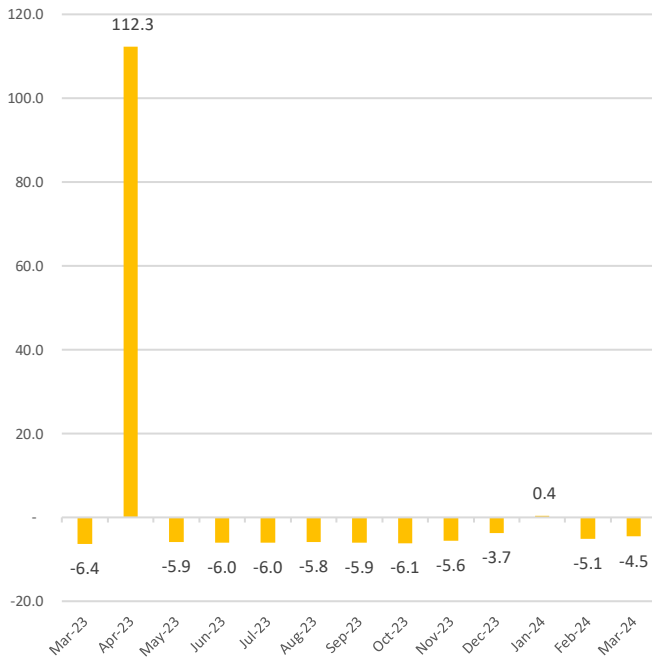
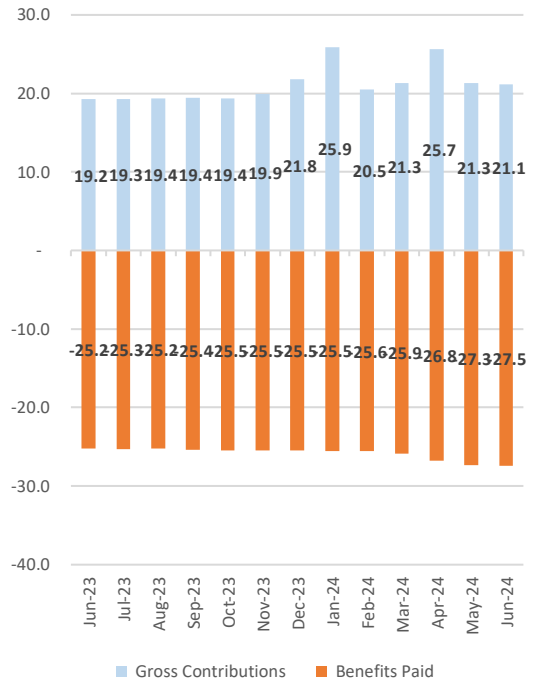


