



Cogence Global Growth Portfolios Monthly Strategy Report

BlackRock Multi-Asset Strategies & Solutions | January 2024

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	0.27%	0.00%	0.27%	0.56%	0.20%	0.36%	0.85%	0.39%	0.46%
	3 Months	9.13%	8.66%	0.47%	11.54%	10.80%	0.74%	13.90%	12.97%	0.93%
	Year-to-date	0.27%	0.00%	0.27%	0.56%	0.20%	0.36%	0.85%	0.39%	0.46%
	Since inception ⁵	1.93%	-	-	4.22%	-	-	6.39%	-	-
Risk	Ex-ante Risk ¹	7.68%	6.51%	1.48%	11.04%	9.73%	1.54%	14.66%	13.30%	1.66%
ESG	ESG Adjusted Score	6.2	6.2	0.0	6.2	6.4	-0.2	6.9	6.6	0.3
	Carbon Emission Intensity	143.6	135.3	6.1%	143.6	128.1	12.1%	111.0	123.9	-10.4%

Monthly Market Commentary

Risk assets carried their momentum from December into January with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most developed markets and anticipation of rate cuts in 2024. The Fed continues to be on hold and the market now awaits the May FOMC meeting for future guidance. US equities delivered the strongest performance as megacap tech holds their momentum year-to-date and the broad US market was up 1.6% during that time. In contrast, Emerging Markets equities have been the largest detractor (down 4% in January) as China faces economic weakness. The macro picture continued to surprise markets on the upside, with US Manufacturing PMI and CPI numbers above market consensus. Against news that central banks pushed back against the prospect of Q1 rate cuts, the rates market was challenged over the month of January. UK Gilts, inflation linkers and Market Debt all detracted performance slightly.

In line with the benchmarks, the portfolios generated positive returns over the month. All profiles marginally outperformed their respective benchmarks, conservative by 0.27%, moderate by 0.36% and aggressive by 0.46%

Manager selection contributed positively to the active returns while asset allocation remained flat. 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.

Over January, 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 1.48% and 1.66%.

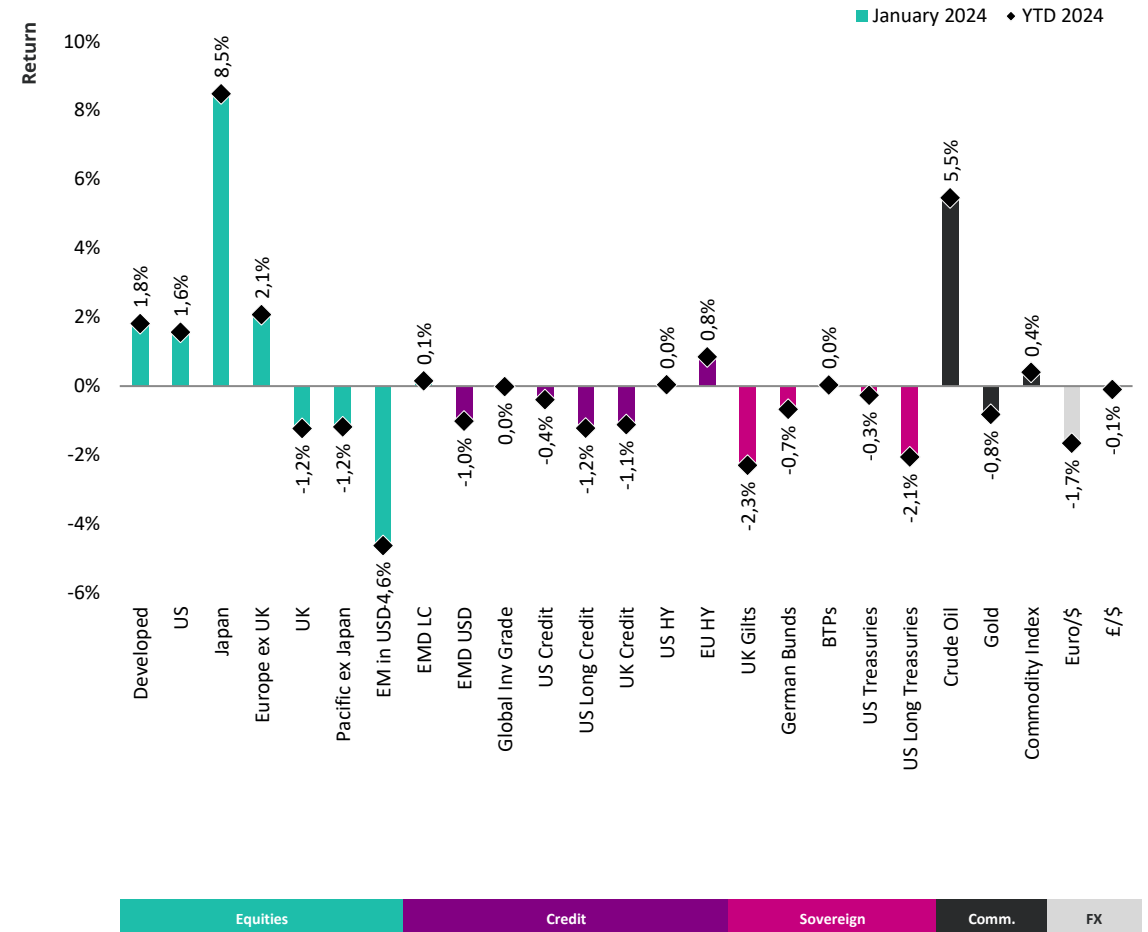
1Risk based on 230 exponentially weighted monthly observations (36 month half life). 2Benchmark is composed of 25% MSCI All Country World Index (Net Total Return) and 75% BBG Global Index (USD Hedged). 3Benchmark is composed of 50% MSCI All Country World Index (Net Total Return) and 50% BBG Global Aggregate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

Monthly Market Commentary

- January saw mixed performances within financial markets with equities in positive territory while fixed income was negative over the month. Risk-on market sentiment was driven by upside surprises within economic data, while central banks' push back against rate cuts led investors to dial back the prospect of rate cuts. Developed market equities were up 1.8% over the month. At a regional level, European equities returned 2.1%, while US equities and Japanese equities ended the month at 1.6% and 8.5% respectively. Emerging markets decreased by 4.6%. During the month, developed market bonds broadly delivered negative returns. US treasuries and UK gilts both decreased by 0.3% and 2.3% respectively. In currencies, the Euro depreciated by 1.7% relative to the USD, while Sterling depreciated by 0.1% against the USD.
- In the US, headline inflation rose to 3.4% year-on-year from 3.1%, while the core inflation reading fell to 3.9% year-on-year in December. The Fed left its target rate range unchanged at 5.25-5.50%. Powell signalled that while rates have peaked, a rate cut as soon as the next meeting in March is unlikely. Labour market data remained firm. US GDP grew at an annualised rate of 3.3% in Q4 2023. The US manufacturing PMI increased to 50.7 points in January. In Europe, headline inflation fell to 2.8% from 2.9% year-on-year, while core inflation declined to 3.3% year-on-year in January. The ECB left its policy rate unchanged at its January meeting. The eurozone economy registered zero GDP growth in Q4 2023. In the UK, headline inflation rose to 4.0% year-on-year in December, while core inflation remained at 5.1% year-on-year. Chancellor of the Exchequer Jeremy Hunt hinted he would announce major tax cuts in the upcoming spring budget.
- Fixed income markets, in particular sovereign bonds, were challenged over the month of January as central banks pushed back against the prospect of Q1 rate cuts. US 10-year yields rose from 3.87% to 3.95%, with the two-year falling from 4.25% to 4.23%. Germany's 10-year yield rose from 2.03% to 2.16%, whilst the 2-year yield rose from 2.40% to 2.41%. The UK 10-year yields rose from 3.54% to 3.80%, while the 2-year yield rose from 3.98% to 4.23%. US high yield was flat, while European high yield delivered positive results. Global investment grade credit performed flat. Emerging market debt performed positively in local currency, but negatively in USD. Commodities delivered mixed returns, with crude oil rising by 5.5% while gold depreciated by 0.8%.

