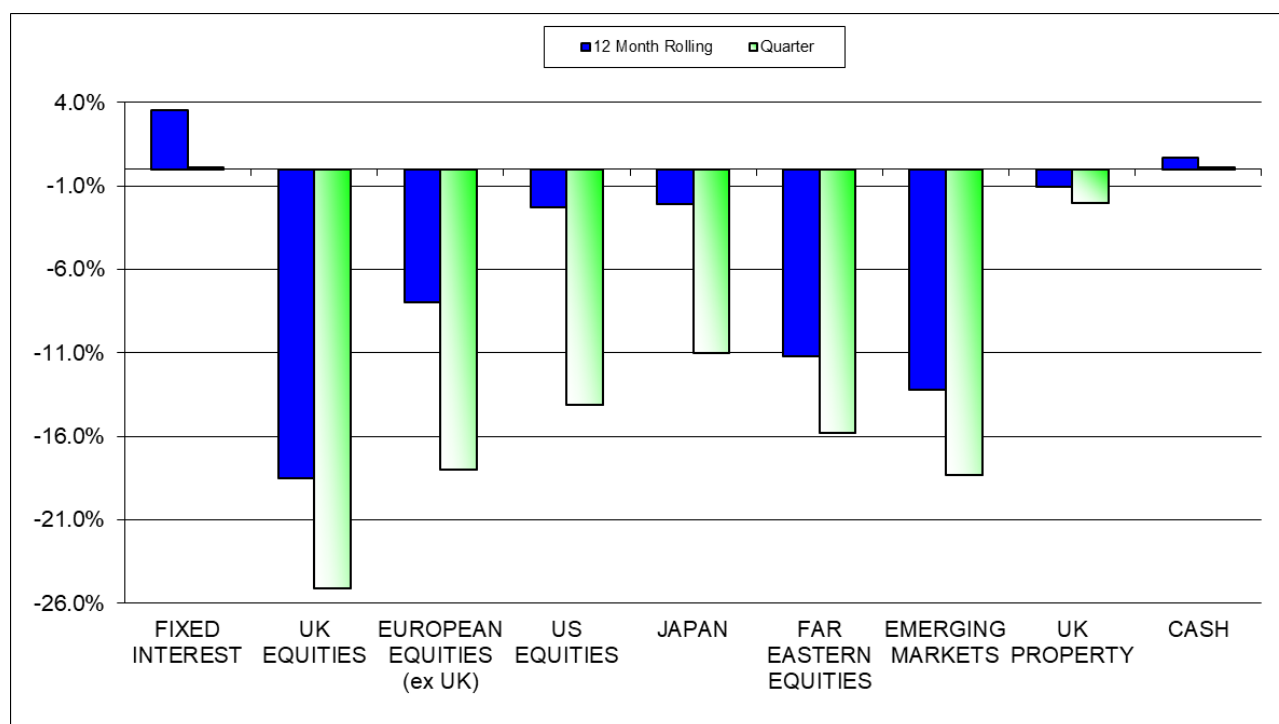


## DISTRIBUTION OF INVESTMENTS

INVESTMENT	31 March 2020			31 December 2019			COMPARATIVE STRATEGIC BENCHMARK	
	VALUE £	% OF INV CATEGORY	% OF TOTAL FUND	VALUE £	% OF INV CATEGORY	% OF TOTAL FUND	%	TOLERANCE
<b>UK EQUITIES</b>								
UK Index Tracker				76,352	0.0%	0.0%		
Legal & General	350,105,961	29.2%	15.8%	467,958,808	31.0%	18.4%	16.0%	+/- 2.0%
<b>TOTAL UK EQUITIES</b>	<b>350,105,961</b>		<b>15.8%</b>	<b>468,035,160</b>		<b>18.4%</b>	<b>16.0%</b>	
<b>GLOBAL EQUITIES</b>								
Invesco	503,011,376	42.0%	22.7%	599,437,807	39.8%	23.6%	22.5%	+/- 2.5%
Threadneedle				139,566	0.0%	0.0%		
Schroders				214,623	0.0%	0.0%		
Border to Coast Global Equity Alpha	344,976,065	28.8%	15.6%	439,759,625	29.2%	17.3%	17.5%	+/- 2.0%
<b>TOTAL GLOBAL EQUITIES</b>	<b>847,987,441</b>		<b>38.3%</b>	<b>1,039,551,621</b>		<b>40.9%</b>	<b>40.0%</b>	
<b>TOTAL EQUITIES</b>	<b>1,198,093,402</b>	<b>100%</b>	<b>54.1%</b>	<b>1,507,586,781</b>	<b>100%</b>	<b>59.3%</b>	<b>56.0%</b>	<b>+/- 6.0%</b>
<b>ALTERNATIVES</b>	<b>342,596,839</b>		<b>15.4%</b>	<b>346,199,203</b>		<b>13.6%</b>	<b>15.0%</b>	<b>+/- 1.5%</b>
<b>PROPERTY</b>	<b>199,975,475</b>		<b>9.0%</b>	<b>201,701,684</b>		<b>7.9%</b>	<b>9.0%</b>	<b>+/- 1.5%</b>
<b>INFRASTRUCTURE</b>	<b>49,550,141</b>		<b>2.2%</b>	<b>47,872,104</b>		<b>1.9%</b>	<b>2.5%</b>	<b>+/- 1.5%</b>
<b>FIXED INTEREST</b>								
Blackrock	149,015,979	35.9%	6.7%	148,738,928	35.0%	5.9%	6.0%	+/- 1.0%
