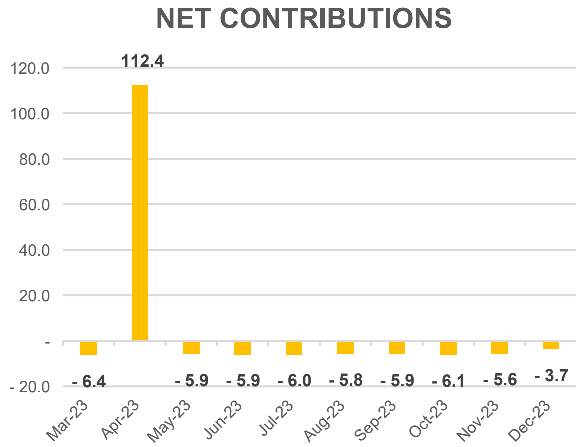
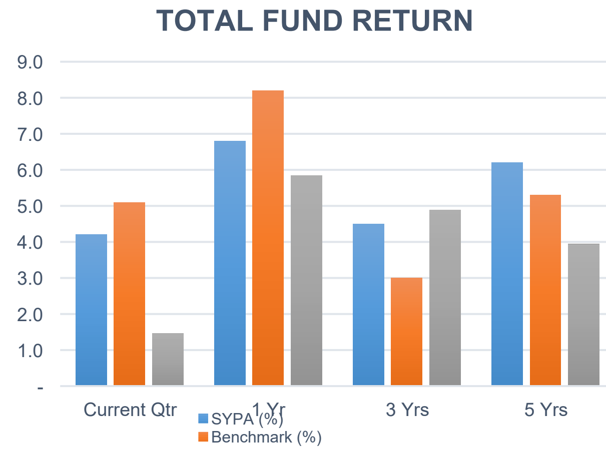
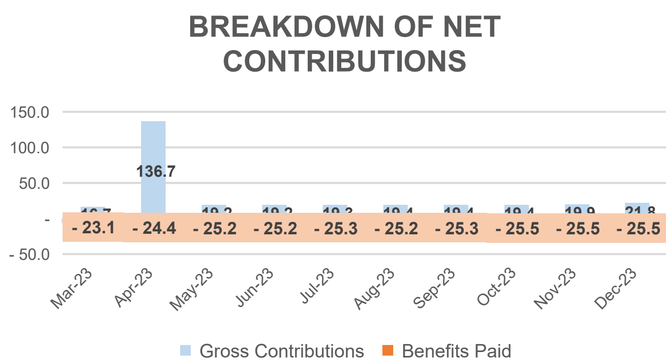
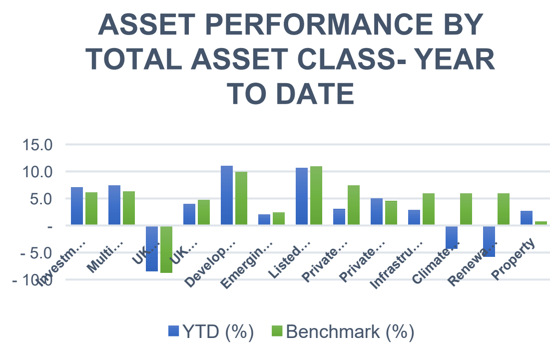
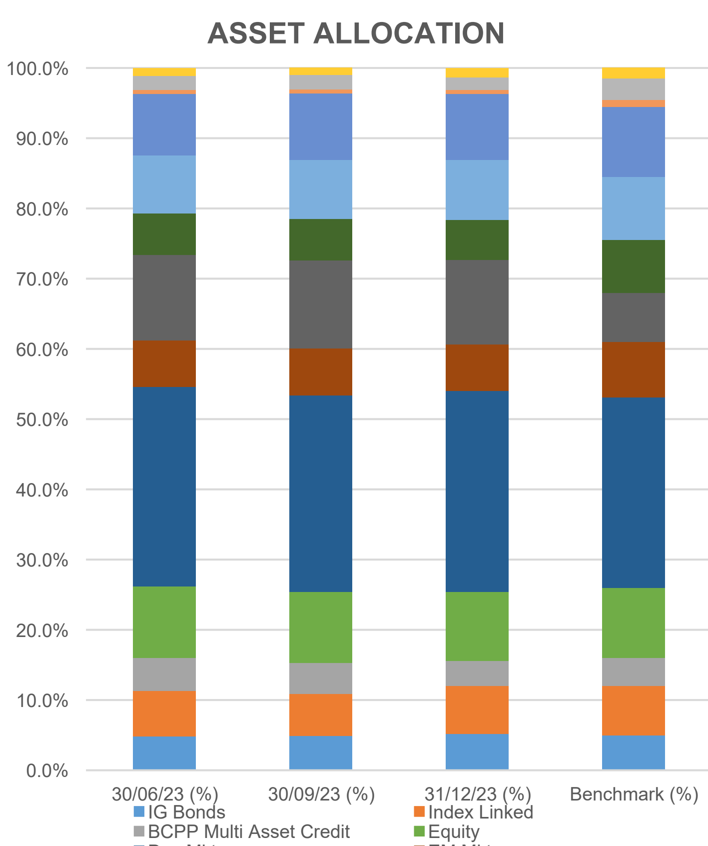
QUARTERLY REPORT
TO 31 DECEMBER 2023

