

# **Cogence Global Portfolios** Monthly Strategy Report

BlackRock Multi-Asset Strategies & Solutions | December 2022

**cogence**

# Executive Summary

This report reviews the monthly performance, risk and positions of the **Cogence Portfolio** range.

		01 Conservative			02 Moderate			03 Aggressive		
		Portfolio	Benchmark2	Active	Portfolio	Benchmark3	Active	Portfolio	Benchmark4	Active
Performance	Month	-1.00%	-1.87%	0.87%	-1.34%	-2.56%	1.21%	-1.66%	-3.25%	1.58%
	3 Months	3.96%	3.19%	0.78%	5.98%	5.38%	0.60%	8.00%	7.57%	0.43%
	Year-to-date	-13.71%	-	-	-15.84%	-	-	-17.65%	-	-
	Since inception <sup>5</sup>	-1.59%	-	-	0.07%	-	-	1.57%	-	-
Risk	Ex-ante Risk <sup>1</sup>	7.09%	6.14%	1.27%	10.42%	9.59%	1.16%	14.07%	13.41%	1.09%
ESG	ESG Adjusted Score	6.4	6.2	0.2	6.4	6.4	-0.1	7.0	6.6	0.4
	Carbon Emission Intensity	183.7	163.2	12.51%	183.7	162.1	13.28%	138.7	161.5	-14.15%

## Monthly Market Commentary

Risk assets ended the month in red, with both Equity and Bonds losing in double digits in 2022. Over December, US Equities underperformed whereas Europe (including UK) and EM were more resilient. Within Fixed Income, government bond yield rise while spreads generally tightened. This was more evident in lower quality assets such as Emerging Market Debt, both local and dollar denominated. From a factor perspective both Value and minimum Volatility factors outperformed market cap Equities.

All profiles outperformed their respective benchmarks during this month and over a 3 month period. The Outperformance was generated through a combination of asset allocation and manager selection. Within manager selection, BlackRock US Equity and GQG US Equity were stand out performers, followed by Schroders EM equity and American Century global small caps. Within asset allocation, allocation to sub IG credit along with a long EUR position benefitted. The short government bond positions added further returns.

There were no asset allocation changes during December. The three portfolios continue to be positioned with a slight risk on generating an active risk between 1.1 and 1.3%.

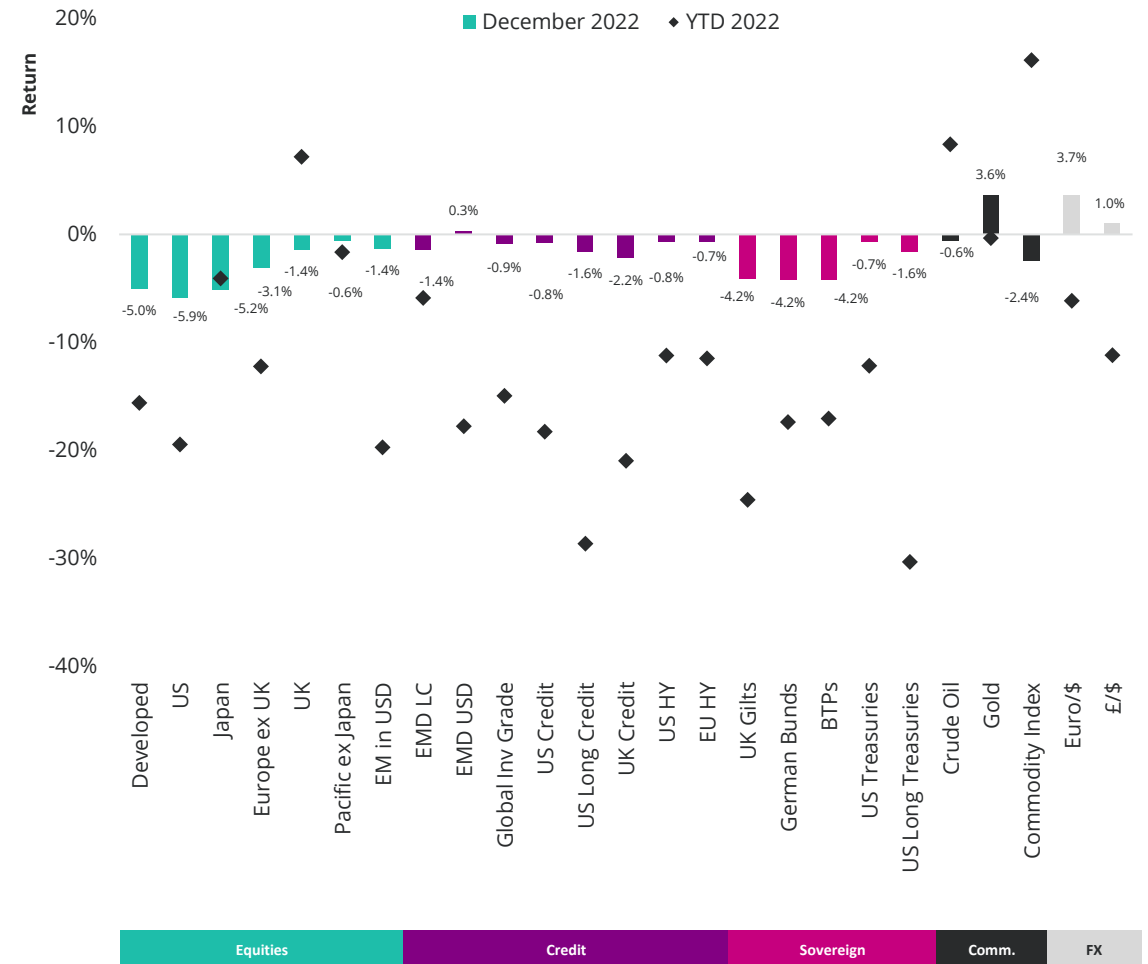
1Risk based on 230 exponentially weighted monthly observations(36 month half life). 2Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Index (USD Hedged). 3Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate Index (USD Hedged). 4BenchAggregatemark is composed of 75% MSCI All Country World Index (Net Total Return) and 25% BBG Global Aggregate Index (USD Hedged). 5Since inception as at 18th August 2020

# Monthly Market Update September 2022

## Monthly Market Commentary

- Major asset classes rose over the final quarter of 2022, although growing recession fears saw sentiment wane in December. During the month equity and bond market performance reflected some market disappointment at major central banks reiterating plans to tighten monetary policy, even as inflation showed signs of peaking. Developed market equities fell to 5.0%. European equity markets were down 3.1%, while US equities decreased 5.9% in December. Japanese equities were down 5.2%. Emerging markets decreased 1.4%. During the month, developed market bonds had negative performance. US treasuries decreased 0.7% while UK gilts decreased 4.2%. In currencies, the Euro appreciated by 3.7% relative to the USD, while the Sterling appreciated by 1.0% relative to the USD.
- The Fed slowed the pace of rate hikes by increasing the Fed funds rate by only 50bps in December compared to 75bps in November. However, the Fed published a new set of interest rate projections. Annualised Q3 GDP for the US was confirmed at 3.2% in December. Total nonfarm payroll employment increased by 223,000 in December, and the unemployment rate edged down to 3.5 percent. The latest CPI print for November showed inflation slowed to 0.1% month-on-month versus October. Inflation remains elevated however, at 7.1% year on year. The European Central Bank raised interest rates by 50 bps in December. Christine Lagarde signalled that future rate increases would be higher than expected and painted a bleak economic picture. The ECB also announced that quantitative tightening will begin in March 2023 to shrink the bond holdings on their balance sheet. Eurozone consumer prices rose by 10.1% in November. Data showed that the eurozone economy grew by 0.3% quarter-on-quarter in Q3. The composite PMI for December was 48.8, up from 47.8 in November. Falling gas prices, amid unusually mild weather for much of the period, helped to alleviate some cost pressures. The BoE raised interest rates by 50bps in December and signalled further monetary tightening ahead in 2023. The annual inflation rate in the UK eased to 10.7% in November from previous month.
- Global bond markets performed negatively compared to the previous month. Government bond yields were broadly higher. US 10-year yields rose from 3.7% to 3.83%, with the two-year increasing from 4.37% to 4.40%. Germany's 10-year yield rose from 1.95% to 2.56%. The UK 10-year yield increased from 3.16% to 3.67% and 2-year rose from 3.28% to 3.71%. Both US and European high yield and investment grade showed negative performance. Emerging market debt performed negatively in local currency terms but positively in USD terms. Commodities had mixed performance. Crude oil fell by 0.6%, while gold appreciated by 3.6%.