Blackrock Interim	85,597,477	20.6%	3.9%	276,726,501	65.0%	10.9%	3.5%	+/- 1.0%
Border to Coast Investment Grade Credit	180,327,295	43.5%	8.1%				7.5%	+/- 1.0%
<b>TOTAL FIXED INTEREST</b>	<b>414,940,752</b>	<b>100%</b>	<b>18.7%</b>	<b>425,465,430</b>	<b>100%</b>	<b>16.7%</b>	<b>17.0%</b>	<b>+/- 1.5%</b>
<b>TOTAL UNALLOCATED CASH</b>	<b>14,101,683</b>		<b>0.6%</b>	<b>13,251,726</b>		<b>0.5%</b>	<b>0.5%</b>	<b>+ 0.5%</b>
<b>TOTAL FUND</b>	<b>2,219,258,292</b>		<b>100%</b>	<b>2,542,076,927</b>		<b>100%</b>	<b>100.0%</b>	

**CHANGES IN MARKET INDICES  
MARKET RETURNS TO 31 MARCH 2020**



INDEX RETURNS	12 Months to March 2020 %	Jan-Mar 2020 %
FIXED INTEREST	3.5%	0.1%
UK EQUITIES	-18.5%	-25.1%
EUROPEAN EQUITIES	-8.0%	-18.0%
US EQUITIES	-2.3%	-14.1%
JAPANESE EQUITIES	-2.1%	-11.0%
FAR EASTERN EQUITIES	-11.2%	-15.8%
EMERGING MARKETS	-13.2%	-18.3%
UK PROPERTY	-1.0%	-2.0%
CASH	0.7%	0.1%

**Lincolnshire Pension Fund**  
**UK Equities – Legal & General (LGIM)**  
**Quarterly Report March 2020**

### Investment Process

This pooled fund employs a tracking strategy, aiming to replicate the performance of the FTSE All-Share Index to within +/-0.25% p.a. for two years out of three. The fund follows a pragmatic approach to managing an index fund, either investing directly in the securities of that index or indirectly through other LGIM funds. The fund may also hold index and single stock futures for efficient portfolio management.

