

# **Cogence Global Growth Portfolios** Monthly Strategy Report

BlackRock Multi-Asset Strategies & Solutions | October 2023

**cogence**

# Executive Summary

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

		01 Conservative			02 Moderate			03 Growth		
		Portfolio	Benchmark <sup>2</sup>	Active	Portfolio	Benchmark <sup>3</sup>	Active	Portfolio	Benchmark <sup>4</sup>	Active
Performance	Month	-1.23%	-1.28%	0.05%	-1.96%	-1.86%	-0.10%	-2.67%	-2.43%	-0.24%
	3 Months	-4.44%	-4.35%	-0.10%	-6.32%	-6.12%	-0.20%	-8.14%	-7.88%	-0.25%
	Year-to-date	1.67%	2.02%	-0.35%	3.23%	3.63%	-0.40%	4.76%	5.21%	-0.45%
	Since inception <sup>5</sup>	-0.66%	-	-	1.05%	-	-	2.64%	-	-
Risk	Ex-ante Risk <sup>1</sup>	7.42%	6.11%	1.54%	10.69%	9.39%	1.46%	14.20%	13.00%	1.40%
ESG	ESG Adjusted Score	6.2	6.2	0.0	6.2	6.4	-0.2	6.8	6.6	0.2
	Carbon Emission Intensity	142.9	145.8	-2.0%	142.9	141.2	1.3%	112.5	138.5	-18.8%

## Monthly Market Commentary

Risk assets performance has continued to be challenging in October. Developed Equity lost 2.6% in local currency terms whereas the EM equity lost 3.6% underperforming developed equity by c. 1%. On the fixed income side, rates continue to rise for most government bonds, most notably the US treasuries which saw an increase of 0.34% over the month. Over 2023, US 10 year rate has risen by more than 1%. Within credit both Investment Grade and High Yield saw a slight widening in spreads in addition to the rate increases. Performance for emerging market debt was more muted as spreads remained stable over the month.

In line with the benchmarks the portfolios were down over the month. Moderate and Aggressive portfolios underperformed their benchmarks by 0.10% and 0.24% respectively while the conservative portfolio marginally outperformed its benchmark. On a rolling 3 month basis, the portfolios are lagging their respective benchmarks by 0.1% to 0.25%.

Manager selection detracted while asset allocation contributed positively over the month. Within Asset allocation underweight to nominal government bonds was a positive contributor along with the overweight to Equity which made marginal contributions to active returns. In manager selection, Equity managers underperformed their benchmarks. Both US and European managers detracted while emerging market equity manager partially offset the losses.

Over October the portfolios were rebalanced twice. In Aggregate we increased the allocation to US Equity funding the trades from Minimum volatility equity strategy and Emerging Markets, overall, marginally reducing our allocation to equity. On the fixed income side, we express a preference for European assets (both government and corporates), funding out of cash and shorter term treasuries. We also reallocate within the US rates curve allocating more to the bonds maturing between 3 and 7 years.

The three portfolios continue to be positioned with a slight risk on generating an active risk between 1.4% and 1.54%.

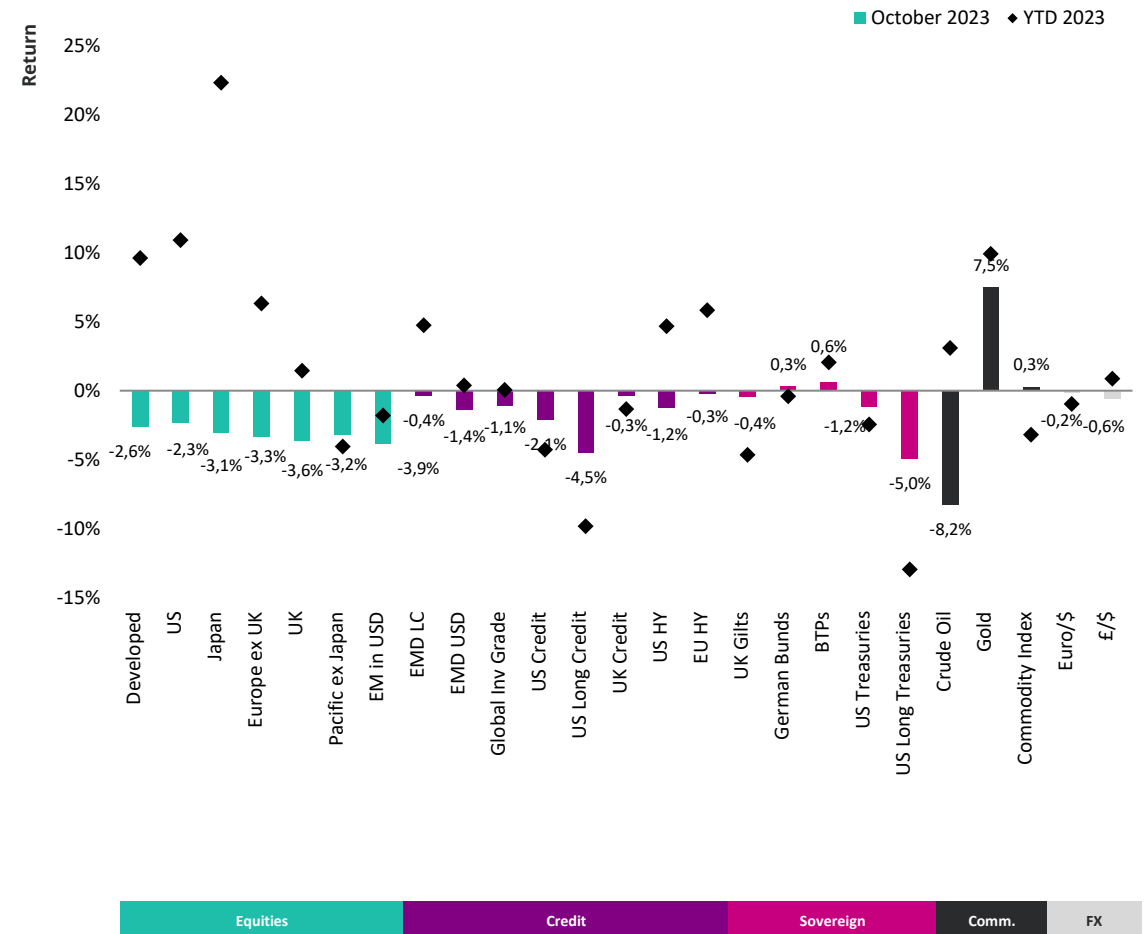
1Risk based on 230 exponentially weighted monthly observations (36 month half life). 2Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Index (USD Hedged). 3Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate 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 October 2023

## Monthly Market Commentary

- Global markets demonstrated broadly negative returns over October. Equity prices were pushed down by concerns that US interest rates remain higher for longer. This was exacerbated further by concerns over the Middle East conflict. Bond prices also fell during the month. Developed market equities were down 2.6% over the month. At a regional level, European equities returned -3.3%, while US equities and Japanese equities ended the month at -2.3% and -3.1% respectively. Emerging markets decreased by 3.9%. During the month, developed market bonds delivered mixed returns. US treasuries and UK gilts both decreased by 1.2% and 0.4% respectively. In currencies, the Euro depreciated by 0.2% relative to the USD, while Sterling depreciated by 0.6% against the USD.
- In the US, a tighter policy stance is likely to remain longer than expected. Headline inflation remained at 3.7% year-on-year, while the core inflation reading fell to 4.1% in September. The US economy expanded at an annualized rate of 4.9% in Q3 2023 mainly driven by consumer spending. The ECB kept interest rates unchanged at a record high. Headline inflation fell to 2.9% from 4.3% year-on-year, while core inflation declined to 4.2% year-on-year in October. Inflation returning closer to ECB's target increased expectations that this rate-hiking cycle may be over. In the UK, headline inflation remained unchanged at 6.7% year-on-year in September, while core inflation dropped to 6.1% year-on-year.
- Fixed income markets showed negative returns overall. US 10-year yields rose from 4.57% to 4.91%, with the two-year rising from 5.05% to 5.07%. Germany's 10-year yield fell from 2.84% to 2.81%, whilst the 2-year yield fell from 3.21% to 3.07%. The UK 10-year yields rose from 4.44% to 4.52%, while the 2-year yield fell from 4.90% to 4.78%. Both US and European high yield delivered negative results. Global investment grade credit performed negatively. Emerging market debt performed negatively in both local currency and in USD. Commodities delivered mixed returns, with crude oil falling by 8.2% while gold appreciated by 7.5%.

## 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 31 October 2023. All performance numbers in local currency unless otherwise stated.

