

East Sussex Pension Fund

Q4 2025 Investment Monitoring Report

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The person responsible for this advice is Iain Campbell. Members of the East Sussex client team who contributed to the production of this paper but are not responsible for the advice are Luke Long.

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Fund Value
£5,382,778,437

Over the quarter, the Fund's asset value increased by c.£108.9m.

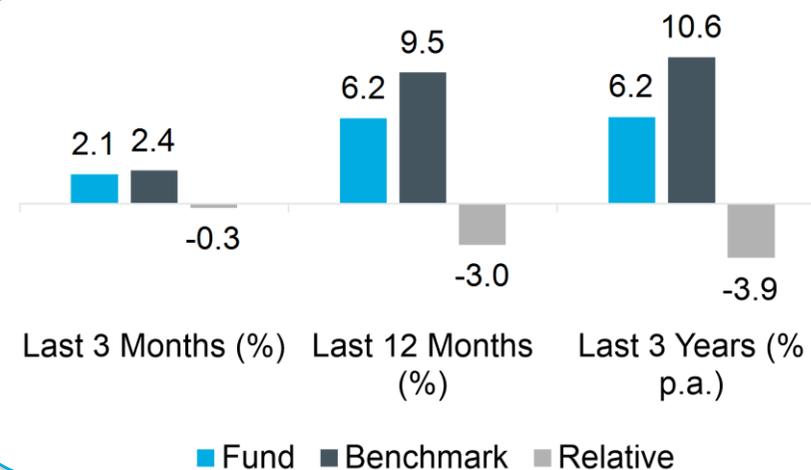
Total Net Return
2.1%

Over the quarter, the Fund returned 2.1% against its benchmark of 2.4%.

High-level asset allocation

	Actual	Benchmark	Relative
Growth	46.7%	45.5%	1.2%
Income	43.8%	47.5%	-3.7%
Protection	8.3%	7.0%	1.3%

Total fund performance



Commentary

- Total Fund performance was 2.1% in absolute terms, underperforming the composite benchmark by 0.3%.
- Performance of Fund assets is similarly behind benchmark over longer time periods. Over the past 12 months and 3-years, the Fund has relative returns of -3.0% p.a. and -3.9% p.a. respectively.
- The Fund's income portfolio remains under-weight relative to the strategic asset allocation.

Market Background

Market update

Global growth signalled resilience in the third quarter (Q3) as earlier tariff impacts faded. The US grew at a strong pace while China increased its goods trade surplus to record levels. The eurozone's growth improved but remained uneven. UK growth slowed, staying below its potential, and Japan marked its first quarterly contraction.

US tariff-related inflation is proving milder than feared; US annual CPI fell to 2.7% in November and remained there in December. UK inflation rose to 3.4% in December, up from November's eight-month low of 3.2%, with core inflation unchanged at 3.2%. The eurozone's inflation returned to its 2% target in December.

Despite above-target inflation, the US Federal Reserve (Fed) and Bank of England (BoE) cut rates in the fourth quarter (Q4) on weakening labour market conditions. The Fed lowered rates by 0.5% pa, to 3.50–3.75% pa, while the BoE cut its base rate by 0.25% pa, to 3.75% pa. Conversely, the Bank of Japan raised rates to 0.75% pa (the highest in 30 years), to address rising inflation and wages.

UK 10-year gilt yields dropped 0.2% pa, to 4.5% pa, as implied inflation fell and the Autumn Budget boosted fiscal headroom. Equivalent US Treasury yields rose (4.2% pa), while German (2.9% pa) and Japanese (2.1% pa) yields increased on expectations of higher issuance to fund government spending.

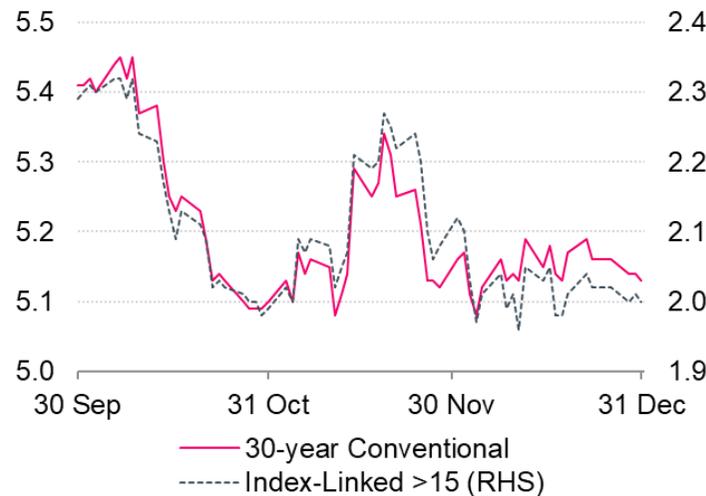
The trade-weighted US dollar eased 0.4% in Q4, ending the year down 7.0%. Foreign investors increased hedging in 2025 amid US economic policy concerns. The equivalent yen measure fell 6.0%, reversing prior gains and ending the year down 4.8%. The euro was little changed in Q4 but ended the year up 6.2%. Trade-weighted sterling ended the year flat, with strength versus the dollar offset by weakness against the euro.

