Item 5

25th November 2026

Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Investment Update

Purpose of Report:

To provide the Committee with an investment update including a summary of:

- investment performance to 30th September 2026
- distribution of portfolios and DIP investments as at 30th September 2026
- the Investment Advisory Panel meeting of 12th November 2026
- stewardship activity during Quarter 3 2026.

Recommendations:

The Committee is asked **to NOTE** the contents of this report.

Ward No(s): Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

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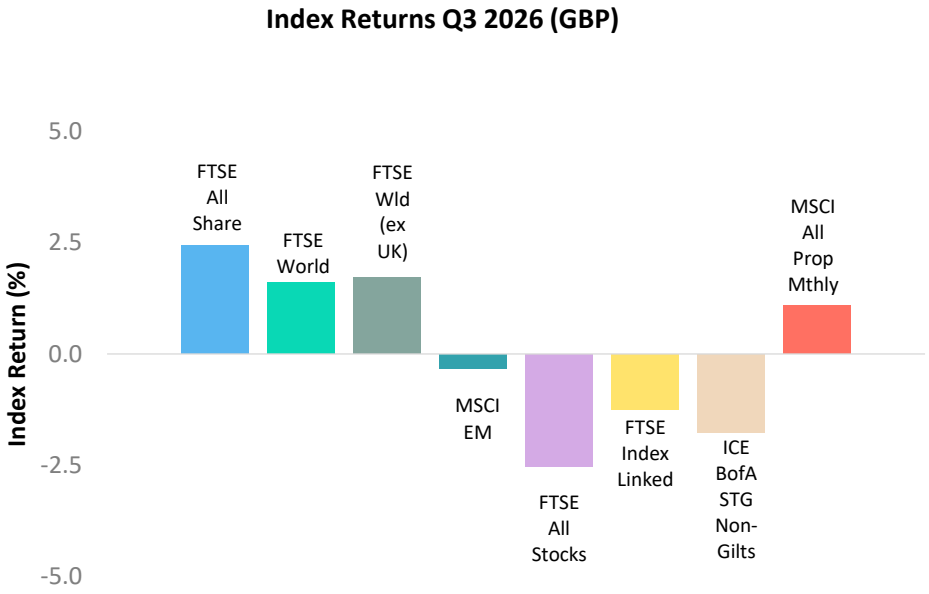
1 Background

The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return. The Fund's current investment objectives and strategy are summarised in **Appendix 1**. The strategy is reflected in the Fund's strategic benchmark and individual portfolio benchmarks. Investment performance is measured by the Fund's global custodian, Northern Trust.

2 Market Performance

Equity market performance was positive over the quarter. Returns were supported by resilient earnings and AI-related investment, although rising interest rates also weighed on sentiment. Markets remain highly concentrated with a small number of technology companies accounting for a large share of index earnings and investor returns. In sterling terms, the strongest performing region was Japan, while the UK outperformed the rest of Europe and North America. Sector level returns were highly dispersed.

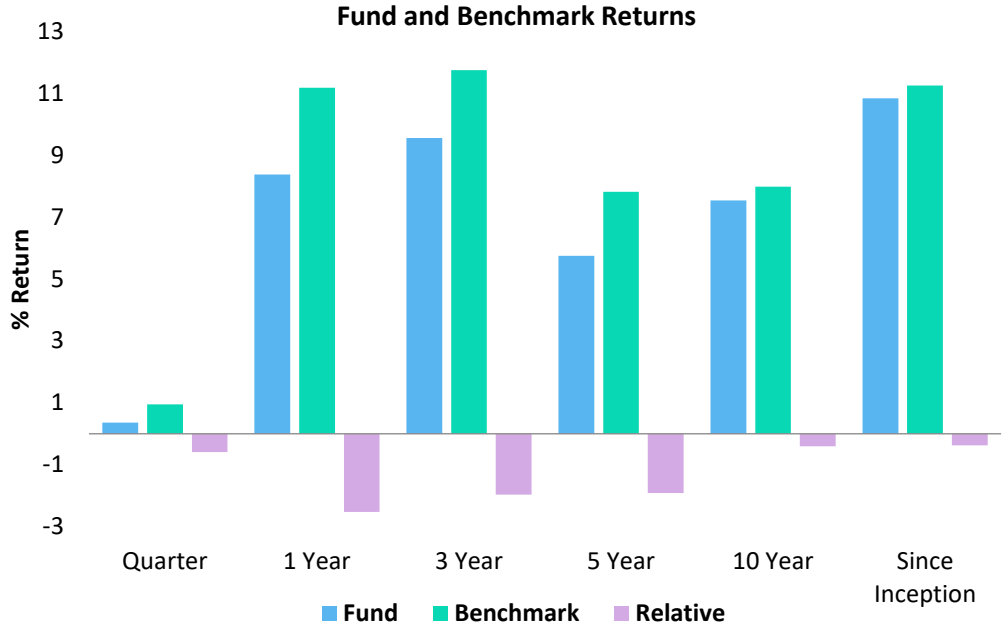
Fixed income markets were shaped by resilient growth, energy price volatility and expectations of a "higher for longer" interest rate environment. Government bond yields in the UK, US, Germany and Japan rose significantly. The US Federal Reserve and European Central Bank increased interest rates while the Bank of England held rates at 3.75%. Credit markets were comparatively more resilient and supported by strong corporate fundamentals, but spreads still rose over the quarter while remaining close to historically tight levels.



- The **FTSE All Share** Index returned **+2.4%,** the **FTSE World ex UK** index **+1.7%** and the **MSCI Emerging Markets** index **-0.3%**, compared with Q2 returns of **+4.7%**, **+15.6%** and **+23.4%** respectively.
- The **FTSE All Stock Index** returned **-2.5%** compared with **+2.0%** in Q2.
- **Sterling** rose by **+0.1%** against the US dollar and **+0.8%** against the Euro.
- The **MSCI All property monthly return index** returned **+1.1%** driven wholly by income returns; capital values declined.

3 Fund Performance

The **Fund's value** at 30th September 2026 was **£35,304m**, an increase on the 30th June valuation of **£35,290m**.



The **Fund's total return** for Quarter 3 2026 was **+0.4**%, behind the benchmark return of **+1.0%.** Over 1 year, 3 years, 5 years and 10 years the Fund's total return has been positive but behind benchmark. Further analysis of Fund and asset class performance can be found in **Appendix 2**.

Each of the Fund's investment managers has an individual portfolio benchmark. In Quarter 3:

- 8 active managers outperformed their benchmark; and
- 13 active managers underperformed.

Further analysis of manager performance can be found in **Appendix 3**.

4 Asset Allocation

The Fund's asset allocation can be summarised as follows:

Asset Class	*30 Jun 2026 (£m)*	*30 Jun 2026 (%)*	30 Sep 2026 (£m)	30 Sep 2026 (%)	Target (%)
Equity	*18,725*	*53.1*	18,522	52.5	**47.0**
Hedging & insurance	*3,440*	*9.7*	3,709	10.5	**10.0**
Credit	*1,329*	*3.8*	1,290	3.6	**5.0**
Short term enhanced yield	*5,407*	*15.3*	5,332	15.1	**17.0**
Long Term enhanced yield	*6,388*	*18.1*	6,451	18.3	**21.0**
Total	***35,290***	***100.0***	**35,304**	**100.0**	**100.0**

1% of Fund (£350m) was switched from the passive equity portfolio into gilts during Q3 2026, following the IAP's review of asset allocation vs target at the end of June. Net inflows from private market programmes during the quarter were positive. All other movements were due to valuation changes.

For further details on the Fund's managers and current allocations, see **Appendix 4.**

5 Direct Impact Portfolio (DIP)

A summary of the performance and activity of the SPF Direct Impact Portfolio and a schedule of current investments can be found at **Appendix 5**.

6 Investment Advisory Panel

The SPF Investment Advisory Panel met on 12th November 2026. A note of the Panel's meeting is set out in **Appendix 6**.

7 Stewardship: Responsible Investment

A summary of responsible investment activity is included at **Appendix 7**. Quarter 3 highlights include:

- DTZ reported on results from the latest Global Real Estate Sustainability Benchmark (GRESB). Results showed that the SPF UK property portfolio made good progress in ESG performance during 2025 and as a result had achieved an improved score and star rating.
- The Fund completed the annual PRI survey during the quarter, with results expected during Q4 2026.
- SPF co-signed investor letters supporting phase 3 of FAIRR's Seafood Traceability engagement, which is backed by 50 investors representing more than $US 16.8 trillion in combined assets.

8 Policy and Resource Implications

Resource Implications:

Financial:	None. Monitoring report.
Legal:	None.
Personnel:	None.
Procurement:	None

Council Strategic Plan: SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.*** The LGPS is one of the key benefits which enables the Council to recruit and retain staff.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2025-29? Please specify.	Equalities issues are addressed in the Fund's Responsible Investment strategy. A summary of responsible investment activity is included **at Appendix 7**.
What are the potential equality	N/a.

impacts as a result of this report?	
Please highlight if the policy/proposal will help address socio-economic disadvantage.	N/a.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:	Yes. Strathclyde Pension Fund's Climate Change strategy aligns with Item 34 of the Council's Climate Action Plan. SPF's stewardship activity addresses all of the SDGs to some degree. A summary of responsible investment activity is included **at Appendix 7**.
What are the potential climate impacts as a result of this proposal?	N/a.
Will the proposal contribute to Glasgow's net zero carbon target?	N/a.

