Quarterly Executive Summary

30 June 2024 - 30 September 2024

1 Funding and Liabilities

120%

The Funding level remained unchanged this quarter

£1.14bn

The liabilities increased by £20m over the quarter.

Source: Hymans actuarial data.

2 Pension Assets

1.39bn

market value this quarter.

0.92%

increase in market value this quarter

Source: Northern Trust custody data

3 Investment Performance

1.3%

The Fund returned 1.3% this quarter.

(0.5)%

The Fund underperformed its benchmark by 0.5% this quarter

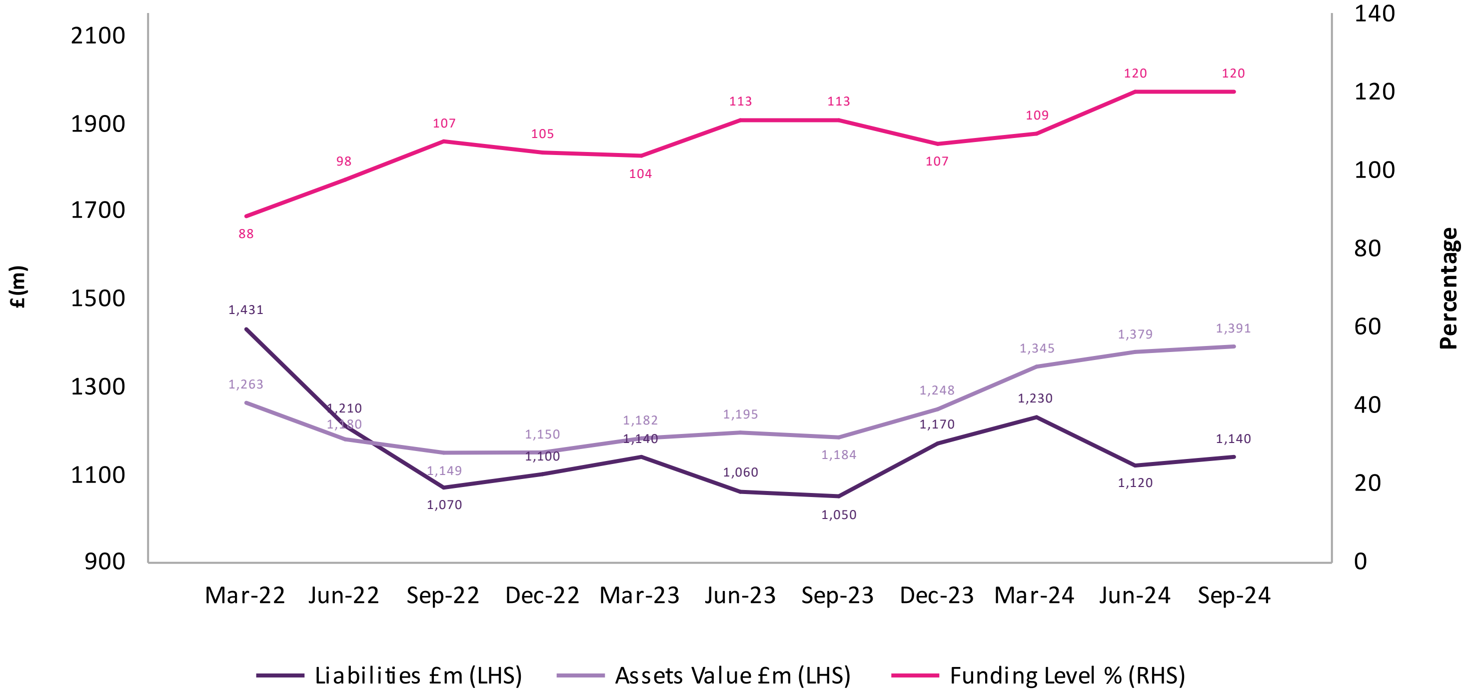
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	30 Sep 2024
Funding Level (%)	88	120
Deficit/Surplus (£m)	(171)	220
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.

