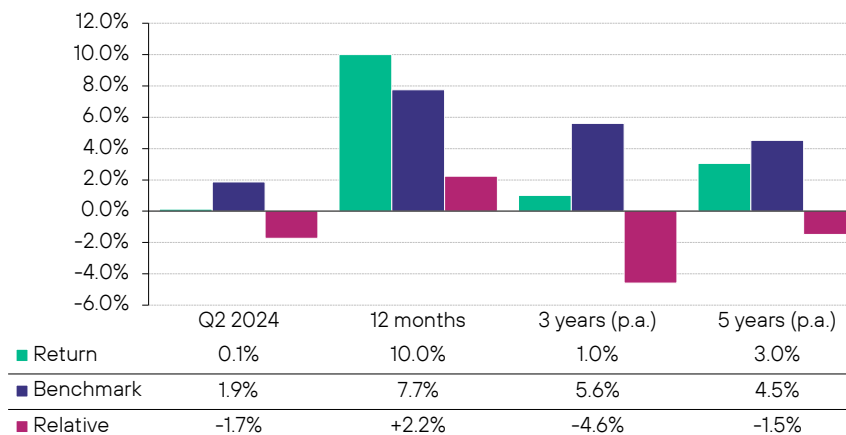
Overview

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



Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> The Fund delivered marginally positive returns during Q2, mainly driven by technology equities benefitting from continued optimism from AI. Derivative protection strategies and emerging-market debt were detractors to returns.
Portfolio positioning	<ul style="list-style-type: none"> The allocation to return-seeking core was reduced to lower the Fund's risk given declining economic data and stubborn inflation, by selling option exposures designed to capture buoyant equity markets. Similarly, it increased its downside protection through options on equity indices such as Eurostoxx and S&P 500.
Outlook	<ul style="list-style-type: none"> Initial signs of slowing in the US labour market and manufacturing sector indicate increased risk of economic growth disappointment. Alongside high government debt and inflation, Newton see this all leading to market volatility.

Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year) *	86%	74%	Consumer Discretionary and Industrials weightings towards the index
Volatility (1 year) *	5.5%	6.1%	In line with expectations
Top 3 asset-classes	Equities (41.7%), Government & Corporate Bonds (17.9%), Cash (13.8%)		
Equity sector breakdown	Technology (10.3%), Financials (7.1%), Healthcare (6.0%),		

Mandate: Diversified Growth Fund

Current Value: £368.7m

Current Weighting: 7.5%

Inception: April 2010

Benchmark: 3-month SONIA + 2.5%

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

Pooled: Via Access Pool

Notable Changes

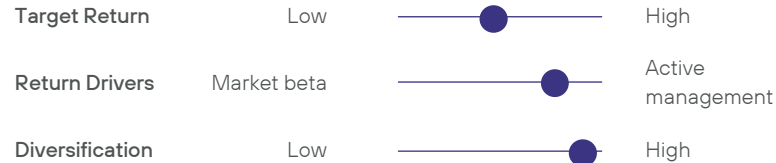
- Newton have announced that Paul Brain, deputy CIO of Multi-Asset will retire in September. Paul had no direct portfolio management responsibilities for the Real Return fund but did provide fixed income and macroeconomic insights to the Real Return Team. He had begun handing over his fixed income portfolio management responsibilities in December 2023 and his decision to retire was a natural progression.
- Given Paul was not a named manager on the Real Return Strategy, Isio have no concerns with this change, given it will have minimal impact on the day to day running of the Fund.

Sources: Investment manager, Isio calculations. * Correlation and Volatility statistics now calculated by Isio to maintain consistency with the methodology used when comparing between peer groups.
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Ruffer – Absolute Return

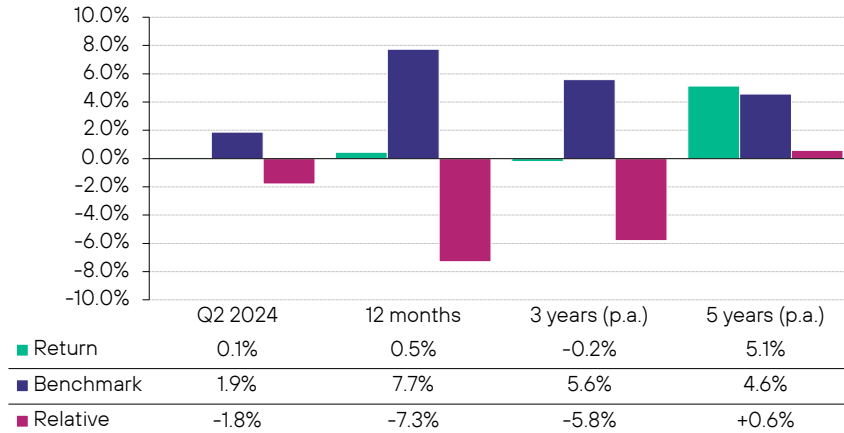
Overview

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.



Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> The Fund performed positively in Q2, mostly due to exposure to precious metals, with gold remaining near all-time highs supporting gold mining equities. Copper rose due to robust economic data and speculative positioning from investors. Yen exposure and equity protection strategies were detractors to returns.
Portfolio positioning	<ul style="list-style-type: none"> Ruffer maintains protection against a shift to higher and more volatile inflation via precious metals exposure and inflation-linked bonds, while also positioning to take advantage of continuing benign market conditions. Ruffer supplemented the gold exposure with a 4% allocation to silver, which provided strong returns and so have now rotated this towards platinum.
Outlook	<ul style="list-style-type: none"> Ruffer retain the conviction that upcoming elections, reduced central bank support, tightening liquidity and a softening US economy all give reason for caution.

Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Correlation to equity (1 year) *	42%	59%	In line with expectations
Volatility (1 year) *	4.3%	5.5%	In line with expectations
Top 3 asset-classes	Fixed interest (42.2%), Equities (25.8%), Inflation-linked bonds (17.2%)		
Top 3 contributors / detractors to return	Gold mining equities (+0.8%), Silver exposure (+0.6%), Copper exposure (+0.5%) Yen exposure (-1.2%), UK long-dated inflation-linked bonds (-0.5%), Equity protection (-0.2%)		

Mandate: Diversified Growth Fund

Current Value: £450.8m

Current Weighting: 9.2%

Inception: April 2010

Benchmark: 3-month SONIA + 2.5%

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

Pooled: Via Access Pool

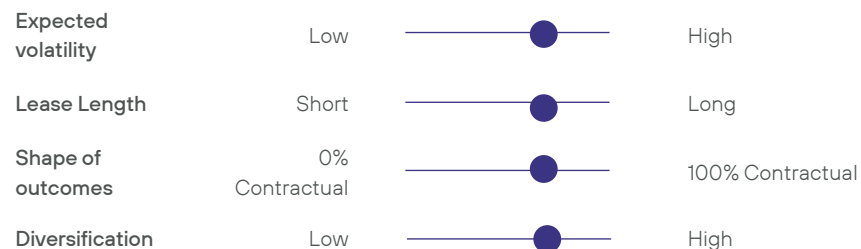
Notes: Returns net of fees. Inception date: 29 September 2000

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

Schroders - Balanced Property

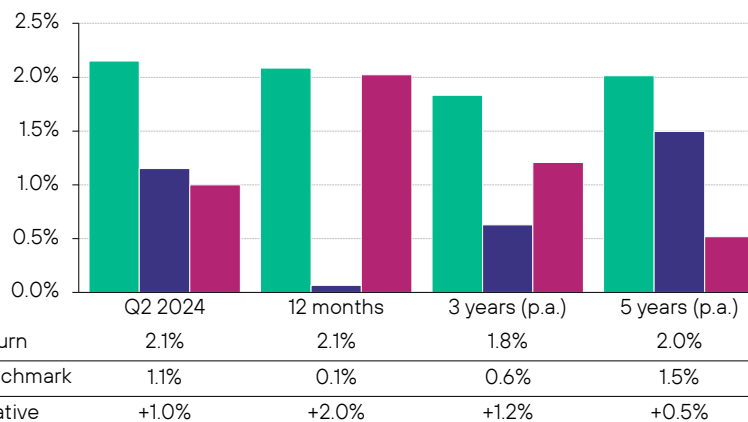
Overview

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



Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> The portfolio outperformed the benchmark over the quarter by 1.0%. The Industrial Property Investment Fund (IPIF) was the strongest performer over the period, followed by Unite UK Student Accommodations Fund, UK Retirement Living Fund (ReLF), Social Supporting Housing Fund and Reform. The weakest performing funds over the quarter were Metro Property Unit Trust and the Future Workplace Property Unit Trust.
Portfolio positioning	<ul style="list-style-type: none"> The core portfolio has a strategic overweight to alternative sectors and an underweight to the wider retail sector. The defensive holdings in cash and convenience retail (c.12.9%) provides the portfolio with downside protection.
Manager Outlook	<ul style="list-style-type: none"> Schroders foresee increased stock volumes in the UK commercial real estate market over H2 of 2024 due to stabilising values and the possibility of further interest rate cuts. They expect the occupational markets to remain robust due to tight supply conditions and the lack of high-quality floorspace. They continue to back industrial estates and see opportunities to capitalise on significant repricing that is being overserved as a result of acquisitions, refurbishments and development.

Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/Change
Net acquisitions / (Sales)	(£6.1m)	(£0.8m)	Increase
Cash yield	3.3%	3.2%	Slight increase
No of assets	19	19	No change
Top 3 sectors	Industrial, Alternatives (via student accommodation, social supported housing, retirement living and care homes) and Regional Offices.		

