HILLINGDON
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London CIV

London CIV Quarterly ACS Investment Report

30 September 2024

Hillingdon

Introduction

We are pleased to present the London CIV Quarterly Investment Report for the London Borough of Hillingdon Pension Fund for the quarter to 30 September 2024.

The Report provides an Investment Summary with valuation and performance data of your Pension Fund's holdings. It includes an update on activities at London CIV, a market update and Fund commentary from the London CIV Investment Team as well as key portfolio data and a summary of ESG activity during the quarter.

Investment Summary

ACS	30 June 2024	Net Subscriptions / (Redemptions)	Cash Distributions Paid	Net Market Move	30 September 2024
Active Investments	£	£	£	£	£
Global Equities					
LCIV Global Alpha Growth Paris Aligned Fund	62,721,430	-	-	420,945	63,142,375
Fixed Income					
LCIV MAC Fund	125,839,075	-	-	4,656,795	130,495,870
Multi Asset					
LCIV Absolute Return Fund	44,736,697	(6,800,000)	-	1,160,323	39,097,020
Total	**233,297,202**	**(6,800,000)**	**-**	**6,238,063**	**232,735,265**

The table below outlines the valuation of investments held per passive manager at the beginning and end of the quarter. A listing of the individual funds held can be found at the end of the Funds section of this report.

	30 June 2024	30 September 2024
Passive Investments †	£	£
LGIM	783,397,288	797,500,114

† Passive investments are managed in investment funds for which London CIV has no management or advisory responsibility and are shown for information purposes only.

Performance Summary

Net Performance	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since CF Inception p.a. %	CF Inception Date
LCIV Global Alpha Growth Paris Aligned Fund	**0.67**	**19.81**	**(1.23)**	**n/a**	**(0.41)**	**22/04/2021**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%	*1.16*	*22.91*	*10.92*	*n/a*	*11.46*	
Relative to Investment Objective	**(0.49)**	**(3.10)**	**(12.15)**	**n/a**	**(11.87)**	
Benchmark: MSCI All Country World Gross Index (in GBP)	*0.67*	*20.54*	*8.76*	*n/a*	*9.27*	
Relative to Benchmark	**0.00**	**(0.73)**	**(9.99)**	**n/a**	**(9.68)**	
LCIV Absolute Return Fund	**2.56**	**4.34**	**1.26**	**4.62**	**4.53**	**21/06/2016**
Target: SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m	*2.05*	*8.46*	*6.44*	*5.16*	*4.51*	
Relative to Target	**0.51**	**(4.12)**	**(5.18)**	**(0.54)**	**0.02**	
LCIV MAC Fund	**3.82**	**14.35**	**n/a**	**n/a**	**6.56**	**31/05/2022**
Investment Objective: SONIA (30 day compounded) +4.5% (from 1 January	*2.42*	*10.04*	*n/a*	*n/a*	*8.90*	
Relative to Investment Objective	**1.40**	**4.31**	**n/a**	**n/a**	**(2.34)**	

Client Relations Team Report

During the third quarter we hosted our Annual Conference. London's LGPS community gathered to discuss how it will work more collegiately to drive further growth, savings and security. This two-day conference took place on 5 and 6 September in the Royal Borough of Greenwich at one of the capital's newest cultural hubs, Woolwich Works, with more than 120 councillors and pension officials from London boroughs in attendance.

Keynote and panel session topics that were covered included the government's calls for evidence, investing in affordable housing, views from the private sector, nature-based, credit and infrastructure investment solutions, the impact of geo-political events, market movements and net-zero targets.

Key highlights

With further pooling and savings, as well as more UK investment, at the top of the Pensions Review's agenda, conference delegates highlighted that London's LGPS community, through London CIV, is already taking the initiative to address these matters. It was noted that:

- Assets pooled and deemed pooled at 31st March 2024 increased in value to £31.6bn, an 18 per cent year on year increase.
- £79m in savings has been generated for the London LGPS community since London CIV's inception.
- 43% of assets in London CIV private market funds are invested in the UK.
- LGPS investment into London CIV private market funds saw the largest rise between 31 March 2023/2024, an increase of 26 per cent to £3.1bn over the year.