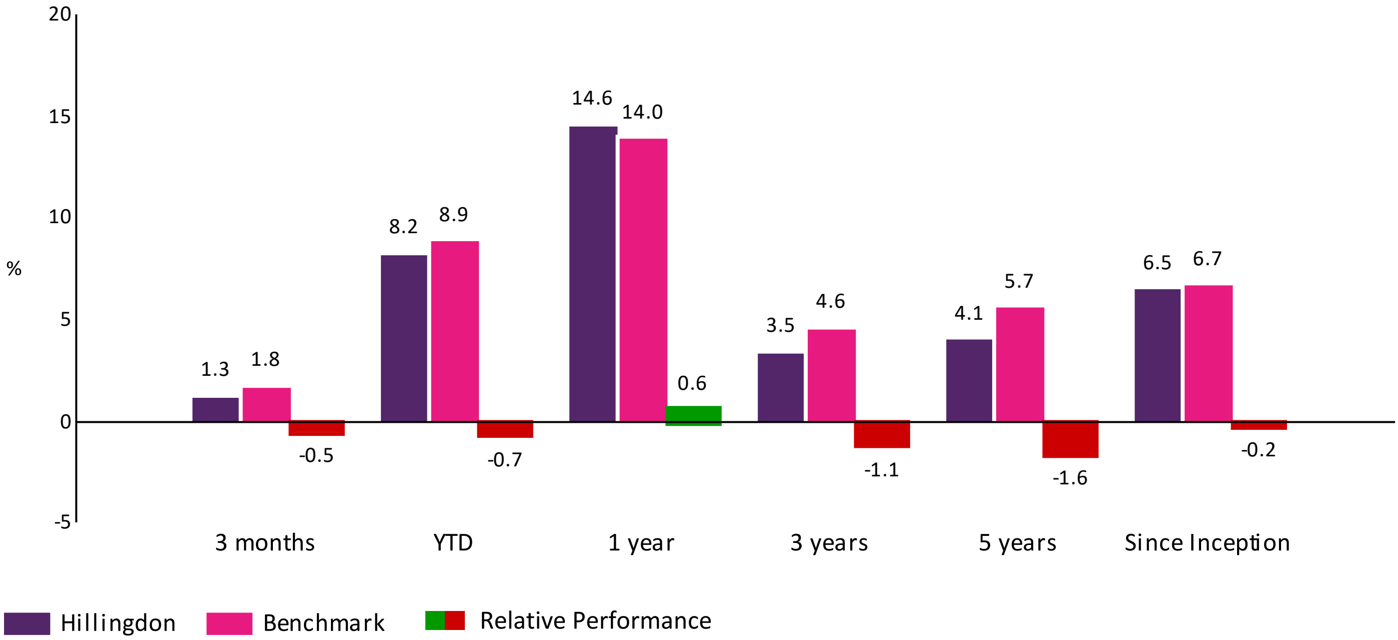
Source: Hymans actuarial data.

Funding Level
By Progression



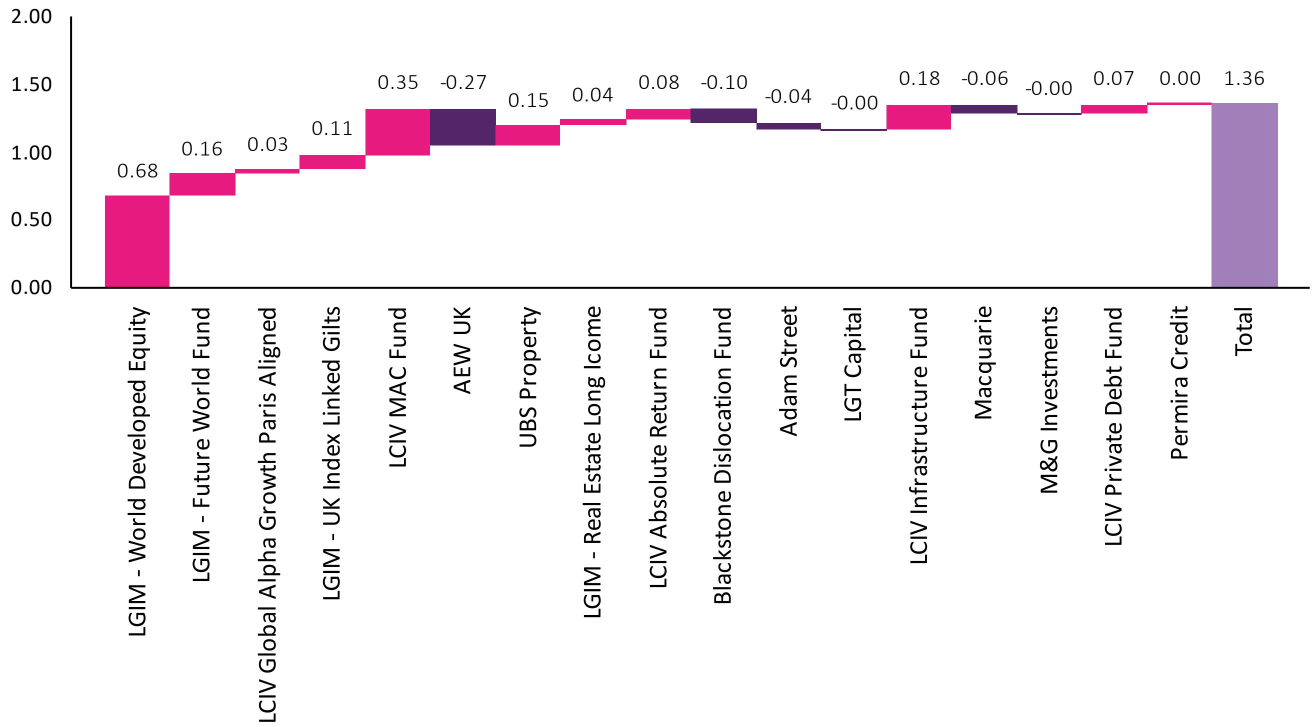
Source: Hymans actuarial data.

Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 30 September 2024.
Returns are gross of fees and annualised for periods greater than 1 year.

Manager Contribution to Total Return - Q3 2024



Source: Northern Trust custody data as of 30 September 2024.
Returns are gross of fees.

Commentary

Market Update – Q3 2024

The third quarter of 2024 was a topsy turvy period in the capital markets. There was a sharp decline in equity markets at the beginning of August, with Japanese stocks at the forefront of the sell off.

With inflation trending down, bonds fulfilled their traditional role in helping to offset losses in equity markets.

Gold also performed strongly and has continued its strong run. Markets regained their poise quickly, and the early August storm did not have a lasting impact.

In September, the U.S. Federal Reserve (the 'Fed') cut interest rates for the first time in this monetary policy cycle. This 'pivot' was anticipated, but the 0.5% reduction in the reference rate was larger than some had expected.

Although the Bank of England decided to hold fire on further cuts in rates in Q3, other central banks did reduce rates by small margins.

Late in the third quarter, the Chinese government announced a series of policies intended to encourage investment and consumption and help unlock the capital tied up in the property sector. The first announcements did not have much of an impact, but momentum grew, and the CSI 300 Index of leading Chinese companies surged to a gain of 20% in Sterling terms in September.

Sovereign and investment grade bonds performed strongly.

Global equities (based on the MSCI World Index) made small gains in Sterling terms, and leadership of the markets shifted away from U.S. technology companies to other sectors and regions, particularly Asia Pacific, and to value stocks. This was a better environment for stock pickers, and the performance of our actively managed equity funds has improved.

The positive outcomes in financial markets in the last 12 months mask the human cost of armed conflict in the Middle East and Europe. There are other geopolitical flash points to monitor, and the period leading up to, and following, the U.S. Presidential election could be volatile.

The risk of sharp, but hopefully short, bursts of volatility was one of the themes highlighted by expert panellists at the London CIV Annual Conference in September.

Equity

The big American technology companies which are perceived to be the biggest beneficiaries of the proliferation of applications based on artificial intelligence came off the boil in Q3. Given the extent to which these companies had been the key drivers of the 20.5% gain in the MSCI World Index in the year to the end of June 2024, this was an important development.

Companies which are more sensitive to the positive trend in interest rates, such as financials, industrials and consumer-facing businesses, outperformed technology companies.

Value came back into favour, and emerging markets stocks outpaced 'Western' stocks by a big margin, mainly because of the momentum generated by stimulus measures announced by the Chinese government. This rotation in leadership is important because it helps to level the playing field for active managers who must be careful to diversify the sources of exposure to thematic, economic and other drivers when building portfolios.

In short, building an active portfolio which is dominated by a small number of stocks which are likely to move in tandem based on news flow and/or shifts in sentiment is not good practice in managing mainstream active strategies.

LCIV Global Alpha Growth Paris Aligned Fund performed in line with the MCSI All Country World Index. The Fund made gains of more than 19% for the year ended 30 September '24 and reduced the shortfalls in performance against their benchmarks over 12 months.

We continued to expand the range of products offered to Partner Funds. By the end of October, we launched the LCIV Global Equity Value Fund. This Fund will offer strong responsible investment parameters, alignment to our net zero ambitions and strong value propositions.