QUARTERLY REPORT TO 30 JUNE 2024

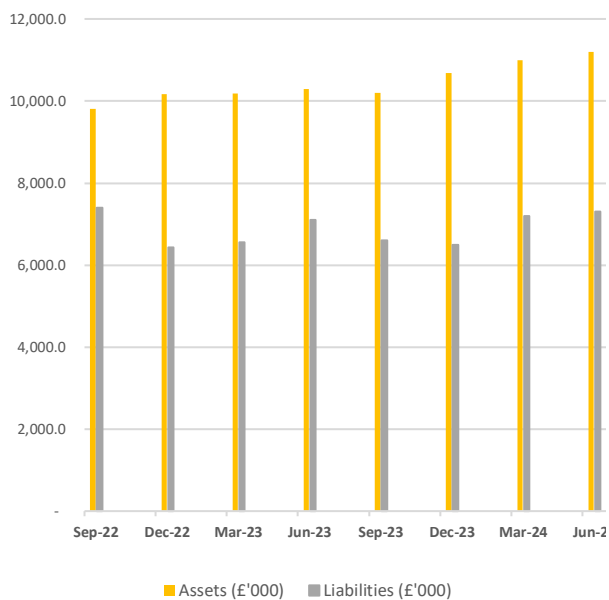
NET CONTRIBUTIONS



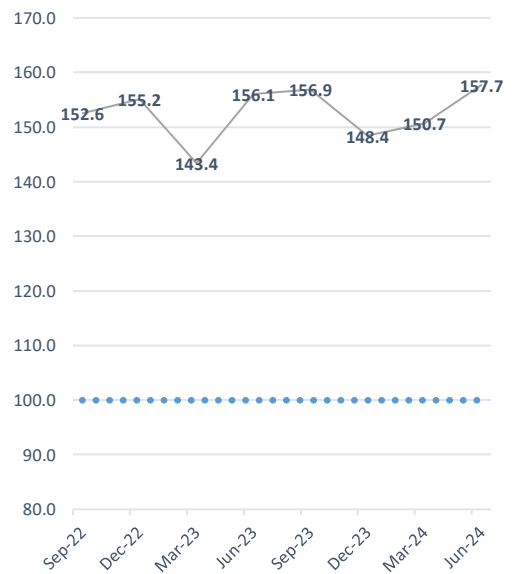
BREAKDOWN OF NET CONTRIBUTIONS



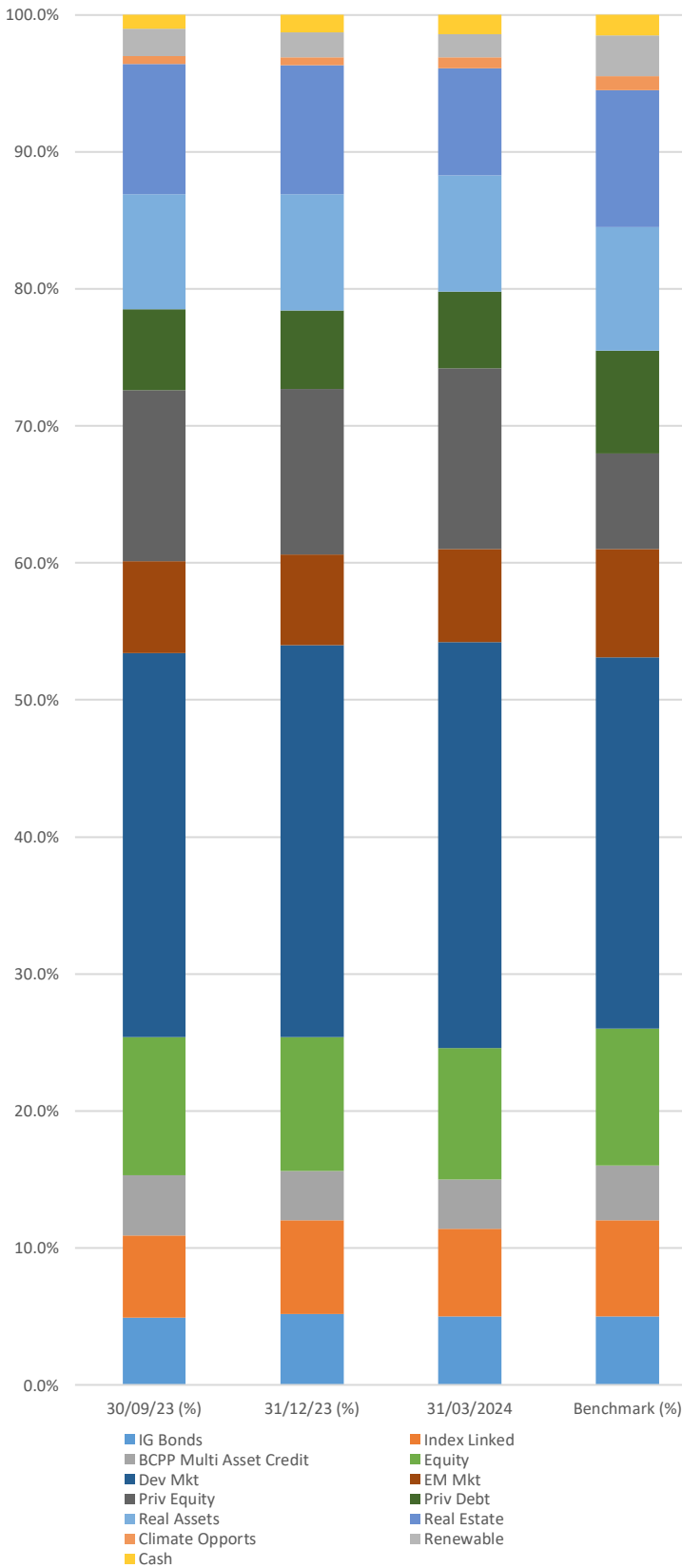
ASSET LIABILITY RATIO SINCE SEP 2022



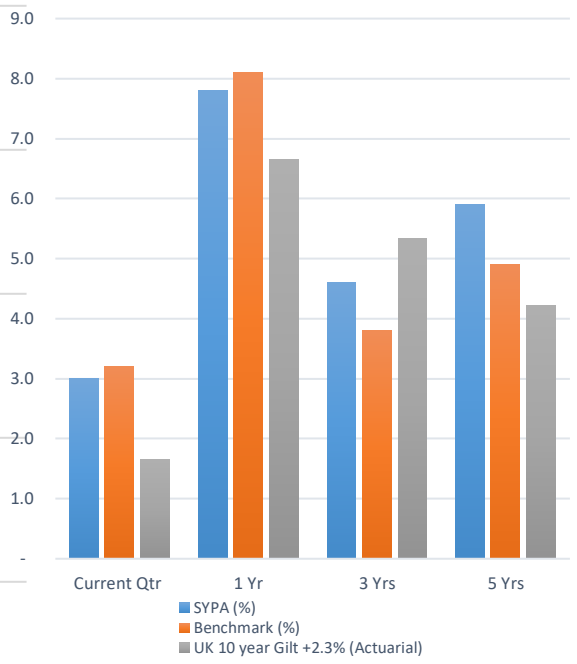
FUNDING LEVEL %



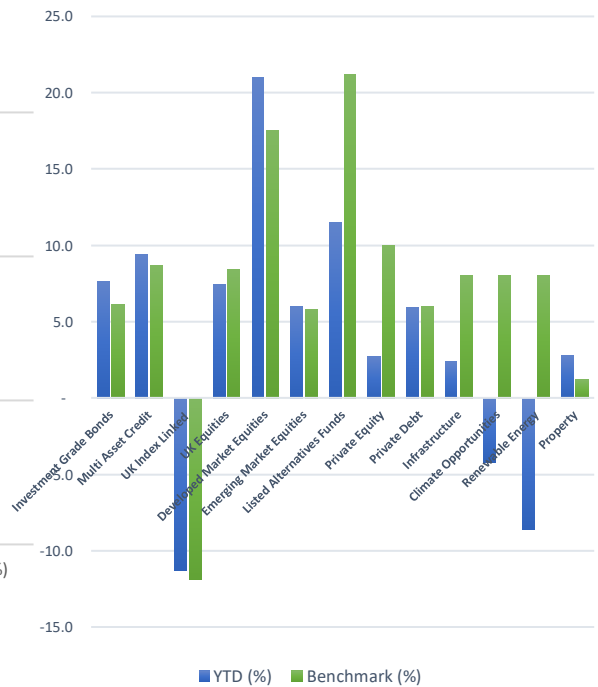
ASSET ALLOCATION



TOTAL FUND RETURN



ASSET PERFORMANCE BY TOTAL ASSET CLASS- YEAR TO DATE



Market background

Global equity markets had another quarter of strong gains with company earnings and easing inflation leading indices to hit new highs as anticipated rate cuts boosted share prices.

