

Quarterly Executive Summary for Hillingdon LGPS

31 March 2024 - 30 June 2024

1 Long-term funding strategy

▲ 120%
The Funding level increased by 11% vs 31 Mar 2024

▲ £1.34bn
The surplus increased by £105m vs 31 Mar 2024

2 Market Value

▲ 1.38bn
Value of Hillingdon at 30 June 2024

▲ 1.63%
The Fund's market value increased by 1.63% during Q2 2024

3 Investment Performance

▲ 2.0%
The Fund returned 2.0% in Q2 2024

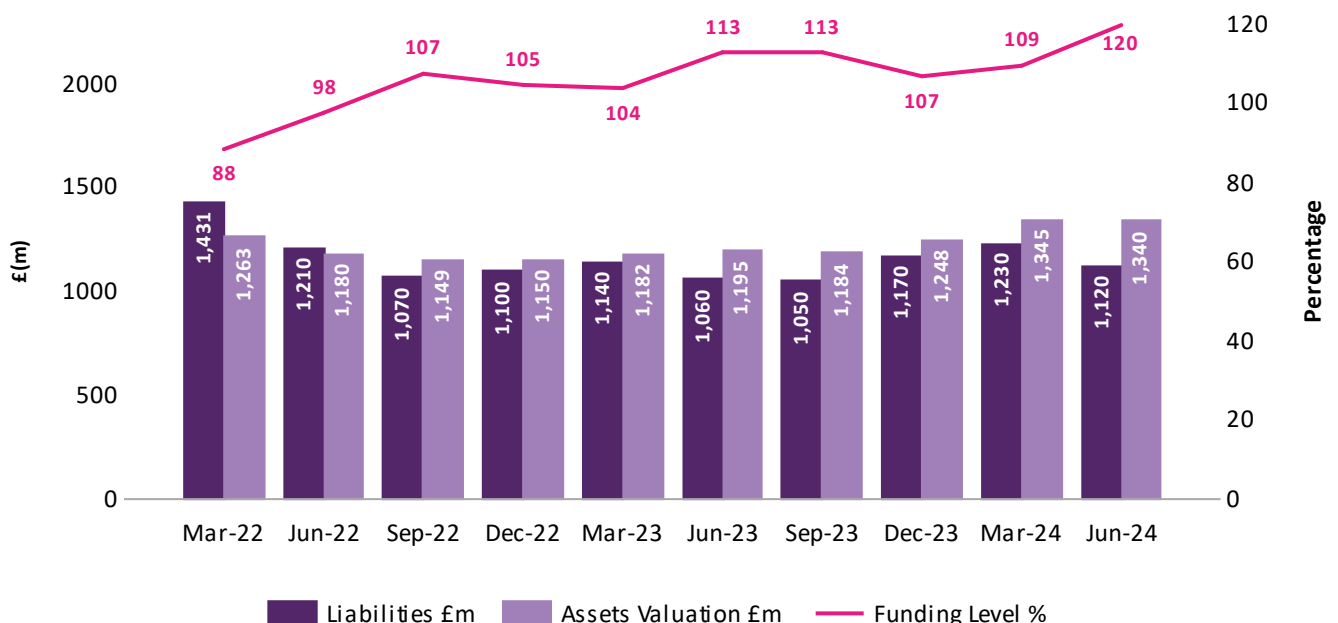
▼ (0.2)%
The Fund underperformed its benchmark by (0.2)% in Q2 2024

Assumptions to calculate liabilities	31 Mar 2022	30 Jun 2024
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: Actuarial data provided by Hillingdon LGPS.