Gold prices rose 12.8% in Q4, supported by central-bank buying, strong retail demand, lingering concerns over Fed independence and geopolitical risks. Oil prices fell 9.3%, as rising supply and weaker demand signalled a growing surplus.

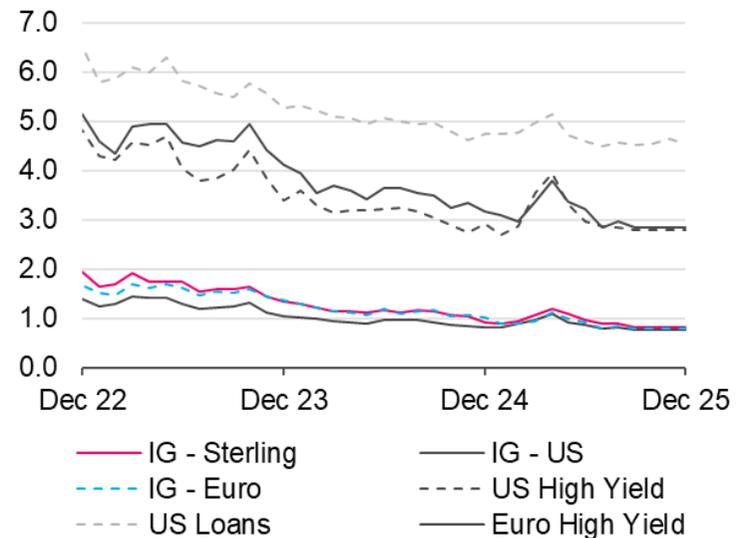
Annual CPI Inflation (% year on year)



Gilt yields chart (% p.a.)



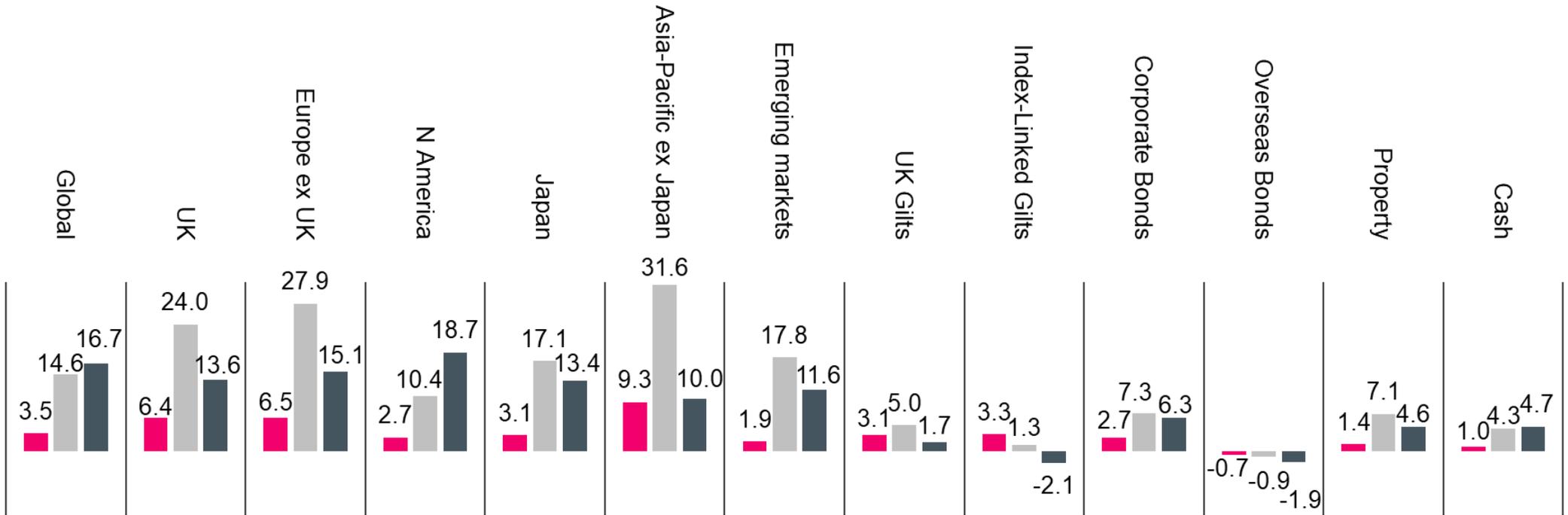
Investment and speculative grade credit spreads (% p.a.)



Market Background

Historical returns for world markets

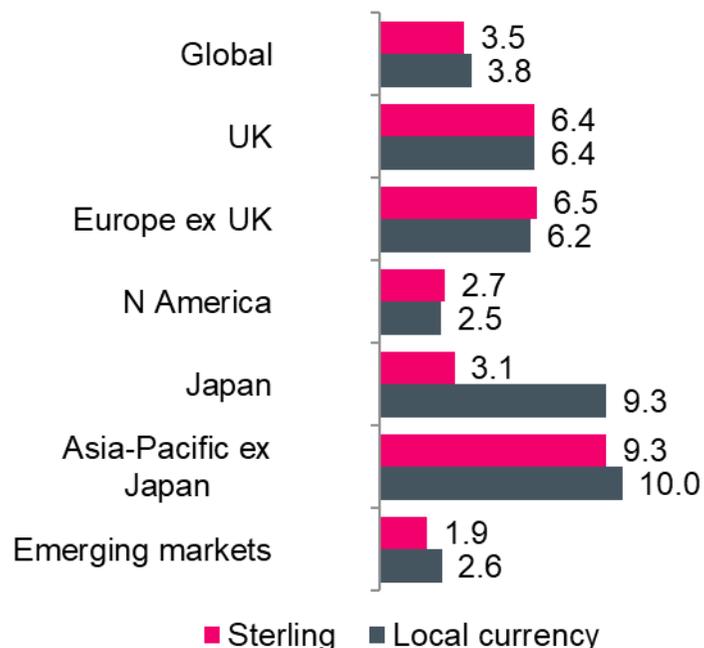
■ 3 Months (%) ■ 12 Months (%) ■ 3 Years (% p.a.)



