REDINGTON

Hackney

MANAGER PERFORMANCE REPORT

Q1 2023

Private and Confidential

CONTENTS

WHAT HAS HAPPENED IN THE MARKETS?

Pete Drewienkiewicz (CIO, Global Assets)

Market Summary

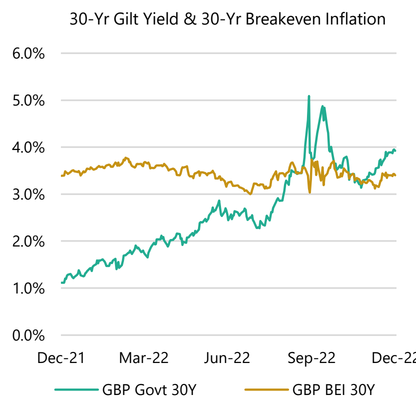
The prevailing themes of inflation and higher interest rates were rudely interrupted by volatility in the banking sector in March. In the US, we saw the failure of Signature Bank and Silicon Valley Bank in quick succession, while Credit Suisse was acquired by Swiss rival UBS a week later. This spurred a risk-off interlude, sending Treasury yields and stock prices lower in tandem. However, markets seemed to shrug off the events quite quickly and the end of Q1 saw a rally in risk assets. This helped equity markets record a strong quarter overall, with some mean reversion seen from 2022, as growth stocks led the way.

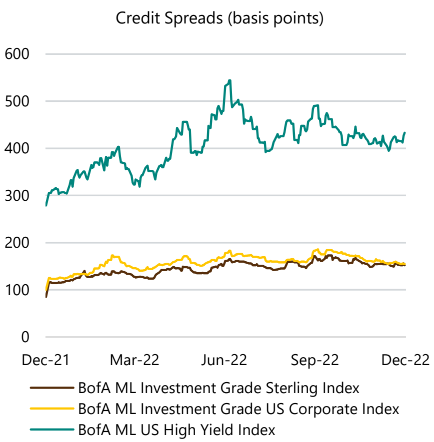
Central Banks continued to raise rates consistently through the quarter, with an aggregate 225bps of rate hikes split between the Bank of England, Federal Reserve and European Central Bank. All three now appear closer to a level of terminal rates as inflation appears to have moderated somewhat, although the UK's March CPI print of 10.1% slowed less than economists had hoped for.

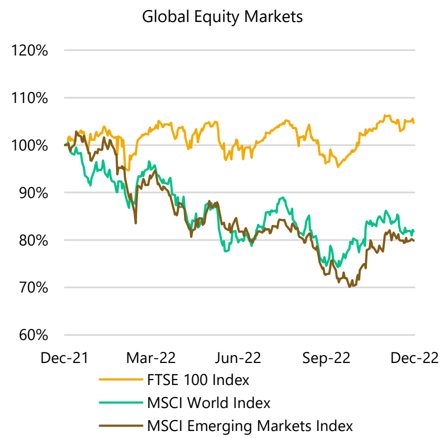
Sustainable Investment Update

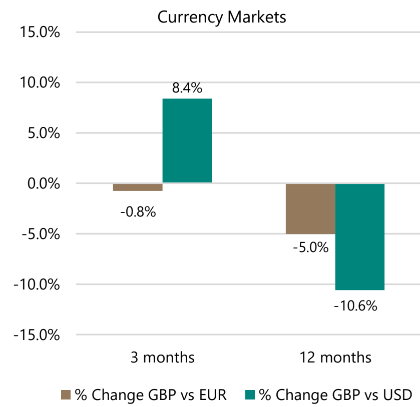
A historic deal to protect oceans that lie outside national boundaries was agreed in March, known as the UN High Seas Treaty. More than 60% of oceans are considered international waters, meaning all countries have the right to ship, fish, and do research. The treaty will aim to protect 30% of international waters by 2030.

Redington has launched its Enhanced Stewardship Platform (ESP), designed to enable Trustees to take more control of their stewardship activities and hold their investment managers to account more fully. ESP aims to help Trustees meet recently updated DWP stewardship guidance.









