

Cogence Global Growth Portfolios Monthly Strategy Report

BlackRock Multi-Asset Strategies & Solutions | December 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 ²	Active	Portfolio	Benchmark ³	Active	Portfolio	Benchmark ⁴	Active
Performance	Month	3.74%	3.60%	0.14%	4.26%	4.00%	0.26%	4.74%	4.40%	0.34%
	3 Months	7.49%	7.26%	0.23%	8.75%	8.53%	0.22%	9.92%	9.79%	0.13%
	Year-to-date	10.66%	10.85%	-0.20%	14.51%	14.60%	-0.09%	18.31%	18.38%	-0.08%
	Since inception ⁵	1.90%	-	-	4.16%	-	-	6.28%	-	-
Risk	Ex-ante Risk ¹	7.64%	6.67%	1.14%	10.99%	10.03%	1.09%	14.55%	13.74%	1.02%
ESG	ESG Adjusted Score	6.3	6.2	0.0	6.3	6.4	-0.2	6.9	6.6	0.3
	Carbon Emission Intensity	141.6	140.9	0.47%	141.6	134.7	5.15%	111.1	131.1	-15.26%

Monthly Market Commentary

Risk assets carried their momentum from November into December with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most major economies and anticipation of rate cuts in 2024. The Fed continues to be on hold and appeared dovish in the last meeting. This fueled a rally in government bonds with 10-year US rates falling by 0.47% giving back all the losses from 2023. UK and Euro region experience similar moves in rates with UK rates falling by 0.64% as inflation is falling at a higher pace. The broader economy remains resilient, especially in US, with tight labor markets that persisted in December. On the Equity side, developed markets outperformed emerging markets by 1% in dollar terms. Chinese Equity markets remained weak in December, losing 2.5% over the month. EM EMEA and Latin America performed in line with the broader index. Within developed market, US and Pacific ex Japan outperformed while Japanese equity took a pause in December. The asset class has experienced significant gains in 2023 (29% over the year).

In line with the benchmarks, the portfolios generated positive returns over the month. All profiles marginally outperformed their respective benchmarks, conservative by 0.14%, moderate by 0.26% and aggressive by 0.34%. On a year-to-date basis, the portfolios are lagging their respective benchmarks by 0.1% to 0.2%.

Both asset allocation and manager selection contributed positively to the active returns. Most managers outperformed their benchmarks, adding to active returns except for Schroders EM Equity. BLK US equity, and emerging Market Debt managers were the largest contributors. On the asset allocation side, our overweight to Equity added to the active returns as Equity outperformed the Fixed Income by a little over 1%. Within Equities our preference for US equity and Value factor was a positive contributor while our underweight to Europe and overweight to EM detracted. Within Fixed Income, our overweight to UK government bonds was a positive contributor along with our strategic position in Sub Investment grade securities, particularly emerging market debt contributed positively while the overweight to eur corporate debt was a detractor.

Over December, there were no changes to the portfolios. In the current portfolios we are overweight equity with a preference for US equity, EM equity and the Value factor over Europe ex UK. With fixed income, we prefer UK government bonds and Euro government and corporates along with inflation linked bonds.

The three portfolios continue to be positioned with a slight risk on generating an active risk between 1.0% and 1.2%.

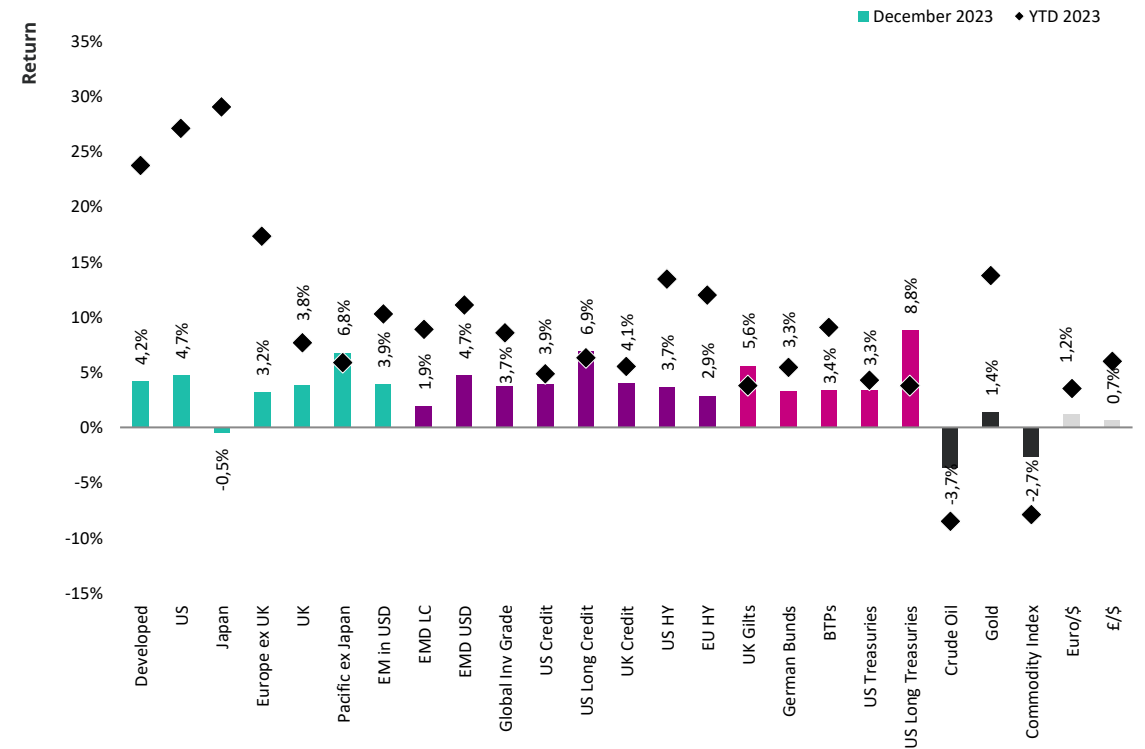
1Risk based on 230 exponentially weighted monthly observations (36 month half life). 2Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Index (USD Hedged). 3Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate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

Monthly Market Commentary

- Global markets demonstrated broadly positive returns over December. Inflation continued to decrease in the US and other regions amid ongoing economic resilience. Developed market equities were up 4.2% over the month. At a regional level, European equities returned 3.2%, while US equities and Japanese equities ended the month at 4.7% and -0.5% respectively. Emerging markets increased by 3.9%. During the month, developed market bonds delivered positive returns. US treasuries and UK gilts both increased by 3.3% and 5.6% respectively. In currencies, the Euro appreciated by 1.2% relative to the USD, while Sterling appreciated by 0.7% against the USD.
- In the US, headline inflation fell to 3.1% year-on-year from 3.2%, while the core inflation reading remained at 4.0% in November. The Fed left its target rate range at 5.25-5.50% for the third consecutive meeting, but Powell signalled the prospects of rate cuts. Economic momentum accelerated, the labour market remained tight. The US composite PMI increased to 50.9 points in December. In Europe, headline inflation rose to 2.9% from 2.4% year-on-year, while core inflation declined to 3.4% year-on-year in December. The ECB left its policy rate unchanged at 4%. The eurozone composite PMI was 47.6 points in December. In the UK, headline inflation fell to 3.9% year-on-year in November, while core inflation dropped to 5.1% year-on-year. The BoE did not change its policy rate.
- Fixed income markets showed positive returns overall. US 10-year yields fell from 4.34% to 3.87%, with the two-year falling from 4.70% to 4.25%. Germany's 10-year yield fell from 2.45% to 2.03%, whilst the 2-year yield fell from 2.82% to 2.40%. The UK 10-year yields fell from 4.18% to 3.54%, while the 2-year yield fell from 4.59% to 3.98%. Both US and European high yield delivered positive results. Global investment grade credit performed positively. Emerging market debt performed positively in both local currency and USD. Commodities delivered mixed returns, with crude oil falling by 3.7% while gold appreciated by 1.4%.

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 December 2023. All performance numbers in local currency unless otherwise stated.