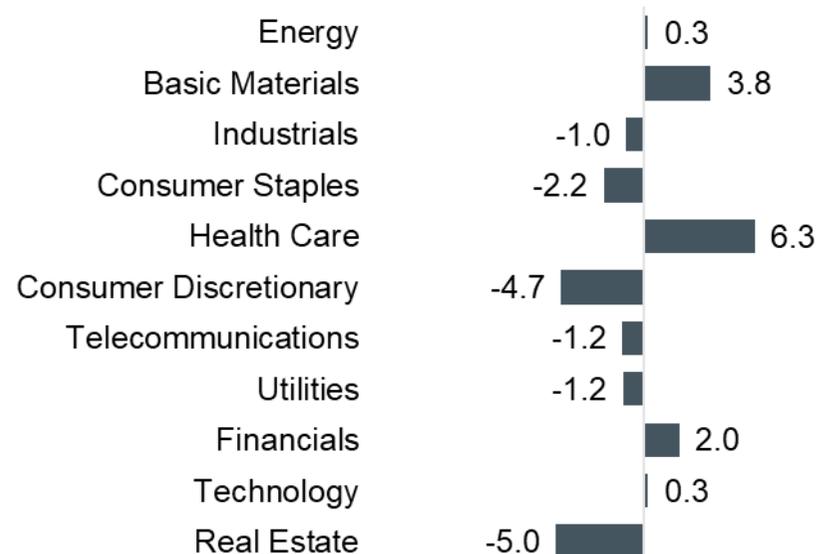
Data source: LSEG DataStream. Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, ICE BofA Global Government Index, MSCI UK Monthly Property; UK SONIA.

Market Background

Regional equity returns ^[1]



Global equity sector returns ^[2]



Market commentary

Global equities rose 3.8% in Q4, capping another strong year of returns (20.5%). Developed Asia led performance, driven by its role in the semiconductor supply chain and expectations of Japan's fiscal stimulus, alongside a weaker yen. European markets outperformed due to their value tilt and exposure to healthcare (the best-performing sector in Q4) and financials.

US stocks lagged in Q4. Although technology stocks outperformed globally, US tech underperformed amid concerns over lofty valuations and debt-funded AI capex. Emerging markets also underperformed in Q4 but outperformed in 2025.

Amid positive risk sentiment, credit spreads remained near historic lows despite a modest uptick in Q4, due to notable US and European defaults, and heavy AI-related issuance.

The MSCI UK Property Total Return Index rose 1.4% in Q4, supported by steady income. Capital growth was marginally positive at an aggregate level: industrial (0.5%) and retail (0.4%) growth slowed from Q3, while offices (-1.2%) fell at a faster pace.

5 Data source: LSEG DataStream. [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World

Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q3 25	Q4 25			
Longview Global Equity	510.9	511.9	9.5%	40.0%	0.3%
Storebrand Smart Beta And ESG	516.6	459.8	8.5%		
UBS Osmosis	473.6	448.6	8.3%		
Baillie Gifford Global Alpha	257.1	252.5	4.7%		
WHEB Active Impact Equity	213.6	227.0	4.2%		
Wellington Active Impact Equity	276.8	269.1	5.0%	5.5%	0.9%
Adams Street Private Equity	169.4	167.4	3.1%		
HarbourVest Private Equity	184.5	178.3	3.3%		
Total Growth	2,602.5	2,514.5	46.7%	45.5%	1.2%

Asset allocation

	Valuation (£m)		Actual Proportion	Benchmark	+ / -
	Q3 25	Q4 25			
Bluebay Total Return	177.1	179.3	3.3%		
M&G Corporate Bonds	127.4	132.0	2.5%	10.5%	-1.0%
M&G Alpha Opportunities	200.1	201.9	3.8%		
M&G Real Estate Debt VI	24.0	16.1	0.3%	5.0%	-4.0%
Golub Capital SeniorLoan Fund	32.7	36.3	0.7%		
Newton Real Return Fund	314.2	325.0	6.0%	14.0%	2.6%
Ruffer Absolute Return	477.2	568.2	10.6%		
Atlas Infrastructure	113.7	119.4	2.2%		
IFM Global Infrastructure Fund	272.9	287.5	5.3%		
M&G Infrastructure	43.4	43.1	0.8%	11.0%	-0.7%
Pantheon Infrastructure	71.7	70.4	1.3%		
UBS Infrastructure	33.1	36.0	0.7%		
CBRE Real Estate Fund	338.9	336.2	6.2%	7.0%	-0.7%
Schroders Property	4.1	4.7	0.1%		
Total Income	2,230.4	2,356.2	43.8%	47.5%	-3.7%
UBS Index Linked Gilts	353.0	447.9	8.3%	7.0%	1.3%
Total Protection	353.0	447.9	8.3%	7.0%	1.3%
Cash	87.9	64.1	1.2%	-	1.2%
Total Fund	5,273.8	5,382.8	100.0%	100.0%	

