

Quarterly Funding & Investment Report

End September 2026

Prepared for: North Yorkshire Pension Fund ("the Fund")

Prepared by: Aon

13 November 2026

For professional clients only. Private and Confidential

Contents

1 At a glance 3

2 Funding 6

3 Market background 12

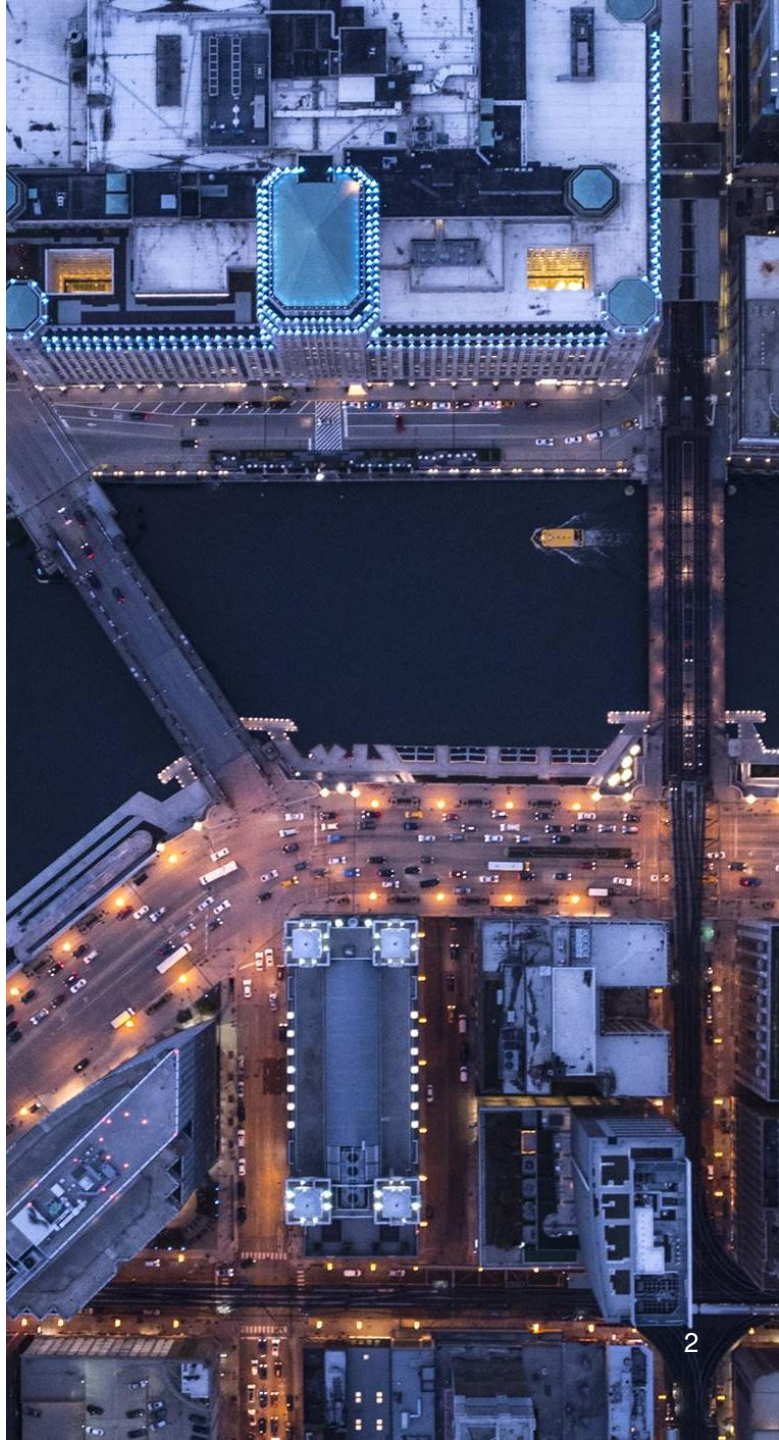
4 Asset Allocation 15

5 Fund performance 20

6 Manager review 29

7 Market outlook and Aon's latest thinking 39

8 Further information 42



1

At a glance

A high level summary of your investments and funding



At a glance...

Funding

Since the results of the valuation at 31 March 2025 the Fund's ongoing funding has level increased by 3%, and the surplus has increased by £168M.

Asset returns have been higher than expected over the period. In addition, the net discount rate has increased slightly. Together, these factors have contributed to an improvement in the funding position.

The pension increase applied in April 2026 of 3.8% was higher than our long-term assumption which has resulted in a slight worsening of the funding position.

Asset Allocation and Implementation

PFC members agreed to the following commitments and investments:

- £100m investment at launch in Border to Coast's Global Sustainable Bonds fund (investment took place during the quarter)
- During the quarter, allowing for Aon's market views, two £25m redemptions were made from the Border to Coast Investment Grade Credit fund, to partly meet private markets capital calls and partly for operational cashflow shortfall.

Further activity is detailed on p.19 of this report.

Performance

Over the quarter the Fund underperformed the benchmark returning -0.6% vs 0.6%.

Total Fund performance is behind the composite benchmark over the quarter, 1 year, 3 year and 5 year periods to 30 September 2026.

Note the 3- and 5-year performance periods are still impacted by elevated volatility and challenging markets conditions over the 2020s which has included the Covid-19 pandemic, elevated inflation levels, and increased geopolitical tensions.

Market Background and Investment Outlook (October 2026)*

In Q3, the MSCI All-Country World Index rose 1.6% in sterling terms, with the UK (+1.8%) and the US outperforming (+2.2%), and Emerging Markets underperforming (-0.3%).

Performance across the AI value chain diverged. Software rebounded strongly while semiconductors and other AI infrastructure names fell back after a strong first half. Global equity gains were narrow, led by Energy as oil prices surged and by a small group of US technology leaders.

Instability in the Middle East continues to present risks to markets, with oil prices remaining elevated amid ongoing disruption to Gulf energy exports. Further escalation could place additional upward pressure on inflation and bond yields.

Equity markets remain resilient, supported by strong earnings growth; however, performance remains increasingly dependent on the AI trade. With the top 10 US stocks all linked to AI and valuations above their 20-year median, there is continued value in reviewing equity exposures and maintaining diversification.

KEY ACTIONS

- PFC members are to take note of a separate paper covering the Fund's equity allocation
- PFC members to consider the contents of this report.

Note: *The opinions referenced are as of the date of publication (14 October 2026) and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Key Stats – Q3 2026

Assets

£5,122M

Assets increased by £368M since 2025 valuation
£4,754M at 2025 valuation

Funding level

123%

Funding level increased by 3% since 2025 valuation
120% at 2025 valuation

Return on Assets since 2025 Valuation

6.0% pa

Current Assets Expected Return (10 year p.a.)

+7.7%

0.3% increase since 2025 Valuation
7.4% at 2025 valuation

Long-term Strategy Expected Return (10 year p.a.)

+7.8%

0.2% increase since 2025 Valuation
7.6% at 2025 valuation

Discount rate

5.05%

Discount rate has increased by 0.25% since 2025 valuation
4.8% at 2025 valuation

Current Assets Value at Risk (1 Year 1 in 20)

£865m

Long-term Strategy Assets Value at Risk (1 Year 1 in 20)

£824m

Estimated Total Employer cost

7.5%

Total employer contribution rate has decreased by 2.8% since 2025 valuation
10.3% at 2025 valuation

Note: This funding update rolls forward the results of the 2025 valuation of the Fund. We have made allowance for actual pension increases since the valuation (allowing for pension increases awarded in April 2026).

2

Funding

A review of your funding position and contributions



Funding position

Funding level

123%

at 30 September 2026

Increased from 120% at 31 March 2025

Surplus

£966M

at 30 September 2026

Increased from £798M at 31 March 2025

Comments

Since the results of the valuation at 31 March 2025 the Fund's ongoing funding level has increased by 3%, and the surplus has increased by £168M.

Asset returns have been higher than expected over the period. In addition, the net discount rate has increased slightly. Together, these factors have contributed to an improvement in the funding position.

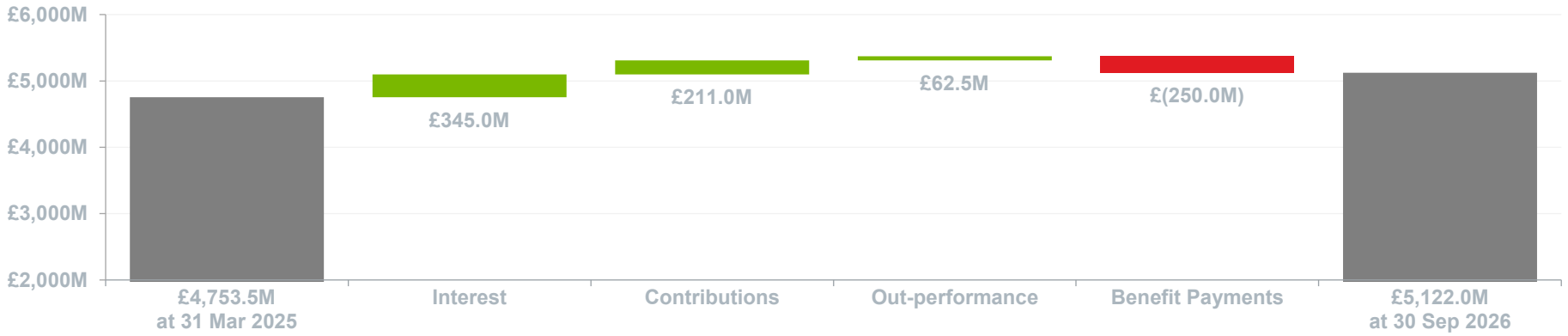
The pension increase applied in April 2026 of 3.8% was higher than our long-term assumption which has resulted in a slight worsening of the funding position.

Change to funding level since 31 March 2025

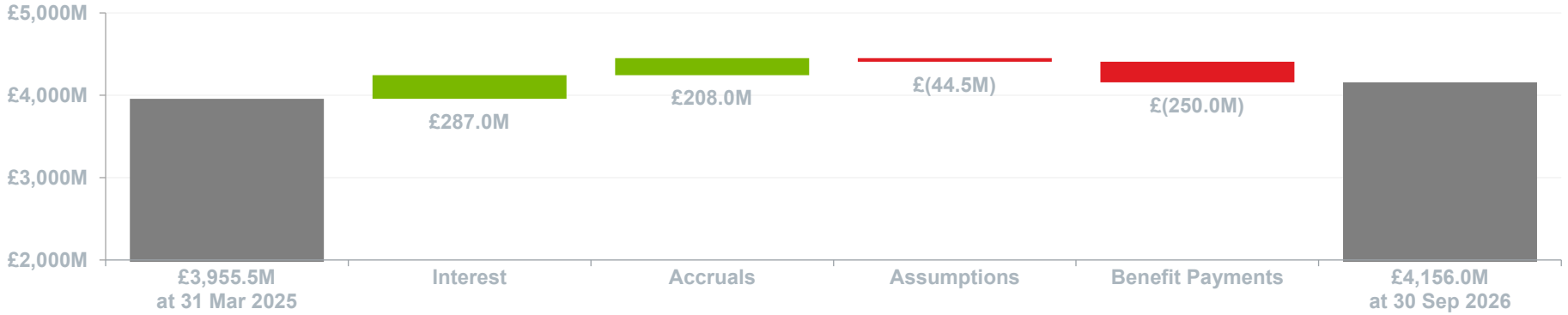


Analysis – Ongoing funding target

Reason for change since 31 March 2025 – Asset Attribution



Reason for change since 31 March 2025 – Liability Attribution



Comments
Since the 2025 valuation the surplus has increased by £168M.

Aggregate Employer contributions – ongoing funding target

Total employer contribution rate	Employer cost of accrual	Comments
7.5% at 30 September 2026 Down from 10.3% at 31 March 2025	**14.0%** at 30 September 2026 Down from 15.0% at 31 March 2025	The total employer contribution rate has decreased since the 2025 valuation. This is largely due to the increase in funding level.