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

Mandate: Balanced Property

Current Value: £344.1m

Current Weighting: 7.2%

Inception: December 2009

Benchmark: IPD All Balanced Fund Index

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

Pooled: No

Isio View

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

UBS – Infrastructure

Overview

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

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

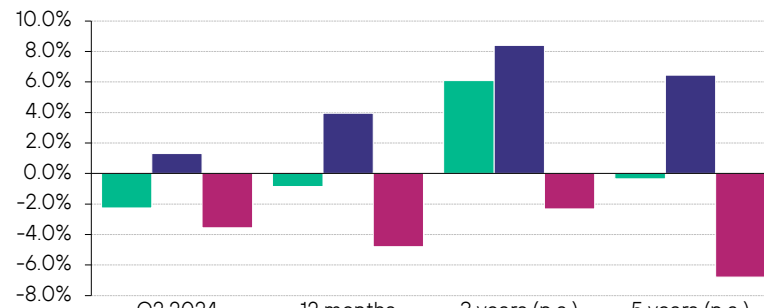
Key area	Comments (3m lag)
Portfolio positioning – Key highlights	<ul style="list-style-type: none"> Net return since inception for Fund III decreased primarily due to the impact of the Emerald partial write down. Fund I: Southern Water: UBS and other minority investors are actively re-evaluating their exit strategy following Ofwat thoughts on an additional £600m needed within SW's overall business plan. Saubermacher: UBS continues to progress with the divestment process of its stake, where the first phase has launched, and non-binding offers are expected by Q2 2024. Spinning Spur II: UBS has engaged with a financial advisor for its divestment, aiming this for Q2 2024. Fund III: Value of Emerald was written down by 58% based on latest offers (this holding accounts for 10.3% of the Fund as at 31 Dec 2023), It is expected to be in default due to financial covenants.
Outlook	<ul style="list-style-type: none"> Fund III continues to drawdown committed capital and perform as expected. There was no change to the \$139.3m drawn from the total \$185.0m committed relative to Q1 2024..

Note: Totals may not sum due to rounding. Performance quoted net of fees. SI is since inception.

Source: Investment manager, Northern Trust, Isio calculations.

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Performance to 30 June 2024



	Q2 2024	12 months	3 years (p.a.)	5 years (p.a.)
Return	-2.3%	-0.9%	6.1%	-0.3%
Benchmark	1.3%	4.0%	8.4%	6.4%
Relative	-3.6%	-4.8%	-2.3%	-6.8%

Metrics (3m lag)	31 Mar 2024	31 Dec 2023	View/Change
Net SI return (Fund I)	2.0%	1.9%	No material change
Net SI return (Fund III)	14.9%	16.9%	Decrease primarily due to the impact of the Emerald partial write down
Total value to paid-in (Fund I)	1.17x	1.16x	Slight increase
Total value to paid-in (Fund III)	1.37x	1.39x	Slight decrease
Top sectors (Fund III)	Digital (64%), Renewable Energy (36%)		

Mandate: Infrastructure

Current Value: £34.6m

Current Weighting: 0.7%

Inception: January 2008

Benchmark: CPI + 2%

Objective: CPI + 3%

Pooled: No

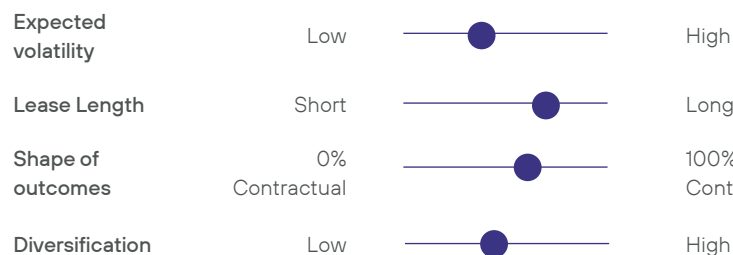
Notable Updates

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

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.



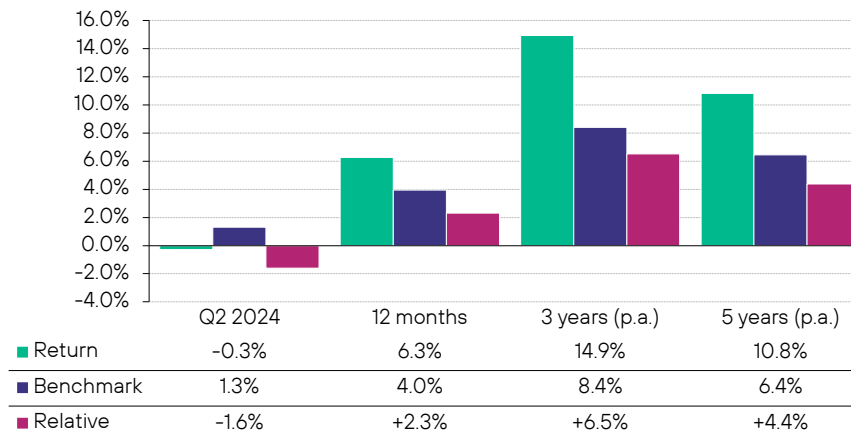
Key area	Comments (3-month lag)
Key contributors/detractors	<ul style="list-style-type: none"> Over Q1, the Fund's valuation decreased by -0.5% (-\$0.6m), and the Fund IRR decreased to 13.1% (vs +14.0% in Q4). This was mainly caused by movements in FX, which resulted in a \$1.1m decrease in NAV, marginally offset by positive asset movement (+\$0.5m).
Portfolio positioning	<ul style="list-style-type: none"> There has been no change in the number of assets or discount rate nor has there been any new deals or exits over the period. The Fund is expected to monetise its position in FiberCop, which the realisation is expected to result in an approximately 2.2x gross MOIC and is aiming to close in Q3 2024. There was a \$1.6m distribution paid over the quarter. There is \$10.5m of undrawn capital as at Q1 2024
Outlook	<ul style="list-style-type: none"> Pantheon expect the portfolio to continue to generate modest level of distributions throughout 2024, and expect realisations of Terra-Gen and Megabyte to return c.10-15% of NAV in 2024.