Privacy and Data Protection Impacts:	No.
Are there any potential data protection impacts as a result of this report Y/N	
If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out	N/a

9 Recommendation

The Committee is asked **to NOTE** the contents of the report.

Appendices

Appendix 1	**Investment Objectives and Strategy**
Appendix 2	**Fund and Asset Class Performance**
Appendix 3	**Manager Performance**
Appendix 4	**Portfolio Summary**
Appendix 5	**Direct Impact Portfolio**
Appendix 6	**Investment Advisory Panel**
Appendix 7	**Stewardship Activity: Responsible Investment**

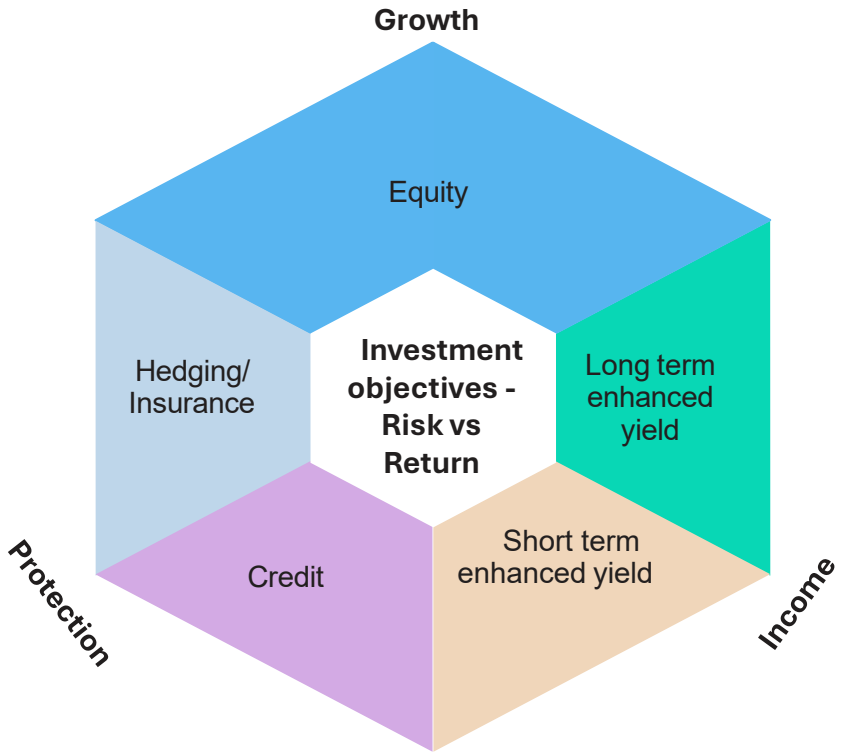
Appendix 1

Investment Objectives and Strategy

The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return. The current objectives of the investment strategy should be to achieve:

- a greater than 80% probability of being 100% funded over the average future working lifetime of the active membership (the target funding period); and
- a less than 10% probability of falling below 80% funded over the next three years.

The Fund's investment strategy broadly defines the types of investment to be held and the balance between different types of investment. The strategy reflects the Fund's key investment principles, is agreed by the Committee and reviewed regularly. The Fund has adopted a risk-return asset framework as the basis for modelling and agreeing investment strategy.



Strategic asset allocations set following the 4 most recent actuarial valuations, along with the actuary's assumed returns are shown below:

Asset	*2014* %	*2017* %	*2020* %	2023 %
Equity	*62.5*	*52.5*	*52.5*	**47.0**
Hedging & insurance	*1.5*	*1.5*	*1.5*	**10.0**
Credit	*6.0*	*6.0*	*6.0*	**5.0**
Short term enhanced yield	*15.0*	*20.0*	*20.0*	**17.0**
Long term enhanced yield	*15.0*	*20.0*	*20.0*	**21.0**
	100	***100***	***100***	**100**

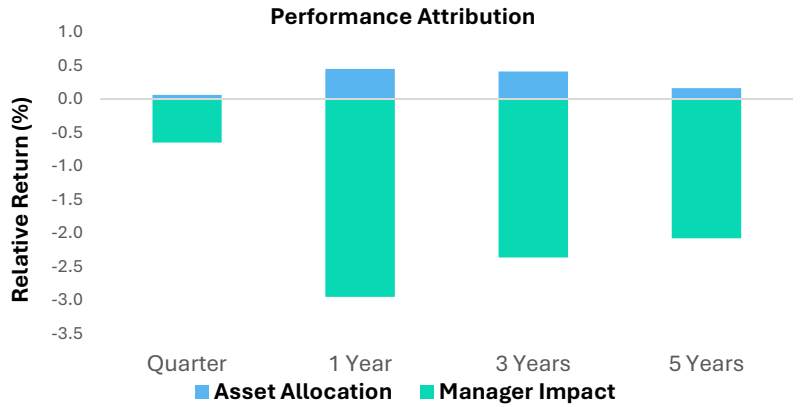
Appendix 2

Fund and Asset Class Performance

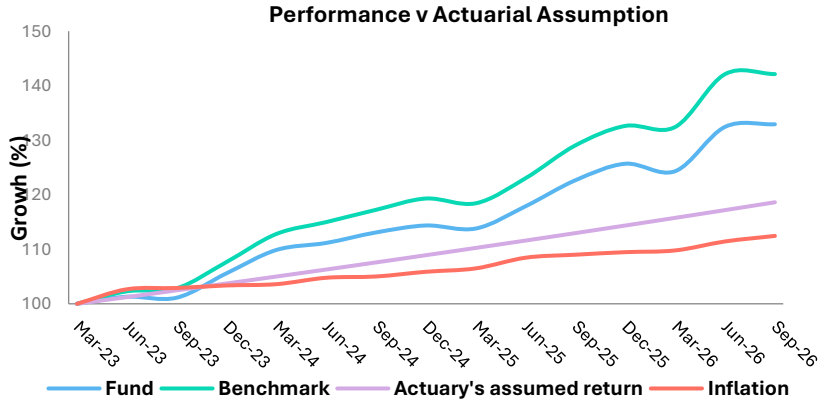
1. Returns by Asset Class

	Latest Quarter			1 Year			3 Years			5 Years		
Asset Class	Fund %	B'mark %	Relative %	Fund %	B'mark %	Relative %	Fund %	B'mark %	Relative %	Fund %	B'mark %	Relative %
Equity	0.9	1.6	(0.7)	13.2	18.1	(4.2)	14.1	18.7	(3.8)	8.2	11.6	(3.0)
Hedging & Ins	(2.3)	(2.2)	(0.1)	1.0	1.3	(0.2)	(0.9)	(1.0)	0.1	(0.4)	(7.4)	7.5
Credit	(2.9)	(2.9)	(0.0)	0.1	0.4	(0.3)	4.7	4.7	(0.1)	(1.8)	(1.7)	(0.0)
STEY	(0.1)	1.7	(1.8)	2.8	7.1	(4.1)	6.1	7.7	(1.5)	3.8	6.6	(2.6)
LTEY	1.3	1.3	(0.0)	5.7	6.2	(0.4)	4.9	5.4	(0.5)	5.3	5.4	(0.1)
Total Fund	**0.4**	**1.0**	**(0.6)**	**8.4**	**11.2**	**(2.5)**	**9.5**	**11.7**	**(2.0)**	**5.7**	**7.8**	**(1.9)**

2. Performance Attribution



3. Performance vs Actuarial Assumption



- In Q3, LTEY delivered returns in line with benchmark while all other asset classes underperformed. Only LTEY and Equity delivered positive absolute returns.
- All asset classes have underperformed the benchmark over 1 year, while only Hedging and Insurance has outperformed over 5 years. The strongest absolute returns over the longer term have come from Equity.
- Over 1, 3 and 5 years, investment manager performance, particularly in active equity and STEY portfolios, has detracted from Fund return, however asset allocation has added value.
- Over the current actuarial cycle, Fund performance is behind benchmark but remains comfortably ahead of the assumed actuarial return and inflation.

Manager Performance

1 Equity

1.1 Manager Performance Summary

Equity						
Manager		**Current Quarter (%)**	**1 Year (% p.a)**	**3 Years (% p.a.)**	**5 Years (% p.a.)**	**Since Inception (% p.a)**
Baillie Gifford	Actual	(0.5)	2.4	12.5	3.6	8.8
	Relative	(2.0)	(13.8)	(5.4)	(7.8)	0.4
Lazard	Actual	2.1	11.5	10.2	6.7	9.5
	Relative	0.6	(5.8)	(6.9)	(4.7)	(0.4)
Oldfield	Actual	1.9	31.9	18.7	11.8	10.0
	Relative	0.4	11.5	0.3	(0.1)	(2.8)
Veritas	Actual	1.9	1.8	7.5	5.2	10.9
	Relative	0.4	(14.0)	(9.2)	(6.0)	(1.6)
Lombard Odier	Actual	9.0	21.5	12.3	1.0	7.3
	Relative	1.8	8.0	0.5	1.0	2.4
JP Morgan	Actual	(4.1)	16.5	14.9	3.3	11.6
	Relative	(3.1)	0.9	0.1	(2.9)	1.6
RBC	Actual	0.9	33.2	-	-	25.5
	Relative	1.4	1.7	-	-	(1.1)
Pantheon	Actual	0.8	2.1	0.8	4.2	12.7
	Relative	(0.7)	(13.7)	(14.9)	(6.8)	3.4
Partners Group	Actual	(4.0)	(6.9)	(1.2)	1.9	9.8
	Relative	(5.5)	(21.3)	(16.5)	(8.9)	2.5
L&G Equity[(2)]	Actual	1.2	17.2	20.1	12.0	10.5
	Relative	(0.2)	0.3	(0.1)	(0.1)	-
L&G RAFI	Actual	3.6	23.2	19.7	13.9	11.6
	Relative	(0.1)	0.6	0.5	0.5	0.1
Total	**Actual**	**0.9**	**13.2**	**14.1**	**8.2**	**10.1**
	Relative	**(0.7)**	**(4.2)**	**(3.8)**	**(3.0)**	**(0.7)**

1.2 Manager Performance Commentary

Equity underperformed the benchmark over Quarter 3 2026 with 5 active managers outperforming and 6 underperforming. **Lombard Odier** was the strongest performer on both an absolute and relative basis. **RBC** also outperformed the benchmark. The most significant underperformers were **JP Morgan** and **Partners Group**, although it should be noted that for private equity managers there is a timing difference between manager performance and benchmark returns.