Notes

The total employer contribution rate quoted above is based on the average total employer contribution rates across the Fund. Individual employer contributions can be very different to the average figure across the Fund shown above depending on their own characteristics, membership profile and funding target. The individual employer contributions have been reviewed as part of the triennial valuation at 31 March 2025.

Funding position – Low Risk funding target

Funding level

114%

at 30 September 2026

Funding level

110%

at 31 March 2025

Surplus

£639M

at 30 September 2026

Surplus

£441M

at 31 March 2025

Basis:	Low Risk funding target
Effective date:	30 September 2026

Comments

The funding level on the low risk funding target has increased since 2025 valuation.

Low risk funding target



Notes: This chart is provided to give an illustration of the change in the funding level based on the low-risk funding target since the 2025 valuation date. It has been produced based on changes in daily gilt yields and market implied inflation assumptions.

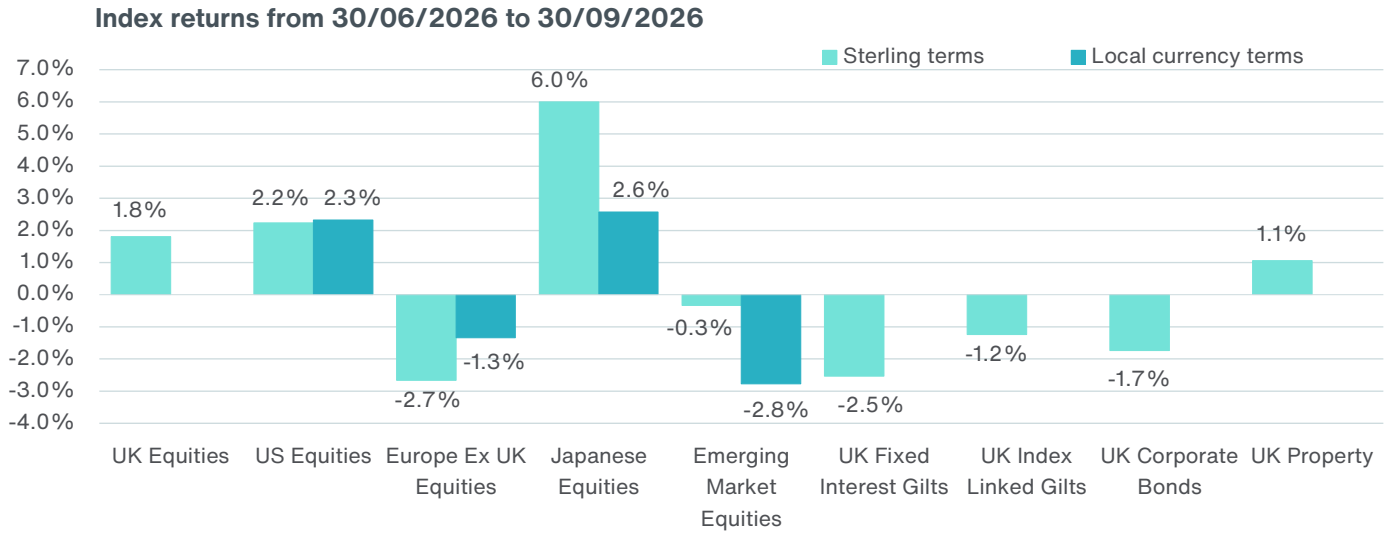
3

Market background

Aon’s views, snapshot of investment markets and key economic data



Market Background Q3 2026



Sources: FactSet, MSCI (Equities*, Property), FTSE (Gilts), iBoxx (Credit). *MSCI Indices show LOC gross total returns.

Key Themes

- **Middle East conflict and oil:** Escalating US-Iran tensions and renewed risks to key shipping routes kept upwards pressure on energy prices, raising inflation concerns.
- **Inflation and central banks:** Higher energy prices complicated the inflation outlook, prompting the Fed, ECB and BoJ to raise rates, while the BoE signalled the possibility of tighter monetary policy and adjusted the implementation of its quantitative tightening programme.
- **AI and market leadership:** Performance across the AI value chain diverged. Software rebounded strongly while semiconductors and other AI infrastructure names fell back after a strong first half. Global equity gains were narrow, led by Energy as oil prices surged and by a small group of US technology leaders.

Equities

Global equity markets delivered modest positive returns over the quarter, with the MSCI AC World gaining 1.6% in sterling terms. The UK slightly outperformed the global index, returning 1.8%.

US equities returned 2.2% in sterling terms over the 12-month periods. Emerging markets were the weakest-performing region, falling by -0.3% in sterling terms with negative performance in Korea weighing heavily.

Energy was the clear outperformer, rising 14.8% globally as failed diplomatic efforts to reopen the Strait of Hormuz contributed to a 42.0% increase in oil prices. Information technology (+3.6%) and Health Care (+4.0%) also supported returns, while Industrials (-6.0%) and Consumer Discretionary (-3.9%) lagged.

Bonds

Government bond yields rose sharply across most major markets as higher energy prices and renewed inflation concerns led investors to reassess the interest-rate outlook.

UK investment grade credit spreads, widened by 0.05% to 0.85% over the quarter, based on the iBoxx Sterling Non-Gilts Index, with both higher-quality and lower-quality bond credit spreads widening. The iBoxx Sterling Non-Gilts Index posted a return of -1.7%.

Global investment grade credit spreads rose by 0.09% to 0.86% over the quarter.

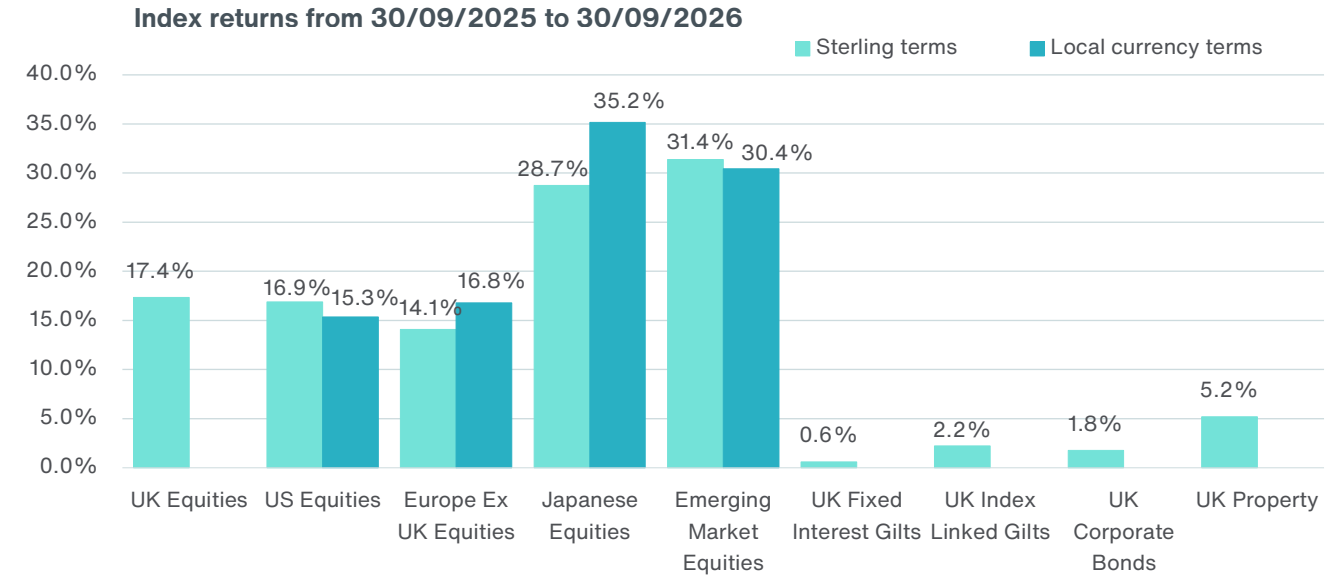
Gilts

UK gilt yields rose sharply, in part to, higher energy prices, persistent inflation concerns and a broader global bond sell-off, increasing borrowing costs ahead of the Autumn Budget.

The 2-year, 10-year and 30-year yields rose by approximately 0.60%, 0.67% and 0.48%, respectively, ending September at 4.75%, 5.41% and 5.94%. The 30-year yield peaked at 5.97%, close to its highest level since 1998.

The UK nominal gilt yield curve shifted upwards across all maturities over the quarter. The index-linked gilt yield curve also shifted upwards for most maturities, while breakeven inflation rose across all maturities, with the 10-year breakeven inflation rising by 0.31% to 3.47%.

Annual Market Background



Sources: FactSet, MSCI (Equities*, Property), FTSE (Gilts), iBoxx (Credit). *MSCI Indices show LOC gross total returns.

Key Themes

- **UK economy, politics and gilt markets:** The UK posted mostly strong growth figures through the first half of 2026. Gilt yields edged higher against a global bond sell-off and a level of fiscal uncertainty.
- **Middle East conflict and energy markets:** Conflict and disruption around key Middle Eastern shipping routes drove a protracted rise in oil prices.
- **Global equities and market leadership:** Global equities rose strongly, led by Information Technology and Energy. AI-related investment supported technology stocks, while higher commodity and oil prices benefited energy and materials companies.
- **Inflation and central banks:** Higher energy prices renewed inflation concerns, prompting the Fed, ECB and Bank of Japan to raise rates. The BoE, thus far, has resisted hiking rates.

Equities

Global equities generated strong returns over the year, with the MSCI AC World Index rising 18.1% in local currency terms and 18.8% in sterling terms.

Emerging markets and Japan were particularly strong, returning 31.4% and 28.7% respectively in sterling terms, while UK equities returned 17.4%.

Among MSCI ACWI sectors, Information Technology (+40.0%) and Energy (+39.0%) were the best-performing sectors, while Consumer Discretionary (-7.9%) and Real Estate (-0.6%) were the weakest performers.

Technology benefited from continued AI-related investment, while energy and materials companies were supported by higher oil and commodity prices.

Bonds

The UK credit market delivered modest positive returns. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilts Index, widened by 0.03% to 0.85%. The index rose 1.8% over the year to 30 September 2026.

Gilts

Government bond yields rose across most major markets over the year as higher energy prices and renewed inflation concerns prompted investors to reassess the outlook for interest rates.

UK gilt yields rose across the curve and remained volatile, reflecting persistent inflation concerns, the Middle East energy shock and a level of fiscal/political uncertainty. Higher energy prices and a broader global bond sell-off drove yields higher in Q3.

Over the year, the 2-year and 10-year gilt yields rose by 0.77% and 0.72% to 4.75% and 5.41%, respectively. The 30-year yield ended September at 5.94%, having reached 5.97%, close to its highest level since 1998.

4

Asset Allocation

A review of your current and strategic asset allocations



Overall Asset Allocation – 30 September 2026

Asset Group	Manager	Valuation (£m)	Current allocation	Long-term strategy	Difference	Possible action
Equities		**1,929.7**	**37.7%**	**39.0%**	**-1.3%**	✓
	BCPP Global Equity Alpha	1,583.8	30.9%	31.0%	-0.1%	
	Baillie Gifford LTGG	345.9	6.8%	8.0%	-1.2%	
Property		**303.3**	**5.9%**	**4.3%**	**+1.6%**	⏱
	BCPP UK Real Estate	56.0	1.1%	4.3%	-3.2%	
	L&G	50.0	1.0%	-	+1.0%	
	Threadneedle	197.3	3.9%	-	+3.9%	
Infrastructure		**968.8**	**18.9%**	**15.0%**	**+3.9%**	⏱
	BCPP Infrastructure	565.1	11.0%	10.0%	+1.0%	
	BCPP Climate Opportunities	136.4	2.7%	4.0%	-1.3%	
	BCPP UK Opportunities	11.0	0.2%	1.0%	-0.8%	
	BCPP Listed Alternatives	256.3	5.0%	0.0%	+5.0%	

⚠ Action taken / potential action required

⏱ Awaiting drawdown

✓ No action required

AON Source: Northern Trust, Aon. Note: Numbers may not sum due to rounding.

Overall Asset Allocation – 30 September 2026 (cont.)