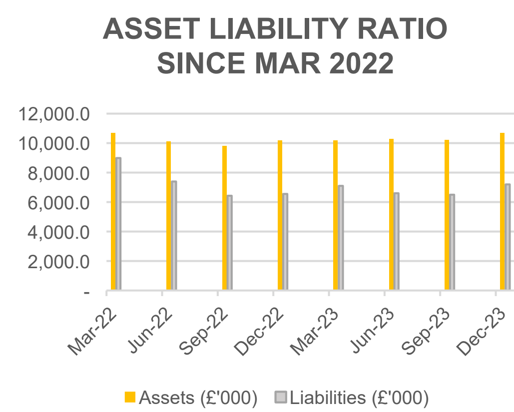

NET CONTRIBUTIONS
120.0
100.0
80.0
60.0
40.0
20.0
-
- 20.0
112.4
- 6.4
- 5.9
- 5.9
- 6.0
- 5.8
- 5.9
- 6.1
- 5.6
- 3.7
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23
Sep-23
Oct-23
Nov-23
Dec-23

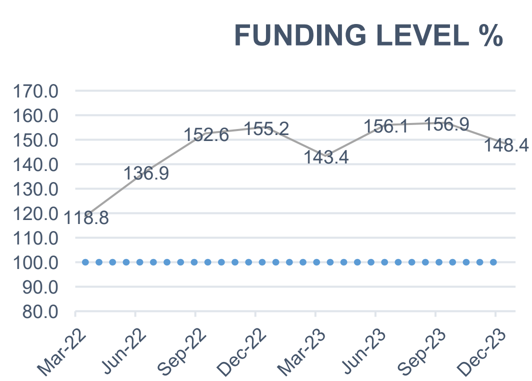

TOTAL FUND RETURN
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
-
Current Qtr
1 Yr
3 Yrs
5 Yrs
SYPA (%)
Benchmark (%)


BREAKDOWN OF NET CONTRIBUTIONS
150.0
100.0
50.0
-
- 50.0
136.7
- 23.1
- 24.4
- 25.2
- 25.2
- 25.3
- 25.2
- 25.3
- 25.5
- 25.5
- 25.5
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23
Sep-23
Oct-23
Nov-23
Dec-23
Gross Contributions
Benefits Paid


ASSET PERFORMANCE BY TOTAL ASSET CLASS- YEAR TO DATE
15.0
10.0
5.0
-
- 5.0
Multi...
UK...
UK...
Develop...
Emergin...
Listed...
Private...
Private...
Infrastru...
Climate...
Property
YTD (%)
Benchmark (%)


ASSET ALLOCATION
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
30/06/23 (%)
30/09/23 (%)
31/12/23 (%)
Benchmark (%)
IG Bonds
Index Linked
BCPP Multi Asset Credit
Equity
Dev Mkt
EM Mkt


ASSET LIABILITY RATIO SINCE MAR 2022
12,000.0
10,000.0
8,000.0
6,000.0
4,000.0
2,000.0
-
Mar-22
Jun-22
Sep-22
Dec-22
Mar-23
Jun-23
Sep-23
Dec-23
Assets (£'000)
Liabilities (£'000)


FUNDING LEVEL %
170.0
160.0
150.0
140.0
130.0
120.0
110.0
100.0
90.0
80.0
118.8
136.9
152.6
155.2
143.4
156.1
156.9
148.4
Mar-22
Jun-22
Sep-22
Dec-22
Mar-23
Jun-23
Sep-23
Dec-23

Market background

Global equity markets ended 2023 on a strong note, supported by reduced inflationary pressures in most developed market economies. As inflationary pressures declined, major central banks kept interest rates on hold with the Federal reserve adopting a data dependent approach to monetary policy.

Fears of a global recession diminished given the robust economic performance seen in the US. However, investors remained concerned about the weak outlook for the Chinese economy given the highly indebted property sector. This did lead to the Chinese authorities announcing fresh stimulus measures for the property sector.

UK equities continued to underperform other regional markets but did see some improvement over the quarter. Annual inflation in the UK fell to 3.9% in November but remains above the Bank of England's 2% target. The Bank of England maintained interest rates at 5.25%.

In Japan, the macroeconomic conditions continued to improve, and the Bank of Japan took further steps to normalise its monetary easing policy in October and continued to hint that they are likely to take further action in 2024.

Government bond markets ended higher, as central banks kept interest rates on hold and started to contemplate future rate cuts. As markets started to price in easing conditions, government bond yields fell across the board. The US 10-year Treasury yields fell from 4.57% the previous quarter to 3.87% at the end of December. The UK 10-year gilt fell from 4.44% to 3.54% and the German 10-year Bund yield ended the quarter 0.81% lower at 2.03%.

Despite a slowing growth outlook, the corporate bond market staged an impressive rally on hopes that a deep recession could be averted as financial conditions eased. High yield markets outperformed investment grade in both the US and Europe, with a tightening of spreads reflecting improved investor risk appetite, also marking outperformance over government bonds.