Over 5 years, the only manager to outperform was **Lombard Odier**, although absolute returns on all active manager portfolios were positive.

Lombard Odier delivered strong performance, with returns driven by a diverse set of company-specific investments across a wide range of sectors. The strongest performing stocks were RWS Holdings (AI enabled translation and localisation solutions), Everplay Group (digital games) and Kainos Group (consulting, software and implementation services).

Manager Performance

RBC outperformed the benchmark in Quarter 3. Sector allocation and stock selection contributed to performance, while country allocation, in particular an overweight allocation to Chile, detracted. The top performing stocks were Samsung Electronics, South Korean memory chipmaker Advantech, B3-Brasil Bolsa Balcao (the Brazilian stock exchange) and Media Tek Inc, a Taiwanese fabless semi-conductor company.

JP Morgan delivered negative absolute returns and underperformed the benchmark; all regions underperformed. In the US stock and sector selection detracted from performance; in Europe, stock selection in the capital goods and professional and commercial service sectors weighed on returns; in Japan, the underweight position in communication services and utilities and the overweight position in information technology were the main detractors, while in the Asia Pacific region underperformance was driven mainly by weak stock selection in the technology, industrials and consumer sectors.

Partners Group delivered negative absolute returns and underperformed the benchmark over the quarter. The portfolio return is also behind benchmark over 5 years. The latest since inception IRR (June 2026) was 10.5% and the investment multiple was 1.75x.

2 Hedging & Insurance / Credit

2.1 Manager Performance Summary

Hedging / Insurance

Manager		Current Quarter (%)	1 Year (% p.a)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a)
Legal & General	Actual	(2.5)	0.6	0.8	-	0.6
Gilts	*Relative*	0.0	0.0	0.3	-	2.4
L&G Index	Actual	(1.9)	1.9	(2.8)	(1.7)	5.5
Linked	*Relative*	0.0	0.0	(0.1)	(0.1)	(0.0)
Total	**Actual**	**(2.3)**	**1.0**	**(0.9)**	**(0.4)**	**1.6**
	Relative	**(0.1)**	**(0.2)**	**0.1**	**7.5**	**3.7**

Credit

Manager		Current Quarter (%)	1 Year (% p.a)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a)
Legal & General	Actual	(2.6)	(0.1)	4.9	(1.7)	4.1
Corporate Bonds	*Relative*	(0.0)	(0.0)	(0.0)	0.0	0.0
Legal & General	Actual	(3.1)	0.2	-	-	2.1
Buy & Maintain	*Relative*	0.1	(0.7)	-	-	1.3
Total	**Actual**	**(2.9)**	**0.1**	**4.7**	**(1.8)**	**1.1**
	Relative	**(0.0)**	**(0.3)**	**(0.1)**	**(0.0)**	**0.0**

2.2 Manager Performance Commentary

Hedging & Insurance delivered negative returns and marginally underperformed the benchmark. Over the longer term, performance is ahead of benchmark.

Manager Performance

Credit performed in line with the benchmark over the quarter but is behind benchmark over the longer term. **The Legal and General Buy and Maintain Fund** outperformed its benchmark over the quarter but is behind benchmark over 1 year. In Quarter 3 2026, the top performing issuer was Associated British Foods, while the worst performing issuer was America Movil SAB de CV. The average credit rating of the portfolio is A3 and the modified duration of the portfolio is currently 7.2.

3 Short Term Enhanced Yield

3.1 Manager Performance Summary

Short-term enhanced yield

Manager		Current Quarter (%)	1 Year (% p.a)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a)
PIMCO	Actual	(2.8)	0.5	5.9	4.2	3.1
	Relative	(4.4)	(6.1)	(1.7)	(2.6)	(0.4)
Ruffer	Actual	0.6	2.4	3.8	2.2	4.7
	Relative	(1.1)	(4.1)	(3.3)	(4.2)	(0.9)
Barings (MAC)	Actual	(0.8)	2.0	6.9	3.1	3.6
	Relative	(2.6)	(5.4)	(1.4)	(4.3)	(2.5)
Oak Hill	Actual	0.5	2.2	6.6	4.8	4.3
	Relative	(1.4)	(5.2)	(1.7)	(2.8)	(1.7)
Barings (Private Debt)	Actual	1.5	5.7	8.2	7.6	6.2
	Relative	(0.4)	(1.9)	(0.3)	(0.1)	0.1
Alcentra	Actual	(1.2)	1.1	3.5	4.0	5.5
	Relative	(3.0)	(6.2)	(4.6)	(3.4)	(0.6)
ICG Longbow	Actual	1.3	2.7	3.9	4.2	3.7
	Relative	(0.6)	(4.7)	(4.1)	(3.3)	(2.9)
Partners Group (Private Debt)	Actual	2.5	7.4	8.4	7.1	5.6
	Relative	0.6	(0.4)	(0.0)	(0.6)	(1.3)
Pantheon (Private Debt)	Actual	0.6	6.0	n/a	n/a	10.7
	Relative	(1.3)	(1.6)	n/a	n/a	2.5
Total	**Actual**	**(0.1)**	**2.8**	**6.1**	**3.8**	**3.5**
	Relative	**(1.8)**	**(4.1)**	**(1.5)**	**(2.6)**	**(1.5)**

3.2 Manager Performance Commentary

Short Term Enhanced Yield (STEY) underperformed over the quarter and the absolute return was negative. **Partners Group** was the strongest performer on both an absolute and relative basis, while **PIMCO** was the weakest performer.

The STEY strategy is behind benchmark over 5 years, with all managers underperforming.

Partners Group outperformed the benchmark over the quarter. The latest (June 2026) since inception net multiple stands at 1.38x.

The **PIMCO** portfolio return was negative in Quarter 3, primarily driven by interest rate and spread strategies. Exposures to the US cash interest rate, Japanese duration and the Japanese Yen and selected emerging market currencies all contributed positively to performance, while exposure to US and Australian

duration, US agency mortgage-backed securities and some emerging market rates detracted.

4 Long Term Enhanced Yield

4.1 Manager Performance Summary

Long-term Enhanced Yield						
Manager		**Current Quarter (%)**	**1 Year (% p.a)**	**3 Years (% p.a.)**	**5 Years (% p.a.)**	**Since Inception (% p.a)**
DTZ	Actual	1.7	4.6	5.3	3.8	6.1
	Relative	1.0	(0.2)	1.6	1.4	0.3
Partners Group RE	Actual	(1.6)	3.1	(4.3)	(0.6)	4.3
	Relative	(3.5)	(4.9)	(10.9)	(8.9)	(3.9)
JP Morgan IIF	Actual	2.3	11.4	10.9	10.4	8.2
	Relative	0.4	3.2	2.7	2.2	0.2
Total	**Actual**	**1.3**	**5.7**	**4.9**	**5.3**	**5.2**
	Relative	**(0.0)**	**(0.4)**	**(0.5)**	**(0.1)**	**(0.2)**

4.2 Manager Performance Commentary

Performance of the LTEY allocation was in line benchmark in Q3 2026. **DTZ** was the strongest performer on a relative basis while on an absolute basis the strongest performer was **JP Morgan**.

The strategy has underperformed over the longer term due to underperformance from the **Partners Group** global real estate portfolio.

The **JP Morgan Institutional Infrastructure Fund** delivered the strongest absolute return. During the latest quarter, Sonnedix, IIF's global solar platform continued its growth through acquisitions and Nexus Water Group closed on the sale of operations and assets across 8 states, allowing the company focus on operations and growth across a smaller core geography.

DTZ outperformed over the quarter with the return being comprised of a capital return of 0.6% and an income yield of 1.1%. The office sector delivered the strongest returns due to a significant uplift in capital values. Transaction activity also picked up during the quarter.