As the quarter began markets were impacted by rising tensions in the Middle East and markets fell but soon bounced back as the earnings season started and strong earnings and outlook statement supported the market. The timing of interest rate cuts remained a focus. There were worries at the start of the quarter that the US economy may be overheating but this moderated as the quarter progressed. Annual inflation eased to 2.6% in May and together with the continued enthusiasm for AI related companies, the momentum bolstered investor sentiment and pushed US share prices higher. Growth also moved beyond the mega-cap technology companies and so the market strength broadened out.

The global rally also drove the UK market to a new high. This was supported by better economic performance and easing inflation which led to the anticipation of interest rate cuts. CPI fell back to 2% for May which was the first time since July 2021 that the Bank of England's target was met. Also, a weaker sterling boosted the FTSE 100 stocks which have large international earnings. The announcement of a snap election by PM Rishi Sunak had very little effect on the market. A landslide victory by Labour shortly after the quarter end has led to more political stability.

European markets were weaker as equities fell on the uncertainty caused by the announcement of parliamentary elections in France. They then rebounded towards the end of the quarter as investor concern over French political issues eased. The ECB cut interest rates by 0.25% in early June but the scope for further cuts may be limited by sticky inflation as inflation data came in at 2.6% for May which was up from 2.4% in April.

The Japanese equity market rose again, Although inflation was flat it remained at 3.1% which is above the 2% target. The Bank of Japan kept its short-term interest rate at 0-0.1% which is dovish compared with other major central banks. The yen markedly depreciated which supported the Japanese exporters. .

Market background

Emerging markets outperformed developed markets over the quarter driven by generally improving investor sentiment, However there were variations across the markets. Key markets of China and India led the gains. Political uncertainties in some regions and the impact of fluctuating commodity prices caused volatility in some markets. Mexico and Brazil were among the weaker performing markets. The election in Mexico and the appointment of Claudia Sheinbaum as president led to the market falling whilst flooding in the south of Brazil led to concerns about economic growth, fiscal spending and inflation.

Bond markets had mixed outcomes. US Treasury yields rose due to inflationary pressures and tighter monetary policies, but UK government bonds showed relative stability. High grade corporate bonds outperformed lower grade ones, reflecting investor preference for quality amidst economic uncertainties.

Commodity indexes saw moderate gains over the quarter. Industrial metals and precious metals were the strongest components of the index with agriculture being the weakest component. In industrial metals, zinc was the standout performer, with both gold and silver increasing over the quarter.

The UK property market experienced modest growth, but investors remained cautious due to high interest rates. Demand for industrial space continued to provide support to property valuations

Fund Valuation

as at 30 June 2024

	Mar-24		Quarterly Net Investment	Jun-24		Benchmark %	Range %
	£m	%		£m	%		
FIXED INTEREST							
Inv Grade Credit - BCPP	552.5	5.0	0.0	546.3	4.9	5	
UK ILGs - BCPP	703.5	6.4	0.0	675.4	6.1	7	
MAC - BCPP	390.2	3.6	-4.7	388.9	3.5	3.5	
TOTAL	1646.2	15.0	-4.7	1610.6	14.5	15.5	10.5_20.5
UK EQUITIES	1055.5	9.6	-90.0	998.7	9.0	9	4.0 -14.0
INTERNATIONAL EQUITIES							
Developed Market - BCPP	3248.7	29.6	-80.0	3246.2	29.2	27.125	
Emerging Market - BCPP	736.6	6.7	0.0	776.2	7.0	7.875	
Emerging Market - SYPA	0.8	0.0	0.0	0.7	0.0		
TOTAL	3986.1	36.4	-80.0	4023.1	36.2	35	30-40
LISTED ALTERNATIVES - BCPP	153.0	1.4	0.0	155.4	1.4	0	
PRIVATE EQUITY							
BCPP	340.8		12.9	372.0			
SYPA	806.0		-20.1	793.4			
TOTAL	1146.8	10.5	-7.2	1165.4	10.5	7	5_9
PRIVATE DEBT FUNDS							
BCPP	170.5		17.1	192.5			
SYPA	457.6		-22.5	439.3			
TOTAL	628.1	5.7	-5.4	631.8	5.7	7.5	5.5-9.5
INFRASTRUCTURE							
BCPP	456.1		39.5	507.0			
SYPA	452.9		-1.8	450.8			
TOTAL	909.0	8.3	37.7	957.8	8.6	9	7_11
RENEWABLE ENERGY	189.9	1.7	-1.1	193.0	1.7	3	1_5
CLIMATE OPPORTUNITIES	91.4	0.8	18.8	110.7	1.0	1	0-3
NATURAL CAPITAL	149.1	1.4	45.3	194.4	1.7	2.5	0-3.5
PROPERTY	855.5	7.8	47.0	903.4	8.1	9	7_11
CASH	153.2	1.4		172.4	1.6	1.5	0-2.5
TOTAL FUND	10963.8	100.0		11116.7	100.0	100	
COMMITTED FUNDS TO ALTERNATIVE INVESTMENTS	1776.3			1907.5			

Asset Allocation Summary

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 the purchase of a low-rise residential block in Tooting for £24m. There was also an initial £12m drawdown from the £95m commitment we made to the Border to Coast Global Core RE fund and £11m drawdowns into property impact funds that we hold.