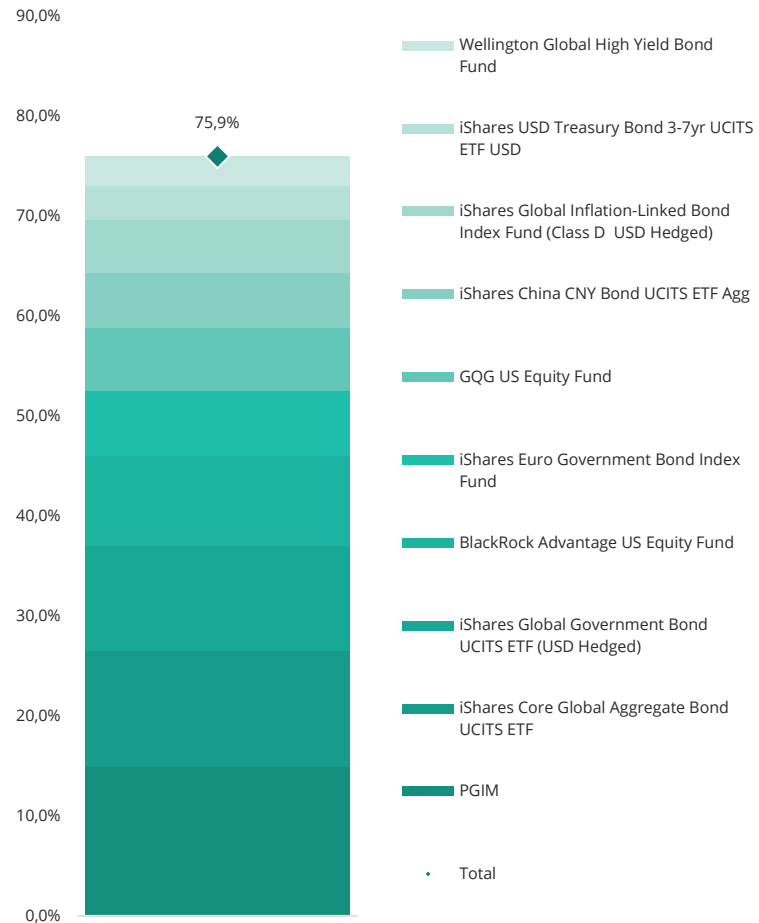
Asset Allocation Review

Asset Class		Conservative		Moderate		Growth	
		Dec-23	Change	Dec-23	Change	Dec-23	Change
Equity		27.00%	0.00%	52.00%	0.00%	77.00%	0.00%
US Equities	iShares MSCI USA ESG Enhanced UCITS ETF	1.00%	0.00%	11.00%	0.00%	19.40%	0.00%
	BlackRock Advantage US Equity Fund	9.00%	0.00%	12.20%	0.00%	16.30%	0.00%
	GQG US Equity Fund	6.30%	0.00%	8.40%	0.00%	10.90%	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%	0.00%	5.30%	0.00%	8.60%	0.00%
Japan Equities	iShares MSCI Japan ESG Enhanced UCITS ETF (Unhedged)	1.70%	0.00%	3.30%	0.00%	4.90%	0.00%
Emerging Equities	iShares MSCI EM ESG Enhanced UCITS ETF	1.00%	0.00%	1.00%	0.00%	1.00%	0.00%
	Schroders ISF Emerging Markets Fund	2.80%	0.00%	5.60%	0.00%	8.50%	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%	0.00%	1.00%	0.00%	1.00%	0.00%
Fixed Income		73.00%	0.00%	48.00%	0.00%	23.00%	0.00%
Global Agg Bonds	iShares Core Global Aggregate Bond UCITS ETF	11.50%	0.00%	7.00%	0.00%	0.00%	0.00%
Global Government Bonds	iShares Global Government Bond UCITS ETF	10.50%	0.00%	3.50%	0.00%	0.00%	0.00%
Euro Government Bonds	iShares Euro Government Bond Flex UCITS ETF (EUR Hedged)	6.50%	0.00%	5.50%	0.00%	3.80%	0.00%
US Short Treasuries	iShares \$ Treasury Bond 1-3yr ETF	1.80%	0.00%	0.30%	0.00%	0.00%	0.00%
	iShares USD Treasury Bond 3-7yr UCITS ETF USD	3.30%	0.00%	2.10%	0.00%	0.80%	0.00%
	iShares USD Treasury Bond 7-10yr UCITS ETF USD	2.20%	0.00%	2.00%	0.00%	0.50%	0.00%
US Treasuries	iShares USD Treasury Bond 20+ yr UCITS ETF USD	0.40%	0.00%	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%	0.00%	4.10%	0.00%	2.80%	0.00%
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%	0.00%	2.00%	0.00%	1.50%	0.00%
Global High Yield	Wellington Global High Yield Bond Fund	3.00%	0.00%	3.00%	0.00%	3.00%	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	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%
China Bonds	iShares China CNY Bond UCITS ETF (USD Hedged)	5.50%	0.00%	3.00%	0.00%	0.80%	0.00%
Cash		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
USD Cash	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Alternatives		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gold	iShares Physical Gold ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		100.00%		100.00%		100.00%	

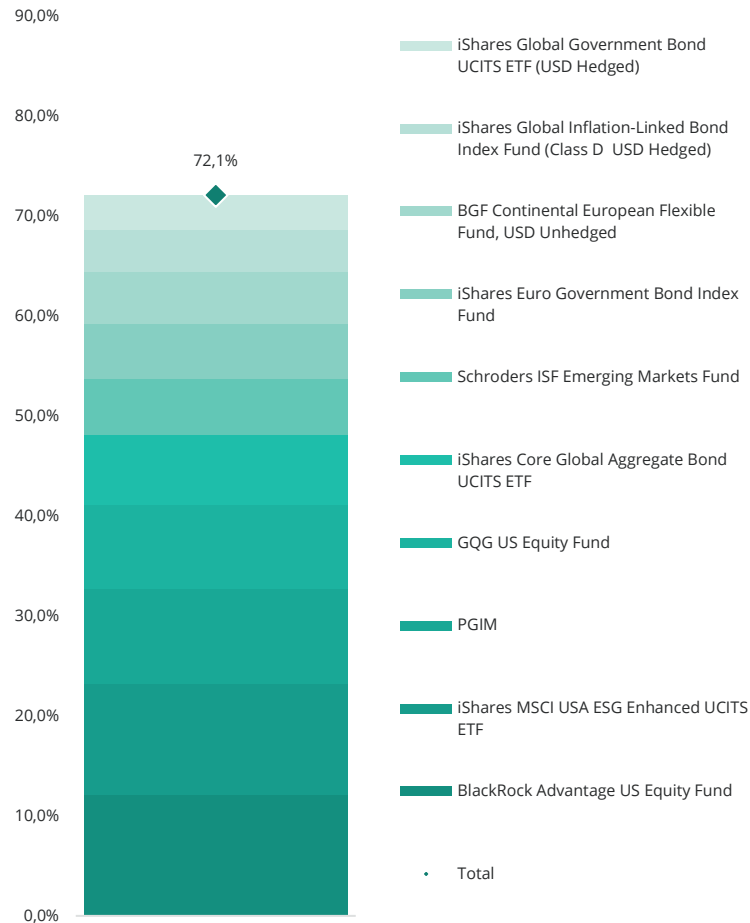
Source: BlackRock, 31 December 2023. Performance and valuations rounded where appropriate, hence totals may not sum. *Positions shown are as off end of the month and included market drift from the last rebalance.