Appendix 4

Portfolio Summary at 30 September 2026

	Equity		Hedging & Insurance		Credit		Short Term Enhanced Yield		Long Term Enhanced Yield		Total		Target
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	%
L&G	7,587	*21.5%*	3,709	*10.5%*	1,290	*3.7%*					**12,586**	***35.6%***	*33.0%*
Baillie Gifford	2,745	*7.8%*									**2,745**	***7.8%***	*7.5%*
Lazard	1,159	*3.3%*									**1,159**	***3.3%***	*2.5%*
Oldfield	1,330	*3.8%*									**1,330**	***3.8%***	*2.5%*
Veritas	1,021	*2.9%*									**1,021**	***2.9%***	*2.5%*
Lombard Odier	515	*1.5%*									**515**	***1.5%***	*1.0%*
JP Morgan	1,225	*3.5%*							1,741	*4.9%*	**2,966**	***8.4%***	*7.5%*
RBC	849	*2.4%*									**849**	***2.4%***	*2.0%*
Pantheon	1,164	*3.3%*					70	*0.2%*			**1,235**	***3.5%***	*5.8%*
Partners Group	710	*2.0%*					426	*1.2%*	662	*1.9%*	**1,798**	***5.1%***	*5.5%*
PIMCO							1,235	*3.5%*			**1,235**	***3.5%***	*4.0%*
Ruffer							593	*1.7%*			**593**	***1.7%***	*2.0%*
Barings (multi-credit)							773	*2.2%*			**773**	***2.2%***	*2.3%*
Oak Hill Advisors							620	*1.8%*			**620**	***1.8%***	*1.8%*
Barings (private debt)							328	*0.9%*			**328**	***0.9%***	*1.8%*
Alcentra							147	*0.4%*			**147**	***0.4%***	*0.0%*
ICG Longbow							285	*0.8%*			**285**	***0.8%***	*1.0%*
DTZ									2,640	*7.5%*	**2,640**	***7.5%***	*9.0%*
DIP	217	*0.6%*					101	*0.3%*	1,409	*4.0%*	**1,726**	***4.9%***	*7.5%*
Cash							755	*2.1%*			**755**	***2.1%***	*1.0%*
Total	**18,522**	**52.5%**	**3,709**	**10.5%**	**1,290**	**3.7%**	**5,332**	**15.1%**	**6,451**	**18.3%**	**35,304**	**100.0%**	**100.0%**
Target		**47.0%**		**10.0%**		**5.0%**		**17.0%**		**21.0%**		**100.0%**	

Direct Impact Portfolio

1 Portfolio Summary

The portfolio can be summarised as follows.

	Since Inception (£m)	Current Portfolio (£m)
Total Commitments Agreed	**2,654**	**2,485**
Amounts Drawn Down by Managers	**2,100**	**2.001**
+ Increase in Value	**708**	**664**
- Received Back in Distributions	**944**	**944**
- Realisations	**143**	**-**
= Total Net Asset Value (NAV)	**1,721**	**1,721**

Based on a current total Fund value of **£35,304m**, DIP's **7.5%** target allocation is a NAV of **£2,648m**.

The portfolio comprises **70** separate investments including **4** co-investments.

In Q3, drawdowns and distributions amounted to **£43m** and **£24m** respectively.

2 Performance

Portfolio performance to 30th September 2026 is as follows:

	Current Quarter (%)		3 Year (% p.a.)		5 Year (% p.a.)	
	DIP	***SPF***	**DIP**	***SPF***	**DIP**	***SPF***
Equity	-2.8	0.9	2.7	14.1	7.5	8.2
LTEY	0.7	1.3	2.1	4.9	6.1	5.3
STEY	2.7	-0.1	5.9	6.1	6.7	3.8
TOTAL	**0.4**	**0.4**	**2.5**	**9.5**	**6.2**	**5.7**

DIP performance is positive over all time periods. In Q3, STEY was the strongest performing asset class while equity was the weakest performer and the only class to post negative returns.

Over 5 years, DIP's performance in STEY and LTEY is ahead of SPF. At an overall portfolio level DIP is much more heavily weighted to LTEY.

3 Individual Investment Performance

Overall, the portfolio has performed well as have the majority of individual investments. On a RAG analysis:

- **55** investments are rated **green**;
- **7** are **amber**;
- **1** is rated **red**.
- **6** end of term/realisation stage funds are rated **grey**
- **1** new fund is in legals.

Direct Impact Portfolio

5 DIP Investments

Fund	Vintage Year	Sector	Asset Category	SPF Commitment (£m)	Cumulative Drawdowns (£m)	Undrawn Commitment (£m)	Cumulative Distributions (£m)	Net Asset Value (£m)
Asset Category: Equity								
Clean Growth Fund	2020	Venture Capital	Equity	20	18	2	1	14
Clean Growth Fund II	2025	Venture Capital	Equity	30	4	26	0	4
Corran Environmental Fund II	2024	Growth Capital	Equity	20	14	6	0	17
Epidarex Fund II	2013	Venture Capital	Equity	5	5	0	3	3
Epidarex Fund III	2019	Venture Capital	Equity	15	13	2	1	11
Epidarex Capital IV, LP	2026	Venture Capital	Equity	25	1	24	0	1
Foresight Regional Investment V LP	2023	Growth Capital	Equity	30	19	11	1	19
Maven UK Regional Buyout Fund	2017	Growth Capital	Equity	20	18	2	19	11
Maven UK Regional Buyout Fund II	2025	Growth Capital	Equity	30	4	26	0	8
Palatine Impact Fund II	2022	Growth Capital	Equity	25	12	13	0	8
Palatine Private Equity Fund IV	2019	Growth Capital	Equity	25	21	4	16	32
Palatine Private Equity Fund V	2024	Growth Capital	Equity	30	3	27	0	2
Panoramic Enterprise Capital Fund 1 LP	2010	Growth Capital	Equity	3	3	0	9	1
Panoramic Growth Fund 2 LP	2015	Growth Capital	Equity	13	12	1	17	5
Panoramic SME Fund 3 LP	2022	Growth Capital	Equity	25	11	14	2	13
Par Equity Northern Scale-Up Fund	2023	Venture Capital	Equity	25	16	9	0	16

Appendix 5

Direct Impact Portfolio

Fund	Vintage Year	Sector	Asset Category	SPF Commitment (£m)	Cumulative Drawdowns (£m)	Undrawn Commitment (£m)	Cumulative Distributions (£m)	Net Asset Value (£m)
Pentech Fund III	2017	Venture Capital	Equity	10	8	2	4	6
SEP III	2006	Growth Capital	Equity	5	5	0	18	0
SEP IV LP	2011	Growth Capital	Equity	5	5	0	9	1
SEP V LP	2016	Growth Capital	Equity	20	20	0	21	21
SEP VI LP	2021	Growth Capital	Equity	30	23	7	0	24
SEP VII	2026	Growth Capital	Equity	35	0	35	0	0
Total as at 30/09/2026	**Q3**			**446**	**234**	**212**	**121**	**217**
Asset Category: LTEY								
Albion Community Power LP	2015	Renewables	LTEY	40	40	0	23	33
Alpha Social Impact Fund	2015	Support Living	LTEY	15	15	0	7	19
Capital Dynamics Clean Energy Infrastructure VIII	2019	Renewables	LTEY	40	40	0	10	40
Capital Dynamics Clean Energy UK Fund	2023	Renewables	LTEY	60	38	22	0	38
Clydebuilt Fund II LP	2021	Property	LTEY	100	75	25	12	76
Clydebuilt Fund LP	2014	Property	LTEY	75	75	0	78	7
Dalmore Capital Fund 3 LP	2017	Infrastructure	LTEY	50	50	0	18	51
Dalmore Capital Fund 4 LP	2021	Infrastructure	LTEY	50	50	0	7	53
Dalmore II 39 LP	2021	Infrastructure	LTEY	50	45	5	8	45

Appendix 5

Direct Impact Portfolio

Fund	Vintage Year	Sector	Asset Category	SPF Commitment (£m)	Cumulative Drawdowns (£m)	Undrawn Commitment (£m)	Cumulative Distributions (£m)	Net Asset Value (£m)
Dalmore PPP Equity PiP Fund	2014	Infrastructure	LTEY	50	50	0	46	38
Equitix Fund IV LP	2015	Infrastructure	LTEY	30	30	0	15	27
Equitix Fund V LP	2018	Infrastructure	LTEY	50	50	0	20	50
Equitix Fund VI LP	2020	Infrastructure	LTEY	50	50	0	7	49
Equitix Fund VII LP	2024	Infrastructure	LTEY	50	50	0	9	55
Equitix MA 19 LP (Co-Investment Fund)	2020	Infrastructure	LTEY	50	50	0	10	56
Funding Affordable Homes	2015	Property	LTEY	30	30	0	0	21
Greencoat Solar Fund II LP	2017	Renewables	LTEY	50	50	0	23	36
Hermes Infrastructure Fund II	2017	Infrastructure	LTEY	50	34	16	21	40
Iona Renewable Infrastructure LP	2017	Renewables	LTEY	14	14	0	3	12
Iona Resource and Energy Efficiency (Strathclyde) LP	2021	Renewables	LTEY	6	6	0	0	8
Legal & General UK Build to Rent Fund	2016	Property	LTEY	75	75	0	7	67
Macquarie GIG Renewable Energy Fund I	2015	Renewables	LTEY	80	80	0	85	46
Man GPM RI Community Housing Fund	2021	Property	LTEY	30	29	1	1	27
Man RI Community Housing Fund 3	2025	Property	LTEY	50	6	44	0	4
NextEnergy UK LP	2022	Renewables	LTEY	60	40	20	4	45
NTR Wind I LP	2015	Renewables	LTEY	40	36	4	44	29

