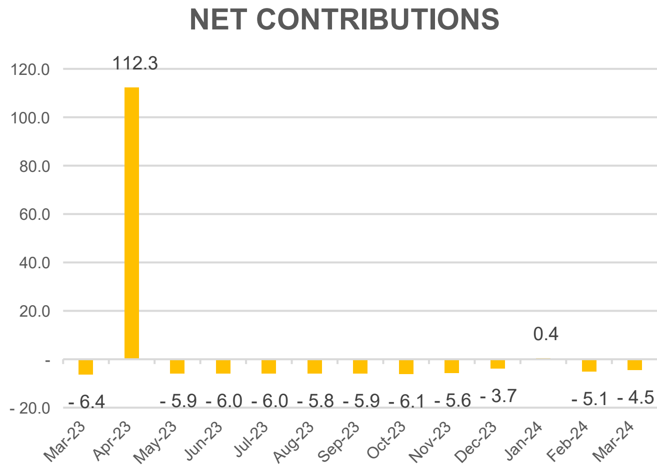
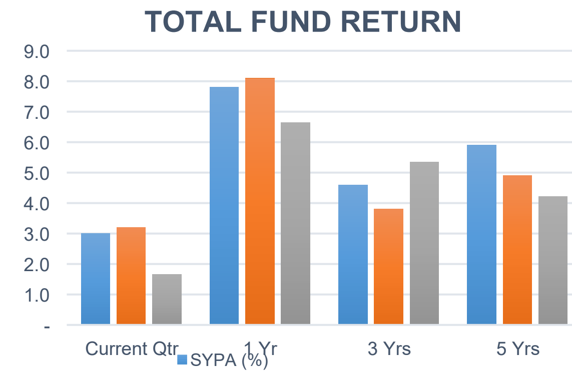
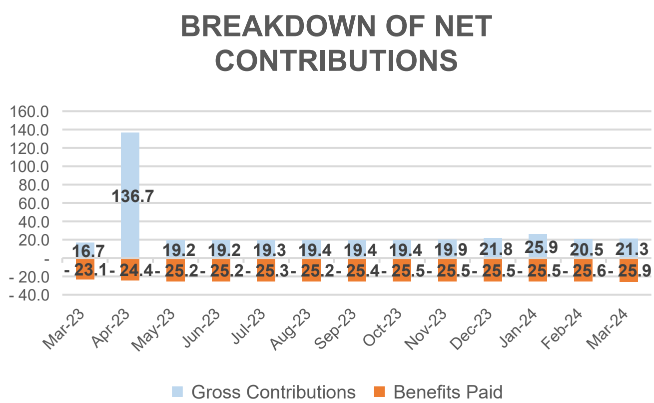
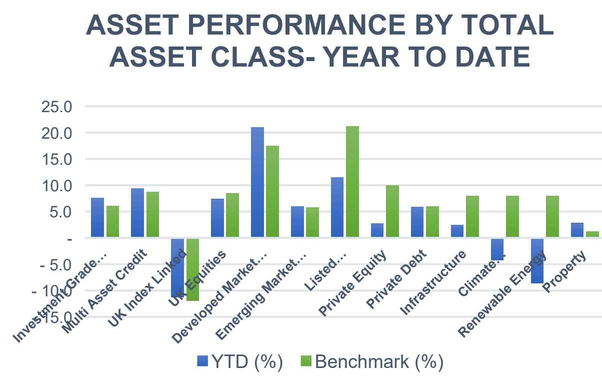
SOUTH YORKSHIRE
PENSIONS AUTHORITY