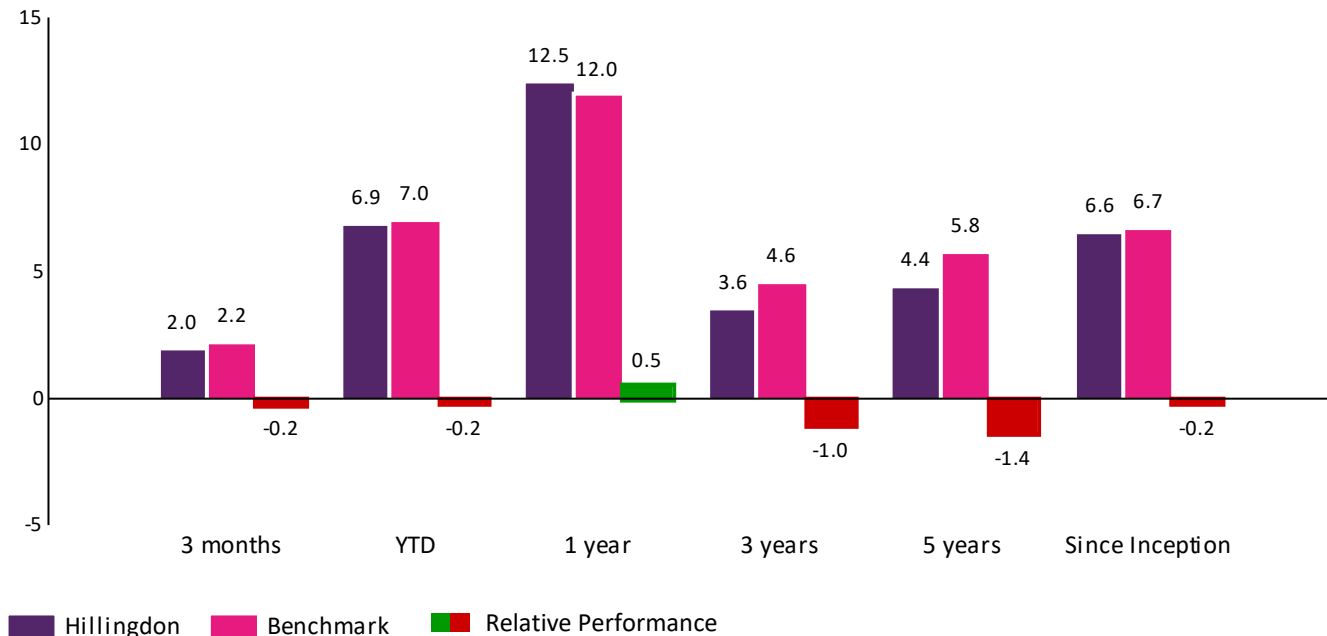
Funding Level By Progression



Source: Actuarial data provided by Hillingdon LGPS.

Performance

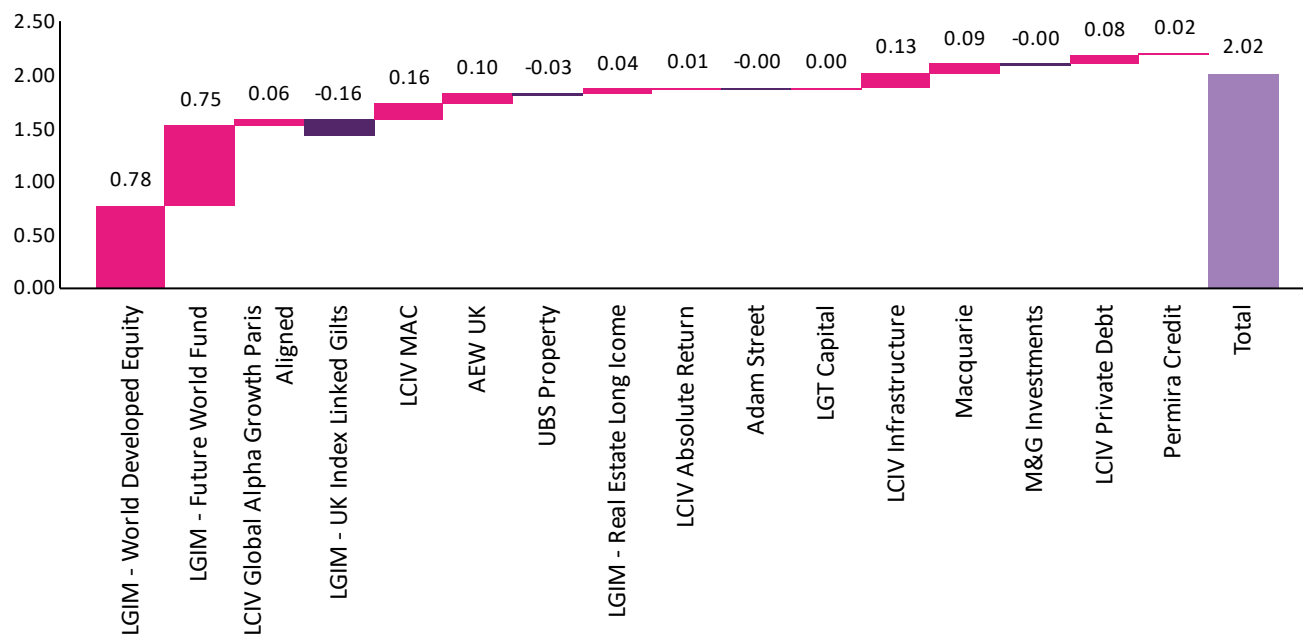
By Pension Fund vs Benchmark



Pension Fund returns are presented gross of fees.
Source: Northern Trust.