VIEWS FROM THE ASSET CLASS SPECIALISTS

Kate Mijakowska

UK Gilts and Inflation

The first quarter of 2023 saw growing uncertainty in the banking sector, which drove global government yields down. During the quarter, UK 20-year nominal gilt yields fell 22bps, while 20-year index-linked gilt yields fell 24bps. In March, the UK policy rate increased by another 25bps to 4.25%. The UK Consumer Price Index (year-on-year) print was 10.4% in February, which was higher than the market expected, primarily due to soaring food prices. The March CPI figure is at 10.1%. Towards the end of the quarter, the Bank of England Financial Policy Committee published a paper recommending LDI funds should be resilient to a "severe but plausible stress", quantified by the Committee to amount to c.250bps interest rate shock. An additional buffer is advised over and above that level but has not been quantified. The Pension Regulator has recently published guidance supporting the Bank of England Financial Policy Committee's recommended buffers.

Oliver Wayne

Liquid Markets (Equities)

Global developed markets ('DM') and emerging markets ('EM') both delivered positive absolute returns in Q1. Central banks continued to raise rates in an attempt to control rising inflation. However, speculation that further rate hikes will be limited supported equity market returns. The collapse of Silicon Valley Bank caused significant volatility in the banking sector for equity investors. This was largely contained as the Fed effectively provided liquidity back stops to the troubled regional banks. There was high dispersion in sector performance, with Information Technology and Consumer Discretionary delivering very strong double digit returns. Financials, Energy and Healthcare were amongst the worst performers, delivering negative absolute returns. Quality and Growth factors performed strongly in DM and Value was the best performing factor in EM. Larger companies outperformed smaller companies on a relative basis in both DM and EM, which created a moderate headwind for the majority of active managers.

Tom Wake-Walker

Liquid Markets (Multi-Asset)

Turbulent market moves in March negatively affected those liquid alternative managers who had significant short fixed income positioning. This was most acutely felt by trend following strategies who suffered negative returns for the quarter as a result. Long biased multi-asset funds finished the quarter largely positive as both equities and bonds rose. Most diversified risk premia strategies benefitted from strong risk parity performance, but results overall were mixed – driven by the managers' relative exposure to trend following and style premia. Defensive as a factor was the worst performer, with other factors struggling to generate meaningful positive performance.

VIEWS FROM THE ASSET CLASS SPECIALISTS

 **Chris Bikos** **Liquid & Semi-Liquid Credit**	2022 saw credit markets experience substantial losses globally, however 2023 got off to a more positive start with a volatile end in March. The Financials sector had a turbulent March, following the failure of Silicon Valley Bank and the write-off of Credit Suisse's Additional Tier 1 Capital bonds (AT1s) before the troubled lender was bought by UBS. Fears of a banking crisis pushed government bond yields lower, providing a tailwind across all major credit asset classes and especially those with a longer duration profile. Credit spreads moved tighter in European and US high yield, while investment corporate spreads moved slightly wider across the maturity spectrum except for long-dated US credit. Commodities were led lower by the energy complex as natural gas and oil prices continued to ease. Within emerging markets ("EM"), local currency sovereigns had another strong quarter followed by EM investment-grade corporates and sovereigns.
 **Tricia Ward** **Illiquid Credit**	Against an uncertain macro backdrop Private Debt fundraising fell over Q1, decreasing by 20% vs Q4 2022 according to Preqin data. Although Q1 represents the third consecutive quarterly decrease in fundraising, the first quarter of both 2020 and 2021 were also the lowest in the year. Private Debt deals saw a small drop off over Q1, driven by reduction in M&A activity. M&A, which accounted for 69% of European Direct Lending deals over 2022, fell 23% over Q1 making it the least active quarter since the start of COVID-19 lockdowns in Q2 2020. Anecdotally, the lack of equity capital has been an emerging issue for lenders over the quarter. The upper end of the market was impacted by a slight increase in the unusually low bank lending activity we saw in the syndicated market over 2022.
 **Sarah Miller** **Illiquid Markets**	As the UK economic outlook remains volatile and unpredictable, many property investors continue to take a "wait and see" approach. Transaction volume in commercial property totalled £5.6bn in the UK in the first quarter of 2023, the lowest quarterly volume since 2009 with the exception of Q2 2020. However, confidence has started to return to the market as pricing levels steady after a swift recalibration downwards in Q4. In some cases, prices moved inward, as experienced in industrial and regional offices where yields have moved inwards by 25bps over the quarter meaning the average Savills prime yield now stands at 5.57%. Over the year, it is expected that transaction volumes will increase due to prices stabilising and a build-up of dry powder. In the infrastructure sector, the energy and power sectors in Europe, North America, and APAC saw several regulatory and windfall taxes implemented to combat the sharp rises in prices in 2022.