## Monthly Market Performance



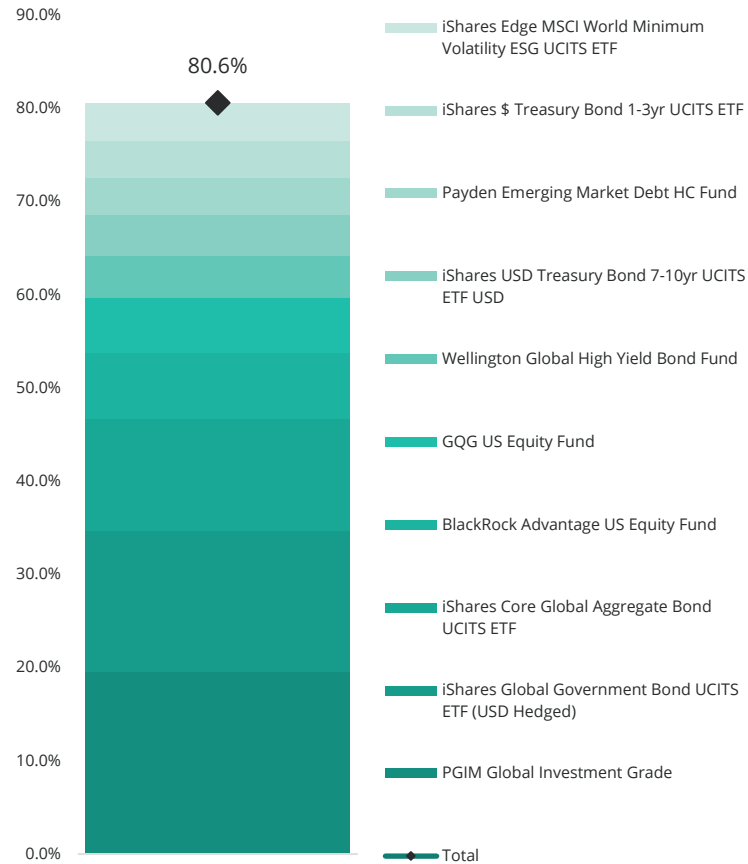
# Asset Allocation Review

Asset Class		Conservative		Moderate		Aggressive	
		Market Value %		Market Value %		Market Value %	
		Dec-22	Change	Dec-22	Change	Dec-22	Change
<b>Equity</b>		<b>26.43%</b>	<b>-0.33%</b>	<b>51.51%</b>	<b>-0.49%</b>	<b>76.68%</b>	<b>-0.44%</b>
<b>Emerging Markets</b>	iShares MSCI EM ESG Enhanced UCITS ETF	1.01%	0.01%	1.01%	0.01%	1.01%	0.02%
	Schroders ISF Emerging Markets Fund	3.12%	0.01%	6.44%	0.05%	9.47%	0.11%
<b>Europe</b>	BGF Continental European Flexible Fund, USD Unhedged	0.40%	0.00%	3.33%	-0.01%	6.16%	0.00%
<b>Global Small Cap</b>	American Century Global Small Cap Equity Fund	1.16%	-0.01%	1.76%	-0.01%	2.42%	-0.01%
<b>Japan</b>	iShares MSCI Japan ESG Enhanced UCITS ETF (Unhedged)	1.72%	0.00%	3.35%	0.02%	4.98%	0.04%
<b>UK</b>	iShares FTSE 100 ETF, USD Un-hedged	1.41%	-0.01%	2.21%	-0.01%	3.12%	0.00%
	BlackRock Advantage US Equity Fund	7.11%	-0.17%	12.43%	-0.24%	16.36%	-0.25%
<b>US</b>	GQG US Equity Fund	5.87%	-0.08%	7.86%	-0.04%	10.36%	0.02%
	iShares MSCI USA ESG Enhanced UCITS ETF	0.00%	0.00%	7.88%	-0.18%	16.88%	-0.32%
<b>World Factors</b>	iShares Edge MSCI World Minimum Volatility ESG UCITS ETF	3.99%	-0.08%	3.99%	-0.06%	4.00%	-0.04%
	iShares Edge MSCI World Value ETF	0.65%	0.00%	1.26%	0.00%	1.91%	0.00%
<b>Fixed Income</b>		<b>71.89%</b>	<b>0.23%</b>	<b>46.89%</b>	<b>0.39%</b>	<b>21.85%</b>	<b>0.35%</b>
<b>Emerging Markets</b>	Neuberger Berman Emerging Market Debt Local Currency Fund	1.50%	0.01%	1.50%	0.02%	1.50%	0.02%
	Payden Emerging Market Debt HC Fund	3.99%	0.03%	4.00%	0.04%	4.00%	0.06%
	iShares \$ Treasury Bond 1-3yr UCITS ETF	3.99%	0.01%	2.00%	0.01%	0.00%	0.00%
	iShares China CNY Bond UCITS ETF Agg	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Bonds</b>	iShares Core Global Aggregate Bond UCITS ETF	12.05%	0.01%	7.54%	0.04%	1.81%	0.02%
	iShares Euro Government Bond Climate UCITS ETF (EUR Unhedged)	2.49%	-0.06%	1.49%	-0.03%	0.30%	0.00%
	iShares Global Government Bond UCITS ETF (USD Hedged)	15.08%	0.10%	7.55%	0.08%	0.00%	0.00%
	iShares Global Inflation-Linked Bond Index Fund (Class D USD Hedged)	3.30%	0.03%	2.10%	0.03%	0.80%	0.01%
	iShares USD Treasury Bond 7-10yr UCITS ETF USD	4.40%	-0.04%	1.60%	-0.01%	0.00%	0.00%
<b>High Yield</b>	Wellington Global High Yield Bond Fund	4.55%	0.09%	4.57%	0.13%	4.59%	0.16%
<b>IG Credit</b>	PGIM Global Investment Grade	19.56%	0.03%	14.56%	0.08%	8.85%	0.08%
<b>Alternative</b>		<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Gold</b>	ISHARES PHYSICAL GOLD	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Cash</b>		<b>1.68%</b>	<b>0.11%</b>	<b>1.60%</b>	<b>0.10%</b>	<b>1.47%</b>	<b>0.09%</b>
<b>Cash</b>	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier	1.80%	0.01%	1.80%	0.02%	1.80%	0.03%
	Cash	-0.12%	0.09%	-0.20%	0.08%	-0.33%	0.06%
<b>Total</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>	

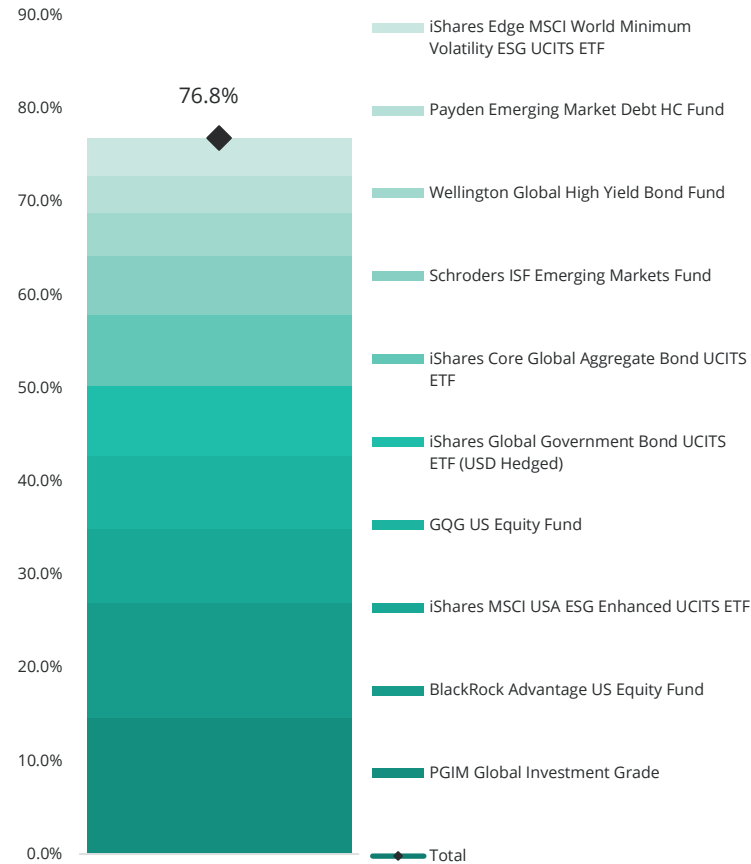
Source: BlackRock, 31 December 2022. Performance and valuations rounded where appropriate, hence totals may not sum. \*Positions shown are as off end of the month and included market drift from the last rebalance.