Monthly Market Performance



Asset Allocation Review

	Description	Isin	Conservative	Moderate	Aggressive
Fixed Income			72.50%	47.50%	22.50%
Global Agg Bonds	iShares Core Global Aggregate Bond UCITS ETF	IE00BZ043R46	11.50%	7.00%	2.00%
Global Government Bonds	iShares Global Government Bond UCITS ETF	IE00BK7Y2P34	14.50%	7.50%	0.50%
Euro Government Bonds	iShares Euro Government Bond Flex UCITS ETF (EUR Hedged)	IE00071ZFCL5	3.00%	2.00%	0.80%
US Short Treasuries	iShares \$ Treasury Bond 1-3yr ETF	IE00B3VWN179	2.30%	0.80%	0.00%
US Short Treasuries	iShares USD Treasury Bond 3-7yr UCITS ETF USD	IE00B3VWN393	3.80%	2.60%	1.70%
US Short Treasuries	iShares USD Treasury Bond 7-10yr UCITS ETF USD	IE00B3VWN518	2.20%	2.00%	1.10%
US Treasuries	iShares USD Treasury Bond 20+ yr UCITS ETF USD	IE00BFM6TC58	0.40%	0.00%	0.00%
UK Gilts	iShares Core UK Gilts UCITS ETF USD	IE0004J6PFL7	0.00%	0.00%	0.00%
Global Inflation Linked Bonds	iShares Global Inflation-Linked Bond Index Fund	IE00BD0NC367	3.30%	2.10%	0.80%
Global Credit	PGIM Global Investment Grade	IE00BFLQZJ56	15.00%	9.50%	3.80%
Euro Credit	iShares Core Euro Corp Bond UCITS (USD Hedged)	IE00093GOJ04	4.00%	4.00%	4.00%
Global High Yield	Wellington Global High Yield Bond Fund	IE00BL5GZN70	3.00%	3.00%	3.00%
EMD HC	Payden Emerging Market Debt HC Fund	IE00BHX5Q577	2.00%	2.00%	2.00%
EMD LC	Neuberger Berman Emerging Market Debt Local Currency Fund	IE00BMY4BK85	2.00%	2.00%	2.00%
China Bonds	iShares China CNY Bond UCITS ETF (USD Hedged)	IE00BKT6RT64	5.50%	3.00%	0.80%
Equities			27.50%	52.50%	77.50%
US Equities	iShares MSCI USA ESG Enhanced UCITS ETF	IE00BHZPJ908	1.00%	11.00%	19.40%
US Equities	BlackRock Advantage US Equity Fund	IE00BFZP7V49	9.00%	12.20%	16.30%
US Equities	GQG US Equity Fund	IE00BN4GYG85	6.30%	8.40%	10.90%
UK Equities	iShares FTSE 100 ETF, USD Un-hedged	IE0005042456	0.90%	1.70%	2.60%
European Equities	BGF Continental European Flexible Fund, USD Unhedged	LU2315844121	2.00%	5.30%	8.60%
Japan Equities	iShares MSCI Japan ESG Enhanced UCITS ETF (Unhedged)	IE00BHZPJ452	1.70%	3.30%	4.90%
Emerging Equities	iShares MSCI EM ESG Enhanced UCITS ETF	IE00BHZPJ239	1.00%	1.00%	1.00%
Emerging Equities	Schroders ISF Emerging Markets Fund	LU2049715449	2.80%	5.60%	8.50%
Global Small Cap Equities	American Century Global Small Cap Equity Fund	IE00BL5M8925	0.00%	0.00%	0.00%
World Value	iShares Edge MSCI World Value ETF	IE00BP3QZB59	1.30%	2.50%	3.80%
World Small Cap	iShares MSCI World Small Cap ETF	IE00BF4RFH31	1.50%	1.50%	1.50%
World Minimum Volatility	iShares Edge MSCI World Minimum Volatility ESG...	IE00BKVL7778	0.00%	0.00%	0.00%
Cash			0.00%	0.00%	0.00%
USD Cash	BlackRock ICS US Dollar Liquid Environmentally Aware Fund	IE00BH3Z9035	0.00%	0.00%	0.00%
Alternatives			0.00%	0.00%	0.00%
Gold	iShares Physical Gold ETF	IE00B4ND3602	0.00%	0.00%	0.00%
Total			100.00%	100.00%	100.00%

Source: BlackRock, 31 January 2024. Performance and valuations rounded where appropriate, hence totals may not sum. *Positions shown are as off end of the month and included market drift from the last rebalance.

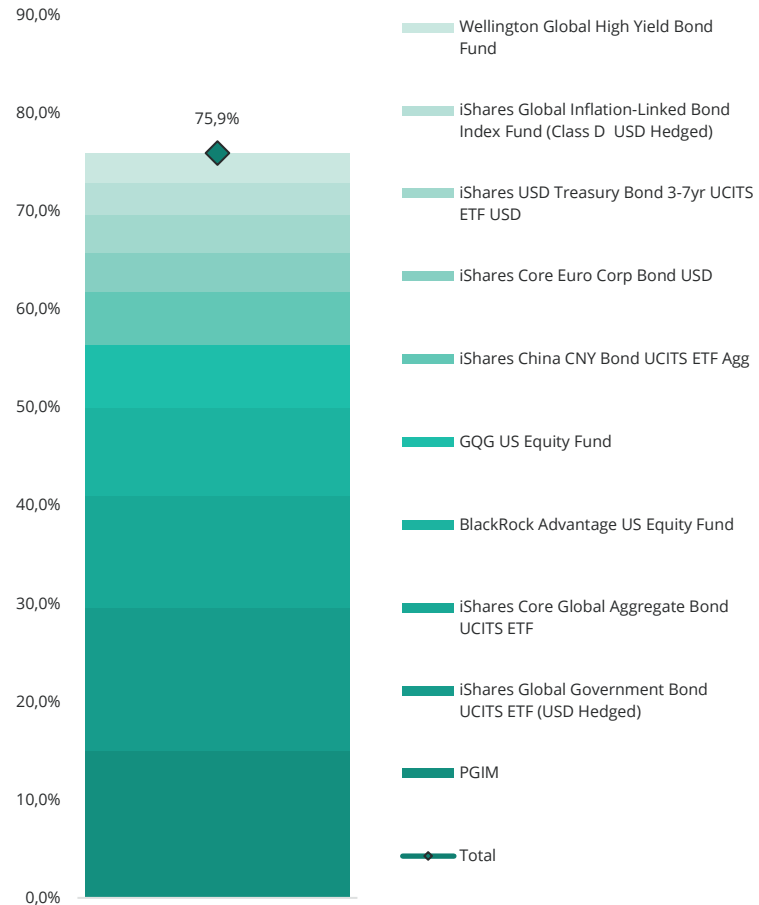
Asset Allocation Review

	Description	Isin	Conservative	Moderate	Aggressive
Fixed Income			-0.50%	-0.50%	-0.50%
Global Agg Bonds	iShares Core Global Aggregate Bond UCITS ETF	IE00BZ043R46	0.00%	0.00%	2.00%
Global Government Bonds	iShares Global Government Bond UCITS ETF	IE00BK7Y2P34	4.00%	4.00%	0.50%
Euro Government Bonds	iShares Euro Government Bond Flex UCITS ETF (EUR Hedged)	IE00071ZFCL5	-3.50%	-3.50%	-3.00%
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World Minimum Volatility	iShares Edge MSCI World Minimum Volatility ESG...	IE00BKVL7778	-1.00%	-1.00%	-1.00%
Cash			0.00%	0.00%	0.00%
USD Cash	BlackRock ICS US Dollar Liquid Environmentally Aware Fund	IE00BH3Z9035	0.00%	0.00%	0.00%
Alternatives			0.00%	0.00%	0.00%
Gold	iShares Physical Gold ETF	IE00B4ND3602	0.00%	0.00%	0.00%

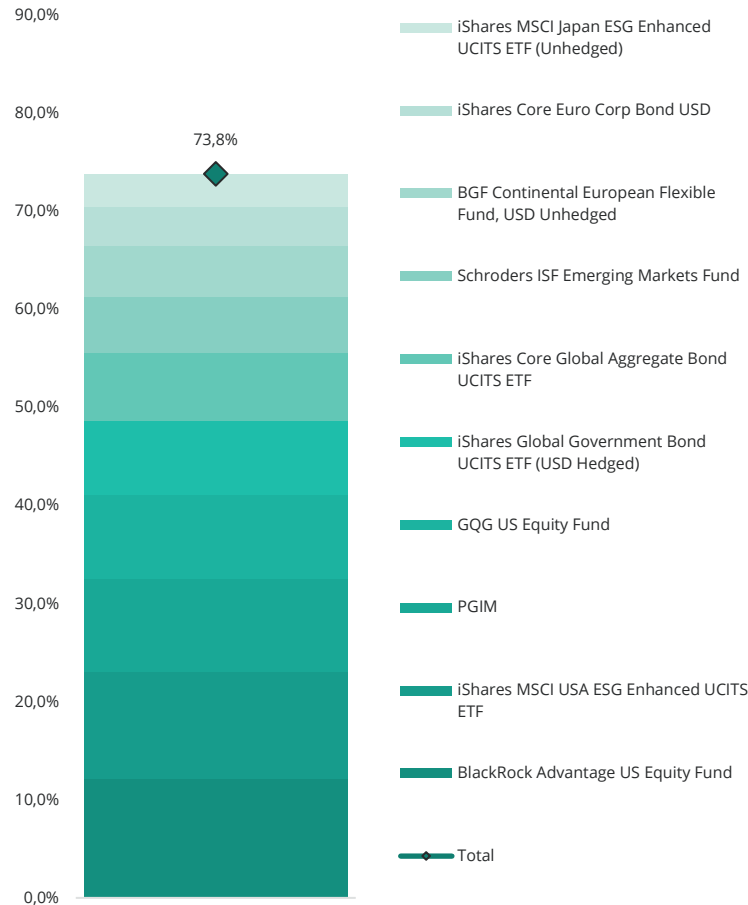
Source: BlackRock, 31 January 2024. Performance and valuations rounded where appropriate, hence totals may not sum. *Positions shown are as off end of the month and included market drift from the last rebalance.