Asset Allocation | Top 10 Holdings

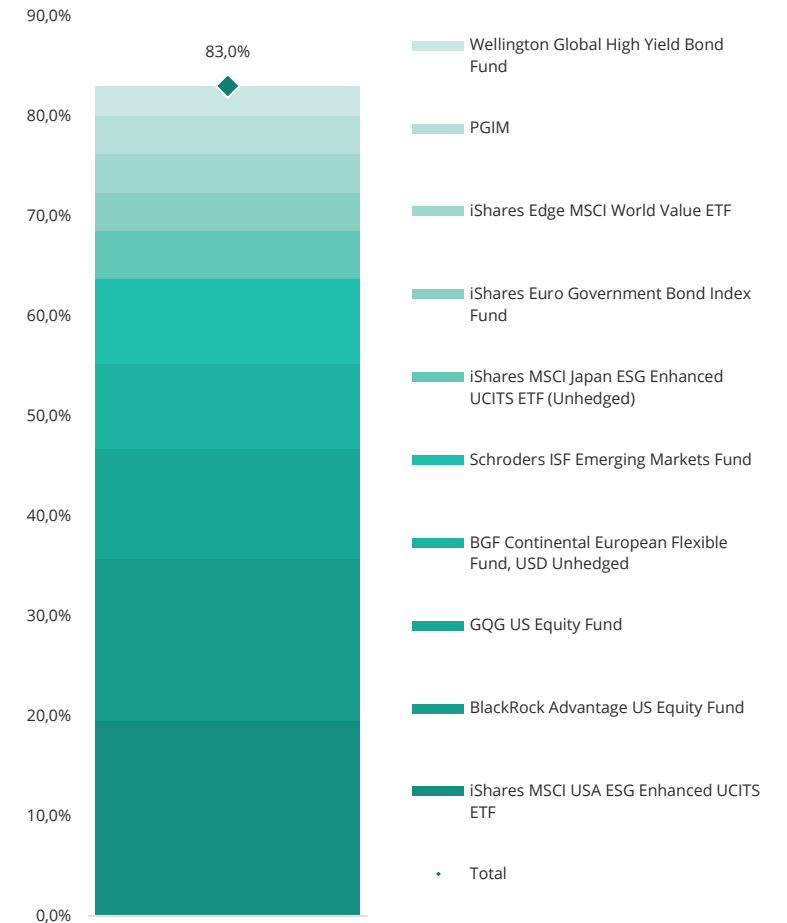
Conservative



Balanced



Aggressive

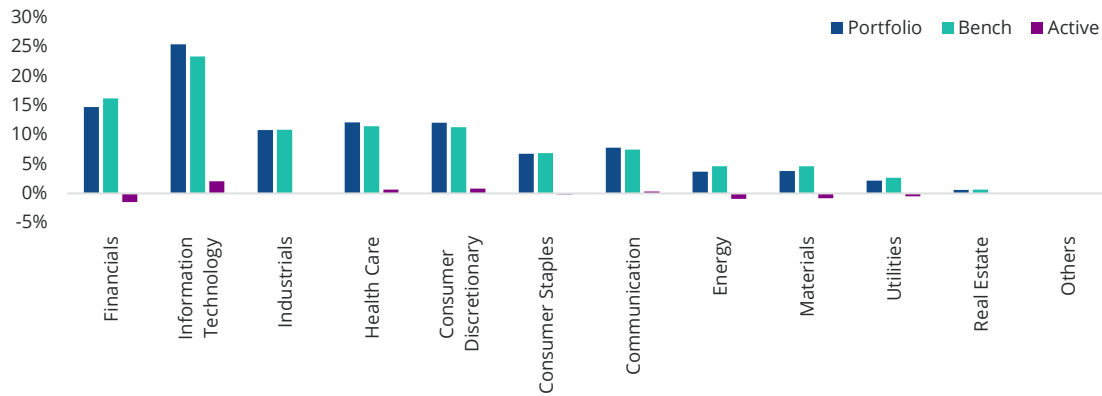


Source: BlackRock, 31 December 2023. Performance and valuations rounded where appropriate, hence totals may not sum. Positions shown are as off end of the month and included market drift from the last rebalance.

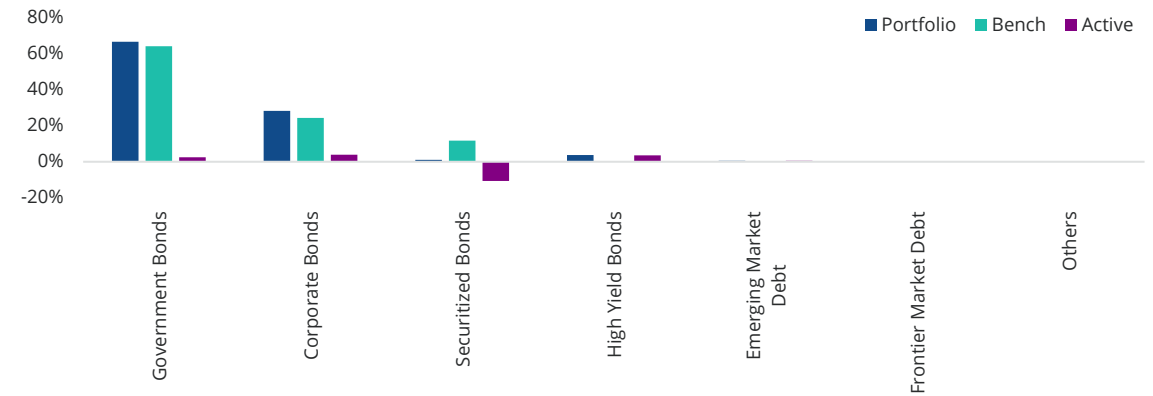
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

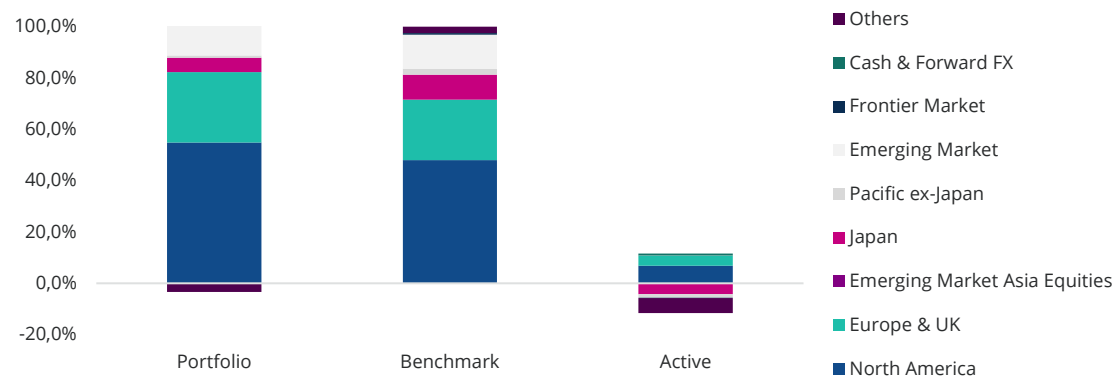


Fixed Income: Issuer Type

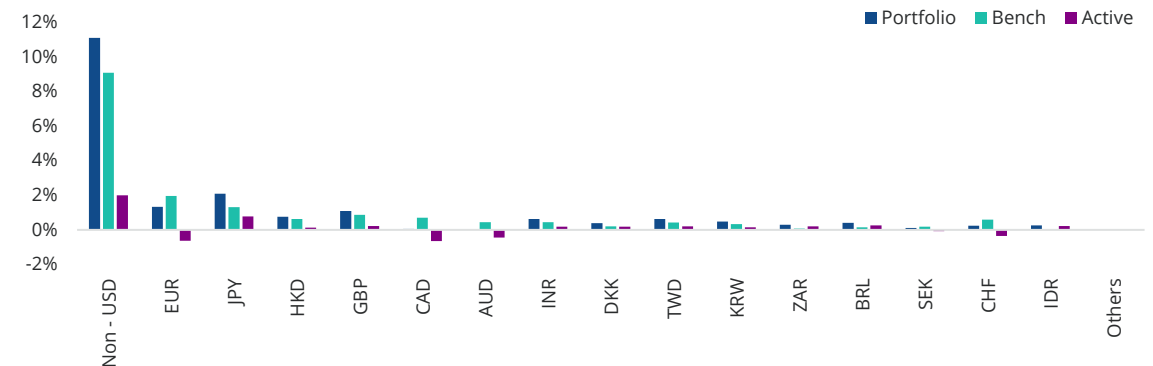


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



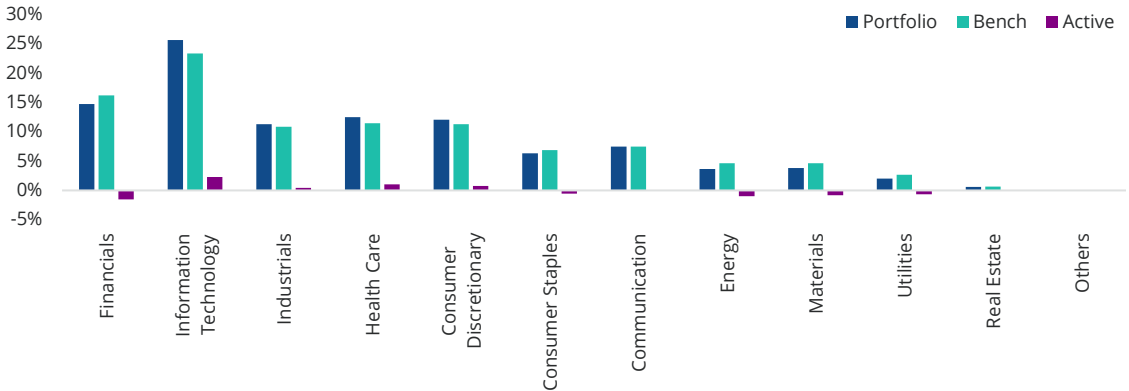
Total Portfolio: Currency allocation



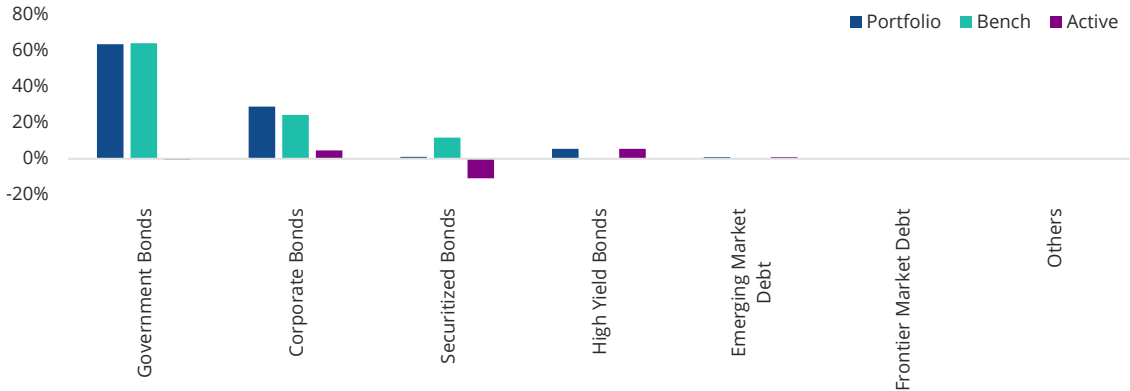
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