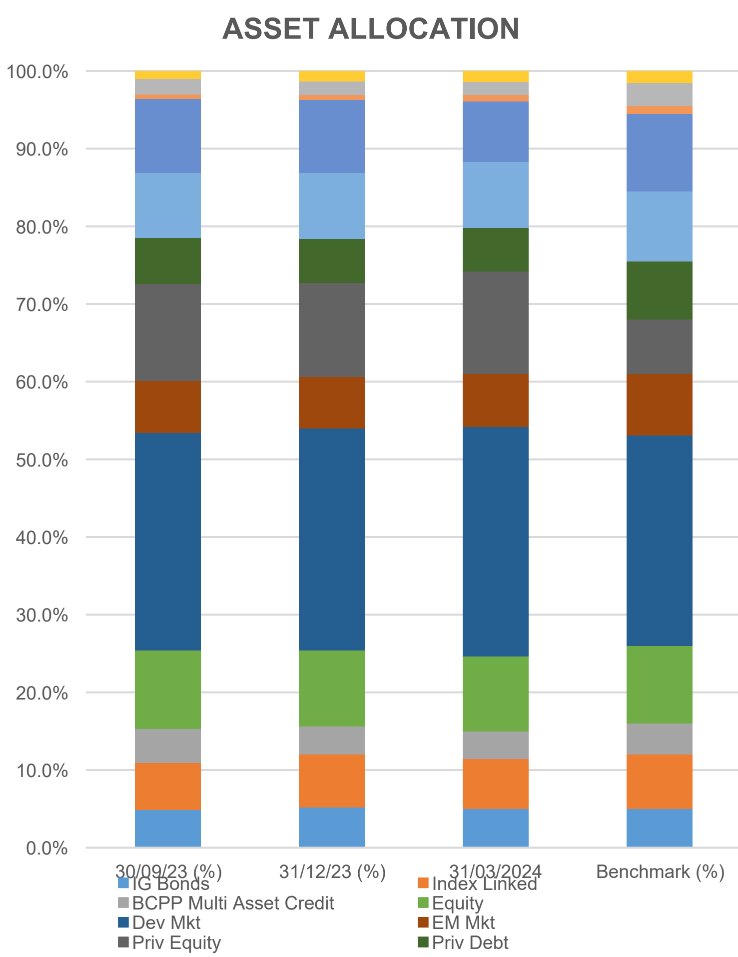
QUARTERLY REPORT
TO 31 MARCH 2024

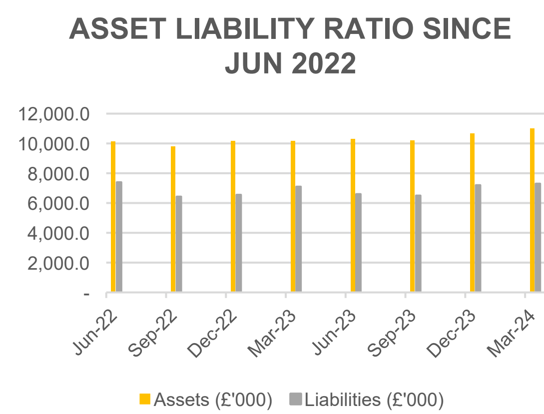

NET CONTRIBUTIONS
112.3
0.4
- 6.4
- 5.9
- 6.0
- 6.0
- 5.8
- 5.9
- 6.1
- 5.6
- 3.7
- 5.1
- 4.5
Mar-23 Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24

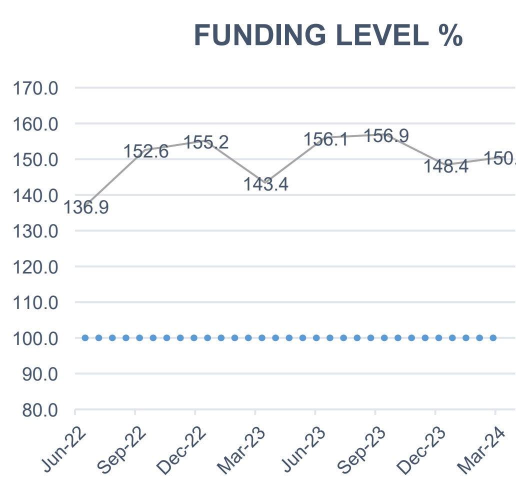

TOTAL FUND RETURN
Current Qtr
1 Yr
3 Yrs
5 Yrs
SYPA (%)


BREAKDOWN OF NET CONTRIBUTIONS
16.7
136.7
19.2
19.2
19.3
19.4
19.4
19.4
19.9
21.8
25.9
20.5
21.3
Mar-23 Apr-23 May-23 Jun-23 Jul-23 Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24
Gross Contributions
Benefits Paid


ASSET PERFORMANCE BY TOTAL ASSET CLASS- YEAR TO DATE
Investment Grade...
Multi Asset Credit
UK Index Linked
UK Equities
Developed Market...
Emerging Market...
Listed...
Private Equity
Private Debt
Infrastructure
Climate...
Renewable Energy
Property
YTD (%)
Benchmark (%)


ASSET ALLOCATION
30/09/23 (%)
31/12/23 (%)
31/03/2024
Benchmark (%)
IG Bonds
Index Linked
BCPP Multi Asset Credit
Equity
Dev Mkt
EM Mkt
Priv Equity
Priv Debt


ASSET LIABILITY RATIO SINCE JUN 2022
Jun-22 Sep-22 Dec-22 Mar-23 Jun-23 Sep-23 Dec-23 Mar-24
Assets (£'000)
Liabilities (£'000)


FUNDING LEVEL %
136.9
152.6
155.2
143.4
156.1
156.9
148.4
150.7
Jun-22 Sep-22 Dec-22 Mar-23 Jun-23 Sep-23 Dec-23 Mar-24

Market background

Global equity markets had another quarter of strong gains. As the quarter began the market was anticipating central banks to cut interest rates quite substantially over 2024 and this boosted share prices, but expectations were scaled back as data surprised on the upside and inflation proved to be a little stickier than hoped for. Consensus estimates are now calling for two rate cuts this year, down from the six cuts expected at the start of the year.

Annual inflation in the UK fell to 3.4% in February but remains above the Bank of England's 2% target. Data showed that the economy had entered a technical recession in the second half of 2023 and the Bank of England maintained interest rates at 5.25%. UK equities continued to show some improvement over the quarter but underperformed other developed regional markets.

Many of the global markets achieved record highs. US stocks were led higher by a strong earnings season, resilient US economic data and ongoing enthusiasm for AI. Fears of a global recession diminished given the robust economic performance seen in the US.

The Japanese equity market rallied strongly on the back of improving macroeconomic conditions and the Nikkei 225 reached a new high. Contributing to the positive news was the fact that corporate earnings exceeded expectations and there was positive revisions for the next couple of years. Significant progress was also made in the spring wage negotiations, and this is expected to boost the inflationary environment. The criteria for monetary tightening was finally met and the Bank of Japan lifted the negative interest rate policy setting short term rates at 0-0.1%. This demonstrated the Bank's confidence in Japan's macroeconomic development.