### Portfolio Valuation

Value at 31.12.19	Value at 31.03.20
£467,958,808	£350,105,961

### Performance

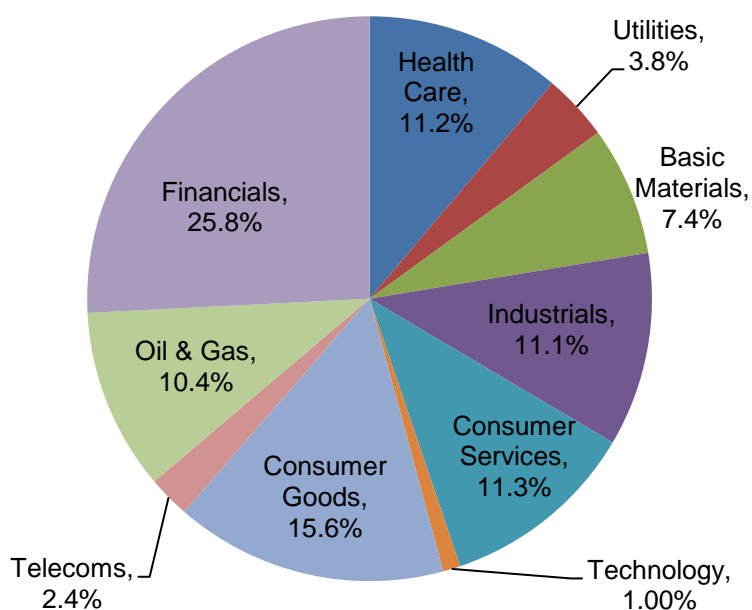
Over all periods the portfolio has performed as expected.

	Quarter %	1 Year %	3 Year* %	5 Year* %	Inception* %
LGIM	(25.1)	(18.5)	N/A	N/A	5.9
Benchmark	(25.1)	(18.6)	N/A	N/A	5.8
Relative Performance	0.0	0.1	N/A	N/A	0.1

\*annualised, inception date February 2017

Top Ten Holdings	
Company	% Weighting
AstraZeneca	5.4
HSBC Holdings	5.3
Glaxosmithkline	4.2
BP	3.9
British American Tobacco	3.6
Diageo	3.4
Royal Dutch Shell A	3.3
Royal Dutch Shell B	2.9
Unilever	2.5
Rio Tinto	2.3
<b>Total</b>	<b>36.8</b>

### Whole Fund Sector Breakdown



**Lincolnshire Pension Fund**  
**Global Equities – Invesco (Global Ex UK Enhanced)**  
**Quarterly Report March 2020**

**Investment Process**

This portfolio is mandated to track the MSCI World ex UK Index, with a performance target of +1% and a tracking error of 1%. The aim is to achieve long-term capital growth from a portfolio of investments in large-cap global companies. Active performance is generated through a quantitative bottom-up investment process, driven by stock selection and based on four concepts: Earnings Expectations, Market Sentiment, Management & Quality and Value.

**Portfolio Valuation**

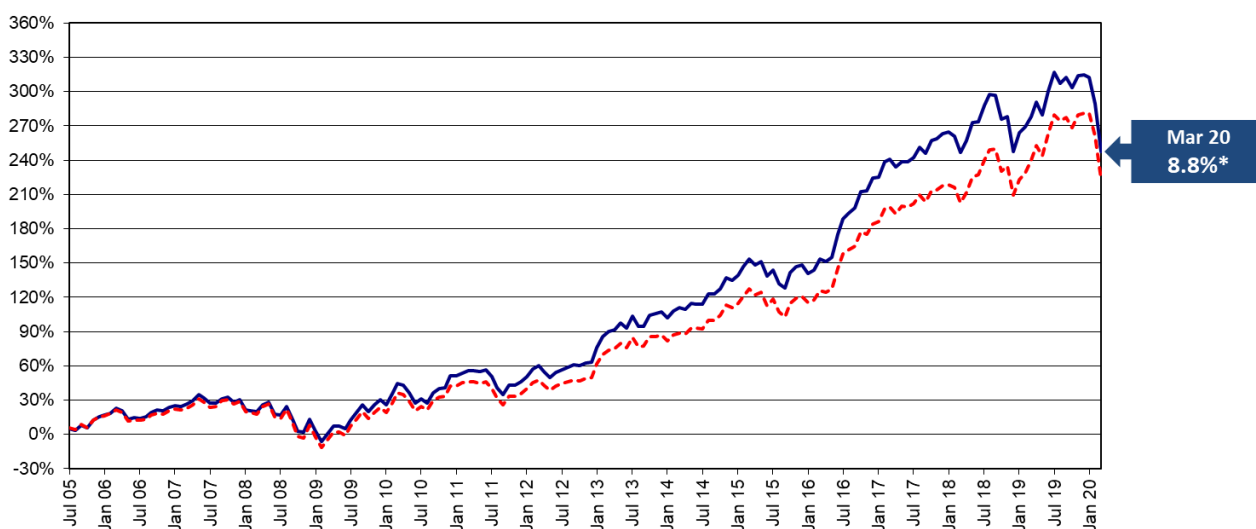
Value at 31.12.19	Value at 31.03.20
£599,437,807	£503,011,376