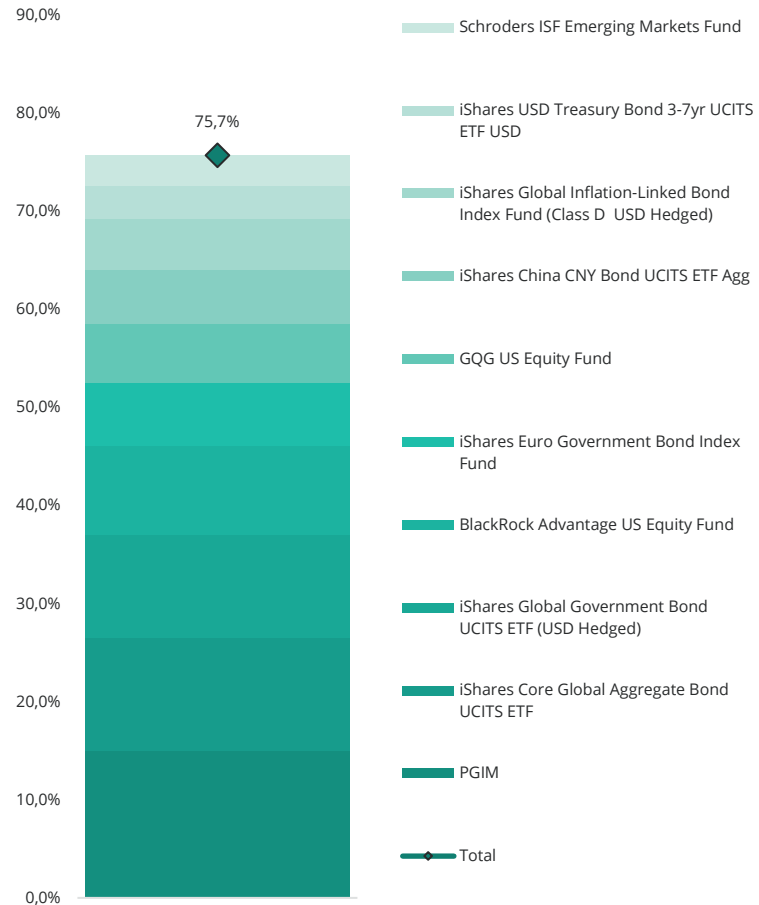
# Asset Allocation Review

Asset Class		Conservative		Moderate		Growth	
		Oct-23	Change	Oct-23	Change	Oct-23	Change
<b>Equity</b>		<b>27.00%</b>	<b>-0.50%</b>	<b>52.00%</b>	<b>-0.50%</b>	<b>77.00%</b>	<b>-0.50%</b>
US Equities	iShares MSCI USA ESG Enhanced UCITS ETF	1.00%	1.00%	11.00%	2.10%	19.40%	2.10%
	BlackRock Advantage US Equity Fund	9.00%	1.10%	12.20%	0.00%	16.30%	0.00%
	GQG US Equity Fund	6.00%	0.00%	8.00%	0.00%	10.50%	0.00%
UK Equities	iShares FTSE 100 ETF, USD Un-hedged	0.90%	0.00%	1.70%	0.00%	2.60%	0.00%
European Equities	BGF Continental European Flexible Fund, USD Unhedged	2.00%	0.20%	5.30%	0.20%	8.60%	0.20%
Japan Equities	iShares MSCI Japan ESG Enhanced UCITS ETF (Unhedged)	1.70%	0.20%	3.30%	0.20%	4.90%	0.20%
Emerging Equities	iShares MSCI EM ESG Enhanced UCITS ETF	1.00%	-1.00%	1.00%	-1.00%	1.00%	-1.00%
	Schroders ISF Emerging Markets Fund	3.10%	0.00%	6.00%	0.00%	8.90%	0.00%
Global Small Cap Equities	American Century Global Small Cap Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
World Value	iShares Edge MSCI World Value ETF	1.30%	0.00%	2.50%	0.00%	3.80%	0.00%
World Minimum Volatility	iShares Edge MSCI World Minimum Volatility ESG...	1.00%	-2.00%	1.00%	-2.00%	1.00%	-2.00%
<b>Fixed Income</b>		<b>73.00%</b>	<b>3.60%</b>	<b>48.00%</b>	<b>3.60%</b>	<b>23.00%</b>	<b>3.40%</b>
Global Agg Bonds	iShares Core Global Aggregate Bond UCITS ETF	11.50%	0.00%	7.00%	0.00%	0.00%	-2.00%
Global Government Bonds	iShares Global Government Bond UCITS ETF	10.50%	-3.00%	3.50%	-3.00%	0.00%	0.00%
Euro Government Bonds	iShares Euro Government Bond Flex UCITS ETF (EUR Hedged)	6.50%	4.50%	5.50%	4.50%	3.80%	3.80%
US Short Treasuries	iShares \$ Treasury Bond 1-3yr ETF	1.80%	-1.50%	0.30%	-1.50%	0.00%	0.00%
	iShares USD Treasury Bond 3-7yr UCITS ETF USD	3.30%	3.30%	2.10%	2.10%	0.80%	0.80%
	iShares USD Treasury Bond 7-10yr UCITS ETF USD	2.20%	-1.10%	2.00%	0.50%	0.50%	0.50%
US Treasuries	iShares USD Treasury Bond 20+ yr UCITS ETF USD	0.40%	0.40%	0.00%	0.00%	0.00%	0.00%
UK Gilts	iShares Core UK Gilts UCITS ETF USD	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%
Global Inflation Linked Bonds	iShares Global Inflation-Linked Bond Index Fund	5.30%	-1.50%	4.10%	-1.50%	2.80%	-1.20%
Global Credit	PGIM Global Investment Grade	15.00%	0.00%	9.50%	0.00%	3.80%	0.00%
Euro Credit	iShares Core Euro Corporate Bond UCITS ETF (USD Hedged)	2.00%	2.00%	2.00%	2.00%	1.50%	1.50%
Global High Yield	Wellington Global High Yield Bond Fund	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%
EMD HC	Payden Emerging Market Debt HC Fund	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%
EMD LC	Neuberger Berman Emerging Market Debt Local Currency Fund	3.00%	0.00%	3.00%	0.00%	3.00%	0.00%
China Bonds	iShares China CNY Bond UCITS ETF (USD Hedged)	5.50%	0.50%	3.00%	0.50%	0.80%	0.00%
<b>Cash</b>		<b>0.00%</b>	<b>-3.10%</b>	<b>0.00%</b>	<b>-3.10%</b>	<b>0.00%</b>	<b>-2.90%</b>
USD Cash	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier	0.00%	-3.10%	0.00%	-3.10%	0.00%	-2.90%
<b>Alternatives</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>
Gold	iShares Physical Gold ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>	

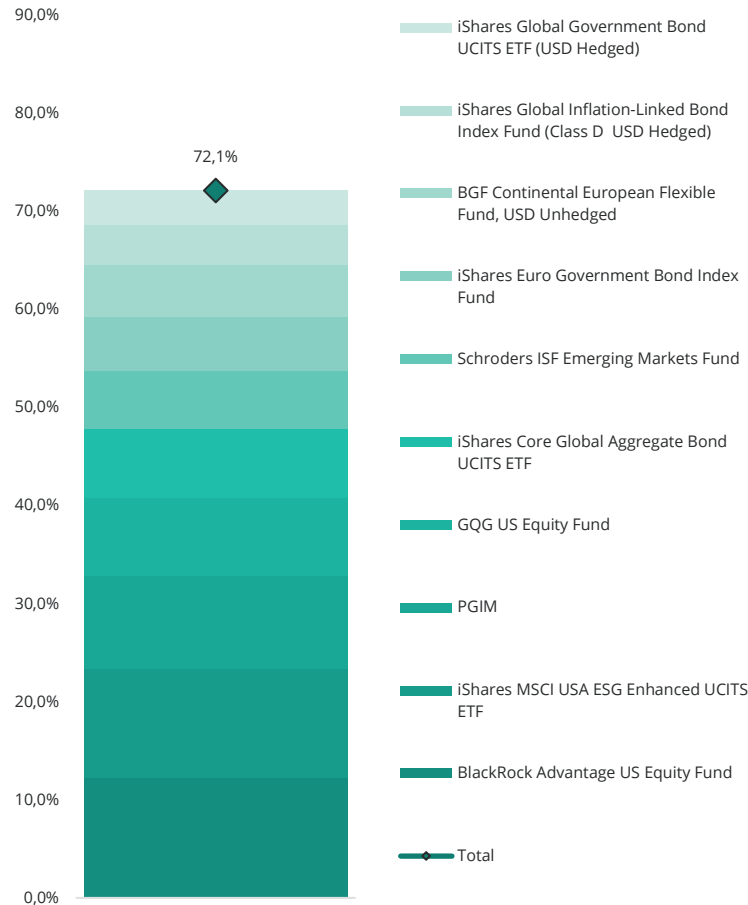
Source: BlackRock, 31 October 2023. Performance and valuations rounded where appropriate, hence totals may not sum. \*Positions shown are as off end of the month and included market drift from the last rebalance.