# Asset Allocation | Top 10 Holdings

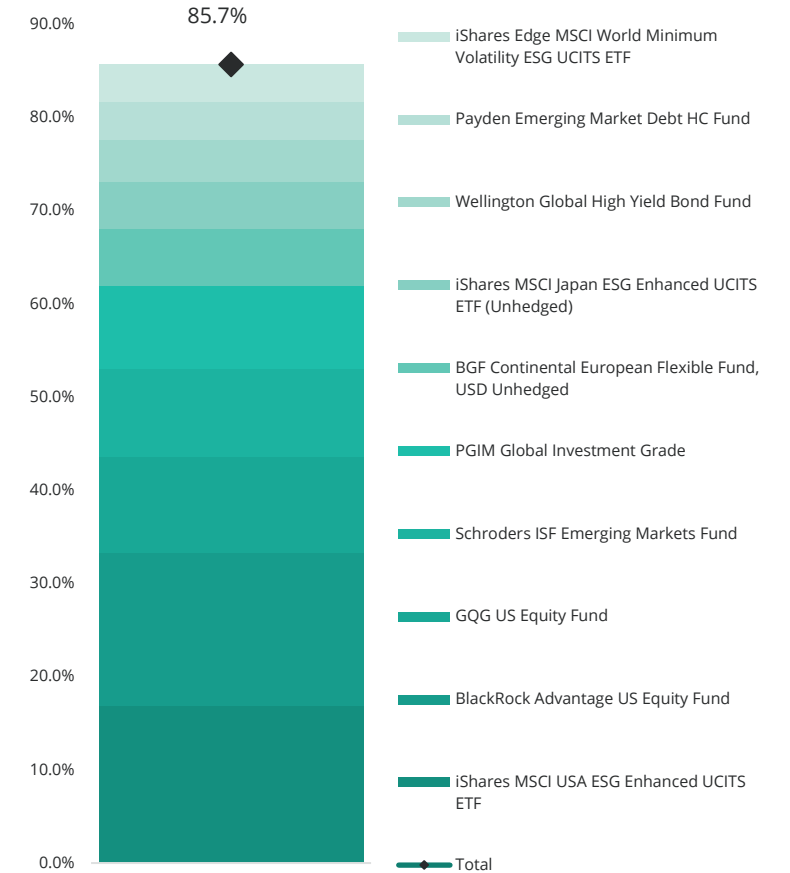
## Conservative



## Moderate



## Aggressive

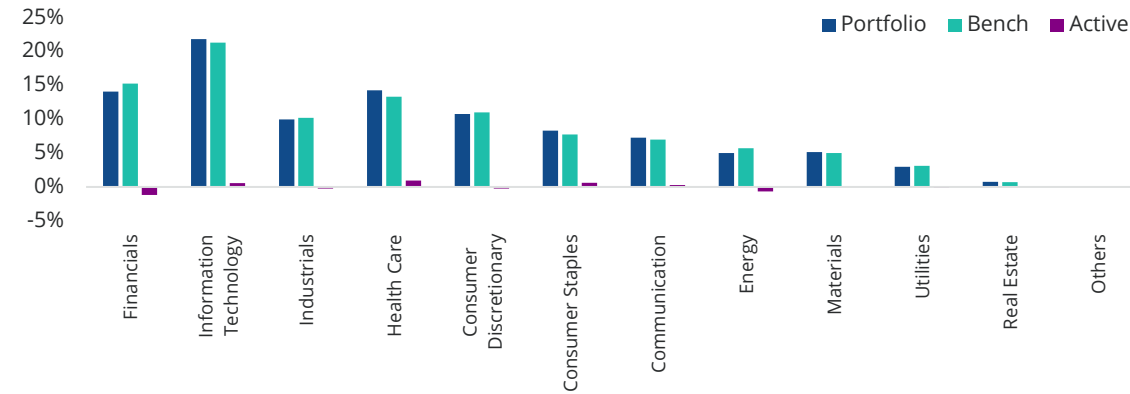


Source: BlackRock, 31 December 2022. Performance and valuations rounded where appropriate, hence totals may not sum. Positions shown are as off end of the month and included market drift from the last rebalance.

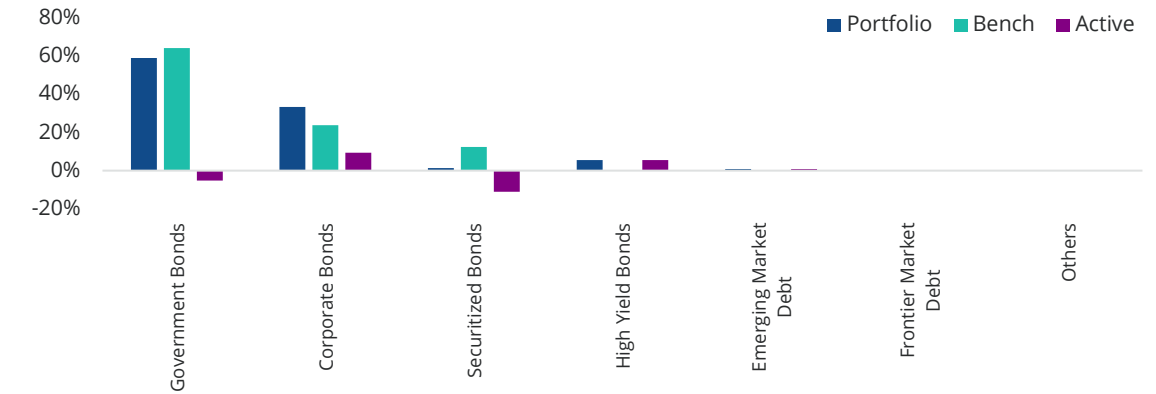
# Asset Allocation Review | Look-through analysis

The graphs on this page provide a look-through perspective on active allocations in the **Conservative Model Portfolio**.

## Equities: Sector allocation

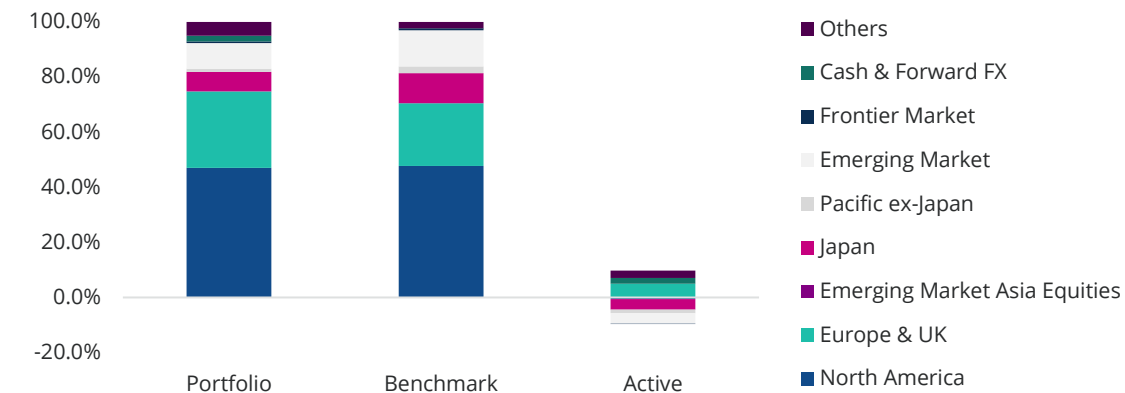


## Fixed Income: Issuer Type

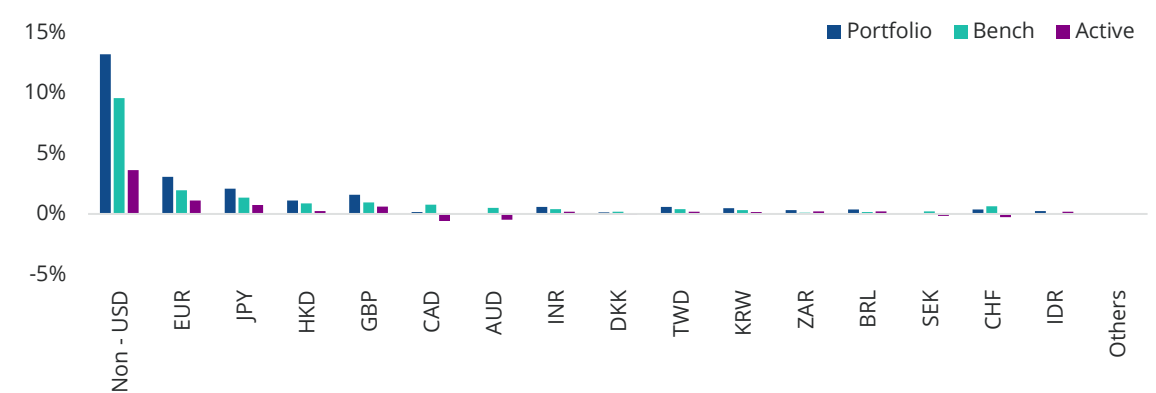


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

## Total Portfolio: Country allocation



## Total Portfolio: Currency allocation

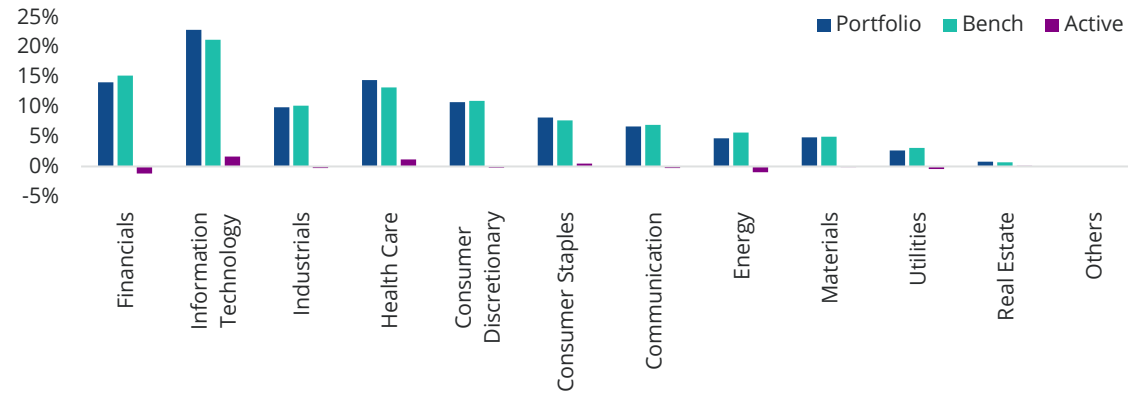


BlackRock, \* Data as of 30 November 2022 for equity sector allocation (latest available). All other data as of 31 December 2022. Figures are based on unaudited values. Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Aggregate Index (USD Hedged).

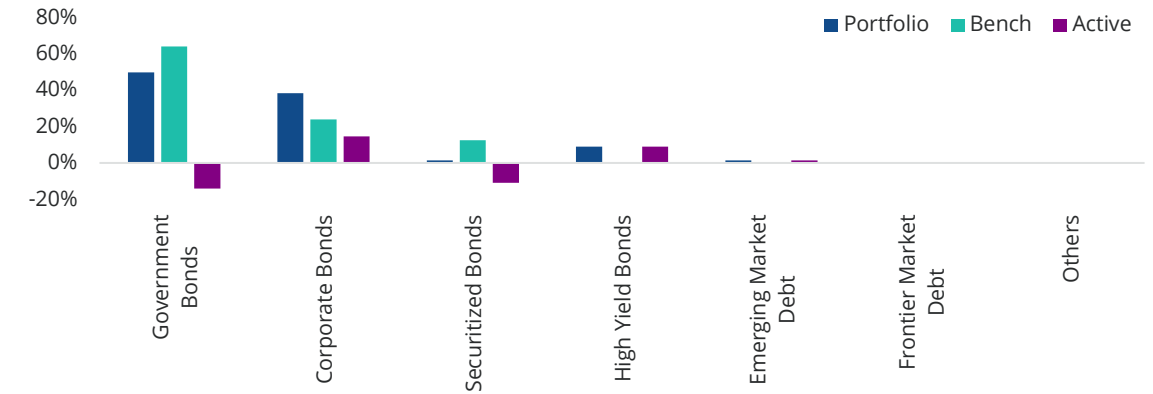
# Asset Allocation Review | Look-Through Analysis

The graphs on this page provide a look-through perspective on active allocations in the **Moderate Model Portfolio**.