Appendix 5

Direct Impact Portfolio

Fund	Vintage Year	Sector	Asset Category	SPF Commitment (£m)	Cumulative Drawdowns (£m)	Undrawn Commitment (£m)	Cumulative Distributions (£m)	Net Asset Value (£m)
Octopus Affordable Housing Fund	2023	Property	LTEY	50	35	15	0	37
PIP Multi-Strategy Infrastructure LP(Foresight)	2016	Infrastructure	LTEY	130	120	10	76	75
Places for People Scottish Mid-Market Rental (SMMR) Fund	2019	Property	LTEY	45	40	5	4	51
Quinbrook Renewables Impact Fund (QRIF1)	2020	Renewables	LTEY	50	50	0	1	59
Quinbrook Renewables Impact Fund (QRIF2)	2024	Renewables	LTEY	60	11	49	7	10
Resonance British Wind Energy Income Ltd	2013	Renewables	LTEY	10	10	0	10	5
Temporis Impact Strategy V LP (TISV)	2021	Renewables	LTEY	50	42	8	10	53
Temporis Operational Renewable Energy Strategy (TORES)	2017	Renewables	LTEY	30	30	0	17	42
Temporis Operational Renewable Energy Strategy (TORES II) (prev. TREF)	2015	Renewables	LTEY	30	30	0	15	32
Total as at 30/09/2026	**Q3**			**1,700**	**1,474**	**226**	**600**	**1,336**
Asset Category: STEY								
Beechbrook UK SME Credit II Fund	2016	Credit	STEY	30	29	1	35	7
Beechbrook UK SME Credit III Fund	2021	Credit	STEY	40	38	2	23	21
Beechbrook UK SME Credit IV Fund	2025	Credit	STEY	50	33	17	1	36
Healthcare Royalties Partners III LP	2013	Credit	STEY	19	18	0	24	0
Invesco Real Estate Finance Fund II (formerly GAM REFF II)	2018	Credit	STEY	20	14	6	22	1

Appendix 5

Direct Impact Portfolio

Fund	Vintage Year	Sector	Asset Category	SPF Commitment (£m)	Cumulative Drawdowns (£m)	Undrawn Commitment (£m)	Cumulative Distributions (£m)	Net Asset Value (£m)
Muzinich UK Private Debt Fund	2015	Credit	STEY	15	15	0	15	0
Pemberton Debt Fund-Pemberton U.K.	2016	Credit	STEY	40	37	3	53	13
TDC II (prev Tosca Debt Capital Fund II LP)	2017	Credit	STEY	30	24	6	24	8
TDC III (prev Tosca Debt Capital Fund III LP)	2019	Credit	STEY	30	21	9	20	15
Total as at 30/09/2026	**Q3**			**274**	**230**	**44**	**217**	**101**
Co-investment Programme								
Equitix Fund MA16 LP	2025	Renewables	LTEY	20	20	0	1	20
Schroders Greencoat Glasgow Terrace	2023	Renewables	LTEY	15	15	0	3	12
Temporis (TISV Co-invest1 LP) (TISV3)	2024	Renewables	LTEY	15	15	0	4	19
Temporis (TISV Co-invest1 LP) (TISV2)	2024	Renewables	LTEY	15	14	1	0	17
Total as at 30/09/2026	**Q3**			**65**	**64**	**1**	**8**	**67**
DIP Portfolio Total								
Total as at 30/09/2026	**Q3**			**2,485**	**2,001**	**484**	**944**	**1,721**
Total as at 30/06/2026	**Q2**			**2,457**	**1,968**	**530**	**923**	**1,698**

Investment Advisory Panel Meeting November 2026

MEETING ON Thursday 12th November 2026

PRESENT:	**Richard McIndoe**	Director
	Iain Beattie	Investment Advisor
	Alistair Sutherland	Investment Advisor
	David Walker	Hymans Robertson
	Nell McCrae	Hymans Robertson
	Jacqueline Gillies	Chief Investment Officer
	Lorraine Martin	Investment Manager
	Kim Sandilands	Assistant Investment Manager
	Sam Morris	Assistant Investment Manager (part meeting only).

1. Minutes from Last Meeting & any Matters Arising

The minutes of the Panel meeting on 13th August 2026 were agreed to be an accurate record.

Officers confirmed that two new investment manager fee proposals had been progressed and agreed with the managers following Panel discussion at the August meeting.

2 Monitoring

2.1 Market and Inflation Update

The Panel reviewed investment market updates from Hymans Robertson.

2.2 Quarterly Investment Performance Review

The Fund's return for **Q3 2026** was **+0.4%,** compared with a benchmark return of **+1.0%**. 1 year performance was positive (**+8.4%**), but below benchmark (**+11.2%**). The Fund's return is positive on an absolute basis over five and ten years but behind benchmark.

2.3 Manager Ratings

Current officer assessments of the Fund's investment managers had been circulated, together with Hymans Robertson's manager update. On a Red, Amber, and Green (RAG) analysis:

- 16 of the Fund's active managers are rated **green**
- 5 are rated **amber.**

2.4 Direct Impact Portfolio Monitoring Report

The Panel reviewed the quarterly monitoring report for the Direct Impact Portfolio (DIP). Overall the portfolio and most of its investments are progressing well. On a Red, Amber, Green (RAG) analysis:

- **55** investments are rated **green**;
- **7** are **amber**;
- **1** is **red**.

A further 6 funds are at the end of their term / in the realisation phase, while legal due diligence is ongoing for 1 newly approved fund commitment.

2.5 Funding Level Monitoring

The Fund's actuary, Hymans Robertson, had presented the preliminary outcomes of the 31st March 2026 valuation to Committee at its September 2026 meeting. The valuation reported a funding level of **152%**. A revised Funding Strategy Statement (FSS) is currently out for consultation. Roll forward estimates from 31st March 2026 are not yet available, but indications are that the funding level has moved higher since the valuation date.

3 Allocation

3.1 Cash flow

The Panel reviewed a schedule of estimated cash flows for the Fund's private market investment programmes - private equity, global real estate, the Direct Impact Portfolio and private debt commitments.

Main points were that:

- In 2026, manager forecasts project a net cash flow of **+£219m**.
- The central cash balance at 30th September 2026 was +**£755m.** This had decreased by **(£29m)** in the quarter. **(£100m)** was transferred from investments to fund benefits cash flow, while **£71m** net was received/ transferred form private market investments and other income.

The IAP will revisit investment cash balances, private market flows and benefit payment requirements for 2026/27 and 2027/28 at its February 2027 meeting.

3.2 Rebalancing Strategy

The Panel reviewed a rebalancing report showing Fund allocations vs strategy allocations as at 30th September 2026.

At portfolio level, the Barings (private debt) and ICG Longbow portfolios were below the lower limit of their target ranges, but these allocations should increase over the next few months as new commitments are drawn down. The Oldfield global equity portfolio was outwith the higher limit of its target range.

At a mandate level the Fund's passive and global equity portfolios were above their target ranges, while the Fund's passive gilts, credit and index-linked mandates were outside their target ranges following the Panel's decision in Q1 2025 to move to an underweight position in credit and index-linked in favour of an overweight position in gilts.

The Fund's overall weighting in protection assets was below the higher end of its target range, however, and the relative value framework still supported an overweight position in gilts (see 3.3 below). The Panel therefore decided that 0.5% of Fund (£175m), the amount required to bring the Fund's passive allocation back within its target range, should be switched from the Fund's passive equity portfolio into gilts.

3.3 Relative Value Framework

The relative value framework was introduced following the 2020/21 review of investment strategy to generate additional value and reduce the risk of capital losses by varying implementation of the Fund's allocation held in protection assets. The framework was reviewed following the 2023/24 investment strategy review to account for revised strategic allocations to Hedging and Insurance and Credit assets.

Decisions to move away from the new strategic – or neutral - allocation of 2.5% Passive Credit (50/50 UK/US investment grade) and 10.0% Hedging and Insurance (50/50 UK gilts and index-linked gilts) allocation are based on pre-defined metrics.

The quarterly relative value report from Hymans Robertson provided the following summary assessment of the framework metrics at 30th September 2026:

- Yield spreads rose in the quarter but remain very tight relative to history. This supports maintaining the underweight position in passive credit agreed at the February 2025 meeting.
- Nominal gilt yields remain attractive relative to Hymans' assessment of fair value. This supports retaining an overweight allocation to nominal gilts.
- Implied inflation has risen across the curve and longer-term implied inflation remains expensive. The backdrop continues to support the underweight allocation to index-linked gilts, in favour of nominal gilts.

The Panel discussed the report's assessment of the latest metrics and agreed to maintain the underweight position in index-linked gilts and credit in favour of nominal gilts.

3.4 Cash-flow Modelling

Analysis and modelling of current and future investment income cash-flows is updated annually and reviewed by the IAP to ensure that the Fund can meet its benefits cash flow requirements.

Income analysis separately identifies:

- Income that is currently distributed within portfolios and available for drawdown;
- Income that is earned within portfolios but not currently distributed ("re-invested income").

An updated 10 Year benefits cash flow forecast was reviewed by the Panel alongside the latest income forecasts. The draft funding strategy based on results of the 2026 actuarial valuation proposes a significant reduction in employer contributions in 2027/28 and 2028/29. The reduced rate will be maintained in 2029/30 if certain conditions are met. Thereafter, employer contribution rates are expected to increase back up to the long-term rate of 15% per annum.

The main conclusions from the latest income and benefits cash flow analyses were as follows:

- Distributed income, had it been required, would have been more than sufficient to cover the shortfall in benefits cash flow in 2026/27. Distributed and re-invested income is predicted to be more than sufficient to cover benefit payment shortfalls in 2027/28, 2028/29, 2029/30 and beyond.
- To date, SPF has not had to specifically target income distributions from its portfolios in order to cover benefit payment requirements. Investment cash has instead been built up from net positive private market cash flows as well as through strategy implementation and rebalancing activities. Investment cash balances have been more than sufficient to cover benefit payment shortfalls as a result.