We have selected Wellington Investment Management as the sub-fund manager for the LCIV Global Equity Value Fund. We believe the selected strategy for this Fund exhibits strong value characteristics and 'anti-momentum' bias which complements well the growth tilted active equity strategies our Partners Funds use. Wellington is a household name with a large asset base (over $1 trillion in assets under management as of 30 June 2024) and an institutional mindset. They have demonstrated that they have strong research capabilities, Responsible Investment integration and net-zero commitments aligned with our ambitious targets. In addition, we have been able to negotiate very competitive management fees with this manager.

Fixed Income

Fixed income funds Sovereign and investment grade credit were strong in the third quarter, benefitting from the decline in yields linked to the improved outlook for inflation, evidenced by the decision by the U.S. Federal Reserve to reduce its reference rate by a full 0.5% in a single move.

Spreads on credit instruments, a key indicator of risk in these markets, declined or remained stable after a wobble early in August.

The Bloomberg Global Aggregate Credit Index, a good proxy for the performance of high-quality debt, gained 4.7% in Sterling terms in Q3 2024. The Index is up 12.1% over one year, but down 1.5% per annum over three years.

This highlights the magnitude of the impact on bond markets of the transition to a new regime for inflation and interest rates which began late in 2021.

The LCIV MAC Fund captures exposure to all segments of the credit markets through investment managers offering complementary strategies.

This Fund benefitted from the interest rate risk embedded in the investment grade debt held by one of the managers, and by the solid performance of both investment grade and high yield bonds and loans. The 3.8% gain for the LCIV MAC Fund in Q3 2024 pushed the one year return up to 14.3%, 4.3% more than the Sonia +4.5% target.

Multi-Asset

Exposure to interest rate risk was an important source of profits during the third quarter, through direct exposure to sovereign bonds and credit, and indirect exposure from investments in interest rate sensitive assets, such as infrastructure and property. The other sources of profits varied across the range of Sub-funds, but included commodities, especially gold, defensive equities and currencies.

LCIV Absolute Return Fund performed well in late July and early August, when the surge in volatility drove up the value of protection strategies. This Fund also benefited from gains in the Yen and gold. These gains were diluted when markets recovered, but the Sub-fund was up 2.6% in Q3 2024. We are encouraged to see a better trend in performance, but there is still a lot to do to get the three-year (+1.3% per annum) performance record back on track.

LCIV Infrastructure Fund – Q2 2024

The Fund remains 80% committed across eight fund investments and is 67% drawn, following new investor commitments over Q1 2024. StepStone, the delegated Investment Manager of the Fund, continue to seek new opportunities to deploy the uncommitted capital with a focus on minimising deployment dilution and yield.

The Fund’s net IRR since inception is tracking in line with the Fund’s investment objective at 9%, with each underlying investment performing in line with expectations. The Fund’s 1-year yield is also tracking in line with the investment objective, noting the Fund only began distributing income at the end of the initial four-year ramp-up period.

LCIV Private Debt Fund – Q2 2024

The performance of the Fund is not formally assessed against its objective until after the fourth year of the investment period. However, the inception to date IRR is 8.4% above the target of 6-8% and the Fund valuation is ahead of the total contributed capital since inception of £420.1m, reflecting the initial strong performance from the portfolio.

The fund's investment period runs until March 2025, there is approximately £120 million in uncommitted capital reserves after netting capital calls with distributions during the ramp up phase. We plan to commit an additional £80 million to the Pemberton Mid-Market Debt Fund IV and £80 million to the Churchill Middle Market Senior Loan Fund V, maintaining a 50:50 regional split between European and US markets.

This Fund is now closed to new commitments and London CIV is about to have the first close for LCIV Private Debt Fund II.