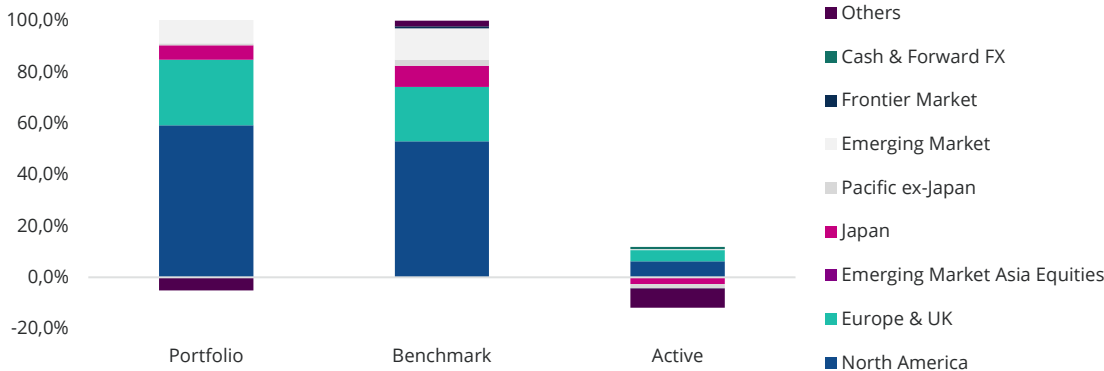


Fixed Income: Issuer Type

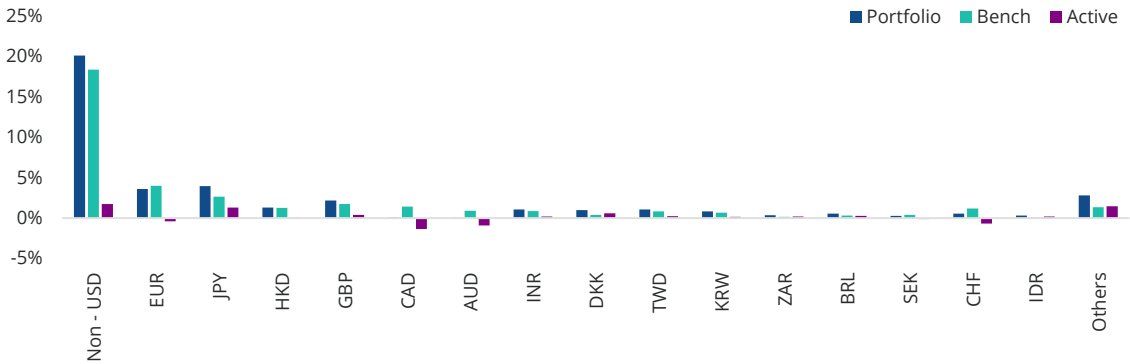


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



Total Portfolio: Currency allocation

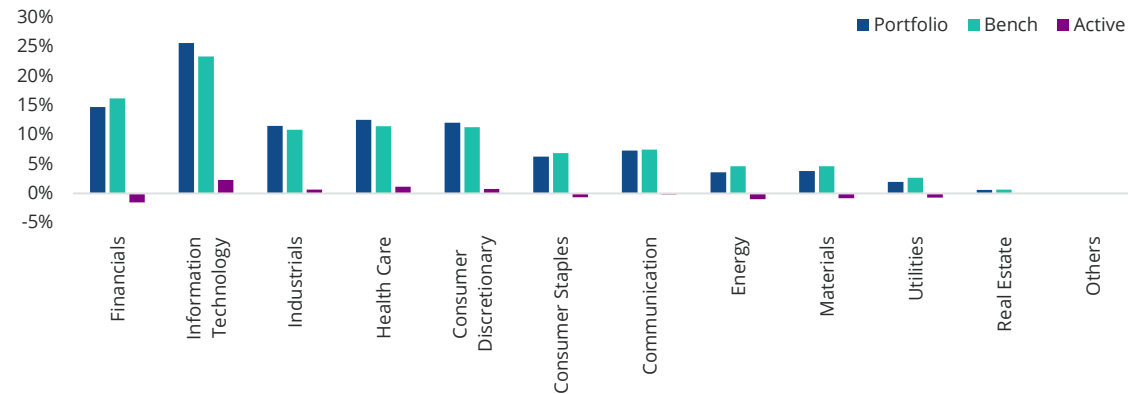


BlackRock Data as of 31 December 2023. Figures are based on unaudited values. Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate Index (USD Hedged).

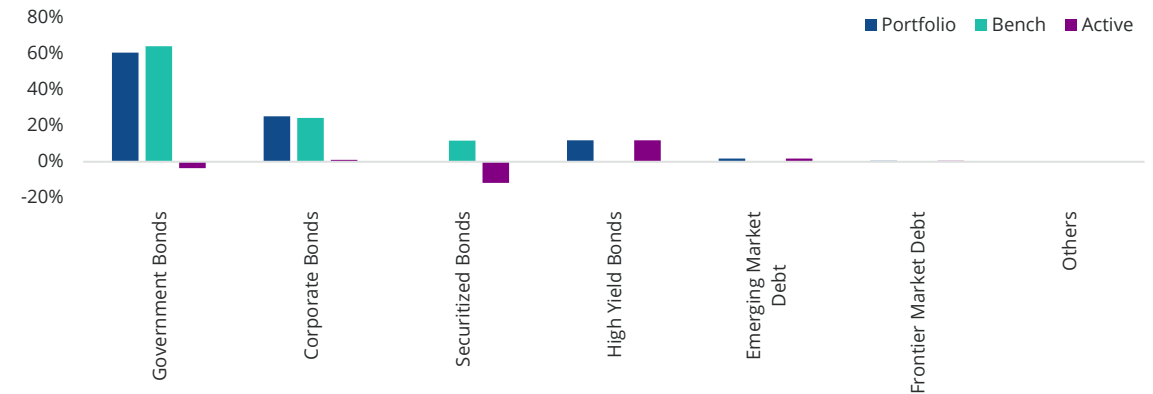
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