Market background

Commodity indexes declined over the quarter with price gains for precious metals and industrial metals failing to offset weaker prices for agriculture and energy. Energy was the worst performing component with oil prices falling despite output cuts from OPEC.

The property index was lacklustre over the quarter, returning -1.2%. Capital value declines in the office and retail sectors offset the income received. The office and retail sectors continue to see capital value declines, while the industrial sector continued to recover some of the falls seen at the end of 2022 having now recorded eight consecutive months of growth.

Fund Valuation

as at 31 December 2023

	Sep-23		Quarterly Net Investment	Dec-23		Benchmark	Range
	£m	%		£m	%	%	%
FIXED INTEREST							
Inv Grade Credit - BCPP	501.4	4.9	20.0	555.4	5.2	5	
UK ILGs - BCPP	617.7	6.0	20.0	726.9	6.8	7	
MAC - BCPP	450.6	4.4	-84.5	387.8	3.6	4	
TOTAL	**1569.7**	**15.3**	**-44.5**	**1670.1**	**15.6**	**16**	**11_21**
UK EQUITIES	**1034.2**	**10.1**	**-20.0**	**1041.7**	**9.7**	**10**	**5 _ 15**
INTERNATIONAL EQUITIES							
Developed Market - BCPP	2875.1	28.0	-30.0	3053.5	28.6	27.125	
Emerging Market - BCPP	696.3	6.8	0.0	709.6	6.6	7.875	
Emerging Market - SYPA	0.7	0.0	0.0	0.7	0.0		
TOTAL	**3572.1**	**34.7**	**-30.0**	**3763.8**	**35.2**	**35**	**30-40**
LISTED ALTERNATIVES -BCPP	**155.2**	1.5	**0.0**	**172.3**	1.6	0	
PRIVATE EQUITY							
BCPP	294.6		14.3	323.9			
SYPA	845.0		-27.0	799.3			
TOTAL	**1139.6**	**11.1**	**-12.7**	**1123.2**	**10.5**	**7**	**5_9**
PRIVATE DEBT FUNDS							
BCPP	137.3		10.1	154.5			
SYPA	468.5		-13.2	453.8			
TOTAL	**605.8**	**5.9**	**-3.1**	**608.3**	**5.7**	**7.5**	**5.5-9.5**
INFRASTRUCTURE							
BCPP	391.7		24.2	430.8			
SYPA	468.6		2.2	469.8			
TOTAL	**860.3**	**8.4**	**26.4**	**900.6**	**8.4**	**9**	**6_12**
RENEWABLE ENERGY	**205.9**	**2.0**	**-7.4**	**192.0**	**1.8**	**3**	**1_5**
CLIMATE OPPORTUNITIES	**62.1**	**0.6**	**3.0**	**64.2**	**0.6**	**1**	**0-3**
PROPERTY	**974.6**	**9.5**	**36.3**	**1009.0**	**9.4**	**10**	**8_12**
CASH	**105.2**	**1.0**		**142.6**	**1.3**	**1.5**	**0-2.5**
TOTAL FUND	**10284.7**	**100.0**		**10687.8**	**100.0**	**100**	
COMMITTED FUNDS TO ALTERNATIVE INVESTMENTS	**1584.9**			**1652.7**			

Asset Allocation Summary

We continued to reduce our overweight position to listed equity funds. We sold £30m from Overseas Developed equities.

Within bonds we reduced the Multi asset Credit fund by £80m, switching £20m into index-linked bonds and £20m into Sterling Investment Grade Credit.

