

Cogence Global Portfolios Monthly Strategy Report

BlackRock Multi-Asset Strategies & Solutions | March 2024

cogence

Executive Summary

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

		01 Cautious			02 Balanced			03 Growth		
		Portfolio	Benchmark ²	Active	Portfolio	Benchmark ³	Active	Portfolio	Benchmark ⁴	Active
Performance	Month	1.70%	1.46%	0.24%	2.35%	2.02%	0.32%	3.00%	2.58%	0.42%
	3 Months	3.21%	2.03%	1.18%	5.58%	4.06%	1.52%	8.04%	6.12%	1.93%
	Year-to-date	3.21%	2.03%	1.18%	5.58%	4.06%	1.52%	8.04%	6.12%	1.93%
	Since inception⁵	2.66%	-	-	5.44%	-	-	8.12%	-	-
Risk	Ex-ante Risk¹	7.82%	6.51%	1.60%	11.31%	9.85%	1.66%	15.00%	13.55%	1.71%
ESG	ESG Adjusted Score	6.27	6.23	0.04	6.61	6.44	0.16	6.93	6.64	0.29
	Carbon Emission Intensity	141.12	133.09	6.03%	122.39	125.45	-2.44%	111.34	121.06	-8.03%

Monthly Market Commentary

Risk Assets extended their rally in March. Both Global Equities (+3.1%) and Global bonds(+0.9%) were up over the month. Emerging Markets underperformed developed equities. Japan continued to perform strongly, up C. 19% in 2024, Eurozone too had a strong month. Within Fixed Income, government rates generally moved lower with UK and German rates dropping by 19 and 11 bps while the move in US rates was relatively muted at 4bps. Within credit, Investment Grade spreads tightened marginally along with US high yield. European High yield on the other hand witnessed marginally spread tightening after strong performance in the last couple of months. Emerging Market debt (HC) also performed strongly while debt issued in local currency were flat.

In line with the benchmarks, the portfolios generated positive returns over the month. All profiles outperformed their respective benchmarks, conservative by 0.24%, moderate by 0.32% and aggressive by 0.42%. In 2024, active performance is strong with conservative profile outperforming by 1.2%, moderate by 1.5% and aggressive by 1.9%.

Both Manager Selection and Asset Allocation contributions were positive. Equity managers for US (BlackRock) and EM (Schroders) were the largest contributors followed by EMD HC (Payden) and Global Credit (PGIM). BlackRock continental equity and GQG US equity partially detracted over the month. On Asset allocation front, our overweight to small caps and Value factor added to active returns, additionally the underweight to government bonds and overweight to Euro corporates and EMD HC further added to the active performance. On the negative side, our underweight to continental equity partially detracted.

In March, we rebalanced our strategic exposures leveraging our latest capital market assumptions. Within fixed income, we trim our overweight to inflation-linked bonds, given that we see inflation as moderated, reducing carry. We also add to Global Investment Grade Credit. With spread levels relatively tight in this space, the overall income and the relatively shorter duration combines to give attractive risk-adjusted returns. We maintain our view on high-yield credit, adding to that across all three profiles. We also add slightly to cash across all three profiles.

Within government bonds, we prefer shorter duration bonds and an underweight to the longer end which is implemented within US Treasuries. We also increase our allocation to European government bonds, which is funded out of the Global Government bond allocations. Finally, we reduce our allocation to EM debt across all three profiles.

Within equities, we do not make any strategic changes based on our updated long-term capital market assumptions.

The three portfolios continue to be positioned with a slight risk on generating an active risk between 1.6% and 1.7%.

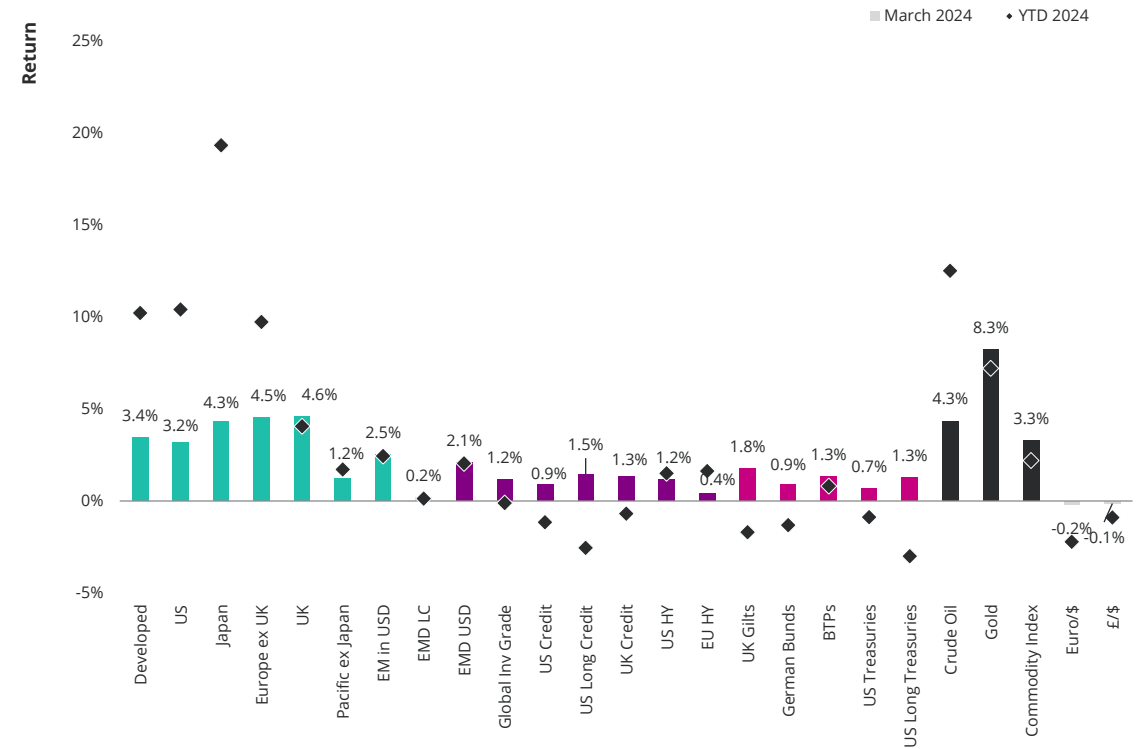
¹Risk based on 230 exponentially weighted monthly observations (36 month half life). ²Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Index (USD Hedged). ³Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate Index (USD Hedged). ⁴Benchmark 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 March 2024

Monthly Market Commentary

- Both developed and emerging stock markets gained over March. Developed market equities were up 3.4% over the month. At a regional level, European equities returned 4.5%, while US equities and Japanese equities ended the month at 3.2% and 4.3%, respectively. Emerging markets increased by 2.5%. During the month, developed market bonds broadly delivered positive returns. US treasuries and UK gilts both increased by 0.7% and 1.8%, respectively. In currencies, the Euro depreciated by 0.2% relative to the USD, while Sterling depreciated by 0.1% against the USD.
- In the US, headline inflation rose to 3.2% year-on-year from 3.1%, while the core inflation fell from 3.9% year-on-year to 3.8% in February. The Fed left its target rate range unchanged at 5.25-5.50%. According to Fed chair Jerome Powell the central bank will be “careful” about the decision on when to cut rates. In Europe, headline inflation fell to 2.4% from 2.6% year-on-year, while core inflation declined to 2.9% year-on-year in March solidifying the case for the ECB to start cutting rates. The eurozone composite PMI rose to 50.3 in March compared to 49.2 in February. In the UK, headline inflation fell from 4.0% to 3.4% year-on-year in February, while core inflation fell from 5.1% year-on-year to 4.5%. The Bank of England decided at its March meeting to keep the UK’s main policy interest rate on hold at 5.25%.
- Fixed income markets delivered positive returns over March with fixed income asset prices rising. US 10-year yields fell from 4.24% to 4.21%, with the two-year remaining steady at 4.63%. Germany’s 10-year yield fell from 2.40% to 2.29%, whilst the 2-year yield fell from 2.89% to 2.82%. The UK 10-year yields fell from 4.12% to 3.94%, while the 2-year yield fell from 4.31% to 4.16%. US and European high yield delivered slight positive results. Global investment grade credit performed positively. Emerging market debt also performed positively in both local currency and in USD. Crude oil rose by 4.3% while gold appreciated by 8.3%.

Monthly Market Performance



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index. Index performance returns do not reflect any management fees, transaction costs or expenses. Source: Multi-Asset Strategies & Solutions, DataStream, all data as of 29 March 2024. All performance numbers in local currency unless otherwise stated.