- Transfers from investments to cover benefits cash flow will increase significantly in 2027/ 28 and beyond. The IAP will therefore need to consider how best to source additional funds to cover these payments while also accounting for future cash flows to and from private market programmes and any strategy changes.

The IAP will revisit investment cash balances, private market flows and benefit payment requirements for 2026/27 and 2027/28 at its February 2027 meeting when recommendations from the 2026/27 strategy review are being finalised. This will inform future cash flow strategy.

4. Manager Reviews

3 investment managers attended the Investment Advisory Panel:

- **Partners Group**
- **Pantheon**
- **JP Morgan (infrastructure)**

Performance of each of the managers was reviewed.

4.1 Partners Group

The Partners Group private equity portfolio is currently valued at **£710m**, or **2.0%** of total Fund, versus a target weight of **2.5%**; the Partners Group real estate portfolio is currently valued at **£661m** or **1.9%** of Fund versus a target of 2.0% and the Partners Group private debt portfolio is currently valued at **£426m** or **1.2%** of total Fund versus a target of 1.0%. Partners Group provided an update on current portfolios and performance.

The private equity portfolio is currently below the Fund's target weight. Partners Group's cash flow modelling of the private equity portfolio demonstrated that net distributions from the portfolio would result in the value of the portfolio falling further below target weight in 2027 and beyond. Additional commitments were therefore required to maintain the portfolios target allocation.

Based on cash-flow modelling of alternative commitment levels, the Panel agreed to commit a further **£500m** to the private equity programme with Partners Group.

4.2 Pantheon

The Pantheon private equity portfolio is currently valued at **£1,164m**, or **3.3%** of total Fund, versus a target weight of 5.0%. The Pantheon private debt secondaries portfolio is currently valued at **£70m** or **0.2%** of total Fund against a target weight of 0.75%. Pantheon provided an update on investment markets and portfolio performance, together with updated forecasts for the future development of the Strathclyde private equity portfolio.

The private equity portfolio is currently significantly below its target allocation and will move further underweight in 2027 as distributions from the portfolio are forecast to continue to exceed drawdowns to fund new investments. Pantheon proposed the following new investment allocations in 2027:

- **£150m** to a concentrated primary portfolio via a dedicated Separate Managed Account (SMA)
- **£300m** in Pantheon Global Co-investment Fund VII ('PGCO VII')

- **£150m** in Pantheon Global Secondary Fund IX ('PGSF IX).

Modelling indicates that these new allocations would take the Pantheon portfolio to around 4% of total Fund by 2029. This would still be below the current Pantheon private equity target allocation but set in the context of the ongoing review of investment strategy, the Panel supported the new investment allocations.

4.3 JP Morgan

The JP Morgan Infrastructure Investments Fund is currently valued at **£1,701m**, or **4.8%** of total Fund, versus a target weight of 4.5%. JP Morgan provided an update on the current portfolio and performance.

5 Investment Strategy and Structure

5.1 Investment review 2026/26: Follow up ALM Modelling

A review of investment strategy is being carried out in conjunction with the actuarial valuation of the Fund as at 31st March 2026.

Hymans had presented initial results from asset liability modelling based on 31st March 2025 membership data to the Panel at its meeting in August 2026. This initial analysis indicated that the Fund's current investment strategy performs well against all risk and success metrics, while also lending support to some amendments which may have merit even after consideration of implementation and transition costs.

Hymans presented updated analysis based on Panel feedback at the August meeting, Whole Fund data as at 31st March 2026, and the latest discussions on funding and contributions. As well as potential variations to strategy, the analysis included stress testing, including climate change and economic scenarios.

The results of this broader follow-up analysis showed that SPF's existing strategic allocation continues to perform well against the success and risk metrics agreed by the Panel in May. The current strategy delivers a balanced and robust long term risk return profile which supports the discount rate set in the 2026 Actuarial Valuation and long-term contribution affordability.

Furthermore, testing of funding and investment strategy indicated that the Fund remains resilient to a variety of economic and climate scenarios but that climate scenarios and the lower real growth scenarios (stagnation and stagflation) negatively impact the success and risk metrics of all strategies. Altering the investment strategy to increase the allocation to gilts (+5%) would marginally improve the probability of success whilst reducing risk. It would also improve the resilience of the Fund's assets to stressed market conditions.

3 possible strategy variations were tested in the latest analysis. The Panel discussed the outcomes and agreed with the report's conclusion supporting some amendments to investment strategy and structure.

Based on the results, the Panel agreed with Hymans' recommendation that the following changes would be appropriate:

- A reduction in the STEY allocation by 3% The reduction would be split between absolute return mandates and private real estate debt.
- A reduction in Equity by 2%, split as a 1% reduction in global equity and 1% from private equity.
- The reduction in STEY and Equity allocation allocations would support an increase of 5% in the allocation to protection assets. This increase would be split equally between gilts and index-linked, and
- The analysis also supported the reallocation within LTEY from global real estate to global infrastructure.

Officers will summarise these conclusions, along with the conclusions of the Equity review (see 5.2 below), in a draft Committee paper for the Panel to review at its February 2027 meeting. Final recommendations will then be presented to SPF Committee at its March 2027 meeting.

5.2 Investment review 2026/27: Follow up Equity review

Hymans presented the next stage of review of the Fund's allocation across listed and private equity markets. The paper followed an initial assessment at the Panel's May meeting, which had established areas of further work. The latest paper had been prepared by Hymans alongside the broader strategic asset allocation review.

The main conclusions of the latest analysis were:

- With regard to the style mix of the Fund's listed equity portfolios, SPF should retain existing mandates, which provide a well-diversified and appropriate style mix. No additional appointments are needed.
- Modest manager-weight adjustments remain appropriate, however, and the analysis supported a small (c.1% of total Fund assets) reduction to global equity as part of the strategic reduction in equities, to balance manager and style risks.
- Regional listed equity allocation targets should be updated to reflect the float in underlying market-capitalisation benchmarks, taking North America to c.53% while retaining a substantial index underweight given US valuation and concentration concerns. This benchmark update would require no immediate trading and address any shortfall that may arise as a result of wider rebalancing, including any impact from the reduction in allocation to global equity.
- Active/passive. SPF should preserve the current balance between active and passive management. There remains a case for dedicated active management in emerging markets and smaller companies.
- Currency hedging: SPF should retain one-third hedging of overseas listed equity currency exposure. Hymans suggested that SPF might also wish to consider an increase towards 50% in future if there was substantive depreciation in sterling but this will require further discussion around implementation.
- Private equity: The private equity target should be reduced by 1% of total Fund assets, reflecting wider illiquidity and strong funding. With exposure below target, implementation of this decrease will focus on future commitments and distributions rather than selling holdings, i.e a lower target will not require an immediate reduction in commitments.

The Panel discussed Hymans' analysis of the SPF Equity allocation and were supportive of the conclusions.

5.3 Investment review 2026/27: Review of the Relative Value Framework

Hymans presented a review of the Fund's relative value framework, including its investment rationale, implementation since the previous review and potential to add value in future. The review also considered practical constraints and set out options for the framework's future role within the Fund's governance arrangements.

Basic analysis of the impact of the relative value framework since the current framework was put in place indicated that the allocation decisions taken as a result of the framework analysis had added some value. The increase in protection assets following the last investment strategy review, as well as changes to the credit allocation, had introduced some implementation constraints and challenges, however, including timing, duration, and trade sizing. If the strategic allocation to protection assets were to increase further as a result of the current strategy review, implementation challenges could increase.

On balance, the Panel agreed that there was merit in routinely reviewing the Fund's allocation between gilts, index-linked, credit and cash, and that it would therefore be useful to retain the framework in some form. Further work on the implementation of framework outcomes was required before any potential framework adaptions could be agreed and implemented.

6 Governance

6.1 Strathclyde Pension Fund Committee.

The Panel noted the draft agenda for the next committee meeting on Wednesday 25th November 2026.

Appendix 7

Stewardship Activity: Responsible Investment

Responsible Investment: Quarter 3 2026

A summary of activity against each of the six United Nations Principles for Responsible Investment is provided below.

1. We will incorporate Environmental, Social and Governance (ESG) issues into investment analysis and decision-making processes

In Quarter 3, the Fund's property manager, **DTZ Investors**, reported on results from the 2026 Global Real Estate Sustainability Benchmark (GRESB) annual assessment. GRESB assesses ESG performance at the asset level for real estate operators, fund managers and investors that invest directly in real estate. The assessment offers high-quality ESG data and advanced analytical tools to benchmark ESG performance and identify areas for improvement.

Key takeaways from the 2026 report include:

- The SPF portfolio has made good progress in several key areas, particularly through an increase in building certifications and improvements in energy and GHG coverage. These changes helped the portfolio move ahead of the peer average in a number of areas, although water and waste data coverage remains below benchmark.
- As a result of improvements, the Fund's overall GRESB score increased from 78.8 to 83.4 and its GRESB rating improved from 2 stars to 3 stars. Further initiatives are underway to continue improving data coverage and performance.

2. We will be active owners and incorporate ESG issues into our ownership policies and practices

2.1 Voting

Managers' voting activity during the quarter to 30th September 2026 is summarised as follows.

Voting activity to 30th September 2026		
		(%)
Total meetings	**2,732**	
Votes for	14,176	78
Votes against	3,755	20
Abstentions	142	1
Not voted	140	1
No. of Resolutions	**18,213**	**100**

Stewardship Activity: Responsible Investment

Voting activity in the quarter included:

- **Baillie Gifford** voted against the ratification of the auditor at the AGM of **Advanced Drainage Systems** because of length of tenure. Baillie Gifford believe it is best practice for an auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
- **Lombard Odier** voted against remuneration policy at **Volex plc.** The proposed 3 year pay award did not seem sufficiently challenging and had no information on targets. Lombard Odier voted against a resolution to issue equity without pre-emptive rights at **EOC Animal Health Group** plc, due to company valuation.