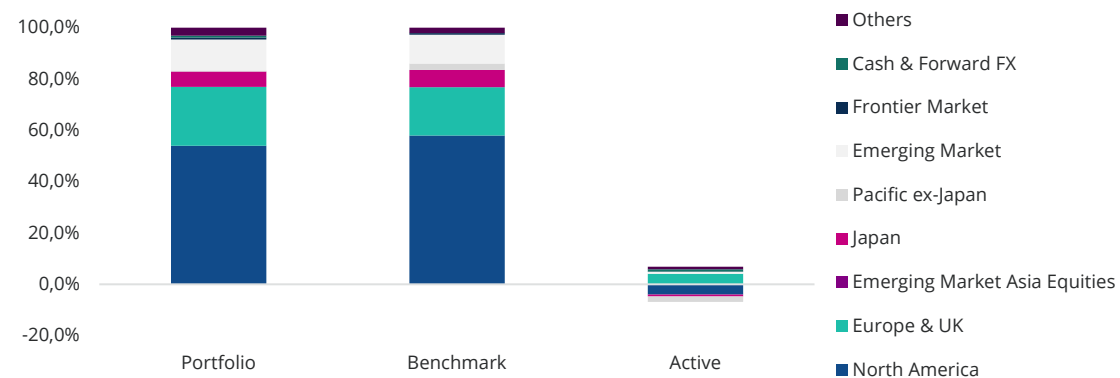


Fixed Income: Issuer Type

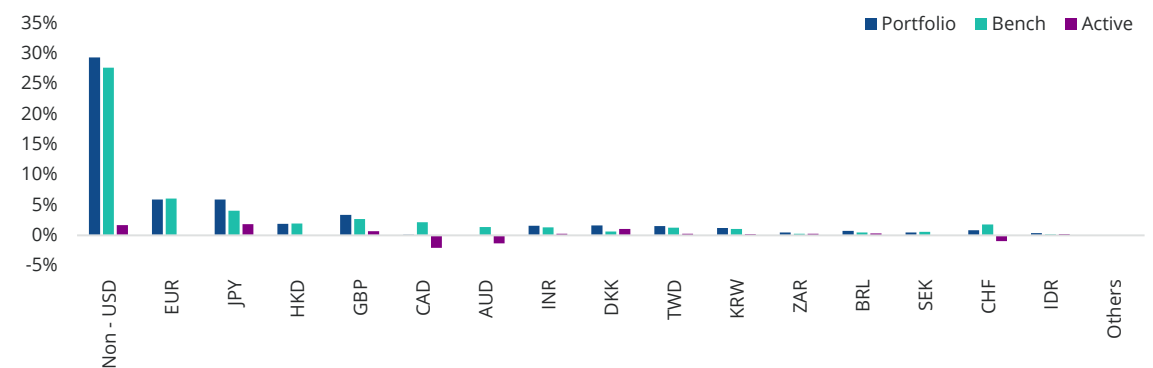


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



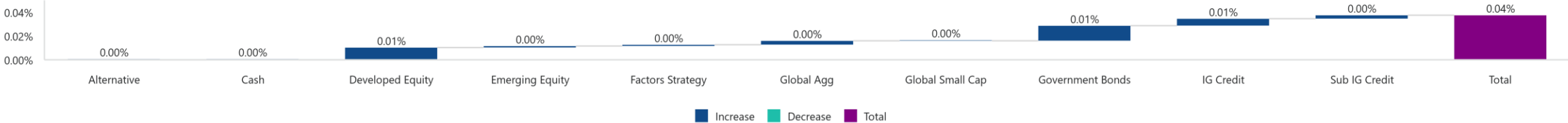
Total Portfolio: Currency allocation



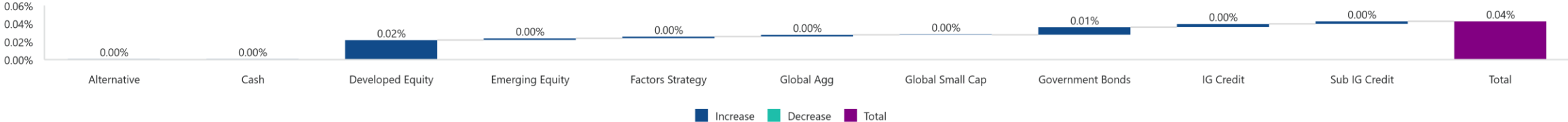
Performance Contribution | 1 Month

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

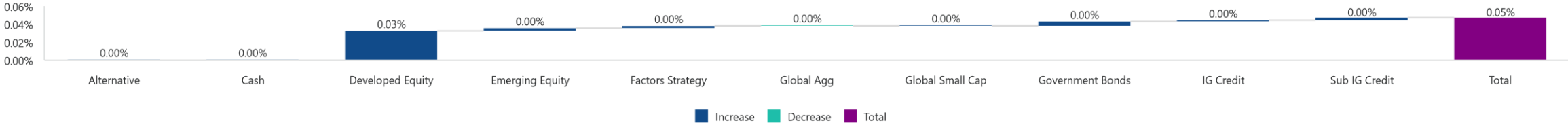
Conservative



Moderate



Growth

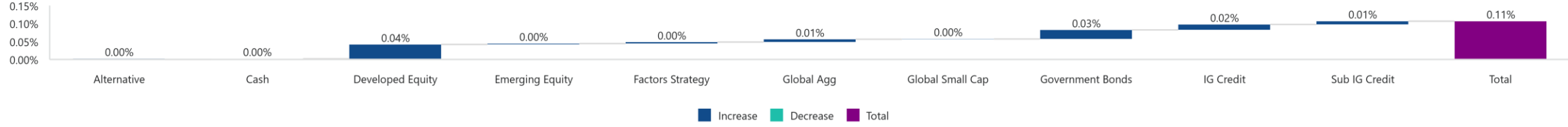


Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

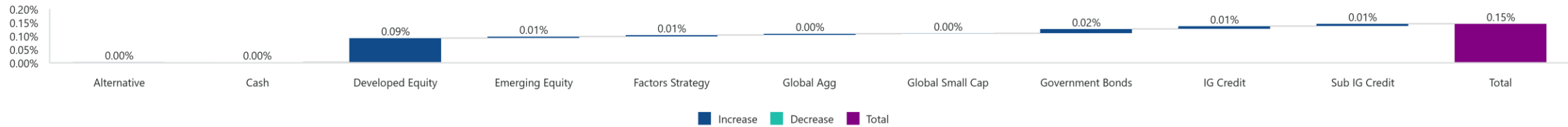
Performance Contribution | Year to Date

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

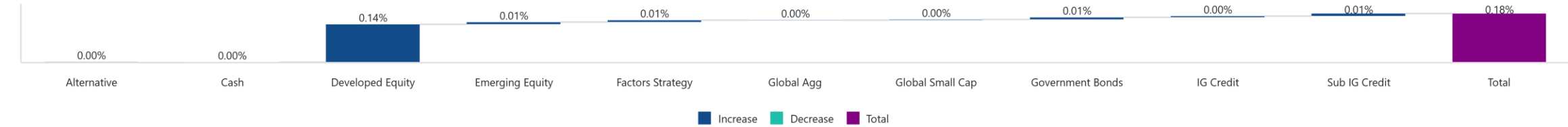
Conservative



Moderate



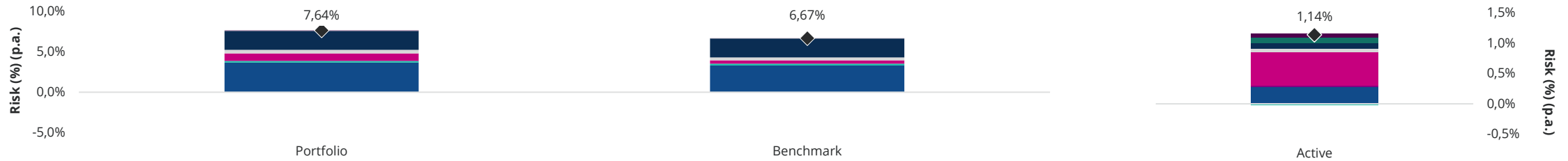
Growth



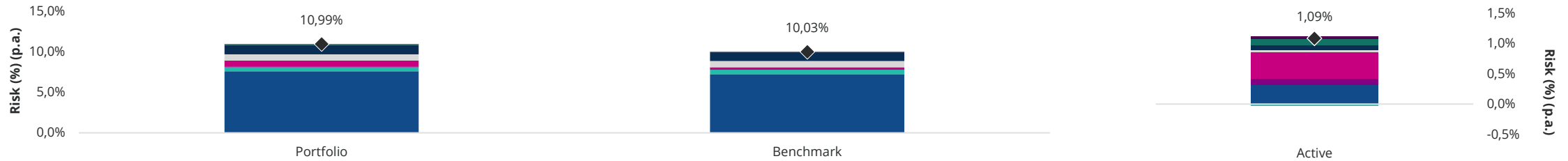
Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

Risk Review | Absolute & Relative

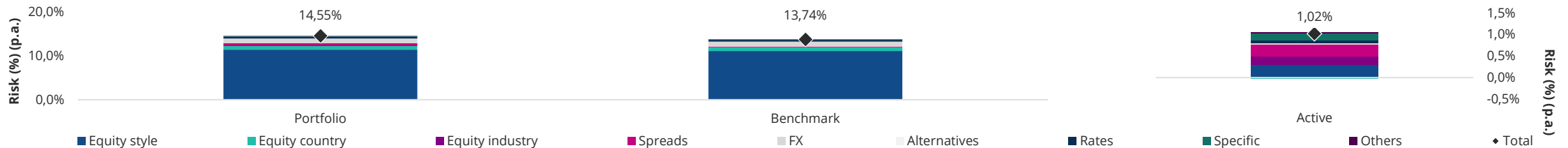
Conservative



Balanced



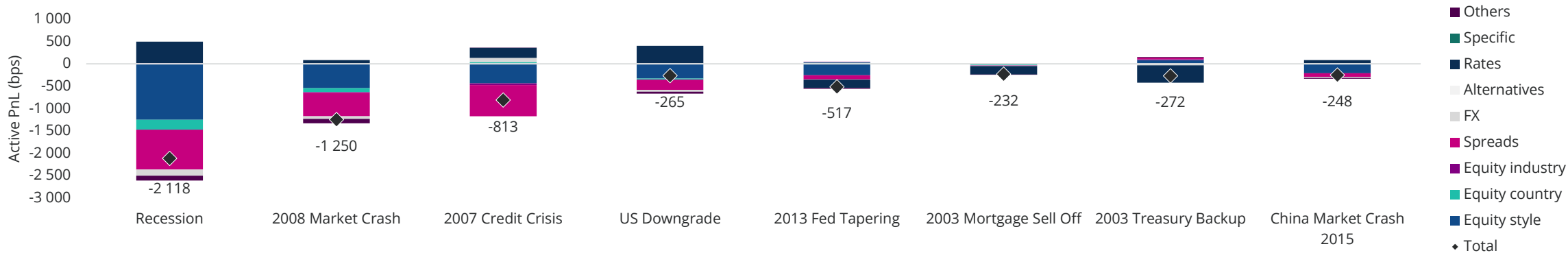
Aggressive



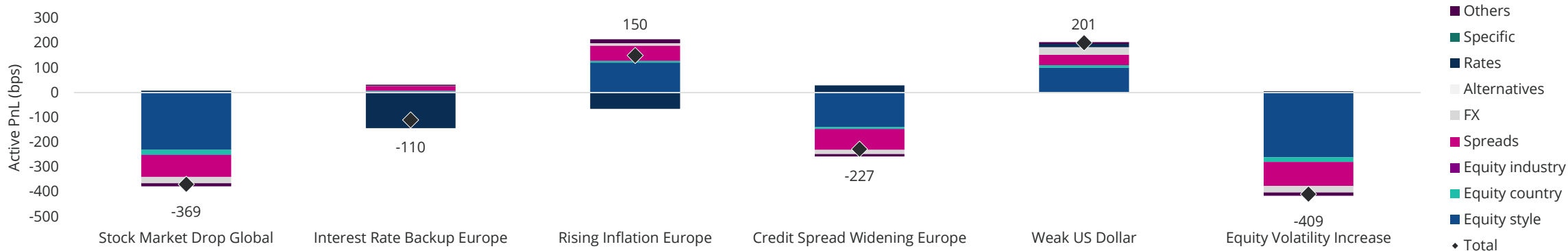
Risk Review | Scenario analysis

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 **Conservative Model Portfolio**