Note: Totals may not sum due to rounding. Performance quoted net of fees that are specific to East Sussex Pension Fund. Manager data is lagged by one quarter.

Source: Investment manager, Northern Trust, Isio calculations. MOIC: Multiple on Invested Capital (MOIC)

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Performance to 30 June 2024



Metrics (3m lag)	Current Quarter	Last Quarter	View/change
Cash yield (p.a.)	3.0%	8.6%	Decrease due to rolling quarterly variations due to cash flow timing across the year
Net Acquisitions/sales	\$0	\$0	No change at the fund level
Initial secondaries discount rate	2.96%	2.96%	No change
Remaining number of assets	45	45	No change
Top 3 sectors	Digital, Transport and Logistics, Renewables/Efficiency		

Mandate: Infrastructure

Current Value: £85.9m

Current Weighting: 1.8%

Inception: May 2018

Benchmark: CPI + 2.5%

Objective: CPI + 3%

Pooled: No

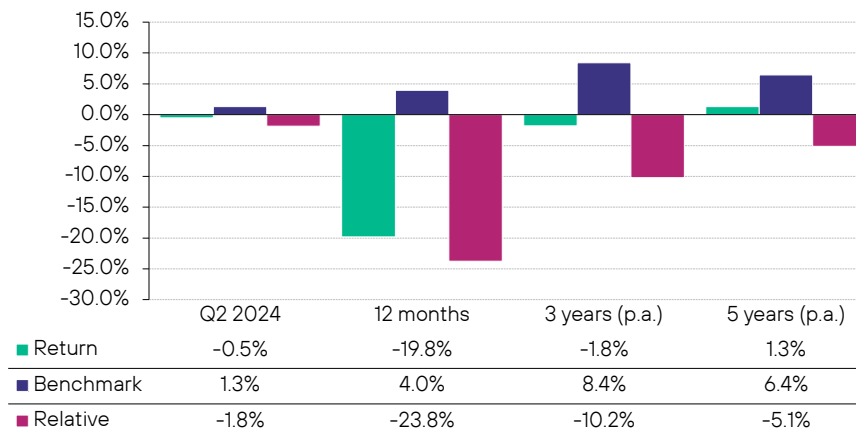
M&G - Infrastructure

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 2024



Key area	Comments (3-month lag)
Key contributors/detractors	<ul style="list-style-type: none"> The Brownfield Fund's valuation decreased by -10.7% over Q1. The largest detractor from performance was Infracore Germany, following the continued write down in valuation reflecting the uncertainty around its ongoing equity raise process. The Greenfield Fund's valuation decreased by -5.0% and was driven by a more conservative view being taken on some fibre assets in the portfolio including Ogi and Speed Connect.
Portfolio positioning	<ul style="list-style-type: none"> The Brownfield Fund's asset, ITG, made a follow-on investment with the acquisition of CTH, which completed during Q1. The Greenfield Fund team successfully signed and closed a follow-on investment for Project Marble, in line with plans to scale the platform
Outlook	<ul style="list-style-type: none"> The fibre sector has continued to face challenges, particularly in the UK and German markets in which the Fund operates and M&G have applied a conservative approach to valuations in this context.

Metrics (3m lag)	Brownfield	Greenfield
Portfolio Value to current paid in capital	1.1x	1.2x
Number of assets	6 investments	8 investments
Top sectors	Transport (36%) Fibre Telecoms (33%), and Energy (19%)	Telecoms (31%), Energy Transition (25%) and Transport (24%)
Period	The Fund's investment period ended in Dec 2023, and a Dec 2029 termination date	The Fund remains in its investment period, which ends in December 2025

Mandate: Infrastructure
Current Value: £50.6m
Current Weighting: 1.0%
Inception: October 2018
Benchmark: CPI + 2.5%
Objective: CPI + 3%
Pooled: No

IFM Global Infrastructure Fund

Overview

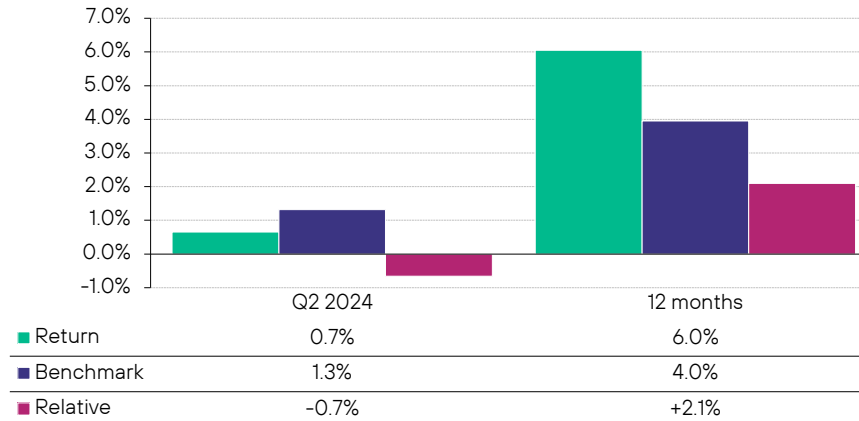
The Fund is a large, global open-ended infrastructure fund, launched on 1 December 2004. Due to the scale of the Fund and strong existing sourcing relationships, IFM are able to focus on investing in larger deals or deals with high barriers to entry.