Asset Allocation Review

Description	Isin	Cautious	Balanced	Growth
Fixed Income		71.00%	46.00%	21.00%
Global Agg Bonds	iShares Core Global Aggregate Bond UCITS ETF	14.00%	6.50%	0.00%
Global Government Bonds	iShares Global Government Bond UCITS ETF	12.50%	7.50%	1.10%
Euro Government Bonds	iShares Euro Government Bond Flex UCITS ETF (EUR Hedged)	7.20%	4.80%	2.40%
US Short Treasuries	iShares \$ Treasury Bond 1-3yr ETF	2.70%	1.30%	0.60%
US Short Treasuries	iShares USD Treasury Bond 3-7yr UCITS ETF USD	4.00%	2.80%	0.90%
US Short Treasuries	iShares USD Treasury Bond 7-10yr UCITS ETF USD	2.10%	1.60%	1.00%
US Treasuries	iShares USD Treasury Bond 20+ yr UCITS ETF USD	0.50%	0.00%	0.00%
Global Inflation Linked Bonds	iShares Global Inflation-Linked Bond Index Fund	0.00%	0.00%	0.00%
Global Credit	PGIM Global Investment Grade	15.00%	10.00%	5.00%
Euro Credit	iShares Core Euro Corp Bond UCITS (USD Hedged)	2.00%	2.00%	2.00%
Global High Yield	Wellington Global High Yield Bond Fund	4.50%	4.50%	4.50%
EMD HC	Payden Emerging Market Debt HC Fund	1.00%	1.00%	1.00%
EMD LC	Neuberger Berman Emerging Market Debt Local Currency Fund	1.00%	1.00%	1.00%
China Bonds	iShares China CNY Bond UCITS ETF (USD Hedged)	4.50%	3.00%	1.50%
Equities		28.50%	53.50%	78.50%
US Equities	iShares MSCI USA ESG Enhanced UCITS ETF	2.00%	12.00%	20.40%
US Equities	BlackRock Advantage US Equity Fund	9.00%	12.20%	16.30%
US Equities	GQG US Equity Fund	6.30%	8.40%	10.90%
UK Equities	iShares FTSE 100 ETF, USD Un-hedged	0.90%	1.70%	2.60%
European Equities	BGF Continental European Flexible Fund, USD Unhedged	2.00%	5.30%	8.60%
Japan Equities	iShares MSCI Japan ESG Enhanced UCITS ETF (Unhedged)	1.70%	3.30%	4.90%
Emerging Equities	iShares MSCI EM ESG Enhanced UCITS ETF	1.00%	1.00%	1.00%
Emerging Equities	Schroders ISF Emerging Markets Fund	2.80%	5.60%	8.50%
World Value	iShares Edge MSCI World Value ETF	1.30%	2.50%	3.80%
World Small Cap	iShares MSCI World Small Cap ETF	1.50%	1.50%	1.50%
Cash		0.50%	0.50%	0.50%
USD Cash	BlackRock ICS US Dollar Liquid Environmentally Aware Fund	0.50%	0.50%	0.50%
Alternatives		0.00%	0.00%	0.00%
Gold	iShares Physical Gold ETF	0.00%	0.00%	0.00%
Total		100.00%	100.00%	100.00%

Source: BlackRock, 28 March 2024. 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.

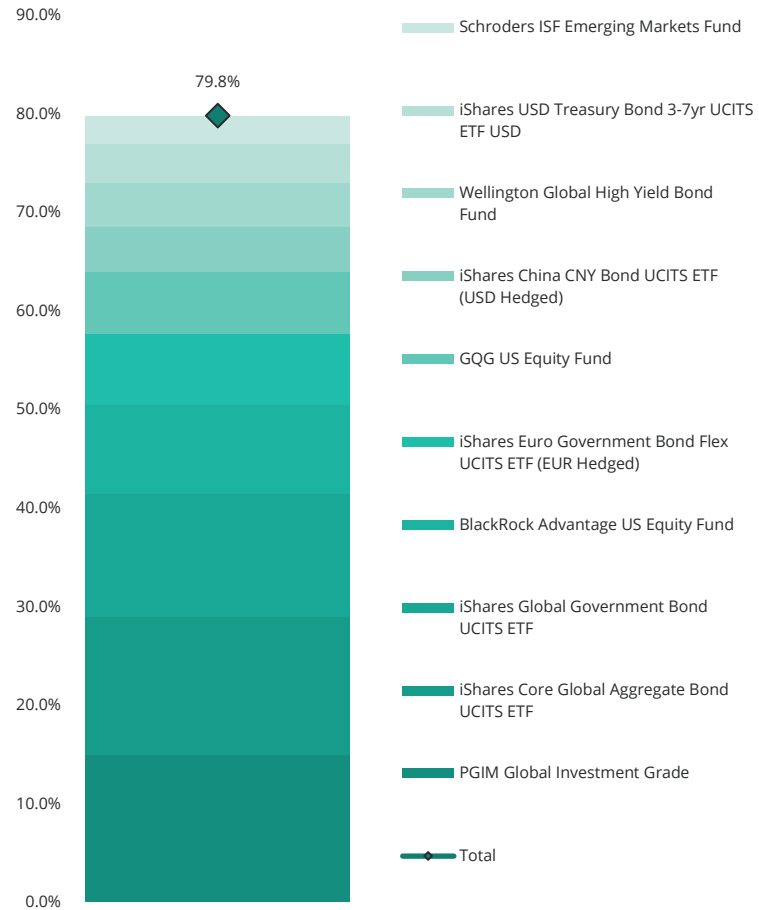
Asset Allocation Review

Description	Isin	Cautious	Balanced	Growth
Fixed Income		-0.50%	-0.50%	-0.50%
Global Agg Bonds	iShares Core Global Aggregate Bond UCITS ETF	2.50%	-0.50%	-2.00%
Global Government Bonds	iShares Global Government Bond UCITS ETF	-3.00%	-1.00%	-0.40%
Euro Government Bonds	iShares Euro Government Bond Flex UCITS ETF (EUR Hedged)	3.20%	1.80%	0.60%
US Short Treasuries	iShares \$ Treasury Bond 1-3yr ETF	1.40%	1.30%	0.60%
US Short Treasuries	iShares USD Treasury Bond 3-7yr UCITS ETF USD	0.20%	0.40%	0.20%
US Short Treasuries	iShares USD Treasury Bond 7-10yr UCITS ETF USD	-0.10%	-0.40%	-0.10%
US Treasuries	iShares USD Treasury Bond 20+ yr UCITS ETF USD	0.10%	0.00%	0.00%
Global Inflation Linked Bonds	iShares Global Inflation-Linked Bond Index Fund	-3.30%	-2.10%	-0.80%
Global Credit	PGIM Global Investment Grade	0.00%	0.50%	1.20%
Euro Credit	iShares Core Euro Corp Bond UCITS (USD Hedged)	0.00%	0.00%	0.00%
Global High Yield	Wellington Global High Yield Bond Fund	1.50%	1.50%	1.50%
EMD HC	Payden Emerging Market Debt HC Fund	-1.00%	-1.00%	-1.00%
EMD LC	Neuberger Berman Emerging Market Debt Local Currency Fund	-1.00%	-1.00%	-1.00%
China Bonds	iShares China CNY Bond UCITS ETF (USD Hedged)	-1.00%	0.00%	0.70%
Equities		0.00%	0.00%	0.00%
US Equities	iShares MSCI USA ESG Enhanced UCITS ETF	0.00%	0.00%	0.00%
US Equities	BlackRock Advantage US Equity Fund	0.00%	0.00%	0.00%
US Equities	GQG US Equity Fund	0.00%	0.00%	0.00%
UK Equities	iShares FTSE 100 ETF, USD Un-hedged	0.00%	0.00%	0.00%
European Equities	BGF Continental European Flexible Fund, USD Unhedged	0.00%	0.00%	0.00%
Japan Equities	iShares MSCI Japan ESG Enhanced UCITS ETF (Unhedged)	0.00%	0.00%	0.00%
Emerging Equities	iShares MSCI EM ESG Enhanced UCITS ETF	0.00%	0.00%	0.00%
Emerging Equities	Schroders ISF Emerging Markets Fund	0.00%	0.00%	0.00%
World Value	iShares Edge MSCI World Value ETF	0.00%	0.00%	0.00%
World Small Cap	iShares MSCI World Small Cap ETF	0.00%	0.00%	0.00%
Cash		0.50%	0.50%	0.50%
USD Cash	BlackRock ICS US Dollar Liquid Environmentally Aware Fund	0.50%	0.50%	0.50%
Alternatives		0.00%	0.00%	0.00%
Gold	iShares Physical Gold ETF	0.00%	0.00%	0.00%

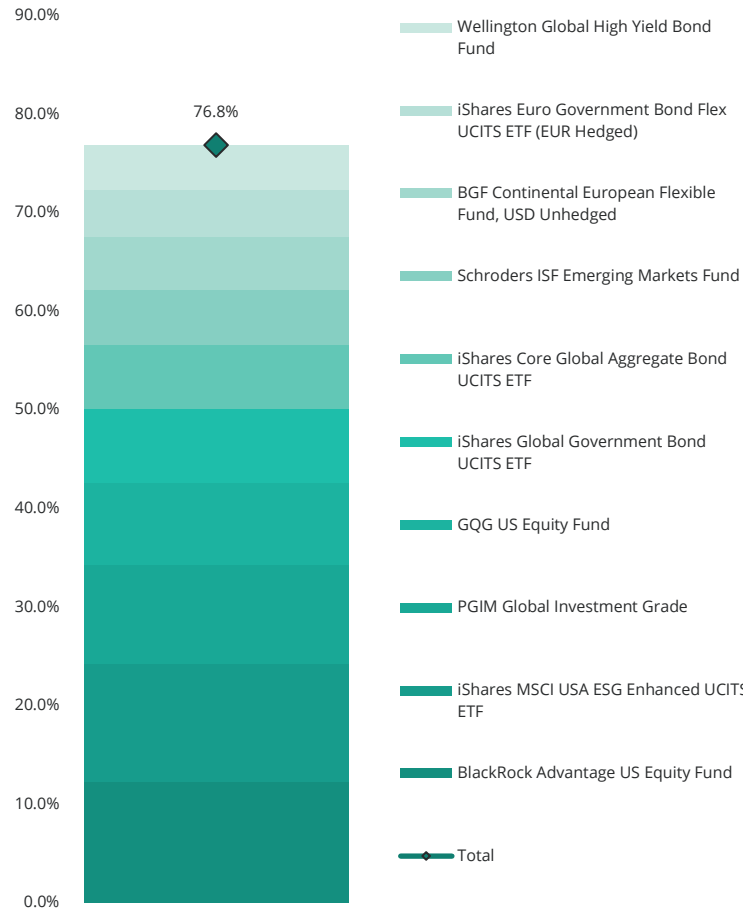
Source: BlackRock, 28 March 2024. Performance and valuations rounded where appropriate, hence totals may not sum. *Positions shown are as off end of the month and included market drift from the last rebalance.