Asset Group	Manager	Valuation (£m)	Current allocation	Long-term strategy	Difference	Possible action
Private Credit		**258.9**	**5.1%**	**11.0%**	**-5.9%**	
	BCPP Private Credit	248.9	4.9%	11.0%	-6.1%	
	Arcmont	8.3	0.2%	-	+0.2%	
	Permira	1.7	0.0%	-	-	
Non-Investment Grade Credit		**276.8**	**5.4%**	**5.2%**	**+0.2%**	
	BCPP Multi Asset Credit	276.8	5.4%			
Investment Grade Credit		**397.4**	**7.8%**	**8.0%**	**-0.2%**	
	BCPP Investment Grade Credit	300.2	5.9%			
	BCPP Global Sustainable Bonds	97.2	1.9%			
Gilts		**890.2**	**17.4%**	**17.5%**	**-0.1%**	
	BCPP Index Linked Bonds	890.2	17.4%			
Cash		**96.6**	**1.9%**	**0.0%**	**+1.9%**	
	Internal Cash	96.6	1.9%			
Total		**5,121.5**	**100.0%**	**100.0%**		

Source: Northern Trust, Aon. Note: Numbers may not sum due to rounding.

Investment strategy update

Recent and upcoming activity

- PFC members are to take note of a separate paper covering the Fund's equity allocation.
- PFC members agreed to the following commitments and investments:
  - £100m investment at launch in Border to Coast's Global Sustainable Bonds fund (investment took place during the quarter)
- During the quarter, allowing for Aon's market views, two £25m redemptions were made from the Border to Coast Investment Grade Credit fund, to partly meet private markets capital calls and partly for operational cashflow shortfall.
- A further £50m disinvestment with Threadneedle was placed over the quarter and is expected to be received during Q4 2026 / Q1 2027
- Officers and Advisors will hold further discussions as required around short-term cashflow requirements and rebalancing opportunities prior to the November PFC meeting, at which, any further actions will be confirmed.

Transitions and cashflows

The following rebalancing activities took place over the quarter:

Border to Coast net capital calls and distributions (total distributions were c. £6.5m):

- Climate Opportunities: c. +£8.2m
- UK Opportunities: c. +£2.5m
- Infrastructure: c. +£21.6m
- Private Credit: c. +£16.3m
- UK Property: c. +£8.3m

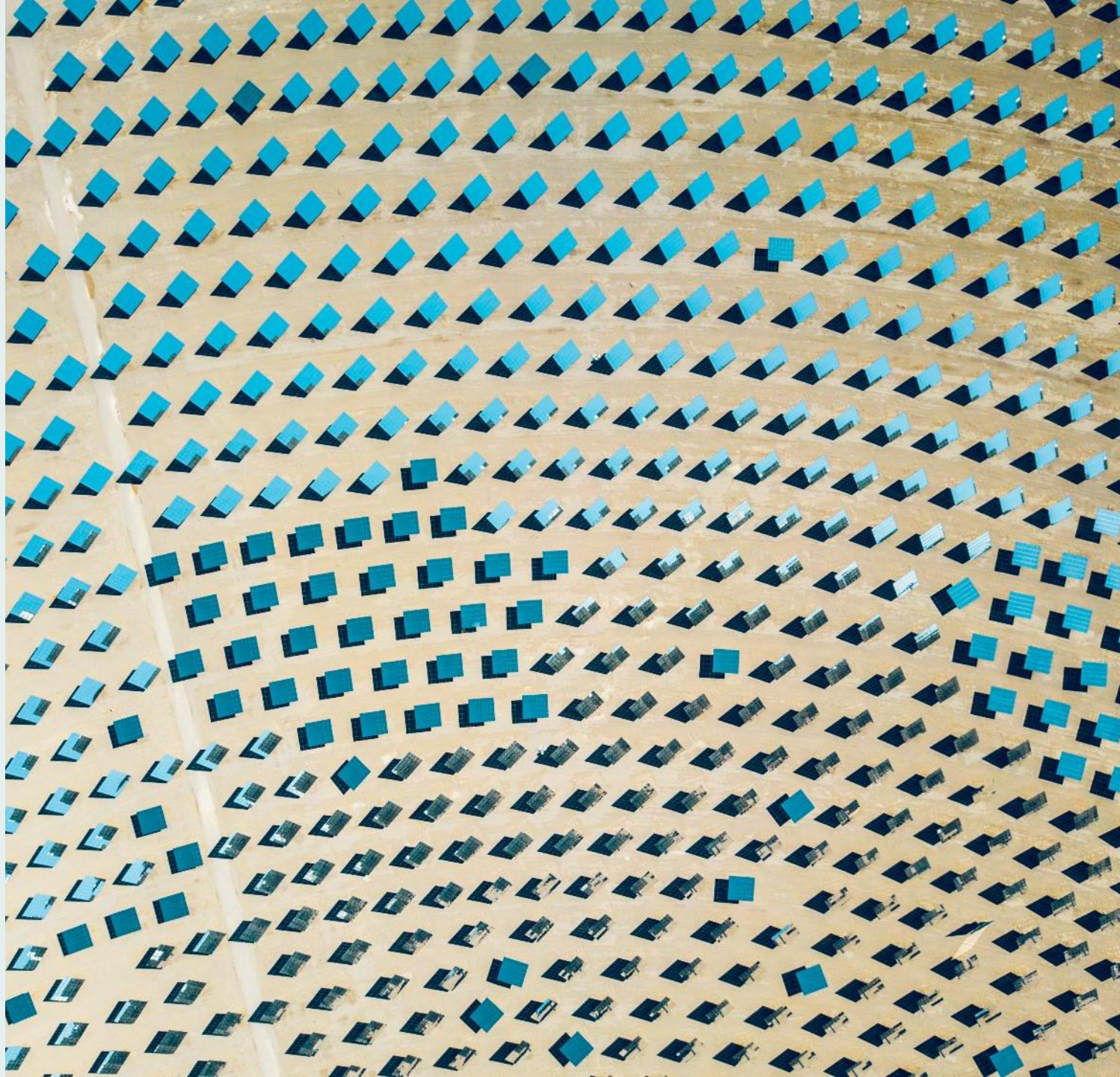
- c.£11.5m income was received from public markets investments (BG LTGG and Border to Coast Corporate Bonds) which were dividends and coupon payments relating to Q3.
- An investment of £100m was made into the Border to Coast Global Sustainable Bond Fund. The investment was funded as follows:
  - £30m redemption from Border to Coast Corporate Bonds
  - £25m redemption from Border to Coast Index Linked Bonds
  - £15m redemption from Border to Coast Global Equities
  - £30m from Internal Cash
- A further £50m was redeemed from Border to Coast Corporate Bonds to help fund capital calls and operational cash shortfall
- A redemption of £50m was taken from Border to Coast Listed Alternatives to help fund capital calls and operational cash shortfall

5

Fund performance

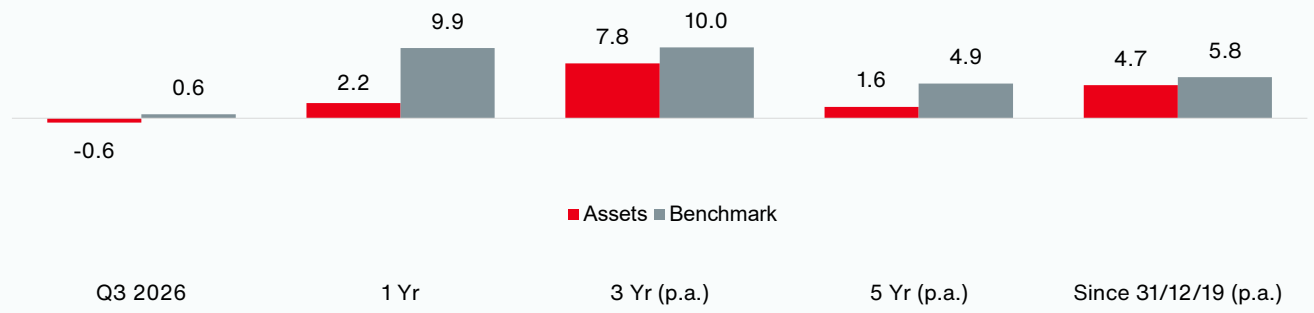
A review of your investment performance

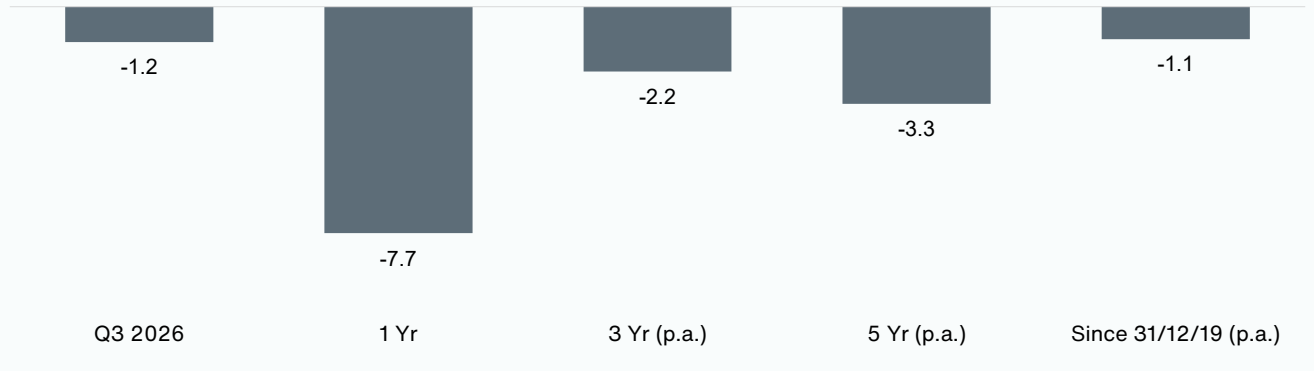
AON



Total Fund performance – snapshot

Fund performance & benchmark





Source: Northern Trust, Aon. Performance is shown net of fees.

Quarterly (relative)

-1.2%

The Fund underperformed the benchmark returning -0.6% vs 0.6% over the quarter.

3 year (relative)

-2.2% p.a.

Over 3 years the Fund has underperformed the benchmark returning 7.8% p.a. vs 10.0% p.a.

Comments

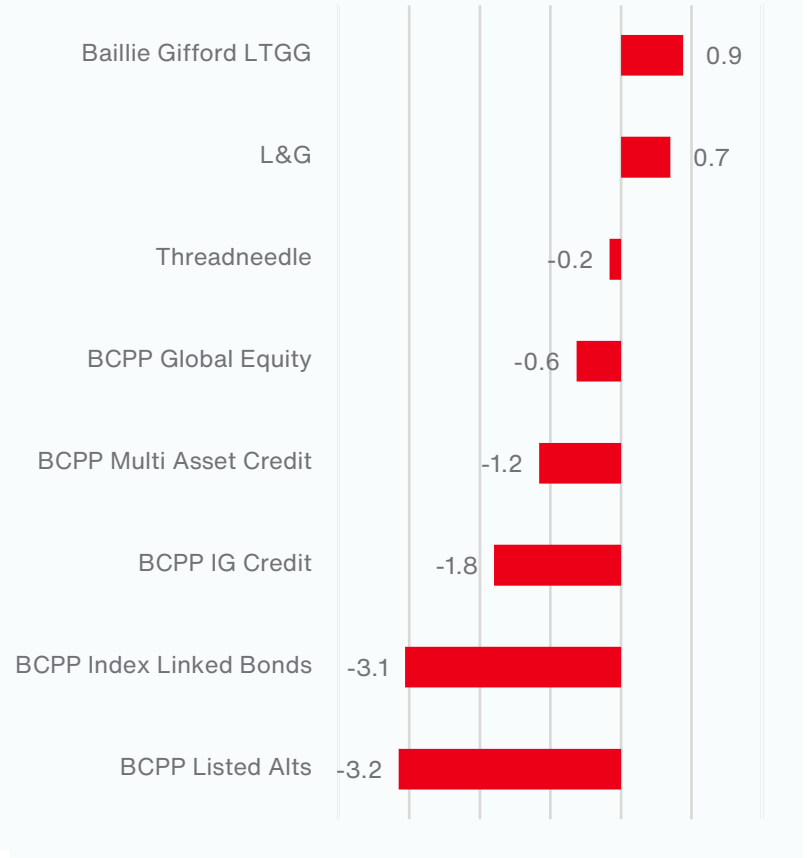
Total Fund performance is behind the composite benchmark over all periods shown to 30 September 2026.