Emerging markets gained over the quarter but still lagged developed market peers. A detractor was China which ended the quarter slightly down amid ongoing fears about the outlook for the Chinese economy and Brazil also underperformed on profit taking after the market's strong performance in 2023.

Market background

Taiwan showed strong growth driven by enthusiasm for AI related stocks and technology companies and Indian stocks continued to progress gaining from overseas investment in manufacturing as companies seek to diversify supply chains outside of China.

As the quarter progressed government bond yields reacted to the reset in interest rate expectations, with yields rising and thus leading to a pullback in bond markets. The compression in spreads meant that corporate bonds outperformed government bonds with UK high yield a notable outperformer.

Commodity indexes rose over the quarter with energy and livestock being the best performing components. Within energy, all subsectors showed strong price growth except for natural gas, which had a sharp price fall. In industrial metals, copper, lead and nickel were higher, whilst zinc and aluminium prices fell. Both silver and gold prices rose over the quarter.

The property index had another lacklustre quarter, returning 0.6%. The industrial sector continued to outperform, while offices lagged again.

Fund Valuation

as at 31 March 2024

	Dec-23		Quarterly Net Investment	Mar-24		Benchmark	Range
	£m	%		£m	%	%	%
FIXED INTEREST							
Inv Grade Credit - BCPP	555.4	5.2	0.0	552.5	5.0	5	
UK ILGs - BCPP	726.9	6.8	0.0	703.5	6.4	7	
MAC - BCPP	387.8	3.6	-4.5	390.2	3.6	4	
TOTAL	**1670.1**	**15.6**	**-4.5**	**1646.2**	**15.0**	**16**	**11_15**
UK EQUITIES	**1041.7**	**9.7**	**-20.0**	**1055.5**	**9.6**	**9.5**	**4.5 -14.5**
INTERNATIONAL EQUITIES							
Developed Market - BCPP	3053.5	28.6	-70.0	3248.7	29.6	27.125	
Emerging Market - BCPP	709.6	6.6	0.0	736.6	6.7	7.875	
Emerging Market - SYPA	0.7	0.0	0.0	0.8	0.0		
TOTAL	**3763.8**	**35.2**	**-70.0**	**3986.1**	**36.4**	**35**	**30-40**
LISTED ALTERNATIVES -BCPP	**172.3**	1.6	**-20.0**	**153.0**	1.4	0	
PRIVATE EQUITY							
BCPP	323.9		26.0	340.8			
SYPA	799.3		1.1	806.0			
TOTAL	**1123.2**	**10.5**	**27.1**	**1146.8**	**10.5**	**7**	**5_9**
PRIVATE DEBT FUNDS							
BCPP	154.5		17.1	170.5			
SYPA	453.8		-1.2	457.6			
TOTAL	**608.3**	**5.7**	**15.9**	**628.1**	**5.7**	**7.5**	**5.5-9.5**
INFRASTRUCTURE							
BCPP	430.8		32.9	456.1			
SYPA	469.8		-19.4	452.9			
TOTAL	**900.6**	**8.4**	**13.5**	**909.0**	**8.3**	**9**	**7_11**
RENEWABLE ENERGY	**192.0**	**1.8**	**4.5**	**189.9**	**1.7**	**3**	**1_5**
CLIMATE OPPORTUNITIES	**64.2**	**0.6**	**26.8**	**91.4**	**0.8**	**1**	**0-3**
NATURAL CAPITAL			**149.1**	**149.1**	**1.4**	**1.5**	**0-2.5**
PROPERTY	**1009.0**	**9.4**	**-144.8**	**855.5**	**7.8**	**9**	**7_11**
CASH	**142.6**	**1.3**		**153.2**	**1.4**	**1.5**	**0-2.5**
TOTAL FUND	**10687.8**	**100.0**		**10963.8**	**100.0**	**100**	
COMMITTED FUNDS TO ALTERNATIVE INVESTMENTS	**1652.7**			**1776.3**			

Asset Allocation Summary

We continued to reduce our overweight position to listed equity funds. We sold £20m from UK equities and 70m from Overseas Developed equities.

The only transaction within bonds was a £5m reduction of the Multi asset Credit fund by means of the monthly cash withdrawal plan.

Within the property portfolios the largest transaction was the completion of Project Chip, the joint venture with RLAM. Our agricultural holdings formed the seed assets for a new Natural Capital fund. £100m was released from these holdings and we purchased units in a RL Commercial Property fund as part of the overall transaction. There were a further £6m of drawdowns on the CBRE local loans and £6m drawdowns into property impact funds that we hold.