Historical scenarios



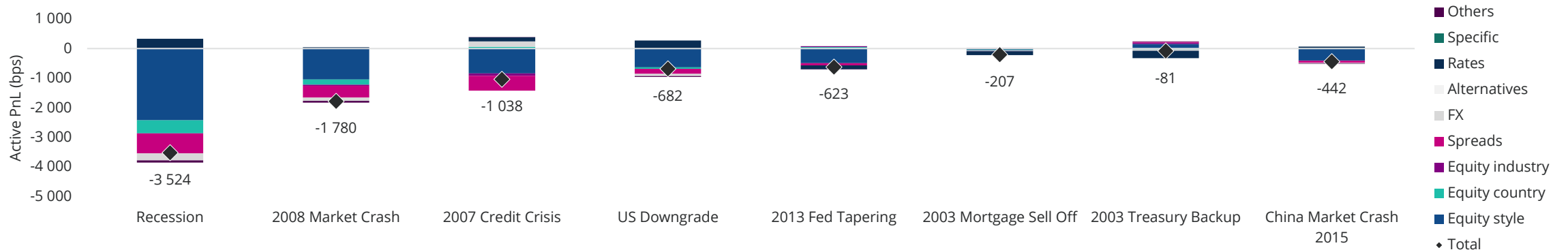
Forward-looking scenarios



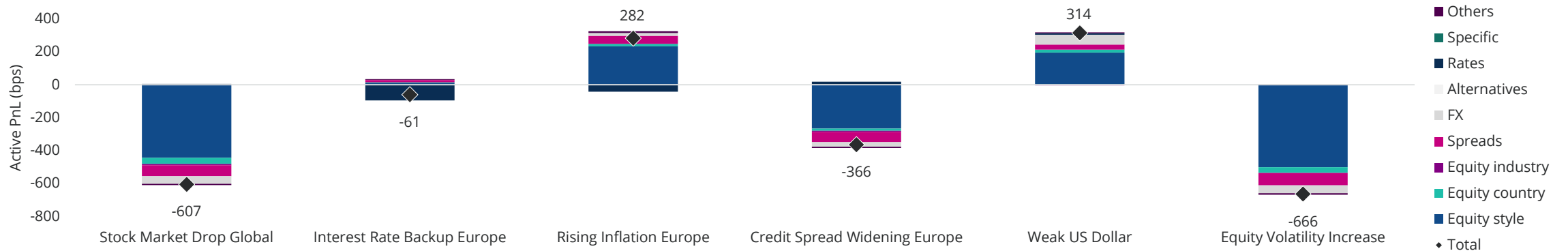
Risk Review | Scenario analysis

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



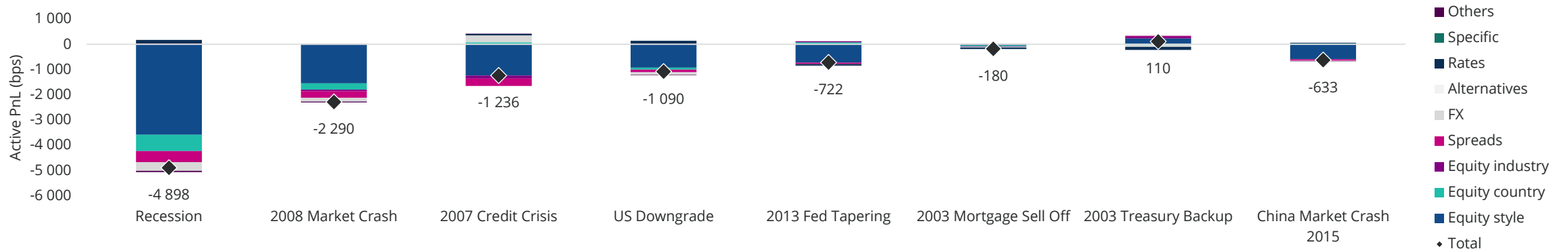
Forward-looking scenarios



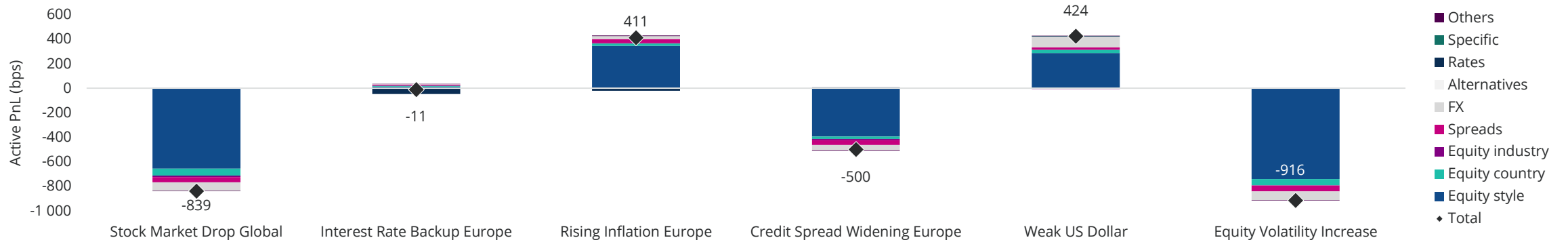
Risk Review | Scenario analysis

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

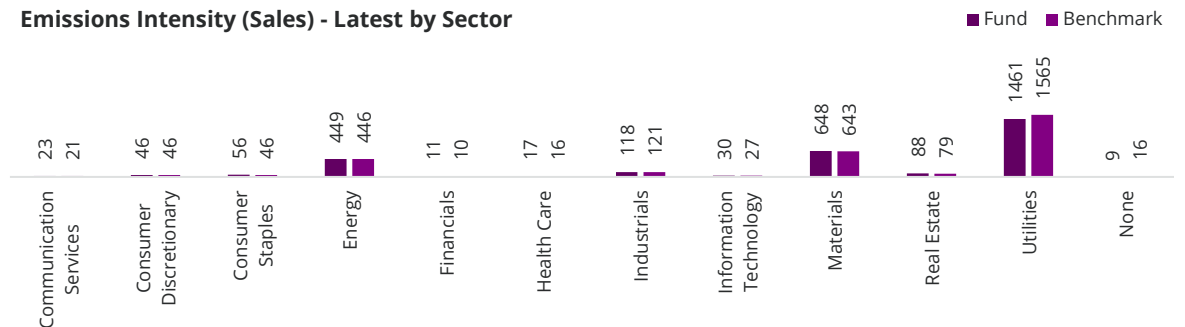
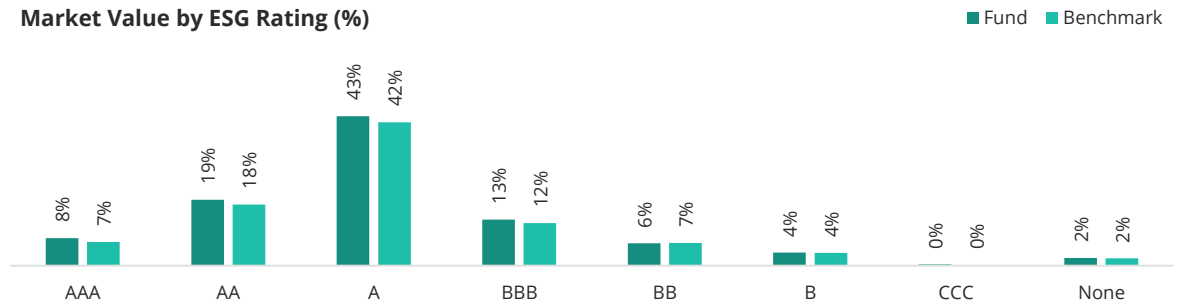
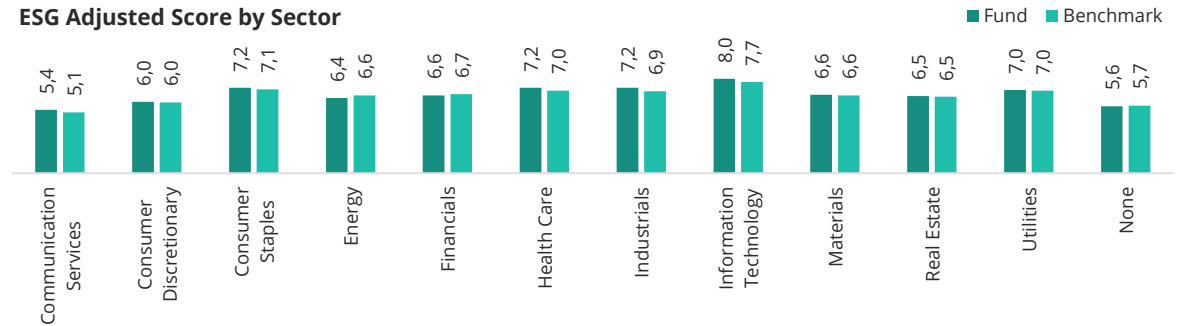