**Performance**

In the first quarter of 2020 the strategy underperformed its benchmark. Relative performance is based on different aspects: the IQS Factors had the largest negative impact on relative performance. Overweights in stocks with an attractive score in the Quality, Price Momentum and Earnings Momentum factors contributed to relative performance. On the other hand, stocks with a high score in the Value factor detracted.

Contributions from countries and currencies, which are a residual of the multi-factor portfolio optimisation approach, was negative in this period. Active sector weights added to relative performance, especially underweights in energy and overweights in health care, while underweights in utilities and materials had a negative impact. Other factors contributed negatively to the relative performance this period mainly driven by the exposure in smaller capitalised stocks.

**Invesco Performance Since Inception**



— Performance      - - - Index

\* Annualised Manager Performance since inception

	Quarter %	1 Year %	3 Year*	5 Year*	Inception*
Invesco	(16.2)	(8.1)	0.7	6.5	8.8
MSCI World ex UK	(15.2)	(5.0)	2.6	7.3	8.3
Relative Performance	(1.2)	(3.3)	(1.9)	(0.8)	0.5

\* annualised, inception date 01/07/2005

## Turnover

Holdings at 31.03.20	Holdings at 31.12.19	Turnover in Qtr %	Turnover in Previous Qtr %
495	491	14.86	8.92

## Purchases and Sales

During the last quarter, a number of stock adjustments were made to the portfolio as a result of the stock selection process. CyberArk Software was added, with a trade weight of 0.25%. Furthermore, positions in Popular, Ford Motor, Cummins and NTT DoCoMo were increased with trade weights of 0.35%, 0.33%, 0.31% and 0.25%, respectively. On the other side, Citrix Systems with a trade weight of 0.35% was sold. Positions in Walt Disney, Boeing, Novartis and Toyota Motor with trade weights of 0.46%, 0.44%, 0.44% and 0.44%, respectively were decreased.

## Largest Overweights

Roche	0.54%
JP Morgan Chase	0.48%
Microsoft	0.44%
Mitsui	0.41%
Leidos Holdings	0.40%

## Largest Underweights

Nike	(0.31%)
Linde	(0.28%)
Toyota	(0.26%)
Lockhead Martin	(0.26%)
Boeing	(0.24%)

\* Measured against MSCI World ex UK (NDR)

## Top 10 Holdings

1	Microsoft	£19,220,919	6	Alphabet	£6,015,208
2	Apple	£18,735,981	7	Procter & Gamble	£5,740,280
3	Amazon	£11,730,240	8	Facebook	£5,491,977
4	JP Morgan Chase	£6,598,594	9	Johnson & Johnson	£4,679,944
5	Roche	£6,073,869	10	Nestle	£4,482,950

## Risk Control

The ex-ante tracking error of the fund slightly increased to 0.99% (ex post target 1%). With 96%, the major part of the active risk was associated with stock selection factors. Further 2% came from risk indices representing style exposures within the portfolio. Country and currency, and sector risk contributions, by-products of stock selection, represented 1% each. Within a tight product specific range, the portfolio beta was 1.

