

Quarterly Executive Summary

31 December 2024 - 31 March 2025

1 Funding and Liabilities

128%	 £1.08bn
The Funding level remained unchanged this quarter	The liabilities decreased by £(10)m over the quarter.

Source: Hymans actuarial data.

2 Pension Assets

 1.40bn	 (1.36)%
market value this quarter.	decrease in market value this quarter

Source: Northern Trust custody data

3 Investment Performance

 (1.4)%	 0.3%
The Fund returned (1.4)% this quarter.	The Fund underperformed its benchmark by 0.3% this quarter

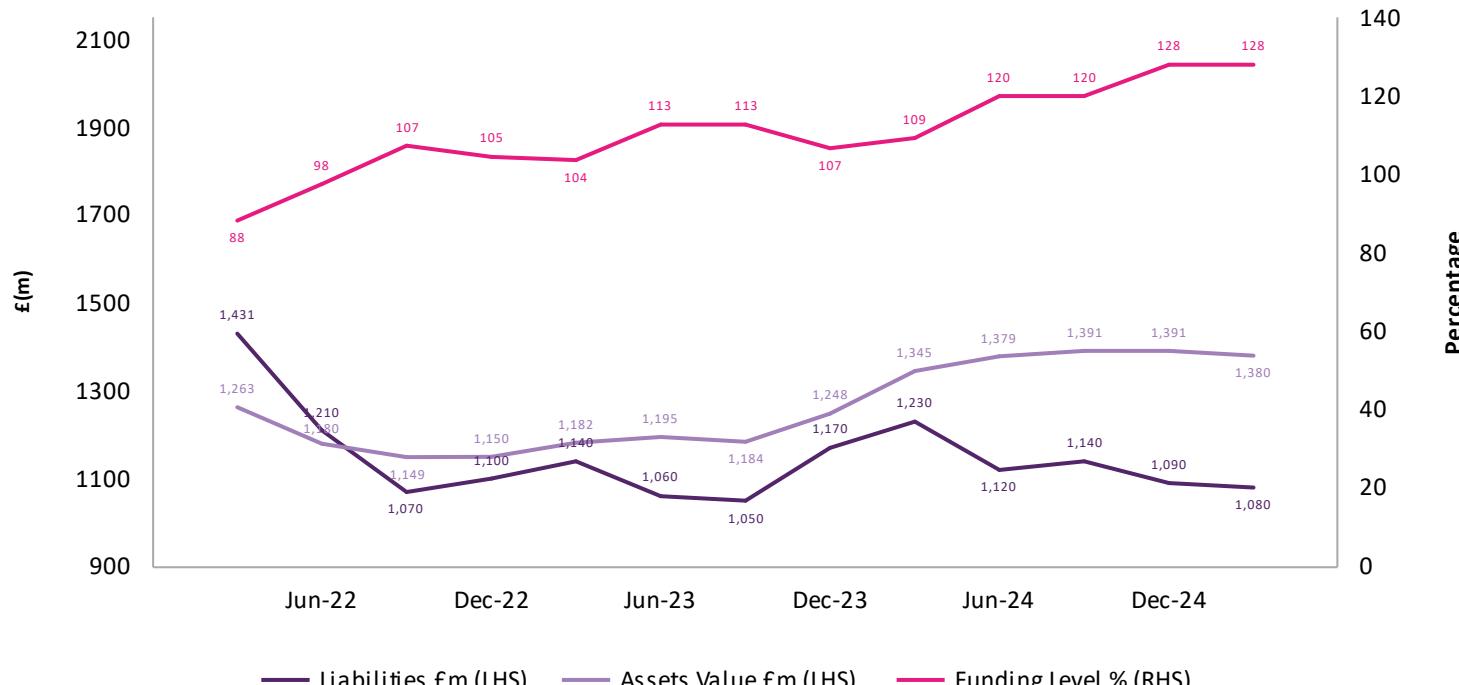
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	31 Mar 2025
Funding Level (%)	88	128
Deficit/Surplus (£m)	(171)	300
Funding basis	Ongoing	Ongoing
Discount rate (%p.a.)	4.1	6.3
Pension increases (%p.a.)	2.7	2.3

- Salary increases are assumed to be 0.5% above pension increases, plus an additional promotional salary scale.
- Discount rate methodology: Expected returns on the entire strategy over 20 years with a 70% likelihood.
- Pension increase methodology: Expected CPI inflation over 20 years with a 50% likelihood.