Asset Allocation | Top 10 Holdings

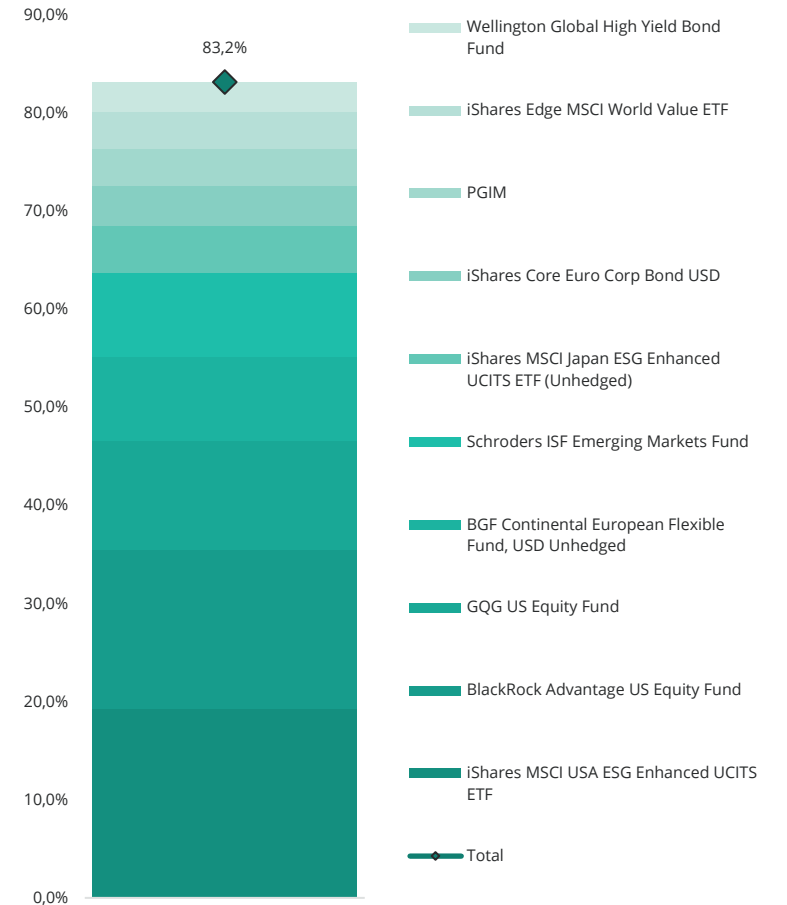
Conservative



Balanced



Growth

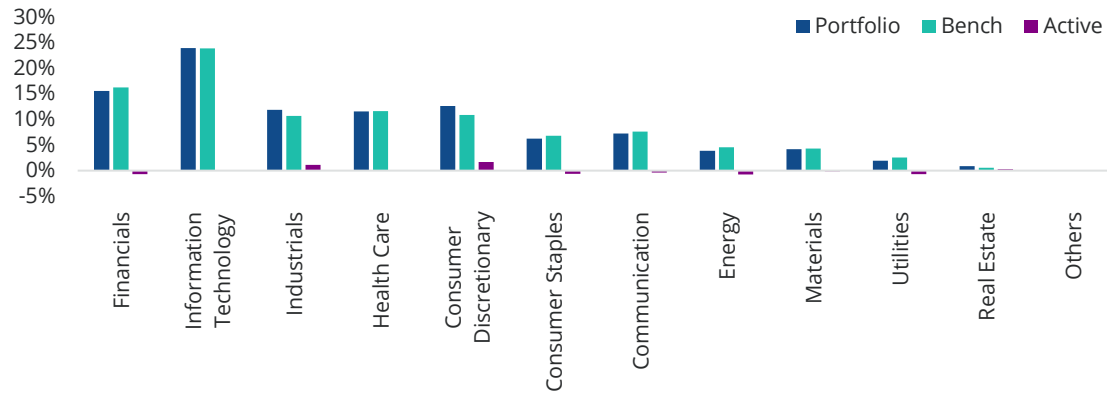


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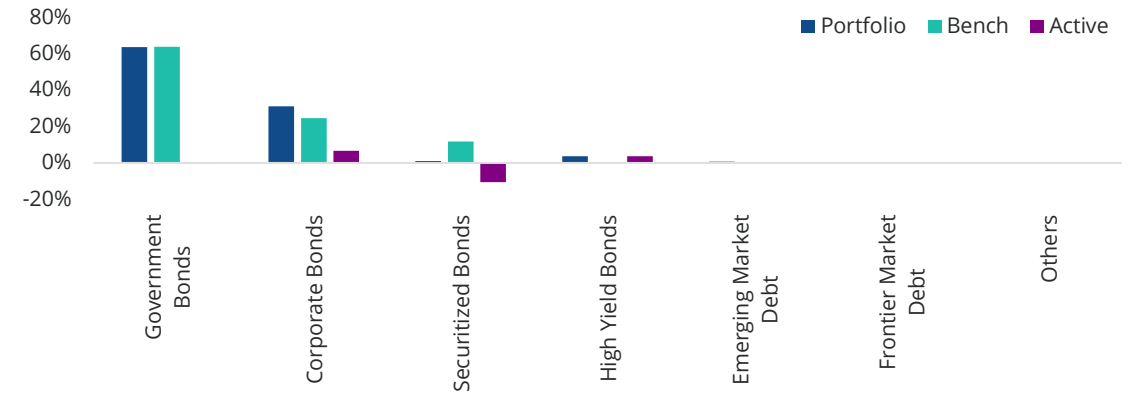
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