HOW HAVE YOUR MANAGERS PERFORMED FOR YOU?

Long Term (Since Inception and 3 Year Returns)

Fund	Benchmark	Inception Date	Current Holdings £m	Since Inception Return (Annualised if >12m)			3 Year Return (Annualised)		
				Fund	Bmk	Excess	Fund	Bmk	Excess
Liquid Markets: Equities									
LCIV Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (GBP)	September 2021	200.5	-12.9%	1.6%	-14.5%	-	-	-
LCIV Emerging Market Equity Fund	MSCI Emerging Market Index (TR Net)	September 2021	75.5	-7.9%	-7.4%	-0.5%	-	-	-
LCIV Sustainable Equity Fund	MSCI World (GBP)(TR Net)	June 2018	292.4	8.1%	9.2%	-1.0%	13.8%	16.5%	-2.7%
LCIV Diversified Growth Fund	SONIA + 3.5%	October 2021	128.8	-6.8%	5.3%	-12.1%	-	-	-
BlackRock World Equity	MSCI World Net Total Return 95% hedged to GBP	June 2018	119.8	8.7%	-	-	16.3%	15.8%	0.5%
BlackRock Low Carbon	MSCI World Low Carbon Target Reduced Fossil Fuel Select Index	June 2018	231.7	9.1%	8.7%	0.4%	15.2%	14.7%	0.5%
Liquid and Semi-Liquid Credit									
BMO Bonds	Bond Composite	September 2003	214.0	4.5%	4.0%	0.5%	-5.4%	-6.8%	1.2%
BlackRock Short Bond	3-month SONIA	February 2019	100.1	1.8%	1.6%	0.2%	1.0%	0.8%	0.2%
Illiquid Credit									
Churchill Senior Loans	IRR (net of fees) of 6-7%	December 2018	61.9	5.4%	6.0%	-0.6%	-	-	-
Permira Senior Loans	IRR (net of fees) of 6-8%	December 2019	83.4	7.9%	7.0%	0.8%	-	-	-
LCIV Private Debt Fund	IRR (net of fees) of 6-8%	March 2021	117.4	-	-	-	-	-	-
Illiquid Markets									
LCIV Renewable Infrastructure Fund	IRR (net of fees) of 7-10%	March 2021	37.3	-	-	-	-	-	-
Columbia Threadneedle Pension Property (TPEN)	MSCI/AREF UK 'All Balanced Open-Ended' Property Fund Index	March 2004	142.1	4.1%	3.6%	0.4%	2.7%	2.6%	0.2%
Columbia Threadneedle Low Carbon Property	-	May 2016	17.3	-1.7%	-	-	-9.4%	-	-

Source: Fund Managers

The information above describes the past performance of the investment. Past performance is not a reliable indicator of the future results or performance of any investment. If the investment described above is not denominated in pounds sterling, the return generated by the investment may increase or decrease as a result of fluctuations in exchange rates between currencies.

HOW HAVE YOUR MANAGERS PERFORMED FOR YOU?

Short Term (12 Month and 3 Month Returns)