Going forward

It was agreed that the most effective LGPS model is one where each pool can evolve organically. Convergence rather than forced mergers are most likely to deliver value in a timely manner and over time.

Choice, collaboration and compromise must sit at the heart of London's LGPS strategy for the future. The more we act in the manner of a homogenous entity and operate as a collegiate community across London, the more we can showcase that we are already doing what is required.

It was also agreed that any future strategy cannot just focus on the pooling of LGPS assets, rather it's about working together to improve the management of all aspects of London's LGPS, whether that's:

Continuing to pool LGPS assets through vehicles built together within the London LGPS community, which also includes place-based criteria. London CIV already has experience in this area through our UK Housing Fund and The London Fund.

- Further utilising our enhanced regulatory permissions, having already started to offer a number of additional services, including advisory reviews of existing portfolios of partner funds, and manager selection for model portfolio services (effectively pooling without a fund wrapper).
- Launching an outsourced pension officer service, which can deliver investment strategies, cash flow analysis, and reporting activities, usually undertaken by officers in administering authorities (or indeed conflicted 3rd party consultants). Partner funds will have the option to take some or all of the service, with the aim that this becomes the full model for all funds in the future.
- Exploring new, innovative ways that London CIV can help partner funds deliver further savings and efficiencies in the long-term.

Reactions

The mood from conference delegates was positive and most effectively summed up by Tim Mpofu, Head of Pensions and Treasury at the London Borough of Haringey: “In the past, it has sometimes felt as though the London funds were all pulling in 32 different directions, this time around it certainly felt like there was a shared sense of purpose and togetherness...while each fund will have its own unique set of objectives and strategy ideas, there does seem to be an increasing need for funds to work more closely together – both among themselves and with the pool.

I’ve got to say, the London CIV has really come up with some innovative proposals here and it is encouraging to see the pool evolving in terms of supporting the investment needs of its partner funds.”

Pooling Position

As of 30 September 2024, pooled assets stood at £32.5 billion, of which £17.7 billion are in funds managed by London CIV. Assets under management via the London CIV Authorised Contractual Scheme (“ACS”) stood at £15.97 billion, and assets invested in our private market funds stood at £1.7 billion, with £3.1 billion in total commitments. The aggregate value of ‘pooled’ passive assets held by Legal and General Investment Management (“LGIM”) and Blackrock was £14.8billion, with £10.8 billion managed by LGIM and £4 billion managed by BlackRock.

Fund Activity

We had a negative net flow across all ACS sub-funds in Q3 2024 of £134 million. The largest redemption is attributed to the LCIV Real Return Fund. During the quarter we have reinvested £102 million in dividend income across our ACS sub-funds and distributed a further £42 million.

Group Engagements

As part of our investment manager monitoring programme, we had calls to share the recent findings of the annual investment due diligence and update investors on the monitoring status of five ACS sub-funds. A list of these calls is provided below:

ACS sub-funds:

- 10 July – LCIV MAC Fund and LCIV Alternative Credit Fund
- 11 July – LCIV Absolute Return Fund
- 6 August – LCIV Global Equity Focus Fund
- 20 August – LCIV Emerging Market Equity Fund

We record these group calls and make them available in our client portal, so if you did not have a chance to participate and wish to hear these discussions, please contact your designated Client Relations Manager at clientservice@londonciv.org.uk and we would be happy to grant you access to our portal.