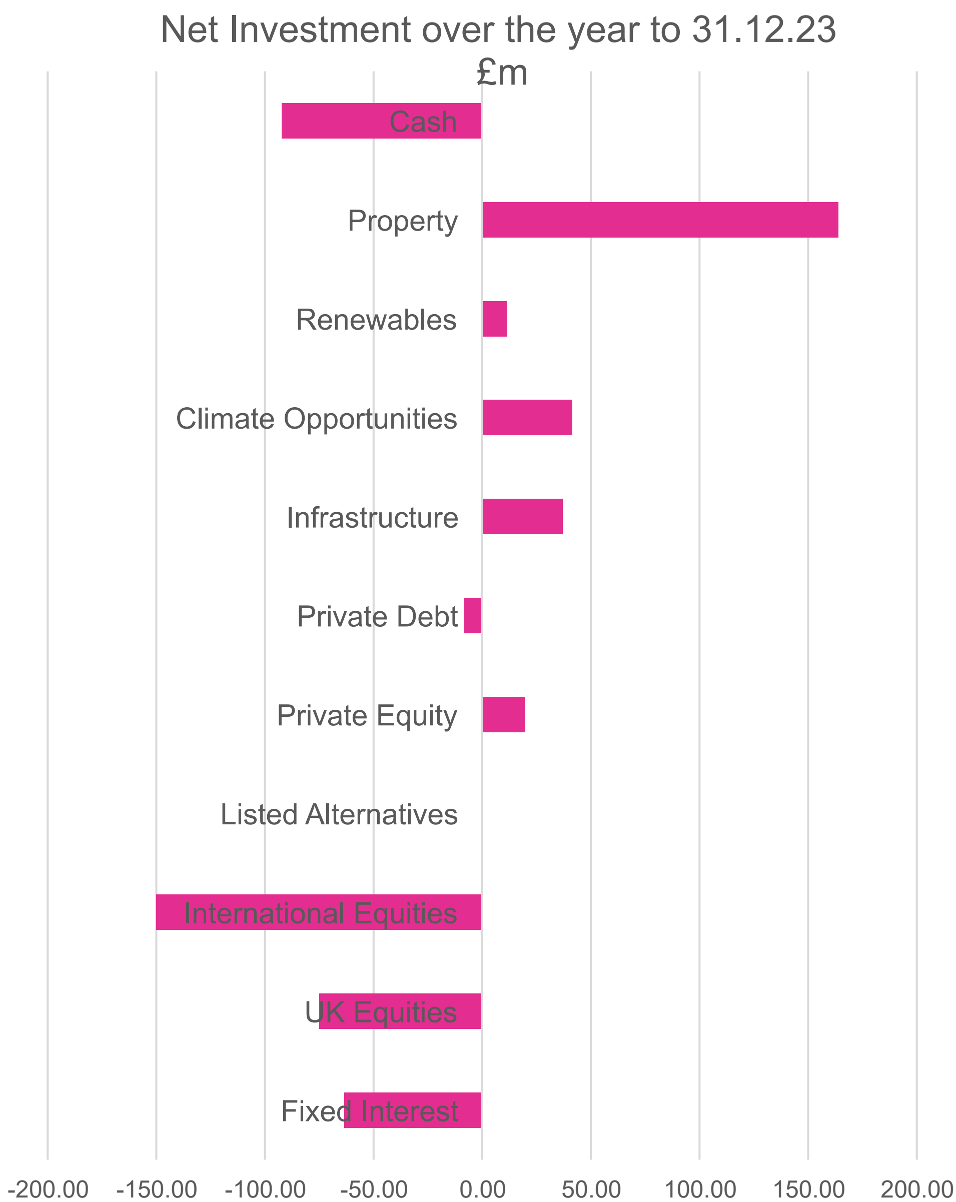
Within the property portfolios there were a further £9m of drawdowns on the CBRE local loans and £20m drawdowns into property impact funds that we hold, and we purchased £7m of agricultural land which is adjacent to existing holdings.

After the trades mentioned above there is still only one category that is outside its tactical range, and that is private equity.

The changes in net investment for the categories over the last year are also shown below. It shows that we have been de-risking the Fund in line with the strategic benchmark

The current Fund allocation can also be seen in the chart below.

Asset Allocation Summary



Asset Allocation Summary

Strategic vs Current Asset Allocation					
Asset Class	SAA Target	Range	Current Asset Allocation		
	%	%	£m	%	OW/UW
Index Linked Gilts	7	5 - 9	726.9	6.8	**-0.2**
Sterling Inv Grade Credit	5	4 - 6	555.4	5.2	**0.2**
Multi Asset Credit	4	2 - 6	387.8	3.6	**-0.4**
UK Equities	10	5 - 15	1041.7	9.7	**-0.3**
Overseas Equities	35	30 - 40	3763.8	35.2	**0.2**
Private Equity	7	5 - 9	1123.2	10.5	**3.5**
Private Debt	7.5	5.5-9.5	608.3	5.7	**-1.8**
Infrastructure	9	6 - 12	900.6	8.4	**-0.6**
Renewables	3	1-5	192	1.8	**-1.2**
Listed Infrastructure	0	0-2	172.3	1.6	**1.6**
Climate Opportunities	1	0-2	64.2	0.6	**-0.4**
Property	10	8 - 12	1009	9.4	**-0.6**
Cash	1.5	0.5 - 2.5	142.6	1.3	**-0.2**
Total	100		10687.8	100	

OW/UW 'RAG' ratings

Green ratings indicate that current asset allocation is within agreed tolerances
Amber ratings indicate that current asset allocation is beyond 70% of the difference between the maximum/minimum range and the strategic target allocation

Red ratings indicate that current asset allocation is out of range

Performance

as at 31 December 2023

	Qtrly Performance		Financial Y.T.D.	
	SYPA	Benchmark	SYPA	Benchmark
	%	%	%	%
FIXED INTEREST				
Investment Grade Credit - BCPP	7.6	7.3	7.0	6.1
UK ILGs	13.8	13.8	-8.5	-8.7
Multi Asset Credit - BCPP	5.9	2.1	7.4	6.3
UK EQUITIES	**2.8**	**3.2**	**4.0**	**4.7**
INTERNATIONAL EQUITIES				
Developed Market - BCPP	7.3	7.3	11.0	9.9
Emerging Market - BCPP	1.9	2.0	2.0	2.4
TOTAL	**6.2**	**6.1**	**9.2**	**8.2**
PRIVATE EQUITY	**-0.3**	**2.4**	**3.0**	**7.4**
PRIVATE DEBT FUNDS	**1.1**	**1.5**	**5.0**	**4.5**
INFRASTRUCTURE	**1.7**	**1.9**	**2.9**	**5.9**
RENEWABLES	**-2.7**	**1.9**	**-5.8**	**5.9**
CLIMATE OPPORTUNITIES	**-1.2**	**1.9**	**-4.3**	**5.9**
PROPERTY	**0.6**	**0.3**	**2.7**	**0.7**
CASH	**0.9**	**1.3**	**2.1**	**2.4**
TOTAL FUND	**4.2**	**4.7**	**4.7**	**5.1**