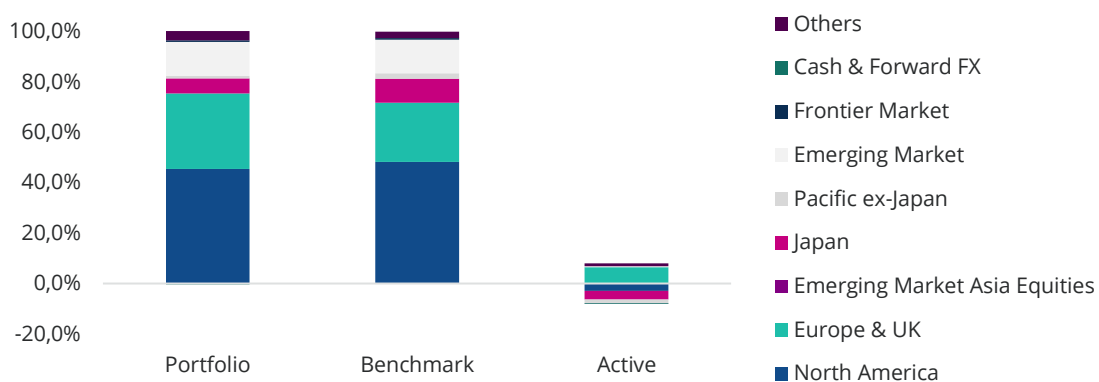


Fixed Income: Issuer Type

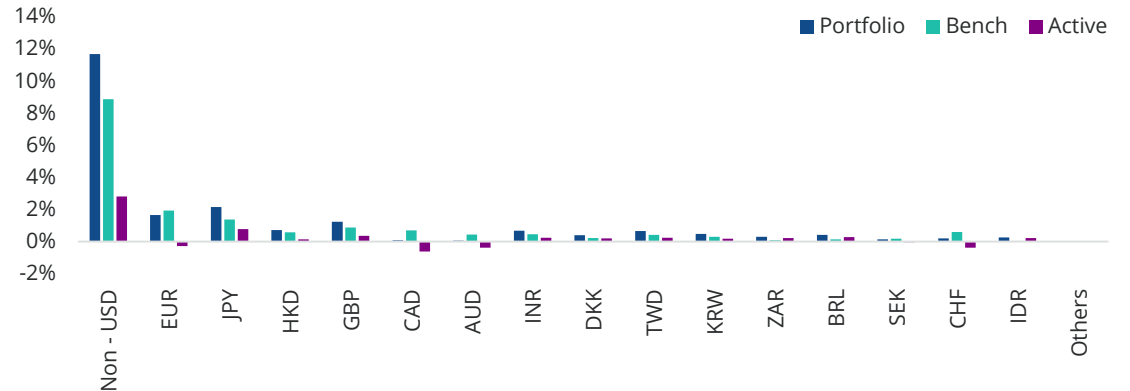


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



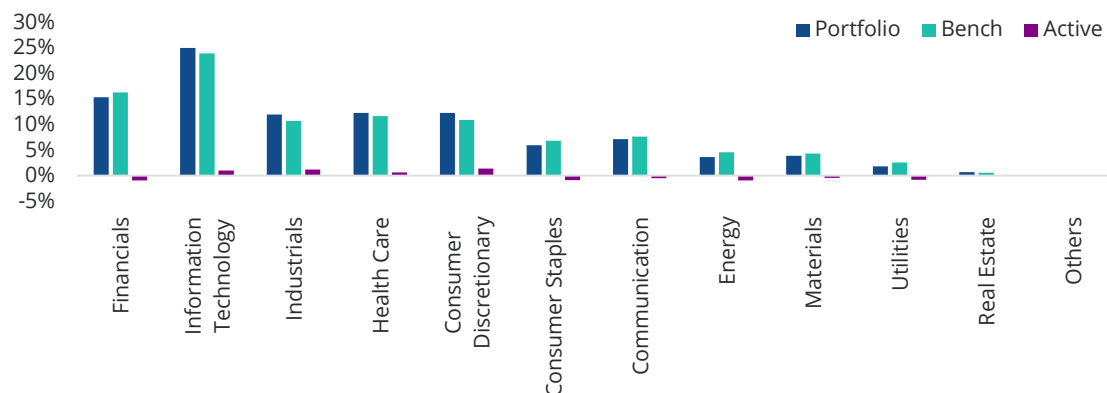
Total Portfolio: Currency allocation



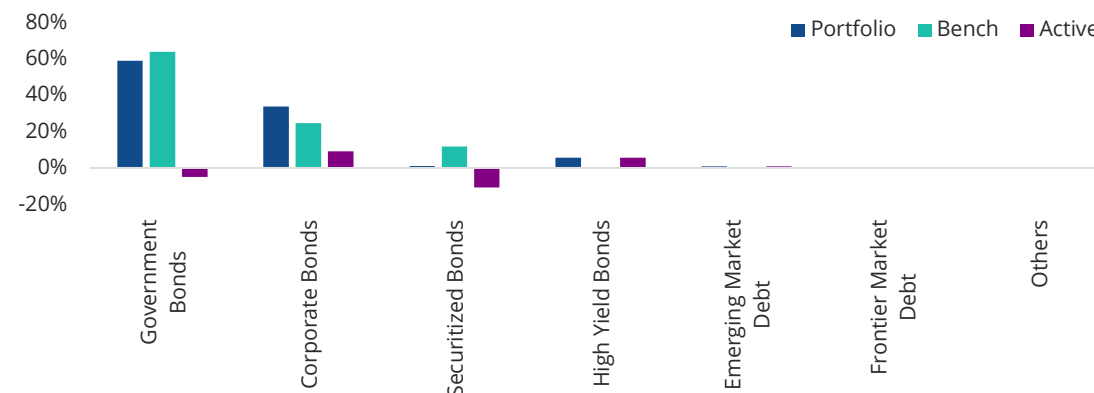
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

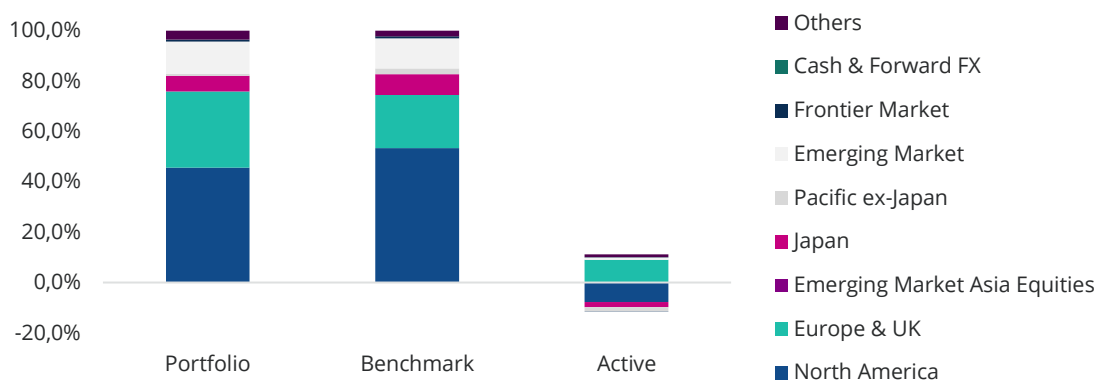


Fixed Income: Issuer Type

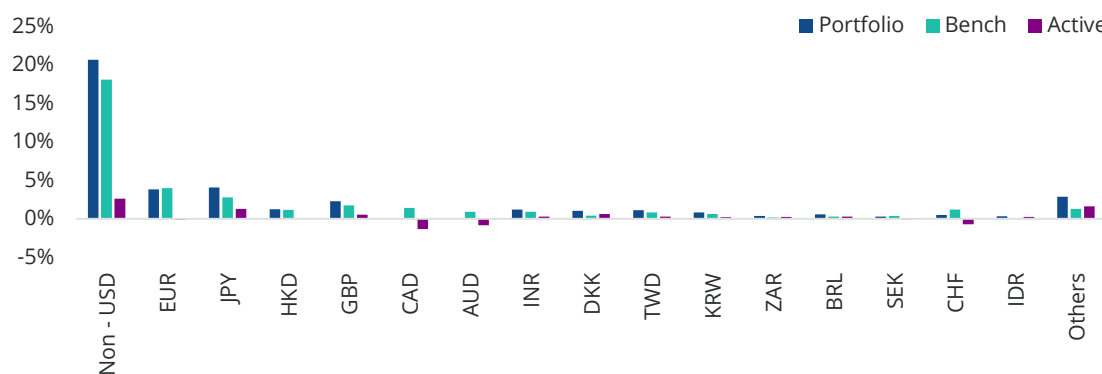


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



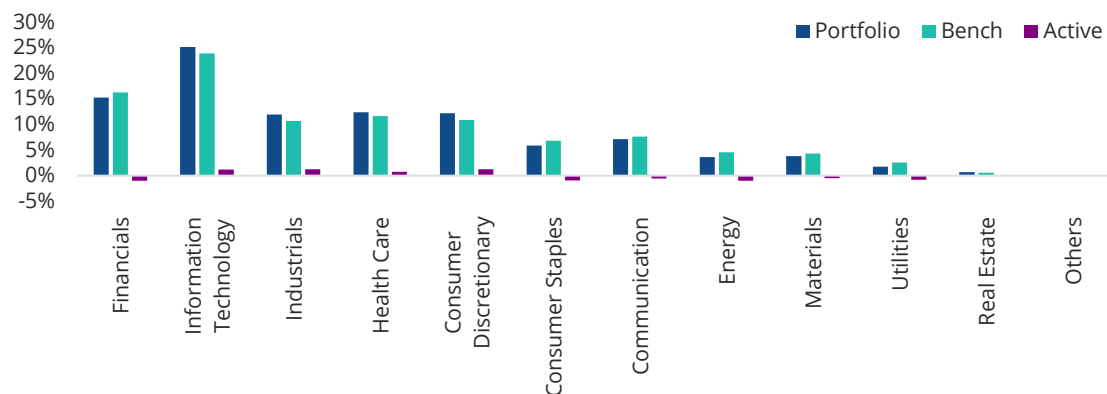
Total Portfolio: Currency allocation



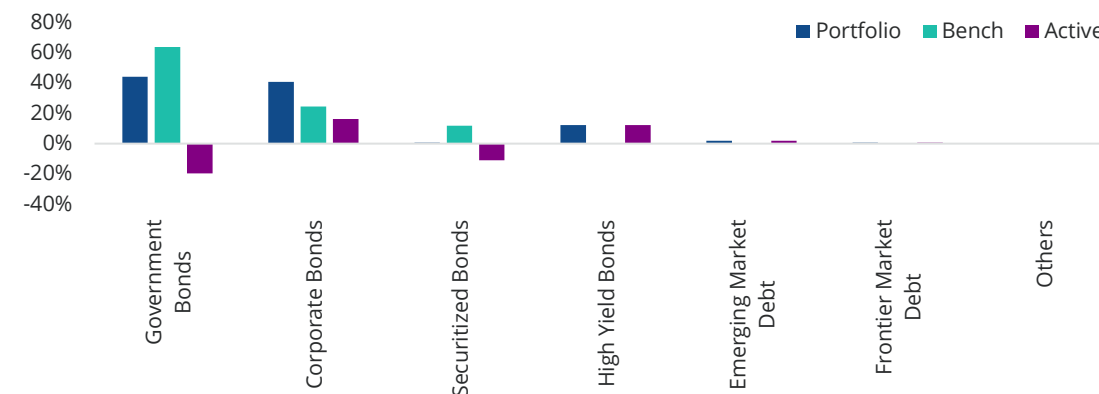
Asset Allocation Review | Look-Through Analysis