**Lincolnshire Pension Fund**  
**Global Equities – Border to Coast Global Equity Alpha**  
**Quarterly Report March 2020**

**Investment Process**

The Border to Coast Global Equity Alpha Sub-Fund is designed to outperform the MSCI All Countries World Index by 2% per annum. The fund is made up of five high quality managers, which have been selected for their long term track record and blend of complementary investment styles and range of market caps. The fund will benefit from diversification due to low correlation between managers sources of outperformance. All five managers also consider responsible investment factors when making investment decisions.

**Portfolio Valuation**

Value at 31.12.19	Value at 31.03.20
£439,759,625	£344,976,065

**Performance**

The performance of this Fund has been disappointing in the first quarter of 2020, however, it is believed that much of this is linked to Covid-19, and does not represent poor-quality long-term stock selection from the underlying managers.

Covid-19 has impacted specific sectors (such as travel and leisure), as well as positions with risk over debt servicing, most acutely. In practice, this has resulted in the Fund's value managers underperforming the broader market. The allocation to value managers, as well as the lack of momentum exposure in the non-value managers, explains almost all of the underperformance. In contrast, the more defensive managers such as Investec Franchise have protected investor capital and outperformed as markets fell.

From a risk perspective, given the backdrop of an unprecedented period of market volatility, the Fund's short-term performance has been poor but remains within the range of outcomes implied by its risk profile. Given the 2% outperformance target, the Fund runs a higher tracking error than more conservative strategies, which means it will tend to have periods of meaningful divergence from the underlying index. This is particularly true in markets that are predominantly driven by exogenous shocks.

Looking forward, Border to Coast remain confident in the strategy and the ability of the managers to add value over long-term time horizons from bottom-up fundamental analysis.

	Quarter %	1 Year %	3 Year %	5 Year %	Inception*
B2C Global Equity Alpha	(21.6)	N/A	N/A	N/A	(18.5)
MSCI ACWI ND	(16.0)	N/A	N/A	N/A	(13.1)
Relative Performance	(6.5)	N/A	N/A	N/A	(6.0)

\*actual, not annualised – inception date 24/10/2019

## Purchases and Sales

There are no major transactions to report for the quarter.

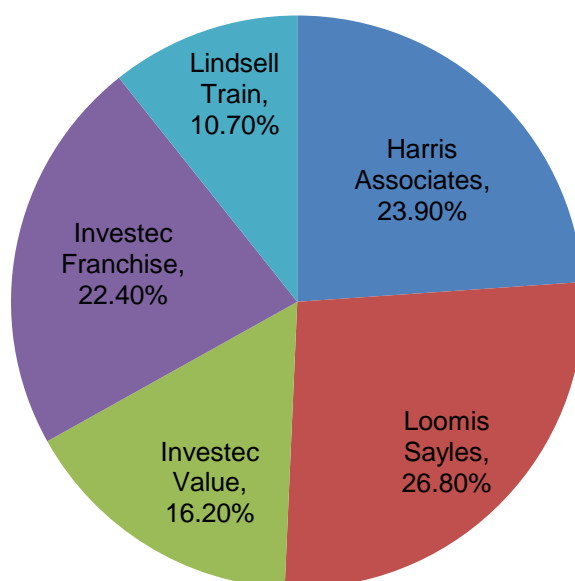
## Largest Overweights

Moodys Corporation	1.83%
Booking Holdings	1.63%
Bayer	1.58%
Verisign	1.49%
S&P Global	1.46%

## Largest Underweights

Apple	(2.84%)
Microsoft	(1.41%)
Amazon	(1.00%)
Alphabet C	(0.90%)
JP Morgan	(0.71%)