Note the 3- and 5-year performance is impacted by elevated volatility and challenging markets conditions over the 2020s which has included the Covid-19 pandemic, elevated inflation levels, and increased geopolitical tensions.

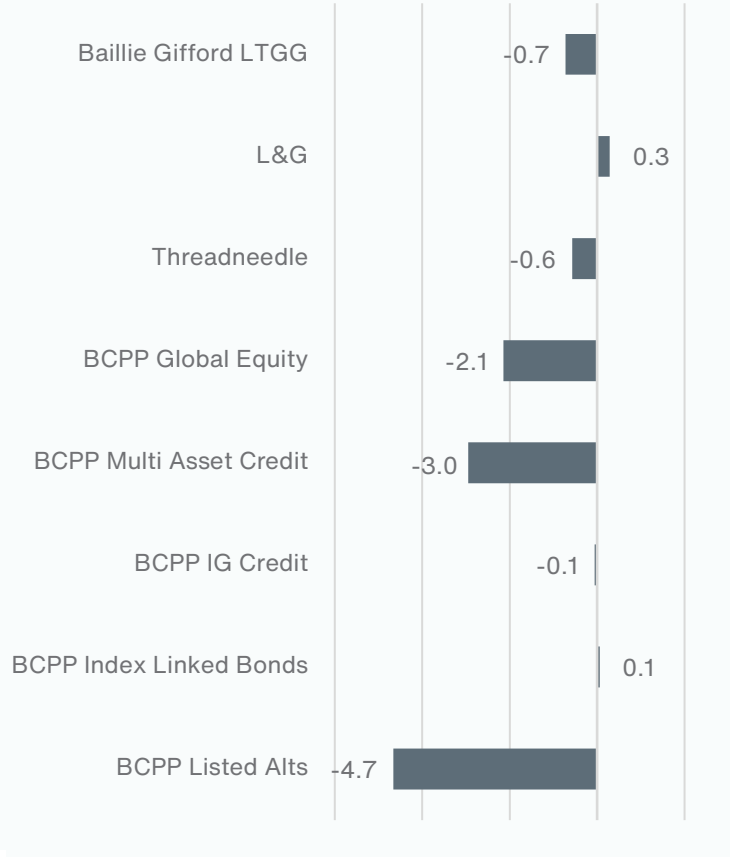
The performance figure since 31/12/19 is provided to illustrate how the Fund has performed over the entire period, including both before and after major market events in the 2020s. This allows for a more comprehensive assessment of long-term performance and the impact of significant market changes.

Manager performance – quarter snapshot

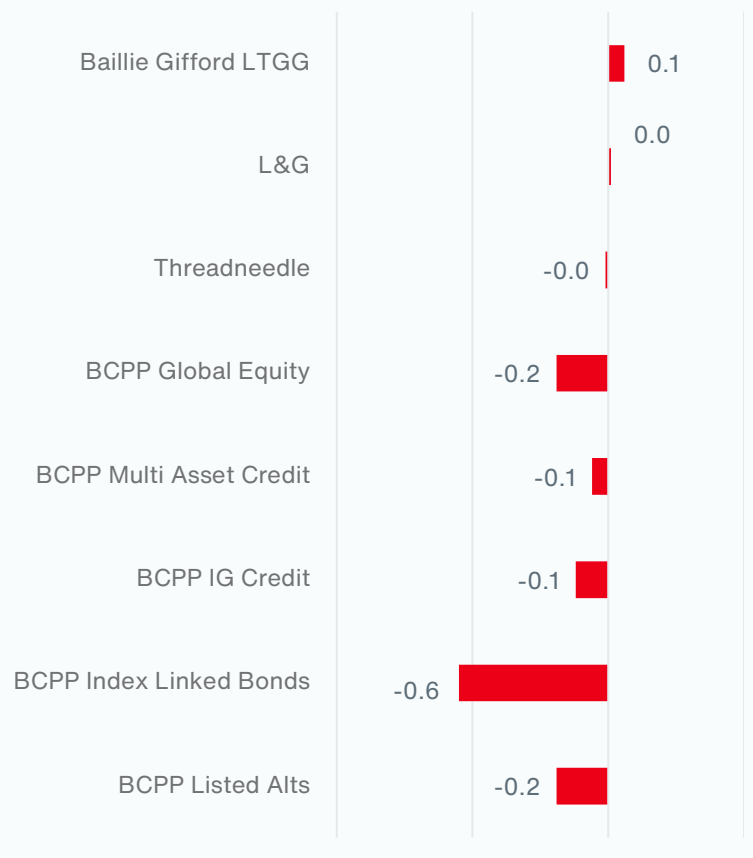
Absolute performance (%)



Relative performance (%)



Contribution to absolute return (%)



Source: Northern Trust, Managers, Aon. Performance is shown net of fees.
Note: BCPP Private Markets performance shown on pages (24-27). L&G, Threadneedle; MSCI data was used for fund performance and benchmarking purposes, total Fund performance calculated using Northern Trust data.

Manager performance – longer term

		1 Year (%)			3 Years (% p.a.)			5 Years (% p.a.)			Since 31/12/19 (% p.a.)			Since inception (% p.a.)			
	Q3 26 asset allocation	Perf	B'mark	Rel	Perf	B'mark	Rel	Perf	B'mark	Rel	Perf	B'mark	Rel	Perf	B'mark	Rel	Inception date
Equity																	
Global Equity																	
BCPP Global Equity	**30.9%**	2.3	18.3	-16.0	10.4	18.3	-8.0	7.5	11.9	-4.4	9.2	12.8	-3.6	9.6	13.0	-3.4	Oct-19
Baillie Gifford LTGG	**6.8%**	-13.6	18.7	-32.3	13.4	18.8	-5.4	-0.4	12.4	-12.7	11.4	13.1	-1.6	13.8	10.6	3.1	Sep-06
Property																	
L&G	**1.0%**	3.8	2.5	1.3	4.7	3.6	1.1	2.4	1.6	0.7	-	-	-	-	-	-	Dec-12
Threadneedle	**3.9%**	1.2	2.5	-1.2	2.9	3.6	-0.7	1.5	1.6	-0.1	-	-	-	-	-	-	Jun-12
Infrastructure																	
BCPP Listed Alternatives	**5.0%**	2.3	18.3	-16.0	8.8	18.3	-9.6	-	-	-	-	-	-	3.6	12.3	-8.7	Feb-22
Investment grade credit																	
BCPP Investment Grade Credit	**5.9%**	1.9	1.8	0.2	5.5	5.0	0.5	-0.1	-0.7	0.6	-	-	-	0.2	-0.7	0.8	Aug-20
Non-investment grade credit																	
BCPP Multi-Asset Credit	**5.4%**	3.5	7.4	-3.8	8.2	8.1	0.1	-	-	-	-	-	-	3.4	7.2	-3.8	Nov-21
Gilts																	
BCPP Index Linked Bonds	**17.4%**	1.3	1.0	0.2	-2.8	-3.1	0.3	-15.2	-15.5	0.2	-	-	-	-12.5	-13.1	0.6	Oct-20
Total		**2.2**	**9.9**	**-7.8**	**7.8**	**10.0**	**-2.2**	**1.6**	**4.9**	**-3.3**	**4.7**	**5.8**	**-1.1**	**6.8**	**7.4**	**-0.6**	**Jan-02**

Source: Northern Trust, Managers, Aon. Numbers may not sum due to rounding. Performance is shown net of fees.
Note: BCPP Private Markets performance shown on pages (24-27). L&G, Threadneedle; MSCI data was used fund performance and benchmarking purposes.

Border to Coast Pensions Partnership – private infrastructure performance summary

BCPP Infrastructure

Fund	Q2 2026 Position				
	Capital Committed	Capital Drawn	Capital Distributed[1]	IRR	TVPI
Series 1A	**98.7%**	**95.8%**	**31.8%**	**6.6%**	**1.25x**
Series 1B	**98.7%**	**87.9%**	**10.4%**	**4.9%**	**1.16x**
Series 1C	**100.0%**	**97.0%**	**20.0%**	**8.4%**	**1.30x**
Series 1	**-**	**-**	**-**	**6.9%**	**1.25x**
Series 2A	**99.7%**	**75.5%**	**9.4%**	**8.4%**	**1.18x**
Series 2B	**99.9%**	**44.7%**	**1.6%**	**(1.5)%**	**0.98x**
Series 2C	**100.0%**	**55.8%**	**6.2%**	**10.4%**	**1.10x**
Series 2	**-**	**-**	**-**	**6.4%**	**1.11x**
Series 3A	**95.8%**	**26.6%**	**0.5%**	**-**	**-**
Series 3B	**24.5%**	**5.8%**	**1.7%**	**-**	**-**

Launched in July 2019, Border to Coast's Infrastructure offering targets investments into infrastructure assets and related companies, **with the objective of delivering long-term annual net returns of 8% p.a.** generated through a combination of income and capital return. Infrastructure investments provide exposure to assets that deliver, or facilitate, essential services which support economic growth, generate productivity and underpin societal and business operations.

Source: BCPP. [1]Includes recallable distributions.

Border to Coast Pensions Partnership – private credit performance summary

BCPP Private Credit

Fund	Q2 2026 Position				
	Capital Committed	Capital Drawn	Capital Distributed[1]	IRR	TVPI
Series 1A/B	**99.5%**	**97.6%**	**55.2%**	**8.7%**	**1.27x**
Series 1C	**99.5%**	**98.2%**	**52.6%**	**8.5%**	**1.19x**
Series 1	**-**	**-**	**-**	**8.6%**	**1.22x**
Series 2A	**100.0%**	**66.7%**	**16.5%**	**7.9%**	**1.14x**
Series 2B	**99.1%**	**45.2%**	**7.8%**	**8.5%**	**1.11x**
Series 2C	**100.0%**	**23.9%**	**4.2%**	**6.4%**	**1.07x**
Series 2	**-**	**-**	**-**	**7.9%**	**1.12x**
Series 3A	**100.0%**	**9.7%**	**0.5%**	**-**	**-**
Series 3B	**0.0%**	**0.0%**	**0.0%**	**-**	**-**

Launched in October 2019, Board to Coast's Private Credit offering seeks to invest in a variety of private credit instruments. **The objective for Series 1 and 2 is to deliver a long-term annual net return of 6% p.a. The objective for Series 3, launched in April 2025, is to deliver a long-term annual net return of 7%.** Private credit investments typically provide capital to privately held companies to support growth, refinancing, mergers and acquisitions, or to provide liquidity or capital structuring solutions.

Source: BCPP. [1]Includes recallable distributions.

Border to Coast Pensions Partnership - private diversified funds performance summary

BCPP Climate Opportunities

Fund	Q2 2026 Position				
	Capital Committed	Capital Drawn	Capital Distributed[1]	IRR	TVPI
Climate Opps Series 1 (Series 2A/B)	**99.9%**	**72.3%**	**10.2%**	**7.4%**	**1.15x**
Climate Opps Series 2 (Series 2C)	**65.7%**	**37.3%**	**4.5%**	**-**	**-**

Launched in April 2022, the Climate Opportunities offering seeks investments that will have a material positive impact on climate change and support long-term net zero carbon emission goals **with the objective of delivering a long-term annual net return of 8% p.a.** It includes investments across private equity, infrastructure and private credit.

Source: BCPP. [1]Includes recallable distributions.

Border to Coast Pensions Partnership - private diversified funds performance summary (cont.)

BCPP UK Opportunities

Fund	Q2 2026 Position				
	Capital Committed	Capital Drawn	Capital Distributed[1]	IRR	TVPI
UK Opps (Series 1)	**54.6%**	**37.4%**	**0.0%**	-	-

Launched in April 2024, the UK Opportunities offering seeks investments that contribute to the growth of the UK economy **with the objective of delivering a long-term annual net return of 8%.** It includes investments across real estate, private equity, infrastructure and private credit.

Source: BCPP. [1]Includes recallable distributions.