Fund	Benchmark	Inception Date	Current Holdings £m	Previous Holdings £m	12 Month Return			3 Month Return		
					Fund	Bmk	Excess	Fund	Bmk	Excess
Liquid Markets: Equities										
LCIV Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (GBP)	September 2021	200.5	191.6	-5.4%	-1.0%	-4.4%	4.6%	5.3%	-0.6%
LCIV Emerging Market Equity Fund	MSCI Emerging Market Index (TR Net)	September 2021	75.5	73.4	-1.1%	-4.9%	3.8%	2.8%	1.1%	1.7%
LCIV Sustainable Equity Fund	MSCI World (GBP)(TR Net)	June 2018	292.4	291.8	-7.7%	-1.0%	-6.7%	0.2%	4.8%	-4.7%
LCIV Diversified Growth Fund	SONIA + 3.5%	October 2021	128.8	126.0	-8.5%	5.9%	-14.4%	2.2%	1.8%	0.4%
BlackRock World Equity	MSCI World Net Total Return 95% hedged to GBP	June 2018	119.8	157.8	-6.2%	-6.6%	0.4%	7.3%	7.2%	0.2%
BlackRock Low Carbon	MSCI World Low Carbon Target Reduced Fossil Fuel Select Index	June 2018	231.7	224.7	-4.1%	-4.7%	0.6%	3.2%	3.0%	0.2%
Liquid and Semi-Liquid Credit										
BMO Bonds	Bond Composite	September 2003	214.0	208.4	-16.5%	-17.8%	1.3%	2.7%	2.9%	-0.2%
BlackRock Short Bond	3-month SONIA	February 2019	100.1	63.7	2.4%	2.2%	0.2%	1.0%	0.9%	0.0%
Illiquid Credit										
Churchill Senior Loans	IRR (net of fees) of 6-7%	December 2018	61.9	66.5	-	-	-	-	-	-
Permira Senior Loans	IRR (net of fees) of 6-8%	December 2019	83.4	79.7	-	-	-	-	-	-
LCIV Private Debt Fund	IRR (net of fees) of 6-8%	March 2021	117.4	120.2	-	-	-	-	-	-
Illiquid Markets										
LCIV Renewable Infrastructure Fund	IRR (net of fees) of 7-10%	March 2021	37.3	34.6	-	-	-	-	-	-
Columbia Threadneedle Pension Property (TPEN)	MSCI/AREF UK 'All Balanced Open-Ended' Property Fund Index	March 2004	142.1	141.1	-13.8%	-14.5%	0.7%	0.5%	-0.2%	0.7%
Columbia Threadneedle Low Carbon Property	-	May 2016	17.3	20.0	-28.8%	-	-	-13.6%	-	-

Source: Fund Managers

The information above describes the past performance of the investment. Past performance is not a reliable indicator of the future results or performance of any investment. If the investment described above is not denominated in pounds sterling, the return generated by the investment may increase or decrease as a result of fluctuations in exchange rates between currencies.

YOUR FUND DETAILS AND COMMENTS

Fund	Inception Date	Commentary on the Quarter
Liquid Markets: Equities		
LCIV Global Alpha Growth Paris Aligned Fund	September 2021	The fund delivered a return of 4.6% over Q1 2023, underperforming the benchmark by 0.6%. The fund posted strong returns in January as investors felt more confident over prospects for the global economy and the outlook for interest rates became more constructive. This rally, however, was short-lived as sentiment quickly turned negative following several high-profile failures in the banking market. This led to a much weaker February and March and an overall flat quarter in relative performance terms.
LCIV Emerging Market Equity Fund	September 2021	The fund delivered a return of 2.8% over Q1 2023, outperforming the benchmark by 1.7%. Stock selection remained a constant source of alpha generation for yet another quarter. Across sectors, this was led by effective stock selection in consumer discretionary and communication services, whereas security selection within information technology attributed negatively for a second consecutive quarter. Sector allocation also contributed positively over the first quarter, mainly due to the underweight to utilities and energy, and overweight to information technology.
LCIV Sustainable Equity Fund	June 2018	The fund delivered a return of 4.6% over Q1 2023, underperforming the benchmark by 0.6%. The fund underperformed during both the strongly positive start of 2023 for the market, and the 'risk-off' period that followed the dramatic collapse of the U.S. regional banks, Silicon Valley Bank (SVB) and Signature. Roughly one third of the fund's underperformance occurred during the January rally and the remainder two thirds occurred following the sell-off led by the banking sector.
LCIV Diversified Growth Fund	October 2021	The fund delivered a return of 2.2% over Q1 2023. Although exposure to equities had been cut, this segment of the portfolio did well because of exposure to growth stocks and the recovering Chinese equity market. The fund was also well positioned to benefit from the rally in long-dated government debt and credit. Government bonds were the biggest source of profits in Q1. 'High beta' forms of credit, emerging markets debt and structured finance specifically, also made significant positive contributions.
BlackRock World Equity	June 2018	The fund delivered a return of 7.3% over Q1 2023, performing roughly in line with the benchmark, as expected for a passive fund.
BlackRock Low Carbon	June 2018	The fund delivered a return of 3.2% over Q1 2023, performing roughly in line with the benchmark, as expected for a passive fund.
Liquid and Semi-Liquid Credit		
BMO Bonds	September 2003	The fund delivered a return of 2.7% over Q1 2023, underperforming the benchmark by 0.2%. Tactical duration and cross market positioning in the UK added to performance, whilst short positions in Italy, longs in government related and curve steepeners subtracted from performance. Sterling credit assets outperformed government bonds over the quarter. Although BMO did reduce credit risk over the quarter, the fund overall maintains an overweight credit risk position relative to its benchmark. This overweight position contributed positively to relative returns.
BlackRock Short Bond	February 2019	The fund delivered a return of 1% over Q1 2023, performing roughly in line with the benchmark, as expected for a passive fund.