Asset Allocation | Top 10 Holdings

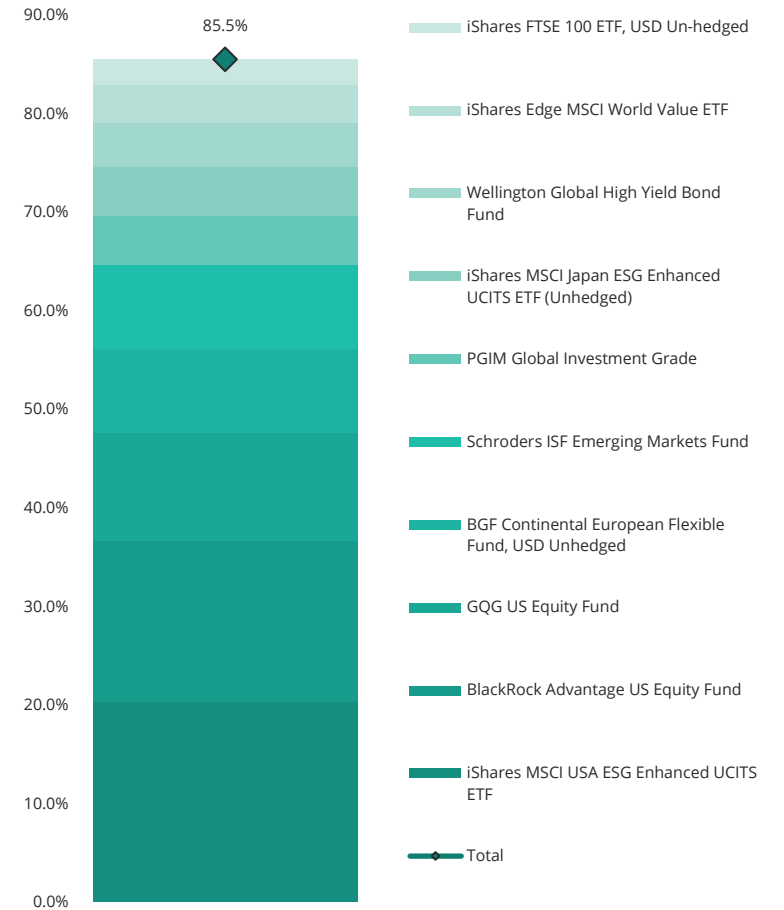
Cautious



Balanced



Growth

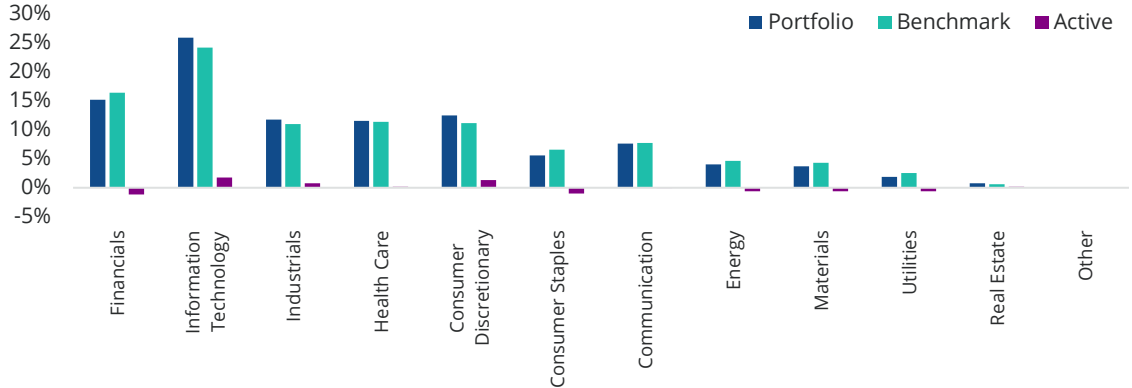


Source: BlackRock, 28 March 2024. Performance and valuations rounded where appropriate, hence totals may not sum. Positions shown are as off end of the month and included market drift from the last rebalance.

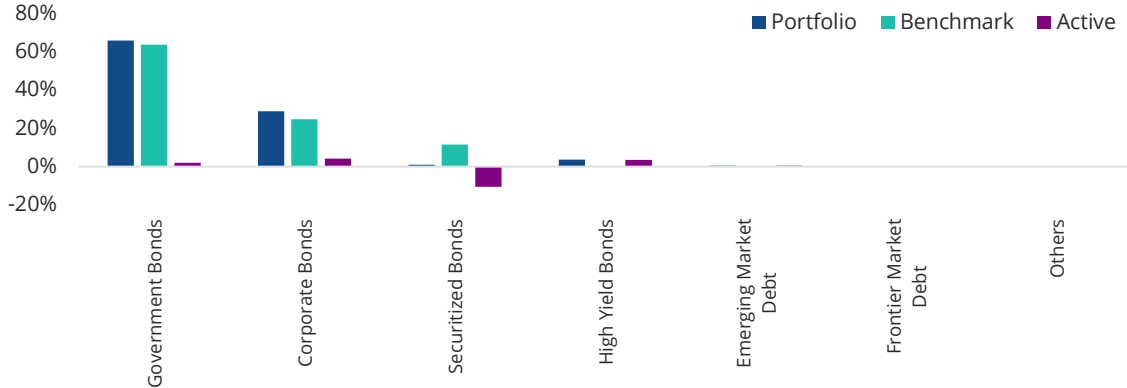
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

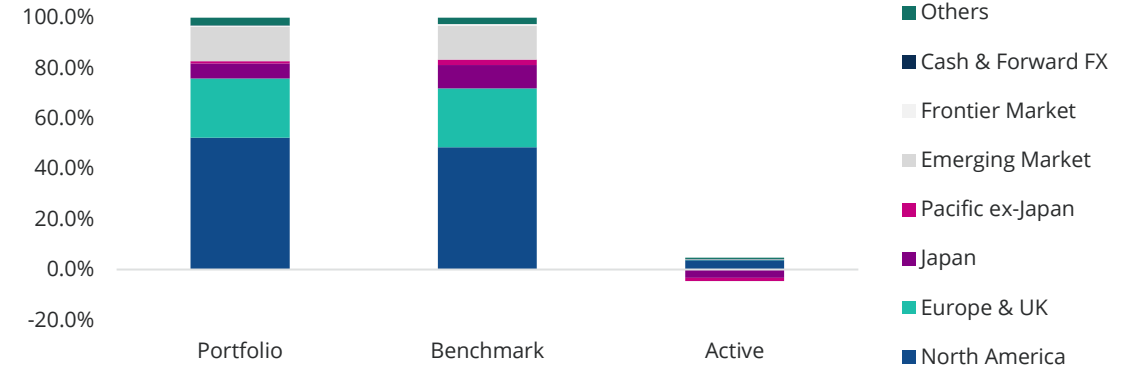


Fixed Income: Issuer Type

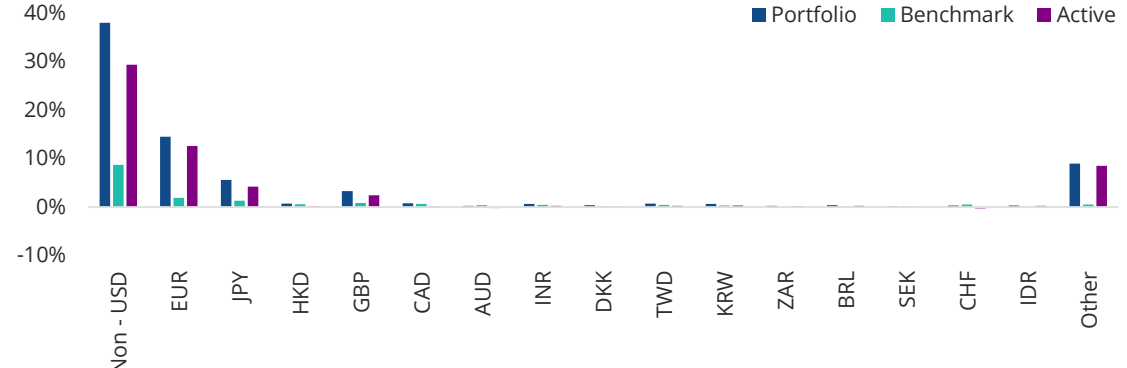


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



Total Portfolio: Currency allocation

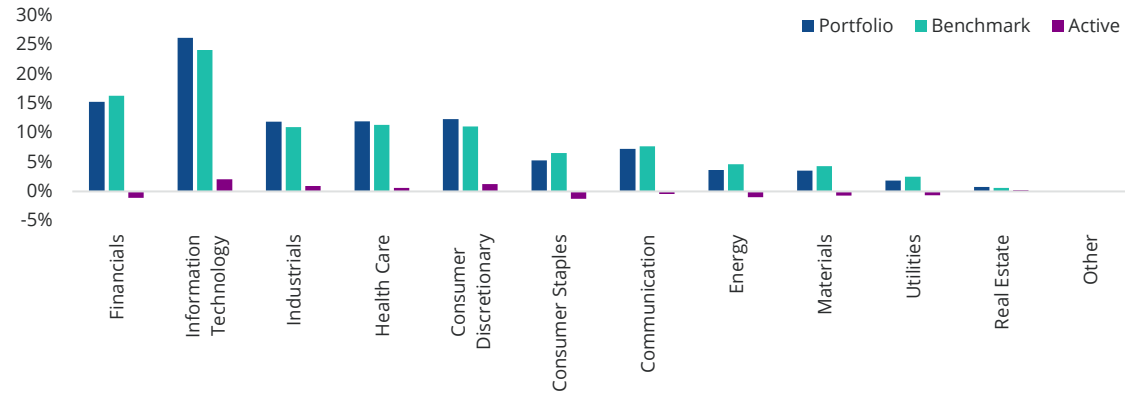


BlackRock, Data as of 28 March 2024. Figures are based on unaudited values. Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Aggregate Index (USD Hedged).