## Equities: Sector allocation

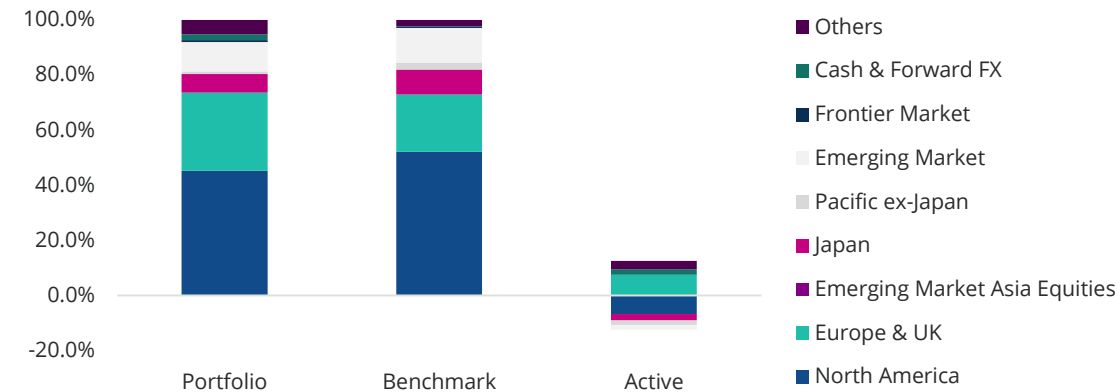


## Fixed Income: Issuer Type

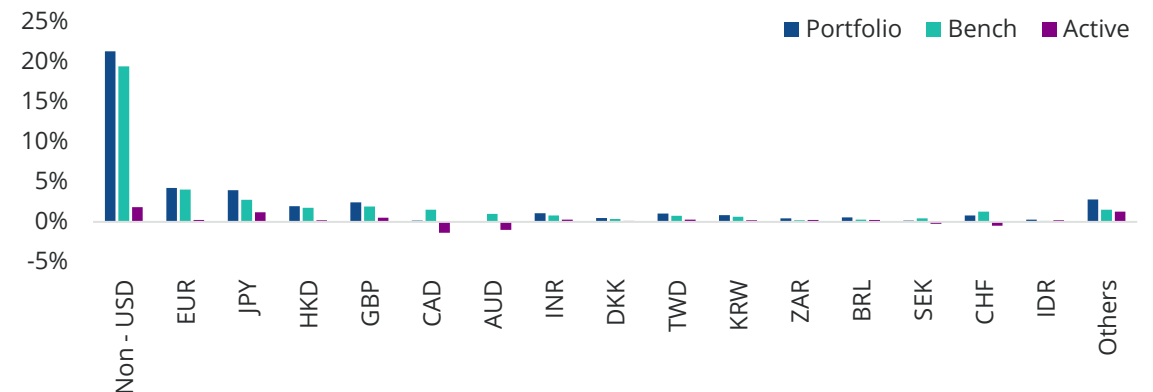


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

## Total Portfolio: Country allocation



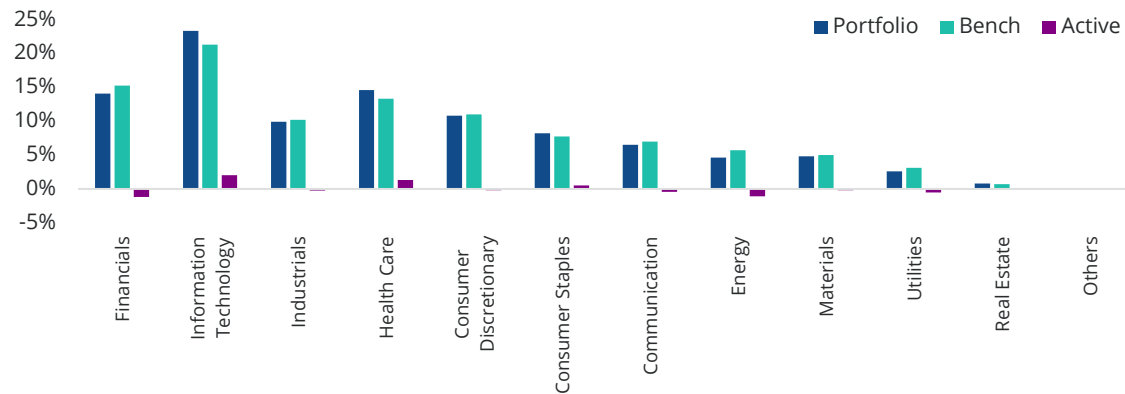
## Total Portfolio: Currency allocation



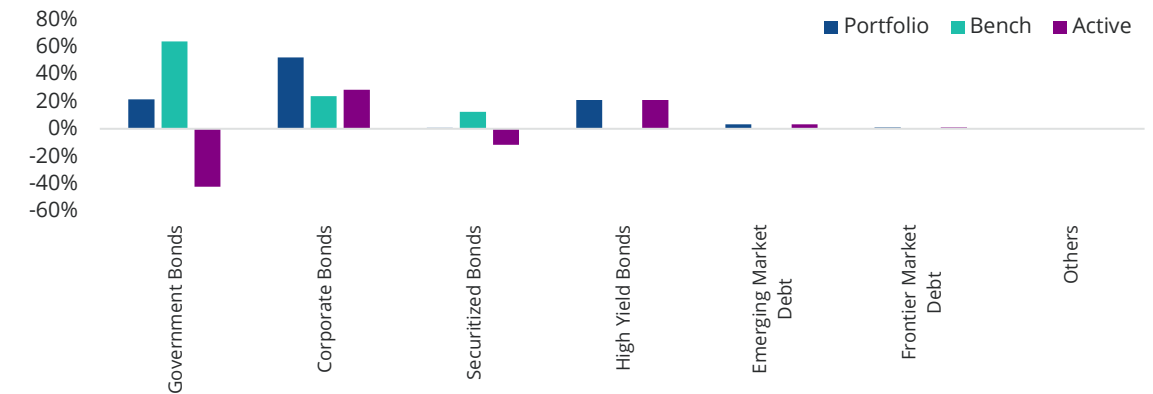
# Asset Allocation Review | Look-Through Analysis

The graphs on this page provide a look-through perspective on active allocations in the **Aggressive Model Portfolio**.

## Equities: Sector allocation

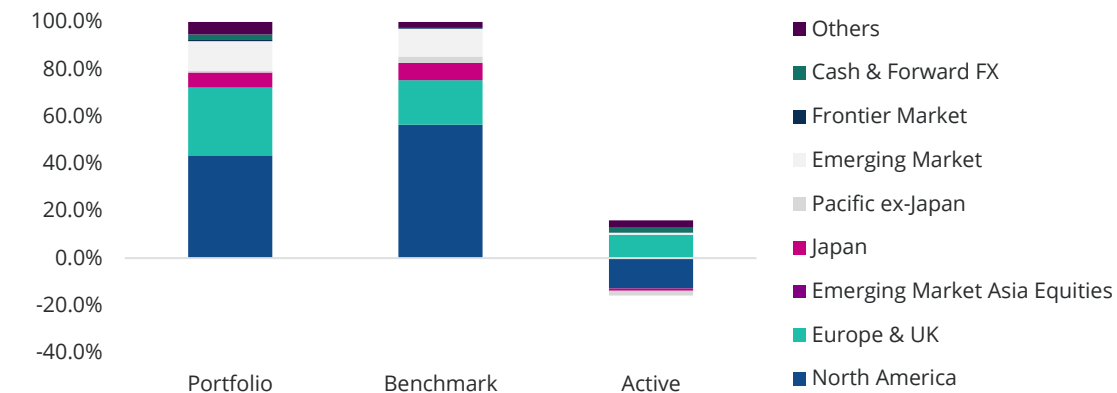


## Fixed Income: Issuer Type

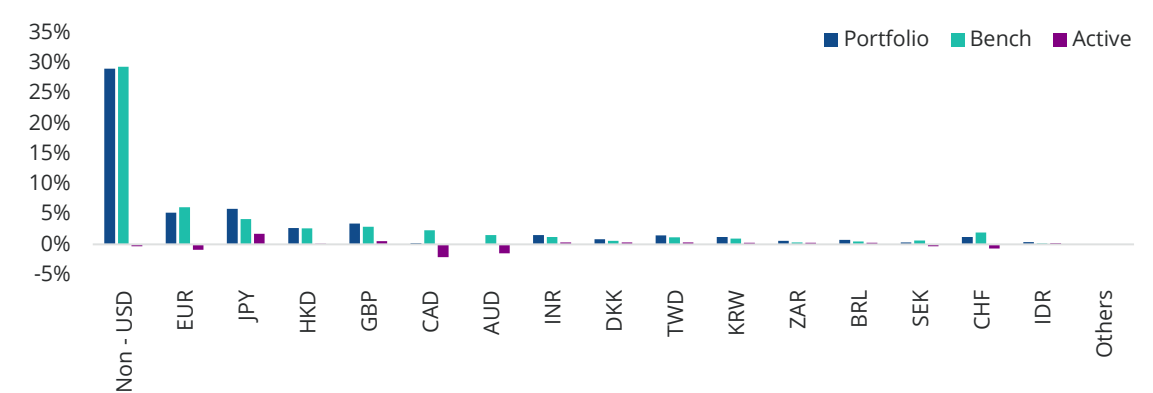


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

## Total Portfolio: Country allocation



## Total Portfolio: Currency allocation



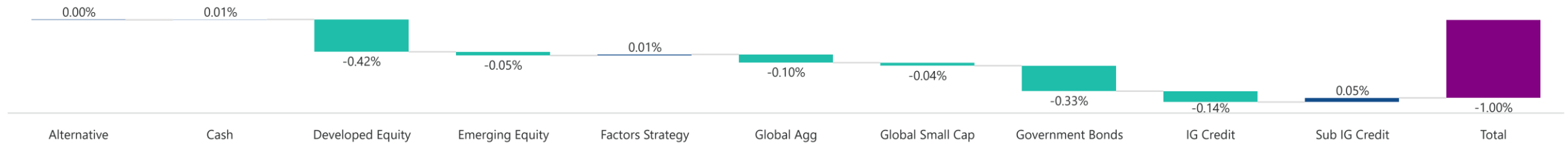
BlackRock, \* Data as of 30 November 2022 for equity sector allocation (latest available). All other data as of 31 December 2022. Figures are based on unaudited values. Benchmark is composed of 75% MSCI All Country World Index (Net Total Return) and 25% BBG Global Aggregate Index (USD Hedged).