2.2 Engagement

Engagement highlights during the quarter include the following.

- **Baillie Gifford** engaged with senior management at **AppLovin.** The call followed on from Baillie Gifford's scenario analysis of child safety and platform addiction risk, which identified AppLovin as potentially exposed. Baillie Gifford sought to understand how the company defines its responsibilities, how it monitors compliance among the publishers it serves, and whether that approach would hold if regulation tightens. Management's position was consistent throughout: AppLovin is an infrastructure provider rather than a platform, it does not interact directly with child users, and compliance responsibility sits with publishers and advertisers downstream. On monitoring, the company told Baillie Gifford that this is conducted to applicable legal standards and acknowledged that this rests on periodic reminders and checks rather than continuous oversight. Baillie Gifford concluded that the company's framing of risk is legally coherent at this stage, and advertising technology is not currently the focus of the litigation directed at social media platforms. However, Baillie Gifford will monitor whether a compliance model that relies on publishers to meet their own obligations remains adequate as regulation evolves.
- **Oldfield** met UK Housebuilder **Barratt Redrow** in September following the publication of its latest results, in which the group added £105m to its building safety provision. Oldfield discussed the components in detail and are comfortable that the addition reflects specific, identifiable issues rather than an open-ended liability. Oldfield will continue to monitor the timing of spend and recoveries, but Oldfield were satisfied that exposure is well understood and adequately provided for.
- **Oldfield** met **Lloyds Banking Group's** investor relations team as part of a longstanding engagement, and covered a range of topics, including motor finance, the bank's role in supporting the UK economy, investment in AI and the bank's culture and approach to risk. Lloyds reiterated its view that it has already made substantial provision for motor-finance redress, while acknowledging the importance of resolving the issue fairly for customers through the ongoing regulatory process. Oldfield discussed Lloyd's engagement with Government on lending and infrastructure investment, including financing renewable energy projects, and its participation in regulatory sandbox work exploring whether AI can make investment advice more accessible and affordable. Oldfield also explored how the bank's

culture, risk appetite and controls are evolving, with particular attention to the lessons from PPI and motor finance and the importance of preventing further customer harm and the associated financial and reputational damage. There were no immediate follow-ups this time and Oldfield will continue to discuss these topics as part of ongoing dialogue.

- **RBC GAM** engaged with **Tata Consultancy Services** (TCS) during the quarter through multiple meetings with members of the executive team, to assess how the company is navigating AI-driven industry disruption and its impact on culture, employee engagement, and headcount management. RBC also examined governance structures and decision-making authority, particularly given questions about board composition and the role of the Chairman, as the former CEO and industry veteran. RBC believe the engagement was reassuring on several fronts. Management demonstrated a thoughtful recalibration of the company's core values for a new era, maintaining a commitment to employee development and empathetic workforce transition, while clearly setting the expectation that continued employment requires a willingness to retrain and reskill. On governance, the CEO and executive team operate with clear autonomy, and the distinction between the Chairman's advisory role and management's decision-making authority was well defined. The company retains a strong cultural foundation and appears well positioned to navigate the AI transition. However, the Chairman's recent exit at Tata Sons raises important questions about succession planning and potential governance implications. RBC will continue to engage with management on a regular basis to understand how this shapes the strategy and culture of the organisation over the long term.

2.3 We will seek appropriate disclosure on ESG issues by the entities in which we invest

Improved disclosure is a recurring theme of engagements with portfolio companies by investment managers and Sustainalytics.

- **Baillie Gifford** met with **Sea Limited's** investor relations team to discuss material social and environmental factors, with a particular focus on responsible lending practices. Baillie Gifford wanted to better understand how Sea is managing consumer risk, regulatory scrutiny and its approach to the environment as the business grows. Responsible lending was the central focus and Sea described a group-wide policy but this is not published externally. In addition, Sea's carbon emissions are relatively small but growing as it builds fulfilment centres and invests in AI, and the company has no emissions targets. Baillie Gifford was partly reassured by the evidence of caution in lending and some steps to strengthen oversight but would like more concrete information on how responsible lending policies are governed and implemented. Baillie Gifford requested improved disclosure and suggested ways Sea could enhance its approach to carbon emissions.
- **JP Morgan** met with Finnish DIY retailer **Puuilo Oyj**. The company operates a three-year long-term incentive plan (LTIP) but does not disclose the weighting or targets of its performance measures, limiting investors' ability to assess the link between pay and performance. Its 2026 remuneration policy also gives the board broad discretion over exceptional awards and performance periods. JP Morgan encouraged greater disclosure of LTIP

weightings and targets, alongside clearer limits on board discretion. JP Morgan also discussed whether environmental or social measures could be incorporated into the LTIP. Puuilo acknowledged JP Morgan's concerns and said it saw no obstacle to disclosing performance measure weightings, although publishing targets would require board consideration.

- **Sustainalytics** thematic engagement, the **Biodiversity and Natural Capital Stewardship Programme,** reported on its latest engagement with **Yum**, the US based quick service restaurant company. Engagement over the years has contributed to positive developments. In June 2026, Yum published its inaugural TNFD report, a step that aligns with Sustainalytics' longstanding recommendation to enhance nature-related disclosure and adopt emerging reporting frameworks. The report applies the TNFD LEAP approach and identifies key nature-related risks across priority commodities and sourcing regions. Yum also disclosed that its most significant biodiversity-related risks are concentrated in Latin America, South Asia, and Africa, demonstrating progress in assessing exposures across supply chains. These developments reflect greater transparency and responsiveness to investor feedback, although further subnational and asset-level detail would strengthen future disclosures. Yum has made notable progress in strengthening its governance of nature-related issues and improving transparency through its inaugural TNFD report. However, investors may wish to continue focusing on the company's deforestation commitments, particularly the absence of an explicit no-conversion commitment covering natural ecosystems beyond forests. This is increasingly important given growing scrutiny of agricultural expansion in regions such as Brazil's Cerrado and uncertainty surrounding market-based mechanisms such as the Amazon Soy Moratorium. Going forward, greater supply-chain traceability, more granular risk disclosures, and a comprehensive biodiversity strategy would help demonstrate robust management of nature-related impacts.

2.4 We will promote acceptance and implementation of the Principles within the investment industry

- Currently all the Fund's investment managers are signatories to the PRI principles and 32 of the 36 managers within the Direct Impact Portfolio are also signatories. The Fund strongly encourages managers to become signatories and to adhere to the principles. However, for some this will be less appropriate due to the specialised nature of their activities.

- The Fund is a signatory the new **UK Stewardship Code** (2020). The Fund also encourages its external investment managers and service providers to demonstrate their commitment to effective stewardship by complying with the UK Stewardship Code. Currently seventeen of the Fund's investment managers and consultants Hymans Robertson and Sustainalytics are signatories. The full list of signatories to the Code is available at: https://www.frc.org.uk/investors/uk-stewardship-code/uk-stewardship-code-signatories.

Appendix 7

Stewardship Activity: Responsible Investment

- As signatories to PRI and the UK Stewardship Code the Fund's investment managers are committed to the highest standards of investment stewardship and participation in collaborative initiatives with other like-minded signatories, which seek to improve company behaviour, policies or systemic conditions. Climate change is a priority and to this end the managers participate in a variety of climate change focused industry initiatives and forums. This also involves collaborative lobbying on government and industry policy and regulations. A summary table of investment manager participation in collaborative initiatives is provided overleaf.

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Stewardship Activity: Responsible Investment

Manager	Net Zero Policy	Net Zero Asset Manager Alliance (NZAM)	UK Stewardship Code	PRI Signatory	Other Initiatives
Legal & General	Net Zero 2050	Yes	Yes	Yes	TCFD, CA100+, FAIRR, IIGCC
Baillie Gifford*	Net Zero 2050	No	Yes	Yes	TCFD, FAIRR, IIGCC, CDP
Lazard	Net Zero 2050	Yes	Yes	Yes	TCFD, CA100+, IIGCC
Oldfield	Net Zero 2050	Yes	Yes	Yes	TCFD, CA100+, IIGCC
Veritas	Net Zero 2050	Yes	Yes	Yes	TCFD, SDG's, CDP
Lombard Odier	Net Zero 2050	Yes	Yes	Yes	TCFD, CA100+, FAIRR, IIGCC, CDP
JP Morgan**	Net Zero 2050	No	Yes	Yes	TCFD, IIGCC
RBC	Net Zero 2050	No	Yes	Yes	TCFD, CA100+, TPI, CDP, FAIRR
Pantheon	No	No	No	Yes	TCFD
Partners Group	Manage assets towards Paris 2050	No	Yes	Yes	TCFD, SDG's
PIMCO	Manage assets towards Paris 2050	No	Yes	Yes	TCFD, CA100+, FAIRR, IIGCC
Ruffer	Net Zero 2050	Yes	Yes	Yes	TCFD, CDP, CA100+
Barings	Manage assets towards Paris 2050	No	Yes	Yes	UNGC, SDG's, TCFD
Oakhill	No	No	No	Yes	TCFD
Alcentra	Manage assets towards Paris 2050	No	Yes	Yes	TCFD, IIGCC
ICG	Net Zero by 2040	Yes	Yes	Yes	TCFD, CDP
DTZ	Operational Net Zero 2030. Portfolio Net Zero 2040	No	No	Yes	TCFD, IIGCC, GRESB, BBP

* Baillie Gifford withdrew from the Climate Action 100+ (CA100+) and the Net Zero Asset Managers (NZAM) initiatives in Q4 2024.