The Fund has a diverse portfolio of 23 companies across a variety of sectors, largely focussed on North America and Europe. The Fund focusses on purchasing primarily operational assets with strong contractual income-producing characteristics, and the team aim to add value across financing, operations and business strategy.

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

Key area	Comments
Key contributors / detractors	<ul style="list-style-type: none"> The Fund delivered a net return of 1.4% driven by roll forward of asset valuations, partially offset by more conservative updates to assumptions and rise in external discount rates. The main contributors to performance were Switch (+5.4%) and Aleatica (+5.0%), whereas Atlas Arteria was the largest Fund performance detractor (-8.7%).
Portfolio positioning	<ul style="list-style-type: none"> The Fund invested a further \$98m to Switch, Inc, a provider of data centres, to support the build of Switch's campuses. The Fund received \$138.8m distributions, largely from assets such as Vienna Airport, Colonial Pipeline Company.
Outlook	<ul style="list-style-type: none"> The Fund's midstream sub-sector assets are expected to be able to capitalise on increased mobility trends and escalating global energy demand. Global aviation outlook remains positive with continued support from the recovery of tourism and the increase in capacity, new routes and services from international airlines.

Performance to 30 June 2024



Metrics	Current quarter	Last quarter	View/change
Annual cash yield (Trailing p.a.)	0.0%	0.6%	Fund is managed to total return and not cash yield
Net acquisitions/sales	-\$113m net	-\$299m net	\$98m investment into Switch and \$13.9m investment into Vienna Airport
Average discount rate	10%	10%	No change
Number of assets	23 investments 150+ assets	23 investments 150+ assets	No change
Top 3 sectors	Utilities, Transport, Energy (14+ underlying sub sectors)		

Mandate: Infrastructure Equity (higher risk)

Current Value: £248.5m

Current Weighting: 5.1%

Inception: January 2023

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

Objective: CPI +2%

Pooled: Via Access Pool

Atlas - Listed Infrastructure

Overview

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

Expected volatility: Low ————— High

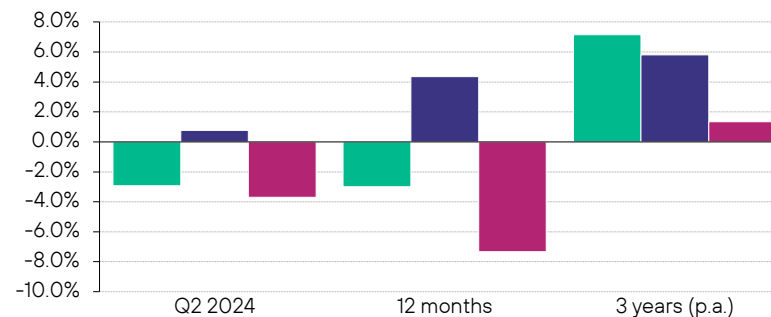
Lease Length: Short ————— Long

Shape of outcomes: 0% Contractual ————— 100% Contractual

Diversification: Low ————— High

Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> At a stock level, there were positive returns from holdings in Enel SpA (UK Electric) and in Portland General Electric Corporation and Pinnacle West Capital Corporation (both US Electric). The key detractors were SES SA (UK Comms), Eiffage SA (UK Toll Road) and Exelon Corporation (US Electric).
Portfolio positioning	<ul style="list-style-type: none"> There was an increased position in Nation Grid (UK Utility) funded via a reduction in Orsted (EU Renewables). A new position in AENA (EU Airport) was established through a reduction in weight of Consolidated Edison (US Electric). These improved the expected forward return alongside asset stress risk and inflation protection, whilst slightly increasing recession risk and climate risk, with respect to fast transition.
Outlook	<ul style="list-style-type: none"> Atlas note that the repricing of Fed cuts meant the quarter started weaker, but this picked up towards the latter half due to continued AI thematic flows. Europe rate cuts occurred due to economic softness whilst the US benefitted from a robust domestic economic backdrop.

Performance to 30 June 2024



	Q2 2024	12 months	3 years (p.a.)
Return	-2.9%	-3.0%	7.2%
Benchmark	0.8%	4.4%	5.8%
Relative	-3.7%	-7.3%	+1.3%

Metrics	Current Quarter	Last Quarter	View/change
Cash yield	5.0%	4.5%	Within expectations
Net acquisitions/sales	1 new position established in the quarter	3 new positions established in the quarter 1 position exited in the quarter	Within expectations
Number of individual positions in portfolio	21	20	Within expectations
Top 3 sectors	Electric utilities (53%), Water (12%), Communications (9%)		