Border to Coast Pensions Partnership - private markets commitments summary

Strategy	Total Fund Commitments										
	Series 1	1A	1B	1C	Series 2	2A	2B	2C	Series 3	3A	3B
Private Credit	£195m	£75m		£120m	£210m	£70m	£70m	£70m	£440m	£220m	£220m
Infrastructure	£320m	£70m	£50m	£200m	£360m	£120m	£120m	£120m	£160m	£80m	£80m
Climate Opportunities	N/A	N/A			£260m	£140m		£120m	N/A	N/A	
UK Opportunities	N/A	N/A			£50m	N/A		£50m	N/A	N/A	

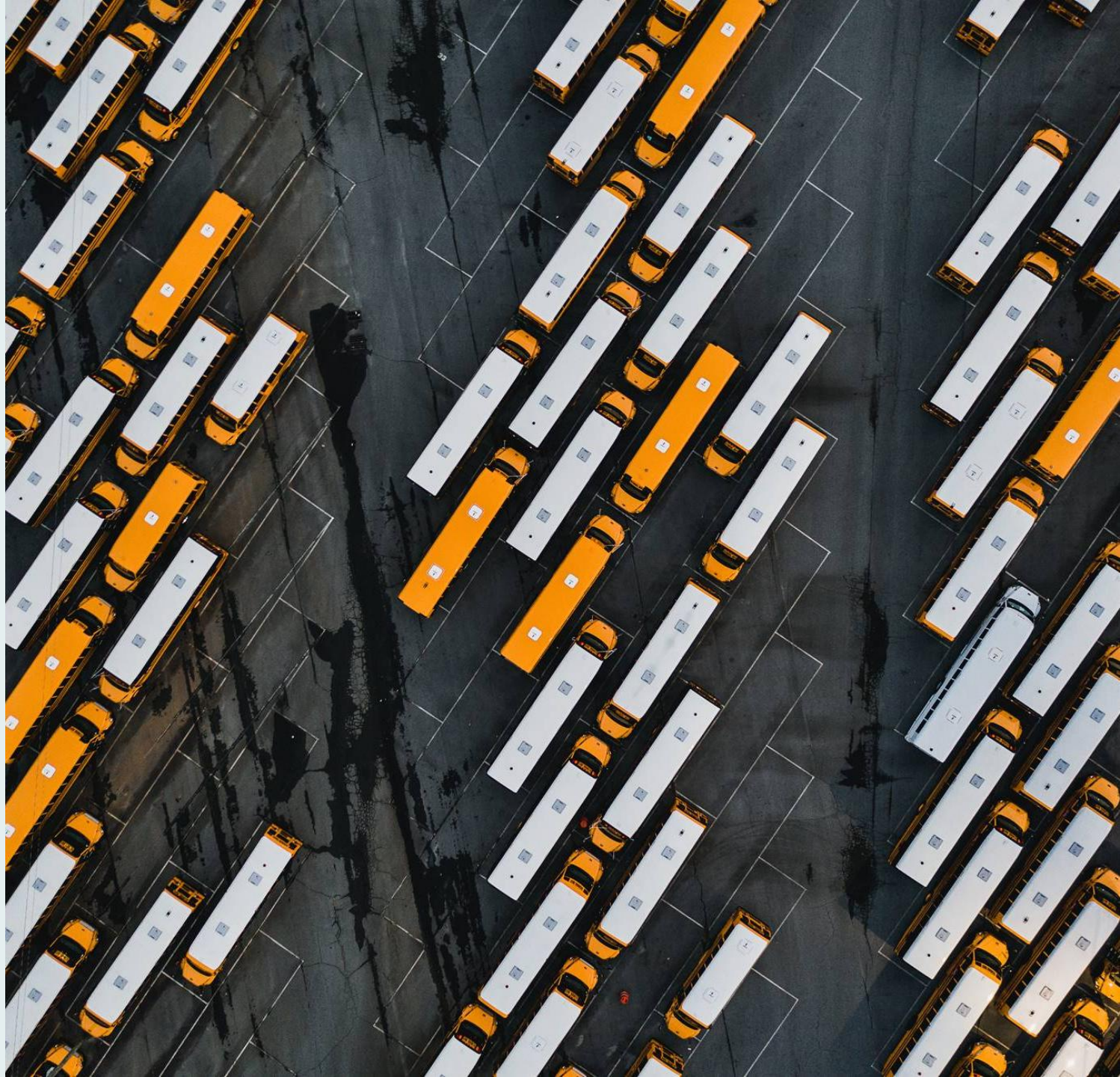
UK Real Estate - £37.49m committed on 30 June 2025

Source: BCPP, Aon, 31 March 2026.

6

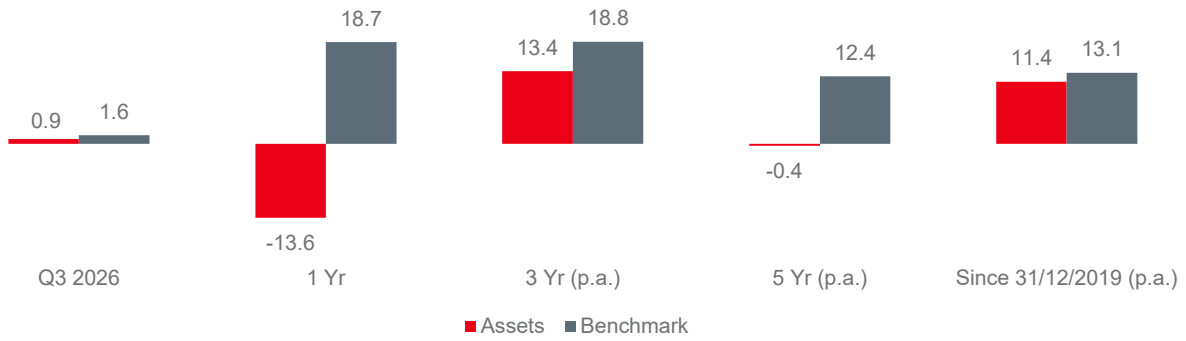
Manager review

Aon ratings and understanding manager performance



Baillie Gifford - LTGG

Fund performance & benchmark



Performance

- The strategy underperformed during Q3 2026. Performance was driven by markets becoming more discerning around AI, as semiconductor leadership from last quarter eased and returns broadened. The portfolio remained focused on long-term growth opportunities and retained significant exposure to themes such as AI infrastructure, digital platforms, healthcare innovation and automation.
- Notable contributors to performance were Cloudflare, Shopify, BeOne, and Dexcom. Cloudflare benefited from notable revenue growth and continued strong large-customer growth over the quarter. Shopify also benefited from increases of over 30% across gross merchandise volume, gross profit, and free cash flow. BeOne delivered sizeable revenue increases led by continued growth from its BRUKINSA cancer medication. Dexcom also delivered revenue growth and improved margins, with positive clinical evidence for continuous glucose monitoring pointing to a potentially much broader addressable market over time.

Buy
Reviewed: August 2026

Ratings detail

ODD:	A2 pass	**Risk:**	●●○
Business:	●●●	**Perf:**	●●●
Staff:	●●●	**Terms:**	●●●
Process:	●●●	**ESG:**	Integrated

Key Info

Appointed: 29 September 2006

Vehicle: Baillie Gifford Long Term Global Growth (+3% over 5-10yrs)

Mandate: Global Unconstrained Equities

Benchmark: FTSE All World Index from 31 March 2008

Target: To outperform the benchmark by 3% p.a. over rolling three-year periods.

Source: Fund Manager/Aon.

Baillie Gifford – LTGG (cont.)

Performance (cont.)

- Notable detractors included AppLovin, CATL, and ASML. AppLovin was the largest detractor, with its share price falling sharply despite revenue growth of over 50%, as investors focused on a modest revenue miss and slower-than-expected progress in ecommerce advertising. CATL weakened as several Chinese carmakers diversified their battery supplies, raising concerns over market share. ASML declined amid the wider reassessment of semiconductor and AI infrastructure spending, yet its lithographic technology still represents a hard-to-replicate bottleneck in the semiconductor industry.
- The portfolio holds companies perceived by the market as AI beneficiaries, as well as those viewed as potentially challenged by AI. Evolving market sentiment towards these themes has contributed to greater volatility in relative performance, making short-term outcomes more difficult to assess.

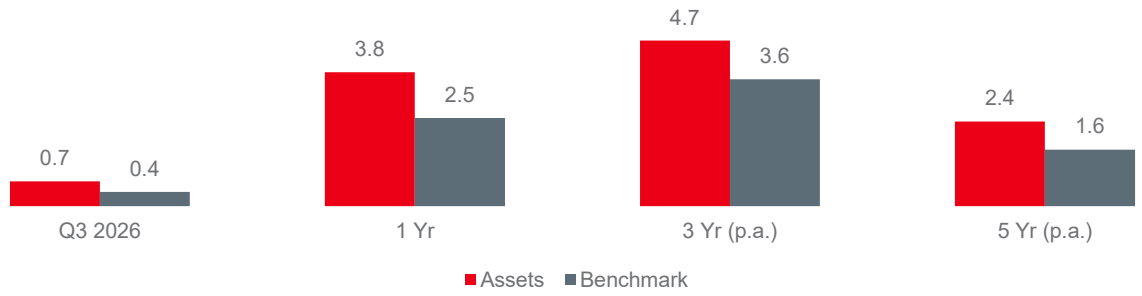
Positioning and Transactions

- Portfolio positioning during the quarter reflected the managers' continued emphasis on identifying long-term growth businesses through a bottom-up process rather than managing towards benchmark or sector weights. The portfolio maintained meaningful exposure to AI beneficiaries and AI infrastructure, including semiconductors, cloud computing, networks and digital platforms, alongside themes such as healthcare innovation, electrification, automation and digital consumption.
- The team established new positions in Lam Research and Alnylam Pharmaceuticals. Lam Research was chosen for its specialism in semiconductor chip manufacturing, especially in the areas of etching and deposition processes which are expected to become highly sought after as AI chips become increasingly three-dimensional. Alnylam is a leader in RNA interference drugs, and the team belong there is a strong business case where Alnylam could extend into CNS diseases such as Alzheimer's.
- The team added to CATL, citing its continued global leader position and increasing momentum within its energy storage systems business. The team also added to Titan, commenting on rising incomes, store expansion, and continued gains from the informal jewellery market.
- On the reduction side, the manager trimmed AppLovin, Cloudflare, and Meituan. The reductions in AppLovin and Cloudflare were done to bring the position sizes back to a level that better reflects the range of possible outcomes for these companies, but the manager still retains conviction in these opportunities. The Meituan holding was reduced as growth and profitability came under pressure from competitors entering the market, suggesting that barriers to entry are lower than originally assumed and raising questions about how much profitability the market can sustain before it invites renewed competition.
- The managers also exited Coupang and PPD Holdings. The decision to exit from Coupang was driven by a recent customer data breach and increasing concerns over relations with stakeholders. PPD Holdings was sold as competition in the Chinese ecommerce market has intensified and growth has slowed. Capital was redeployed into higher-conviction opportunities.

LGIM – Managed Property Fund

Buy
Reviewed: Q2 2026

Fund performance & benchmark



Key Info

Appointed: 1 November 2012

Vehicle: Property Fund

Mandate: UK Property Pooled Fund

Benchmark: MSCI/AREF UK Quarterly Property Fund Index

Target: To outperform the benchmark over three year rolling periods.

Performance commentary (Q2 2026)

- As of Q2 2026, the fund was marginally overweight to the alternatives (14.1% versus 12.2%) and residential (4.6% versus 1.9%) sectors and also maintained a strong cash position (7.6%). When compared to the benchmark, the fund holds a marginal overweight to retail (19.9% versus 19.2%) and marginally underweight positions to industrials (37.3% versus 40.2%) and offices (16.5% versus 18.6%).
- Capital values remained broadly stable across the portfolio, with slight outward yield movement in the Industrial sector offset by proactive asset management initiatives and continued Estimated Rental Value ('ERV') growth.
- Asset management activity remained a key driver of performance, with the fund completing 18 occupational transactions at rents above ERV, generating over £7m added value. The majority of transactions were in the retail sector, including a regear with PureGym at Greenwich delivering £0.7m and with Superdrug at Lombardy Retail Park, Hayes creating an ERV increase of 2% across the retail park.