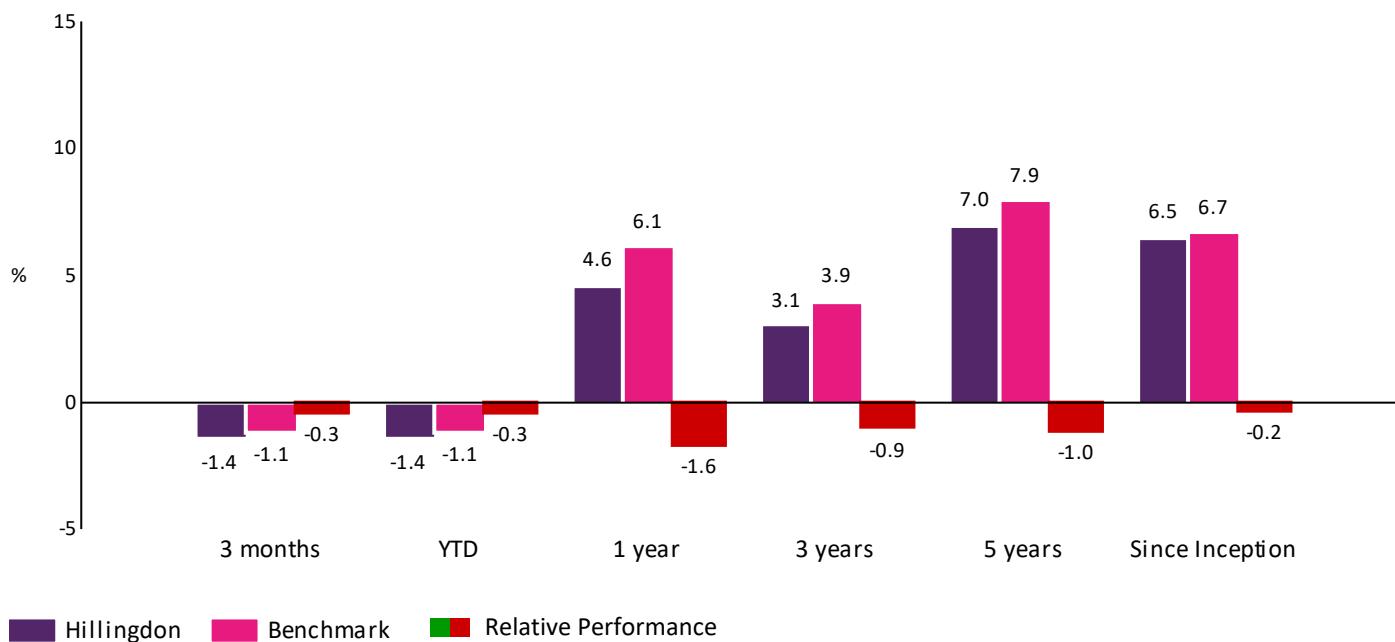
Source: Hymans actuarial data.