We continued to reduce our overweight position to listed equity funds to fund the investment into the alternative categories. We sold £90m from UK equities and £80m from Overseas Developed equities.

We had £22m drawdown into Climate Opportunity funds and £38m drawdown into infrastructure funds. We had net redemptions of £7m from private equity funds and £5m net redemption from private debt funds as the redemptions from our legacy holdings was greater than the drawdowns into Border to Coast committed funds.

As reported last quarter we had completed due diligence on two timberland funds. We made a £50m commitment to the Gresham House Forestry fund this quarter which has a diversified portfolio of forestry assets around the UK and £45m of this was drawn down in June.

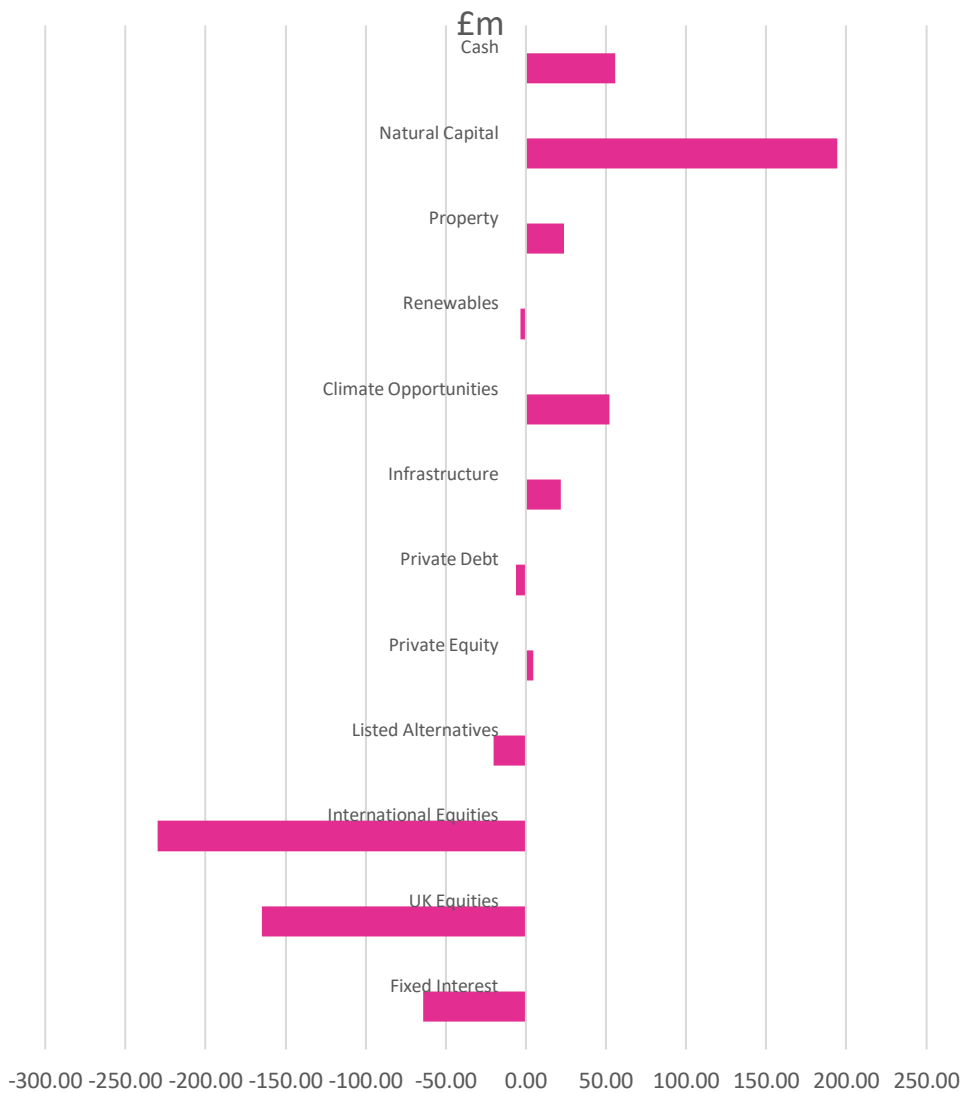
After the trades mentioned above there is still only one category that is outside its tactical range, and that is private equity.

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

Net Investment over the year to 30.06.24



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	675.4	6.1	-0.9
Sterling Inv Grade Credit	5	4 - 6	546.3	4.9	-0.1
Multi Asset Credit	3.5	1.5 - 5.5	388.9	3.5	0.0
UK Equities	9	4 - 14	998.7	9.0	0.0
Overseas Equities	35	30 - 40	4023.1	36.2	1.2
Private Equity	7	5 - 9	1165.4	10.5	3.5
Private Debt	7.5	5.5-9.5	631.8	5.7	-1.8
Infrastructure	9	6 - 12	957.8	8.6	-0.4
Renewables	3	1-5	193	1.7	-1.3
Listed Infrastructure	0	0-2	155.4	1.4	1.4
Climate Opportunities	1	0-2	110.7	1.0	0.0
Natural Capital	2.5	0-3.5	194.4	1.7	-0.8
Property	9	7 - 11	903.4	8.1	-0.9
Cash	1.5	0.5 - 2.5	172.4	1.6	0.1
Total	100		11116.7	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 30 June 2024