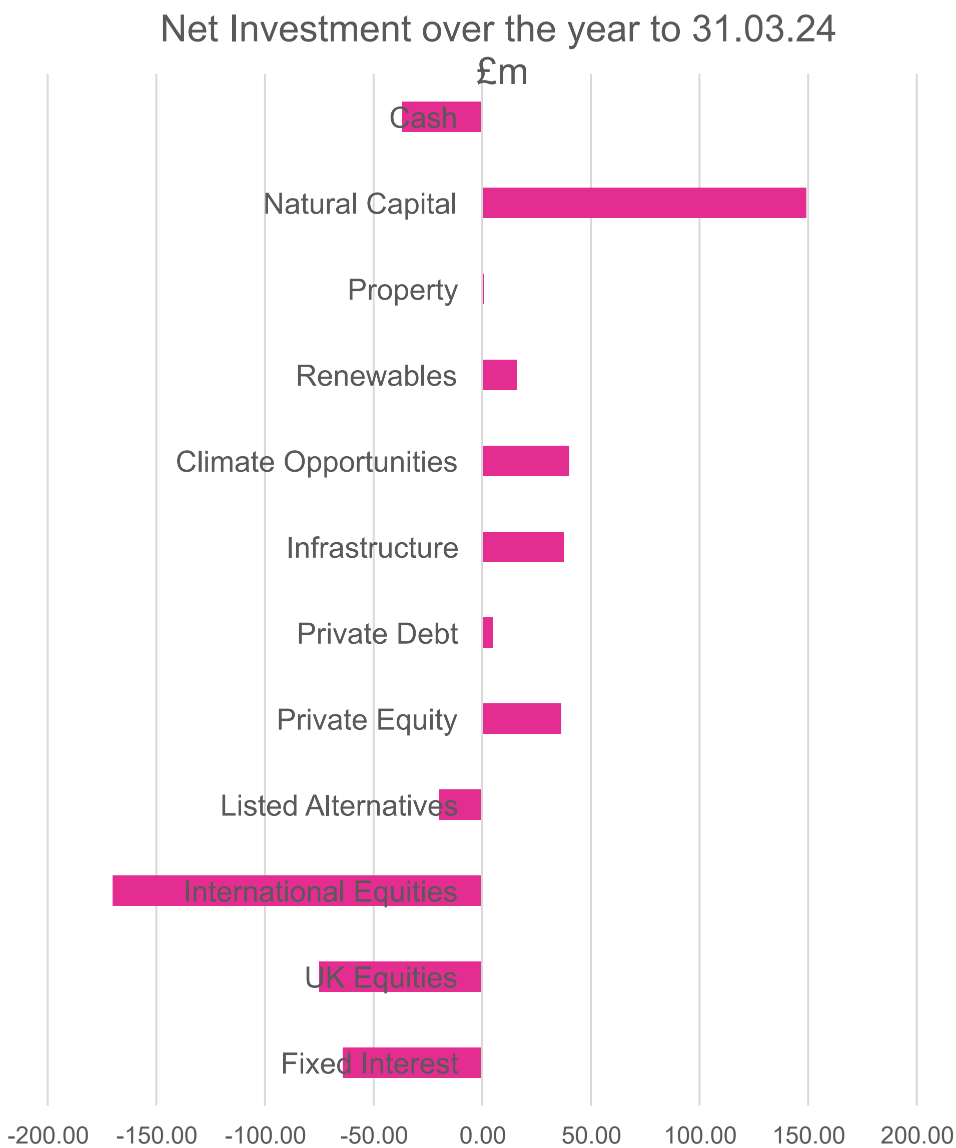
We sold £20m from the Listed Alternatives fund and had £26m drawdown into Climate Opportunity funds, £18.5m drawdown into infrastructure funds, £15.9m into private debt funds and £27.1m drawdown into private equity funds.

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	703.5	6.4	**-0.6**
Sterling Inv Grade Credit	5	4 - 6	552.5	5.0	**0.0**
Multi Asset Credit	4	2 - 6	390.2	3.6	**-0.4**
UK Equities	9.5	4.5 - 14.5	1055.5	9.6	**0.1**
Overseas Equities	35	30 - 40	3986.1	36.4	**1.4**
Private Equity	7	5 - 9	1146.8	10.5	**3.5**
Private Debt	7.5	5.5-9.5	628.1	5.7	**-1.8**
Infrastructure	9	6 - 12	909	8.3	**-0.7**
Renewables	3	1-5	189.9	1.7	**-1.3**
Listed Infrastructure	0	0-2	153	1.4	**1.4**
Climate Opportunities	1	0-2	91.4	0.8	**-0.2**
Natural Capital	1.5	0-2.5	149.1	1.4	**-0.1**
Property	9	7 - 11	855.5	7.8	**-1.2**
Cash	1.5	0.5 - 2.5	153.2	1.4	**-0.1**
Total	100		10963.8	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 March 2024

	Qtrly Performance		Financial Y.T.D.	
	SYPA	Benchmark	SYPA	Benchmark
	%	%	%	%
FIXED INTEREST				
Investment Grade Credit - BCPP	0.6	0.1	7.6	6.1
UK ILGs	-3.2	-3.4	-11.3	-11.9
Multi Asset Credit - BCPP	1.8	2.2	9.4	8.7
UK EQUITIES	**3.3**	**3.6**	**7.4**	**8.4**
INTERNATIONAL EQUITIES				
Developed Market - BCPP	8.9	7.8	21.0	17.5
Emerging Market - BCPP	3.9	3.3	6.0	5.8
TOTAL	**8.0**	**6.8**	**18.0**	**14.8**
PRIVATE EQUITY	**-0.3**	**2.4**	**2.7**	**10.0**
PRIVATE DEBT FUNDS	**0.8**	**1.5**	**5.9**	**6.0**
INFRASTRUCTURE	**-0.5**	**1.9**	**2.4**	**8.0**
RENEWABLES	**-3.0**	**1.9**	**-8.6**	**8.0**
CLIMATE OPPORTUNITIES	**-0.4**	**1.9**	**-10.8**	**8.0**
PROPERTY	**0.1**	**1.5**	**2.8**	**1.2**
CASH	**1.2**	**1.3**	**4.2**	**5.0**
TOTAL FUND	**3.0**	**3.2**	**7.8**	**8.1**

Performance Summary

For the quarter to the end of March, the Fund returned 3.0% against the expected benchmark return of 3.2%.