Asset allocation commentary

Over Q4 2025 the Fund invested a further c.£81.0m in the UBS Indexed-Linked Gilts mandate. This builds on the c.£101m allocated in Q4 2024 and the c.£51m invested in Q1 2025. The Fund also invested c.£81.0m in the Ruffer Absolute Return mandate over the quarter.

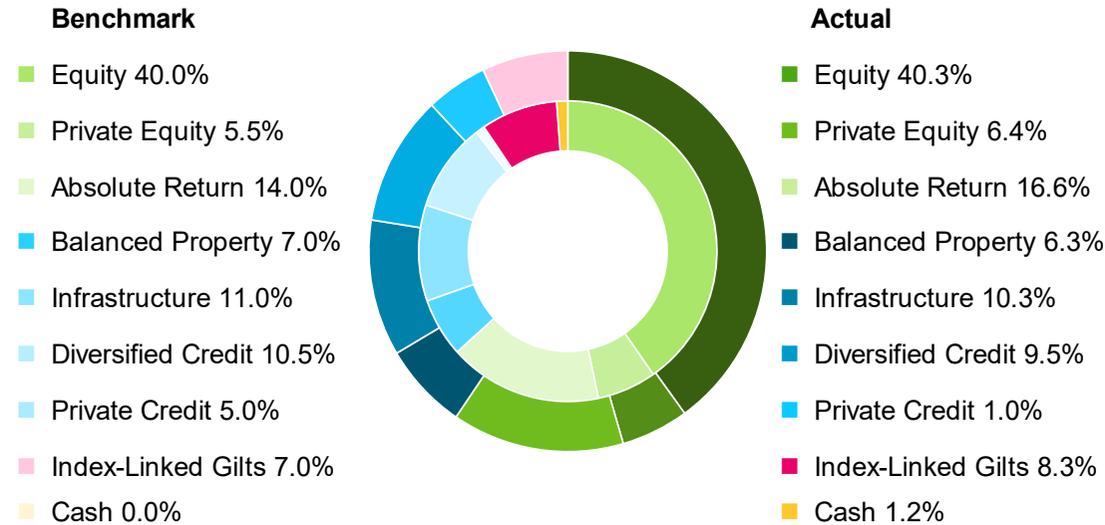
These investment were funded by:

- c. £76.6m disinvestment from Storebrand Smart Beta.
- c. £39.0m disinvestment from UBS Osmosis.
- c. £24.2m disinvestment from Cash.
- c. £9.6m net distribution from Harbourvest Private Equity.
- c. £8.3m net distribution from M&G Real Estate Debt.
- c. £6.4m net distribution from Adam Street Private Equity.
- c. £4.4 net distribution from Pantheon Infrastructure.
- c. £2.5m net distribution from CBRE Real Estate.

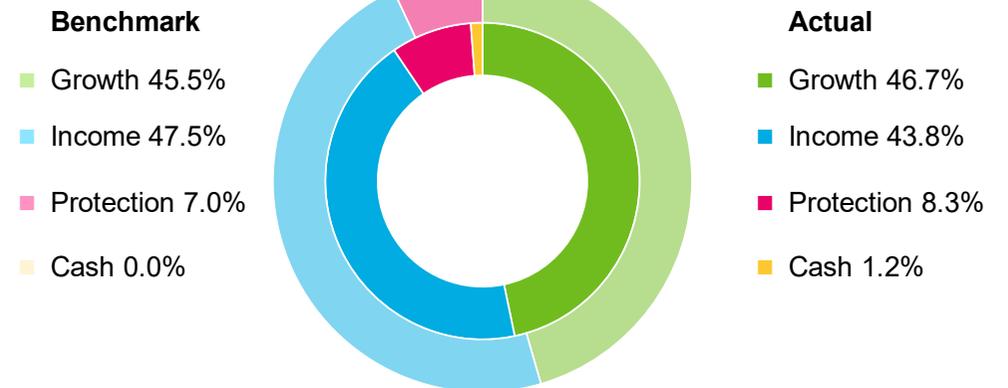
In addition, proceeds from disinvestments and distributions were used to meet capital calls over the quarter, including:

- c. £3.0m net capital call from UBS Infrastructure.
- c. £2.7m net capital call from Golub Capital Senior Loan Fund.