Funding Level By Progression



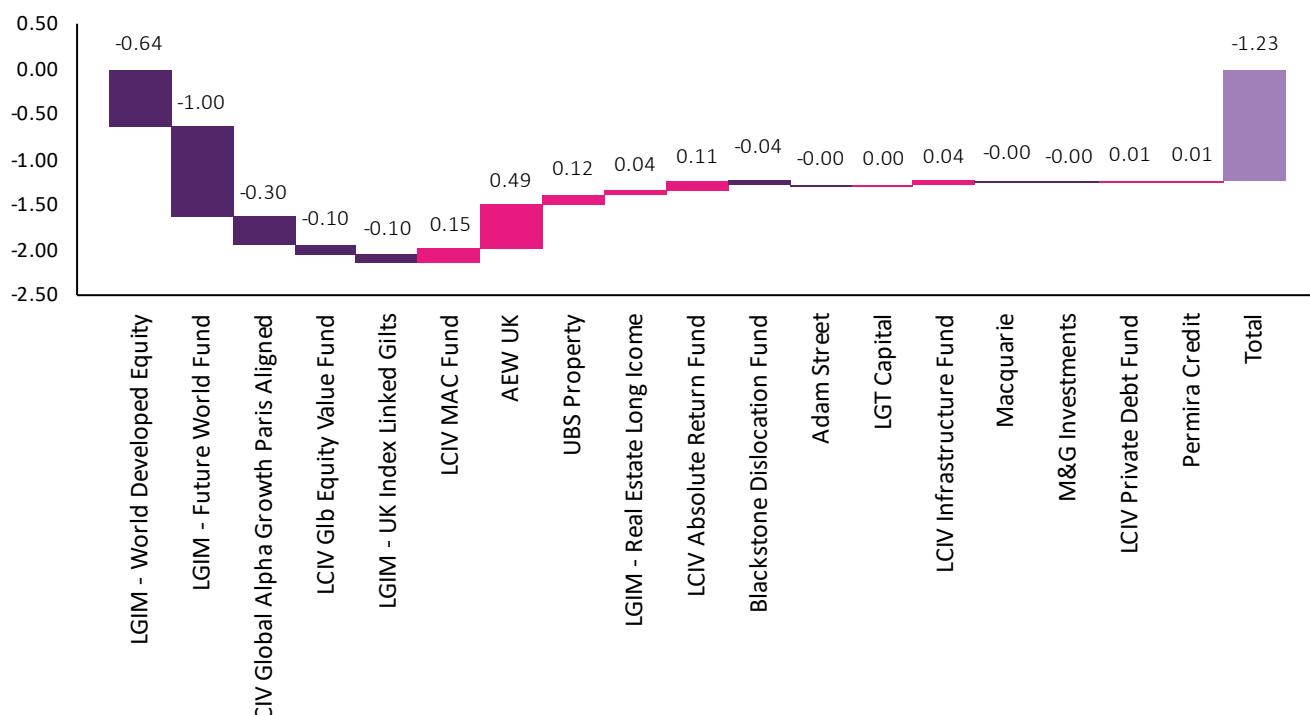
Source: Hymans actuarial data.

Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 31 March 2025.
Returns are gross of fees and annualised for periods greater than 1 year.

Manager Contribution to Total Return - Q1 2025



Source: Northern Trust custody data as of 31 March 2025.
Returns are gross of fees.

Commentary

Market Update – Q1 2025

The strong momentum in equity markets after the U.S. Presidential election carried over into 2025. The MSCI World Index gained 4.4% in Sterling terms in January, and the 12 month return for the Index stood at 24.4% at the end of the month. One encouraging development in the equity markets in January was the improved performance of regions and sectors which had lagged the U.S., and big American technology companies, in 2024. This set the stage for a period of more balanced performance across equity markets, and a more constructive environment for active stock pickers.

Sentiment in the bond markets was also positive at the start of 2025 after a period of weakness in Q4 2024 when investors moderated their expectations for cuts in interest rates. Yields on government bonds were stable and investment grade and high yield corporate and asset-backed debt continued to generate steady returns.

The tone in equity markets shifted late in January when DeepSeek revealed an advanced AI model which was developed at a fraction of the cost of leading Western models. This put into question the earnings outlook for Nvidia and other highly valued companies in the semiconductor supply chain, and companies which are investing heavily in technology infrastructure.

Concerns then spread more widely as the outlook for economic growth became clouded, partly because of the drive to widen the scope of tariffs on exports to the U.S. Geopolitical events were also significant. European governments were not able to prevent the U.S. from suspending military aid to the Ukraine, and the fragility of the ceasefire in Gaza came sharply into focus.

Equity

Global equity markets dropped in February (-2%), with some of the most extended areas, such as U.S. large cap technology stocks, suffering the brunt of the selling. On a positive note, European stocks made gains, boosted by plans to increase government spending and the expectation that the European Central Bank would continue to reduce interest rates.

The trend continued in March. By the 13th of the month, the S&P 500 Index was down more than 10% (in U.S. Dollar

terms) from the peak earlier in the year, and the NASDAQ Composite Index had dropped more than 13% from its peak. U.S. markets started to recover in the second half of March but then lurched down again after the U.S. government imposed tariffs of 25% on automotive imports. At about the same time, an important gauge of inflation in the U.S. increased more than expected and evidence increased that policy action was having a negative impact on consumer spending, hiring and business investment.

The end result was a loss of 4.7% for the MSCI World Index (in Sterling terms) in the first quarter. The MSCI World Value Index outperformed the Growth index by about 12% in Q1 and was ahead over one year. This is a big swing in a short period of time.

The big swings in the leadership of global equity markets are reflected in the performance of the actively managed LCIV Sub-funds. The strongest performance relative to benchmark indices was achieved by Sub-funds which follow a 'value' style of investing, including the [LCIV Global Equity Value Fund](#) and/or which target companies displaying 'quality' characteristics.