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

Equities: Sector allocation

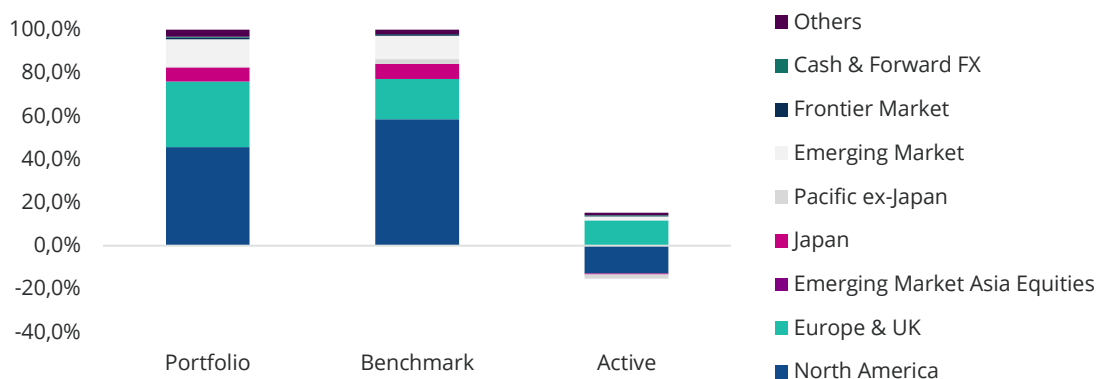


Fixed Income: Issuer Type

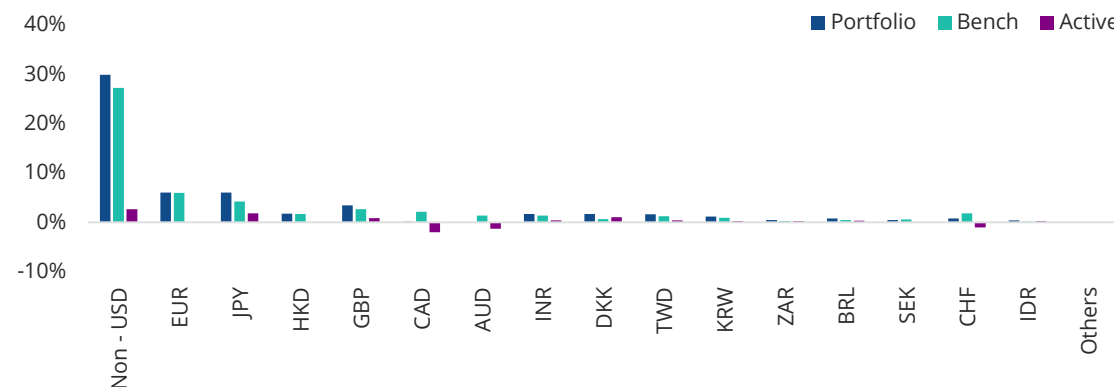


The allocations are scaled to the portfolio's total equity/fixed income allocation. Figures are based on unaudited values.

Total Portfolio: Country allocation



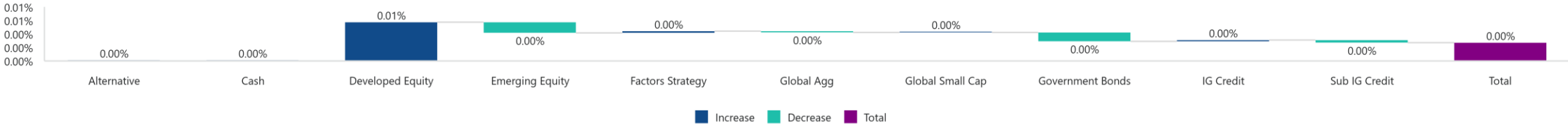
Total Portfolio: Currency allocation



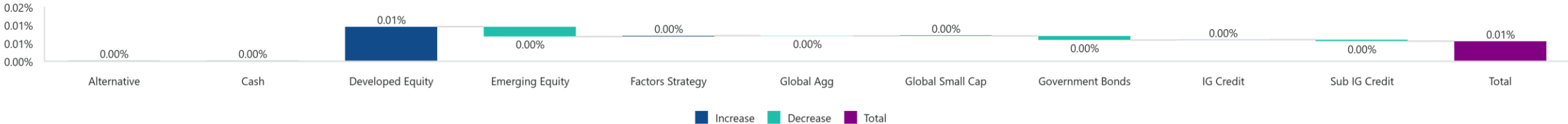
Performance Contribution | 1 Month

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

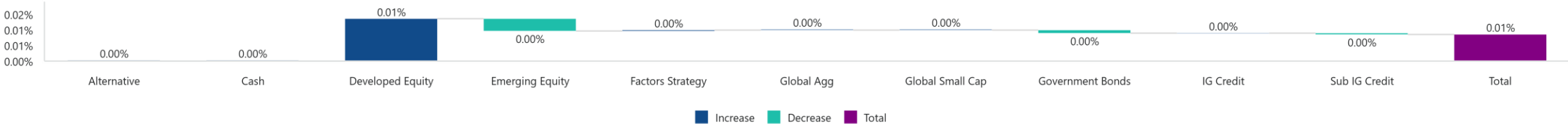
Conservative



Moderate



Growth

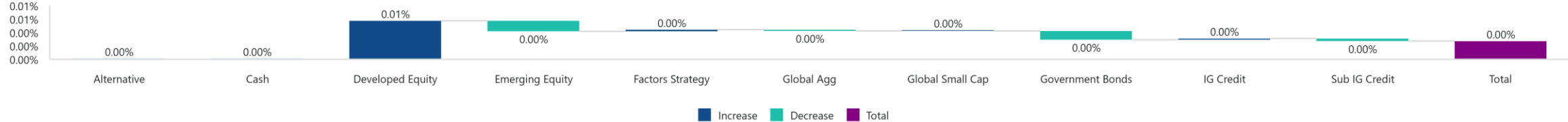


Note: Attribution methodology calculates the active performance under three headings. Asset Allocation includes any active tilts applied using underlying pooled funds, futures or currency forwards. Performance is shown gross of Fee, but some components of the performance may be net when the management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

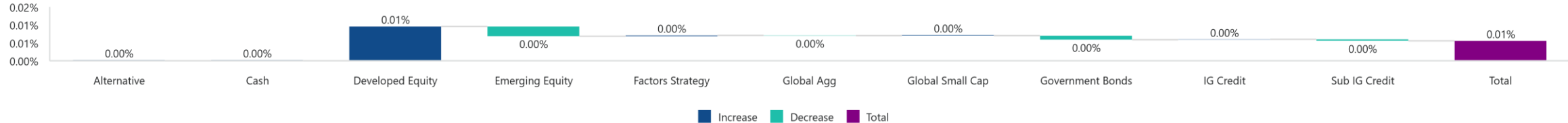
Performance Contribution | Year to Date

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

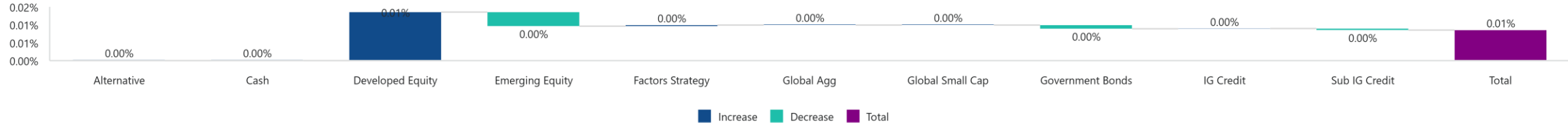
Conservative



Moderate



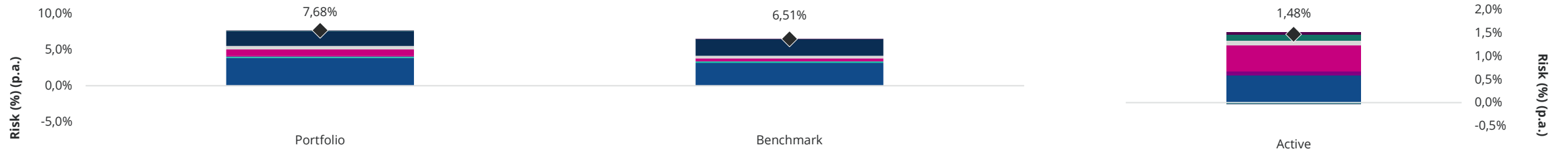
Growth



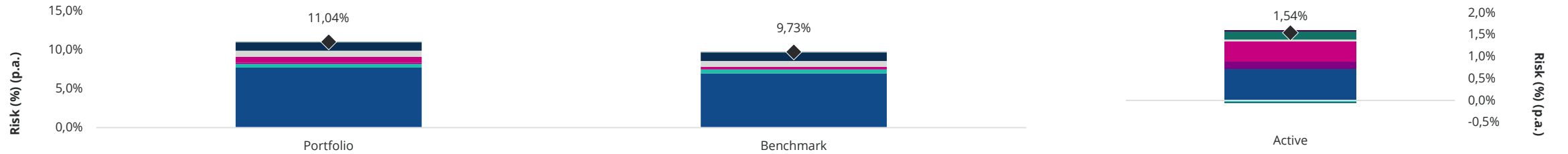
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Risk Review | Absolute & Relative