Asset allocation vs benchmark (agreed long-term allocation)



Asset allocation vs benchmark (GrIP)



Manager performance vs benchmark

	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)			Since Inception (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
Longview Global Equity	0.2	3.2	-2.9	-4.1	12.8	-14.9	6.8	16.7	-8.5	11.3	11.9	-0.6
Storebrand Smart Beta And ESG	3.8	3.2	0.6	12.0	12.8	-0.7	15.9	11.0	4.4	11.3	12.6	-1.2
UBS Osmosis	2.9	3.2	-0.3	12.0	12.8	-0.6	16.5	16.7	-0.2	12.3	12.7	-0.4
Baillie Gifford Global Alpha	-1.8	3.4	-5.0	10.2	13.9	-3.3	12.3	16.3	-3.4	2.3	10.2	-7.1
WHEB Active Impact Equity	6.3	3.2	3.0	5.1	12.8	-6.8	2.4	16.7	-12.3	0.9	12.5	-10.3
Wellington Active Impact Equity	-2.8	3.4	-6.0	2.2	13.9	-10.3	7.0	16.3	-8.0	4.4	11.5	-6.4
Adams Street Private Equity	2.7	3.7	-1.0	1.7	15.4	-11.8	-0.1	17.8	-15.1	10.4	11.1	-0.7
HarbourVest Private Equity	1.9	3.7	-1.7	3.0	15.4	-10.8	1.4	17.8	-13.9	8.9	11.6	-2.4

Growth

Manager performance vs benchmark

	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)			Since Inception (% p.a.)		
	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -	Fund	B'mark	+ / -
M&G Corporate Bonds	3.6	3.7	-0.1	6.1	6.6	-0.4	4.7	4.7	0.1	5.9	5.1	0.8
M&G Alpha Opportunities	0.9	1.7	-0.7	5.6	7.1	-1.4	8.7	7.7	1.0	4.5	2.8	1.6
M&G Real Estate Debt VI	1.7	1.9	-0.2	8.3	8.1	0.2	9.2	8.7	0.5	4.5	6.5	-1.9
Bluebay Total Return	1.2	1.7	-0.4	6.6	7.1	-0.5	-	-	-	7.6	7.5	0.2
Newton Real Return Fund	3.4	1.5	1.9	11.9	6.6	5.0	7.0	7.2	-0.1	4.5	2.6	1.8
Ruffer Absolute Return	2.1	1.5	0.5	10.6	6.6	3.8	0.9	7.2	-5.8	4.8	2.6	2.1
Atlas Infrastructure	5.0	0.4	4.6	27.8	7.5	18.8	9.7	5.5	3.9	9.3	7.3	1.9
IFM Global Infrastructure Fund	5.3	1.1	4.2	10.0	5.3	4.4	-	-	-	8.1	5.3	2.6
M&G Infrastructure	-1.5	1.1	-2.5	-4.1	5.3	-8.9	-7.0	5.3	-11.6	1.7	5.9	-4.0
Pantheon Infrastructure	4.3	1.1	3.2	-1.0	5.3	-6.0	4.7	5.3	-0.6	8.5	5.8	2.6
UBS Infrastructure	0.1	1.1	-1.0	-6.8	5.3	-11.5	-3.5	5.3	-8.4	3.8	3.0	0.7
CBRE Real Estate Fund	-0.1	0.8	-0.9	2.0	5.1	-2.9	-	-	-	0.4	6.1	-5.3
Golub Capital SeniorLoan Fund	2.5	-		-	-		-	-		2.5	-	-
Income												
UBS Index Linked Gilts	4.2	4.1	0.0	0.8	0.8	0.0	-3.4	-3.4	0.0	-3.9	-3.9	0.0
Total Fund	2.1	2.4	-0.3	6.2	9.5	-3.0	6.2	10.6	-3.9	8.0	-	-

- Northern Trust do not report a since inception benchmark number for total scheme, only performance which we have shown in the table.
- Golub Capital SeniorLoan Fund has a since inception date of 30th June 2025.

Manager performance commentary

- The most significant relative detractors this quarter came from the equity portfolio. Global equities delivered a positive backdrop, with the MSCI ACWI index returning 3.4% over the quarter. Despite this, two of the Fund's growth mandates posted negative absolute returns. Baillie Gifford Global Alpha underperformed the index by 5.0%, while Wellington Active Impact Equity lagged by 6.0%. These two strategies were the only growth mandates to produce negative returns in a quarter where risk assets generally performed well. This continues the theme seen in Q3, where global equities were also the main detractor and Wellington was again a notable underperformer. It is positive, however, to see strong outperformance from WHEB over the quarter.
- The strongest relative contribution came from the infrastructure allocation. Atlas Infrastructure outperformed its benchmark by 4.6%, supported by strong sector selection and favourable regulatory developments. IFM Global Infrastructure added 4.2% relative, while Pantheon Infrastructure outperformed by 3.2%. These mandates provided resilience and diversification, benefiting from continued investor demand for defensive real-asset exposure. The exception within the infrastructure allocation was the M&G Infrastructure mandate, which delivered negative absolute and relative returns over the quarter.
- Overall, performance was mixed across the portfolio. Strong positive relative returns in infrastructure helped offset weakness in global equities, but growth strategies were again the primary drag on relative performance. The Fund delivered a positive absolute return over the quarter, against challenging benchmarks.