Performance for the quarter

By Manager



Manager returns are presented gross of fees.
Source: Northern Trust.

Commentary

The second quarter was marked by pivotal elections and important developments in upcoming ballots. The pre and post-election environment was stable in the UK, with no signs of a 'Truss moment' at the time of writing. However, the threat of a lurch to the right, followed by a swing to the left, caused turbulence in France. This was a timely reminder, with the U.S. Presidential elections fast approaching, of the effects politics can have on market sentiment.

The performance of equity markets looks dull by recent standards. However, headline overall returns mask another outstanding quarter for a small block of companies dominated by big U.S. technology companies. NVIDIA breached the \$3 trillion barrier in market cap terms and became the most valuable listed company in the world for a short period. By the end of Q2, the MSCI World Index, which is made up of more than 1,400 stocks, had become more skewed to the fortunes of ten companies which account for almost 25% of the total value of the benchmark. The MSCI World Growth Index outperformed its Value Counterpart by 8% in Q2, and by more than 14% in the most recent 12-month period, continuing the trend of dominance by growth stocks.

At the risk of sounding like a broken record, the dynamic in equity markets is challenging for managers of active equity strategies, unless they are prepared to run highly concentrated portfolios dominated by U.S. technology companies. Stock selection for the LCIV Global Alpha Growth Paris Aligned Fund has been solid over twelve months in technology and tech-related stocks but results in financials and consumer-facing sectors have been weak.

Bond markets were influenced mainly by swings in expectations for cuts in interest rates, but with inflation decelerating, the focus has shifted to the outlook for growth, and whether central banks should ease policy to contain the risk that economies expand too slowly, or even fall into recession. Yields on developed market government bonds increased slightly during the quarter, and high yield credit continued to outperform investment grade debt. Returns from investment grade credit were dull in the second quarter. Credit spreads continued to decline, reflecting continued confidence in the outlook for borrowers and strong demand for secure income-generating assets. However, gains linked to the decline in spreads were offset by the cost of interest rate risk, or duration, in a period when yields on government debt increased. The impact of yield changes was most

pronounced in long-dated bonds. The LCIV MAC Fund captures exposure to all segments of the credit markets through investment managers offering complementary strategies. This Sub-fund benefitted most from its investments in high-yield bonds and loans and asset backed debt in Q2. The LCIV MAC Fund has gained 11.3% over 12 months, 1.3% more than the target of Sonia (30 day compounded) + 4.5%. High yield debt outperformed investment grade credit. The investment managers of the LCIV MAC Fund are performing well in terms of credit selection.

The investment manager of LCIV Absolute Return Fund remains focused on protecting the Sub-fund from downside risk in the equity and credit markets. The Sub-fund recorded a small gain in Q2 but is up only 1% over one year, and 0.1% per annum over three years. The Sub-fund has large holdings in cash and near cash instruments which the investment manager will have to redeploy effectively in periods of volatility and risk aversion to get the performance record back on track.

We have completed another in-depth review of the LCIV Absolute Return Fund. This review was brought forward because of concerns about performance. The London CIV Executive Investment Committee ('EIC') approved our recommendation to keep the Sub-fund on 'Normal Monitoring' and investors were briefed on the 11th of July. We will update the scores for the eight factors in our monitoring framework again in six months.

The monitoring status of the LCIV MAC Fund have been confirmed as 'Normal'. The investment managers are doing a good job in avoiding credit events, capturing relative value opportunities across segments of the credit markets and harvesting yield. The portfolio management team at PIMCO is well equipped to draw on expertise from across the organization. The acquisition of CQS by Manulife Financial, which closed early in Q2, has had not a meaningful impact to this point on the investment or executive teams at the firm. Investors in these funds were updated on the 10th of July.