	Qtrly Performance		Financial Y.T.D.	
	SYPA	Benchmark	SYPA	Benchmark
	%	%	%	%
FIXED INTEREST				
Investment Grade Credit - BCPP	0.0	-0.1	0.0	-0.1
UK ILGs	-4.0	-4.0	-4.0	-4.0
Multi Asset Credit - BCPP	0.8	2.2	0.8	2.2
UK EQUITIES	3.1	3.7	3.1	3.7
INTERNATIONAL EQUITIES				
Developed Market - BCPP	2.3	1.3	2.3	1.3
Emerging Market - BCPP	5.2	5.7	5.2	5.7
TOTAL	2.9	2.3	2.9	2.3
PRIVATE EQUITY	2.3	2.4	2.3	2.4
PRIVATE DEBT FUNDS	1.6	1.5	1.6	1.5
INFRASTRUCTURE	1.3	1.9	1.3	1.9
RENEWABLES	2.6	1.9	2.6	1.9
CLIMATE OPPORTUNITIES	1.4	1.9	1.4	1.9
PROPERTY	0.4	1.5	0.4	1.5
NATURAL CAPITAL	0.0	1.1	0.0	1.1
CASH	1.1	1.3	1.1	1.3
TOTAL FUND	1.7	1.6	1.7	1.6

Performance Summary

For the quarter to the end of June, the Fund returned 1.7% against the expected benchmark return of 1.6%.

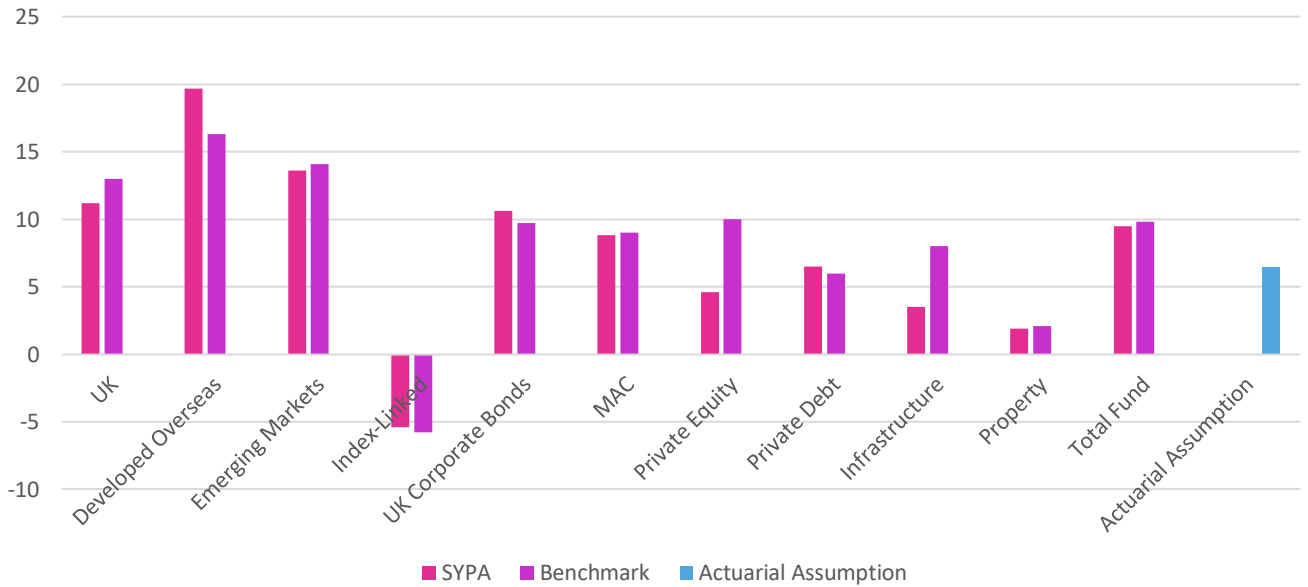
Asset allocation decisions taken together had no contribution to performance with stock selection adding 0.1%.

The breakdown of the stock selection is as follows:-

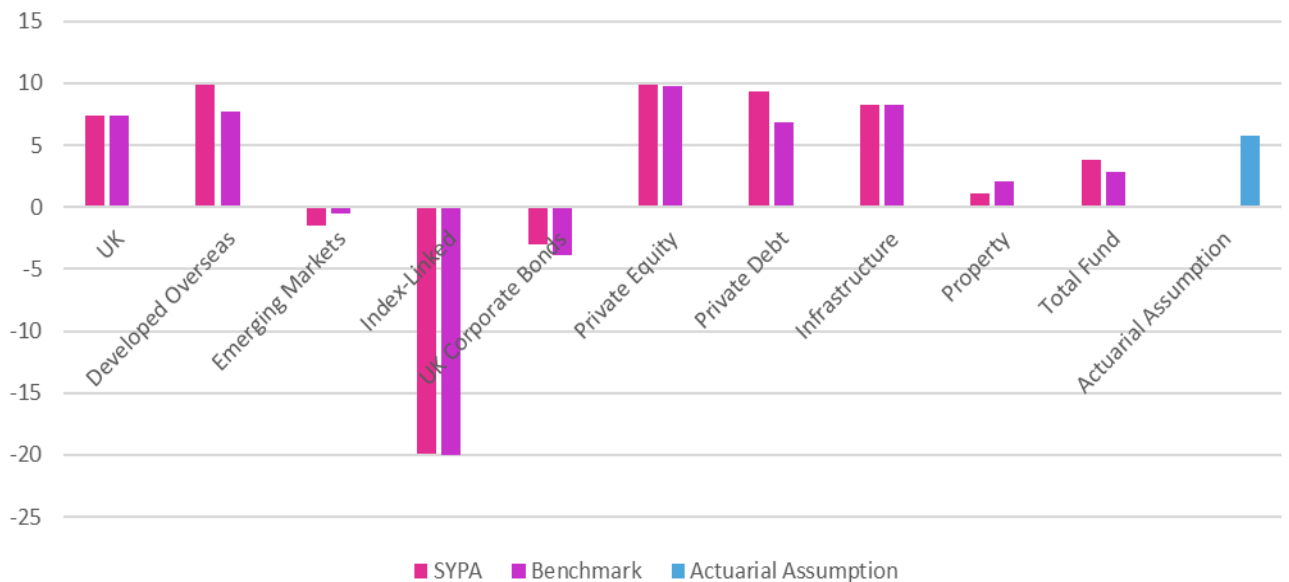
UK equities	-0.1%
Overseas equities	0.3%
Renewables funds	0.1%
Infrastructure funds	- 0.1%
Property	-0.1%