YOUR FUND DETAILS AND COMMENTS

Fund	Inception Date	Commentary on the Quarter
Illiquid Credit		
Churchill Senior Loans	December 2018	The net internal rate of return of the fund was 5.4% over Q1 2023, with the fund having drawn 94% of its commitments as at 31 March 2023.
Permira Senior Loans	December 2019	The net internal rate of return of the fund was 7.9% over Q1 2023, with the fund having drawn c.87% of its commitments as at 31 March 2023.
LCIV Private Debt Fund	March 2021	Overall, the Fund was drawn c.59% as at 30 December 2022, an increase of c.7% from last quarter end. In accordance with the trust deed, the performance of the Fund is not formally assessed against its objective until after the fourth year of the investment period.
Illiquid Markets		
LCIV Renewable Infrastructure Fund	March 2021	As of 30 December 2022, the fund had drawn c.30% of its commitments. In accordance with the trust deed, the performance of the Fund is not formally assessed against its objective until after the fourth year of the investment period.
Columbia Threadneedle Pension Property	March 2004	The fund delivered a return of 0.5% over Q1 2023, outperforming the benchmark by 0.7%.
Columbia Threadneedle Low Carbon Property	May 2016	The fund delivered a return of -13.6% over Q1 2023.

APPENDICES

ASSET CLASS GROUPINGS

Government Bonds & LDI

- Manage unrewarded interest rate and inflation risk through efficient use of entire universe of hedging instruments.
- Examples: gilt portfolios, swap overlay strategies, LDI pooled funds.

Liquid Markets

- Highly marketable asset classes that generate returns through market risk premia.
- Examples: equities, commodities, liquid multi-asset strategies.

Liquid & Semi-Liquid Credit

- Steady income via regular coupon payments.
- Bulk of excess returns are compensation for credit risk.
- Examples: investment grade and high yield corporate bonds, "go-anywhere" credit.

Illiquid Credit

- Long-dated, hold-to-maturity instruments that pay an illiquidity premium.
- Potential for inflation-linked cashflows.
- Examples: infrastructure debt, secured leases, direct lending.

Illiquid Markets

- High potential returns but often difficult to access and relatively complex.
- Generally aim to take advantage of market dislocation and more exotic risk premia.
- Examples: private equity, property, infrastructure equity.

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2021 FINANCIAL NEWS **INVESTMENT CONSULTANT OF THE YEAR**

2021 PIPA AWARDS **INVESTMENT CONSULTANT OF THE YEAR**

2020 PROFESSIONAL PENSIONS UK PENSIONS AWARDS **DC INNOVATION OF THE YEAR**

2018 CEO MONTHLY MAGAZINE **CEO OF THE YEAR: LONDON**

2017 PENSION INSIGHT DC AWARDS **BEST INNOVATION IN DC**

2017 EUROPEAN PENSIONS AWARDS **RISK MANAGEMENT FIRM OF THE YEAR**

2017 FINANCIAL NEWS AWARDS FOR EXCELLENCE **INVESTMENT CONSULTANT OF THE YEAR**

2017 INVESTMENT WEEK WOMEN IN INVESTMENT AWARDS **YOUNG INVESTMENT WOMAN OF THE YEAR**

2016 LONDON STOCK EXCHANGE **1000 COMPANIES TO INSPIRE BRITAIN**

2016 EUROPEAN PENSIONS AWARDS **CONSULTANCY OF THE YEAR**

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