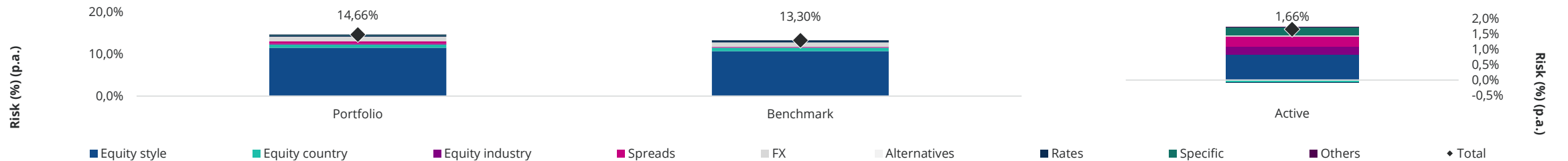
Conservative



Balanced



Aggressive

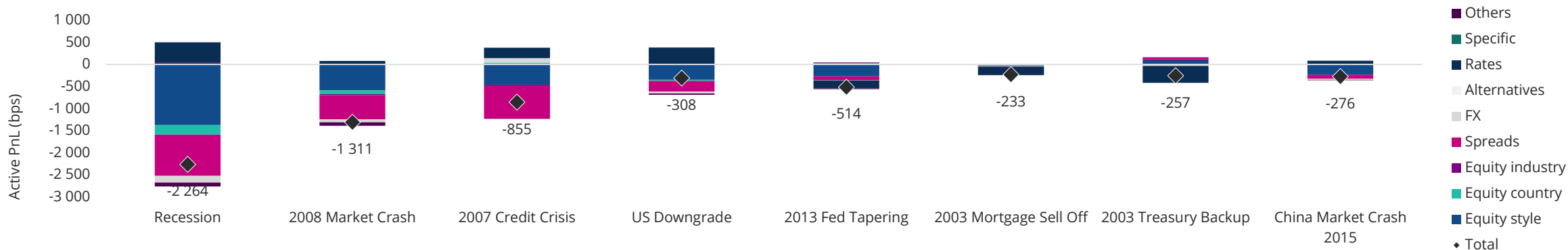


■ Equity style
 ■ Equity country
 ■ Equity industry
 ■ Spreads
 ■ FX
 ■ Alternatives
 ■ Rates
 ■ Specific
 ■ Others
 ◆ Total