# Asset Allocation | Top 10 Holdings

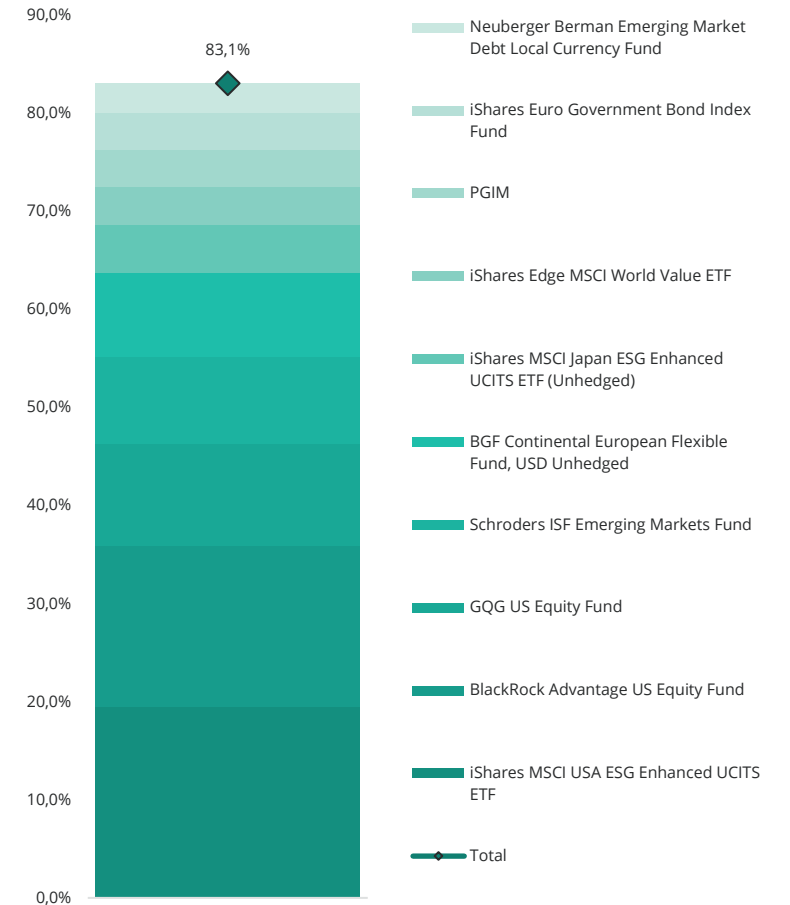
## Conservative



## Balanced



## Aggressive

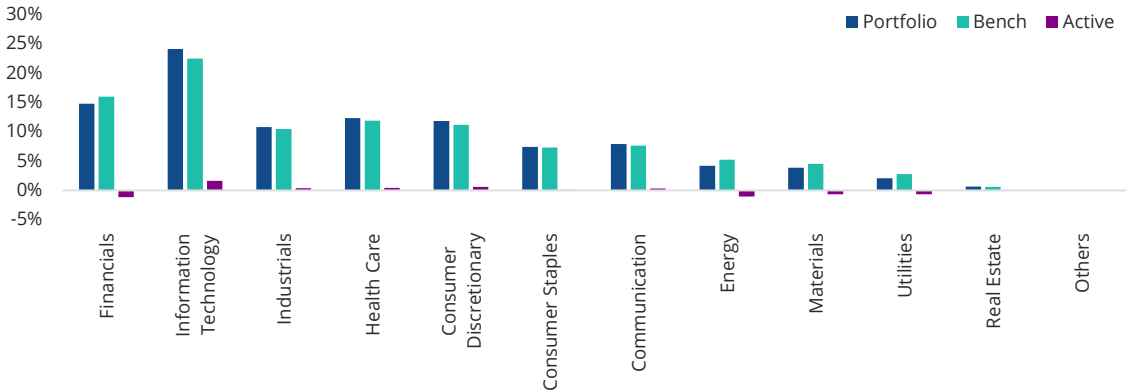


Source: BlackRock, 31 October 2023. Performance and valuations rounded where appropriate, hence totals may not sum. Positions shown are as off end of the month and included market drift from the last rebalance.

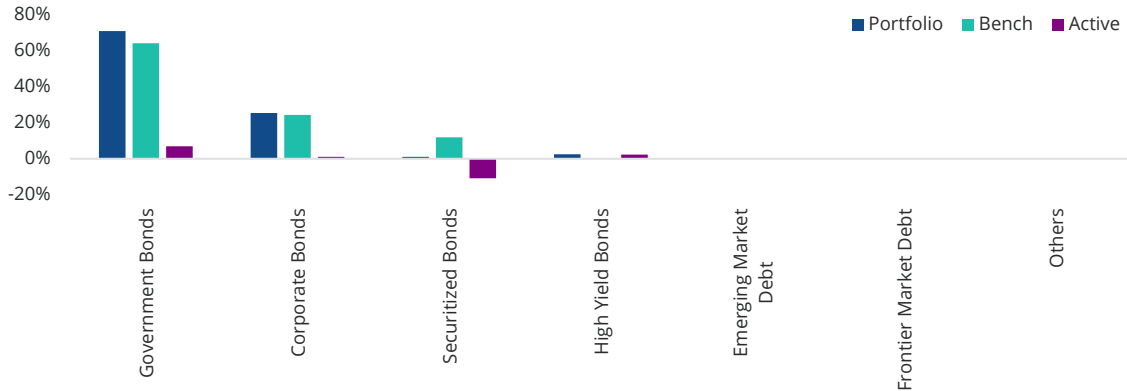
# Asset Allocation Review | Look-Through Analysis

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

## Equities: Sector allocation

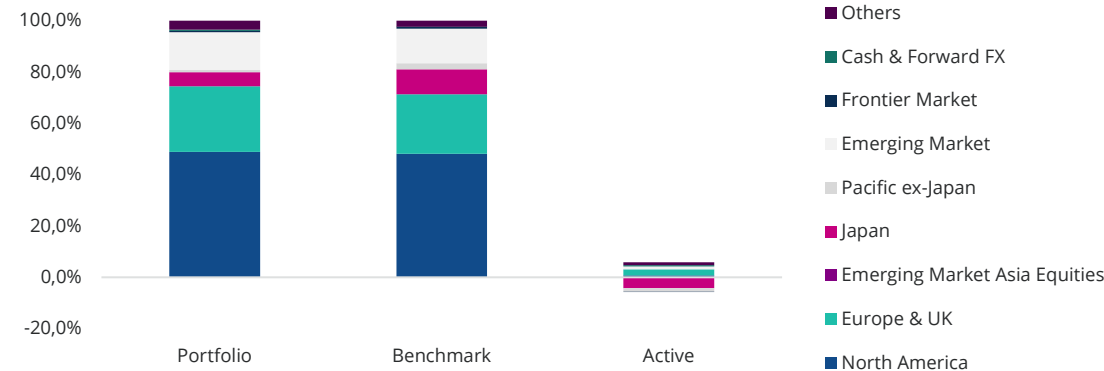


## Fixed Income: Issuer Type

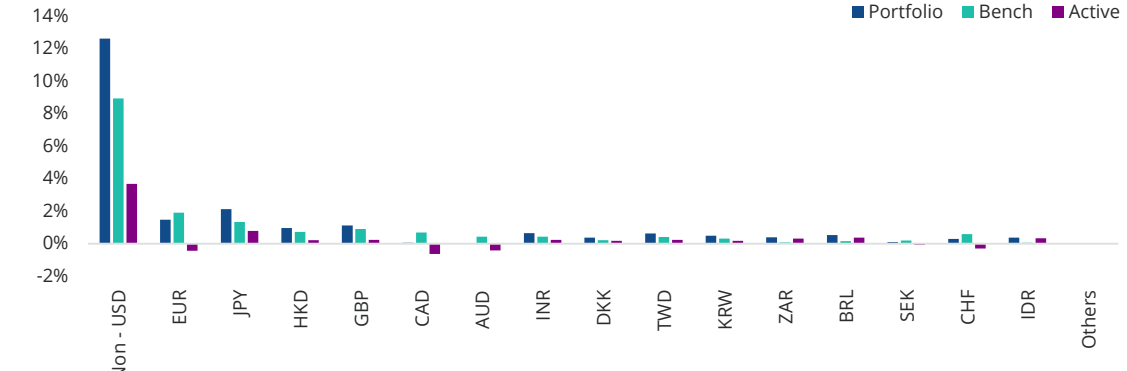


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

## Total Portfolio: Country allocation



## Total Portfolio: Currency allocation

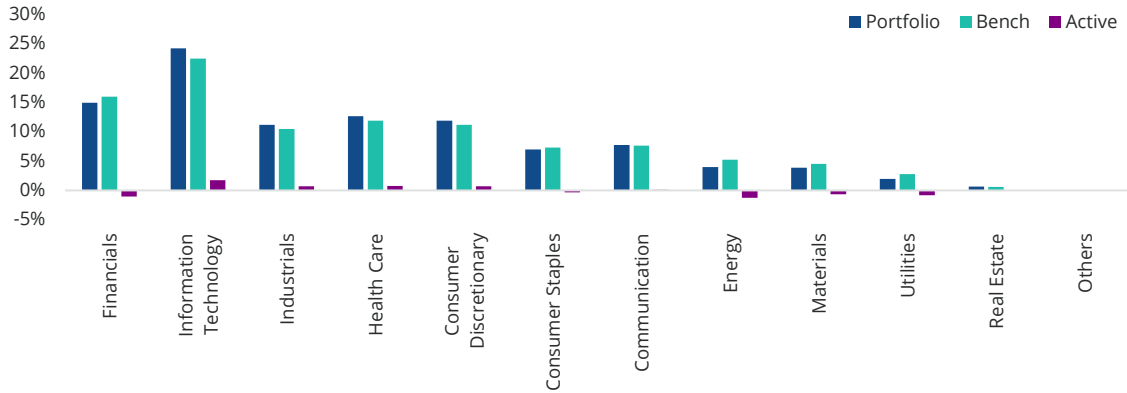


BlackRock, Data as of 31 October 2023. Figures are based on unaudited values. Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Aggregate Index (USD Hedged).