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
Global Equities	**54.3**								
LGIM - Global Equities	27.3	2.5	2.8	23.4	24.3	8.4	8.7	9.6	9.8
LGIM - Future World Fund	22.4	0.7	0.7	21.8	21.6	8.7	8.4	10.5	10.3
LCIV Global Alpha Growth Paris Aligned Fund	4.5	0.7	0.9	19.8	23.5	(1.2)	12.3	(0.4)	13.0
Property	**10.4**								
UBS Property	5.4	2.7	1.2	0.5	1.7	0.0	(0.4)	3.3	3.3
AEW UK	5.0	(5.6)	1.2	4.8	1.7	(1.9)	(0.4)	5.7	5.0
Multi-Asset Credit	**9.4**								
LCIV MAC Fund	9.4	3.7	2.3	14.3	9.7	0.0	0.0	7.5	8.9
Index Linked Gilts	**7.6**								
LGIM - UK ILG	7.6	1.4	1.4	6.0	6.0	(11.8)	(11.8)	(1.9)	(1.8)
Infrastructure	**5.1**								
LCIV Infrastructure Fund	4.3	4.1	2.0	13.3	8.2	10.2	6.5	5.8	5.3
Macquarie	0.8	(7.8)	2.0	(1.0)	8.2	17.6	6.5	9.4	4.3
Private Debt	**4.9**								
LCIV Private Debt Fund	4.1	1.8	1.5	11.4	6.0	0.0	0.0	7.2	6.0
Permira	0.8	0.4	2.2	12.2	9.2	8.4	7.5	7.5	5.5
M&G Investments	0.0	(30.6)	2.2	(44.1)	9.2	(0.4)	7.5	1.0	5.3
Real Estate Long Income	**3.4**								
LGIM - LPI Income Property	3.4	1.2	0.3	3.0	2.7	(2.9)	8.0	(1.0)	6.5
Diversified Growth	**2.8**								
LCIV Absolute Return Fund	2.8	2.9	1.3	4.7	5.4	1.3	3.4	4.9	1.3
Opportunistic Dislocation	**1.8**								
Blackstone Dislocation Fund	1.8	(5.8)	3.6	0.0	0.0	0.0	0.0	(4.2)	7.5
Private Equity	**0.3**								
Adam Street	0.2	(22.0)	1.4	(25.7)	24.5	(13.3)	12.8	5.5	0.0
LGT	0.1	(0.2)	1.4	(1.1)	24.5	(0.5)	12.8	10.0	0.0

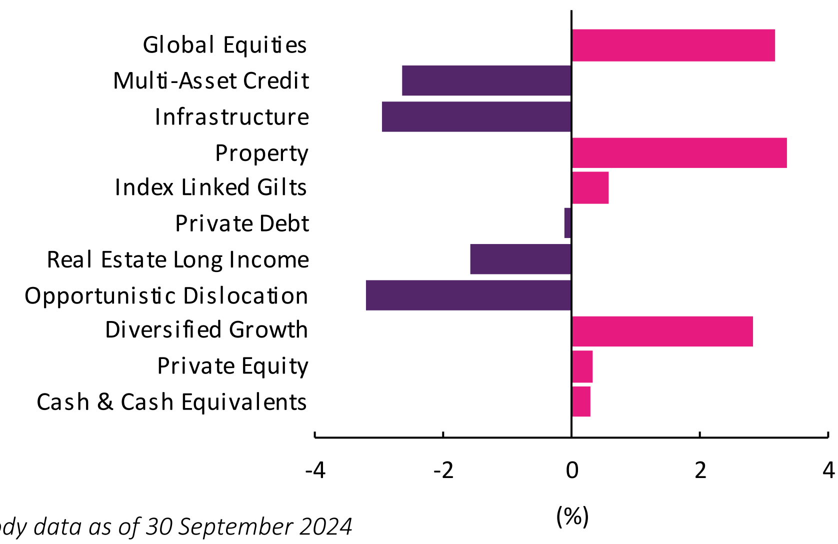
Source: Northern Trust custody data as of 30 September 2024
Returns are gross of fees and annualised for periods greater than 1 year.

Asset Allocation

Asset Class	Strategic Asset Allocation (%) 31 December 2023	Actual Asset Allocation (%) 30 June 2024	Actual Asset Allocation (%) 30 September 2024	Change in Asset Allocation (%) Quarter on Quarter	Actual Asset Allocation (%) 30 September 2024 vs Strategy Asset Allocation (%)
Global Equities	51	54	54	0	+3
Multi-Asset Credit	12	9	9	0	-3
Infrastructure	8	5	5	0	-3
Property	7	11	10	(0)	+3
Index Linked Gilts	7	8	8	0	+1
Private Debt	5	5	5	(0)	-0
Real Estate Long Income	5	3	3	0	-2
Opportunistic Dislocation	5	1	2	0	-3
Diversified Growth	0	3	3	(0)	+3
Private Equity	0	0	0	(0)	+0
Cash & Cash Equivalents	0	0	0	(0)	+0

Source: Northern Trust custody data as of 30 September 2024

Actual Asset Allocation
vs Target Allocation by Asset Class As of 30 September 2024