Sub-funds which favour companies which are expected to achieve superior rates of growth in earnings, and which are usually valued at a premium to the market, including the [LCIV Global Alpha Growth Paris Aligned Fund](#) performed poorly relative to their benchmark indices but declined less than 'Growth' variants of the indices.

Fixed Income

Global bond markets were also down in March. Commitments made by European governments to boost defence spending, when their fiscal positions are already stretched, caused concerns. Yields on Bunds issued by the German government increased sharply, and Gilts also weakened in the period leading up to the Chancellor's Spring statement. Investors in UK debt have become more concerned about the outlook for government finances and the expected volume of issuance of Gilts.

For the quarter as a whole, the Bloomberg Global Aggregate Bond Index gained 1.2% in Sterling terms, reflecting good performance earlier in 2025 when inflation data supported expectations for cuts in interest rates.

The Credit version of the Bloomberg index was up 1.6% in Q1. Spreads, which are an important gauge of risk in the credit markets, are low by historic standards because the health of corporate balance sheets is perceived to be strong enough to contain the risk of widespread downgrades in credit ratings and defaults. Spreads on investment grade debt widened slightly in the first quarter, but the move was bigger in the sub-investment grade debt markets and the Bloomberg Global High Yield Index (+1.3%) underperformed by a small margin.

LCIV MAC Fund captures exposure to a full range of opportunities in the global debt markets. The Sub-fund benefitted from lower yields on reference bonds, which offset some of the weakness in high yield debt. The Sub-fund gained 1.6% in the first quarter, 0.6% less than its absolute return target of SONIA (30 day compounded) + 4.5%. The flow of interest income from the LCIV MAC Fund has not changed significantly – this Sub-fund continues to generate high levels of cash income.

Multi-Asset

The power of diversification and patience was illustrated by the LCIV Absolute Return Fund in the first quarter. The Sub-fund gained 3.9% when the MSCI World Index declined by 4.7%. Holdings in 'old economy' and value stocks, gold and derivatives positions which made money when equity markets fell were the main sources of profits.

Investment Manager Monitoring

In Q1, we completed our review of the LCIV Absolute Return Fund. We used this review to challenge our view of the investment manager's processes and the strength of their decision-making and risk management teams. We concluded that the investment team is capable and well resourced, and that sufficient care is being taken to bring alternative perspectives into the processes which the Sub-fund is built on. We do not believe that the investment manager is complacent or that their ability to generate value-adding ideas is impaired.

The Sub-fund is rated '2' for Skills and '4' for Value. We have highlighted a number of monitoring points, including the weak trend in assets under management at the investment manager. We will complete another in-depth review in September 2025.

In Q2, we will complete in-depth reviews of the LCIV Global Alpha Growth Paris Aligned Fund managed by Baillie Gifford and the LCIV MAC Fund managed by CQS and PIMCO.

"Liberation Day" and the aftermath

The economic and investment landscape changed dramatically on the 2nd of April 2025 when President Trump announced a radical overhaul of trade policy which could have ramifications on economies and markets for years to come.

We shared our initial observations with Partner Funds on the 4th of April. Alexander Chartres, Fund Manager at investment manager Ruffer, joined London CIV on the 8th of April to share his perspectives on Trump's tariffs and "Liberation Day". This Coffee with the CIV event was recorded. Please reach out to your Client Relations Manager or email clientservice@londonciv.org.uk if you would like to receive a copy of our communication or a link to a recording of the event.