Source: MSCI data was used for fund performance and benchmarking purposes

LGIM – Managed Property Fund

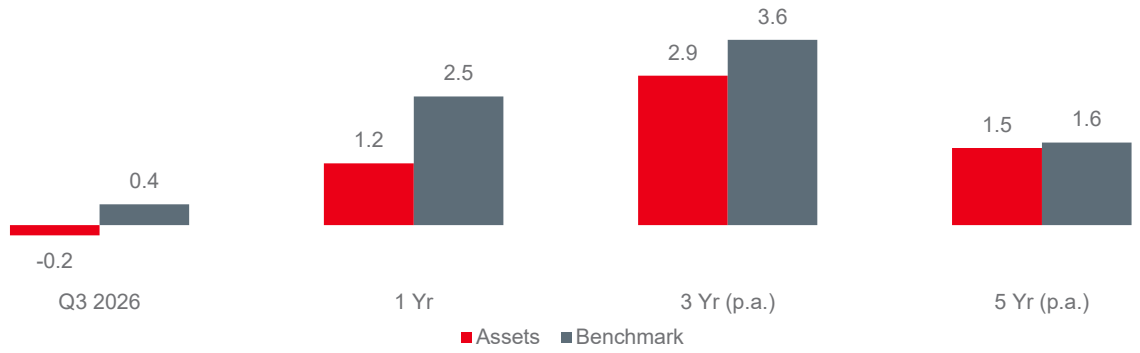
Transactions

- Investment activity included the acquisition of an industrial unit in Welwyn Garden City, adjacent to the fund's existing holding, City Park. The asset is let to Amazon for a further ten years and was acquired at an attractive yield of 6.2%. This strengthens the fund’s conviction in the location and increases the ownership position within Welwyn Garden City to ~£60m, creating greater scale within an established industrial cluster.

Threadneedle – TPEN

Buy
Reviewed: Q2 2026

Fund performance & benchmark



Key Info

Appointed: 21 June 2012

Vehicle: Property Fund

Mandate: UK Property Pooled Fund

Benchmark: MSCI/AREF UK Quarterly Property Fund Index

Target: To outperform the benchmark by 1 to 1.5%.

Major Developments (Q2 2026)

- As at the end of Q2 2026, the fund had a liquidity position equivalent to 6.2% of the portfolio. The fund is currently targeting a number of strategic sales which will increase its liquidity in line with target (7%). The fund has been queuing redemptions pending asset sales. The queue was still in place at the end of Q2 2026.

Performance (Q2 2026)

- The fund continues to have an overweight position to industrials, with 47.6% of the portfolio invested in the sector versus the benchmark at 40.2%. The fund is marginally overweight to retail at 20.0% versus 19.2%, and has an overweight position to retail warehouses (17.7% versus 12.6%). The Manager believes this sector is going to continue to outperform, benefitting from structural tailwinds, including ongoing supply chain reconfiguration and the continued evolution of omnichannel retail.

Source: MSCI data was used for fund performance and benchmarking purposes

Threadneedle – TPEN

Performance (Q2 2026) – cont.

- The Manager is well-positioned in high-conviction sectors, particularly industrials and retail warehousing, but continues to focus on opportunities for strategic investments in favoured alternatives sectors. The fund holds an above benchmark position to offices (19.9% versus 18.6%) but is underweight to both residential (0.0% versus 1.9%) and alternatives (8.3% versus 12.2%).
- Asset management initiatives remain a key part of TPEN's portfolio strategy. A total of 198 new lettings/lease renewals were successfully completed in the 12 months to the end of Q2 2026, with a combined rental value of c.£5.1 million per annum. The fund continues to maintain a high tenant retention rate of c.87%. It is estimated that from new letting activity and fixed rental value increases for the existing portfolio, the total rental income will increase by £0.8 million per annum over the next 12 months.
- During Q2 2026, the fund completed a regear on two care homes in the North-East to MHA for a further 20.5 years at a combined rent of £1,233,437 per annum subject to RPI-linked annual reviews capped at 4%. This is consistent with the fund's strategy to acquire residential-lead alternative assets which are capable of delivering a high sustainable income yield subject to annual indexation.

Transactions

- During the quarter, the fund made six strategic asset sales totalling c. £139.0 million, with a further c.£39.9 million of sales under offer which are expected to complete in H2 2026.
- Asset sales have been focused on repositioning the fund's sector weighting, reducing office exposure, and exiting sub-£5m and non-core assets following business plan completion. The most notable sales over the quarter were Renaissance, Basingstoke (town centre offices) and Dukes Walk, Waterlooville (retail warehouse).

Border to Coast Pensions Partnership – Quarterly high-level monitoring (Q3 2026)

Changes to views of External and Internal Managers

BCPP Global Equity Alpha

- Harris Associates is currently under “Enhanced Oversight” from BCPP, in relation to their voting policy and RI integration, alongside long-term performance and portfolio construction

Source: Aon, BCPP External Quarterly Reports (Global Equity Alpha Q3 2026)

Border to Coast Pensions Partnership – RI Quarterly Report Snapshot

Global Equity Alpha Fund

Fund	Q2 2026 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Global Equity Alpha	49.7	7.2
Benchmark (MSCI ACWI)	111.3	6.9

Sterling Investment Grade Credit Fund

Fund	Q2 2026 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Sterling Investment Grade Credit	40.8	7.6
Benchmark (iBoxx Sterling Non Gilt Index)	48.6	7.8

Listed Alternatives Fund

Fund	Q2 2026 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Listed Alternatives	186.2	7.4
Benchmark (MSCI ACWI)	111.3	6.9

[1]This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Border to Coast information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form* and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

*In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited

Q3 2026 data not yet available

AON

Source: BCPP/MSCI[1]

Border to Coast Pensions Partnership – RI Quarterly Report Snapshot

Multi-Asset Credit

Fund	Q2 2026 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Multi Asset Credit	333.9	4.7
MAC Benchmark	248.1	4.8

Sterling Index-Linked Bond Fund

Fund	Q2 2026 Position	
	Weighted Average Carbon Intensity	Weighted ESG Score
Sterling Index-Linked Bond Fund	85.0	6.4
Sterling Index-Linked Bond Fund Benchmark	0.0	6.7

[1]This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Border to Coast information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form* and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

*In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited

Q3 2026 data not yet available

AON

Source: BCPP/MSCI[1]

7

Market outlook and Aon's latest thinking

Forward looking views



Quarterly Investment Outlook – October 2026*

- Q4 2026 is likely to see markets continue to focus on developments in the bond markets. Yields have moved out across the globe and investors are debating whether strong growth, persistent inflation, increased competition for borrowing or a more fundamental concern over debt levels explains the moves. Moderately increasing the duration of sovereign-bond exposure may now make sense particularly when focused on tenors with relatively high yields. Whilst we prefer TIPS to conventional Treasuries, higher break-evens in the UK make linkers slightly less attractive than conventional gilts.
- UK political and fiscal uncertainty continues to be reflected in gilt valuations, but other indicators do not point to acute sovereign-credit concerns. Gilts offer a meaningful yield premium over other G7 government bonds, while UK sovereign credit-default-swap spreads remain low in absolute and relative terms. We see this budget as likely being less volatility inducing than others in the last 5 years.
- Despite the rise in bond yields, equities have proved resilient thanks to rapidly rising profit forecasts. AI capex is delivering big profits for semiconductor manufacturers, “big tech” more broadly is making large gains on its venture investments, and the hyperscalers are booking profits on buoyant data-centre revenue. However, for the boom to be sustained, the broader corporate sector will need to see demonstrable ROI on its AI investments.
- We see corporate credit spreads as the asset class that has adjusted the least to the uncertainties created by AI and the huge financing needs of hyperscalers.
- Our base case is that 2027 will be another strong year for global growth, although this is becoming increasingly dependent on the ongoing strength of the AI story. We also anticipate that the Persian Gulf will remain fragile and volatile energy prices will be a headwind for consumer confidence.
- Fed Funds futures have been volatile but are pricing three hikes between now and June 2027, which is in line with our view, but significantly more than surveys of economists suggest.
- The Bank of England kept rates unchanged in September, but the four centrist Monetary Policy Committee (MPC) members signalled that they could support tightening if inflation pressures continue to build. With the energy price cap set to push headline inflation towards 3.5% in October, and possibly higher in early 2027, a November increase now looks likely. However, multiple increases would probably require a further material rise in energy prices.
- Political risk is becoming more visible in European government bond markets. The French Senate election strengthened the National Rally and its allies, while the OAT–Bund spread has widened beyond our estimate of fair value. We do not expect an imminent French debt crisis, but the busy 2027 election calendar is likely to produce greater differentiation across euro-area sovereign markets.
- November will see attention switch to the US mid-term elections. Whether the Democrats achieve a clean sweep or merely take the House of Representatives, increased friction with the administration is likely. While this event is a potential source of volatility, we do not expect it to alter the broader market outlook.

Note: The opinions referenced are as at 14 October 2026 and are subject to change due to changes in market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

Latest Thinking



Artificial intelligence – implications for markets

AI remains a major driver of global growth, fuelling investment in semiconductors, data centres and infrastructure, and creating opportunities and risks across asset classes. AI equity valuations are well below dot.com-era levels and, in our view, not a bubble, though earnings sustainability is a risk. An attractive, lower-risk way to access the theme is pre-contracted data centre development let to a highly credit-rated hyperscaler, with key risks such as grid connection transferred to the tenant. As with all private strategies, manager choice is essential. With outcomes likely to vary widely, diversification and active manager selection will be increasingly important.



El Niño – renewed inflation and diversification risks

This year's powerful El Niño is causing disruption across commodity markets, with some of the clearest impacts seen particularly in cocoa, fishmeal, copper, and sugar. Agricultural prices are rising sharply alongside disruption to metals, energy production, shipping and freight costs. These pressures could feed through to consumer inflation with a lag, adding to existing inflationary pressures at a time when markets are already contending with the prospect of sustained higher bond yields. We continue to believe that exposure to the commodity space provides an important diversification opportunity for investors at the present time.

8

Further information



Border to Coast

Benchmark and Targets

Fund	Benchmark	Target
Global Equity Alpha Fund	MSCI ACWI (Net)	The fund aims to provide a total return (income and capital) which outperforms the total return of the MSCI All Country World (Net) Index by at least 2% per annum over rolling 5-year periods (after fees and expenses, including the calculation of the ACS Manager's Annual Management Charge).
Listed Alternatives Fund	MSCI ACWI (Net)	The fund aims to provide a total return (income and capital) in excess of the MSCI All Country World (Net) Index over rolling 5-year periods (after fees and expenses, including the calculation of the ACS Manager's Annual Management Charge).
Multi Asset Credit Fund	SONIA +3-4% p.a.	The fund aims to provide a total return (income and capital) in excess of the Sterling Overnight Interbank Average (SONIA) plus 3%-4% per annum over rolling 5-year periods (after fees and expenses, including the calculation of the ACS Manager's Annual Management Charge).
Sterling Investment Grade Credit Fund	iBoxx Sterling Non-Gilts Index	The fund aims to provide a total return (income and capital) in excess of the iBoxx-Sterling Non-Gilts Index plus 0.6% per annum over rolling 5-year periods (after fees and expenses, including the calculation of the ACS Manager's Annual Management Charge).
Sterling Index Linked Bond Fund	FTSE A Index Linked Gilts > 15 Years	The fund aims to provide a total return (income and capital) in excess of the FTSE Actuaries UK Index-Linked Gilts over 15 Years Index plus 0.2% per annum over rolling 5-year periods (after fees and expenses, including the calculation of the ACS Manager's Annual Management Charge).
UK Real Estate	MSCI UK Quarterly Property Index	CPI +4% over a rolling 10-year period.
Global Sustainable Bond Fund	Bloomberg Global Aggregate Green Social Sustainability Index (GBP Hedged)	The fund aims to provide a total return (income and capital) in excess of the Bloomberg Global Aggregate Green Social Sustainability Index (GBP Hedged) plus 0.5% per annum over rolling 5-year periods (after fees and expenses, including the calculation of the ACS Manager's Annual Management Charge).