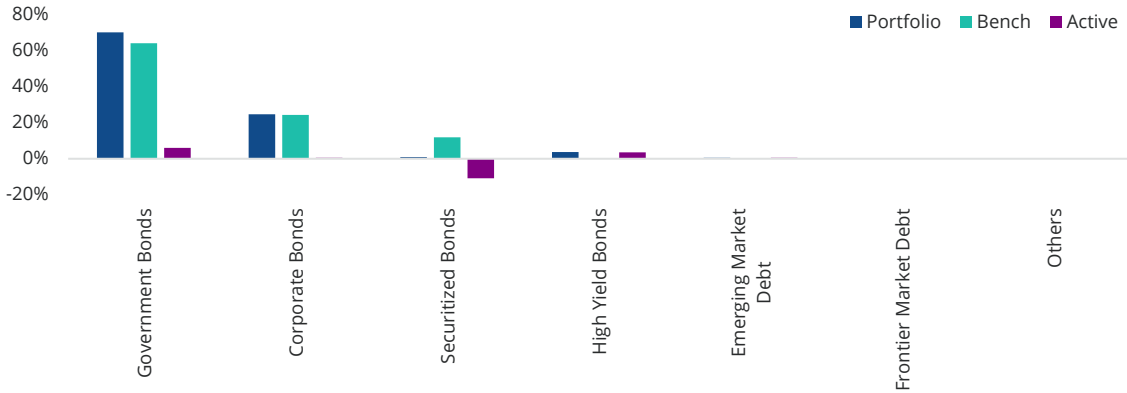
# Asset Allocation Review | Look-Through Analysis

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

## Equities: Sector allocation

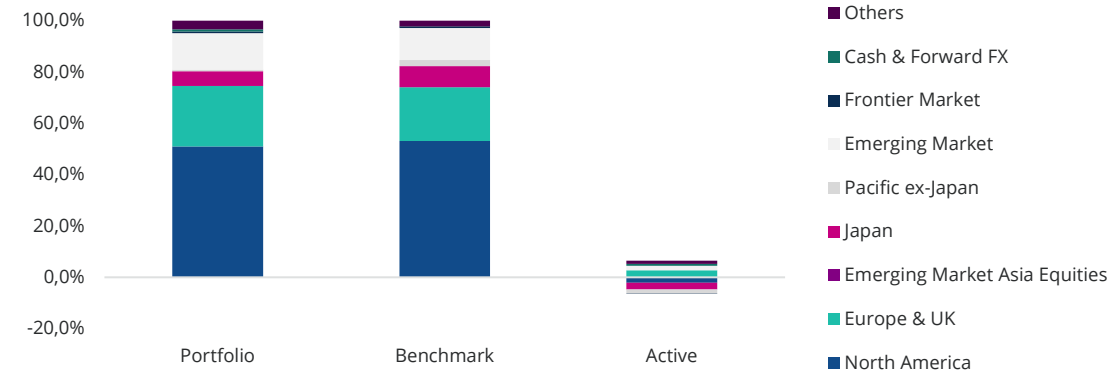


## Fixed Income: Issuer Type

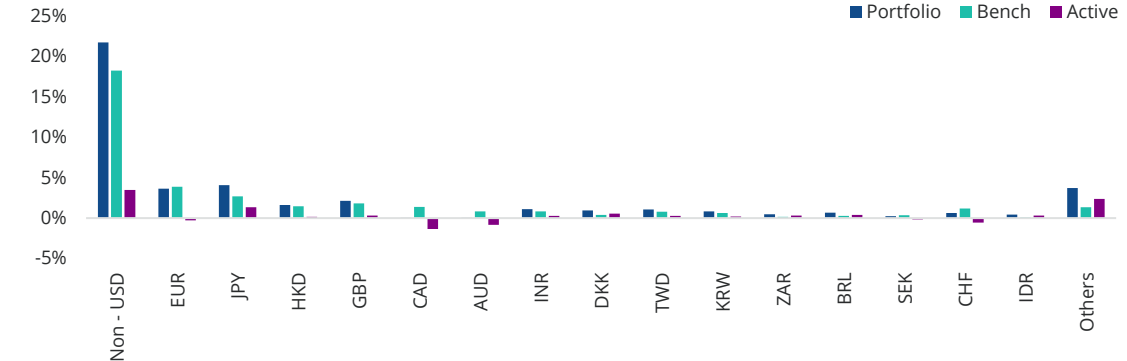


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

## Total Portfolio: Country allocation



## Total Portfolio: Currency allocation

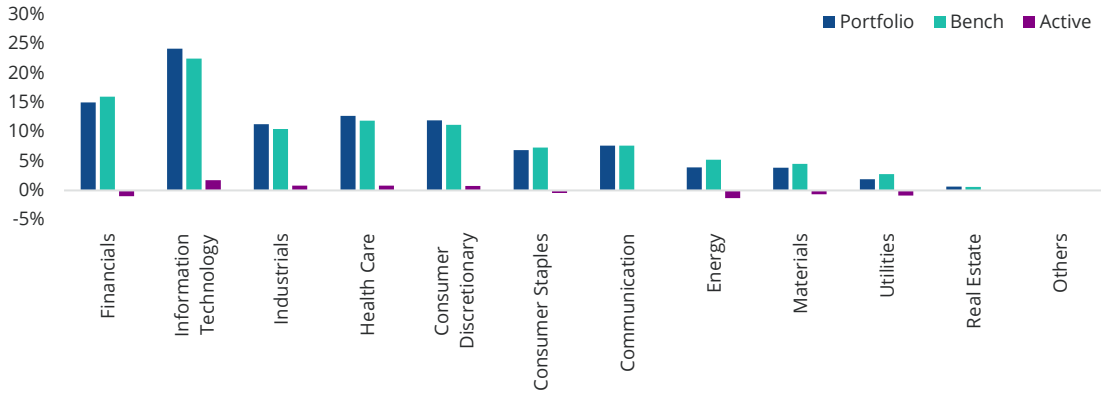


BlackRock Data as of 31 October 2023. Figures are based on unaudited values. Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate Index (USD Hedged).

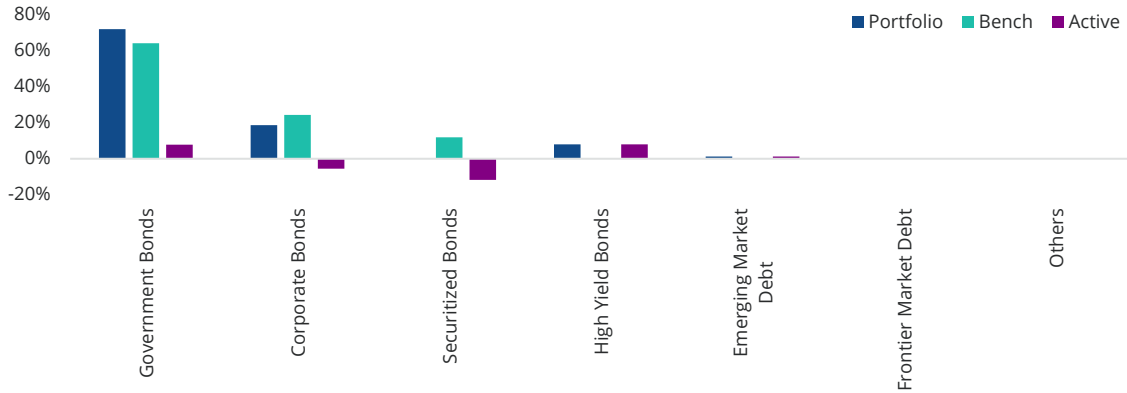
# Asset Allocation Review | Look-Through Analysis