Performance

By Breakdown












Fund / Manager	3 Months		1 Year		3 Years		Since Inception		
	Manager	Benchmark	Manager	Benchmark	Manager	Benchmark	Manager	Benchmark	Inception Date
 AEW UK	1.81	1.15	11.83	0.06	1.21	0.63	6.49	4.98	30/06/2014
 Adam Street	(0.67)	3.82	(0.70)	24.69	(2.66)	13.15	6.96	0.00	31/01/2005
 Blackstone Dislocation Fund	1.83	3.63	0.00	0.00	0.00	0.00	1.62	3.75	27/03/2024
 LCIV Absolute Return Fund	0.40	1.32	1.01	5.39	0.55	2.95	4.80	1.24	28/05/2010
 LCIV Global Alpha Growth Paris Aligned Fund	1.28	3.22	13.86	23.93	(1.97)	13.16	(0.63)	13.82	22/04/2021
 LCIV Infrastructure Fund	3.37	1.99	8.79	8.24	8.78	6.10	5.22	5.17	14/11/2019
 LCIV MAC Fund	1.70	2.34	11.29	9.75	0.00	0.00	6.62	8.79	26/05/2022
 LCIV Private Debt Fund	2.00	1.47	9.50	6.00	0.00	0.00	7.18	6.00	16/11/2021
 LGIM - Future World Fund	3.32	3.25	21.03	20.67	9.02	8.78	11.00	10.81	23/09/2020
 LGIM - Global Equities	2.90	3.35	19.89	20.46	7.68	7.88	9.56	9.72	31/10/2016
 LGIM - LPI Income Property	1.18	1.12	(0.81)	2.90	(2.44)	8.41	(1.37)	6.76	11/03/2020
 LGIM - UK ILG	(2.09)	(2.09)	(0.40)	(0.38)	(11.56)	(11.55)	(2.14)	(2.01)	22/02/2017
 LGT	1.15	3.82	7.08	24.69	2.63	13.15	10.18	0.00	31/05/2004
 M&G Investments	(5.71)	2.23	(21.34)	9.25	12.46	7.11	3.70	5.20	31/05/2010
 Macquarie	8.21	1.99	14.59	8.24	22.19	6.10	10.23	4.21	30/09/2010
 Permira	1.44	2.23	12.82	9.25	8.69	7.11	7.69	5.41	30/11/2014
 UBS Property	(0.53)	1.15	(2.24)	0.06	0.82	0.63	3.24	3.29	31/03/2006

Manager returns are presented gross of fees.

Source: Northern Trust.