Source: Border to Coast, Aon.

Explanation of Ratings

Overall Ratings

Overall Ratings

The table below lists how the overall rating can be interpreted.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Our Aon InForm Assessment is designed to issue Qualified and Not Recommended ratings. Buy and Sell recommendations are only issued after a full qualitative review.

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products.
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets in this strategy.
Not Recommended *	A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended.
Sell	We recommend termination of client investments in this product
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating

*Strategies that triggered one or more short term monitoring factor(s) could result in a Not Recommended rating as the results are dependent on the overall Aon InForm Assessment. In such cases, the rating will remain Not Recommended for the next two quarters and reassessed against a higher score threshold in the following quarter after that.

Explanation of Ratings

ODD

Operational Due Diligence ("ODD")

The ODD factor is assigned a rating. The table below describes what these ratings mean.

Please note: Operational due diligence inputs provided to the research team by Aon's Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Solutions UK Limited, Aon Hewitt Investment Consulting, Inc., and Aon Hewitt Inc./Aon Hewitt Investment Management Inc. Investment advice is provided by these Aon entities.

Overall ODD Rating	What does this mean?
A1 Pass	No material operational concerns – the firm's operations largely align with a well-controlled operating environment.
A2 Pass	The firm's operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass ("CP")	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm's rating.

Explanation of Ratings

Overall Ratings

ESG Factor

The ESG factor is assigned a rating and can be interpreted as follows:

Overall ESG Rating	What does this mean?
Advanced	The fund management team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.
Integrated	The fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.
Limited	The fund management team has taken limited steps to address ESG considerations in the portfolio.
Not Applicable	ESG risks and considerations are not applicable to this strategy, for example, on the grounds of materiality or asset class relevance

Method

Liabilities

This funding update is consistent with the calculations for the formal actuarial valuation at 31 March 2025. The assumptions used have been modified only insofar as is necessary to maintain consistency with the approach set out in the latest Funding Strategy Statement, reflecting the change in the effective date and in relevant market conditions.

The funding update is projected from the results of the formal actuarial valuation at 31 March 2025 and is therefore approximate. Since the update is not based on up-to-date membership data, it becomes more approximate the longer the period of time that has elapsed since the last actuarial valuation.

The funding update takes account of the following over the period since the last formal actuarial valuation:

- Known fund returns provided; and
- Actual price inflation and its impact on benefit increases.

Demographic experience since the last formal actuarial valuation has been assumed to be in line with the assumptions set out in the 2025 valuation report.

This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the investment strategy or economic outlook.

Assets

For the purpose of this funding update, we have used an unaudited value of the assets at 30 September 2026 as provided by the Administering Authority.

Contributions

The whole of fund total employer contribution rates shown in this funding update allow for a recovery period ending 31 March 2041 and allow for any surplus in excess of 110% to be recovered as set out in the Funding Strategy Statement.

Assumptions

	Discount rate (Ongoing/Low Risk)	Pay growth (Ongoing/Low Risk)	Pension increases (Ongoing/Low Risk)
31 March 2025	4.80% / 5.00%	3.35% / 4.20%	2.10% / 2.95%
30 June 2026	5.05% / 5.25%	3.45% / 4.25%	2.20% / 3.00%
30 September 2026	5.05% / 5.65%	3.45% / 4.45%	2.20% / 3.20%

Risk/Return Assumptions



- The table to the right sets out the 10-year median returns and volatility assumptions in absolute terms used in the modelling.
- Assumptions are based on Aon's Capital Market Assumptions as at 30 September 2026
- Allocations modelled are those set out in the main body of this presentation. Allocations are assumed to be annually rebalanced.
- Allowance for active management is made in some of the assets classes, in particular where there is no real passive version of the asset, for example private equity funds.
- Unless stated otherwise, all returns are net of underlying manager fees.

High level asset class	Expected Return	Expected Volatility
Global equity	7.8%	15.9%
Property	6.5%	12.6%
Infrastructure	8.8%	13.4%
Listed alternatives	7.8%	15.9%
Climate opportunities	8.8%	13.2%
UK opportunities	8.1%	8.5%
Illiquid credit	8.6%	7.5%
Investment grade credit	6.7%	10.2%
Non-investment grade credit	7.1%	8.6%
Absolute Return	8.2%	5.2%
Gilts	5.1%	9.5%
Cash	4.8%	1.2%

Note: all statistics are 10 year median expected returns/volatility of returns.

Correlation Table

High level asset class	Global Equity	Property	Infrastructure	Listed Alternatives	Climate Opportunities	UK Opportunities	Illiquid credit	IG Credit	Non-IG Credit	Absolute Return	Gilts	Cash
Global Equity	100%	39%	52%	100%	53%	69%	21%	10%	51%	16%	-3%	1%
Property		100%	15%	39%	15%	65%	18%	5%	25%	8%	0%	7%
Infrastructure			100%	52%	100%	55%	7%	5%	17%	14%	1%	3%
Listed Alternatives				100%	53%	69%	21%	10%	51%	16%	-3%	1%
Climate Opportunities					100%	57%	7%	5%	17%	14%	1%	4%
UK Opportunities						100%	37%	29%	44%	17%	6%	12%
Illiquid credit							100%	67%	62%	15%	5%	14%
IG Credit								100%	34%	19%	47%	35%
Non-IG Credit									100%	18%	3%	10%
Absolute Return										100%	11%	30%
Gilts											100%	29%
Cash												100%

Data and assumptions

Date of calculation	30 September 2026
Number of simulations	5000
Time horizon	10 years
Asset value	£ 5,121.5M

- Infrastructure is modelled as a blend of 37.5% EU and 62.5% US Infrastructure in line with BCPP's mandate.
- Listed Alternatives are modelled as passive global equities (including emerging markets).
- Climate Opportunities has been modelled as 60% US and 40% Euro Infrastructure.
- UK Opportunities has been modelled as 30% UK property, 30% Euro Infrastructure, 15% private equity, 15% direct lending and 10% UK corporate bonds (A-rated with average duration of 10 years)
- Private Credit modelled as combination of 2/3 Senior Direct Lending (for Arcmont and Permira) and 1/3 Whole Property Debt (for BCPP).
- Gilts are modelled as a 80% 15 year index-linked gilts and 20% 20 year index-linked gilts.
- Property is modelled as UK Property.
- Liquid IG Credit modelled as UK corporate bonds (A-rated with average duration of 10 years)
- Liquid Non-IG Credit modelled as high yield multi-asset credit.
- Absolute Return is modelled as Leadenhall Insurance Linked Securities modelled as an equal blend of Aggressive, Conservative and Moderate ILS.
- The Fund has an allocation to Global Equities which make up 39% of the long term allocation.
- For modelling purposes (and for consistency with the approach taken by the Actuary) we do not allow for any outperformance from active management (alpha).
- We have not allowed for the impact of equity protection on the risk and return of the portfolio
- Equities have been modelled as Passive Global Equity (including Emerging Markets) which reflects the current allocation.

Purpose, key assumptions and judgements of the model

The purpose of this analysis is to consider and monitor the return and risk characteristics of the current and long term investment strategy of the Fund. The key assumptions and judgements of the model are set out below and we believe are reasonable for the intended purpose.

- The calculation considers (5000 stochastic) simulations of annual absolute returns over the period modelled. The simulations are constructed using Aon's Stochastic Asset Model, further details and assumptions are outlined in this appendix.
- A liability proxy is not considered.
- Allocations are assumed to be annually rebalanced, in practice this may not always be possible for illiquid assets.
- The calculations do not take into account any cashflows payable.

Limitations

Material risks to the Fund include covenant, longevity, market, inflation, contributions, expenses and liquidity.

- Our stochastic scenarios include market risk only, and this risk is present in the distribution of returns and is reflected in the risk metrics shown. Market risk has been calculated on an asset only basis.
- This modelling does not cover liability basis, inflation, covenant, longevity, contributions, expenses and liquidity risk. When using the modelling analysis, the user should consider how these risks apply and whether they are material to the decisions under consideration.

There are other factors that could materially affect the Fund's funding and strategy decisions, or the exposure or realisation of the risks above:

- These other factors include external factors such as climate change or political, regulatory and legislative change.
- The general risk factors of economic or technological change are reflected in our economic assumptions and the prevalence of extreme events in our economic model, but not all specific risks can be captured (e.g. disruptions to the financial system, or technological change leading to improvements in longevity).
- There are other risks to which the Fund is exposed that we assume are not material to long-term funding and investment strategy decisions, such as timing of member options or operational risks

Limitations (continued)

There are necessarily some limitations associated with the stochastic scenarios calibrated to Aon's Capital Market Assumptions used for asset-liability modelling.

- CMAs and asset-liability modelling. Asset-liability projections rely on views of the future and whilst median projections are our Aon-house views (intended to reflect no bias), we do not know what will materialise in practice (for example it cannot be predicted exactly how the equity market and bond market will develop over the next year). To help build up a more complete picture of possible outcomes, we project assets and liabilities stochastically with the aim of capturing the uncertainty associated with the projections. This approach is designed to be coherent with each asset being calibrated to target a CMA median return, volatility and set of interdependencies (correlations) assumptions. Nevertheless, there remain some limitations, including but not limited to those set out below.
- Whilst Aon's CMA assumptions are supported by historical data, current financial market prices and expert views there are necessary some limitations in the analysis, including, but not limited to, the following:
  - Long-term versus short-term. The stochastic scenario calibration primarily seeks to capture a realistic long-term distribution of outcomes but is also mindful of short-term risk behaviours. These, sometimes competing, objectives can lead to some trade-offs within stochastic scenario calibration and the requirement for significant expert judgement. Where significant focus is applied to an individual asset class, particularly for more extreme outcomes, the user should bear this limitation in mind, and/or may wish to consider the use of deterministic scenarios.
  - Only 5,000 scenarios are produced. There is necessarily a trade-off between running more scenarios and spurious accuracy. Notably as you approach extreme tails, i.e., 1-200 this is an area of the distributions where there is insufficient market information to apply rigorous statistical analysis to explicitly calibrate models to, as such seeking to define the model outcome with a high degree of confidence is to some extent spurious and will be heavily driven by model selection.
  - Data used for the CMAs may be limited and/or be subject to interpretation for relevance today. The issues that arise from a lack of or poor historical data may be compounded by changing context. For example, for part of the last 100 years the UK was either on the gold standard or a quasi-gold standard, which is a very different economic framework than floating currencies. This obviously creates significant issues for the relevance of any cash rate and bond yield data.
  - Defined randomness rather than chaotic behaviour. The model, by necessity, assumes an underlying distribution of returns and yields. This presumes the underlying asset returns are random in nature rather than deterministic and chaotic. In a deterministic and/or chaotic framework the concept of a 1-in-X event has no meaning and so is not used in this modelling.
  - Some extreme events are not modelled. Our model is built on the premise that the current monetary and political framework will continue and presumes that there will not be a breakdown of civil order, a major natural disaster, UK government default or a significant global armed conflict. We view these risks as being outside the typical use case, however where very extreme scenarios are considered these may be relevant and should be addressed through deterministic scenario analysis.
  - Unknown unknowns. The model deals with known risks and therefore does not allow for "black swan events" or "unknown unknowns", while our model does have fat tails, it is not possible to fully allow for these types of unknown risks.
  - Volatilities and correlations. Volatility and the correlation of assets are only observable after the fact and can change over time. Within the stochastic scenario calibration, volatility and correlations vary for each of 5,000 scenarios, with the distribution of outcomes largely a function of the chosen economic models and the median long-term volatility and correlation targets. Some correlation behaviour is introduced in the tails e.g., large equity falls with more downward credit transitions.

Capital Market Assumptions

Aon's Capital Market Assumptions (CMAs) are our asset class return, volatility, and correlation assumptions. The return assumptions are "best estimates" of annualised returns. Below we set out the key features and approach taken in setting these assumptions.