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ACS	Size	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Inception p.a. %	Inception Date	No. of Investors
Global Equities								
LCIV Global Alpha Growth Fund	**£1,442m**	**0.38**	**19.44**	**(0.35)**	**8.47**	**12.44**	**11/04/2016**	**5**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%		1.16	22.91	10.92	12.98	15.15		
Performance Against Investment Objective		**(0.78)**	**(3.47)**	**(11.27)**	**(4.51)**	**(2.71)**		
Benchmark: MSCI All Country World Gross Index (in GBP)		0.67	20.54	8.76	10.78	12.90		
Performance Against Benchmark		**(0.29)**	**(1.10)**	**(9.11)**	**(2.31)**	**(0.46)**		
LCIV Global Alpha Growth Paris Aligned Fund	**£2,347m**	**0.67**	**19.81**	**(1.23)**	**n/a**	**(0.67)**	**13/04/2021**	**11**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%		1.16	22.91	10.92	n/a	11.25		
Performance Against Investment Objective		**(0.49)**	**(3.10)**	**(12.15)**	**n/a**	**(11.92)**		
Benchmark: MSCI All Country World Gross Index (in GBP)		0.67	20.54	8.76	n/a	9.09		
Performance Against Benchmark		**0.00**	**(0.73)**	**(9.99)**	**n/a**	**(9.76)**		
LCIV Global Equity Fund	**£621m**	**0.33**	**22.59**	**9.56**	**11.66**	**11.26**	**22/05/2017**	**3**
Investment Objective: MSCI All Country World Index Total Return (Gross)+1.5%		0.95	22.21	10.41	12.47	12.32		
Performance Against Investment Objective		**(0.62)**	**0.38**	**(0.85)**	**(0.81)**	**(1.06)**		
Benchmark: MSCI All Country World Index Total Return (Gross)		0.57	20.43	8.79	10.82	10.68		
Performance Against Benchmark		**(0.24)**	**2.16**	**0.77**	**0.84**	**0.58**		
LCIV Global Equity Quality Fund	**£577m**	**3.50**	**17.99**	**7.47**	**n/a**	**8.42**	**21/08/2020**	**2**
Benchmark: MSCI All Country World Index (with net dividends reinvested)		0.47	19.89	8.28	n/a	11.34		
Performance Against Benchmark		**3.03**	**(1.90)**	**(0.81)**	**n/a**	**(2.92)**		
LCIV Global Equity Focus Fund	**£1,269m**	**1.33**	**15.81**	**9.21**	**9.31**	**9.97**	**17/07/2017**	**6**
Target: MSCI World (GBP)(TRNet)+2.5%		0.86	23.47	11.98	13.90	13.58		
Performance Against Target		**0.47**	**(7.66)**	**(2.77)**	**(4.59)**	**(3.61)**		
Benchmark: MSCI World (GBP)(TRNet)		0.24	20.50	9.27	11.14	10.84		
Performance Against Benchmark		**1.09**	**(4.69)**	**(0.06)**	**(1.83)**	**(0.87)**		
LCIV Emerging Market Equity Fund	**£606m**	**2.98**	**8.11**	**(2.80)**	**3.04**	**0.92**	**11/01/2018**	**8**
Investment Objective: MSCI Emerging Market Index (TR) Net+2.5%		3.09	17.54	3.09	6.56	4.89		
Performance Against Investment Objective		**(0.11)**	**(9.43)**	**(5.89)**	**(3.52)**	**(3.97)**		
Benchmark: MSCI Emerging Market Index (TR) Net		2.46	14.70	0.58	3.97	2.34		
Performance Against Benchmark		**0.52**	**(6.59)**	**(3.38)**	**(0.93)**	**(1.42)**		