## Manager Breakdown



Whole Fund Sector Breakdown	
Sector	% Weighting
Financials	20.0%
Information Technology	16.0%
Consumer Discretionary	12.1%
Industrials	10.2%
Consumer Staples	12.3%
Health Care	11.8%
Communication Services	11.2%
Materials	2.9%
Real Estate	1.0%
Energy	0.7%
Cash	1.8%

**Lincolnshire Pension Fund  
Passive Bonds – Blackrock  
Quarterly Report March 2020**

**Investment Process**

Blackrock manage a passive bond mandate for the Pension Fund. The portfolio is made up of three pooled funds; an index-linked bond fund, a corporate bond fund and an overseas bond fund. All three funds are designed to match the return of their relevant benchmarks. The manager uses two methods to manage index-tracking funds; full replication and stratified sampling.

Full replication involves holding each of an index's constituent bonds in exactly the same proportion as the index. This method is used where the number of constituents in an index is relatively low and liquidity is above a certain level.

Stratified sampling is the method used when full replication is not possible or appropriate. This approach subdivides the benchmark index according to various risk characteristics, such as currency/country, maturity, credit rating, sector of issuer etc. Each subset of bonds is then sampled to select bonds for inclusion within the pooled fund.

The table below shows the indexing method for each of the three pooled funds in which the Fund invests.

<b>Pooled Fund</b>	<b>Indexing Method</b>
Aquila Life Corporate Bond All Stocks Index Fund	Sampled
Aquila Life Over 5 Years UK Index-Linked Gilt Index Fund	Full Replication
Aquila Life All Stocks UK Gilt Index Fund	Sampled

**Portfolio Valuation**

<b>Portfolio</b>	<b>31.12.19 (£)</b>	<b>31.03.20 (£)</b>
Corporate Bond All Stocks Index Fund	74,551,535	75,373,058
Over 5 Years UK Index-Linked Gilt Index Fund	44,691,787	44,086,057
All Stocks UK Gilts*	29,495,605	29,556,863
Cash (residual)	1	1
<b>Total</b>	<b>148,738,928</b>	<b>149,015,980</b>

\*Switched from Overseas Bond Index Fund in February 2017

**Performance**

Over all periods the portfolio has performed as expected.

	<b>Quarter %</b>	<b>1 Year %</b>	<b>3 Year* %</b>	<b>5 Year* %</b>	<b>Inception* %</b>
Blackrock	0.2	3.6	3.0	5.1	6.5
Composite Benchmark	0.1	3.5	2.9	5.0	6.5
Relative Performance	0.1	0.0	0.1	0.1	0.1

\*annualised since inception 28/07/2010

**Allocation**

	<b>Target Allocation</b>	<b>Actual Allocation</b>
Aquila Life Corporate Bond All Stocks Index Fund	50%	50.6%
Aquila Life Over 5 Years UK Index-Linked Gilt Index Fund	30%	29.6%
Aquila Life All Stocks UK Gilt Index Fund	20%	19.8%



**Lincolnshire Pension Fund**  
**Passive Bonds – Blackrock Interim**  
**Quarterly Report March 2020**

**Investment Process**

Since the termination of BMO's Absolute Return bond fund, that element of the Fund's asset allocation has been temporarily housed in an interim Blackrock fund of short dated corporate bonds. The fund is managed passively, and aims to achieve index returns in line with the iBoxx Sterling Non-Gilts 1-5 Year Index.

**Portfolio Valuation**

Value at 31.12.19	Value at 31.03.20
£276,726,501	£85,597,477

**Note: During the quarter, £190m was transferred out of Blackrock Interim and into the Border to Coast Investment Grade Credit sub-fund.**

**Performance**

Over all periods the portfolio has performed as expected.