Asset allocation decisions together contributed 0.2% with stock selection detracting by 0.4%.

The breakdown of the stock selection is as follows:-

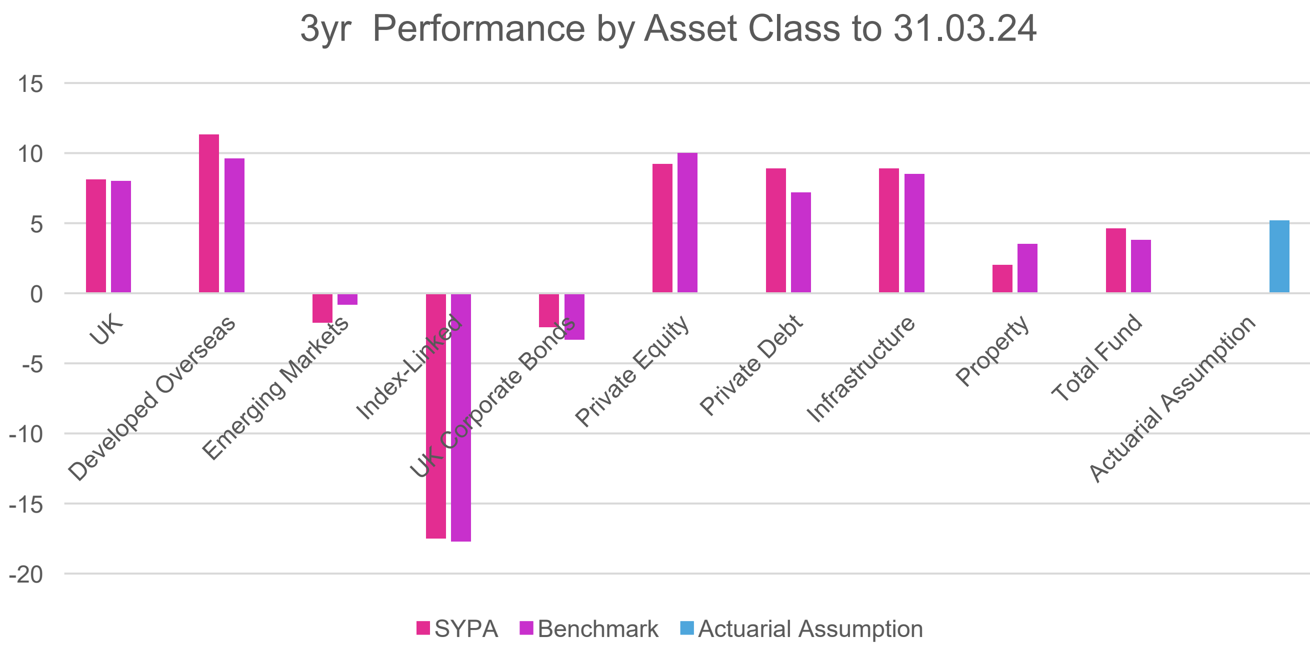
Overseas equities	0.4%
Total bonds	0.1%
Listed Alternatives	-0.1%
Renewables	-0.1%
Private Equity funds	-0.3%
Infrastructure funds	- 0.1%
Property	-0.1%

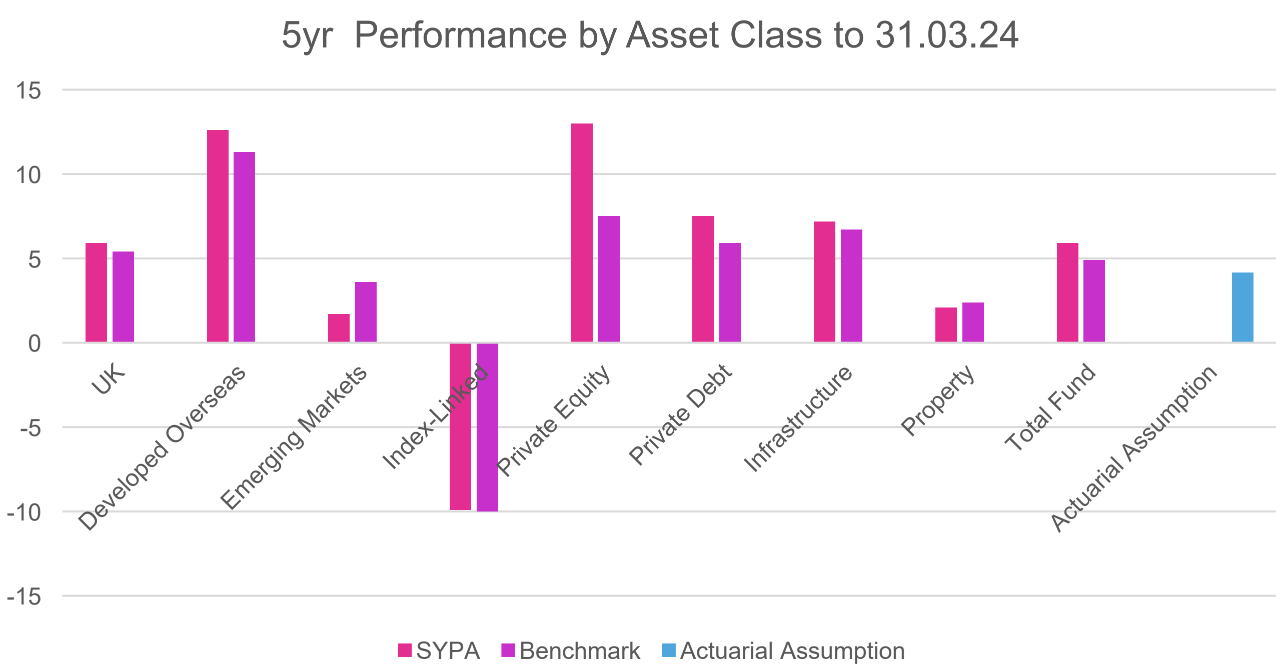
For the financial year the Fund has returned 7.8% against the expected return of 8.1%.