ACS	Size	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Inception p.a. %	Inception Date	No. of Investors
Global Equities								
LCIV Sustainable Equity Fund	**£1,438m**	**(0.30)**	**19.42**	**2.08**	**8.88**	**10.22**	**18/04/2018**	**8**
Investment Objective: MSCI World Index Total Return (Net) in GBP+2%		0.74	22.87	11.44	13.35	14.15		
Performance Against Investment Objective		**(1.04)**	**(3.45)**	**(9.36)**	**(4.47)**	**(3.93)**		
Benchmark: MSCI World (GBP)(TRNet)		0.24	20.50	9.27	11.14	11.94		
Performance Against Benchmark		**(0.54)**	**(1.08)**	**(7.19)**	**(2.26)**	**(1.72)**		
LCIV Sustainable Equity Exclusion Fund	**£751m**	**0.32**	**22.73**	**2.60**	**n/a**	**15.52**	**11/03/2020**	**5**
Investment Objective: MSCI World Index Total Return (Net) in GBP+2%		0.74	22.87	11.44	n/a	18.03		
Performance Against Investment Objective		**(0.42)**	**(0.14)**	**(8.84)**	**n/a**	**(2.51)**		
Benchmark: MSCI World (GBP)(TRNet)		0.24	20.50	9.27	n/a	15.75		
Performance Against Benchmark		**0.08**	**2.23**	**(6.67)**	**n/a**	**(0.23)**		
LCIV Passive Equity Progressive Paris Aligned Fund	**£975m**	**0.35**	**24.19**	**n/a**	**n/a**	**8.29**	**01/12/2021**	**4**
Index: S&P World Net Zero 2050 Paris Aligned ESG Index		0.30	23.88	n/a	n/a	7.98		
Performance Against Index		**0.05**	**0.31**	**n/a**	**n/a**	**0.31**		
Multi Asset								
LCIV Global Total Return Fund	**£104m**	**3.10**	**8.86**	**4.22**	**3.66**	**3.60**	**17/06/2016**	**1**
Target: RPI + 5%		2.14	8.69	13.62	11.25	10.15		
Performance Against Target		**0.96**	**0.17**	**(9.40)**	**(7.59)**	**(6.55)**		
LCIV Diversified Growth Fund	**£296m**	**5.63**	**15.83**	**(0.33)**	**1.82**	**3.63**	**15/02/2016**	**4**
Target: UK Base Rate +3.5%		2.12	8.87	6.99	5.68	4.96		
Performance Against Target		**3.51**	**6.96**	**(7.32)**	**(3.86)**	**(1.33)**		
LCIV Absolute Return Fund	**£1,003m**	**2.56**	**4.34**	**1.26**	**4.62**	**4.53**	**21/06/2016**	**10**
Target: SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)		2.05	8.46	6.44	5.16	4.51		
Performance Against Target		**0.51**	**(4.12)**	**(5.18)**	**(0.54)**	**0.02**		
LCIV Real Return Fund	**£114m**	**1.76**	**11.80**	**1.60**	**3.37**	**4.00**	**16/12/2016**	**2**
Investment Objective: SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR +3%)		2.05	8.46	6.44	5.16	4.58		
Performance Against Investment Objective		**(0.29)**	**3.34**	**(4.84)**	**(1.79)**	**(0.58)**		

ACS	Size	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Inception p.a. %	Inception Date	No. of Investors
Fixed Income								
LCIV Global Bond Fund	**£929m**	**4.86**	**13.48**	**(1.25)**	**0.43**	**2.31**	**30/11/2018**	**10**
Benchmark: Bloomberg Global Aggregate Credit Index – GBP Hedged		4.70	12.11	(1.54)	0.21	1.97		
Performance Against Benchmark		**0.16**	**1.37**	**0.29**	**0.22**	**0.34**		
LCIV Short Duration Buy and Maintain Credit Fund	**£139m**	**2.14**	**n/a**	**n/a**	**n/a**	**5.83**	**06/12/2023**	**2**
Reference Index: iBoxx GBP Coll & Corp 0-5		2.19	n/a	n/a	n/a	6.07		
Performance Against Reference Index		**(0.05)**	**n/a**	**n/a**	**n/a**	**(0.24)**		
LCIV Long Duration Buy and Maintain Credit Fund	**£806m**	**2.74**	**n/a**	**n/a**	**n/a**	**4.15**	**06/12/2023**	**6**
Reference Index: iBoxx GBP Coll Corp 10+		1.99	n/a	n/a	n/a	4.31		
Performance Against Reference Index		**0.75**	**n/a**	**n/a**	**n/a**	**(0.16)**		
LCIV MAC Fund	**£1,965m**	**3.82**	**14.35**	**3.75**	**3.97**	**3.82**	**31/05/2018**	**18**
Investment Objective: SONIA (30 day compounded) +4.5% (from 1 January 2022, previously 3m LIBOR +4.5%)		2.42	10.04	7.98	6.77	6.50		
Performance Against Investment Objective		**1.40**	**4.31**	**(4.23)**	**(2.80)**	**(2.68)**		
LCIV Alternative Credit Fund	**£590m**	**2.69**	**13.09**	**n/a**	**n/a**	**4.37**	**31/01/2022**	**5**
Investment Objective: SONIA (30 day compounded) +4.5%		2.42	10.04	n/a	n/a	8.41		
Performance Against Investment Objective		**0.27**	**3.05**	**n/a**	**n/a**	**(4.04)**		
Total LCIV ACS Assets Under Management	**£15,972m**							