Mandate: Global Infrastructure Equity

Current Value: £97.0m

Current Weighting: 2.0%

Inception: December 2020

Benchmark: FTSE Developed Core 50/50 Infrastructure Index

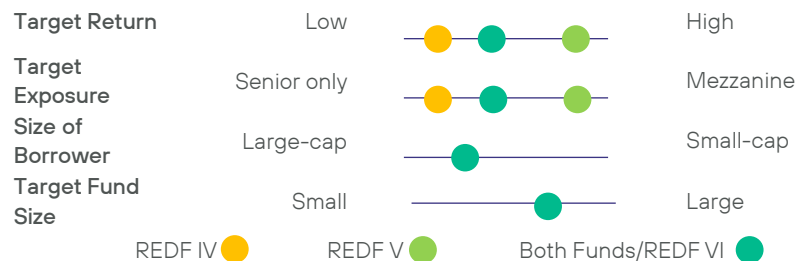
Objective: CPI + 3%

Pooled: No

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.



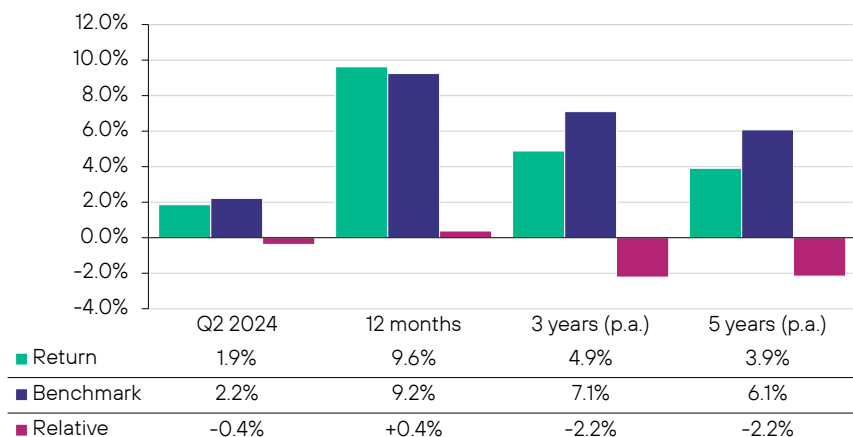
Key area	Comments
Capital Activity	• Compass Senior (held as 2 positions) and Mercury (held as 3 positions) were fully repaid, while Pontiac was partially repaid.
Minor/Major Watchlist Updates	<ul style="list-style-type: none"> • Project Lime Street (Minor): £2.6m needs to be repaid to satisfy the LTV covenant breach. The loan remains in cash trap until its January 2025 maturity. • Project Charlie (Minor): Recent valuation resulted in the senior tranche being downgraded (to BB) and a loan extension request from the borrower. • Project Genesis (Major): The asset has benefited from increased occupancy and footfall rates. It is now being marketed for sale in Q4, with a guide price of £75 million. • Project Pontiac (Major): The sale of an asset (£35.9m) was used to partially pay down the senior tranche loan. • Project Orbit Senior (Major): Valuation showed a breach in the LTV covenant with the sponsor arranging a sale to cure this.
Outlook	• M&G have seen early signs of an economic recovery in the UK and Europe which they believe will benefit asset valuations.

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. *Cashflow profile is an estimate using analysis produced in March 2024, including actual capital called during Q1 2024. **Distributions = Total distributions paid to investors since inception (both income and capital).

Sources: M&G, Isio calculations.

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Performance to 30 June 2024



(IV / V / VI)	Q1 2024	Q4 2023	View/change
IRR (gross projected)	3.8% / 12.4% / 6.8%	3.8% / 12.4% / 6.8%	No material change
Distributions** as % of capital committed	70% / 83% / 69%	68% / 75% / 66%	Increased due to loan repayments
Positions outstanding	22 / 13 / 42	24 / 16 / 47	Compass and Mercury positions paid in full
Watchlist	6 / 4 / 6	6 / 4 / 6	Project Orbit Senior added
Top 3 sectors	REDF IV: Office (31%), Retail (30%), Industrial (20%) REDF V: Retail (48%), Office (38%), Hotel (14%) REDF VI: Office (41%), Retail (35%), Industrial (10%)		
Phase	Distribution period – due to end December 2027.		

Mandate: Private Debt

Current Value: £33.6m

Current Weighting: 0.7%

Inception: April 2019

Benchmark: 3-month SONIA + 4%

Objective: 3-month SONIA + 5%

Pooled: No

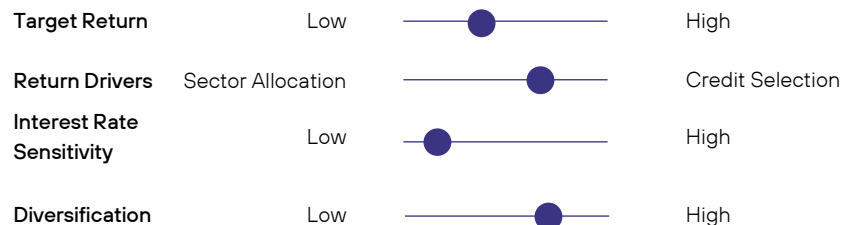
Notable Developments

- Duncan Batty, co-PM of REDF team recently left M&G for a career break, with Dan Riches (previously the co-PM) taking over as the sole PM.
- Isio have spoken to M&G regarding this change and are comfortable that there will be no impact on these Funds given they are in their distribution phase.