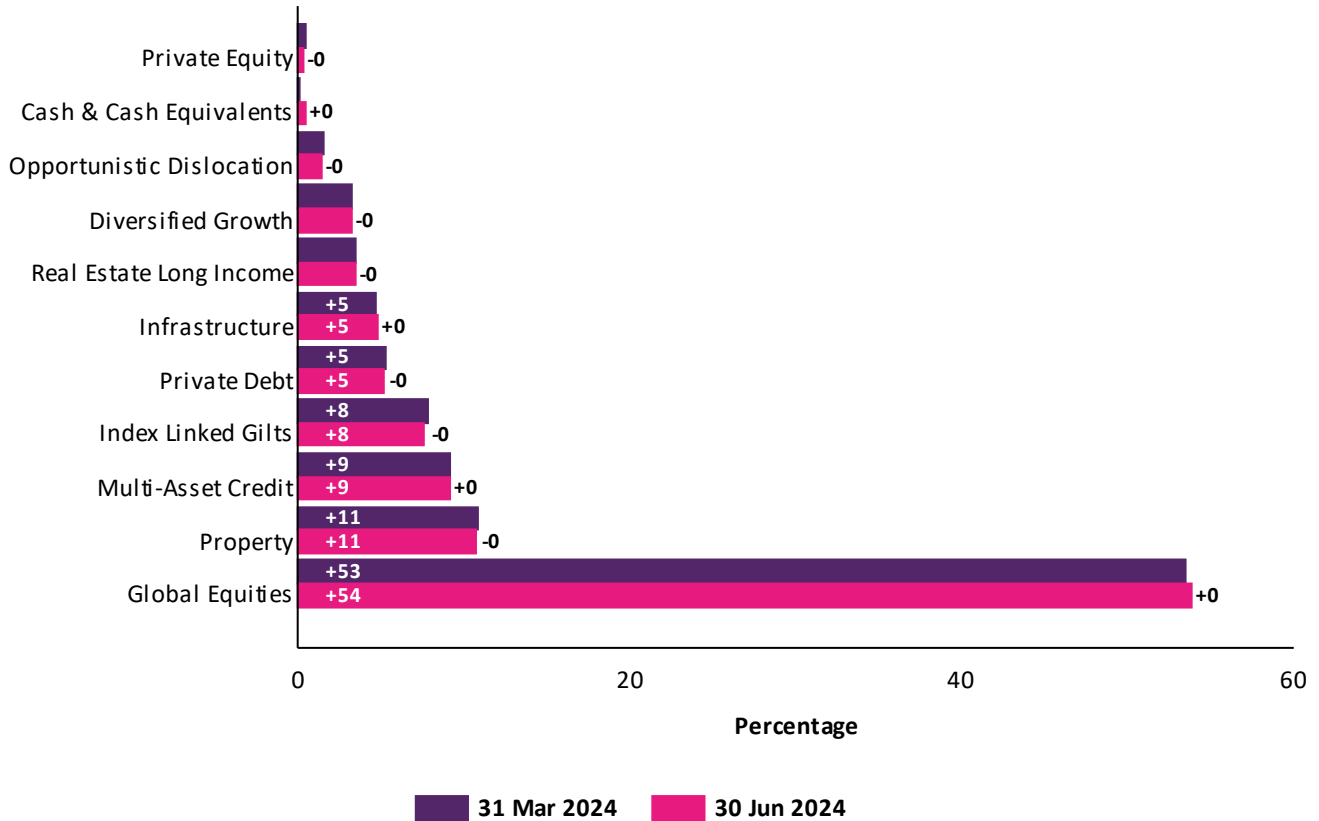
Actual Asset Allocation

By Asset Class As of 30 June 2024

Asset Class	%
 Global Equities	54
 Property	11
 Multi-Asset Credit	9
 Index Linked Gilts	8
 Private Debt	5
 Infrastructure	5
 Real Estate Long Income	3
 Diversified Growth	3
 Opportunistic Dislocation	1
 Cash & Cash Equivalents	0
 Private Equity	0

Asset Allocation

By Quarterly Weight Change



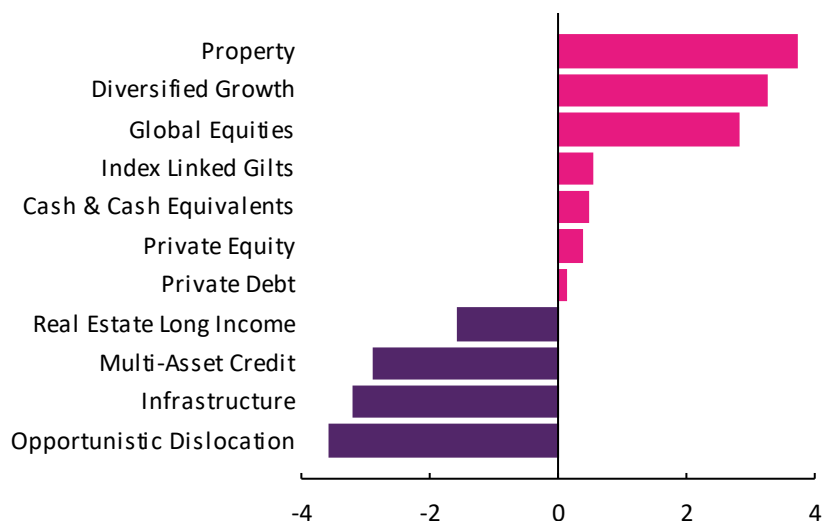
Source: Northern Trust and Hillingdon LGPS.

Actual Asset Allocation

vs Target Allocation by Asset Class As of 30 June 2024

Asset Class	Target 31 Dec 2023	Actual 30 Jun 2024	Alloc. vs Target
Property	7%	11%	+4%
Diversified Growth	0%	3%	+3%
Global Equities	51%	54%	+3%
Index Linked Gilts	7%	8%	+1%
Cash & Cash Equivalents	0%	0%	+0%
Private Equity	0%	0%	+0%
Private Debt	5%	5%	+0%
Real Estate Long Income	5%	3%	-2%
Multi-Asset Credit	12%	9%	-3%
Infrastructure	8%	5%	-3%
Opportunistic Dislocation	5%	1%	-4%

Source: Northern Trust and Hillingdon LGPS.