Asset allocation decisions during the year contributed 0.4% with stock selection detracting by 0.7%

UK equities	-0.1%
Oversea equities	0.9%
Total bonds	0.3%
Listed Alternatives	-0.1%
Climate Opportunities	-0.1%
Renewables	-0.4%
Private equity funds	-0.8%
Infrastructure funds	-0.5%
Property	0.1%

Performance-Medium term





Performance – Border to Coast Funds

The UK equity portfolio showed underperformance of its benchmark this quarter, returning 3.3% against the benchmark return of 3.57%. It is outperforming since inception by 0.63% which is below the target of 1% outperformance . The portfolio was impacted by stock selection decisions in industrials and financials

The Overseas Developed Market portfolio continued to outperform the benchmark return. The key contributor to relative performance was the fund's North American exposure, The US was the strongest performing market and the fund's allocation outperformed its regional benchmark by 1.6%. Nvidia was the largest contributor to returns over the quarter, returning 82% and the fund was overweight. Sector wise the largest contributor to relative returns came from the Consumer Discretionary sector, where the fund wasn't invested in high-risk stocks such as Tesla. Both Europe and Japan also contributed positively to performance, with Japan being the region that delivered the best relative performance of 3.0%. The portfolio is ahead of its target since inception.

The Emerging Market portfolio showed positive absolute performance of 4.0% and outperformed the benchmark by 0.6%. All the managers outperformed with Fountaincap in particular, showing relative outperformance of 4.7%. They have now recovered their underperformance. Some of their holdings reported strong quarterly results, exceeding expectations and this led to the outperformance. On a since inception basis the Fund has also delivered positive absolute performance of 3.34% but it remains behind the benchmark by 1.43%. (although this has improved).

Bond yields generally increased as the market repriced interest rate cut expectations. The index-linked portfolio generated a total return of -3.22% during the quarter, compared to the benchmark return of -3.44%. The outperformance was driven by narrowing credit spreads on corporate holdings as the overweight duration position was negatively impacted by rising yields. The portfolio has met its target since inception.

The Sterling Investment Grade Credit fund generated a return of 0.6% and was ahead of the benchmark return of 0.06%. All managers delivered positive excess returns over the quarter with RLAM being the key driver of outperformance with relative performance of +0.9%. The Fund has performed well over the year adding 1.44% in excess return. From inception all the managers have achieved outperformance of their target.