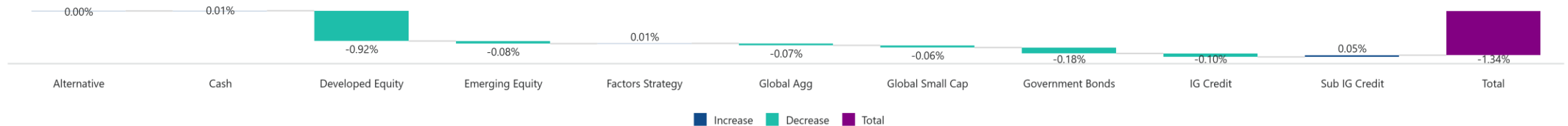
# Performance Contribution | 1 Month

**Performance Contribution** identifies how much of the total portfolio performance has been contributed from the underlying investments.

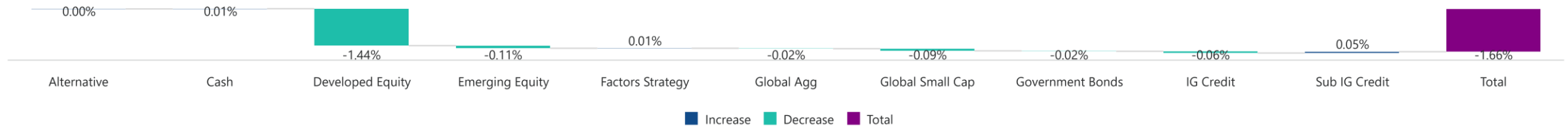
## Conservative



## Moderate



## Aggressive

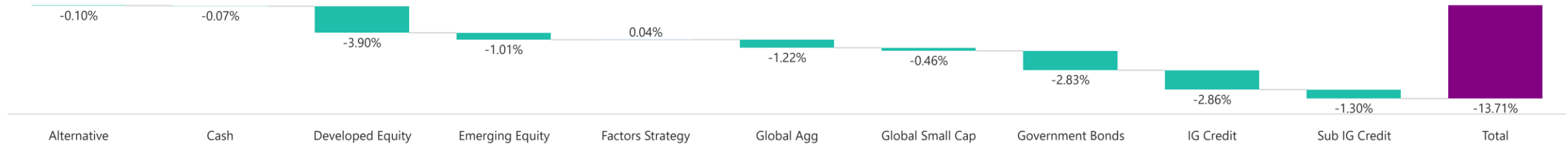


Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management fee relating to the collective investment scheme and exchange traded funds is borne in the unit price.

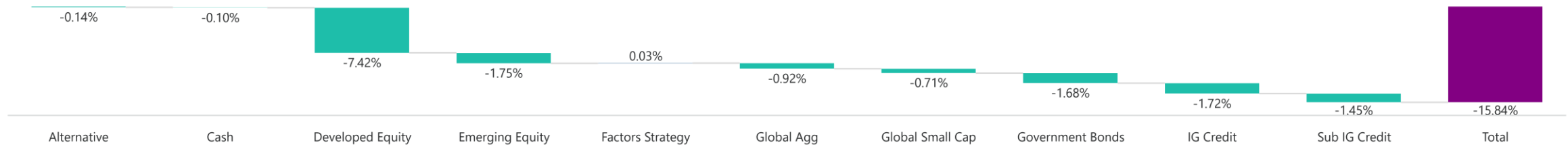
# Performance Contribution | Year to Date

**Performance Contribution** identifies how much of the total portfolio performance has been contributed from the underlying investments.

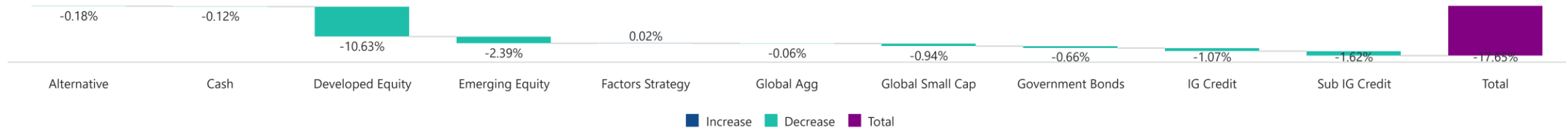
## Conservative



## Moderate



## Aggressive



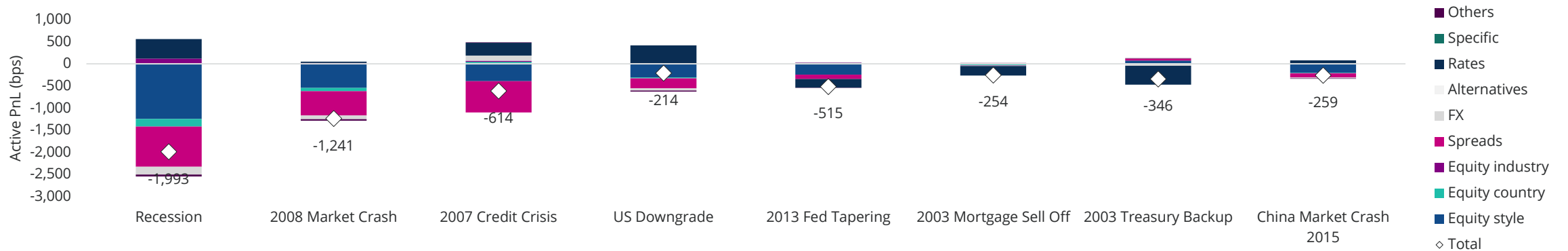
■ Increase ■ Decrease ■ Total

Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management fee relating to the collective investment scheme and exchange traded funds is borne in the unit price.

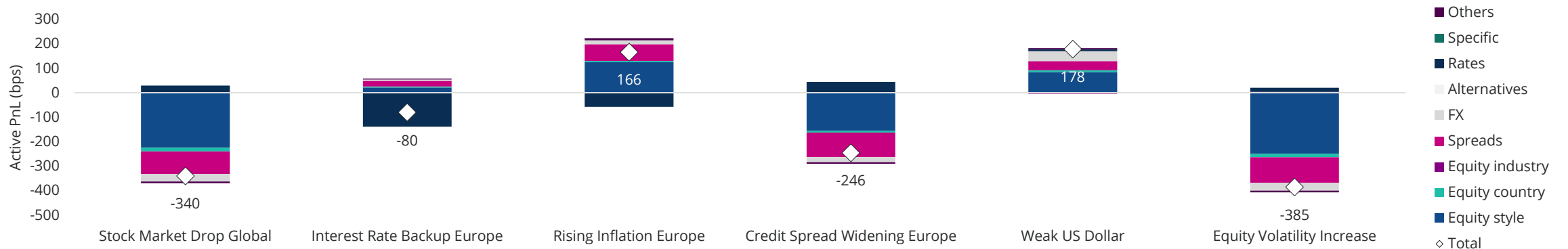
# Risk Review | Scenario analysis

The charts below apply different historical and forward-looking scenarios to the current portfolio. For additional information on the forward-looking scenarios, please refer to the appendix. The below data is for the **Conservative Model Portfolio**