Forward-looking scenarios



Carbon and ESG Reporting | Conservative Model Portfolio

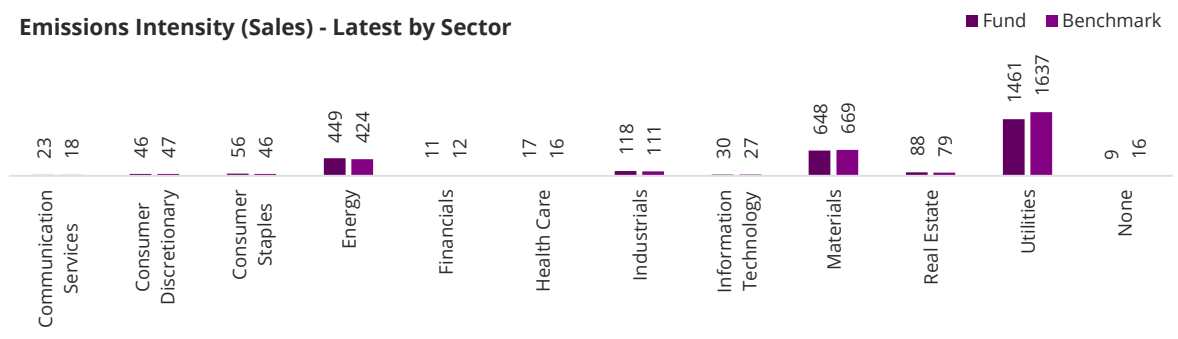
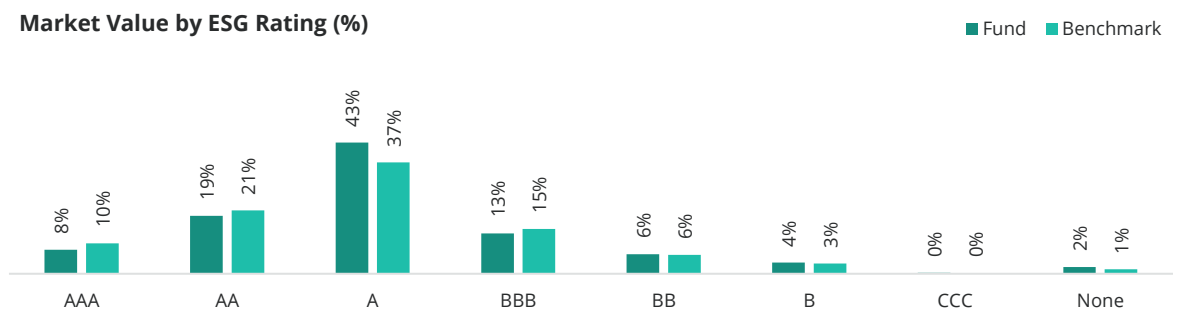
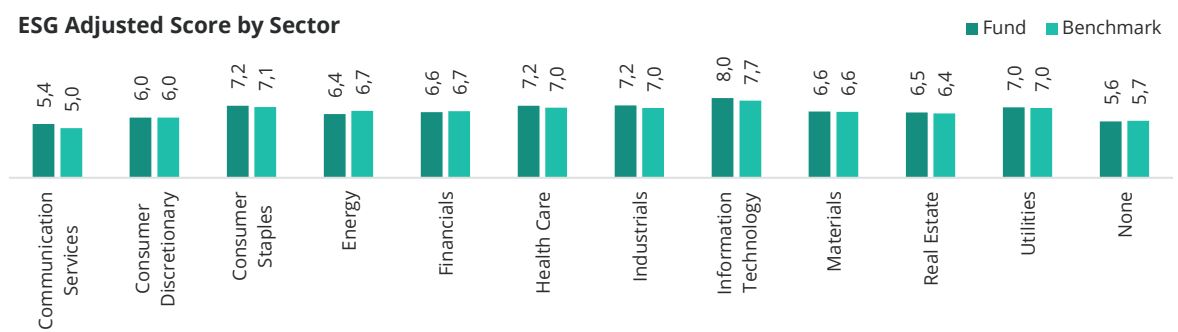
ESG	Portfolio Benchmark Active							
	ESG Coverage % Market Value	94.4%	89.0%					
	ESG Adjusted Score 0 (worst) - 10 (best)	6.3	6.2	0.0				
	Environment Score 0 (worst) - 10 (best)	5.7	5.6	0.2				
	Social Score 0 (worst) - 10 (best)	6.1	6.2	-0.1				
	Governance Score 0 (worst) - 10 (best)	5.9	6.0	-0.1				
Active Risk Contribution by ESG Rating (bps)			607					
	-71 AAA	-134 AA	-146 A	-103 BBB	-29 BB	-19 B	-2 CCC	None
Carbon								
		Fund	Benchmark	Active				
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	94.2	96.7	-2.5%				
Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	141.6	140.9	0.5%					



Source: Based on portfolio holdings data at 31 December 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 ©2024 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

Carbon and ESG Reporting | Moderate Model Portfolio

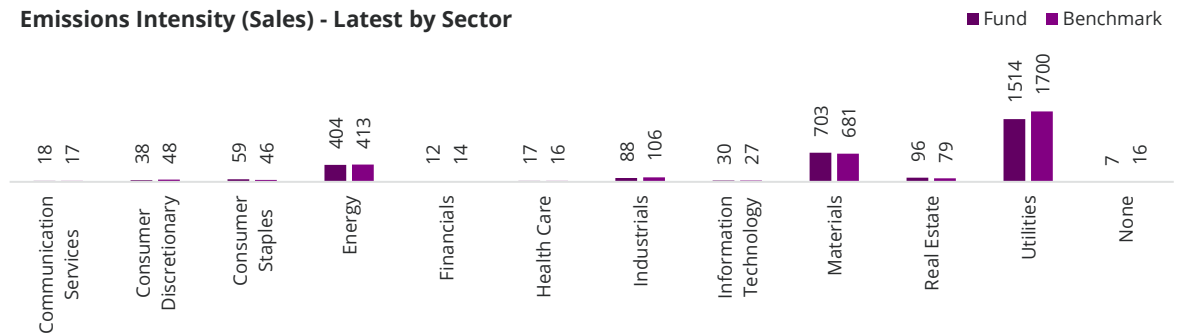
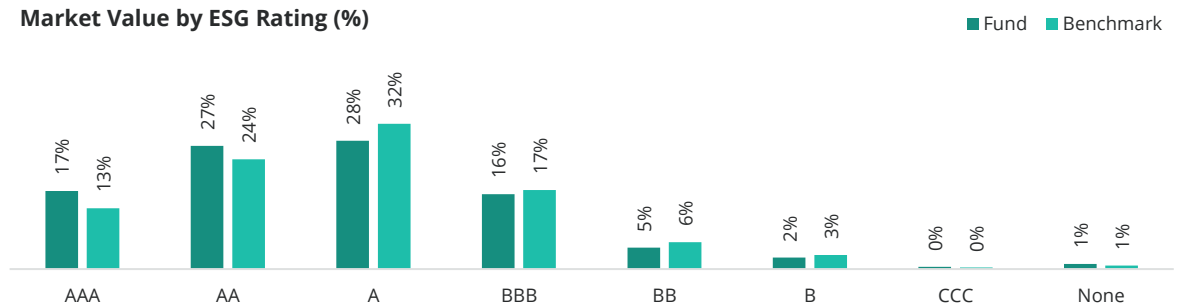
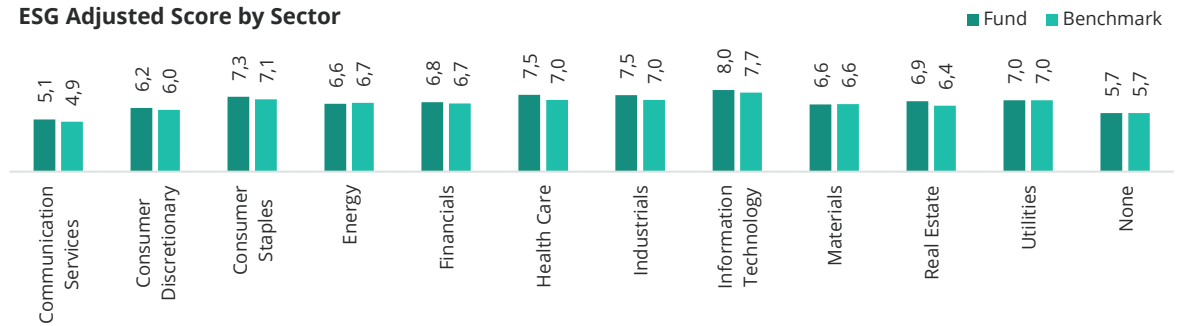
ESG	Portfolio Benchmark Active			
	ESG Coverage % Market Value	94.4%	92.6%	
	ESG Adjusted Score 0 (worst) - 10 (best)	6.3	6.4	-0.2
	Environment Score 0 (worst) - 10 (best)	5.7	5.9	-0.2
	Social Score 0 (worst) - 10 (best)	6.1	5.8	0.3
	Governance Score 0 (worst) - 10 (best)	5.9	5.9	0.0
Active Risk Contribution by ESG Rating (bps)			607	
Carbon				
		Fund	Benchmark	Active
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	94.2	96.3	-2.1%
	Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	141.6	134.7	5.1%