Performance-Medium term

1yr Performance by Asset Class to 30.06.24

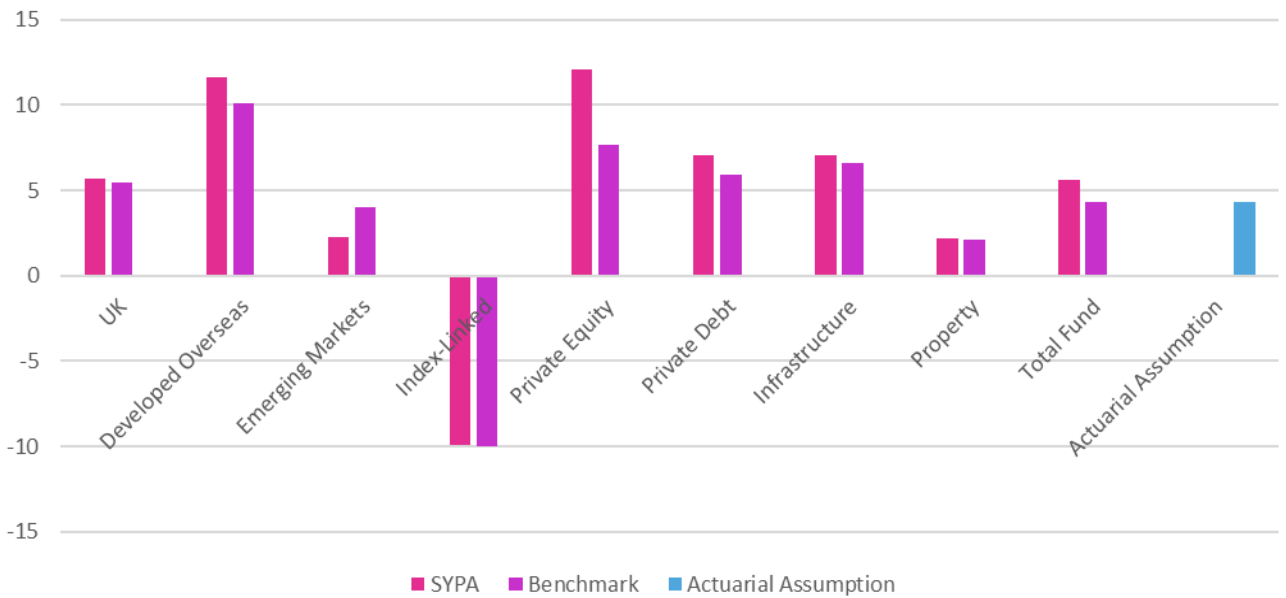


3yr Performance by Asset Class to 30.06.24



Performance-Medium term

5yr Performance by Asset Class to 31.03.24



Performance – Border to Coast Funds

The UK equity portfolio showed underperformance of its benchmark this quarter, returning 3.14% against the benchmark return of 3.73%. Since inception the portfolio is now only outperforming by 0.5% which is below the target of 1% outperformance. The portfolio was impacted by stock selection decisions in industrials, financials and Consumer Discretionary.

The Overseas Developed Market portfolio had a strong quarter continuing to outperform the benchmark return. All regional portfolios outperformed their benchmarks but the key contributor to 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 25% and the fund remains overweight despite having reduced its relative weighting. Sector wise the largest contributor to relative returns came from the Technology sector, with Nvidia, Microsoft, Apple and Broadcom all contributing to performance. Both Europe and Japan also contributed positively to performance, with Japan being the region that delivered the best relative performance of 2.1%. The portfolio is ahead of its target since inception.

The Emerging Market portfolio showed positive absolute performance of 5.2% but underperformed the benchmark by 0.4%. The internal portfolio showed strong relative performance, but both the Chinese managers underperformed with Fountaincap in particular, showing relative underperformance of 6% which reversed the strong performance last quarter. The main reason for the underperformance was being underweight the large index constituents, in particular the SOE banks which did well as local investors allocated to the market. On a since inception basis the Fund remains behind the benchmark by 1.46%..

Bond yields generally increased as the market scaled back expectations for interest cuts. The index-linked portfolio generated a total return of -4.0% during the quarter, compared to the benchmark return of -4.01%. The performance was a result of negative returns from the overweight duration position due to rising yields being offset by a positive carry from corporate holdings and the overweight to ultra=long dated gilts as the curve flattened.

The Sterling Investment Grade Credit fund generated a return of -0.04% and was ahead of the benchmark return of -0.13%. All managers delivered positive excess returns over the quarter. The Fund has performed well from inception with all the managers having achieved outperformance of their target.