- Aon’s CMAs. Market risk is the primary risk considered as part of the CMA setting process.
  - The return assumptions are Aon’s “best estimate” returns, with the uncertainty around the expected return represented by the volatility (annualised standard deviation of returns over the projection period) assumptions. Correlation assumptions allow for the interconnectedness of the risks facing different asset classes.
  - By ‘best estimate’ we specifically refer to the median annualised return. That is, there is a 50/50 chance that outcomes will be above or below the assumptions.
  - Assumptions are set by Aon's Global Asset Allocation Team and represent the long-term (10 and 30 year) market outlook.
  - Our long-term assumptions are based on historical results, current market characteristics, our professional judgment, and forward-looking consensus views.
- Consideration of other approaches. Alternative approaches include using generalized global models, such as the Capital Asset Pricing Model (CAPM) or a fixed risk premia approach, but we believe these approaches over-simplify the analysis and do not capture as much of the intricacies around each asset class.
- Climate risks. We consider the impacts of climate change when setting our assumptions. Making direct adjustments is challenging and subject to a high degree of subjectivity, as climate change effects are extremely ‘non-linear’. Aon’s capital market assumptions (CMAs) are based on long-term consensus views of what is priced into the market, and therefore indirectly capture the climate risk that is currently captured in current market conditions. A separate range of deterministic scenarios focusing on climate change scenarios can be used to inform and help aid decisions.
- Other risks. The effects of other internal or external environmental factors, such as technological, economic, political and geopolitical, regulatory and legislative changes, are also indirectly captured, in consensus views on the economic outlook and market pricing, which feed into our return assumptions.

Aon's Stochastic Scenario Generator (SSG) Model

Aon's Stochastic Scenario Generator (SSG) Model is a set of 5,000 stochastic scenarios, calibrated quarterly to Aon's Capital Market Assumptions. These stochastic scenarios can be used to evaluate the risk and return characteristics of a Fund's assets versus its liabilities.

Asset-liability modelling

- Stochastic scenarios. Aon's Capital Market Assumptions CMAs are used as targets to calibrate a set (typically 5,000) of stochastic scenarios for each economic variable. This allows us to perform stochastic asset-liability studies i.e. project portfolios of assets and liabilities many times into the future, building up a coherent picture of possible outcomes. Allowing for the interactions of asset and liabilities stochastically impacts median outcomes and enables percentile outcomes and probabilistic metrics to be considered.
- Consistent framework. All the major markets and asset classes are modelled within a consistent framework allowing for the interactions between them to be properly taken into account.
- Model choice. When setting assumptions, we have opted to use different economic models for different asset classes (listed on this slide), as we believe this would be the best way to capture the specific characteristics associated with each asset class.

Key economic models used

- Nominal yields are modelled using an extended displaced Black-Karasinski model, which enables us to model full yield curves. Yields are positively skewed, and the model can fit the starting curve. In the current calibration, average nominal yields are assumed to broadly follow the market for the first c.20 years of the projections.
- Real yields are modelled using a Hull-White model, this enables us to model unbounded full yield curves. The model can fit the starting curve. In the current calibration, average real yields are assumed to broadly follow the market for the first c.20 years of the projections
- Inflation is taken as the difference between nominal and real short rates, and the positive skew of the nominal yield model ensures realised inflation is positively skewed. For realised inflation a 'surprise' element is allowed for making inflation more volatile that purely predicted by the short rates.
- Investment grade corporate bonds are modelled using an extended Jarrow-Lando-Turnbull framework which assumes bonds can be modelled based on their credit rating and anticipated cashflows. This ensures positive credit spreads with positive skew and ratings transitions which broadly reflect historically observed transitions.
- Return-seeking assets are modelled using exposures to factors, where each factor can contain stochastic volatility and/or jump diffusion process. This gives the flexibility to capture more complex tail behaviour than is typically observed in simpler log-normal models.
- Other assets generally use outputs from the models above and exposure to some degree of idiosyncratic element in order to capture desired properties for the asset being considered.

TAS compliance

This document has been prepared in accordance with the framework set out below.

This document has been requested by the Administering Authority. It has been prepared under the terms of the Agreement between the North Yorkshire Council and Aon Solutions UK Limited on the understanding that it is solely for the benefit of the addressee.

This document, and the work relating to it, complies with 'Technical Actuarial Standard 100: General Actuarial Standards' ('TAS 100').

The compliance is on the basis that North Yorkshire Council is the addressee and the only user and that the document is for information only and is not to be used to make any decisions on the contributions payable or the investment strategy. If you intend to make any decisions after reviewing this document, please let me know and I will consider what further information I need to provide to help you make those decisions.

This document should be read in conjunction with:

- The report on the most recent actuarial valuation of the Fund as at 31 March 2025.
- The latest Funding Strategy Statement.

If you require further copies of any of these documents, please let us know.

Third Party Disclaimers

Page 1

	Notes
Source: Bloomberg	BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.
Source: Credit Suisse	The CS indices are the exclusive property of and currently sponsored by CS as Index Creator which has contracted with the relevant Index Calculation Agent to maintain and calculate the CS indices. Neither the Index Creator nor the relevant Index Calculation Agent has any obligation to take the needs of any person into consideration in composing, determining or calculating the CS Indices (or causing the CS Indices to be calculated). In addition, neither the Index Creator nor the Index Calculation Agent makes any warranty or representation whatsoever, express or implied, as to the results to be obtained from the use of the CS Indices and/or the level at which any of the CS Indices stands at any particular time on any particular day or otherwise, and neither the Index Creator nor the relevant Index Calculation Agent shall be liable, whether in negligence or otherwise, to any person for any errors or omissions in the Index or in the calculation of the Index or under any obligation to advise any person of any errors or omissions therein.
Source: European Money Markets Institute	The Euribor benchmark is created by the European Money Markets Institute a.i.s.b.l. (EMMI). Euribor® is a registered trademark of EMMI. A licensing agreement with EMMI is mandatory for all commercial use of the registered trademark Euribor®. This report is not authorised by, licensed by or affiliated in any way with EMMI. EMMI declines all responsibility for the information within this report, including without limitation the completeness or the accuracy of the Euribor benchmark data
Source: FTSE Russell	Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2020. FTSE Russell is a trading name of certain of the LSE Group companies. “FTSE®” “Russell®”, “FTSE Russell®”, “MTS®”, “FTSE4Good®”, “ICB®”, “Mergent®, The Yield Book®,” are trade marks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

AON

Third Party Disclaimers

Page 2

	Notes
Source: Hedge Fund Research, Inc. www.hedgefundresearch.com	The Hedge Fund Research indices used are being used under license from Hedge Fund Research, Inc., which does not approve of or endorse the contents of this report.
Source: ICE Data Indices, LLC ("ICE Data"), is used with permission	ICE® is a registered trademark of ice data or its affiliates and Bofa® is a registered trademark of Bank of America corporation licensed by Bank of America Corporation and its affiliates ("BOFA") and may not be used without BOFA's prior written approval. Ice data, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither v.6 071320 ice data, its affiliates nor their respective third party suppliers shall be subject to any damages or liability with respect to the adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and your use is at your own risk. Ice data, its affiliates and their respective third party suppliers do not sponsor, endorse, or recommend Aon, or any of its products or services
Source: IHS Markit	Neither Markit, its Affiliates nor any third party data provider makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. Neither Markit, its Affiliates nor any data provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the Markit data, regardless of cause, or for any damages (whether direct or indirect) resulting there from. Opinions, estimates and projections in this report do not reflect the opinions of Markit Indices and its Affiliates. Markit has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Without limiting the foregoing, Markit, its Affiliates, or any third party data provider shall have no liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein. Copyright © 2021, Markit Indices Limited.

Third Party Disclaimers

Page 3

	Notes
Source: MSCI	Although Aon's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages
Source: MSCI Equity Indices	The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Third Party Disclaimers

Page 4

	Notes
Source: New York Fed	Subject to New York Fed Terms of Use for Select Rate Data.
Source: SONIA data contains public sector information licensed under the Open Government Licence v3.0.	SONIA data is licensed 'as is' and the Information Provider and/or Licensor excludes all representations, warranties, obligations and liabilities in relation to the Information to the maximum extent permitted by law. The Information Provider and/or Licensor are not liable for any errors or omissions in the Information and shall not be liable for any loss, injury or damage of any kind caused by its use. The Information Provider does not guarantee the continued supply of the Information.
Source: IPD	IPD data was used for benchmarking purposes, but the fund performance was not calculated by IPD.
Source: J.P. Morgan	Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The index level data is used with permission. The index level data may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2021, JPMorgan Chase & Co. All rights reserved.

Disclaimer:
In preparing this document we may have relied upon data supplied to us by third parties. We cannot be held accountable for any error, omission or misrepresentation of any data provided to us by such third parties (including those that are the subject of due diligence). Information in this document containing any historical information, case studies, data or analysis should not be taken as an indication or guarantee of any future performance, results, analysis, forecast or prediction. Past performance does not guarantee future results. Aon is not providing legal, financial, tax, accounting or audit advice under this document or otherwise. Should you require advice of this nature, please engage advisers specifically for this purpose.
Notwithstanding the level of skill and care used in conducting due diligence into any organisation that is the subject of a rating in this document, it is not always possible to detect the negligence, fraud, or other misconduct of the organisation being assessed or any weaknesses in that organisation's systems and controls or operations. Any opinions or assumptions in this document have been derived by us through a blend of economic theory, historical analysis and/or other sources. Any opinion or assumption may contain elements of subjective judgement and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by us of any future performance. Views are derived from our research process and it should be noted in particular that we cannot research legal, regulatory, administrative or accounting procedures and accordingly make no warranty and accept no responsibility for consequences arising from relying on this document in this regard. Calculations may be derived from our proprietary models in use at that time. Models may be based on historical analysis of data and other methodologies and we may have incorporated their subjective judgement to complement such data as is available. It should be noted that models may change over time and they should not be relied upon to capture future uncertainty or events. Some of the statements in these materials may contain or be based on forward looking statements, forecasts, estimates, projections, targets, or prognosis ("forward looking statements"), which reflect our current view of future events, economic developments and financial performance. Such forward looking statements are typically indicated by the use of words which express an estimate, expectation, belief, target or forecast. These forward looking statements contain no representation or warranty of whatever kind that such future events will occur or that they will occur as described herein, or that such results will be achieved, as the occurrence of these events and any results are subject to various risks and uncertainties. Actual results may differ substantially from those assumed in the forward looking statements. We will not undertake to update or review the forward looking statements contained in these materials, whether as a result of new information or any future event or otherwise.
THIS MATERIAL DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF A FINANCIAL PRODUCT OR FINANCIAL SERVICE IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT WOULD BE UNAUTHORIZED OR UNLAWFUL TO DO SO. ANY SUCH PROHIBITED OFFER OR SOLICITATION IS VOID AND AON WILL DISREGARD ANY COMMUNICATION RECEIVED IN RESPECT THEREOF.

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

Copyright © 2026 Aon Investments Limited. All rights reserved. aon.com Aon Investments Limited is authorised and regulated by the Financial Conduct Authority.
Registered in England & Wales No. 05913159. Registered office: The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN.
The information and opinions contained in this document, enclosures or attachments (this "document") are for general information purposes only and should not be treated as a substitute for specific advice. It is based upon information available to us at the date of this document and takes no account of subsequent developments. Any reliance placed upon information in this document is at the sole discretion of the recipient. Unless we have otherwise agreed with you in writing: (a) we make no warranties, representations or undertakings about any of the content of this document and (b) Aon disclaims, to the maximum extent permissible under applicable law, any and all liability or responsibility for any loss or damage, whether direct, indirect, special, punitive, consequential (including lost profits) or any other loss or damage even if notified of the possibility of such loss or damage, arising from the use of or reliance on this document. In this disclaimer, references to "us", "we" and "Aon" include any Aon colleagues and Scheme Actuaries. To protect the confidential and proprietary information in this document, unless we provide prior written consent no part of this document should be reproduced, distributed, forwarded or communicated to anyone else. We do not accept or assume any duty of care, responsibility or liability whatsoever to any person who receives a copy of this document without our consent.

QAS Institute and Faculty of Actuaries Quality Assurance Scheme

Signatory of: UK STEWARDSHIP CODE | 2021