Markets Backdrop

	3 months %	YTD %	1 Year %	Annualised 3 Years	Annualised 5 Years
Global equities and equity styles (GBP, unhedged)					
MSCI World Index	**0.2**	**13.0**	**20.5**	**9.3**	**11.1**
MSCI World Value Index	**2.8**	**8.8**	**13.2**	**6.7**	**5.0**
MSCI World Growth Index	**(2.6)**	**14.9**	**24.4**	**7.7**	**13.1**
MSCI Emerging Markets Index	**2.5**	**0.6**	**14.7**	**0.6**	**4.0**
Global fixed income indices (hedged to GBP)					
Bloomberg Global Aggregate Bond Index	**4.1**	**4.1**	**10.1**	**(1.0)**	**(0.1)**
Bloomberg Global Aggregate Credit Index	**4.7**	**4.8**	**12.1**	**(1.5)**	**0.2**
Bloomberg Global High Yield Index	**5.3**	**9.3**	**17.4**	**2.4**	**3.3**
Currencies					
Sterling vs Dollar	**5.8**	**5.1**	**9.6**	**(0.2)**	**1.7**
Sterling vs Euro	**1.8**	**4.1**	**4.1**	**1.1**	**1.3**
Sterling vs Yen	**(5.5)**	**7.0**	**5.4**	**8.6**	**7.7**
Commodities (U.S. Dollars)					
Copper LME 3 Month Rolling Forward	**2.4**	**14.8**	**18.8**	**3.2**	**11.4**
Crude Oil Brent Future	**(16.9)**	**(6.8)**	**(24.7)**	**(3.0)**	**3.4**
Gold Spot	**13.2**	**27.7**	**42.5**	**14.5**	**12.3**

Source: Bloomberg, monthly data. TR=Total Return.

Markets backdrop commentary

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 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 didn’t 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.

For the quarter as a whole, 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 (see next section).

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.

London CIV - Fund Performance Q2 2024

Equity funds

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.

The strongest performing Sub-funds in the third quarter were those which target companies displaying strong ‘quality’ characteristics, such as high returns on capital and strong balance sheets. LCIV Global Equity Quality Fund was the standout performer in absolute and relative terms, with a gain of 3.5% (+3% vs the benchmark index). LCIV Global Equity Focus Fund also outperformed, as did the LCIV Emerging Market Equity Fund, which is encouraging given the weak trend in the performance of that Sub-fund in the year to the end of Q2.

Most of the growth-oriented Sub-funds made small gains. We note, however, that LCIV Global Alpha Growth Fund, LCIV Global Alpha Growth Paris Aligned Fund, LCIV Sustainable Equity Fund and LCIV Sustainable Equity Exclusion Fund outperformed the MSCI World Growth Index by more than 2% each in the third quarter. These funds have made gains of more than 19% and reduced the shortfalls in performance against their benchmarks over 12 months.

The strongest performers in the most recent one-year period are the LCIV Sustainable Equity Exclusion Fund and the LCIV Global Equity Fund, with gains of 22.7% and 22.6% respectively, circa 2% more than their benchmark indices. We are pleased to highlight the LCIV PEPPA Fund as well. The Sub-fund has continued to track its benchmark index within the tolerance range for tracking error, and the investment manager has managed index rebalancing events effectively. The Sub-fund gained 24.2% in the year to the end of September, 0.3% more than its benchmark, helped by the comparison to an index which is calculated net of withholding taxes on dividends.