M&G – Diversified Credit

Overview

The Fund aims to take advantage of diversified opportunities across various areas of the public credit spectrum. M&G have generally maintained an IG average rating for the Fund with a European bias. M&G will seek to protect capital when the Fund is not being adequately compensated for taking risk. Currency and interest rate risks are typically hedged out of the portfolio.



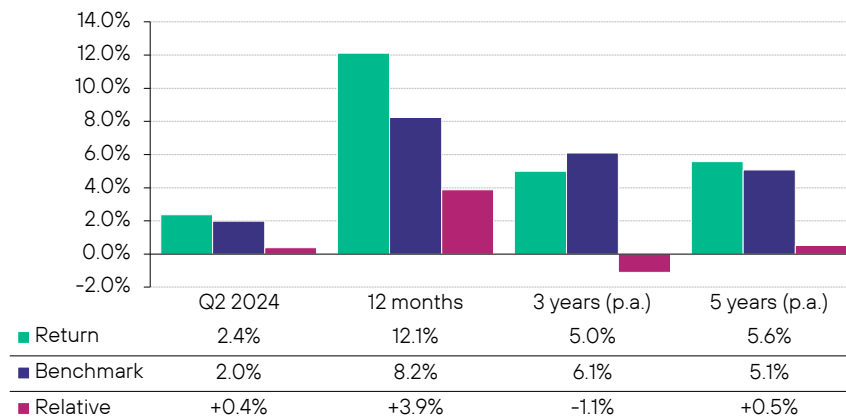
Key area	Comments
Performance	<ul style="list-style-type: none"> The Fund outperformed its objective despite limited credit spread movement over Q2. Main contributors included industrial bonds, financial bonds, and leveraged loans. Utilities exposure detracted (-0.04%) due to the Fund's small exposures to Thames Water and Kemble Water.
Positioning	<ul style="list-style-type: none"> De-risking was the primary focus over Q2, with M&G trimming exposure to lower rated issuers as valuations tightened. These proceeds were reallocated towards defensive assets, which are currently c.25% of the overall portfolio.
Outlook	<ul style="list-style-type: none"> M&G believe there are currently limited attractive opportunities, however the Fund remains in a position to rotate into new opportunities should pricing improve.

Notes: Returns net of fees (based on share class A (GBP)). Benchmark used is 1 month LIBOR from fund inception to 30 June 2021 and 1 month SONIA thereafter. Objective shown is benchmark +2.5% p.a. The Fund was launched on 26 April 2007.

Sources: Investment manager, Isio calculations.

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Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Yield	7.5%	7.8%	Slight decrease due to de-risking
Average credit rating	A-	A-	No change
Modified duration (years)	-0.03	-0.03	No change
Spread duration (years)	2.7	3.0	Slight decrease due to de-risking
Number of issuers	336	333	No major change

Mandate: Multi Asset Credit

Current Value: £184.0m

Current Weighting: 3.8%

Inception: November 2009

Benchmark: 3-month SONIA +3%

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

Pooled: Via Access Pool

Notable Developments

- Jim Leaviss, CIO of Public Fixed Income, has decided to leave M&G. Andrew Chorlton, previously Head of Fixed Income at Schroders, will replace Jim and will join M&G in December.
- As Jim was not directly involved in the mandate, we anticipate no changes at the fund level due to his departure.

M&G - Corporate Bonds

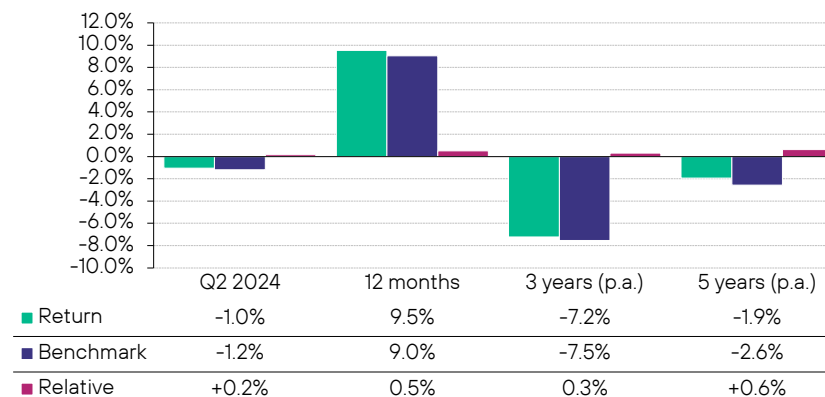
Overview

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



Key area	Comments
Key contributors/detractors	<ul style="list-style-type: none"> Industrial and Financial Corporate bonds were the strongest contributors, whilst Quasi and Foreign Government bonds detracted the most from performance.
Portfolio positioning	<ul style="list-style-type: none"> As spreads tightened there was continued de-risking over the quarter. There was reduced exposure to some Euro and Sterling denominated Tier 2 as well as reduced exposure to some selective REITs. The manager increased exposure to higher quality investment grade assets.
Manager Outlook	<ul style="list-style-type: none"> There is strong performance from credit markets as spreads reach historically tight levels. At these spread levels, markets are still reacting sensitively to unexpected events, and with more global elections to still occur in H2 2024 there could be more volatility for the bond market. M&G still believe that the best strategy to take advantage of the market, is a patient and highly selective approach to fixed income investment.