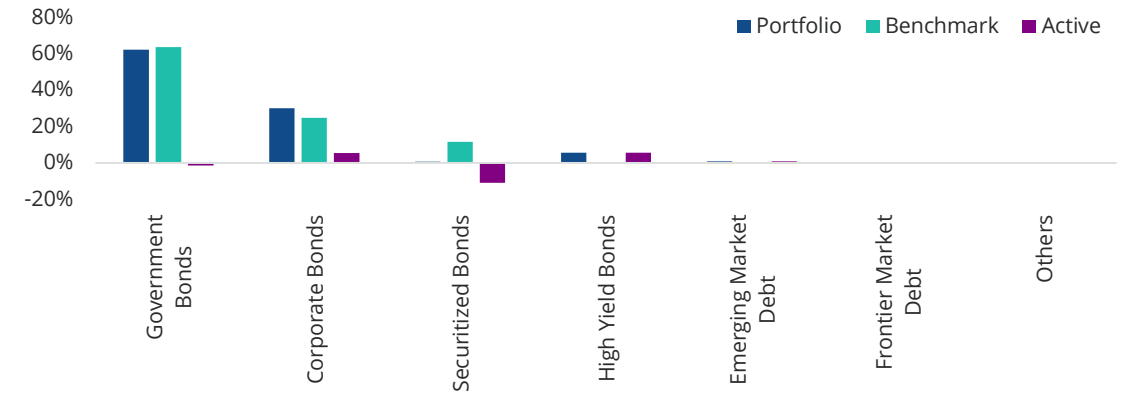
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

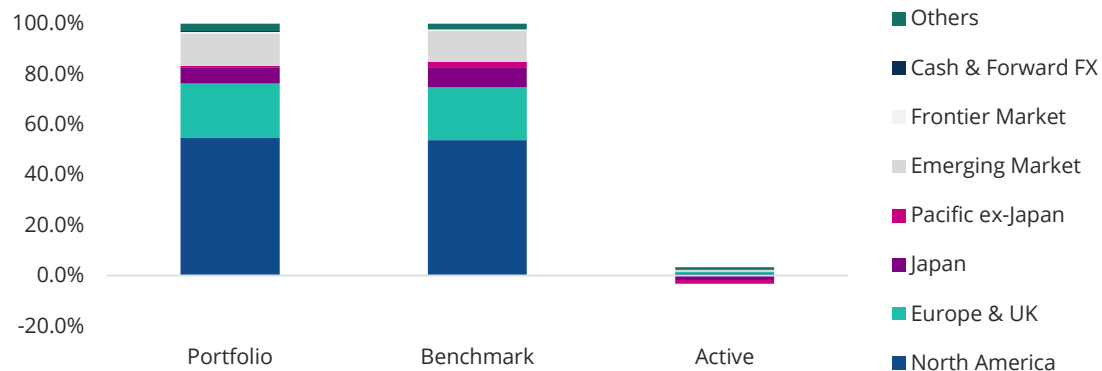


Fixed Income: Issuer Type

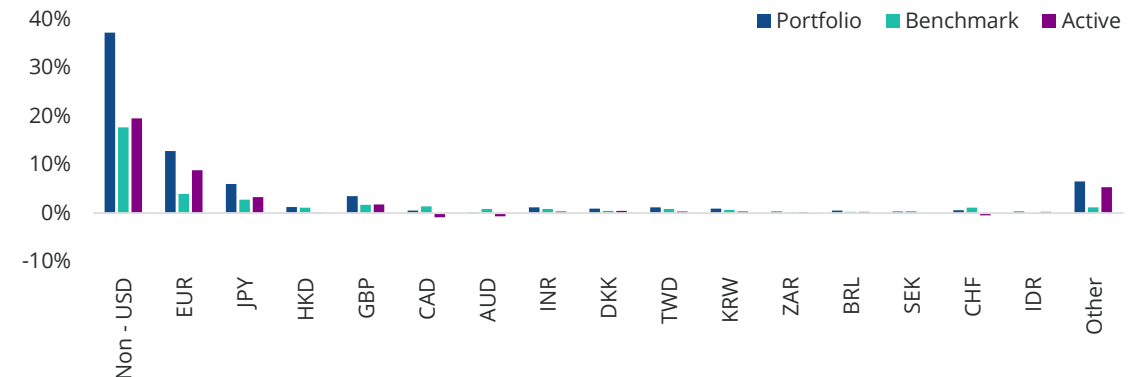


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



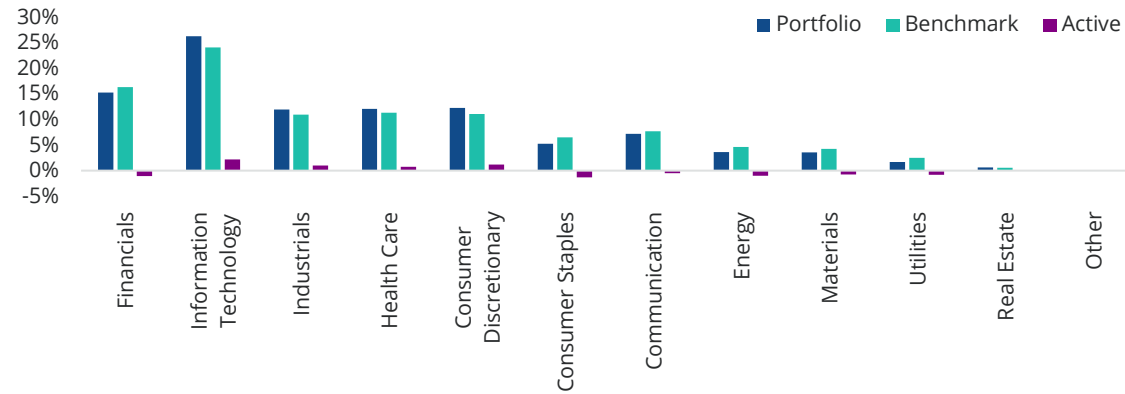
Total Portfolio: Currency allocation



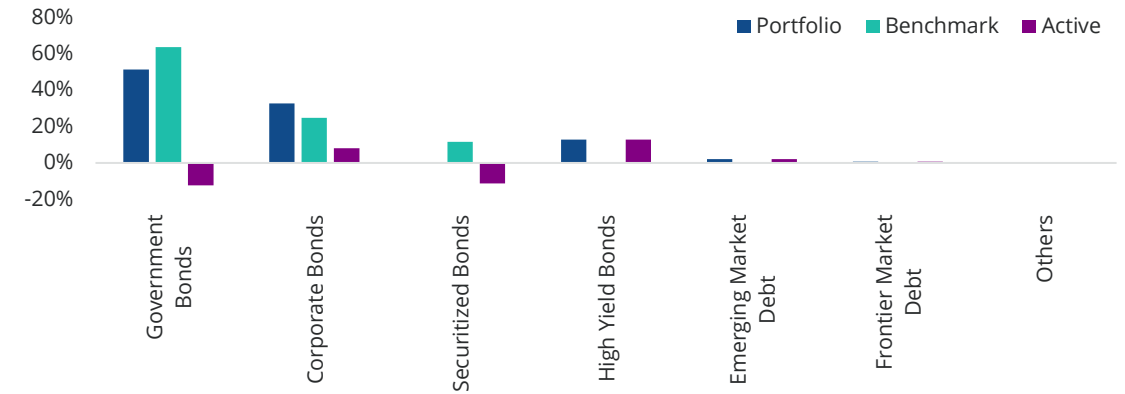
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