	Quarter %	1 Year %	3 Year* %	5 Year* %	Inception* %
Blackrock Interim	(1.9)	0.1	0.9	N/A	1.1
Benchmark	(1.9)	0.2	0.9	N/A	1.0
Relative Performance	0.0	0.0	0.0	N/A	0.0

\*annualised since inception 14/09/16

**Lincolnshire Pension Fund**  
**Border to Coast Investment Grade Credit**  
**Quarterly Report March 2020**

**Investment Process**

The Fund aims to provide a total return (income and capital) which outperforms the total return of the iBoxx Sterling Non-Gilts Index by at least 0.6% per annum over rolling 5 year periods (net of management fee).

**Portfolio Valuation**

Opening Value at 28.02.20	Value at 31.03.20
£190,841,617	£180,327,295

**Performance**

The Fund was only set up during quarter one of 2020, with the final asset purchases being completed by 20 March 2020, from which date performance has been measured.

	March 2020 %	1 Year %	3 Year %	5 Year %	Inception* %
Border to Coast IGC	1.0	N/A	N/A	N/A	1.0
Benchmark	0.8	N/A	N/A	N/A	0.8
Relative Performance	0.2	N/A	N/A	N/A	0.2

\*annualised since inception 20/03/2020

**Lincolnshire Pension Fund**  
**Alternative Investments – Morgan Stanley**  
**Quarterly Report March 2020**

**Investment Process**

Morgan Stanley manages a bespoke absolute return alternative investment mandate for the Fund. The portfolio is invested in alternatives only, with no exposure to traditional equities or bonds. Investments are made to complement the existing Fund allocation. The manager has a target to beat the return of 3 Month LIBOR + 4%. Morgan Stanley also manage the legacy private equity investments, however they are excluded from this report.