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

## Equities: Sector allocation

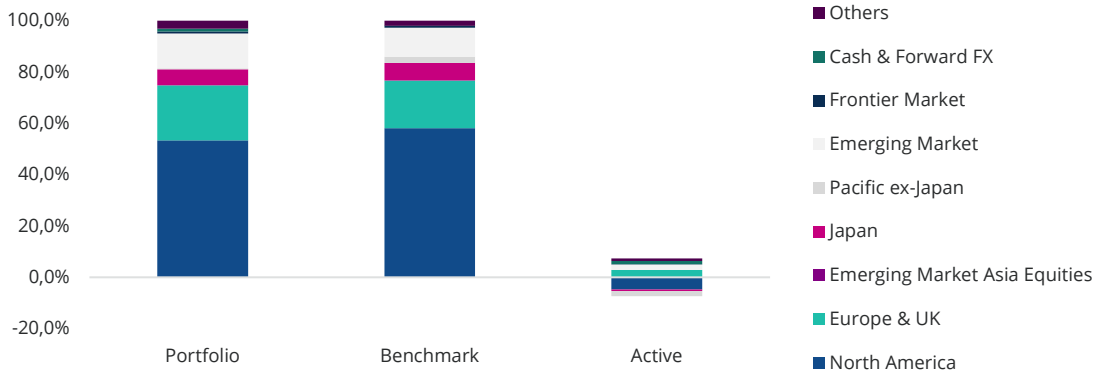


## Fixed Income: Issuer Type

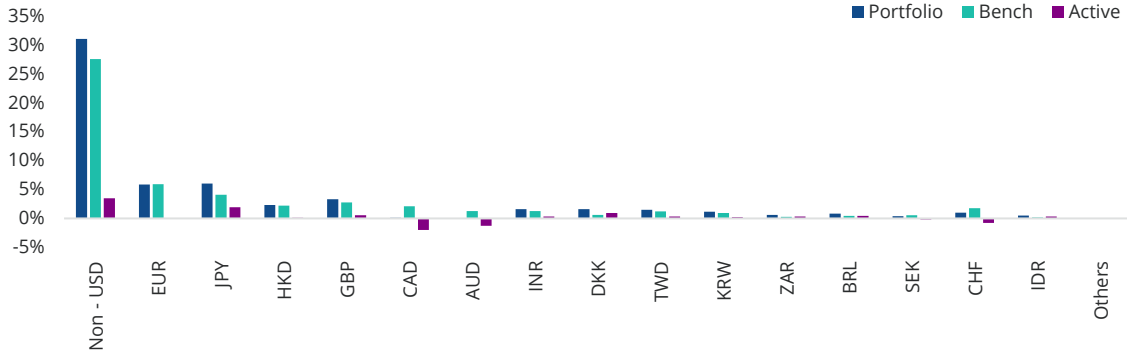


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

## Total Portfolio: Country allocation



## Total Portfolio: Currency allocation



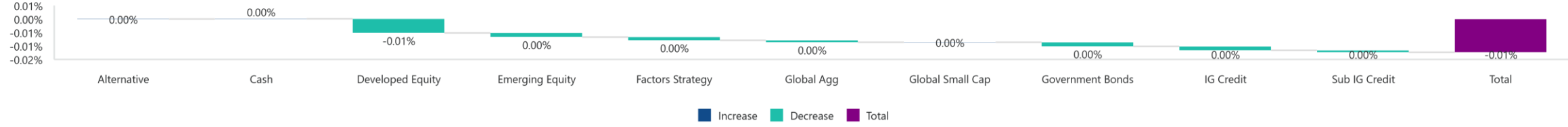
BlackRock, Data as of 31 October 2023. Figures are based on unaudited values. Benchmark is composed of 75% MSCI All Country World Index (Net Total Return) and 25% BBG Global Aggregate Index (USD Hedged).



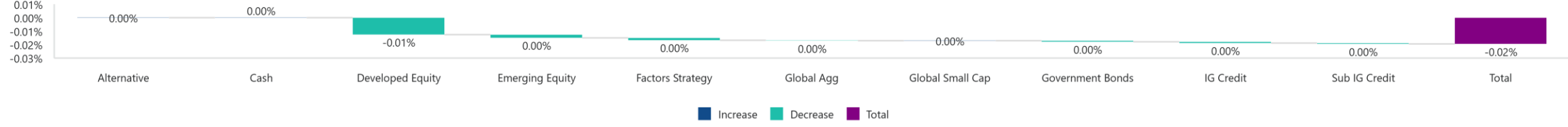
# Performance Contribution | 1 Month

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

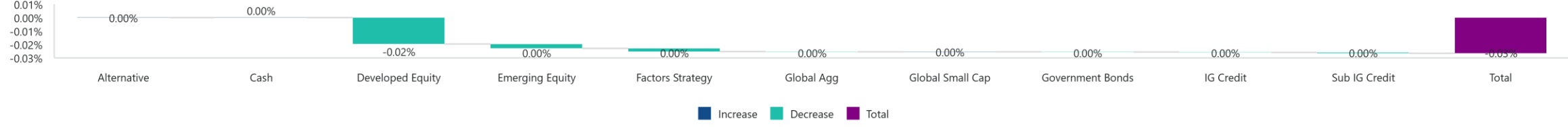
## Conservative



## Moderate



## Aggressive

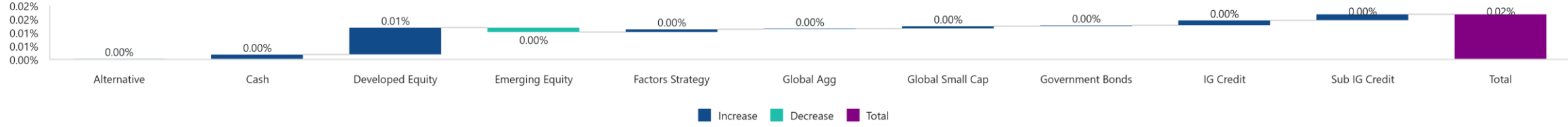


Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

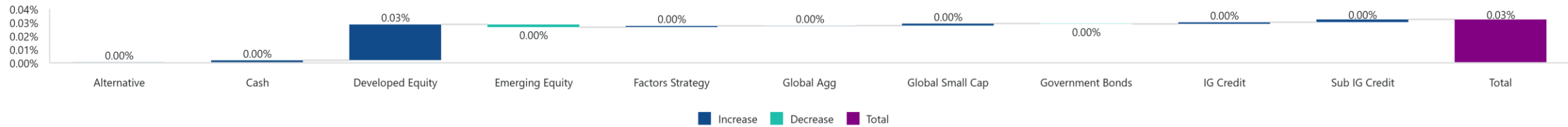
# Performance Contribution | Year to Date

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

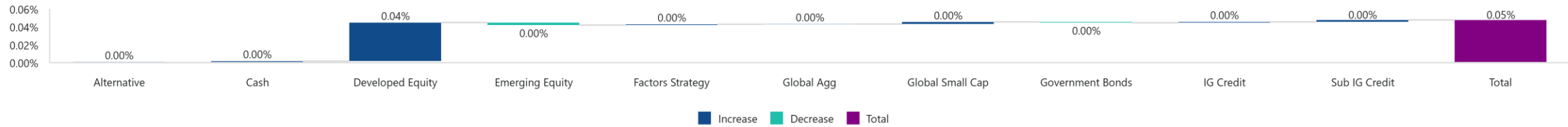
## Conservative



## Moderate



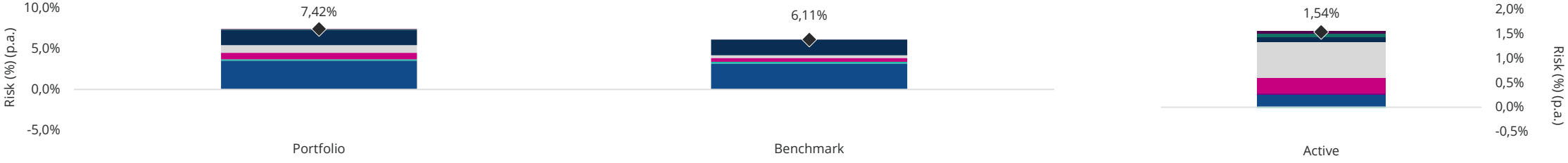
## Aggressive



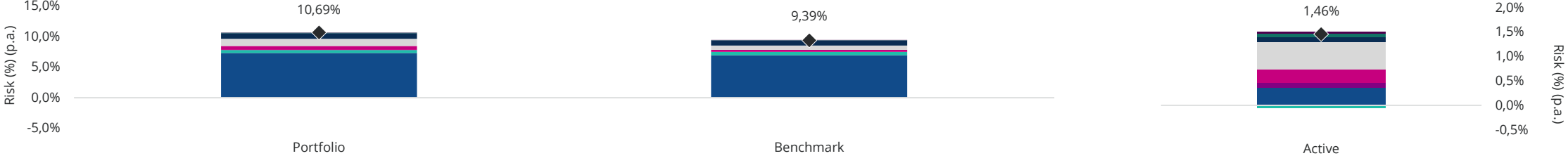
Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