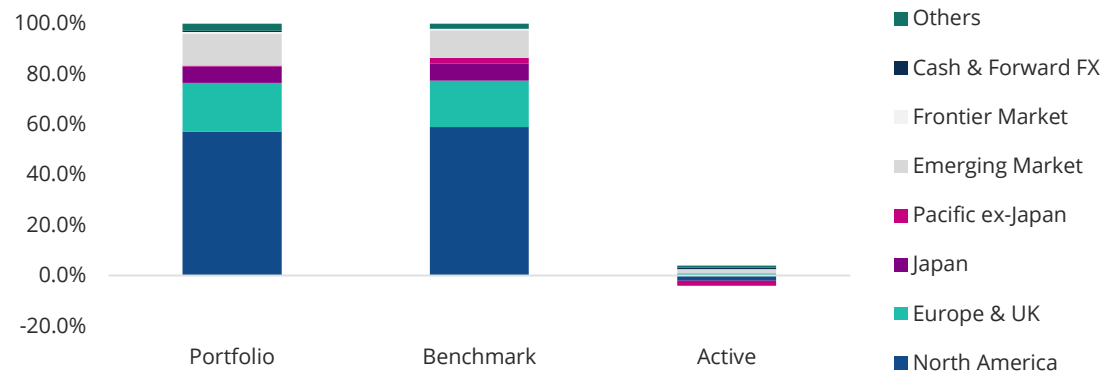


Fixed Income: Issuer Type

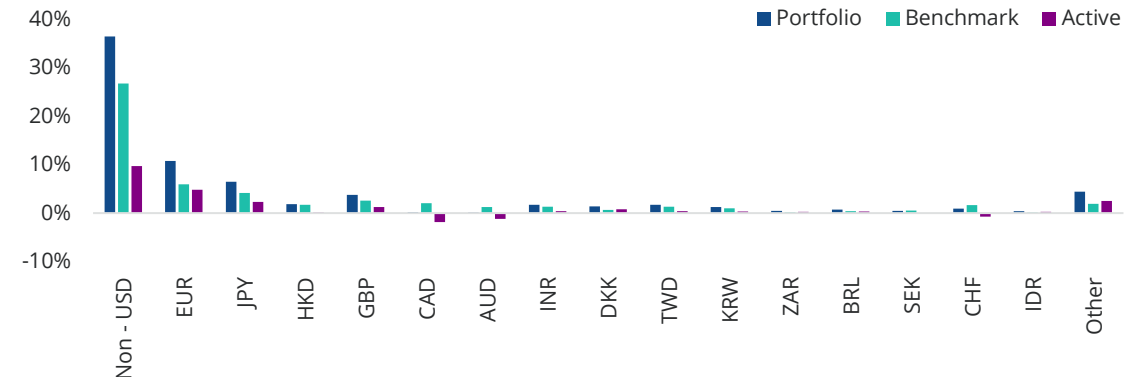


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



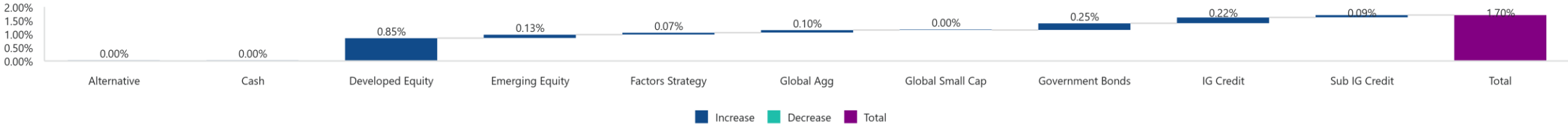
Total Portfolio: Currency allocation



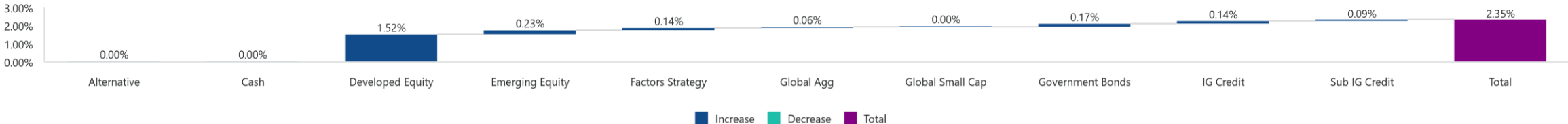
Performance Contribution | 1 Month

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

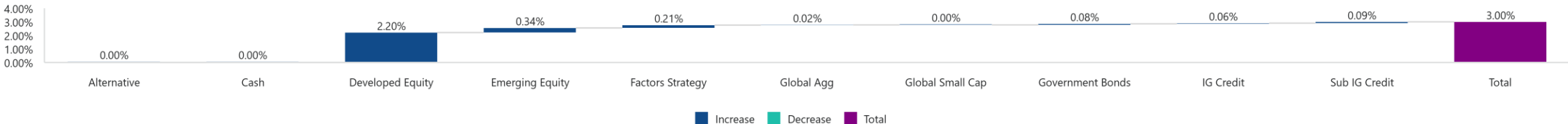
Cautious



Balanced



Growth

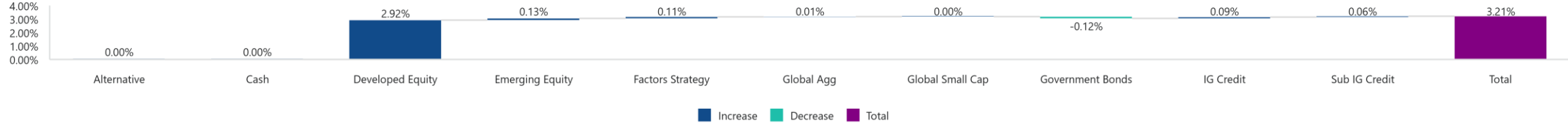


Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

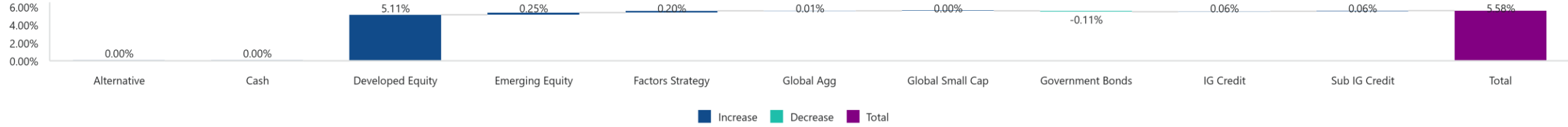
Performance Contribution | Year to Date

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

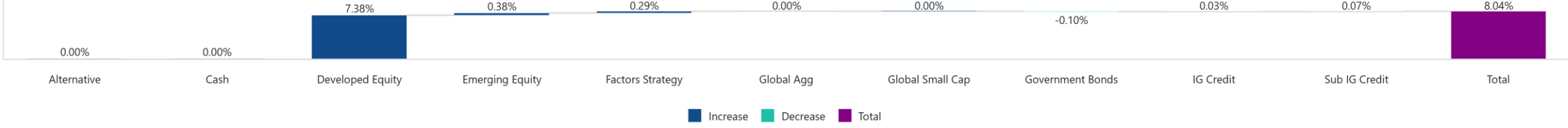
Cautious



Balanced



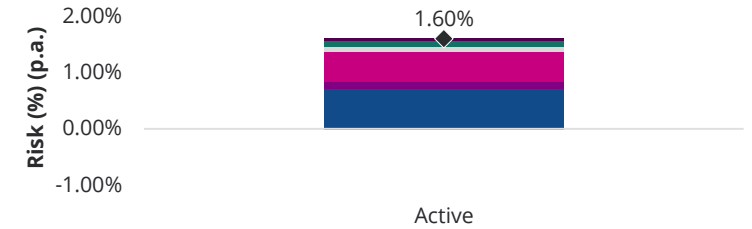
Growth



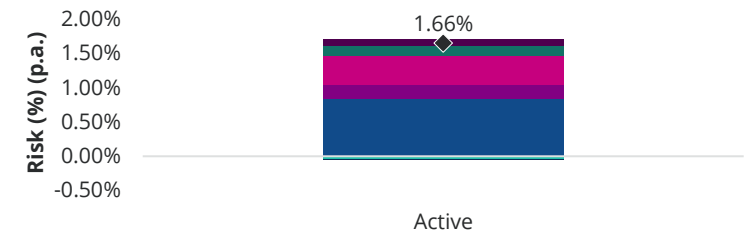
Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

Risk Review | Absolute & Relative

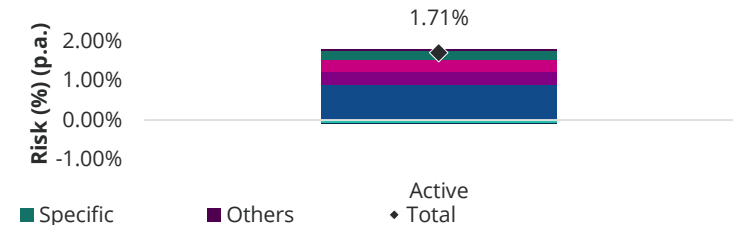
Cautious



Balanced



Growth

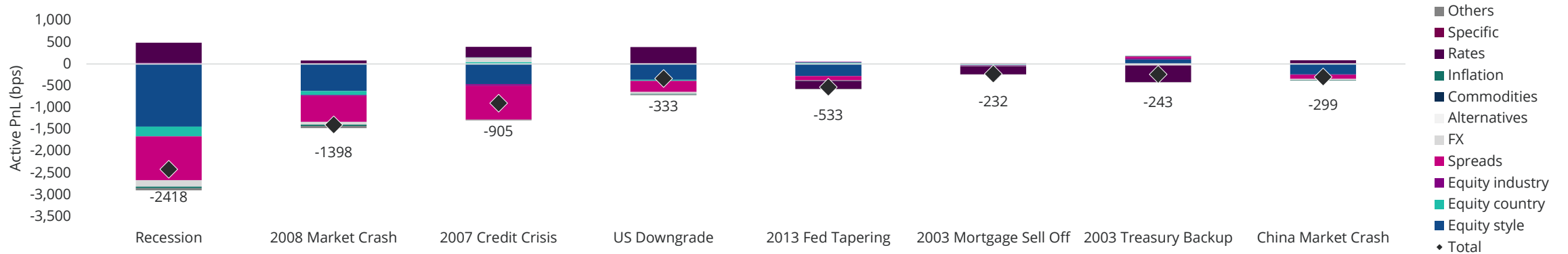


■ Equity style
 ■ Equity country
 ■ Equity industry
 ■ Spreads
 ■ FX
 ■ Alternatives
 ■ Rates
 ■ Specific
 ■ Others
 ◆ Total