Performance to 30 June 2024



Metrics	Current Quarter	Last Quarter	View/change
Yield	5.9%	5.6%	Slight increase
Average credit rating	A	A	No change
Modified duration	9.3	9.4	In line with expectations

Mandate: Corporate Bonds

Current Value: £129.8m

Current Weighting: 2.7%

Inception: December 1996

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

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

Pooled: Via Access Pool

Isio View

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

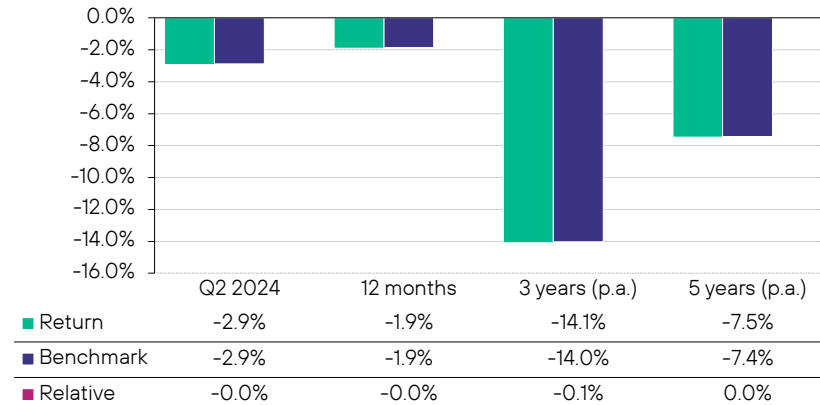
UBS – Over 5 Year Index-linked Gilts

Overview

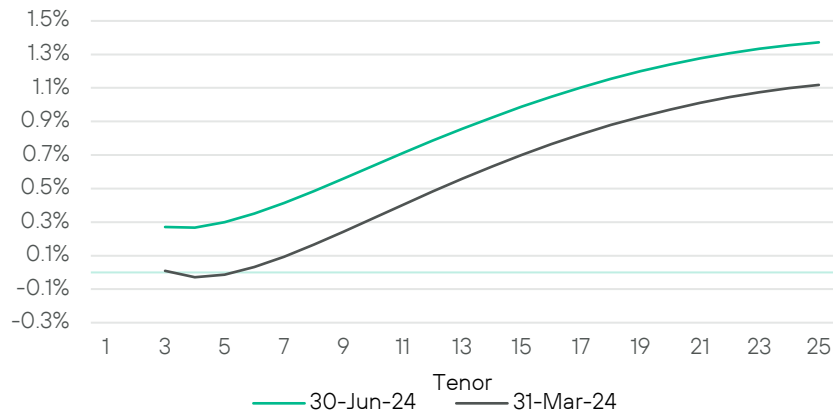
The Fund has defensive characteristics, providing the Fund with protection against the impact of both interest rates and inflation expectations on the value placed on the liabilities.



Performance to 30 June 2024



Real Gilt Yields – Last 12 months



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

Mandate: Index Linked Gilts
Current Value: £228.0m
Current Weighting: 4.7%
Inception: February 2018
Benchmark: FTSE Index-Linked Gilts Over 5 Years
Objective: Match benchmark
Pooled: Via Access Pool

Appendices

A1: Explanation of Market Summary

A2: How to Read the Fund Manager Pages

A3: Disclaimers

Explanation of Market Summary

Market Background

- 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
 - Commercial Property: MSCI UK All Property
 - Global Infrastructure: mean of a sample of Infrastructure managers
 - Global High Yield: BoAML Global High Yield (GBP Hedged)
 - UK Inv. Grade Credit: BoAML Sterling Non-Gilts
 - Over 15 Years Gilts: FTSE Over 15 Year Gilt
 - Over 5 Years Index-Linked Gilts: FTSE Over 5 Year Index-Linked Gilt

Gilt Yield and Liability Data

- 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 and Gilt Yield Summary charts on pages 9-10.

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

How to Read the Fund Manager Pages

How to Read the “Overview” Section

Expected Volatility

Low

High

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

Shape of Outcomes

0% Contractual

100% Contractual

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

Diversification

Low

High

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

Manager Ratings

We show two ratings for a manager:

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

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

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

- Green
- Amber
- Red
- Not Evaluated

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

Disclaimers

Performance, Opinions, and Estimated Liabilities

- This report sets out the past performance of various asset classes and fund managers. It should be noted that past performance is not a guide to the future.
- Our opinions (and comparison vs criteria) of the investment managers stated in this report are based on Isio's research and are not a guarantee of future performance. These are valid at the time of this report but may change over time.
- Our opinions of investment products are based on information provided by the investment management firms and other sources. This report does not imply any guarantee as to the accuracy of that information and Isio cannot be held responsible for any inaccuracies therein. The opinions contained in this report do not constitute any guarantees as to the future stability of investment managers which may have an effect on the performance of funds.
- 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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