# Risk Review | Absolute & Relative

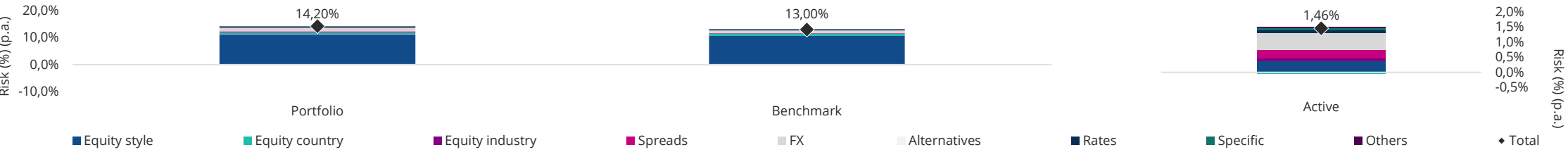
## Conservative



## Balanced



## Aggressive

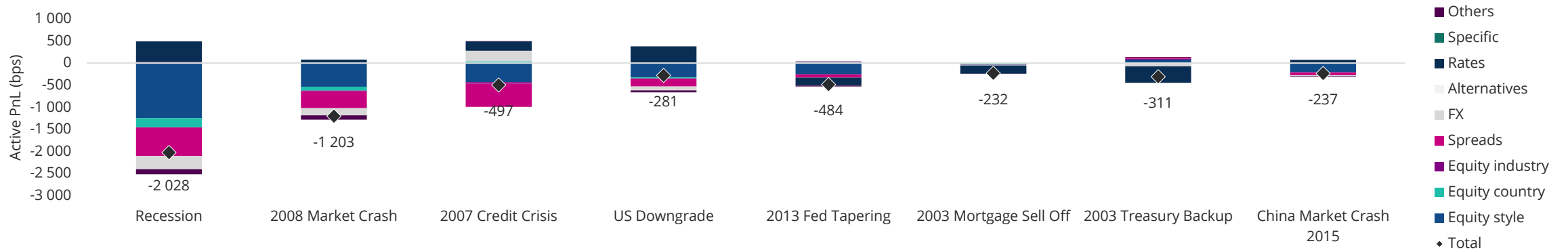


■ Equity style   
 ■ Equity country   
 ■ Equity industry   
 ■ Spreads   
 ■ FX   
 ■ Alternatives   
 ■ Rates   
 ■ Specific   
 ■ Others   
 ◆ Total

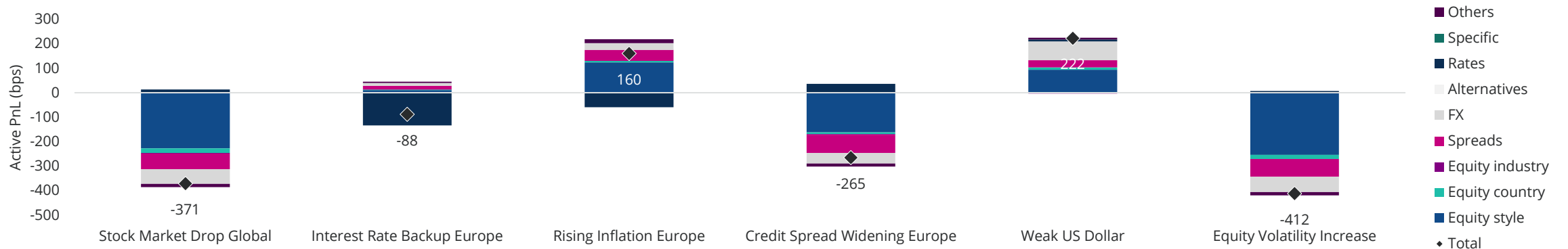
# Risk Review | Scenario analysis

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 **Conservative Model Portfolio**

## Historical scenarios



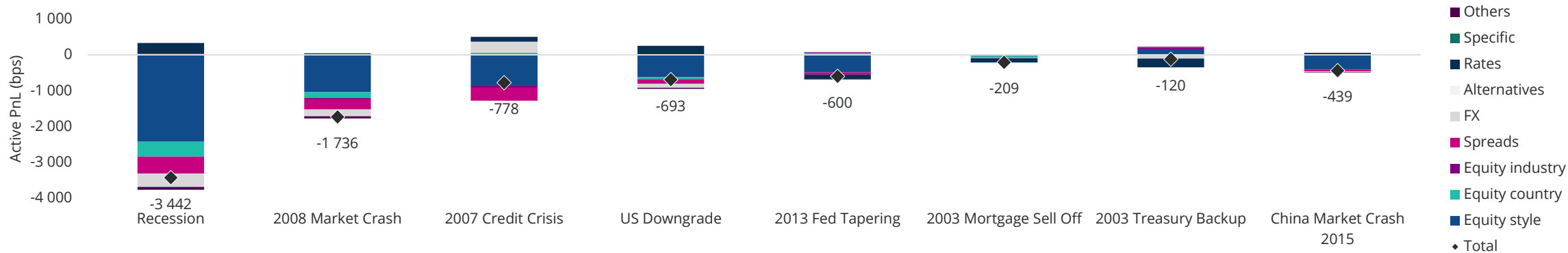
## Forward-looking scenarios



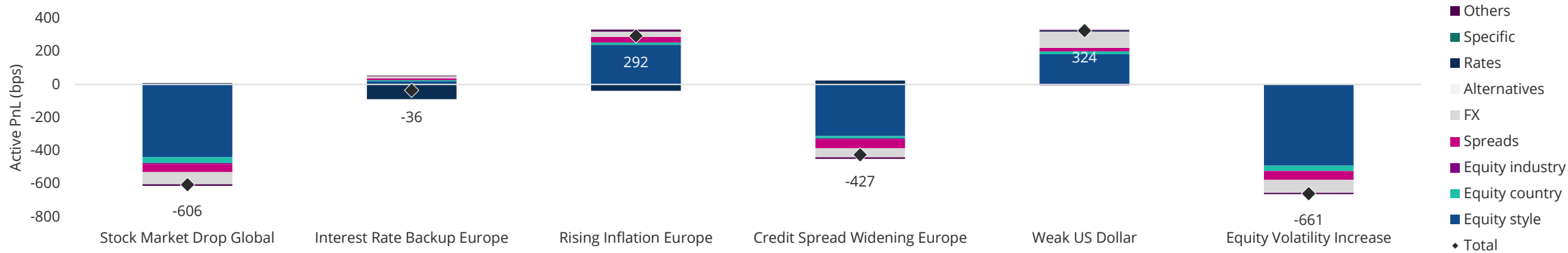
# Risk Review | Scenario analysis

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 **Moderate Model Portfolio**