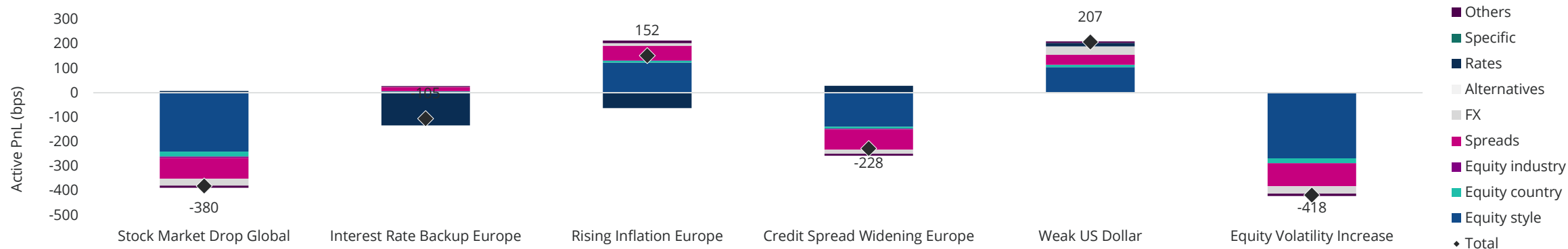
Risk Review | Scenario analysis

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

Historical scenarios



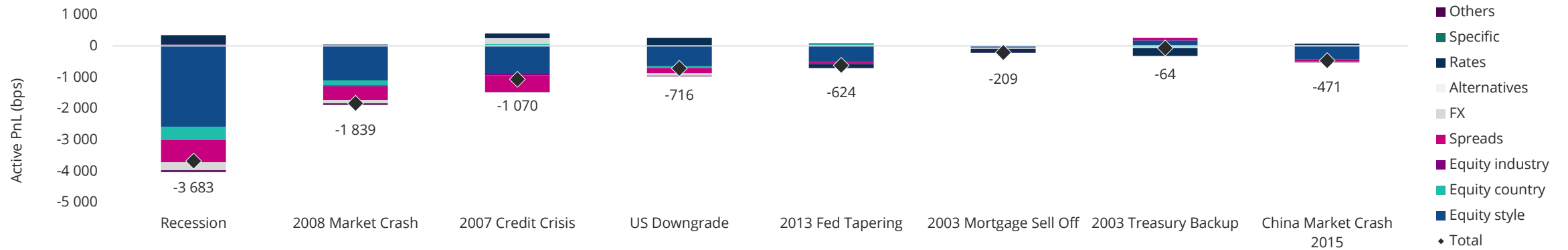
Forward-looking scenarios



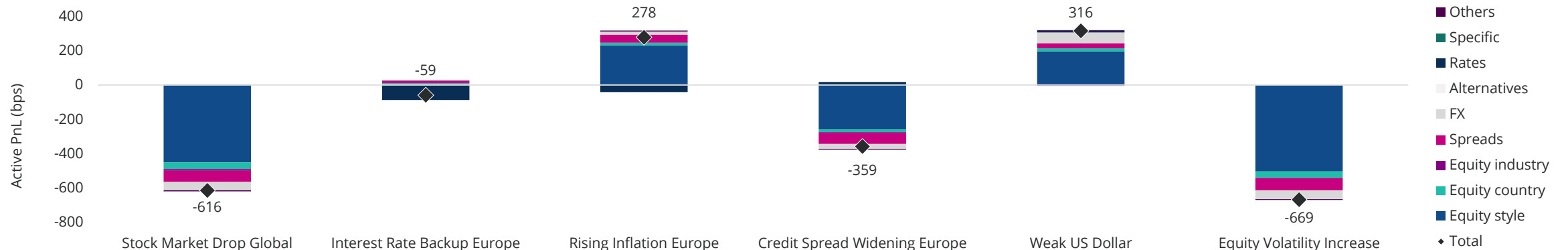
Risk Review | Scenario analysis

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Historical scenarios



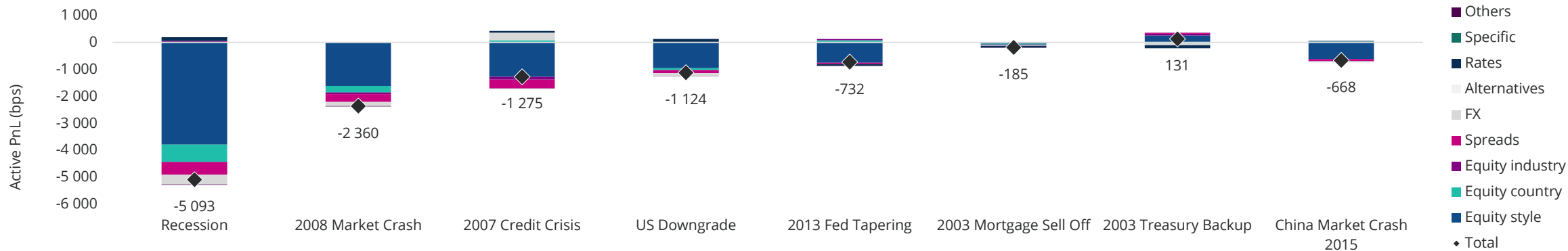
Forward-looking scenarios



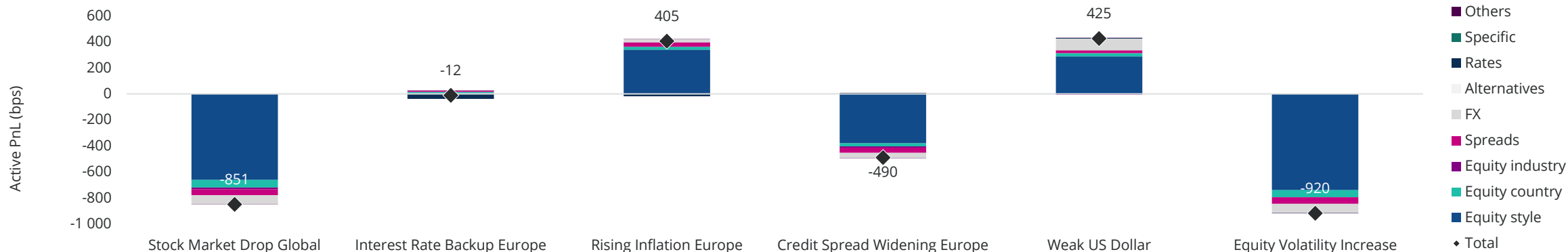
Risk Review | Scenario analysis

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Historical scenarios

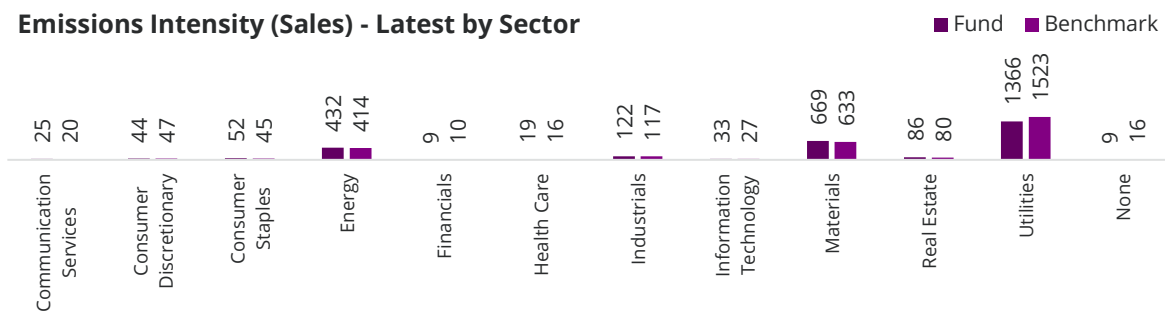
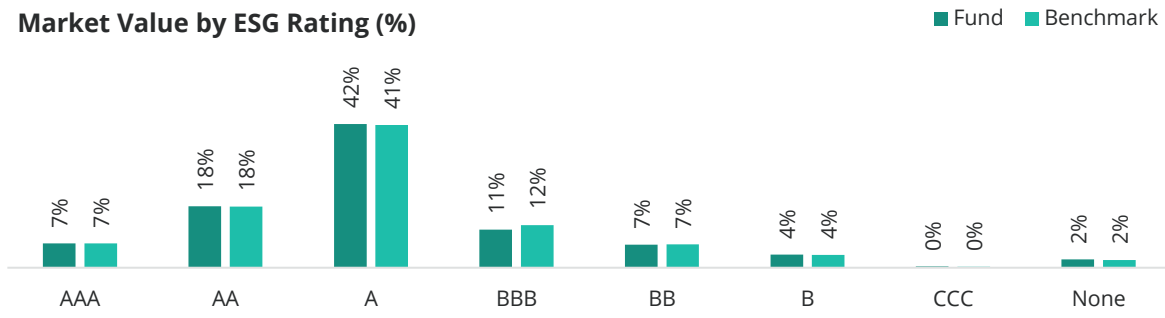
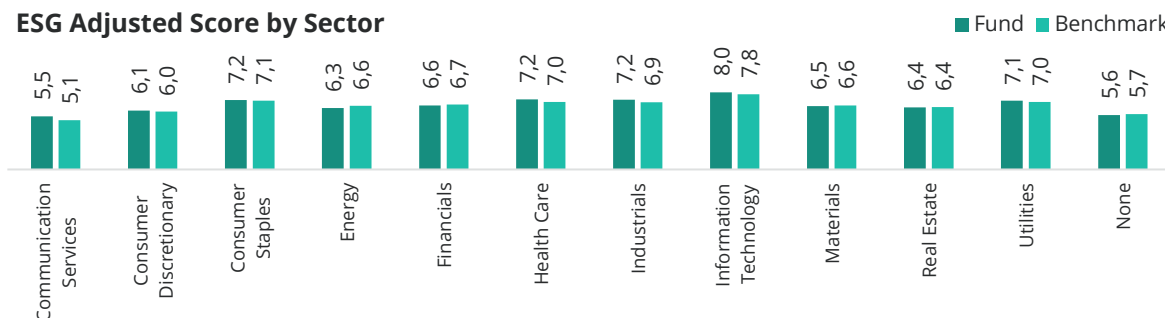


Forward-looking scenarios



Carbon and ESG Reporting | Conservative Model Portfolio

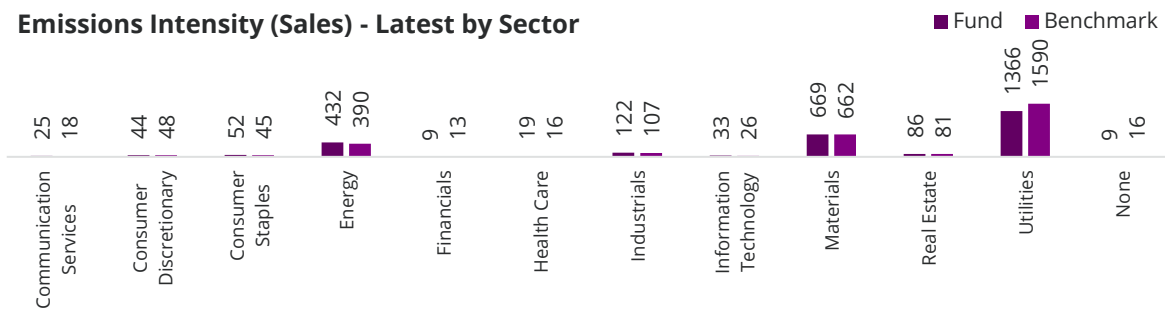
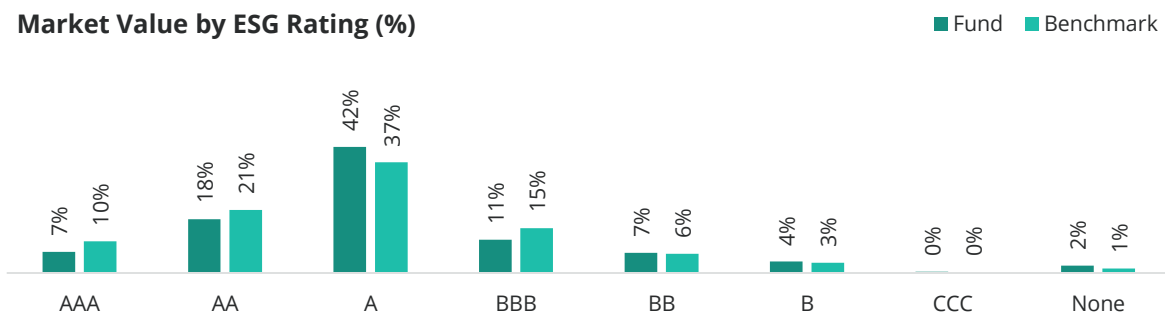
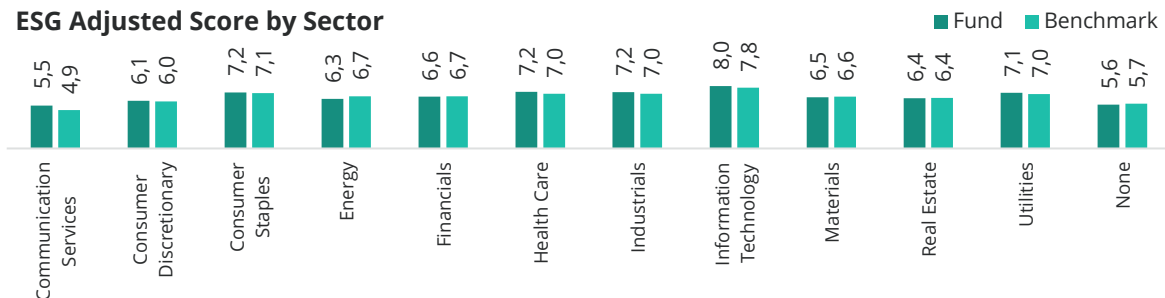
ESG	Portfolio Benchmark Active			
	ESG Coverage % Market Value	88.1%	89.0%	
	ESG Adjusted Score 0 (worst) - 10 (best)	6.2	6.2	0.0
	Environment Score 0 (worst) - 10 (best)	5.7	5.6	0.1
	Social Score 0 (worst) - 10 (best)	6.1	6.2	-0.1
Governance Score 0 (worst) - 10 (best)	5.8	6.0	-0.2	
Active Risk Contribution by ESG Rating (bps)			624	
Carbon				
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	Fund: 98.4	Benchmark: 93.7	Active: 5.0%
	Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	Fund: 143.6	Benchmark: 135.3	Active: 6.1%



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Carbon and ESG Reporting | Moderate Model Portfolio