Manager Performance

Asset Class / Fund Name	Weight	3 Months (%)		1 Year (%)		3 Years p.a. (%)		Since Inception p.a. (%)		
		Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Inception Date
Global Equities	54.7									
LGIM - Global Equities	22.8	(2.8)	(2.8)	6.3	7.1	7.8	8.1	9.1	9.3	31 Oct 2016
LGIM - Future World Fund	22.6	(4.5)	(4.5)	5.3	5.0	8.2	7.9	9.5	9.3	23 Sep 2020
LCIV Global Equity Value Fund	5.0	(2.1)	(3.9)	0.0	0.0	0.0	0.0	(1.0)	(0.7)	28 Oct 2024
LCIV Global Alpha Growth Paris Aligned Fund	4.4	(6.9)	(4.0)	(1.0)	7.5	2.8	11.3	(1.1)	12.2	22 Apr 2021
Property	10.6									
AEW UK	5.4	9.1	1.5	5.9	6.4	(1.0)	(3.3)	6.4	5.1	30 Jun 2014
UBS Property	5.2	2.4	1.5	7.7	6.4	(2.9)	(3.3)	3.5	3.4	31 Mar 2006
Multi-Asset Credit	9.6									
LCIV MAC Fund	9.6	1.6	2.2	7.8	9.3	0.0	0.0	7.0	8.9	26 May 2022
Index Linked Gilts	7.0									
LGIM - UK ILG	7.0	(1.4)	(1.4)	(8.0)	(8.0)	(13.8)	(13.8)	(2.7)	(2.6)	22 Feb 2017
Infrastructure	5.0									
LCIV Infrastructure Fund	4.3	0.8	1.8	9.7	7.8	9.8	7.2	5.6	5.5	14 Nov 2019
Macquarie	0.7	(0.1)	1.8	9.4	7.8	17.0	7.2	9.8	4.4	30 Sep 2010
Private Debt	4.9									
LCIV Private Debt Fund	4.0	0.0	1.5	3.0	6.0	6.8	6.0	5.8	6.0	16 Nov 2021
Permira	0.8	0.8	2.1	7.0	8.8	9.6	8.2	7.7	5.6	30 Nov 2014
M&G Investments	0.0	(1.4)	2.1	(35.5)	8.8	(17.8)	8.2	0.9	5.4	31 May 2010
Real Estate Long Income	3.5									
LGIM - LPI Income Property	3.5	1.2	0.8	4.7	3.2	(4.6)	6.9	(0.5)	6.2	11 Mar 2020
Diversified Growth	2.8									
LCIV Absolute Return Fund	2.8	3.9	1.1	3.9	5.1	(0.4)	4.2	4.8	1.4	28 May 2010
Opportunistic Dislocation	1.7									
Blackstone Dislocation Fund	1.7	(2.2)	3.6	2.9	15.3	0.0	0.0	2.7	15.3	27 Mar 2024
Private Equity	0.2									
Adam Street	0.1	(0.9)	(3.2)	(15.1)	9.0	(11.0)	12.1	5.9	0.0	31 Jan 2005
LGT	0.1	1.5	(3.2)	7.1	9.0	2.4	12.1	10.1	0.0	31 May 2004

Source: Northern Trust custody data as of 31 March 2025

Returns are gross of fees and annualised for periods greater than 1 year.

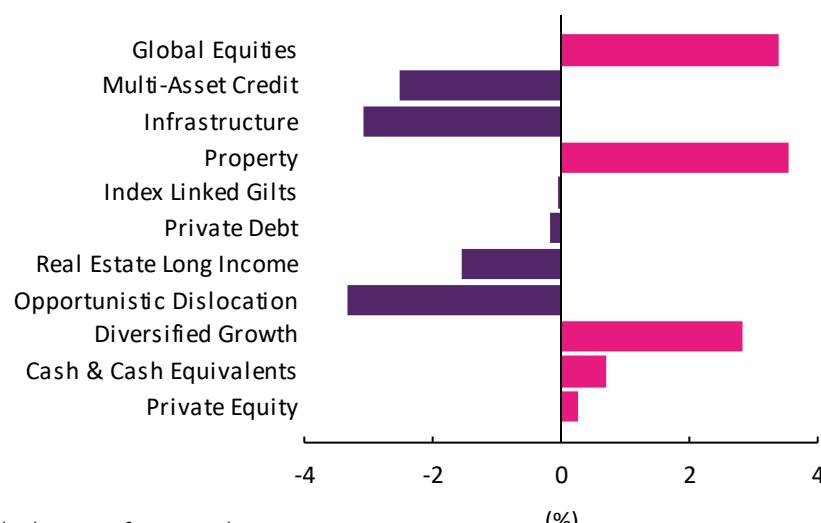
Asset Allocation

Asset Class	Strategic Asset Allocation (%)	Actual Asset Allocation (%)	Actual Asset Allocation (%)	Change in Asset Allocation (%)	Actual Asset Allocation (%)
	31 December 2023	31 December 2024	31 March 2025	Quarter on Quarter	31 March 2025
Global Equities	51	56	54	(1)	+3
Multi-Asset Credit	12	9	9	0	-3
Infrastructure	8	5	5	0	-3
Property	7	10	11	1	+4
Index Linked Gilts	7	7	7	(0)	-0
Private Debt	5	5	5	0	-0
Real Estate Long Income	5	3	3	0	-2
Opportunistic Dislocation	5	2	2	0	-3
Diversified Growth	0	3	3	0	+3
Cash & Cash Equivalents	0	1	1	(0)	+1
Private Equity	0	0	0	(0)	+0