## Historical scenarios



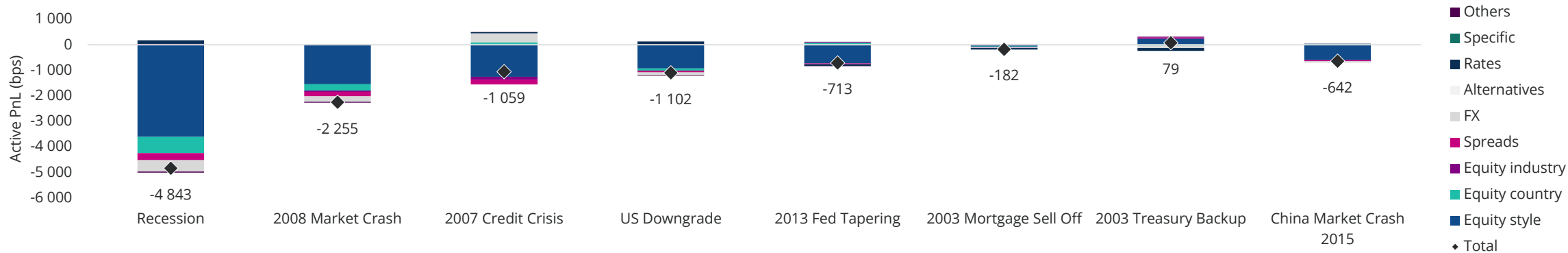
## Forward-looking scenarios



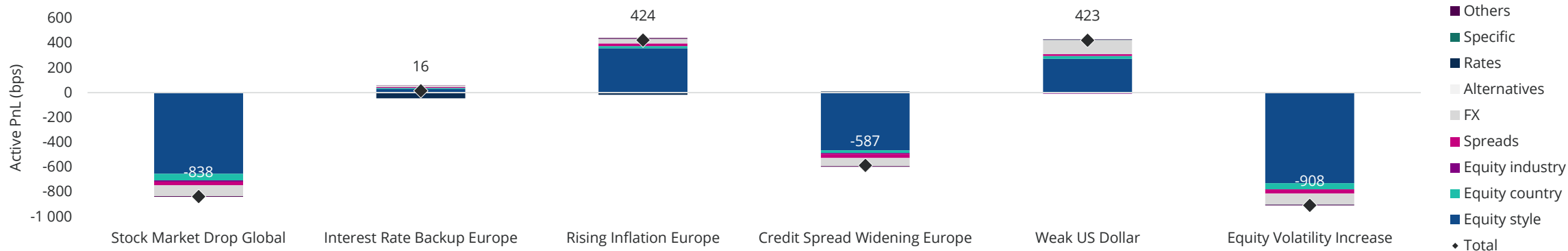
# Risk Review | Scenario analysis

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 **Growth Model Portfolio**

## Historical scenarios

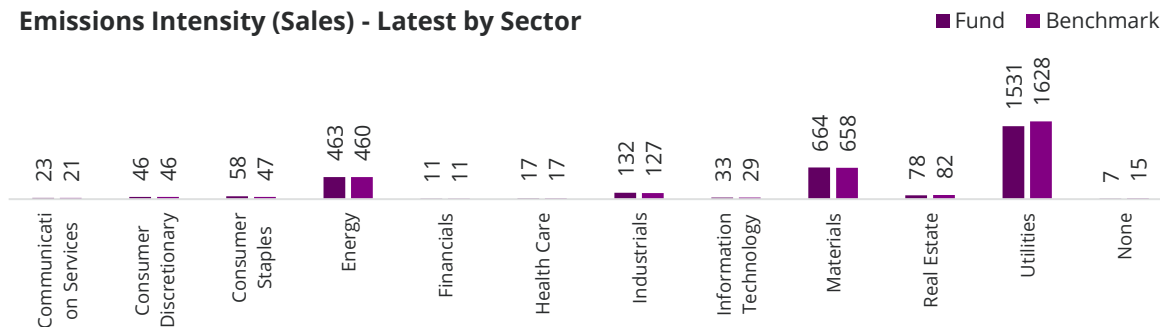
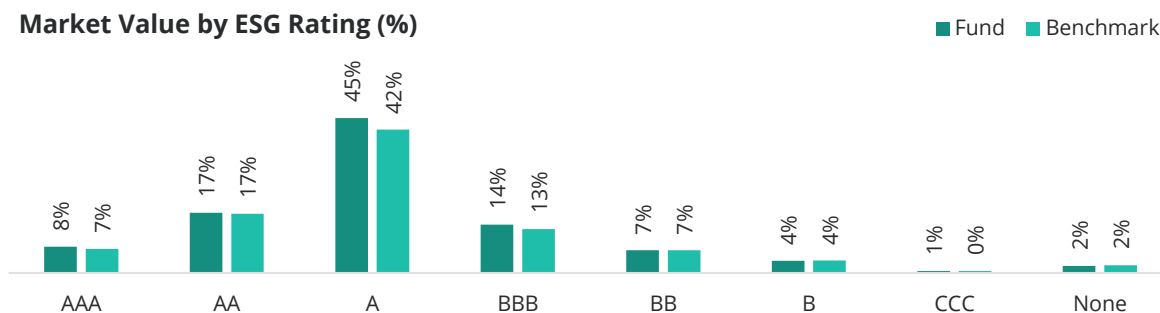
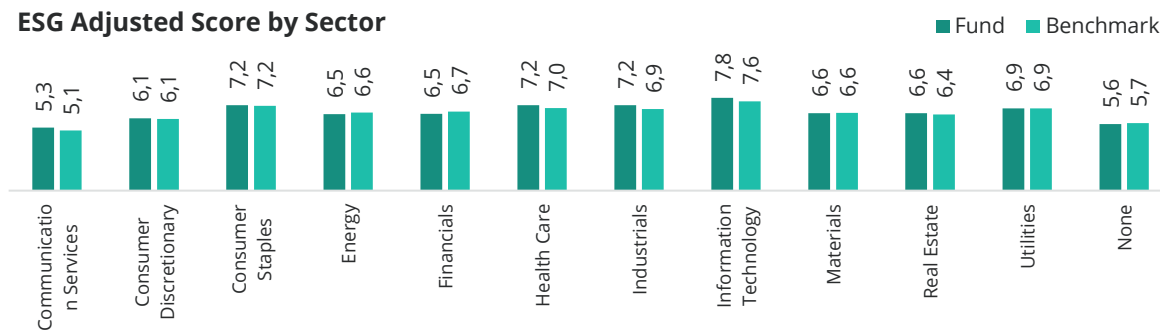


## Forward-looking scenarios



# Carbon and ESG Reporting | Conservative Model Portfolio

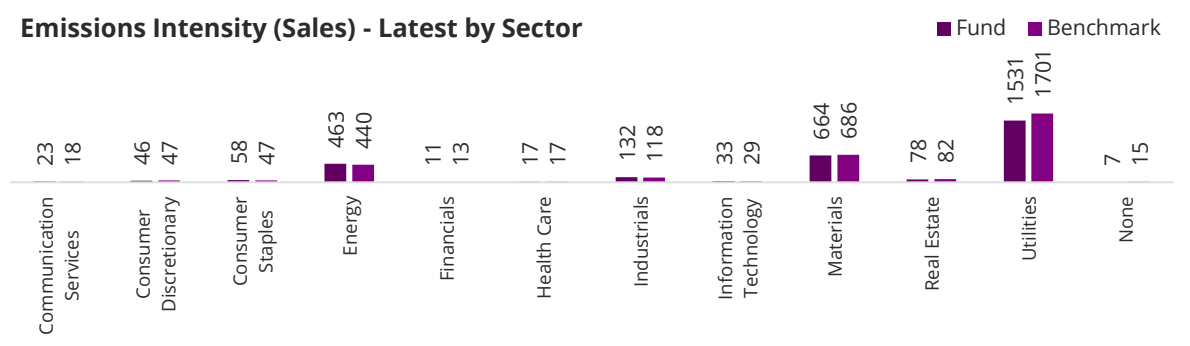
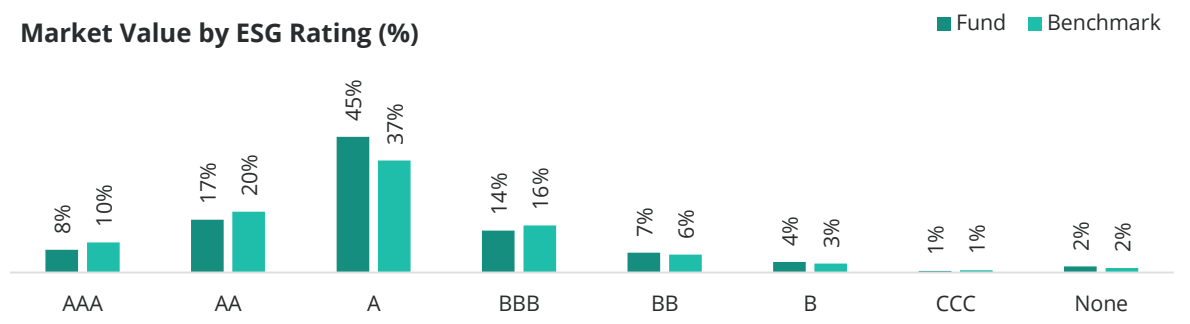
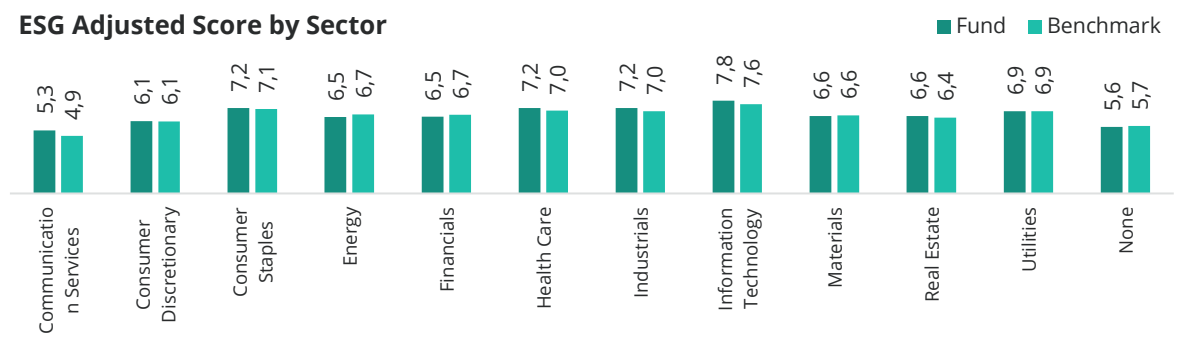
ESG	Portfolio Benchmark Active							
	<b>ESG Coverage</b> % Market Value	94,5%	88,9%					
	<b>ESG Adjusted Score</b> 0 (worst) - 10 (best)	6.2	6.2	0.0				
	<b>Environment Score</b> 0 (worst) - 10 (best)	5.7	5.6	0.1				
	<b>Social Score</b> 0 (worst) - 10 (best)	6.2	6.2	0.0				
	<b>Governance Score</b> 0 (worst) - 10 (best)	5.8	6.0	-0.1				
<b>Active Risk Contribution by ESG Rating (bps)</b>								
	-69	-150	-185	-119	-28	-17	-6	725
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
	<b>Emissions Intensity (Tot. Capital) - Latest</b> (metric tonnes / \$ million total capital)	Fund: 94.9	Benchmark: 99.3	Active: -4.4%				
	<b>Emissions Intensity (Sales) - Latest</b> (metric tonnes / \$ million total sales)	Fund: 142.9	Benchmark: 145.8	Active: -2,0%				



Source: Based on portfolio holdings data at 31 October 2023 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 | Moderate Model Portfolio

ESG	Portfolio Benchmark Active							
	<b>ESG Coverage</b> % Market Value	94,5%	92,5%					
	<b>ESG Adjusted Score</b> 0 (worst) - 10 (best)	6,2	6,4	-0,2				
	<b>Environment Score</b> 0 (worst) - 10 (best)	5,7	5,9	-0,3				
	<b>Social Score</b> 0 (worst) - 10 (best)	6,2	5,8	0,4				
<b>Governance Score</b> 0 (worst) - 10 (best)	5,8	5,9	0,0					
<b>Active Risk Contribution by ESG Rating (bps)</b>								
	-69	-150	-185	-119	-28	-17	-6	725
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
	<b>Emissions Intensity (Tot. Capital) - Latest</b> (metric tonnes / \$ million total capital)	Fund: 94,9	Benchmark: 100,1	Active: -5,2%				
	<b>Emissions Intensity (Sales) - Latest</b> (metric tonnes / \$ million total sales)	Fund: 142,9	Benchmark: 141,2	Active: 1,3%				

