Update on the LCP strategic portfolios

July 2026

Run-on strategic portfolio

We view infrastructure debt as a good complement to traditional private debt

Characteristic	Infrastructure debt	Traditional private debt
Borrowers	Essential infrastructure (utilities, transport, renewables, digital)	Corporate middle-market companies
Borrowers' Cashflows	Long-term, predictable, often contracted or regulated	More dependent on company earnings
Downside protection	Historically lower default rates and higher recovery values	Higher exposure to economic cycle
Inflation	Some assets benefit from inflation-linked revenues	Generally limited inflation linkage
Role in portfolios	Defensive income and diversification	Income generation and enhanced yield

Infrastructure debt can be accessed through senior or junior debt

- Senior debt sits higher in the capital structure and has greater security if the borrower defaults.
- Junior (or mezzanine) debt sits below senior debt, but above equity in the capital structure.

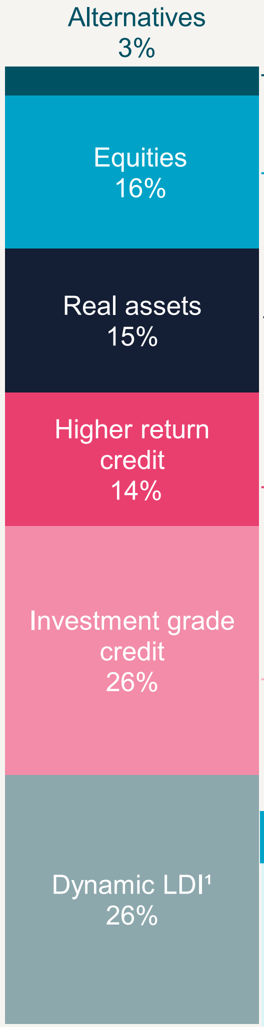
We favour junior debt over senior debt because

- Junior debt offers materially higher yields than senior debt.
- Lower competition for junior debt supports more attractive pricing and stronger margins for the relative risk taken – we think you are well rewarded for taking that extra risk.
- Defaults in infrastructure debt are lower than for wider private debt markets.
- Most deals are floating rate, which is better suited to a rising rate environment.

Ask your consultant

- Does infrastructure debt have a role in my portfolio?

There have been no allocation changes over the quarter



Tail-risk protection	3%
Emerging market equities	4%
Small cap equities	2%
Synthetic equity protection[1]	10%
Energy transition infrastructure	3%
Listed infrastructure	2%
Long-lease property	5%
UK core property	2%
Unlisted infrastructure	3%
Infrastructure debt	3%
Opportunistic credit	5%
Private credit	3%
Working capital finance	3%
Absolute return bonds	6%
Asset-backed securities	6%
Capital call finance	3%
Net-zero short duration credit	3%
Synthetic credit overlay[1]	8%

Key portfolio metrics	
Expected return[2]	Gilts + 1.8% pa
Liability hedge ratio	100%
Unhedged currency exposure	~20% of assets
Yield rise to exhaustion (inc. collateral[3])	~6%

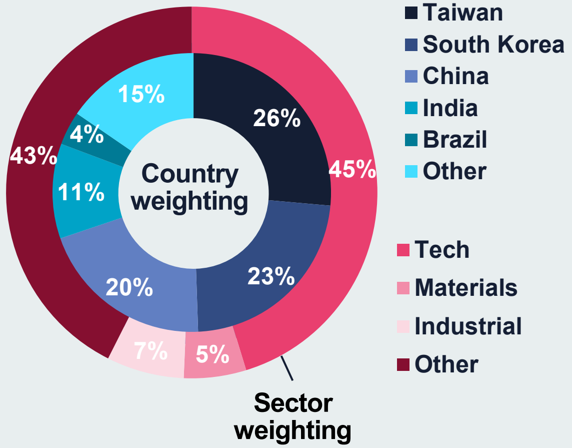
Numbered superscripts (1,2,3) are explained in the footnotes on the following page.

Low-dependency strategic portfolio

Time to reassess your emerging markets equities as concentration rises?