Manager ratings

Mandate	Performance vs target	Manager developments	Hymans manager ratings	Hymans RI ratings
Longview Global Equity	●	●	Strong	Acceptable
Storebrand Smart Beta And ESG	●	●	Strong	Strong
UBS Osmosis	●	●	Not Rated	Good
Baillie Gifford Global Alpha	●	●	Strong	Good
WHEB Active Impact Equity	●	●	Not Rated	Not Rated
Wellington Active Impact Equity	●	●	Strong	Good
M&G Corporate Bonds	●	●	Strong	Good
M&G Real Estate Debt VI	●	●	Strong	Good
Golub Capital SeniorLoan Fund		●	Not Rated	Not Rated
Adams Street Private Equity	●	●	Strong	Acceptable
HarbourVest Private Equity	●	●	Strong	Acceptable
Bluebay Total Return		●	Good	Not Rated
M&G Alpha Opportunities	●	●	Not Rated	Good
Newton Real Return Fund	●	●	Not Rated	Good
Ruffer Absolute Return	●	●	Good	Acceptable
Atlas Infrastructure	●	●	Good	Not Rated
IFM Global Infrastructure Fund	●	●	Strong	Good
M&G Infrastructure	●	●	Not Rated	Good
Pantheon Infrastructure	●	●	Not Rated	Good
UBS Infrastructure	●	●	Acceptable	Good
CBRE Real Estate Fund		●	Acceptable	Good
UBS Index Linked Gilts	●	●	Strong	Good

Performance RAG key

Green	broadly in line with/ahead of Hymans' expectations
Amber	slightly behind expectations over an appropriate time horizon
Red	significantly behind expectations over an appropriate time horizon

Manager developments RAG key

Green	no ongoing concerns to raise to the Committee
Amber	moderate concerns over recent developments with further investigation required
Red	material concern where action (client discussion) required

Manager business updates**IFM**

In Q4, an associate left the firm who was responsible for supporting origination, asset management, analysis, research, and preparing investment proposals. Michal Wizner, analyst, joined the firm, responsible for helping with research, transactions, asset management, portfolio, modelling, and reporting,

Ruffer

In Q4 2025, Jonathan Ruffer retired from his final role with the firm, as Chairman. Henry Maxey, Co-CIO, became Chairman on 1 January 2026 and is supported by Campbell Fleming, Deputy Chairman. Jenny Renton (Partner, Clients and Distribution team), and Alex Lennard (Partner, Fund Management Team) left the firm.

Baillie Gifford

Over the quarter Baillie Gifford removed the explicit 2% outperformance target from the Global Alpha investment objective. Current objective: outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods. New objective: outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, over rolling five-year periods.

Hymans' manager ratings change

We have updated the presentation of our manager ratings in this report, bringing these more into line with our Responsible Investment ratings. We will continue to use these ratings to highlight any changes that merit further consideration or attention.

Current issues in LGPS – December 2025 edition

Spotlight on legislation & consultations - A round-up of the Pension Schemes Bill, the Fit for the future – technical consultation and draft statutory guidance, the LGPS (England and Wales) scheme improvements consultation, and the LGPS (Scotland) benefits consultation.

Autumn Budget 2025 - The main pensions talking point from the Chancellor's Budget on 26 November was around salary-sacrifice arrangements. From 6 April 2029, any employee pension contributions above an annual amount of £2,000 will no longer be exempt from National Insurance Contributions (NICs).

Our 60-second summary covering Budget 2025 can be found [here](#).

English and Welsh 2025 valuations - A big thank you to the circa 70 LGPS officers who joined our client-only webinar on 4 December to discuss stakeholder engagement. The session was Chatham House only and was not recorded. However, we plan to follow up shortly with a communication that shares some of the analysis, such as peer comparisons, and insights from the polls that were run throughout the webinar.

Liquidity management - LGPS funds must now manage cash flows more carefully, with economic and demographic factors leading to many funds having negative cash flows. The reduced contribution rates arising from the 2025 actuarial valuations will intensify this challenge, especially as LGPS pensions are expected to rise by 3.8% in 2026.

Our 60-second summary on managing cashflows in the LGPS can be found [here](#).

New Year, New Accounting - As we approach the New Year, the last LGPS employers of 2025, with a financial year-end at 31 December, will hear soon from their LGPS contact about the options available for their FRS102 accounting.

Our webinar, 2024/25 LGPS accounting disclosures: understanding your results, can be seen [here](#).

Design Thinking in practice: testing - In the final [blog](#) in his series, our digital guru Chris Varley considers testing and how this can be applied within the LGPS. Traditionally, testing is seen as the final hurdle to be overcome prior to "going live". But it's worth considering its role more broadly - as an ongoing opportunity to learn, adapt, and improve solutions based on feedback. He concludes that early and honest feedback ultimately drives better outcomes.

Spotlight on Responsible Investment - A round-up of our latest insights of all things RI-related.

Current issues in LGPS – December 2025 edition

Dashboards - making use of valuation data checks - With all the change affecting the LGPS it would be easy to lose sight of Pension Dashboards coming over the hill. For funds in England and Wales (and Scotland next year), the outputs from the triennial valuation process can help officers to direct and prioritise work in readiness for the public to search for lost or forgotten pension pots. Our [blog](#) explains more.

LOLA 3.0 - future proofing your training - With changes in legislation comes changes in training needs. We've listened to your feedback, carried out horizon scanning and delved ever deeper into the world of best practice. From this, the latest evolution of the LGPS Online Learning Academy is emerging. We are committed to providing the best possible training services to the LGPS and are looking forward to releasing the latest version in the new financial year. For more information about what we've been up to, check out our [blog](#).