Performance – Border to Coast Funds

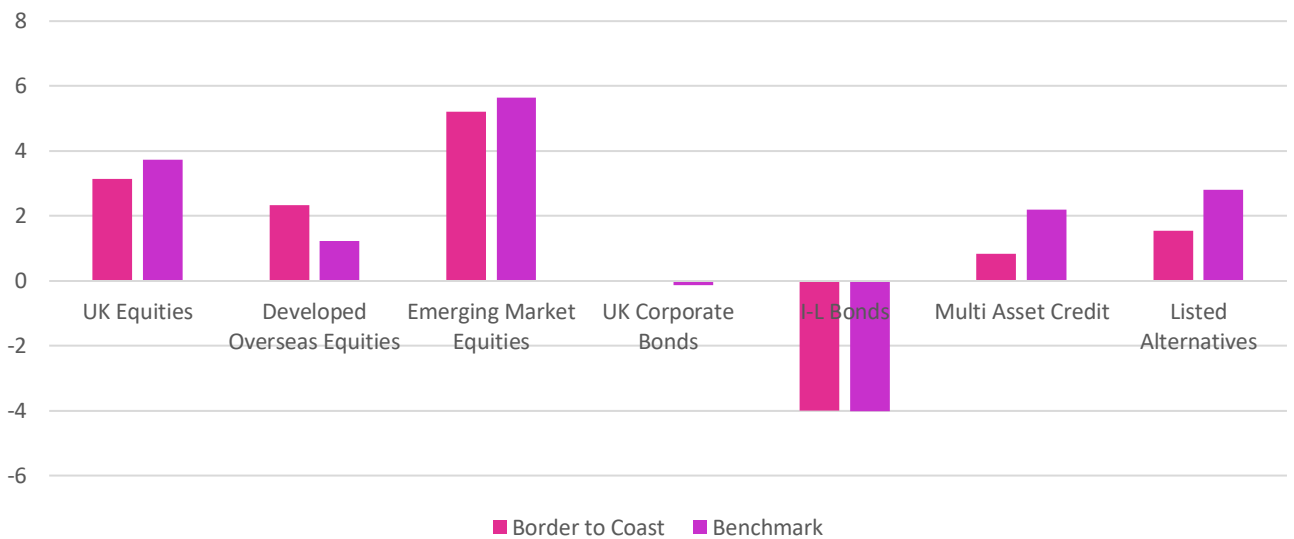
The Multi-Asset Credit fund gave a positive absolute return of 0.84% but underperformed its cash+ benchmark by 1.3%. and brought its annual return to 8.85% which was in-line with the benchmark. PGIM, Barings and the internal team outperformed their benchmarks over the quarter. The fund is still behind target from inception but PIMCO, the internal team and Wellington are outperforming their benchmarks over this period.

The Listed Alternatives fund showed underperformance of its benchmark 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 1.55% over the quarter but lagged global equity markets as measured by the MSCI ACWI Index which returned 2.9% in the last quarter. The Fund's sensitivity to interest rates was the primary driver of underperformance this quarter, as the market scaled back expectations for interest rate cuts and so the interest rate sensitive areas of the portfolio such as specialised real estate and infrastructure had another challenging quarter. However, looking at the custom comparator components the fund would have outperformed by 1.49%.

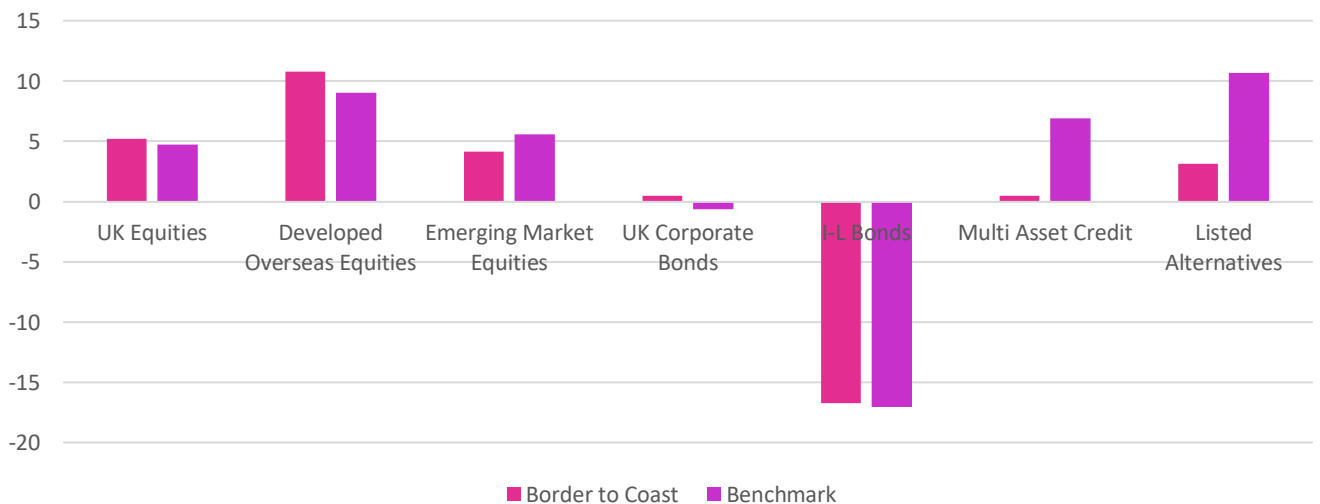
The charts below show quarterly returns but also the longer-term position of each of the Border to Coast funds that we hold.