Source: Based on portfolio holdings data at 31 December 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 ©2024 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

Carbon and ESG Reporting | Growth Model Portfolio

		Portfolio Benchmark	Active
ESG	ESG Coverage % Market Value	96.7%	92.6%
	ESG Adjusted Score 0 (worst) - 10 (best)	6.9	6.6
	Environment Score 0 (worst) - 10 (best)	6.4	6.3
	Social Score 0 (worst) - 10 (best)	5.5	5.5
	Governance Score 0 (worst) - 10 (best)	5.7	5.7
Active Risk Contribution by ESG Rating (bps)			1065
Carbon			
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	Fund: 84.2	Benchmark: 96.1
	Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	Fund: 111.1	Benchmark: 131.1



Source: Based on portfolio holdings data at 31 December 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 ©2024 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

Supporting Material

cogence

Portfolio Commentary

Conservative

The Portfolio returned 3.74% over the month outperforming its benchmark by 0.14%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 0.23%. Longer term, Since Inception returns sits at 1.9% p.a. Risk assets carried their momentum from November into December with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most major economies and anticipation of rate cuts in 2024. The Fed continues to be on hold and appeared dovish in the last meeting. This fueled a rally in government bonds with 10-year US rates falling by 0.47% giving back all the losses from 2023. UK and Euro region experience similar moves in rates with UK rates falling by 0.64% as inflation is falling at a higher pace. The broader economy remains resilient, especially in US, with tight labor markets that persisted in December. On the Equity side, developed markets outperformed emerging markets by 1% in dollar terms. Chinese Equity markets remained weak in December, losing 2.5% over the month. Both asset allocation and manager selection contributed positively to the active returns. Most managers outperformed their benchmarks, adding to active returns except for Schroders EM Equity. BLK US equity, and emerging Market Debt managers were the largest contributors. On the asset allocation side, our overweight to Equity added to the active returns as Equity outperformed the Fixed Income by a little over 1%. Within Equities our preference for US equity and Value factor was a positive contributor while our underweight to Europe and overweight to EM detracted. Within Fixed Income, our overweight to UK government bonds was a positive contributor along with our strategic position in Sub Investment grade securities, particularly emerging market debt contributed positively while the overweight to eur corporate debt was a detractor.

Over December, there were no changes to the portfolios. In the current portfolios we are overweight equity with a preference for US equity, EM equity and the Value factor over Europe ex UK. With fixed income, we prefer UK government bonds and Euro government and corporates along with inflation linked bonds.

The portfolio risk stands at 7.64% while active risk is around 1.14%.

Moderate

The Portfolio returned 4.26% over the month outperforming its benchmark by 0.26%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 0.22%. Longer term, Since Inception returns sits at 4.16% p.a. Risk assets carried their momentum from November into December with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most major economies and anticipation of rate cuts in 2024. The Fed continues to be on hold and appeared dovish in the last meeting. This fueled a rally in government bonds with 10-year US rates falling by 0.47% giving back all the losses from 2023. UK and Euro region experience similar moves in rates with UK rates falling by 0.64% as inflation is falling at a higher pace. The broader economy remains resilient, especially in US, with tight labor markets that persisted in December. On the Equity side, developed markets outperformed emerging markets by 1% in dollar terms. Chinese Equity markets remained weak in December, losing 2.5% over the month. Both asset allocation and manager selection contributed positively to the active returns. Most managers outperformed their benchmarks, adding to active returns except for Schroders EM Equity. BLK US equity, and emerging Market Debt managers were the largest contributors. On the asset allocation side, our overweight to Equity added to the active returns as Equity outperformed the Fixed Income by a little over 1%. Within Equities our preference for US equity and Value factor was a positive contributor while our underweight to Europe and overweight to EM detracted. Within Fixed Income, our overweight to UK government bonds was a positive contributor along with our strategic position in Sub Investment grade securities, particularly emerging market debt contributed positively while the overweight to eur corporate debt was a detractor.

Over December, there were no changes to the portfolios. In the current portfolios we are overweight equity with a preference for US equity, EM equity and the Value factor over Europe ex UK. With fixed income, we prefer UK government bonds and Euro government and corporates along with inflation linked bonds.

The portfolio risk stands at 11.0% while active risk is around 1.09%.

Growth

The Portfolio returned 4.74% over the month outperforming its benchmark by 0.34%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 0.13%. Longer term, Since Inception returns sits at 6.28% p.a. Risk assets carried their momentum from November into December with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most major economies and anticipation of rate cuts in 2024. The Fed continues to be on hold and appeared dovish in the last meeting. This fueled a rally in government bonds with 10-year US rates falling by 0.47% giving back all the losses from 2023. UK and Euro region experience similar moves in rates with UK rates falling by 0.64% as inflation is falling at a higher pace. The broader economy remains resilient, especially in US, with tight labor markets that persisted in December. On the Equity side, developed markets outperformed emerging markets by 1% in dollar terms. Chinese Equity markets remained weak in December, losing 2.5% over the month. Both asset allocation and manager selection contributed positively to the active returns. Most managers outperformed their benchmarks, adding to active returns except for Schroders EM Equity. BLK US equity, and emerging Market Debt managers were the largest contributors. On the asset allocation side, our overweight to Equity added to the active returns as Equity outperformed the Fixed Income by a little over 1%. Within Equities our preference for US equity and Value factor was a positive contributor while our underweight to Europe and overweight to EM detracted. Within Fixed Income, our overweight to UK government bonds was a positive contributor along with our strategic position in Sub Investment grade securities, particularly emerging market debt contributed positively while the overweight to eur corporate debt was a detractor.

Over December, there were no changes to the portfolios. In the current portfolios we are overweight equity with a preference for US equity, EM equity and the Value factor over Europe ex UK. With fixed income, we prefer UK government bonds and Euro government and corporates along with inflation linked bonds.

The portfolio risk stands at 14.55% while active risk is around 1.02%.

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.

Disclaimer

Certain information, such as ESG Ratings, ESG Scores and Emissions Intensity contained herein (the "Information") has been provided by MSCI ESG Research LLC, a RIA (Registered Investment Advisor) under the Investment Advisers Act of 1940, and may include data from its affiliates (including MSCI Inc. and its subsidiaries ("MSCI")), or third party suppliers (each an "Information Provider"), and it may not be reproduced or disseminated in whole or in part without prior written permission. The Information has not been submitted to, nor received approval from, the US SEC (Securities and Exchange Commission) or any other regulatory body. The Information may not be used to create any derivative works, or in connection with, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between equity index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. Neither MSCI ESG Research nor any Information Party makes any representations or express or implied warranties (which are expressly disclaimed), nor shall they incur liability for any errors or omissions in the Information, or for any damages related thereto. The foregoing shall not exclude or limit any liability that may not by applicable law. MSCI ESG Research LLC and MSCI shall be deemed to be third part beneficiaries with respect to the terms of this paragraph, entitled to enforce such terms against any third party.

Important information

This material is for distribution to Professional Client (as defined by the FCA or MiFID rules) and Qualified investors only and should not be relied upon by any other persons.

- The information contained herein, is proprietary in nature and has been provided to you on a confidential basis, and September not be reproduced, copied or distributed without the consent of BlackRock.
- This report is not intended as an offer or solicitation with respect to the purchase or sale of any financial instrument, including BlackRock products, and has not been prepared in connection with any such offer.
- The information and opinions contained in this report are derived from proprietary and non-proprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by BlackRock, its officers, employees or agents.
- This document is provided for the information of its intended recipient and BlackRock expressly disclaims any liability which may result from any use of this information, including, but not limited to, its use in the preparation of financial reports or other disclosures.
- BlackRock does not provide accounting, tax or legal advice and, in providing this information, BlackRock is not acting as an accounting agent and it does not maintain the official accounting records for the recipient of this document, or for portfolios that it manages on its clients' behalf.
- **Capital at risk.** The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.
- Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.
- This document has been issued by the BlackRock entity specified on the cover page of this report, which may be BlackRock Investment Management (UK) Limited, BlackRock International Limited, BlackRock Advisors (UK) Limited, or BlackRock Institutional Trust Company N.A., (UK Branch), each of which is authorised and regulated by the Financial Conduct Authority. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. BlackRock (Netherlands) B.V. is authorised and regulated by the Dutch Authority for the Financial Markets (AFM) and BlackRock Asset Management Deutschland AG is authorised and regulated by the Federal Financial Supervisory Authority (BaFin).
- This is a bespoke report produced at the client's request. If you no longer wish to receive this bespoke report, please contact your relationship manager.

© 2023 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES, BUILD ON BLACKROCK, SO WHAT DO I DO WITH MY MONEY and the stylized i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.