## Historical scenarios

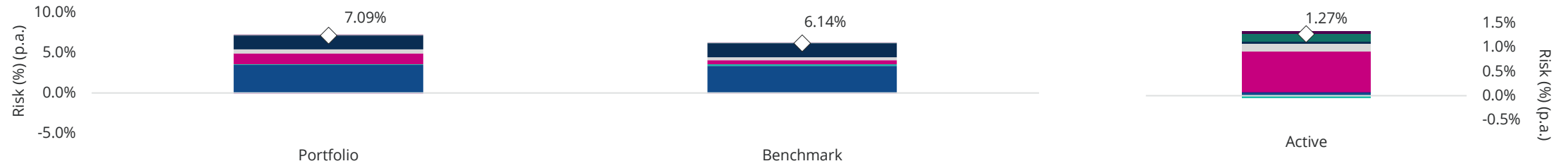


## Forward-looking scenarios

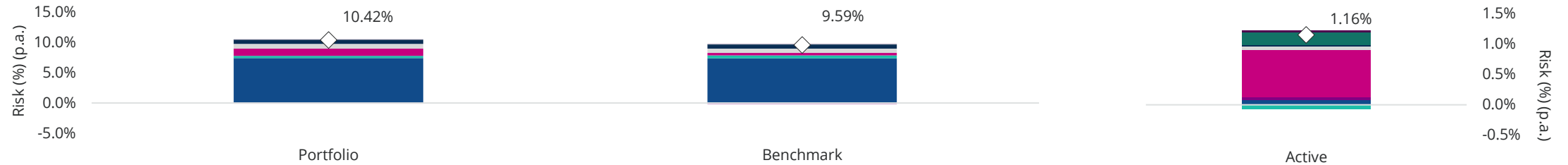


# Risk Review | Absolute & Relative

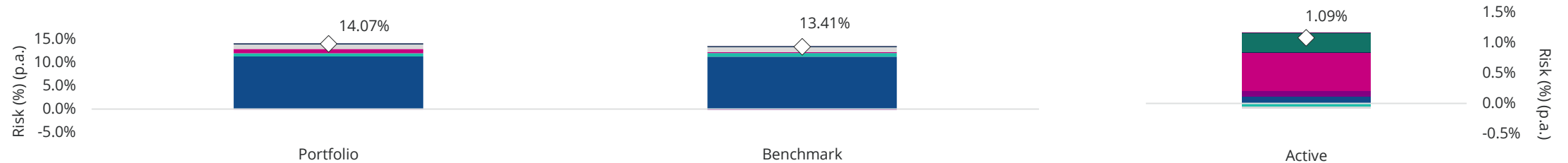
## Conservative



## Moderate



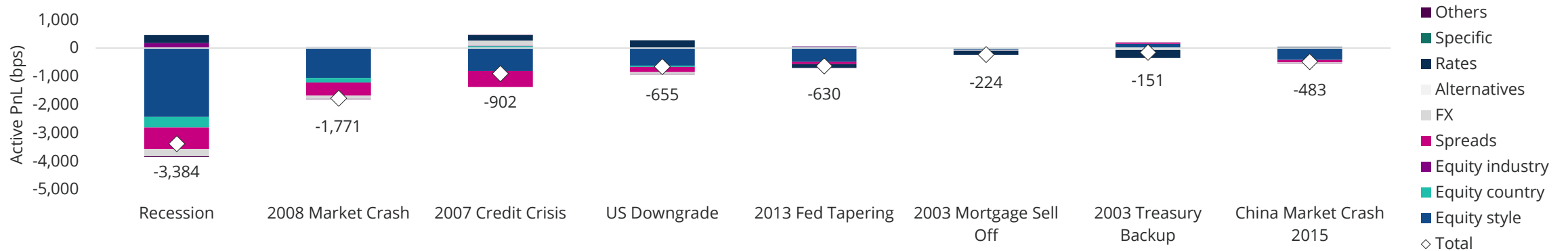
## Aggressive



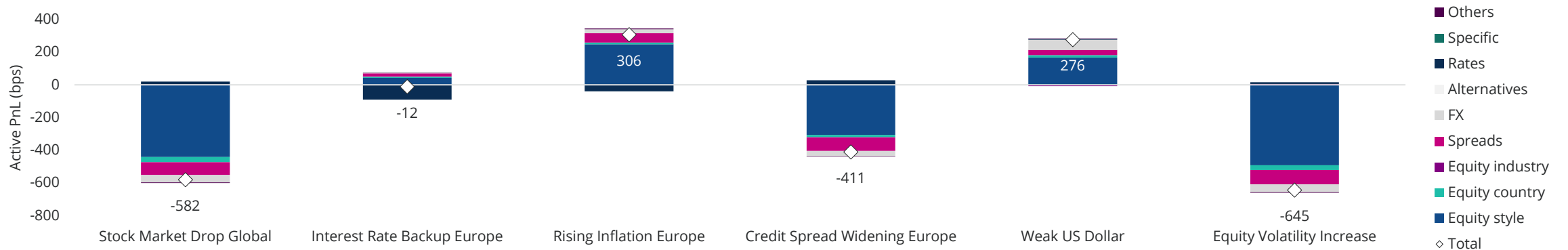
# Risk Review | Scenario analysis

The charts below apply different historical and forward-looking scenarios to the current portfolio. For additional information on the forward-looking scenarios, please refer to the appendix. The below data is for the **Moderate Model Portfolio**

## Historical scenarios



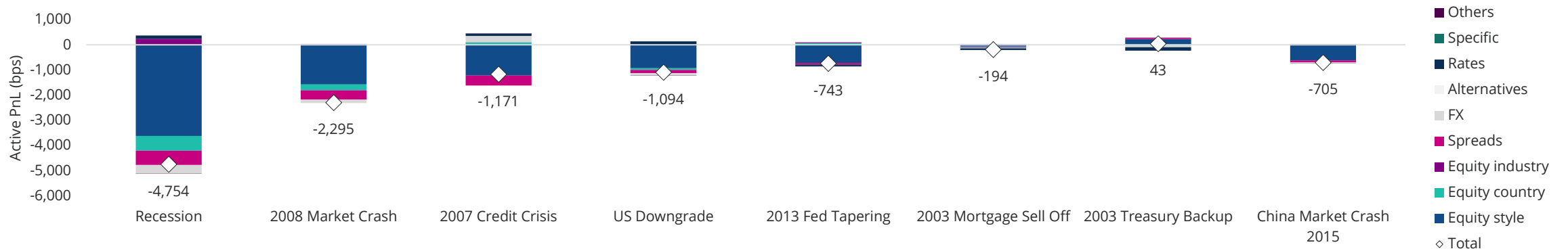
## Forward-looking scenarios



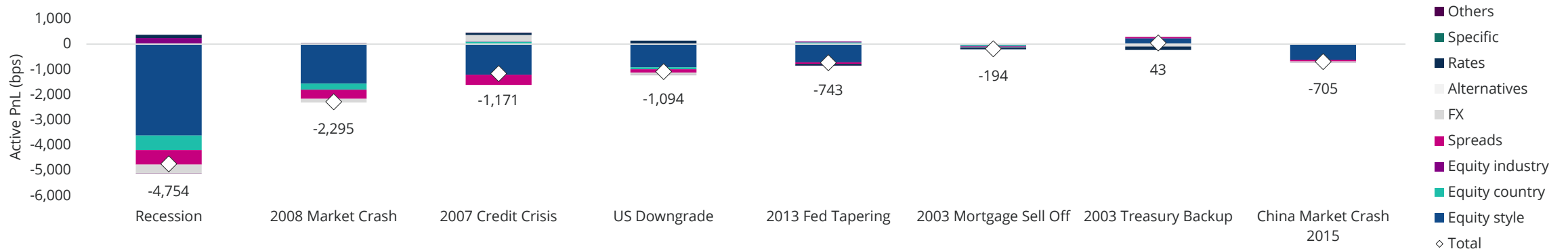
# Risk Review | Scenario analysis

The charts below apply different historical and forward-looking scenarios to the current portfolio. For additional information on the forward-looking scenarios, please refer to the appendix. The below data is for the **Aggressive Model Portfolio**

## Historical scenarios

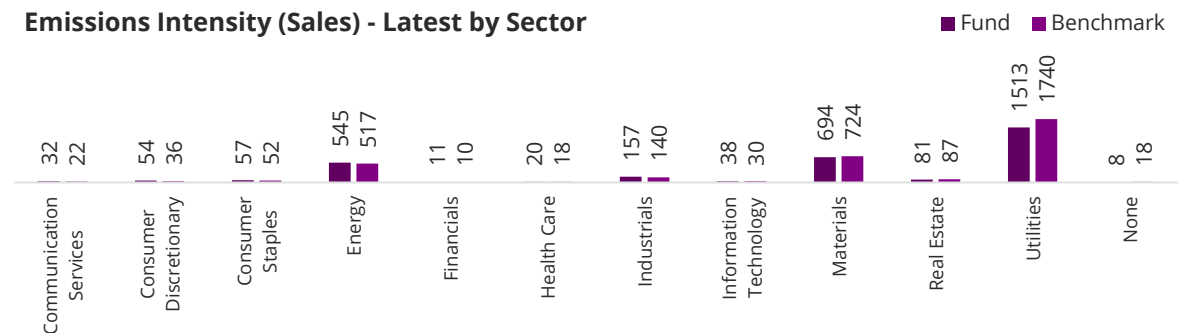
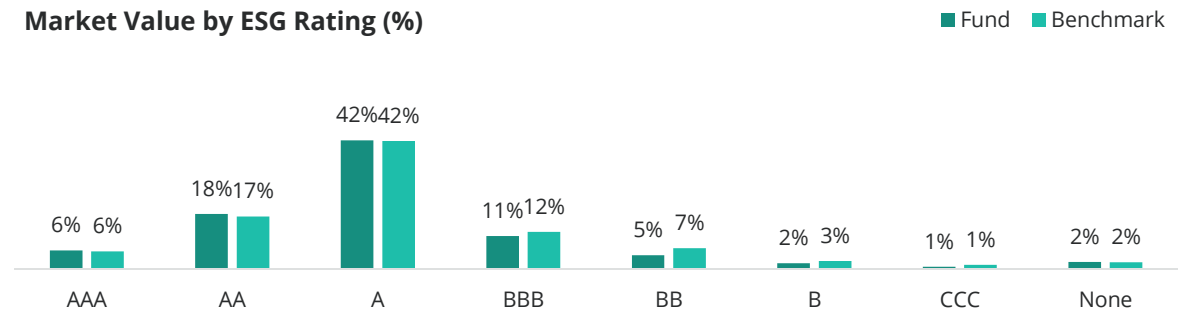
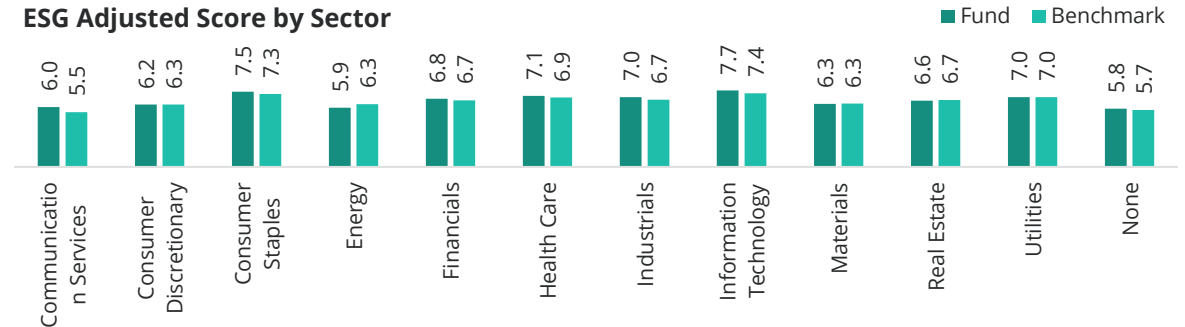