Performance-Border to Coast Funds

Border to Coast Funds - quarter to June 24

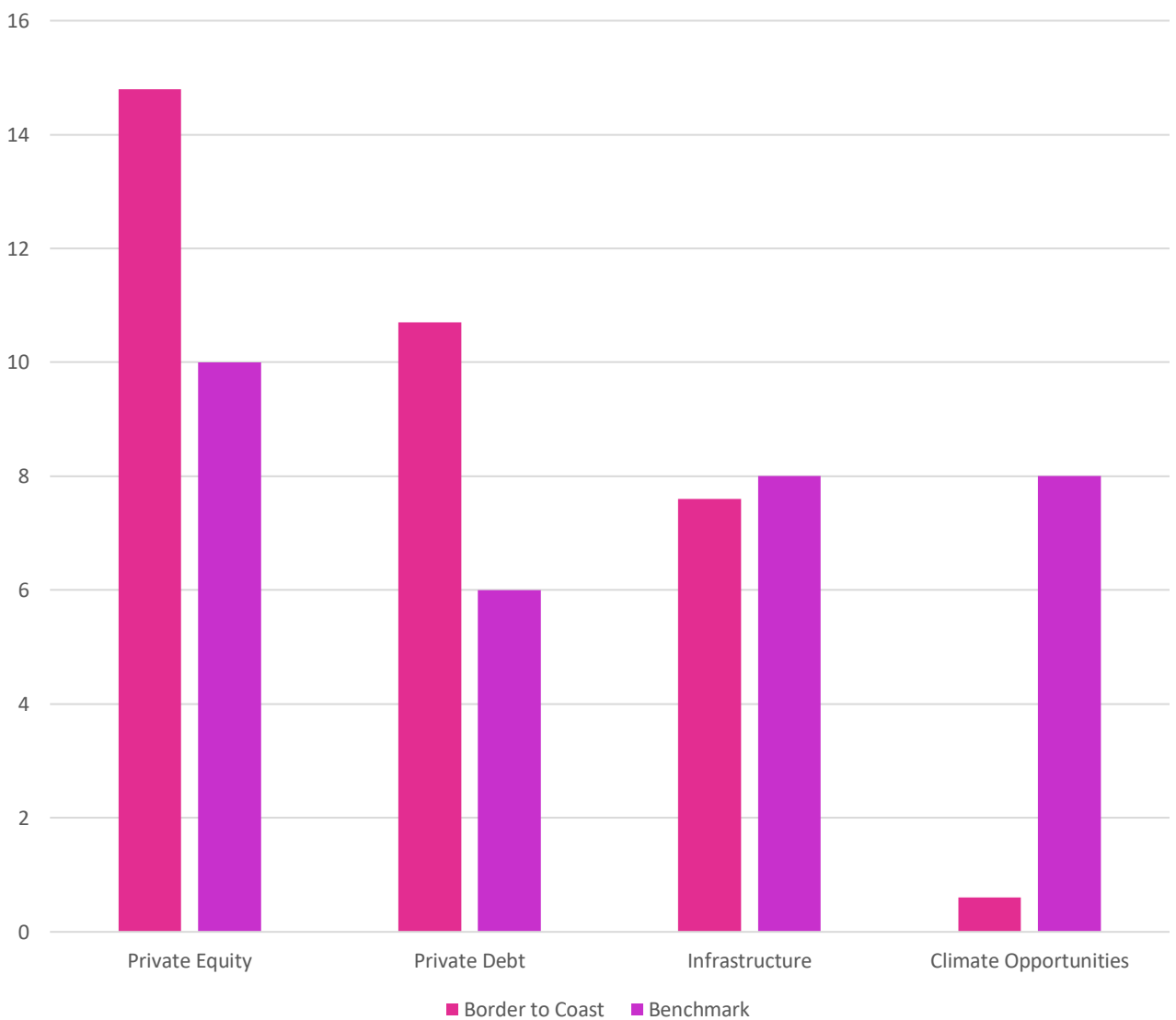


Border to Coast Funds - Since Inception



Performance-Border to Coast Alternative Portfolios

Border to Coast Alternative Funds - Since Inception



Funding Level

The funding level as at 30 June 2024 is estimated to be c156%

The breakdown is as follows:

Fund's Assets at 30 June	£11,116
Funds estimated Liabilities at 30 June	£7,100

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

Economic data globally continues to support expectations of a soft landing with activity remaining positive and inflation data coming down. The ECB has been the first mover in cutting rates, with the Bank of England expected to cut next. The Federal Reserve commented that it needed 'more good data' before it will confidently lower rates.

UK Equities

The UK equity market continues to lag other developed equity markets. The market is now trading cheap against an improving economic backdrop. Investor sentiment also seems to be improving as Labour's landslide victory on 4 July means relative political and policy stability for the foreseeable future. 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 earnings season has provided support for the stock markets in the US, but valuations are stretched and there is still the uncertainty regarding the Presidential election in November. Within Europe the election risk has subsided, but economic activity looks sluggish. Japan has performed well recently on the back of the positive impact of the weaker yen on Japanese equities, However, there are now signs of rising import costs, and this has led to a deterioration in consumer and business sentiment. Emerging markets are showing a mixed outlook with valuations for India and Taiwan looking high. China has seen measured policy support, but consumer spending remains weak. Will look to continue rebalancing total overseas weighting towards neutral.

Outlook

Bonds

With inflation showing signs of moderating, government bonds may become more attractive, especially as central banks shift towards looser monetary policies. However, bond yields remain volatile, influenced by economic data and central bank actions. 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 could lead to more recovery in these bond markets.

Real Estate

With the increased prospect of interest rate cuts going forward 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 neutral position in residential and underweight positions in retail and 'other'.

The recommendation is to maintain this position

Natural Capital

We have subscribed for two funds. The first was a £50m commitment to Gresham House Forestry fund which is a diversified portfolio of UK assets. The second investment was a \$100m commitment to the Campbell Global Forestry and Climate Solutions Fund II. They are complementary strategies which support the Authority's Net Zero strategy.

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, to renewable energy funds that have secure income characteristics. We are also adding further to climate opportunity funds to further support the Authority's Net Zero Strategy.

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.