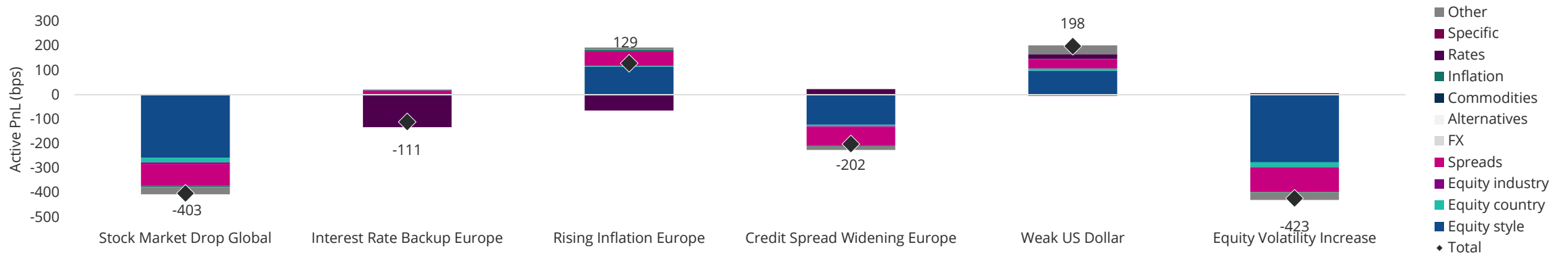
Risk Review | Scenario analysis

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 **Cautious Model Portfolio**

Historical scenarios



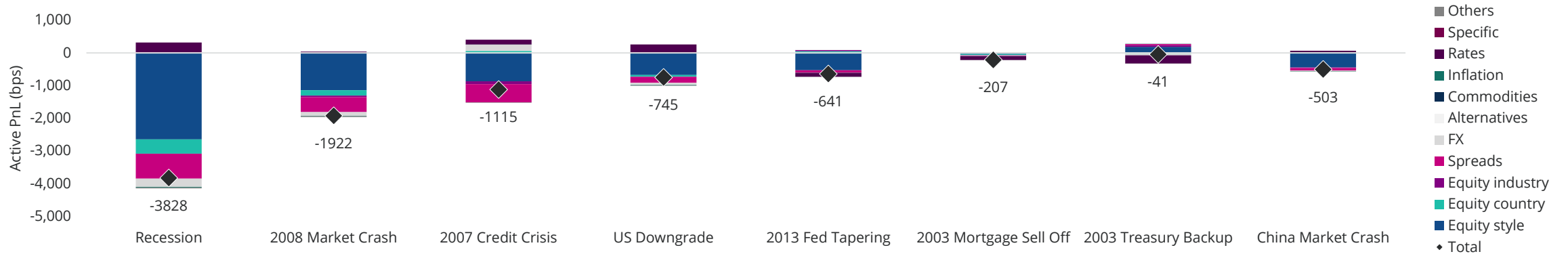
Forward-looking scenarios



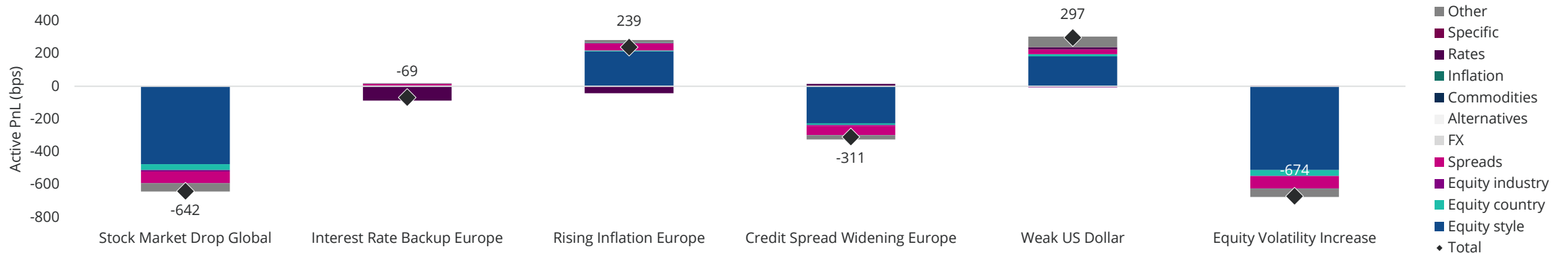
Risk Review | Scenario analysis

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 **Balanced Model Portfolio**

Historical scenarios



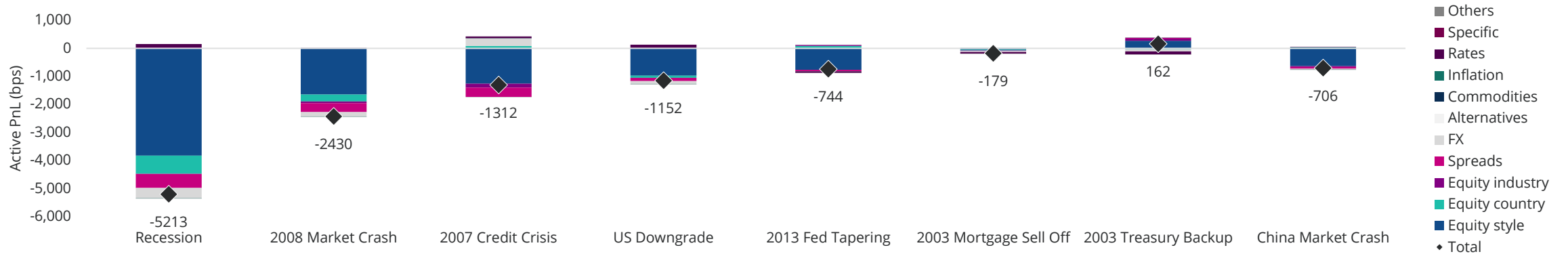
Forward-looking scenarios



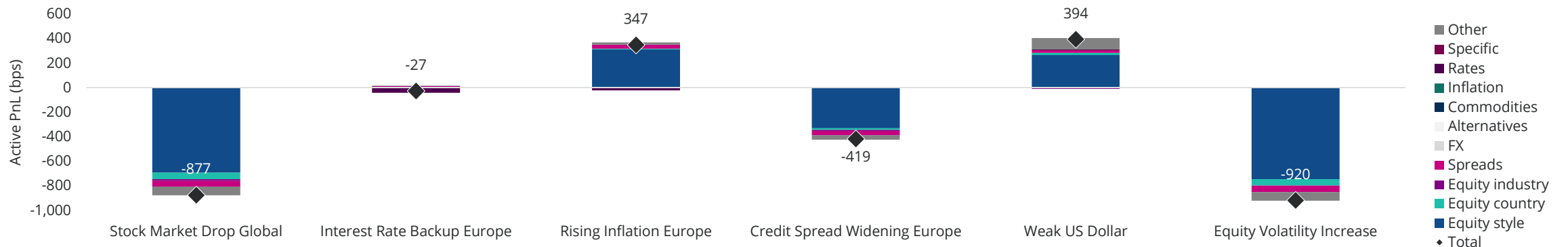
Risk Review | Scenario analysis

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 **Growth Model Portfolio**


Historical scenarios

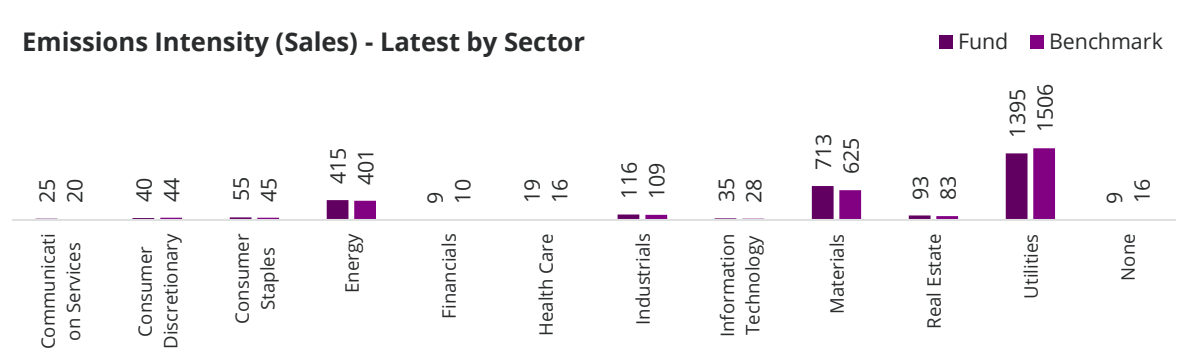
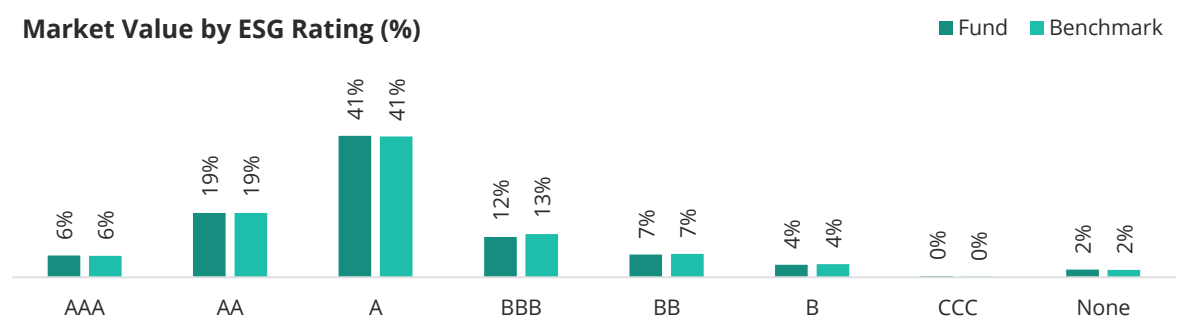
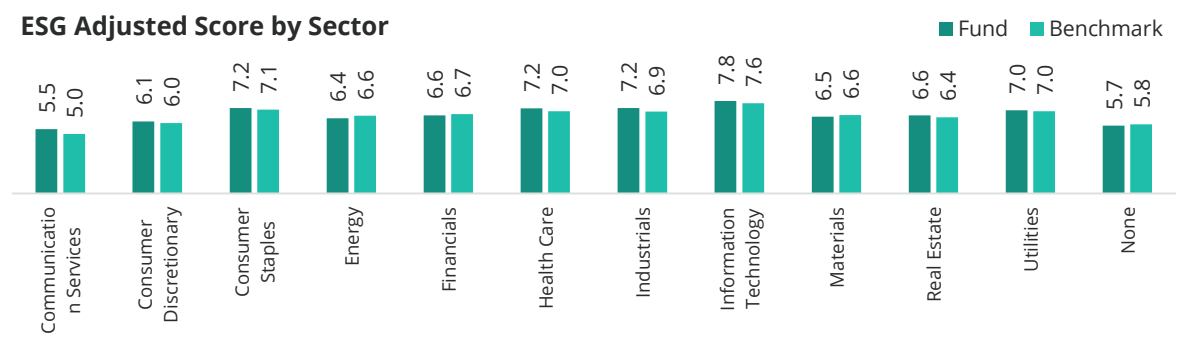