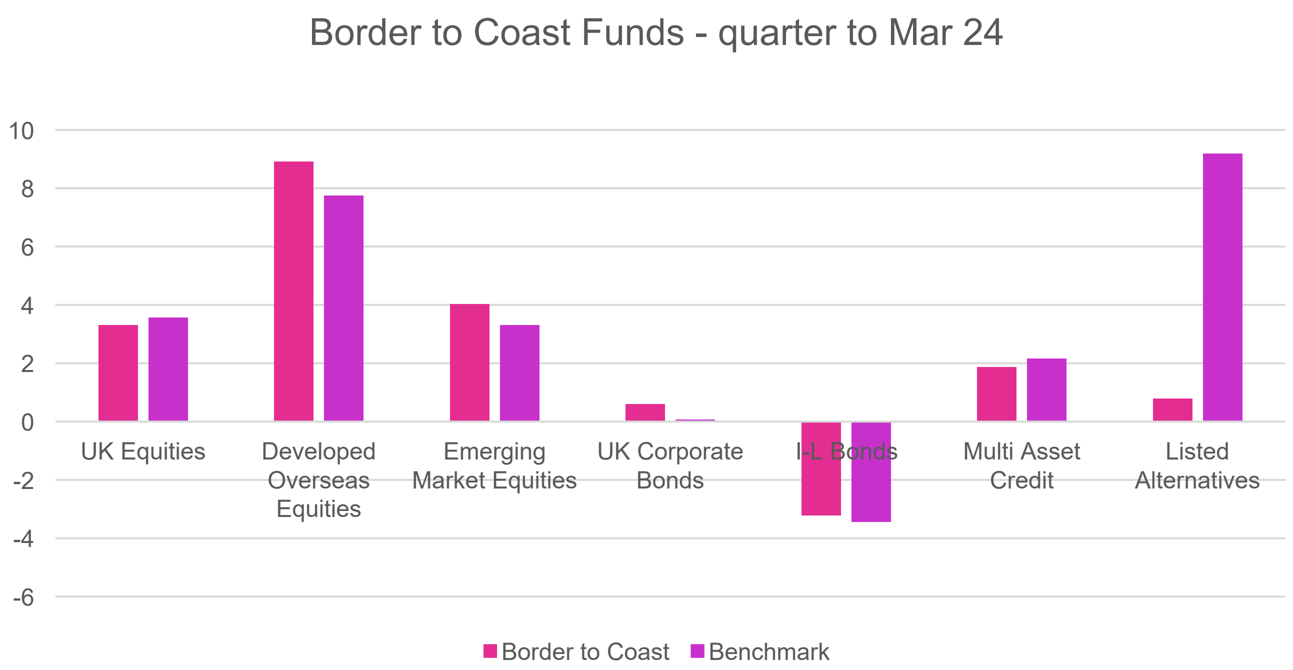
Performance – Border to Coast Funds

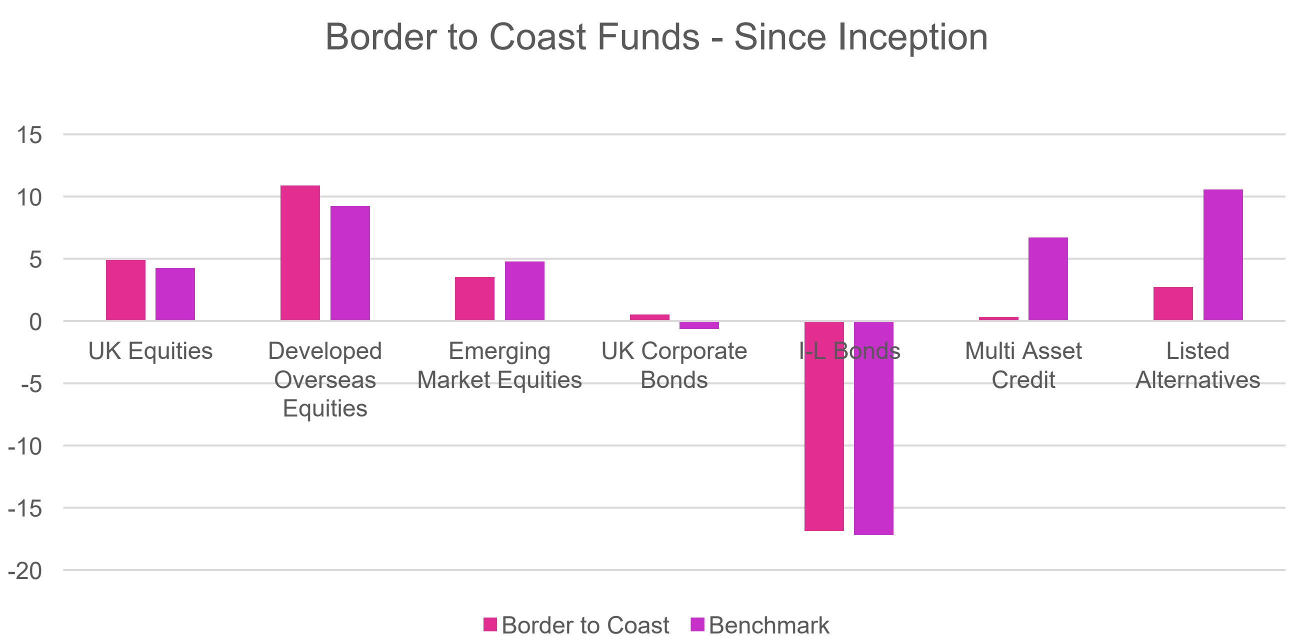
The Multi-Asset Credit fund gave a positive absolute return of 1.8% but underperformed its cash+ benchmark by 0.3%. and brought its annual return to 9.41% which was ahead of its benchmark by 0.68%. Only PIMCO and PGIM outperformed their benchmarks over the quarter. The fund is still behind target from inception but now PIMCO, the internal team and Wellington are outperforming their benchmarks.

The Listed Alternatives fund showed underperformance 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 0.78% over the quarter, taking returns since inception to 2.73%. Global equity markets as measured by the MSCI ACWI Index returned 9.18% in the last quarter and 10.56% since the launch of the Fund. The Fund's sensitivity to interest rates was the primary driver of underperformance this quarter, as there was an upwards repricing in interest rate expectations and so the interest rate sensitive areas of the portfolio such as specialised real estate and infrastructure had a challenging quarter.