Capital Markets update - Global growth has proven resilient, despite rising US tariffs and uncertainty. We've seen high global equity valuations, largely driven by the tech-heavy US market. While strong tech earnings justify some premium, valuations assume sustained growth and leave the US exposed to AI disappointment.

Manager details

Mandate	Date appointed	Benchmark description
Longview Global Equity	30/04/2013	MSCI World
Storebrand Smart Beta And ESG	03/12/2020	MSCI World
UBS Osmosis	03/03/2022	MSCI World
Baillie Gifford Global Alpha	11/08/2021	MSCI ACWI
WHEB Active Impact Equity	01/12/2020	MSCI World
Wellington Active Impact Equity	02/12/2020	MSCI ACWI
M&G Corporate Bonds	31/12/1996	Composite Benchmark
M&G Real Estate Debt VI	11/04/2019	SONIA 3 Month +4% p.a.
Golub Capital Senior Loan Fund	30/06/2025	-
Adams Street Private Equity	31/03/2003	MSCI ACWI +1.5% p.a.
HarbourVest Private Equity	31/01/2003	MSCI ACWI +1.5% p.a.
Bluebay Total Return	17/04/2024	SONIA 3 Month +3% p.a.
M&G Alpha Opportunities	30/11/2009	SONIA 3 Month +3% p.a.
Newton Real Return Fund	30/04/2010	SONIA 3 Month +2.5% p.a.
Ruffer Absolute Return	30/04/2010	SONIA 3 Month +2.5% p.a.
Atlas Infrastructure	02/12/2020	FTSE Developed Core Infrastructure 50/50
IFM Global Infrastructure Fund	03/01/2023	UK CPI +2% p.a.
M&G Infrastructure	31/10/2018	UK CPI +2% p.a.
Pantheon Infrastructure	04/05/2018	UK CPI +2% p.a.
UBS Infrastructure	31/01/2008	UK CPI +2% p.a.
CBRE Real Estate Fund	01/10/2024	MSCI UK All Balanced Property
UBS Index Linked Gilts	31/01/2018	FTA Index-Linked Gilts Over 5 years
Cash	31/12/2002	SONIA 1 Month

Hymans manager ratings explained

Strong	The strategy is likely to achieve or exceed its objectives.
Good	There is a good chance that the strategy will achieve its objectives.
Acceptable	The strategy demonstrates that it meets acceptable standards.
Weak	The strategy does not meet acceptable standards.
Not Rated	Insufficient knowledge or due diligence to be able to provide a rating.

Hymans Responsible Investment ratings explained

Strong	Strong evidence that the manager consistently demonstrates leading practices across all criteria assessed.
Good	Manager demonstrates that they surpass acceptable standards but fall short of leading practices.
Acceptable	Manager demonstrates that they meet acceptable standards.
Weak	Manager does not meet acceptable standards.
Not Rated	Insufficient knowledge or due diligence to be able to provide a rating.

Glossary – equity manager styles

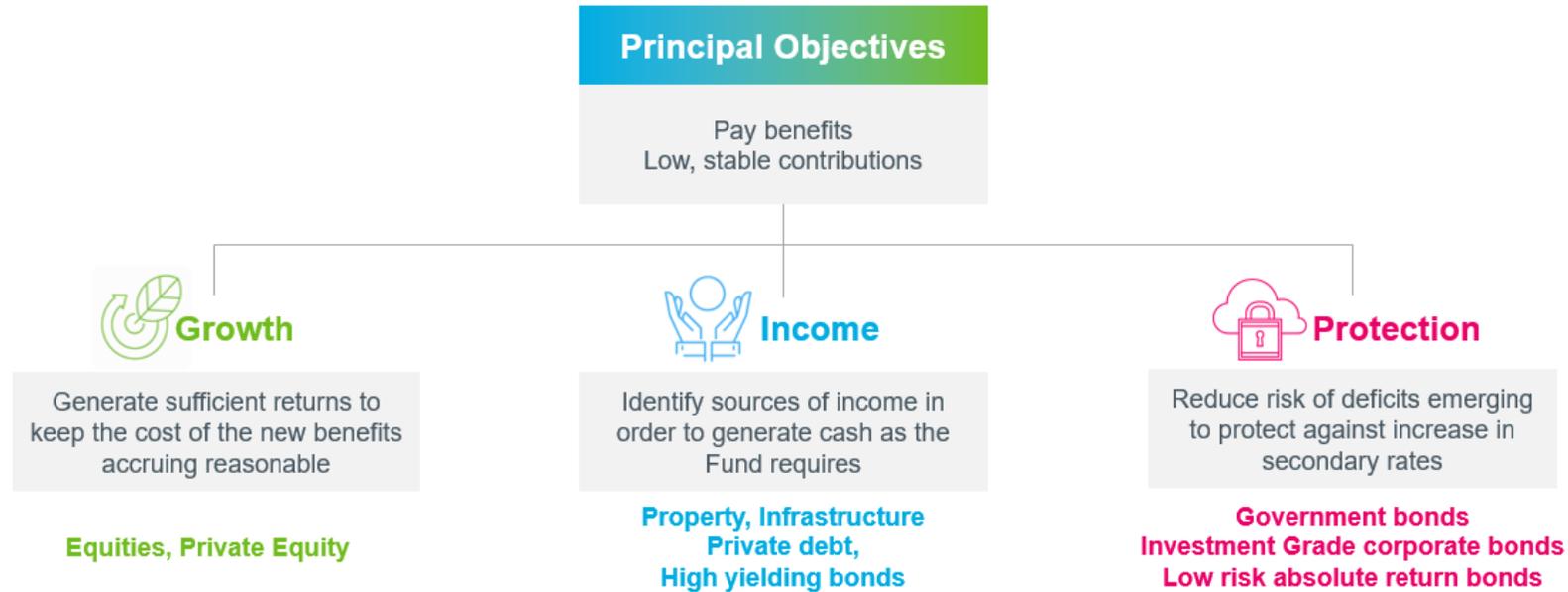
‘Style’ refers to the type of stocks a manager will typically research and select for portfolios. It is important to diversify these ‘styles’ in order to manage concentration risks.