- Taiwan and South Korea have both recently overtaken China to become the largest countries in the MSCI EM Index, with each country now accounting for around a quarter of the index and around half of the index in aggregate.
- AI-driven semiconductor demand has powered recent returns, particularly via TSMC, Samsung and SK Hynix.
- Despite comprising around 1,200 companies, the index is increasingly concentrated, with these three stocks accounting for roughly 31%

Emerging markets index performance this year so far	
EM index	~20%
SK Hynix	~205%
Samsung	~135%
TSMC	~42%

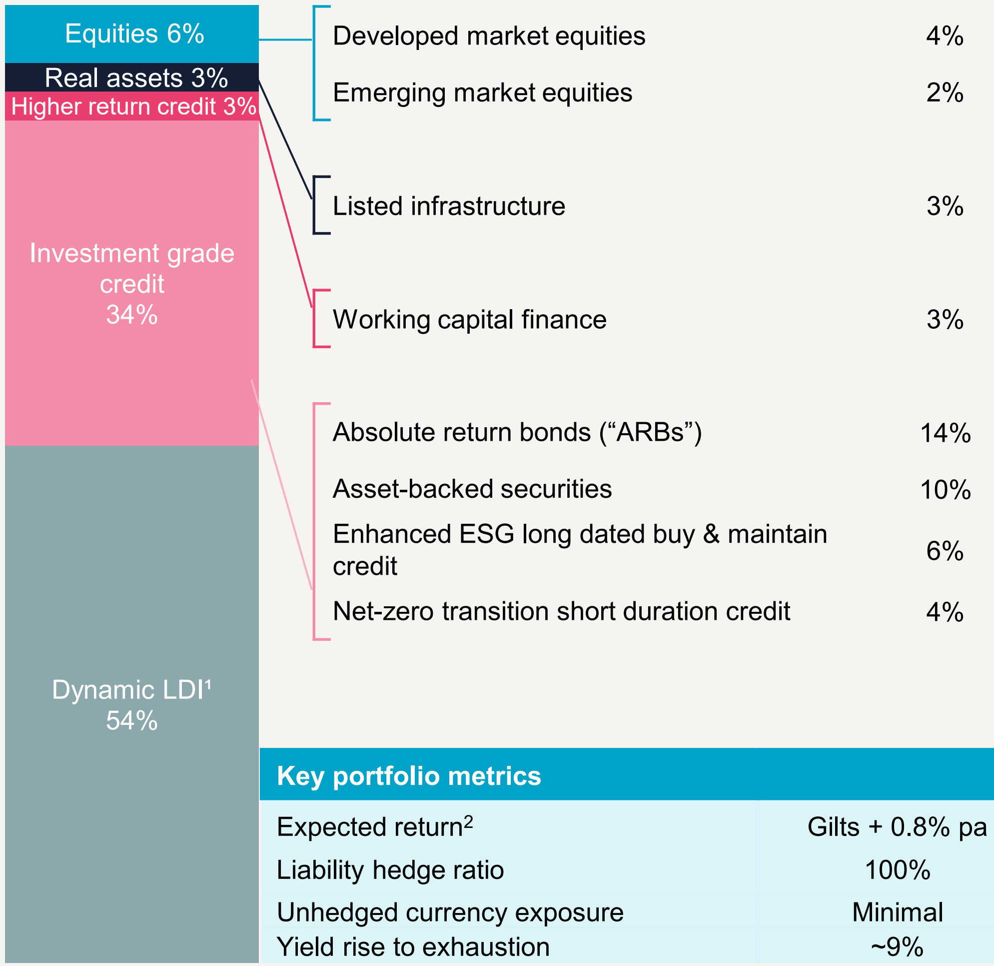


AI is increasingly driving both emerging and developed markets. As a result, we think some of the diversification benefit from emerging markets has been eroded.

Ask your consultant

- How best to access emerging market exposure: active or passive?
- What's the most appropriate emerging market benchmark for my portfolio?
- How much AI exposure do I have across my whole portfolio?

There have been no allocation changes over the quarter



Key portfolio metrics	
Expected return[2]	Gilts + 0.8% pa
Liability hedge ratio	100%
Unhedged currency exposure	Minimal
Yield rise to exhaustion	~9%

Source: MSCI as at June 2026. Figures may not sum due to rounding.
1 Assets all held within a single bespoke fund and are used to support the hedging exposures.
2 Expected return is based on LCP's latest asset class assumptions, which are available upon request.
3 Current collateral waterfall assets include the bespoke LDI fund, cash supporting our synthetic exposures, and the ABS and net-zero transition short duration credit allocations.

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At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to create a brighter future. We have market leading capabilities across pensions and financial services, energy, health and analytics.

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