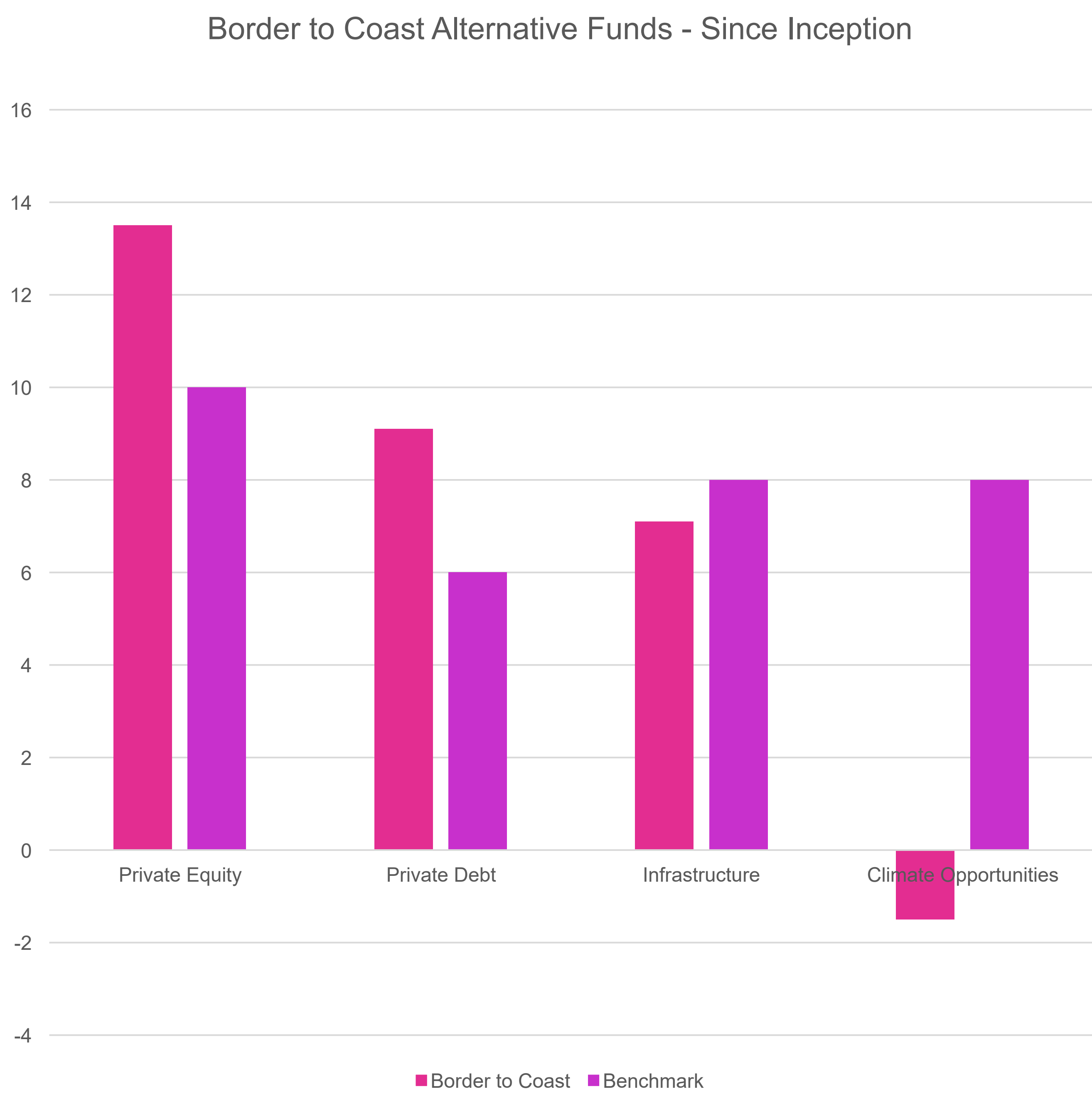
The charts below show quarterly returns but also the longer-term position of each of the Border to Coast funds that we hold.

Performance-Border to Coast Funds





Performance-Border to Coast Alternative Portfolios



Funding Level

The funding level as at 31 March 2024 is estimated to be 151%

The breakdown is as follows:

Fund's Assets at 31 March	£10,963.8
Funds estimated Liabilities at 31 March	£7,300

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

Views on underlying inflation are being informed by released data and it suggests the biggest challenge in returning inflation to 2% amongst the developed regions is in the US. Thus, although everyone believes that rate cuts are likely later this year, they are now expected to be steady rather than rapid cuts. It is more than likely that the ECB and the Bank of England may be ahead of the US Federal Reserve in cutting rates.

UK Equities

The UK equity market continues to lag other developed equity markets. It has a positive gearing to commodities and if the China economy does improve then this could be a catalyst for these stocks to improve. 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 US economy looks to be in relatively good shape, and we have had a positive earnings season which has helped the market rally to broaden out, 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 the policies announced 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, although this moderated a little over the last quarter as the expected timing for rate cuts was reset. A comparatively healthier economy in the US suggests that the upside from here in US Treasuries is finely balanced. The UK and Europe look to offer more value and if inflation continues to fall it could lead to more recovery in these bond markets.

Real Estate

Activity in the real estate sector is expected to remain subdued in the short term, but 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 recommendation is to maintain the overweight industrial position and we are under offer on the purchase of three newbuild low-rise residential blocks in Springfield Place, Tooting. This is expected to complete before the end of June.

Natural Capital

Due diligence has been completed on two funds, one a UK fund and one a global fund. Subscription is expected to take place during this quarter.

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.