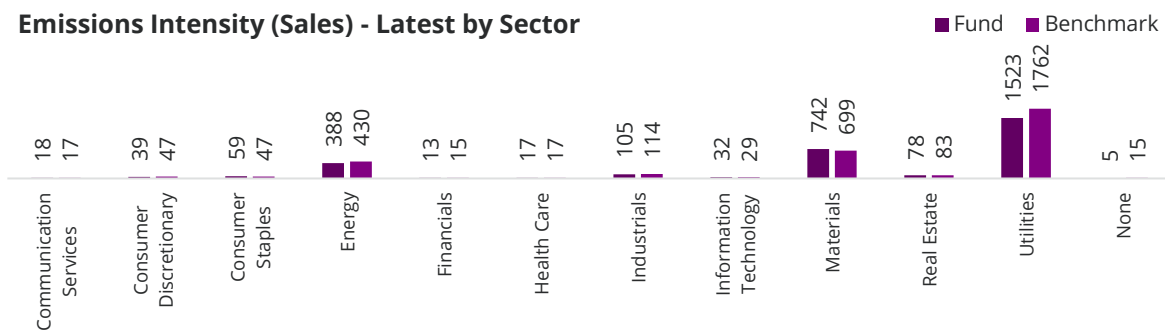
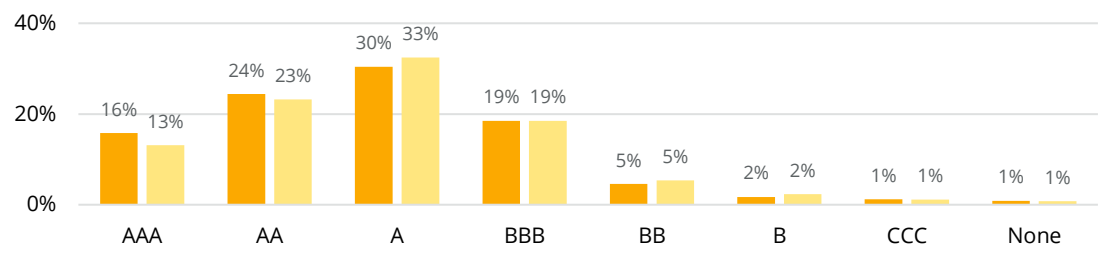
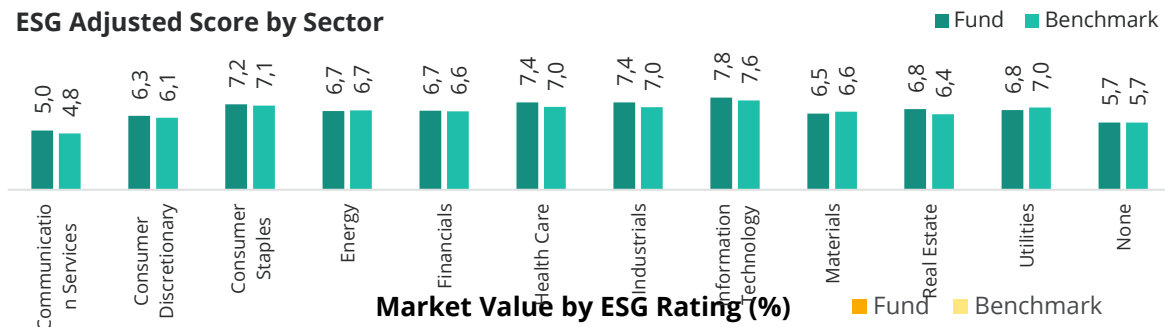


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# Carbon and ESG Reporting | Aggressive Model Portfolio

ESG	Portfolio Benchmark Active							
	<b>ESG Coverage</b> % Market Value	96,7%	96,2%					
	<b>ESG Adjusted Score</b> 0 (worst) - 10 (best)	6,8	6,6	0,2				
	<b>Environment Score</b> 0 (worst) - 10 (best)	6,3	6,3	0,1				
	<b>Social Score</b> 0 (worst) - 10 (best)	5,5	5,5	0,1				
	<b>Governance Score</b> 0 (worst) - 10 (best)	5,7	5,7	0,0				
<b>Active Risk Contribution by ESG Rating (bps)</b>			1212					
	-174	-277	-296	-235	-54	-25	-18	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
	<b>Emissions Intensity (Tot. Capital) - Latest</b> (metric tonnes / \$ million total capital)	Fund: 85,6	Benchmark: 100,5	Active: -14,8%				
	<b>Emissions Intensity (Sales) - Latest</b> (metric tonnes / \$ million total sales)	Fund: 112,5	Benchmark: 138,5	Active: -18,8%				



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**Supporting Material**

**cogence**

# Portfolio Commentary

## Conservative

The Portfolio returned -1.23% over the month outperforming its benchmark by 0.05%. On a rolling 3 month basis the portfolio has underperformed its benchmark by 0.10%. Longer term, Since Inception returns sits at -0.66% p.a. Risk assets performance has continued to be challenging in October. Developed Equity lost 2.6% in local currency terms whereas the EM equity lost 3.6% underperforming developed equity by c. 1%. On the fixed income side, rates continue to rise for most government bonds, most notably the US treasuries which saw an increase of 0.34% over the month. Over 2023, US 10 year rate has risen by more than 1%. Within credit both Investment Grade and High Yield saw a slight widening in spreads in addition to the rate increases. Performance for emerging market debt was more muted as spreads remained stable over the month. Manager selection detracted while asset allocation contributed positively over the month. Within Asset allocation underweight to nominal government bonds was a positive contributor along with the overweight to Equity which made marginal contributions to active returns. In manager selection, Equity managers underperformed their benchmarks. Both US and European managers detracted while emerging market equity manager partially offset the losses. Over October the portfolio was rebalanced twice. In Aggregate we increased the allocation to US Equity funding the trades from Minimum volatility equity strategy and Emerging Markets, overall, marginally reducing our allocation to equity. On the fixed income side, we express a preference for European assets (both government and corporates), funding out of cash and shorter term treasuries. We also reallocate within the US rates curve allocating more to the bonds maturing between 3 and 7 years. The portfolio risk stands at 7.42% while active risk is around 1.54%.

## Moderate

The Portfolio returned -1.96% over the month underperforming its benchmark by 0.10%. On a rolling 3 month basis the portfolio has underperformed its benchmark by 0.20%. Longer term, Since Inception returns sits at 1.05% p.a. Risk assets performance has continued to be challenging in October. Developed Equity lost 2.6% in local currency terms whereas the EM equity lost 3.6% underperforming developed equity by c. 1%. On the fixed income side, rates continue to rise for most government bonds, most notably the US treasuries which saw an increase of 0.34% over the month. Over 2023, US 10 year rate has risen by more than 1%. Within credit both Investment Grade and High Yield saw a slight widening in spreads in addition to the rate increases. Performance for emerging market debt was more muted as spreads remained stable over the month. Manager selection detracted while asset allocation contributed positively over the month. Within Asset allocation underweight to nominal government bonds was a positive contributor along with the overweight to Equity which made marginal contributions to active returns. In manager selection, Equity managers underperformed their benchmarks. Both US and European managers detracted while emerging market equity manager partially offset the losses. Over October the portfolio was rebalanced twice. In Aggregate we increased the allocation to US Equity funding the trades from Minimum volatility equity strategy and Emerging Markets, overall, marginally reducing our allocation to equity. On the fixed income side, we express a preference for European assets (both government and corporates), funding out of cash and shorter term treasuries. We also reallocate within the US rates curve allocating more to the bonds maturing between 3 and 7 years. The portfolio risk stands at 10.69% while active risk is around 1.46%.

## Aggressive

The Portfolio returned -2.67% over the month underperforming its benchmark by 0.24%. On a rolling 3 month basis the portfolio has underperformed its benchmark by 0.25%. Longer term, Since Inception returns sits at 2.64% p.a. Risk assets performance has continued to be challenging in October. Developed Equity lost 2.6% in local currency terms whereas the EM equity lost 3.6% underperforming developed equity by c. 1%. On the fixed income side, rates continue to rise for most government bonds, most notably the US treasuries which saw an increase of 0.34% over the month. Over 2023, US 10 year rate has risen by more than 1%. Within credit both Investment Grade and High Yield saw a slight widening in spreads in addition to the rate increases. Performance for emerging market debt was more muted as spreads remained stable over the month. Manager selection detracted while asset allocation contributed positively over the month. Within Asset allocation underweight to nominal government bonds was a positive contributor along with the overweight to Equity which made marginal contributions to active returns. In manager selection, Equity managers underperformed their benchmarks. Both US and European managers detracted while emerging market equity manager partially offset the losses. Over October the portfolio was rebalanced twice. In Aggregate we increased the allocation to US Equity funding the trades from Minimum volatility equity strategy and Emerging Markets, overall, marginally reducing our allocation to equity. On the fixed income side, we express a preference for European assets (both government and corporates), funding out of cash and shorter term treasuries. We also reallocate within the US rates curve allocating more to the bonds maturing between 3 and 7 years. The portfolio risk stands at 14.2% while active risk is around 1.40%.

# 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*

# 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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