Source: Northern Trust custody data as of 30 September 2024

Asset Allocation Changes - Q3 2024

Asset Class	Market Value 30 June 2024 (£'m)	Net contribution* (£'m)	Income (£'m)	Fees (£'m)	Appreciation (£'m)	Market Value 30 September 2024 (£'m)
Global Equities	742	-	-	-	12	**754**
Property	148	(1)	1	-	(3)	**144**
Multi-Asset Credit	126	-	5	-	-	**130**
Index Linked Gilts	104	-	-	-	1	**105**
Infrastructure	66	3	1	-	1	**70**
Private Debt	71	(3)	-	-	1	**68**
Real Estate Long Income	47	-	-	-	1	**48**
Diversified Growth	45	(7)	-	-	1	**39**
Opportunistic Dislocation	20	7	-	-	(1)	**25**
Private Equity	5	-	-	-	(1)	**4**
Cash & Cash Equivalents	6	(3)	-	-	-	**4**
Total	**1,379**	**(5)**	**7**		**11**	**1,392**

Source: Northern Trust
** Net contributions include cash contributions/distributions, securites/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 September 2024

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

Normal Monitoring

Enhanced Monitoring

Watch List

Source: London CIV.

Disclaimer

Important information

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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').

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Appendix

Asset Allocation

Asset Class / Fund Name	Market Value (30 June 2024) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (30 September 2024) £m	Weights (%) (30 June 2024)	Weights (%) (30 September 2024)	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Global Equities	**742**	-	**-**	**-**	**12**	**754**	**54**	**54**	**0.36**	**51**	**3**
LCIV Global Alpha Growth Paris Aligned Fund	63	-	-	-	-	63	5	5	-0.01		
LGIM - Future World Fund	309	-	-	-	2	311	22	22	-0.04		
LGIM - Global Equities	370	-	-	-	9	379	27	27	0.42		
Index Linked Gilts	**104**	-	**-**	**-**	**1**	**105**	**8**	**8**	**0.04**	**7**	**-**
LGIM - UK ILG	104	-	-	-	1	105	8	8	0.04		
Multi-Asset Credit	**126**	**-**	**5**	**-**	**-**	**130**	**9**	**9**	**0.25**	**12**	**(3)**
LCIV MAC Fund	126	-	5	-	-	130	9	9	0.25		
Property	**148**	**(1)**	**1**	**-**	**(3)**	**144**	**11**	**10**	**-0.35**	**7**	**3**
AEW UK	74	(1)	-	-	(5)	69	5	5	-0.39		
UBS Property	74	(1)	1	-	1	75	5	5	0.04		
Real Estate Long Income	**47**	**-**	**-**	**-**	**1**	**48**	**3**	**3**	**0.01**	**5**	**(2)**
LGIM - LPI Income Property	47	-	-	-	1	48	3	3	0.01		
Diversified Growth	**45**	**(7)**	**-**	**-**	**1**	**39**	**3**	**3**	**-0.43**	**-**	**3**
LCIV Absolute Return Fund	45	(7)	-	-	1	39	3	3	-0.43		
Private Equity	**5**	-	**-**	**-**	**(1)**	**4**	**-**	**-**	**-0.07**	**-**	**-**
Adam Street	4	-	-	-	(1)	3	-	-	-0.06		
LGT	2	-	-	-	-	2	-	-	-0.01		
Infrastructure	**66**	**3**	**1**	**-**	**1**	**70**	**5**	**5**	**0.25**	**8**	**(3)**
LCIV Infrastructure Fund	51	6	-	-	2	59	4	4	0.56		
Macquarie	15	(3)	-	-	(1)	11	1	-	-0.31		
Private Debt	**71**	**(3)**	**-**	**-**	**1**	**68**	**5**	**5**	**-0.22**	**5**	-
LCIV Private Debt Fund	56	-	-	-	1	57	4	4	0.03		
M&G Investments	0	-	-	-	-	-	-	-	-0.01		
Permira	15	(3)	-	-	-	11	1	-	-0.25		
Cash & Cash Equivalents	**6**	**(3)**	**-**	**-**	-	**4**	**-**	**-**	**-0.21**	**-**	**-**
Non-custody	6	(3)	-	-	-	4	-	-	-0.21		
Opportunistic Dislocation	**20**	**7**	**-**	**-**	**(1)**	**25**	**1**	**2**	**0.37**	**5**	**(3)**
Blackstone Dislocation Fund	20	7	-	-	(1)	25	1	2	0.37		
Total	1,379	(5)	7	-	11	1,392	100	100			

Source: Northern Trust custody data as of 30 September 2024