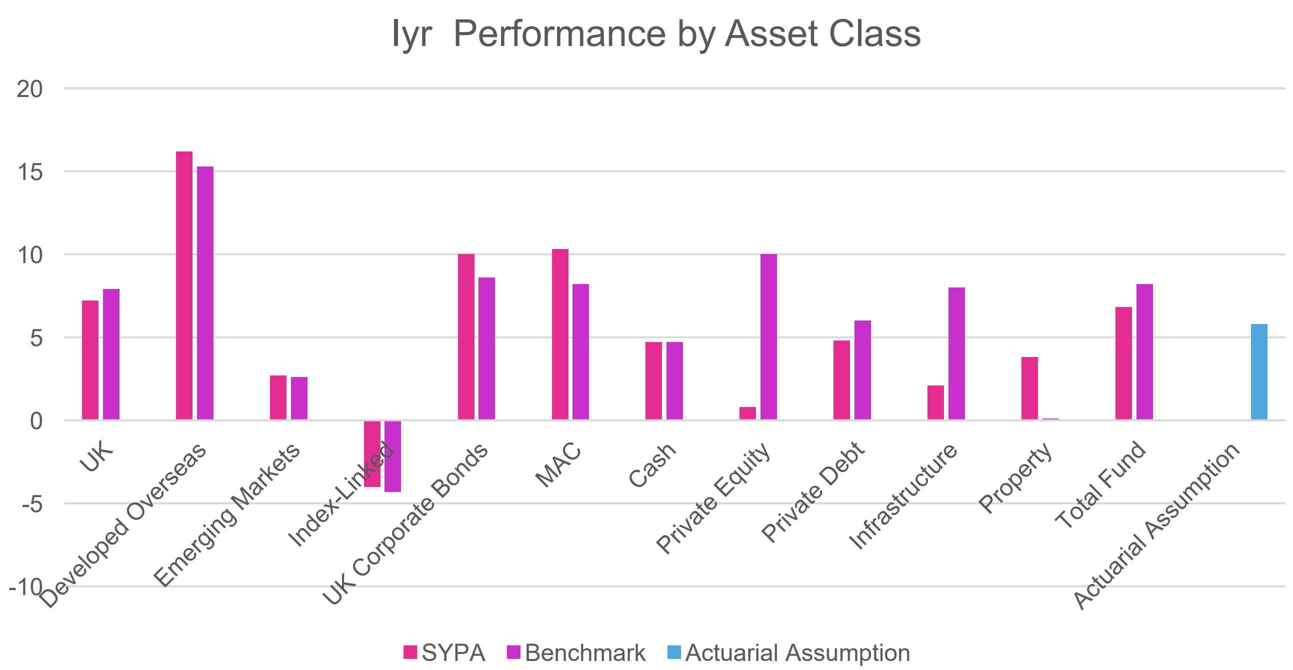
Performance Summary

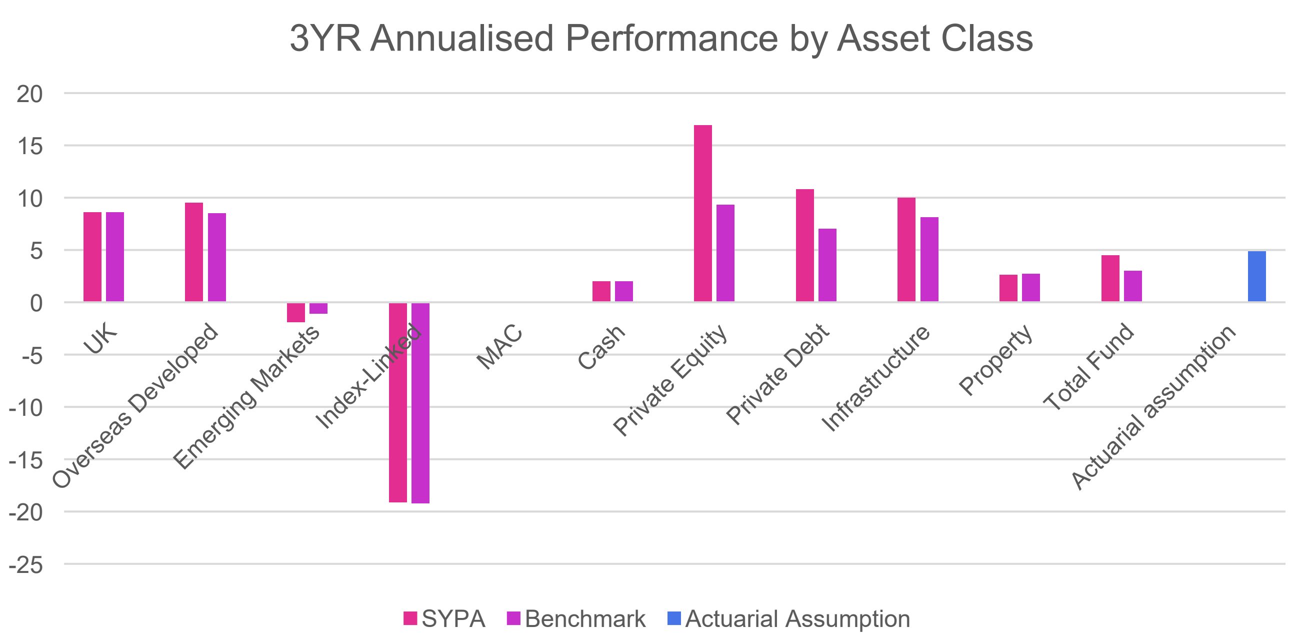
For the quarter to the end of December, the Fund returned 4.2% against the expected benchmark return of 4.7%. Asset allocation decisions taken together had no impact with stock selection having a slightly negative impact overall.
The breakdown of the stock selection is as follows:-