Source: Northern Trust and Hillingdon LGPS.

Asset Allocation

By Market Value

Asset Class	Market Value 31 March 2024 (£'000)	Net contribution* (£'000)	Income (£'000)	Fees (£'000)	Appreciation (£'000)	Market Value 30 June 2024 (£'000)
Global Equities	725,899	(5,040)	42	40	21,051	741,953
Property	147,409	(816)	1,162	18	(242)	147,513
Multi-Asset Credit	123,740	0	-	-	2,099	125,839
Index Linked Gilts	106,056	(1)	-	1	(2,220)	103,835
Private Debt	72,433	(2,941)	107	-	1,166	70,764
Infrastructure	63,549	(198)	247	-	2,560	66,157
Real Estate Long Income	46,638	-	-	-	552	47,190
Diversified Growth	44,559	-	-	-	178	44,737
Opportunistic Dislocation	20,244	(1,003)	1	-	353	19,595
Cash & Cash Equivalents	1,243	5,147	99	-	(0)	6,489
Private Equity	5,446	(207)	-	-	(3)	5,236
Total	1,357,216					1,379,310

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.

Assessment Framework

As of 30 June 2024

Asset Class	LCIV Global Alpha Growth Paris Aligned Fund	LCIV Absolute Return Fund	LCIV Infrastructure Fund	LCIV Private Debt Fund	LCIV Private Debt Fund
Manager	Baillie Gifford	Ruffer	Stepstone	Churchill	Pemberton
Performance	Enhanced Monitoring	Enhanced Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring
Resourcing	Normal Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring	Enhanced Monitoring
Process / Strategy	Normal Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring
Responsible Investment & Engagement	Normal Monitoring	Normal Monitoring	Normal Monitoring	Enhanced Monitoring	Normal Monitoring
Business Risk	Normal Monitoring	Enhanced Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring
Risk Management & Compliance	Normal Monitoring	Enhanced Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring
Cost Transparency / Value for Money	Enhanced Monitoring	Enhanced Monitoring	Enhanced Monitoring	Normal Monitoring	Normal Monitoring
Best Execution / Liquidity / Deployment	Normal Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring	Normal Monitoring
Monitoring Status	Normal	Normal	Normal	Normal	Normal

Normal Monitoring

Enhanced Monitoring

Watch List

Source: London CIV.

Appendix

Asset Allocation

Asset Class / Fund Manager	Market Value (31 March 2024) £'000	Net Contributions £'000	Income £'000	Fees £'000	Appreciation £'000	Market Value (30 June 2024) £'000	Weight (31 March 2024)	Weight (30 June 2024)	Change in weight	Target Allocation (31 Dec 2023)	Allocation vs Target
Global Equities	725,899	(5,040)	42	40	21,051	741,953	53%	54%	0.31%	51%	3%
LGIM - Global Equities (Hillingdon)	359,667	(20)	-	20	10,421	370,068	27%	27%	0.33%		
LGIM - Future World Fund (Hillingdon)	304,306	(5,020)	-	20	9,877	309,163	22%	22%	-0.01%		
LCIV Global Alpha Growth Paris Aligned Fund	61,926	-	42	-	753	62,721	5%	5%	-0.02%		
Index Linked Gilts	106,056	(1)	-	1	(2,220)	103,835	8%	8%	-0.29%	7%	1%
LGIM - UK ILG (Hillingdon)	106,056	(1)	-	1	(2,220)	103,835	8%	8%	-0.29%		
Multi-Asset Credit	123,740	0	-	-	2,099	125,839	9%	9%	0.01%	12%	-3%
LCIV MAC Fund (Hillingdon)	123,740	0	-	-	2,099	125,839	9%	9%	0.01%		
Property	147,409	(816)	1,162	18	(242)	147,513	11%	11%	-0.17%	7%	4%
UBS Property (Hillingdon)	74,891	(607)	734	18	(1,127)	73,892	6%	5%	-0.16%		
AEW UK (Hillingdon)	72,518	(209)	428	-	885	73,622	5%	5%	-0.01%		
Real Estate Long Income	46,638	-	-	-	552	47,190	3%	3%	-0.02%	5%	-2%
LGIM - LPI Income Property (Hillingdon)	46,638	-	-	-	552	47,190	3%	3%	-0.02%		
Diversified Growth	44,559	-	-	-	178	44,737	3%	3%	-0.04%	0%	3%
LCIV Absolute Return Fund (Hillingdon)	44,559	-	-	-	178	44,737	3%	3%	-0.04%		
Private Equity	5,446	(207)	-	-	(3)	5,236	0%	0%	-0.02%	0%	0%
Adam Street (Hillingdon)	3,735	(64)	-	-	(25)	3,646	0%	0%	-0.01%		
LGT (Hillingdon)	1,711	(143)	-	-	22	1,590	0%	0%	-0.01%		
Infrastructure	63,549	(198)	247	-	2,560	66,157	5%	5%	0.11%	8%	-3%
LCIV Infrastructure Fund (Hillingdon)	49,716	(198)	198	-	1,473	51,189	4%	4%	0.05%		
Macquarie (Hillingdon)	13,833	(0)	49	-	1,086	14,968	1%	1%	0.07%		
Private Debt	72,433	(2,941)	107	-	1,166	70,764	5%	5%	-0.21%	5%	0%
M&G Investments (Hillingdon)	488	(214)	0	-	(28)	246	0%	0%	-0.02%		
LCIV Private Debt Fund (Hillingdon)	54,689	-	-	-	1,091	55,780	4%	4%	0.01%		
Permira (Hillingdon)	17,256	(2,727)	106	-	103	14,738	1%	1%	-0.20%		