Source: Northern Trust custody data as of 31 March 2025

Actual Asset Allocation

vs Target Allocation by Asset Class As of 31 March 2025



Source: Northern Trust custody data as of 31 March 2025

Asset Allocation Changes - Q1 2025

Asset Class	Market Value 31 December 2024 (£'m)	Net contribution* (£'m)	Income (£'m)	Appreciation (£'m)	Market Value 31 March 2025 (£'m)
Global Equities	794	-	-	(30)	764
Property	140	(1)	1	7	148
Multi-Asset Credit	131	-	5	(3)	133
Index Linked Gilts	99	-	-	(1)	98
Infrastructure	69	(1)	1	-	69
Private Debt	68	-	-	-	68
Real Estate Long Income	48	-	-	1	49
Diversified Growth	38	-	-	1	39
Opportunistic Dislocation	23	2	-	(1)	24
Cash & Cash Equivalents	10	-	-	-	10
Private Equity	3	-	-	-	3
Total	1,424	-	7	(26)	1,405

Source: Northern Trust

* Net contributions include cash contributions/distributions, securities/receipts, fee/fee rebates, inter account transfers for consolidations and benefit payments. Copied history of backloaded data may not display the correct contributions/withdrawals creating misrepresentation.

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London LGPS CIV Limited ('London CIV'), established in 2015 by London Local Authorities manages London Local Government Pension Scheme ('LGPS') assets. London CIV is one of eight U.K. LGPS asset pooling companies. The London Boroughs and City of London who are the 32 Shareholders, are also our clients ('Partner Funds').



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Appendix

Asset Allocation

Asset Class / Fund Name	Market Value (31 December 2024) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (31 March 2025) £m	Weights (%) (31 December 2024) %	Weights (%) (31 March 2025) %	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Global Equities	794	-	-	-	(30)	764	56	54	-1.37	51	3
LCIV Global Alpha Growth Paris Aligned Fund	66	-	-	-	(5)	61	5	4	-0.26		
LCIV Global Equity Value Fund	71	-	-	-	(1)	69	5	5	-0.04		
LGIM - Future World Fund	330	-	-	-	(15)	315	23	22	-0.73		
LGIM - Global Equities	327	-	-	-	(9)	318	23	23	-0.34		
Index Linked Gilts	99	-	-	-	(1)	98	7	7	-0.00	7	-
LGIM - UK ILG	99	-	-	-	(1)	98	7	7	-0.00		
Multi-Asset Credit	131	-	5	-	(3)	133	9	9	0.27	12	(3)
LCIV MAC Fund	131	-	5	-	(3)	133	9	9	0.27		
Property	140	(1)	1	-	7	148	10	11	0.66	7	4
AEW UK	69	-	-	-	6	75	5	5	0.51		
UBS Property	72	(1)	1	-	1	73	5	5	0.15		
Real Estate Long Income	48	-	-	-	1	49	3	3	0.09	5	(2)
LGIM - LPI Income Property	48	-	-	-	1	49	3	3	0.09		
Diversified Growth	38	-	-	-	1	39	3	3	0.14	-	3
LCIV Absolute Return Fund	38	-	-	-	1	39	3	3	0.14		
Private Equity	3	-	-	-	-	3	-	-	-0.01	-	-
Adam Street	2	-	-	-	-	2	-	-	-0.00		
LGT	2	-	-	-	-	1	-	-	-0.01		
Infrastructure	69	(1)	1	-	-	69	5	5	0.06	8	(3)
LCIV Infrastructure Fund	60	(1)	1	-	-	60	4	4	0.06		
Macquarie	10	-	-	-	-	10	-	-	0.00		
Private Debt	68	-	-	-	-	68	5	5	0.07	5	-
LCIV Private Debt Fund	56	-	-	-	-	56	4	4	0.05		
M&G Investments	0	-	-	-	-	-	-	-	-0.00		
Permira	11	-	-	-	-	11	-	-	0.02		
Cash & Cash Equivalents	10	-	-	-	-	10	-	-	-0.02	-	-
Non-custody	10	-	-	-	-	10	-	-	-0.02		
Opportunistic Dislocation	23	2	-	-	(1)	24	2	2	0.10	5	(3)
Blackstone Dislocation Fund	23	2	-	-	(1)	24	2	2	0.10		
Total	1,424	-	7	-	(26)	1,405	100	100			

Source: Northern Trust custody data as of 31 March 2025