UK equities	-0.1%
Renewables	-0.1%
Private Equity funds	-0.2%
Private Debt funds	- 0.1%

Year to date the Fund has returned 4.7% against the expected return of 5.1%.

Performance-Medium term





Performance – Border to Coast Funds

The UK equity portfolio showed marginal underperformance of its benchmark this quarter but is still outperforming since inception. The portfolio was impacted by stock selection decisions in industrials and financials and an overweight to consumer staples.

The Overseas Developed Market portfolio continued to outperform the benchmark return. The key contributor to relative performance was again the European exposure, although both Japan and Asia ex-Japan also contributed positively to performance. Sector wise the industrial sector was the most material positive contributor to returns with positions in Siemens, recruit Holdings and Schneider contributing positively. The portfolio is ahead of its target since inception.

The Emerging Market portfolio had positive absolute performance of 1.92% but marginally underperformed the benchmark by 0.1%. On a since inception basis the Fund has also delivered positive absolute performance of 2.74% but it remains behind the benchmark by 1.15% per annum. (although this has improved). Over the quarter UBS and the internal manager both outperformed with FountainCap underperforming.

The index-linked portfolio generated a total return of 13.84% during the quarter, compared to the benchmark return of 13.78%. The outperformance was driven in equal measure by a compression in credit spreads on the corporate holdings and the duration overweight as yields fell. The portfolio has met its target since inception.

The Sterling Investment Grade Credit fund generated a return of 7.66% and was ahead of the benchmark return of 7.35%. This outperformance is roughly half the target for a full year. All managers delivered positive excess returns over the quarter.. The Fund has performed well over the year adding 1.4% in excess return and there was positive relative contributions from all three managers. From inception all the managers have achieved outperformance of their target.

The Multi-Asset Credit fund performed strongly as credit markets rallied. The fund returned 5.9% outperforming its primary cash benchmark by 3.7% and brought its annual return to 10.36% which was ahead of its benchmark by 2%. All the managers except for PGIM outperformed their benchmarks. The fund is still behind target from inception with only the internal team and Wellington outperforming their benchmark but is starting to recoup the original losses.