Forward-looking scenarios




Carbon and ESG Reporting | Cautious Model Portfolio

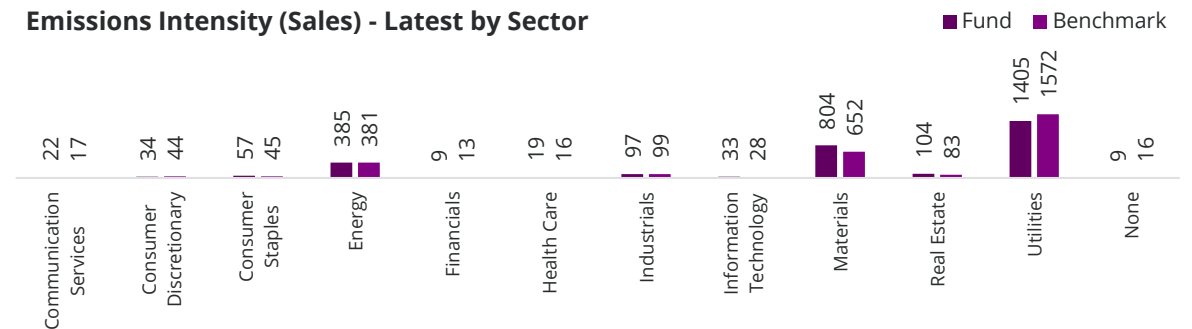
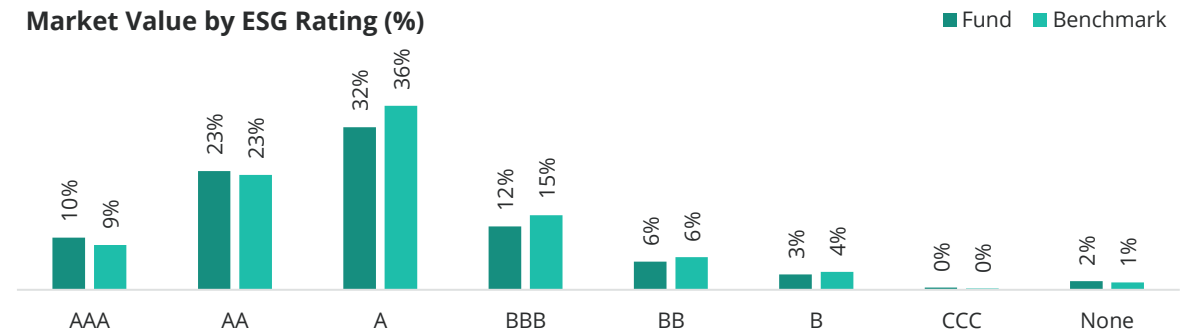
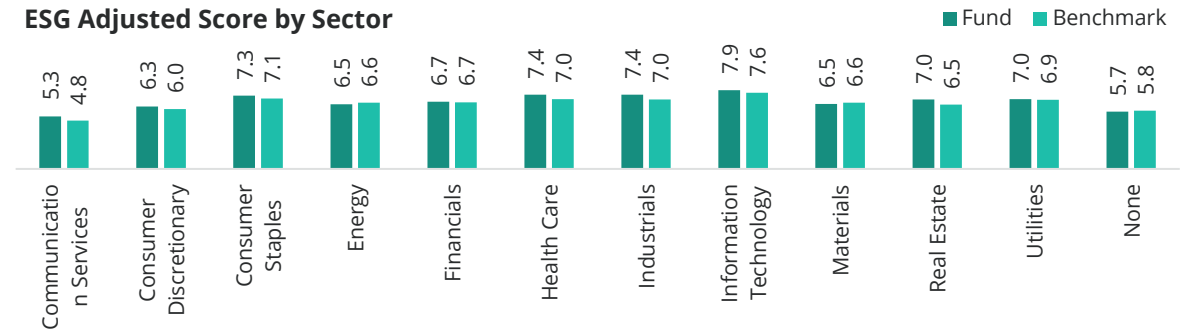
ESG	Portfolio Benchmark Active							
	ESG Coverage % Market Value	88.1%	88.9%					
	ESG Adjusted Score 0 (worst) - 10 (best)	6.3	6.3	0.0				
	Environment Score 0 (worst) - 10 (best)	6.1	6.2	0.0				
	Social Score 0 (worst) - 10 (best)	6.2	6.2	0.0				
	Governance Score 0 (worst) - 10 (best)	6.2	6.2	-0.1				
Active Risk Contribution by ESG Rating (bps)								
	-71	-151	-148	-103	-31	-22	-2	676
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
		Fund	Benchmark	Active				
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	98.9	93.4	5.9%				
Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	140.7	132.3	6.3%					



Source: Based on portfolio holdings data at 28 March 2024 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 ©2024 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

Carbon and ESG Reporting | Balanced Model Portfolio

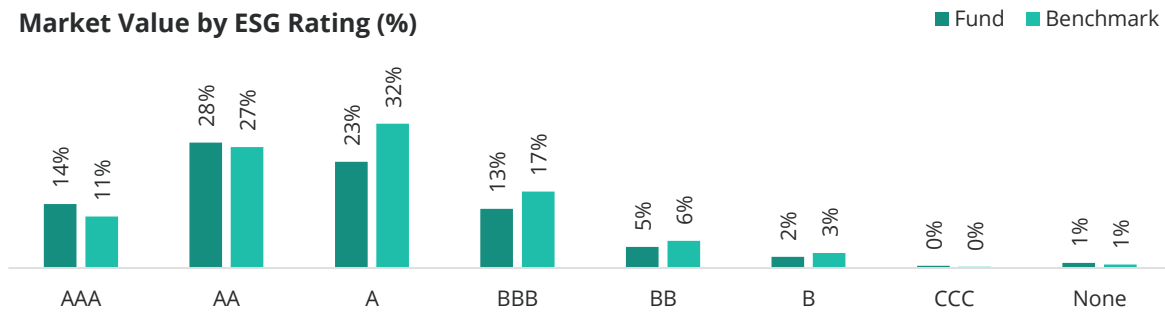
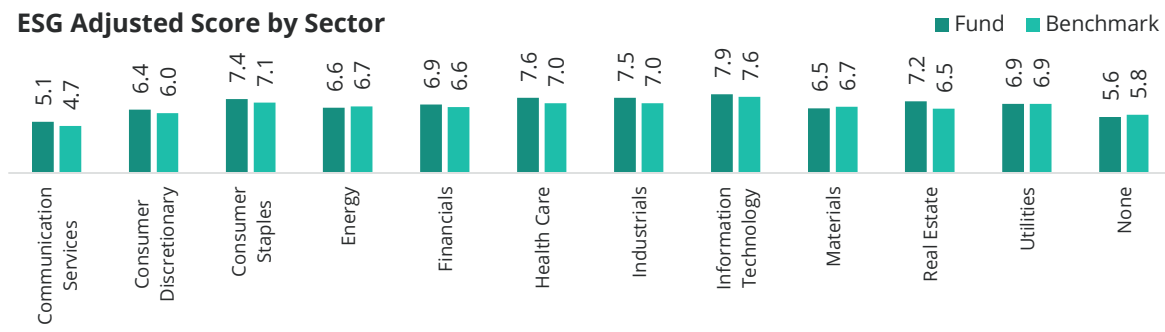
ESG	Portfolio Benchmark Active							
	ESG Coverage % Market Value	87.1%	92.6%					
	ESG Adjusted Score 0 (worst) - 10 (best)	6.6	6.5	0.1				
	Environment Score 0 (worst) - 10 (best)	6.3	6.3	0.0				
	Social Score 0 (worst) - 10 (best)	5.9	5.8	0.0				
	Governance Score 0 (worst) - 10 (best)	6.0	6.0	0.0				
Active Risk Contribution by ESG Rating (bps)			987					
	-130	-239	-223	-157	-49	-34	-3	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
		Fund	Benchmark	Active				
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	91.1	92.8	-1.8%				
Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	122.1	125.0	-2.3%					