## Forward-looking scenarios



# Carbon and ESG Reporting | Global Moderate Fund

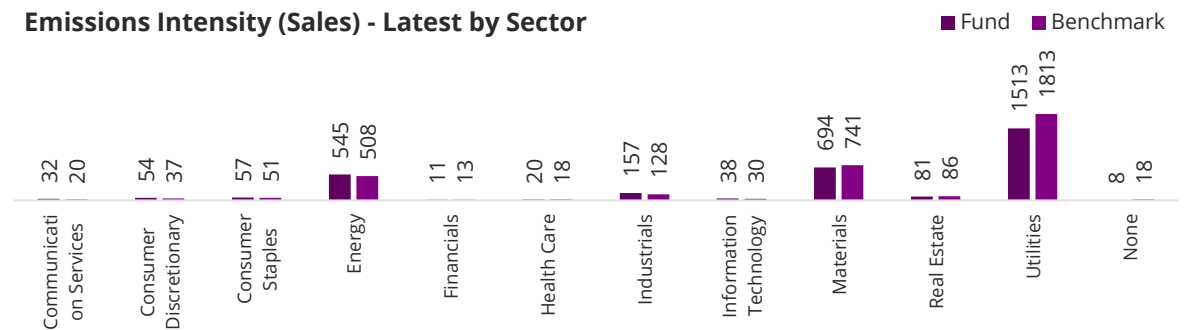
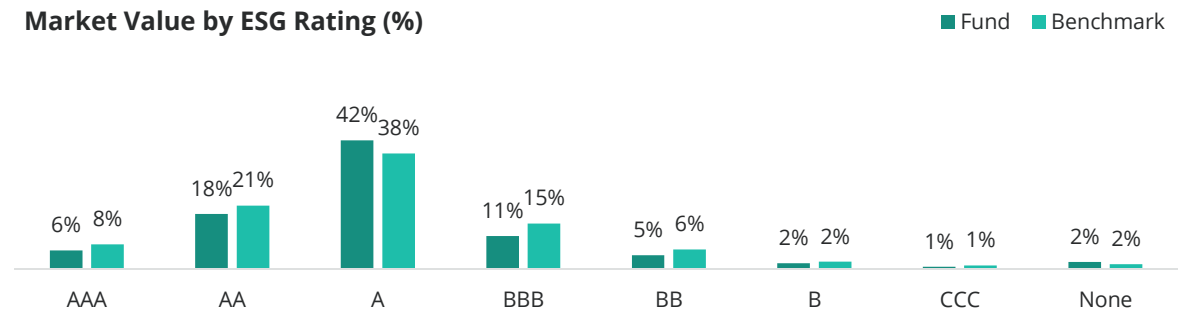
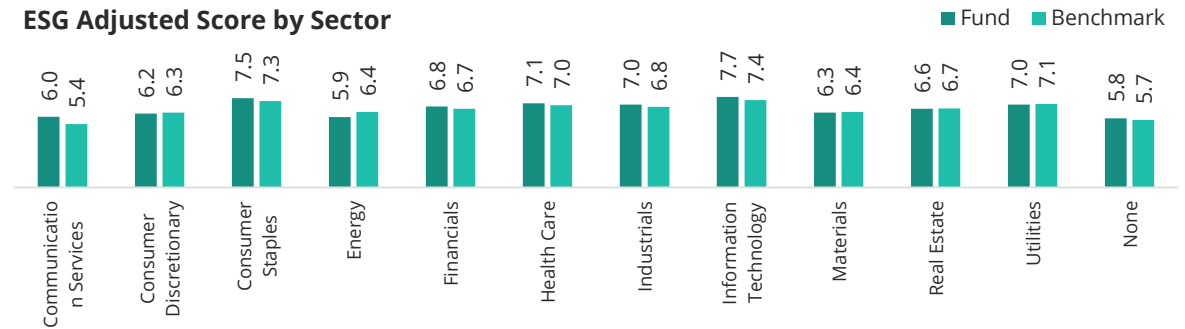
ESG	Portfolio Benchmark Active							
	<b>ESG Coverage</b> % Market Value	84.7%	88.5%					
	<b>ESG Adjusted Score</b> 0 (worst) - 10 (best)	6.4	6.2	0.2				
	<b>Environment Score</b> 0 (worst) - 10 (best)	6.1	5.7	0.4				
	<b>Social Score</b> 0 (worst) - 10 (best)	6.4	6.4	-0.1				
	<b>Governance Score</b> 0 (worst) - 10 (best)	5.9	6.0	-0.1				
<b>Active Risk Contribution by ESG Rating (bps)</b>			691					
	-56	-141	-207	-106	-36	-12	-6	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon	Fund Benchmark Active							
	<b>Emissions Intensity (Tot. Capital) - Latest</b> (metric tonnes / \$ million total capital)	101.7	102.4	-0.7%				
	<b>Emissions Intensity (Sales) - Latest</b> (metric tonnes / \$ million total sales)	183.7	163.2	12.5%				



Source: Based on portfolio holdings data at 30 December 2022 For information only, subject to change. For explanations about the methodology, refer to 'Methodologies and assumptions'. The ratings, metrics, methodologies and scores may differ from those of other providers. Certain information ©2023 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

# Carbon and ESG Reporting | Global Conservative Fund

ESG	Portfolio Benchmark Active							
	<b>ESG Coverage</b> % Market Value	84.7%	92.3%					
	<b>ESG Adjusted Score</b> 0 (worst) - 10 (best)	6.4	6.4	-0.1				
	<b>Environment Score</b> 0 (worst) - 10 (best)	6.1	6.0	0.1				
	<b>Social Score</b> 0 (worst) - 10 (best)	6.4	6.0	0.4				
	<b>Governance Score</b> 0 (worst) - 10 (best)	5.9	5.9	0.1				
<b>Active Risk Contribution by ESG Rating (bps)</b>			691					
	-56	-141	-207	-106	-36	-12	-6	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon	Fund Benchmark Active							
	<b>Emissions Intensity (Tot. Capital) - Latest</b> (metric tonnes / \$ million total capital)	101.7	103.9	-2.2%				
	<b>Emissions Intensity (Sales) - Latest</b> (metric tonnes / \$ million total sales)	183.7	162.1	13.3%				

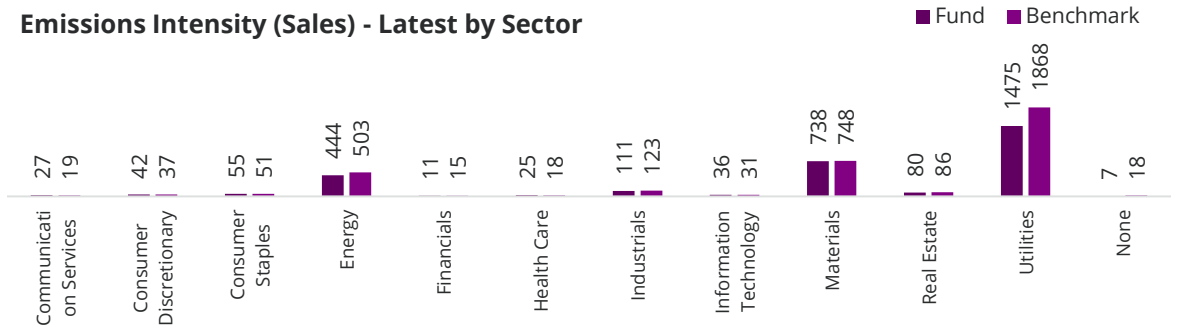
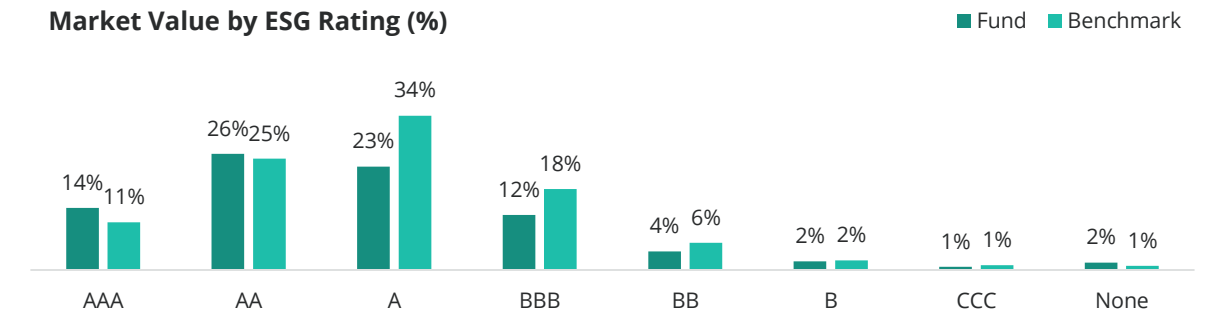
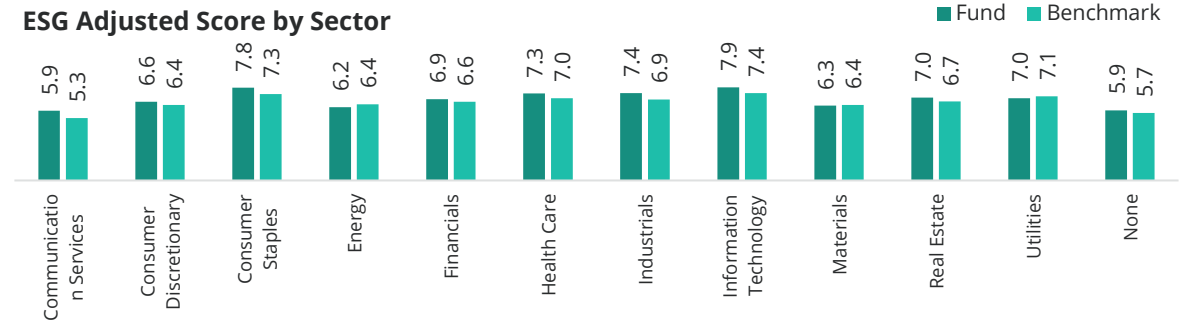