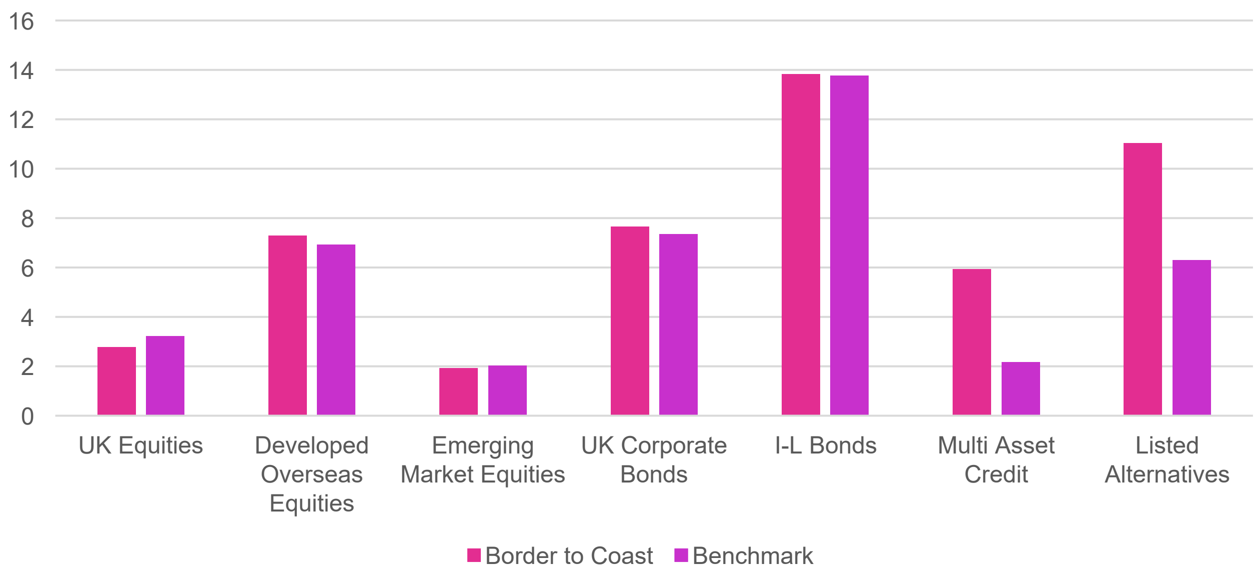
Performance – Border to Coast Funds

The Listed Alternatives fund showed outperformance for the quarter. The portfolio has a diversified portfolio which includes listed assets in infrastructure, specialist real estate, private equity and alternative credit. The Fund returned 11.03% over the quarter, taking returns since inception to 2.67%. Global equity markets as measured by the MSCI ACWI Index returned 6.31% in the last quarter and 6.9% since the launch of the Fund. The Fund's sensitivity to interest rates was the primary driver of outperformance this quarter, as there was a downwards repricing in interest rate expectations and so the interest rate sensitive areas of the portfolio such as specialised real estate and private equity both produced strong returns.

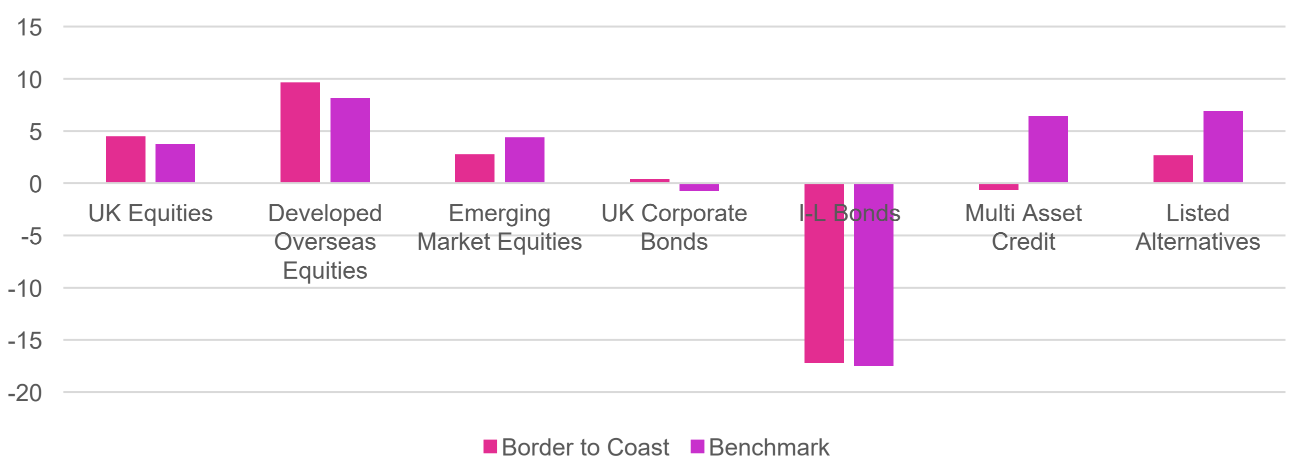
The charts below show quarterly returns but also the longer-term position of each of the Border to Coast funds that we hold.