Asset Class / Fund Manager	Market Value (31 March 2024) £'000	Net Contributions £'000	Income £'000	Fees £'000	Appreciation £'000	Market Value (30 June 2024) £'000	Weight (31 March 2024)	Weight (30 June 2024)	Change in weight	Target Allocation (31 Dec 2023)	Allocation vs Target
Cash & Cash Equivalents	1,243	5,147	99	-	(0)	6,489	0%	0%	0.38%	0%	0%
Non-custody (Hillingdon)	1,243	5,147	99	-	(0)	6,489	0%	0%	0.38%		
Opportunistic Dislocation	20,244	(1,003)	1	-	353	19,595	1%	1%	-0.07%	5%	-4%
Blackstone Dislocation Fund (Hillingdon)	20,244	(1,003)	1	-	353	19,595	1%	1%	-0.07%		
Total	1,357,216			58,903		1,379,310	100%	100%			

Source: Northern Trust.

Disclaimer

Important information

London LGPS CIV, Fourth Floor, 22 Lavington Steet, London, SE1 0NZ

Issued by London LGPS CIV Limited, which is authorised and regulated by the Financial Conduct Authority number 710618. London CIV is the trading name of London LGPS CIV Limited. This material is for limited distribution and is issued by London LGPS CIV and no other person should rely upon the information contained within it.

This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be unlawful under the laws governing the offer of units in the collective investment undertakings. Any distribution, by whatever means, of this document and related material to persons who are not eligible under the relevant laws governing the offer of units in collective investment undertakings is strictly prohibited.

Any research or information in this document has been undertaken and may have been acted on by London CIV for its own purpose. The result of such research and information are being made available only incidentally. The data used may be derived from various sources, and assumed to be correct and reliable, but it has not been independently verified; its accuracy and completeness is not guaranteed, and no liability is assumed for any direct or consequential losses arising from its use.

The views expressed do not constitute investment or any other advice and are subject to change and no assurances are made as to their accuracy. Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and you may not get back the amount you invested. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Level and basis of taxation may change from time to time.

Subject to the express requirements of any other agreement, we will not provide notice of any changes to our personnel, structure, policies, process, objectives or, without limitation, any other matter contained in this document.

No part of this material may be produced, reproduced, stored in retrieval system, published on any websites or transmitted in any form or by any means, electronic, mechanical, recording or otherwise, without the prior written consent of London LGPS CIV.

London LGPS CIV Limited. is a private limited company, registered in England and Wales, registered number 9136445.

About London CIV

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').



London LGPS CIV Limited
Fourth Floor,
22 Lavington Street,
London, SE1 0NZ
Company No. 9136445
www.londonciv.org.uk