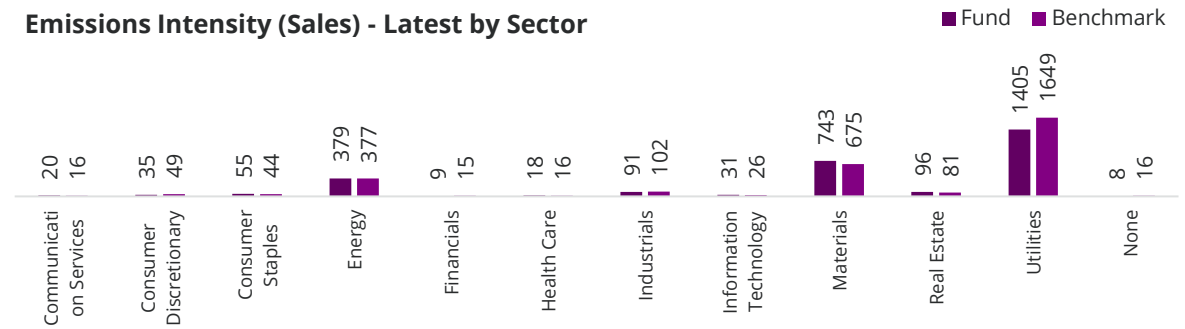
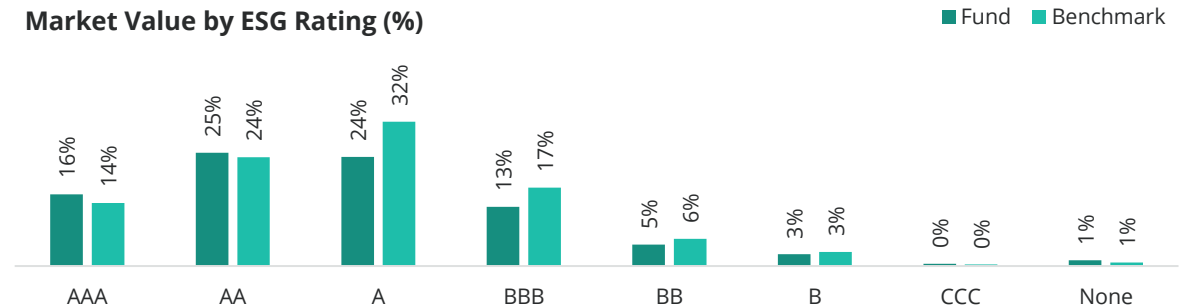
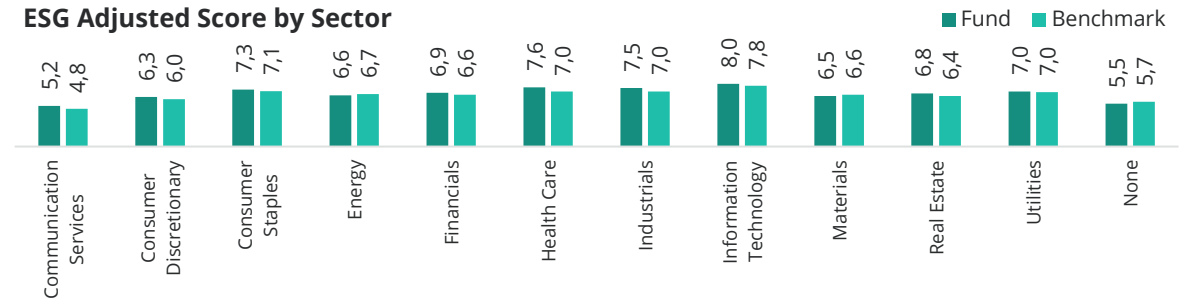
ESG	Portfolio Benchmark Active							
	ESG Coverage % Market Value	88.1%	92.6%					
	ESG Adjusted Score 0 (worst) - 10 (best)	6.2	6.4	-0.2				
	Environment Score 0 (worst) - 10 (best)	5.7	6.0	-0.2				
	Social Score 0 (worst) - 10 (best)	6.1	5.8	0.3				
	Governance Score 0 (worst) - 10 (best)	5.8	5.9	-0.1				
Active Risk Contribution by ESG Rating (bps)								
	-70	-132	-132	-100	-28	-20	-2	624
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon								
		Fund	Benchmark	Active				
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	98.4	92.9	5.9%				
Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	143.6	128.1	12.1%					



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Carbon and ESG Reporting | Growth Model Portfolio

ESG	Portfolio Benchmark Active							
	ESG Coverage % Market Value	85.6%	96.2%					
	ESG Adjusted Score 0 (worst) - 10 (best)	6.9	6.6	0.3				
	Environment Score 0 (worst) - 10 (best)	6.4	6.3	0.1				
	Social Score 0 (worst) - 10 (best)	5.5	5.5	0.0				
	Governance Score 0 (worst) - 10 (best)	5.7	5.8	0.0				
Active Risk Contribution by ESG Rating (bps)			1185					
	-185	-266	-265	-206	-60	-40	-4	
	AAA	AA	A	BBB	BB	B	CCC	None
Carbon	Fund Benchmark Active							
	Emissions Intensity (Tot. Capital) - Latest (metric tonnes / \$ million total capital)	85.7	92.6	-7.4%				
	Emissions Intensity (Sales) - Latest (metric tonnes / \$ million total sales)	111.0	123.9	-10.4%				



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Supporting Material

cogence

Portfolio Commentary

Conservative

The Portfolio returned 0.27% over the month in total and active performance. On a rolling 3 month basis the portfolio has outperformed its benchmark by 0.47%. Longer term, Since Inception returns sits at 1.93% p.a. Risk assets carried their momentum from December into January with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most developed markets and anticipation of rate cuts in 2024. The Fed continues to be on hold and the market now awaits the May FOMC meeting for future guidance. US equities delivered the strongest performance as megacap tech holds their momentum year-to-date and the broad US market was up 1.6% during that time. In contrast, Emerging Markets equities have been the largest detractor (down 4% in January) as China faces economic weakness. The macro picture continued to surprise markets on the upside, with US Manufacturing PMI and CPI numbers above market consensus. Against news that central banks pushed back against the prospect of Q1 rate cuts, the rates market was challenged over the month of January. UK Gilts, inflation linkers and Market Debt all detracted performance slightly. Manager selection contributed positively to the active returns while asset allocation remained flat. 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. Both Equities and Fixed Income added to active return. Fixed Income gained 0.27%, higher than Equities at 0.19%, due to the underweight to the highly volatile government bond market in January. Within Equities our preference for US equity and underweight to Europe were positive contributors while our overweight to EM detracted.

Over January, 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 7.68% while active risk is around 1.48%.

Moderate

The Portfolio returned 0.56% over the month outperforming its benchmark by 0.36%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 0.74%. Longer term, Since Inception returns sits at 11.04% p.a. Risk assets carried their momentum from December into January with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most developed markets and anticipation of rate cuts in 2024. The Fed continues to be on hold and the market now awaits the May FOMC meeting for future guidance. US equities delivered the strongest performance as megacap tech holds their momentum year-to-date and the broad US market was up 1.6% during that time. In contrast, Emerging Markets equities have been the largest detractor (down 4% in January) as China faces economic weakness. The macro picture continued to surprise markets on the upside, with US Manufacturing PMI and CPI numbers above market consensus. Against news that central banks pushed back against the prospect of Q1 rate cuts, the rates market was challenged over the month of January. UK Gilts, inflation linkers and Market Debt all detracted performance slightly. Manager selection contributed positively to the active returns while asset allocation remained flat. 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. Both Equities and Fixed Income added to active return. Fixed Income gained 0.18% and Equities 0.19% in active returns, and the underweight to the highly volatile government bond market in January was the main contributor within Fixed Income. Within Equities our preference for US equity and underweight to Europe were positive contributors while our overweight to EM detracted.

Over January, 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 0.85% over the month outperforming its benchmark by 0.46%. On a rolling 3 month basis the portfolio has outperformed its benchmark by 0.93%. Longer term, Since Inception returns sits at 6.39% p.a. Risk assets carried their momentum from December into January with most asset classes registering positive returns. The rebound is supported by monetary policy being on hold in most developed markets and anticipation of rate cuts in 2024. The Fed continues to be on hold and the market now awaits the May FOMC meeting for future guidance. US equities delivered the strongest performance as megacap tech holds their momentum year-to-date and the broad US market was up 1.6% during that time. In contrast, Emerging Markets equities have been the largest detractor (down 4% in January) as China faces economic weakness. The macro picture continued to surprise markets on the upside, with US Manufacturing PMI and CPI numbers above market consensus. Against news that central banks pushed back against the prospect of Q1 rate cuts, the rates market was challenged over the month of January. UK Gilts, inflation linkers and Market Debt all detracted performance slightly. 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. Both Equities and Fixed Income added to active return. Fixed Income gained 0.18% and Equities 0.19% in active returns, and the underweight to the highly volatile government bond market in January was the main contributor within Fixed Income. Within Equities our preference for US equity and underweight to Europe were positive contributors while our overweight to EM detracted.

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

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

Additional Information can be found in the Glossary slides

Historical Scenario Test Analysis | Scenario Descriptions

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

Scenario Test Analysis | Scenario Descriptions

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

Glossary of Terms | Risk Exposures

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

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