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Carbon and ESG Reporting | Growth Model Portfolio

ESG	Portfolio Benchmark Active							
	ESG Coverage % Market Value	85.8%	96.2%					
	ESG Adjusted Score 0 (worst) - 10 (best)	6.9	6.6	0.3				
	Environment Score 0 (worst) - 10 (best)	6.5	6.5	0.0				
	Social Score 0 (worst) - 10 (best)	5.6	5.5	0.1				
	Governance Score 0 (worst) - 10 (best)	5.8	5.8	0.0				
Active Risk Contribution by ESG Rating (bps)			1250					
	-182	-310	-285	-200	-64	-45	-4	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
		Fund	Benchmark	Active				
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	88.3	92.6	-4.6%				
Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	111.2	120.9	-8.0%					



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Supporting Material

cogence

Portfolio Commentary

Cautious

The Portfolio returned 1.7% over the month outperforming its benchmark by 0.24%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 1.2%. Longer term, Since Inception returns sits at 2.66% p.a. Risk Assets extended their rally in March. Both Global Equities (+3.1%) and Global bonds(+0.9%) were up over the month. Emerging Markets underperformed developed equities. Japan continued to perform strongly, up C. 19% in 2024, Eurozone too had a strong month. Within Fixed Income, government rates generally moved lower with UK and German rates dropping by 19 and 11 bps while the move in US rates was relatively muted at 4bps. Within credit, Investment Grade spreads tightened marginally along with US high yield. European High yield on the other hand witnessed marginally spread tightening after strong performance in the last couple of months. Emerging Market debt (HC) also performed strongly while debt issued in local currency were flat. Both Manager Selection and Asset Allocation contributions were positive. Equity managers for US (BlackRock) and EM (Schroders) were the largest contributors followed by EMD HC (Payden) and Global Credit (PGIM). BlackRock continental equity and GQG US equity partially detracted over the month. On Asset allocation front, our overweight to small caps and Value factor added to active returns, additionally the underweight to government bonds and overweight to Euro corporates and EMD HC further added to the active performance. On the negative side, our underweight to continental equity partially detracted. In March, we rebalanced our strategic exposures leveraging our latest capital market assumptions. Within fixed income, we trim our overweight to inflation-linked bonds, given that we see inflation as moderated, reducing carry. We also add to Global Investment Grade Credit. With spread levels relatively tight in this space, the overall income and the relatively shorter duration combines to give attractive risk-adjusted returns. We maintain our view on high-yield credit, adding to that across all three profiles. We also add slightly to cash across all three profiles. Within government bonds, we prefer shorter duration bonds and an underweight to the longer end which is implemented within US Treasuries. We also increase our allocation to European government bonds, which is funded out of the Global Government bond allocations. Finally, we reduce our allocation to EM debt across all three profiles. Within equities, we do not make any strategic changes based on our updated long-term capital market assumptions. The portfolio risk stands at 7.82% while active risk is around 1.6%.

Balanced

The Portfolio returned 2.35% over the month outperforming its benchmark by 0.32%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 1.5%. Longer term, Since Inception returns sits at 5.44% p.a. Risk Assets extended their rally in March. Both Global Equities (+3.1%) and Global bonds(+0.9%) were up over the month. Emerging Markets underperformed developed equities. Japan continued to perform strongly, up C. 19% in 2024, Eurozone too had a strong month. Within Fixed Income, government rates generally moved lower with UK and German rates dropping by 19 and 11 bps while the move in US rates was relatively muted at 4bps. Within credit, Investment Grade spreads tightened marginally along with US high yield. European High yield on the other hand witnessed marginally spread tightening after strong performance in the last couple of months. Emerging Market debt (HC) also performed strongly while debt issued in local currency were flat. Both Manager Selection and Asset Allocation contributions were positive. Equity managers for US (BlackRock) and EM (Schroders) were the largest contributors followed by EMD HC (Payden) and Global Credit (PGIM). BlackRock continental equity and GQG US equity partially detracted over the month. On Asset allocation front, our overweight to small caps and Value factor added to active returns, additionally the underweight to government bonds and overweight to Euro corporates and EMD HC further added to the active performance. On the negative side, our underweight to continental equity partially detracted. In March, we rebalanced our strategic exposures leveraging our latest capital market assumptions. Within fixed income, we trim our overweight to inflation-linked bonds, given that we see inflation as moderated, reducing carry. We also add to Global Investment Grade Credit. With spread levels relatively tight in this space, the overall income and the relatively shorter duration combines to give attractive risk-adjusted returns. We maintain our view on high-yield credit, adding to that across all three profiles. We also add slightly to cash across all three profiles. Within government bonds, we prefer shorter duration bonds and an underweight to the longer end which is implemented within US Treasuries. We also increase our allocation to European government bonds, which is funded out of the Global Government bond allocations. Finally, we reduce our allocation to EM debt across all three profiles. Within equities, we do not make any strategic changes based on our updated long-term capital market assumptions. The portfolio risk stands at 11.3% while active risk is around 1.66%.

Growth

The Portfolio returned 3.0% over the month outperforming its benchmark by 0.42%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 1.93%. Longer term, Since Inception returns sits at 8.12% p.a. Risk Assets extended their rally in March. Both Global Equities (+3.1%) and Global bonds(+0.9%) were up over the month. Emerging Markets underperformed developed equities. Japan continued to perform strongly, up C. 19% in 2024, Eurozone too had a strong month. Within Fixed Income, government rates generally moved lower with UK and German rates dropping by 19 and 11 bps while the move in US rates was relatively muted at 4bps. Within credit, Investment Grade spreads tightened marginally along with US high yield. European High yield on the other hand witnessed marginally spread tightening after strong performance in the last couple of months. Emerging Market debt (HC) also performed strongly while debt issued in local currency were flat. Both Manager Selection and Asset Allocation contributions were positive. Equity managers for US (BlackRock) and EM (Schroders) were the largest contributors followed by EMD HC (Payden) and Global Credit (PGIM). BlackRock continental equity and GQG US equity partially detracted over the month. On Asset allocation front, our overweight to small caps and Value factor added to active returns, additionally the underweight to government bonds and overweight to Euro corporates and EMD HC further added to the active performance. On the negative side, our underweight to continental equity partially detracted. In March, we rebalanced our strategic exposures leveraging our latest capital market assumptions. Within fixed income, we trim our overweight to inflation-linked bonds, given that we see inflation as moderated, reducing carry. We also add to Global Investment Grade Credit. With spread levels relatively tight in this space, the overall income and the relatively shorter duration combines to give attractive risk-adjusted returns. We maintain our view on high-yield credit, adding to that across all three profiles. We also add slightly to cash across all three profiles. Within government bonds, we prefer shorter duration bonds and an underweight to the longer end which is implemented within US Treasuries. We also increase our allocation to European government bonds, which is funded out of the Global Government bond allocations. Finally, we reduce our allocation to EM debt across all three profiles. Within equities, we do not make any strategic changes based on our updated long-term capital market assumptions. The portfolio risk stands at 15% while active risk is around 1.7%.

ESG Methodology and Assumptions

	Metric	Methodology	Interpretation
ESG	ESG Score (Adjusted)	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.
	Environment Score	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).
	Social Score	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).
	Governance Score	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	Emissions Financed (metric tonnes / \$ million total capital)	$\sum \left(\frac{\text{Scope 1 \& 2 GHG Emissions}}{\text{Total Capital}} \right)$	Emissions normalized by total capital (total debt + total equity). With every million dollar invested x metric tons of emissions are financed.
	Emissions Intensity (metric tonnes / \$ million sales)	$\sum \left(\frac{\text{Scope 1 \& 2 GHG Emissions}}{\text{Total Sales}} \right)$	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

Historical Scenario Test Analysis | Scenario Descriptions

Scenario	Scenario Description
Recession	Represents the largest market drawdown of the financial crisis of the period. December 2007 to March 2009.
Crash 2008	Performance during the year 2008.
Crash 2007	Performance during the year 2007.
US Downgrade	Period starts with 50% chance of US downgrade indication from S&P Standards and ends with Operational Twist announcement by Fed.
2013 Fed Tapering	Tapering Talks stirred the market since Congress Testimony by Bernanke with both equity and bond markets sold off.
2003 Mortgage Sell Off	Mortgage sell off of 2003.
2003 Treasury Backup	Backup of treasuries in 2003.
China Market Crash	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
Stock Market Drop Global	Global Stock markets are shocked with a one percentile drawdown.
Interest Rate Backup Europe	European Rates are shocked with a one percentile increase.
Rising Inflation Europe	European Inflation is shocked with a one percentile increase.
Credit Spread Widening Europe	Credit Spreads for European Corporate bonds are shocked with a one percentile Credit Spread Widening.
Weak US Dollar	US Dollar is shocked with one a percentile drop.
Equity Volatility Increase	Equity Volatility is shocked with one a percentile increase.

Glossary of Terms | Risk Exposures

Term	Description
Equities	Measures the contribution to risk from holding equities in the portfolio.
FX	Measures the contribution to risk from unhedged non GBP currency exposure
Specific	Idiosyncratic risk; that is, risk due to the unique circumstances of a particular security and not the market as a whole.
Alternatives	Measures the contribution to risk from holding alternative asset classes such as property, hedge funds or illiquid assets.
Interest Rates	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.
Spreads	Measures the contribution to risk from holding corporate bonds and swaps in the portfolio.
US Interest Rates	Measures contribution to risk from exposure to US interest rates.
Inflation	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.
Others	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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