- **Value** – this style tilt considers whether stocks held within the portfolio are discounted relative to their fundamentals, i.e. whether stocks have low market valuations versus current earnings or book value.
- **Growth** – this style tilt considers companies earning potential relative to its industry and the overall market. The key consideration within this factor is a company’s potential for growth and therefore commonly used metrics include historical earnings growth and forward earnings growth.
- **Quality** – this style tilt considers companies financial stability. A company’s quality can be evaluated using various metrics including: profitability, earnings quality, financial leverage and corporate governance.
- **Volatility** – this style tilt considers the systematic risk of the portfolio relative to the market.
- **Momentum** – this style tilt is based on the premise that stocks that have recently risen or fallen in price will continue to do so in the future.
- **Low volatility** – A low volatility equity manager will aim to construct a portfolio that exhibits significantly lower volatility than the benchmark index (low volatility is a relative, not absolute, term). A low volatility manager will generally target a volatility of around 15% p.a. versus a benchmark that exhibits a 20% p.a. volatility. A low volatility portfolio will generally be constructed through a quantitative assessment of past stock performance and correlation to select stocks that have historically exhibited low levels of volatility.
- **Neutral** - A neutral manager will aim to construct portfolios that have no significant sector or style biases relative to the benchmark index. This is more common in bottom up, in-depth research, managers (sometimes referred to as ‘stock pickers’) who aim to isolate stocks that are undervalued relative to their peers whilst avoiding taking a position on whether a country or industry itself will out or underperform. For example they might take an overweight position in BP if they believe the stock is fundamentally undervalued but remove their exposure to the more general oil market by compensating with an underweight position in Shell.

Glossary - other

- **Buy-out** – purchase of a more mature company usually as part of a private equity deal.
- **Capital structure** – how a company is financed through equity and debt.
- **Closed-ended** - When an investment fund has a finite lifecycle, money is invested and returned in full to the investor over a defined period (usually 5 – 8 years for private debt)
- **Commitment** – The investment amount initially made to a fund, this is then drawn by the manager over time and invested.
- **Dividend** – Annual income paid through holding an equity.
- **Duration** – A measure of the average expected life of an investment that indicates sensitivity to interest rate changes.
- **Indirect** – Access and asset via other funds rather than directly.
- **Information ratio** - This measures the risk-adjusted returns of a fund relative to its respective benchmarks. For active funds, a higher information ratio is better.
- **IRR** - a measure of performance taking into account cashflow.
- **Liquidity** – ability to sell a stock quickly at a known price.
- **MAC** – Multi Asset Credit, an investment fund made up of a mix of different types of debt/credit.
- **Mid-market** – focus on mid-sized companies.
- **Open (closed) ended investment** – Open ended investments have no end date and can be traded. Closed ended cannot usually be traded and have a finite life.
- **Senior secured** - Debt issued at a high level in a company's capital structure secured against company assets.
- **Sub-investment grade** – bond assets rated below investment grade (and therefore higher risk).
- **Tracking error** – This shows the difference in actual performance between a fund and its respective benchmark. This should be lower for passive funds tracking an index compared to active funds where the manager is trying to outperform a benchmark.
- **TVPI** - Total value (distributions plus residual values) divided by paid-in capital. An alternative measure of the return on investment for closed-end funds
- **Volatility** – a measure or risk based on 'ups and downs' of stock/portfolio over a period of time.

Growth, Income and Protection



Geometric v arithmetic performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + \text{Fund Performance})}{(1 + \text{Benchmark Performance})} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$\text{Fund Performance} - \text{Benchmark Performance}$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases

Risk warning

This report is provided to the Pension Fund Investment Panel ('the Panel') and Officers of the East Sussex Pension Fund ('the Fund') in our capacity as your investment adviser. Its purpose is to assist the Committee with their monitoring of the Fund's investments. The report shows how the assets have performed over various time periods, on an absolute basis and relative to the agreed benchmarks, in the context of general market movements. It also shows how the asset allocation compares with the Fund's strategic target allocation. The report may contain fund and fund manager specific research ratings and comments based on the views of our investment research team. Please speak to your investment adviser before taking any investment decisions or actions. They will advise whether formal investment advice is necessary, including a risk assessment and investment suitability information where appropriate. No investment decisions should be taken based solely on the contents of this report.

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Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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