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. 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 Global Bond Fund has outperformed consistently in the past 12 months. The investment manager has managed interest rate (duration) and credit risk effectively. In the 12 months to the end of September 2024, the Sub-fund has gained 13.5%, 1.4% more than the benchmark Index.

The LCIV Long Duration Buy and Maintain Credit Fund lagged in the second quarter of this year when an unusually large gap emerged between spreads on long-dated bonds denominated in Sterling and U.S. Dollars. These anomalies are often caused by imbalances in demand for, and supply of, bonds and generally do not persist for long periods. This was illustrated in Q3 when the Sub-fund outperformed its reference index by 0.75% (+2.7% versus +2%). The Sub-fund is now only slightly behind the reference index in the period since inception. The LCIV Short Duration Buy and Maintain Credit Fund is in a similar position. In both cases, the investment manager is meeting our expectations. We will complete an in-depth review of these Sub-funds in the fourth quarter.

The LCIV MAC Fund captures exposure to all segments of the credit markets through investment managers offering complementary strategies. This Sub-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 pushed the one year return up to 14.35%, 4.3% more than the Sonia +4.5% target. The LCIV Alternative Credit Fund, which has a purer focus on sub-investment grade debt, returned 2.7% in Q3 and more than 13% over one year, 3.1% more than its target (also Sonia + 4.5%).

Multi asset funds

All of the multi asset funds posted gains in Q3. These Sub-funds demonstrated the value of targeting a wide range of opportunities and adjusting positioning relatively quickly. Exposure to interest rate risk was an important source of profits during the 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.

The LCIV Diversified Growth Fund was the standout performer in Q3 with a gain of 5.6%. This Sub-fund is up 15.8% over one year. The investment manager has played the interest rate and credit cycles well during that period, profiting from allocations to higher risk and alternative forms of credit, and better results from the infrastructure segment of the Sub-fund.

LCIV Global Total Return Fund had a solid quarter and is up 8.9% over one year. The tilt in the equity portfolio to value stocks and Western European companies was beneficial. Bonds also made money, although profits were diluted by the investment manager's preference to keep duration low.

LCIV Absolute Return Fund performed well in late July and early August, when the surge in volatility drove up the value of protection strategies. The Sub-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. 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.

The investment manager of LCIV Real Return Fund has adjusted the risk profile of the Sub-fund dynamically this year. The Sub-fund was cautiously positioned at the beginning of Q3, both in terms of allocations to higher risk assets and exposure to changes in interest rates. The return earned in Q3 (+1.8%) was at the low end of the range for our funds, but LCIV Real Return Fund has generated a gain of 11.8% over one year.

Fund development and Investment Manager Monitoring

Expanding the range of products and services offered to Partner Funds was an important theme at the LCIV Annual Conference. We will achieve important milestones on that journey in Q4, with the continued development of the LCIV Nature Based Solutions Fund, LCIV Private Debt II Fund, the Indirect Real Estate Pooling service and the launch of two new public markets funds.

We will complete the lineup of buy and maintain credit strategies with the launch of the LCIV All Maturities Buy and Maintain Credit Fund. We anticipate that the Sub-fund will receive inflows of £450 to £500 million from three Partner Funds in October. This will increase the capital invested in the LCIV family of Buy and Maintain Credit strategies to circa £1.5 billion.

The LCIV Global Equity Value Fund will be funded late in October or early in November with initial capital of £250 million to £300 million provided by three investors. We hosted a Meet the Manager event with Wellington, the investment manager of the Sub-fund, on the 1st of October. The event was well attended. Please contact your Client team representative if you would like to listen to the recording of the event.

These new funds target different markets, but share important features, such as strong responsible investment parameters, alignment to our net zero ambitions and strong value propositions. We are grateful to Partner Funds for their support in designing and launching these funds.

The process of realigning the LCIV Global Bond Fund and the LCIV MAC Fund (Pimco-managed portion) to more stringent ESG and emissions tests has started. This realignment will be completed in the fourth quarter unless a deterioration in liquidity conditions in the credit markets prompts us to slow the process down to contain trading costs.