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# Carbon and ESG Reporting | Aggressive Model Portfolio

ESG	Portfolio Benchmark Active							
	<b>ESG Coverage</b> % Market Value	80.8%	96.0%					
	<b>ESG Adjusted Score</b> 0 (worst) - 10 (best)	7.0	6.6	0.4				
	<b>Environment Score</b> 0 (worst) - 10 (best)	6.7	6.3	0.4				
	<b>Social Score</b> 0 (worst) - 10 (best)	5.5	5.6	-0.1				
	<b>Governance Score</b> 0 (worst) - 10 (best)	5.7	5.7	-0.1				
<b>Active Risk Contribution by ESG Rating (bps)</b>			912					
	-107	-213	-246	-164	-48	-17	-8	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon	Fund Benchmark Active							
	<b>Emissions Intensity (Tot. Capital) - Latest</b> (metric tonnes / \$ million total capital)	88.8	104.6	-15.1%				
	<b>Emissions Intensity (Sales) - Latest</b> (metric tonnes / \$ million total sales)	138.7	161.5	-14.1%				



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**Supporting Material**

**cogence**

# Portfolio Commentary

## Conservative

The Portfolio returned -1.0% over the month outperforming the reference benchmark by 0.87%. Longer term, Since Inception returns sits at -1.59% p.a.

Risk assets ended the month in red, with both Equity and Bonds losing in double digits in 2022. Over December, US Equities underperformed whereas Europe (including UK) and EM were more resilient. Within Fixed Income, government bond yield rise while spreads generally tightened. This was more evident in lower quality assets such as Emerging Market Debt, both local and dollar denominated. From a factor perspective both Value and minimum Volatility factors outperformed market cap Equities.

The Outperformance was generated through a combination of asset allocation and manager selection. Within manager selection, BlackRock US Equity and GQG US Equity were stand out performers, followed by Schroders EM equity and American Century global small caps. Within asset allocation, allocation to sub IG credit along with a long EUR position benefitted. The short government bond positions added further returns.

There were no asset allocation changes during December. The portfolio risk stands at 7.09% while active risk is around 1.27%.

## Moderate

The Portfolio returned -1.34% over the month outperforming the reference benchmark by 1.21%. Longer term, Since Inception returns sits at 0.07% p.a.

Risk assets ended the month in red, with both Equity and Bonds losing in double digits in 2022. Over December, US Equities underperformed whereas Europe (including UK) and EM were more resilient. Within Fixed Income, government bond yield rise while spreads generally tightened. This was more evident in lower quality assets such as Emerging Market Debt, both local and dollar denominated. From a factor perspective both Value and minimum Volatility factors outperformed market cap Equities.

The Outperformance was generated through a combination of asset allocation and manager selection. Within manager selection, BlackRock US Equity and GQG US Equity were stand out performers, followed by Schroders EM equity and American Century global small caps. Within asset allocation, allocation to sub IG credit along with a long EUR position benefitted. The short government bond positions added further returns.

There were no asset allocation changes during December. The portfolio risk stands at 10.4% while active risk is around 1.16%.

## Aggressive

The Portfolio returned -1.66% over the month outperforming the reference benchmark by 1.58%. Longer term, Since Inception returns sits at 1.57% p.a.

Risk assets ended the month in red, with both Equity and Bonds losing in double digits in 2022. Over December, US Equities underperformed whereas Europe (including UK) and EM were more resilient. Within Fixed Income, government bond yield rise while spreads generally tightened. This was more evident in lower quality assets such as Emerging Market Debt, both local and dollar denominated. From a factor perspective both Value and minimum Volatility factors outperformed market cap Equities.

The Outperformance was generated through a combination of asset allocation and manager selection. Within manager selection, BlackRock US Equity and GQG US Equity were stand out performers, followed by Schroders EM equity and American Century global small caps. Within asset allocation, allocation to sub IG credit along with a long EUR position benefitted. The short government bond positions added further returns.

There were no asset allocation changes during December. The portfolio risk stands at 14.07% while active risk is around 1.09%.

# ESG Methodology and Assumptions

	Metric	Methodology	Interpretation
ESG	<b>ESG Score (Adjusted)</b>	Best scoring company within a peer group is be given a score of 10, the worst scoring one will be given a score of 0 and a normal distribution will be applied for the ones in between.	Indicates how well an issuer manages its most material ESG risks relative to sector peers (0 worst, 10 best). Makes company scores across different industries comparable.
	<b>Environment Score</b>	Weighted average of key issue scores falling under the Environmental Pillar.	Indicates how well an issuer manages environmental risks such as greenhouse gas emissions, deforestation etc. relative to sector peers. (0 worst, 10 best).
	<b>Social Score</b>	Weighted average of key issue scores falling under the Social Pillar.	Indicates how well an issuer deals with social issues such as working conditions, employee relations & diversity etc. relative to sector peers. (0 worst, 10 best).
	<b>Governance Score</b>	Weighted average of key issue scores falling under the Governance Pillar.	Indicates how well an issuer deals with governance matters such as executive pay, tax strategy etc. relative to sector peers. (0 worst, 10 best).
Carbon	<b>Emissions Financed (metric tonnes / \$ million total capital)</b>	$\sum \left( \frac{\text{Scope 1 \& 2 GHG Emissions}}{\text{Total Capital}} \right)$	Emissions normalized by total capital (total debt + total equity). With every million dollar invested x metric tons of emissions are financed.
	<b>Emissions Intensity (metric tonnes / \$ million sales)</b>	$\sum \left( \frac{\text{Scope 1 \& 2 GHG Emissions}}{\text{Total Sales}} \right)$	Emissions normalized by total sale. With every million dollar revenue x metric tons of emissions are financed.

ESG data for funds and individual securities has been sourced from MSCI. Aggregation at the sleeve/ total portfolio level has been done using BlackRock approved methodology.

Additional Information can be found in the Glossary slides

## Legend for Relative Coloring Scheme



# Historical Scenario Test Analysis | Scenario Descriptions

Scenario	Scenario Description
<b>Recession</b>	Represents the largest market drawdown of the financial crisis of the period. December 2007 to March 2009.
<b>Crash 2008</b>	Performance during the year 2008.
<b>Crash 2007</b>	Performance during the year 2007.
<b>US Downgrade</b>	Period starts with 50% chance of US downgrade indication from S&P Standards and ends with Operational Twist announcement by Fed.
<b>2013 Fed Tapering</b>	Tapering Talks stirred the market since Congress Testimony by Bernanke with both equity and bond markets sold off.
<b>2003 Mortgage Sell Off</b>	Mortgage sell off of 2003.
<b>2003 Treasury Backup</b>	Backup of treasuries in 2003.
<b>China Market Crash</b>	Chinese stock market crash beginning with the popping of the stock market bubble on 12 June 2015.

# Scenario Test Analysis | Scenario Descriptions

Scenario	Scenario Description
<b>Stock Market Drop Global</b>	Global Stock markets are shocked with a one percentile drawdown.
<b>Interest Rate Backup Europe</b>	European Rates are shocked with a one percentile increase.
<b>Rising Inflation Europe</b>	European Inflation is shocked with a one percentile increase.
<b>Credit Spread Widening Europe</b>	Credit Spreads for European Corporate bonds are shocked with a one percentile Credit Spread Widening.
<b>Weak US Dollar</b>	US Dollar is shocked with one a percentile drop.
<b>Equity Volatility Increase</b>	Equity Volatility is shocked with one a percentile increase.

# Glossary of Terms | Risk Exposures

Term	Description
<b>Equities</b>	Measures the contribution to risk from holding equities in the portfolio.
<b>FX</b>	Measures the contribution to risk from unhedged non GBP currency exposure
<b>Specific</b>	Idiosyncratic risk; that is, risk due to the unique circumstances of a particular security and not the market as a whole.
<b>Alternatives</b>	Measures the contribution to risk from holding alternative asset classes such as property, hedge funds or illiquid assets.
<b>Interest Rates</b>	The Scheme's liabilities and fixed income assets are exposed to interest rate risk which means that the values of these assets will change when there is a change to the level of interest rates. This illustrates the contribution to risk from the Scheme's liabilities which aren't offset by fixed income (matching) assets.
<b>Spreads</b>	Measures the contribution to risk from holding corporate bonds and swaps in the portfolio.
<b>US Interest Rates</b>	Measures contribution to risk from exposure to US interest rates.
<b>Inflation</b>	The Scheme's liabilities and fixed income assets are exposed to inflation risk which means that the values of these assets will change when there is a change to inflation expectations. This illustrates the contribution to risk from the Scheme's liabilities which aren't offset by inflation linked (matching) assets.
<b>Others</b>	Measures risks that are not attributed to any of the factors listed above. It includes but is not limited to risks attributed to convexity, and cash & cash equivalents.

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