** JP Morgan withdrew from the Climate Action 100+ (CA100+) initiative in Q1 2004 and the Net Zero Asset Managers (NZAM) initiative in Q1 2025.

2.5 We will work together to enhance our effectiveness in implementing the Principles

The Fund seeks to improve the effectiveness of company engagement and voting by acting collectively with other institutional investors, charities, and interest groups. Working with ShareAction and others, the Fund has carried out direct collaborative engagement across a range of initiatives. It is also a member

of industry collaborative forums including the Local Authority Pension Fund Forum, the Institutional Investors Group on Climate Change and the Carbon Disclosure Project (CDP).

- In Quarter 3**, SPF** co-signed investor letters supporting phase 3 of **FAIRR's** Seafood Traceability engagement, which is backed by 50 investors representing more than $US16.8 trillion in combined assets.
- The Fund has been a long-standing supporter of **ShareAction.** For over a decade, its Good Work programme co-ordinated institutional investors on work force issues, challenging low pay and campaigning for fair working conditions across the economy. In Quarter 3 2026, ShareAction announced that they are moving into a new phase of their work programme, focused on helping individuals to unlock the hidden power in their pensions to drive change on a range of social issues, including wages, rather than co-ordinating institutional investors.

  One of the most successful strands of ShareAction's Good Work programme was its Living Wage campaign. Over the past decade, this has contributed to securing change in pay, working conditions or disclosure at several companies including Sainsbury's, Money Supermarket, Severn Trent, Next, M&S and JD Sports. ShareAction believe the case for fair pay remains as urgent as ever and will now focus on helping individuals maintain the campaign.

- The Local Authority Pension Fund Forum (LAPFF) provided a Quarterly Engagement Report. The report highlights include:
  - LAPFF engaged with 128 companies over the quarter. This included holding 24 meetings with companies and receiving a range of correspondence regarding ongoing engagements.
  - During the quarter, LAPFF engaged with companies exposed to forest-risk commodities, including meeting with **Restaurant Brands International**, **Mondelez International** and, in collaboration with the Asia Research and Engagement Group (ARE), **Mejii Group Holdings**. Engagement focussed on traceability, zero-deforestation commitments and alignment with deforestation regulation.
  - LAPFF met with **Sainsbury's** to better understand how they identify, measure and respond to environmental and climate risks, and how these inform sourcing and supplier decisions. LAPFF also joined **Tesco** on a visit to a low carbon farm to see how climate adaptation and supply chain resilience is being addressed by the company in practice.
  - As part its ongoing engagement under Nature Action 100, the global investor-led engagement initiative focused on reversing nature and biodiversity loss, LAPFF met with healthcare company **Novo Nordisk**.
  - LAPFF continued engagement with cement company **CRH** to assess the credibility of its decarbonisation strategy.
  - LAPFF continues to engage with companies with exposure to conflict affected and high-risk areas, meeting with **Maersk** (container shipping) during the quarter.
  - LAPFF met with **Ford** to discuss the company's approach to human rights and supply chain management.
  - During Q3, LAPFF continued to lead engagement with mining company **Vale** through the PRI Advance initiative. The engagement focused on

assessing the management of human rights and community impacts across its operations.

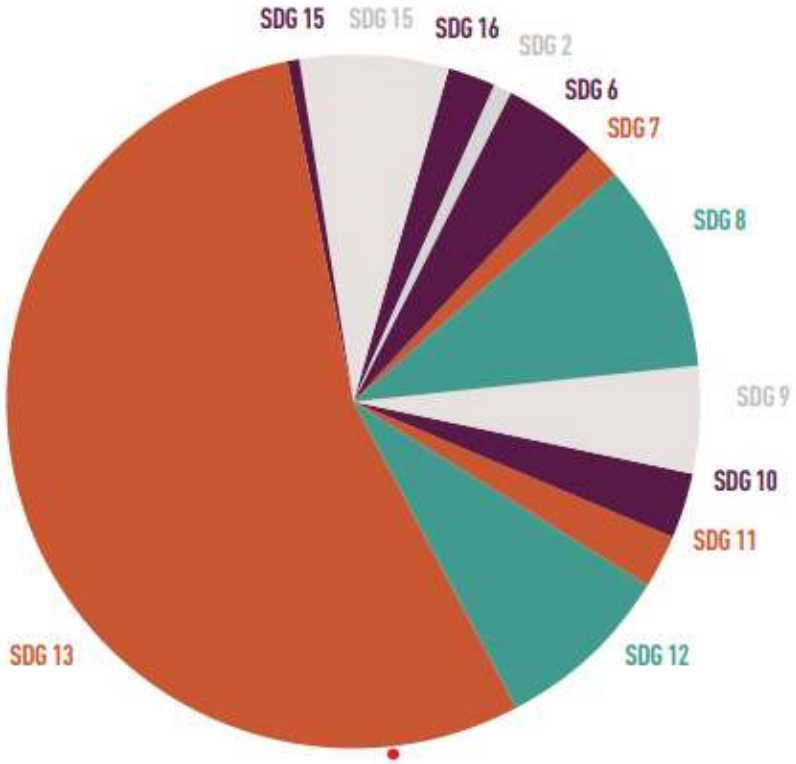
- LAPFF engaged with several companies on concerns around executive remuneration, including **Smith & Nephew**, the medical technology company, drink and brewing company **AB Inbev**, advertiser **WPP**, education and assessment company **Pearson** and **IP Group**, a UK early-stage science investor.
- LAPFF submitted a response to the European Commission's consultation on the **Corporate Sustainability Due Diligence Directive** (CSDDD). The CSDDD requires large EU companies and non-EU companies with a significant market presence in the EU to identify, prevent, mitigate and stop adverse impacts on human rights (including labour rights) and the environment in their own operations, those of their subsidiaries and in their value chains. In a response, LAPFF promoted its views on best practice, the areas where current weakness exist and the areas in which it believes guidance will be most effective in supporting companies perform due diligence

The LAPFF Quarterly Engagement Report is available at:
https://lapfforum.org/publications/category/quarterly-engagement-reports/

LAPFF map their quarterly engagement cases to the **United Nations Sustainable Development Goals** (**SDGs)** as illustrated in the chart overleaf.

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Stewardship Activity: Responsible Investment



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	0
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	9
SDG 7: Affordable and Clean Energy	3
SDG 8: Decent Work and Economic Growth	20
SDG 9: Industry, Innovation, and Infrastructure	10
SDG 10: Reduced Inequalities	6
SDG 11: Sustainable Cities and Communities	5
SDG12: Responsible Production and Consumption	17
SDG 13: Climate Action	110
SDG 14: Life Below Water	1
SDG 15: Life on Land	14
SDG 16: Peace, Justice, and Strong Institutions	4
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

The **2030 Agenda for Sustainable Development**, adopted by all United Nations Member States in 2015, recognised the private sector as a key agent in addressing global challenges such as climate change, poverty, environmental degradation and inequality. Meaningful SDG strategies aligned with companies' business plans can link profit with sustainability and contribute to a more stable and sustainable world.

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Stewardship Activity: Responsible Investment

2.6 We will report on our activities and progress towards implementing the Principles

- Legal & General, Lazard, Baillie Gifford, JP Morgan, Lombard Odier, Veritas, Barings, Oldfield Partners and RBC provided reports on ESG activity during the quarter. Sustainalytics provided a 360 Engagement Quarterly Report summarising the shareholder engagement activities performed on behalf of investor clients across the Sustainalytics platforms including updates on individual portfolio companies.

- Officers of the Fund completed the annual **PRI** reporting and assessment survey in Quarter 3. This online questionnaire is compulsory for all asset owner and investment manager signatories and contains questions covering implementation of the Principles and responsible investment activities. An assessment report is expected in Quarter 4. This report demonstrates how a signatory has progressed in its implementation of the Principles year-on-year and relative to peers across asset classes.

- Sustainalytics map the engagement cases with relevant **UN Sustainable Development Goals** (SDGs) and engagement dialogue aims to work toward achieving the sustainable outcomes. There were 798 open engagements in Quarter 3, 5 new engagements were added in the quarter, 1 engagement was assigned a 'disengage' status, while 3 engagements were closed following successful resolution. The 798 open engagements can be attributed to the following SDGs (as percentage of total cases):

Appendix 7

Stewardship Activity: Responsible Investment

Sustainable Development Goals – Mapping Engagements

All engagements are mapped to the 17 UN Sustainable Development Goals (SDGs). The mapping is done by Stewardship Services and refers to the focus and objective(s) of the engagement.

1 No Poverty	7%	10 Reduced Inequality	9%
2 Zero Hunger	14%	11 Sustainable Cities and Communities	10%
3 Good Health and Well-Being	29%	12 Responsible Consumption & Production	57%
4 Quality Education	6%	13 Climate Action	45%
5 Gender Equality	7%	14 Life Below Water	8%
6 Clean Water and Sanitation	10%	15 Life on Land	11%
7 Affordable and Clean Energy	21%	16 Peace & Justice, Strong Institutions	35%
8 Decent Work and Economic Growth	32%	17 Partnerships to Achieve the Goal	2%
9 Industry, Innovation & Infrastructure	30%		