Performance-Border to Coast Funds

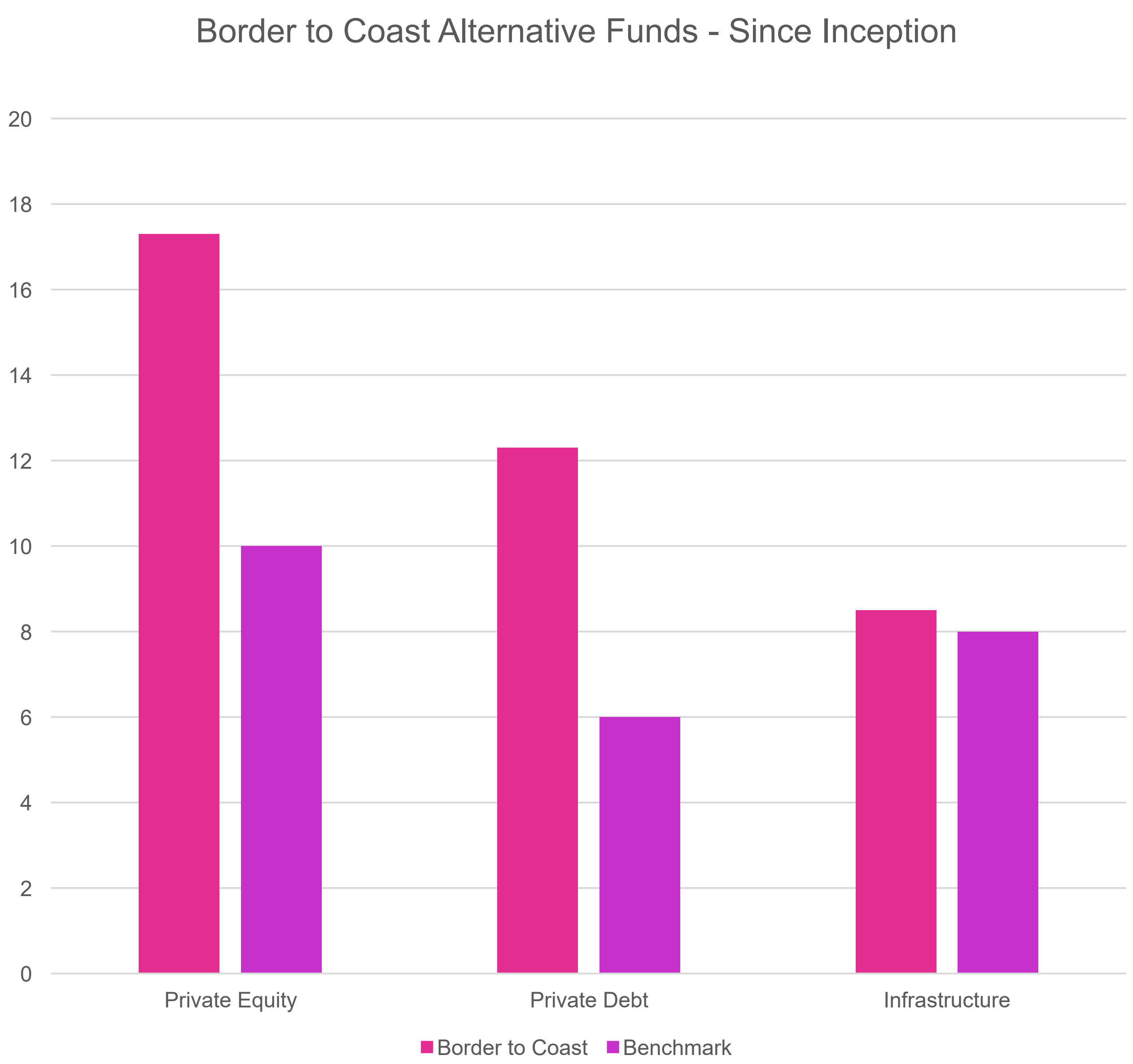
Border to Coast Funds - quarter to Dec 23



Border to Coast Funds - Since Inception



Performance-Border to Coast Alternative Portfolios



Funding Level

The funding level as at 31 December 2023 is estimated to be 149%

The breakdown is as follows:

Fund's Assets at 31 December	£10,687.8
Funds estimated Liabilities at 31 December	£7,200

Caveat

This estimate is calculated on a rollforward basis. This means that there is no allowance made for any actual member experience since the last formal valuation on 31 March 2022

Outlook

The global economy looks set to slow in 2024 as current fiscal policy starts to drag on growth. However, rates of inflation have fallen significantly and should allow central banks to start cutting interest rates during 2024. This could start with the ECB and the US Federal Reserve in the second quarter with the Bank of England potentially following in the third quarter. Although expectations are for substantial cuts it is not expected that they will go back to the extreme lows seen after the global financial crisis.

UK Equities

The UK equity market has continued to lag other developed equity markets and there may be an opportunity for this to change in 2024. The pessimism around UK equities is fully priced in with the UK market looking cheap historically and relative to other international markets. Would like to have a neutral weighting.

Overseas equities

We expect market conditions to remain volatile. The US stock market looks expensive relative to history, but this is largely due to gains in leading technology companies. The fact that the US economy looks to be in relatively good shape should help to support profits in 2024 but would need companies to show increased earnings for the market to rally further. European and Japanese company shares are trading below their historical averages and so have attractions. Emerging markets have lagged developed markets due to the impact of China's disappointing recovery. This could change if policy supports by the Chinese government manages to stabilise the property sector and thus boost consumer confidence. Will look to continue rebalancing total overseas weighting towards neutral.

Outlook

Bonds

The prospect of easier monetary conditions has already led to a sharp decline in the yields offered by government bonds. A comparatively healthier economy in the US suggests that the upside from here in UD Treasuries is finely balanced given the extent to which the market is pricing in rate cuts in 2024. The UK and Europe look to offer more value because the more challenging economic backdrop means that fewer cuts are currently priced into these markets. If inflation continues to fall it could lead to more recovery in these bond markets.

Real Estate

With the increased prospect of interest rate cuts in 2024 it is expected that UK real estate performance will improve as investor confidence improves, and greater liquidity returns to the market

The portfolio remains heavily weighted towards industrials and very underweight in offices, with a marginal overweight position in ‘other’ and an underweight holding in retail.

The strongest rental and capital growth over the next five years is expected to be seen in the residential and industrial sectors and in selected alternative markets. The recommendation is to maintain the overweight industrial position and deploying capital to build a position in the residential sector.

The focus will still be on good quality assets with strong ESG credentials. Will look to selectively increase our weighting.

Alternatives

We are looking to add further investments into this asset class with the allocations being weighted more towards private credit and to infrastructure investments, in particular to renewable energy funds that have secure income characteristics. We are also adding further to climate opportunity funds.

Outlook

Cash

The deployment to the alternative sectors has reduced cash to a level that further cash requirements would necessitate switching among the asset classes.

SOUTH YORKSHIRE
PENSIONS AUTHORITY