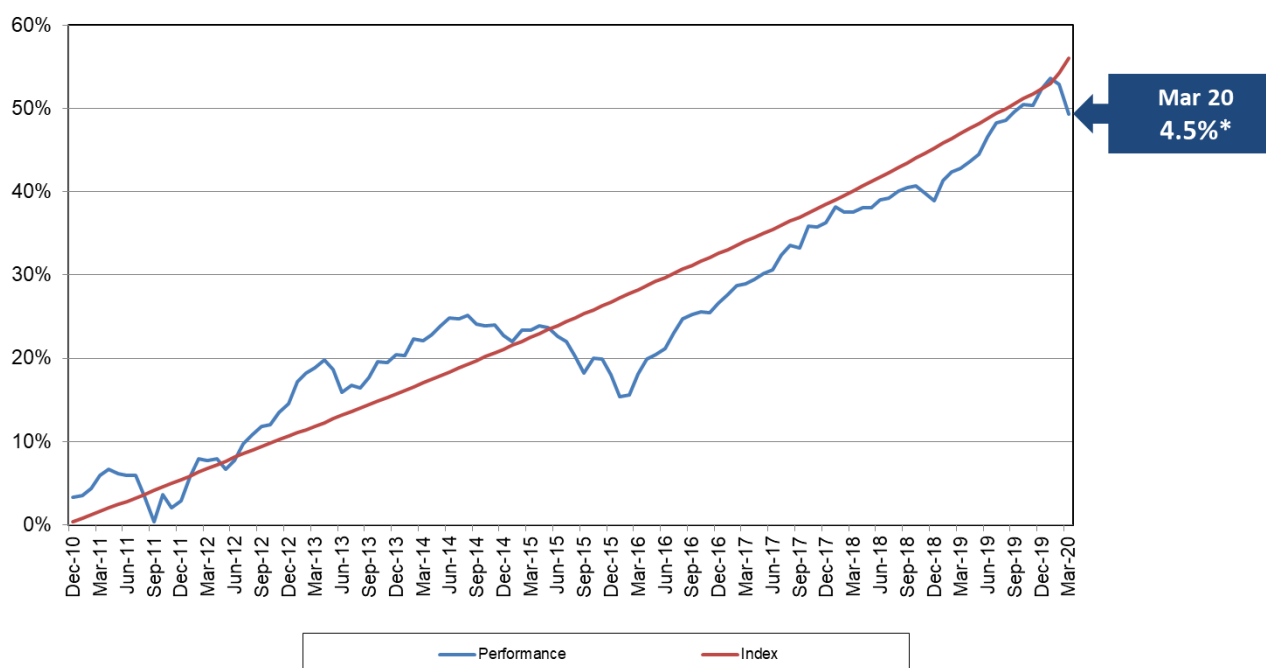
**Portfolio Valuation**

Value at 31.12.19	Value at 31.03.20
£327,526,187	£323,374,314

**Performance**

The total alternatives portfolio returned -1.47% during the first quarter of 2020. During the quarter, most asset classes contributed negatively given the broad declines in equity and credit markets for the period. Manager selection contributed significantly to returns, particularly stemming from lagged and positive marks in private markets while tactical decisions dragged on returns.

**Morgan Stanley AIP Performance Since Inception**



\* Annualised Manager Performance since inception

	Quarter %	1 Year %	3 Year* %	5 Year* %	Inception* %
Morgan Stanley	(2.0)	4.6	5.0	3.9	4.5
3 Month LIBOR + 4%	2.4	6.1	5.2	5.0	5.0
Relative Performance	(4.3)	(1.4)	(0.2)	(1.0)	(0.5)

\* annualised since inception date 24/11/2010 (excludes legacy PE portfolio assets)

## Allocation

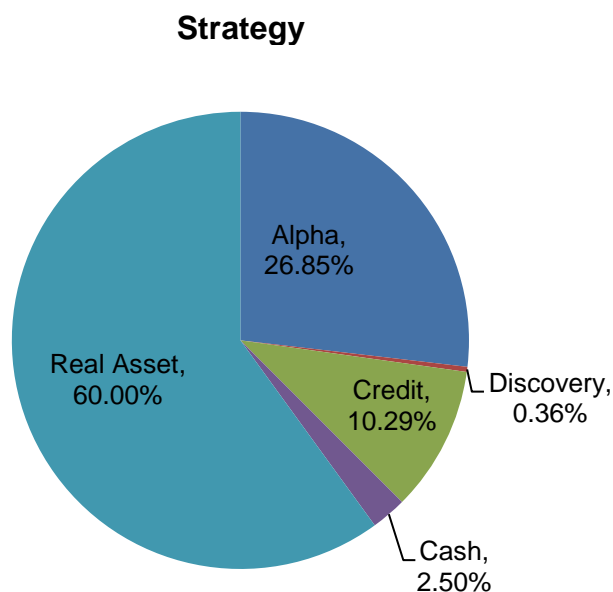
Morgan Stanley has split out investments into a bespoke portfolio of alternatives comprising four different asset allocations:

- **Alpha** These are pure return seeking products based on Manager skill. The Alpha investments include Hedge Funds, Global Tactical Asset Allocation (GTAA) and Active Currency.
- **Long Term Real Asset** These are long term investments that seek to access illiquidity premium. Investments include Private Equity, Infrastructure, Real Estate, Commodities and Inflation – linked strategies.
- **Credit** These are the purchase of the lower rated bonds where higher default is more likely. Manager selection is important to ensure the correct bonds are purchased that will appreciate following rating upgrades and merger and acquisition activity. Credit opportunities include Emerging Market Debt, High Yield Bonds, Senior Loans and Convertibles.
- **Discovery** These are new opportunities of investments and can include Frontier Markets, Distressed Opportunities and Volatility.

The table and pie chart below show the strategy and asset class positions of the Morgan Stanley portfolio as at 31 March 2020.

Asset Class	% Weighting
Private Equity	38.70%
Hedge Funds	23.60%
Private Debt	8.90%
Private Real Assets	6.50%
Senior Loans	5.50%
Commodities	5.20%
Emerging Markets Debt	4.50%
Catastrophe Risk	3.30%
Currency Hedges	2.50%
Other*	1.30%

\* Other includes: Listed Infrastructure and High Yield Bonds.



## Risk Control

Portfolio volatility since inception is 3.48%, within the guidelines specified by the mandate.