We are continuing our work on Prospects, or reserves, lists for our active equity funds. Growth equity strategies are our first priority, but we are also considering options to strengthen the EM Equity Fund by expanding the range of opportunities captured by the Sub-fund. We will engage with investors in the Sub-fund in Q4.

We will also work with investors in our range of multi asset funds in Q4. We have developed a long list of strategies to research based on their potential to contribute to the return requirements of your funds, complement equities and credit and support your RI goals.

The only change in the monitoring status of ACS Sub-funds in the 3rd quarter was a downgrade in the status of the LCIV Emerging Market Equity Fund to 'Enhanced Monitoring'. Stock selection has been poor, and action was needed to refresh the research and stock valuation processes. Monitoring framework scores for Resourcing and Process/strategy have been reduced to 'amber', and Performance is scored 'red'. Investors in the Sub-fund were updated on the 20th of August.

We are monitoring the Sub-fund closely, and we will complete another in-depth review no later than February 2025. We are also considering options to strengthen the performance potential of the Sub-fund, for example by introducing a strategy which is complementary to the approach applied by the current team. We will consult with investors on this point before the end of this year.

As reported in our previous update, our recommendation to keep the LCIV Global Equity Focus Fund on 'Enhanced Monitoring' was approved. We updated investors on the 6th of August.

The agenda for the rest of 2024 includes updates of the monitoring status of the LCIV Global Equity Fund (currently 'Enhanced), LCIV Global Equity Quality Fund ('Normal'), LCIV Passive Equity Progressive Paris Aligned Fund ('Normal'), LCIV Diversified Growth Fund ('Enhanced') and LCIV Real Return Fund ('Normal'). We will also complete our first reviews of the LCIV Long Duration Buy and Maintain Credit Funds and the LCIV Short Duration Buy and Maintain Credit Funds.

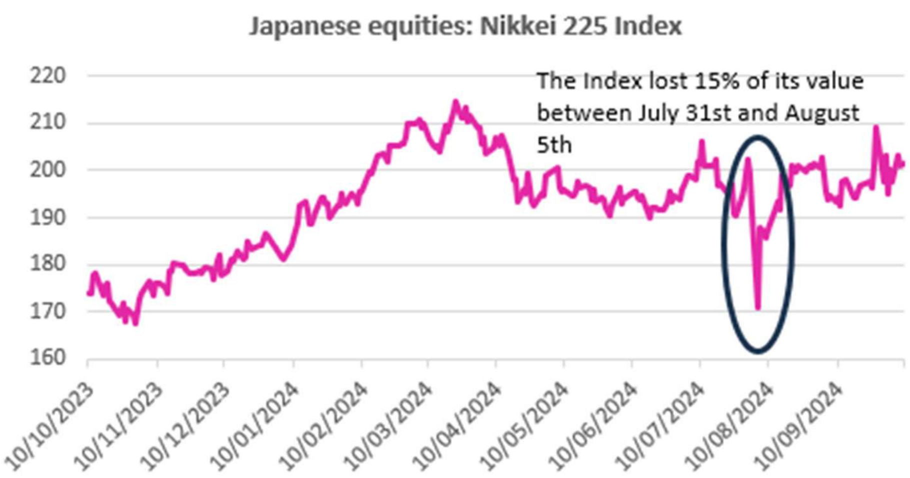
Economies and markets

So much for the lazy days of summer! The 2024 holiday season kicked off with a severe bout of turbulence in the first week of August, when a series of actions and new data points prompted a surge in risk aversion.

Concerns about employment and economic growth in the US and the poor performance of the Chinese economy, combined with the Bank of Japan's ('BOJ') latest move to nudge interest rates up and an escalation of geopolitical tensions were the main drivers of a wave of selling which spread quickly across global markets.

Japan was at the heart of the storm. The Nikkei 225 index of leading companies lost more than 15% of its value (in Sterling terms) between the 31st of July and the 5th of August (-11% on the 5th of August alone). The shares of big Japanese banks lost about 25% of their value during that period.

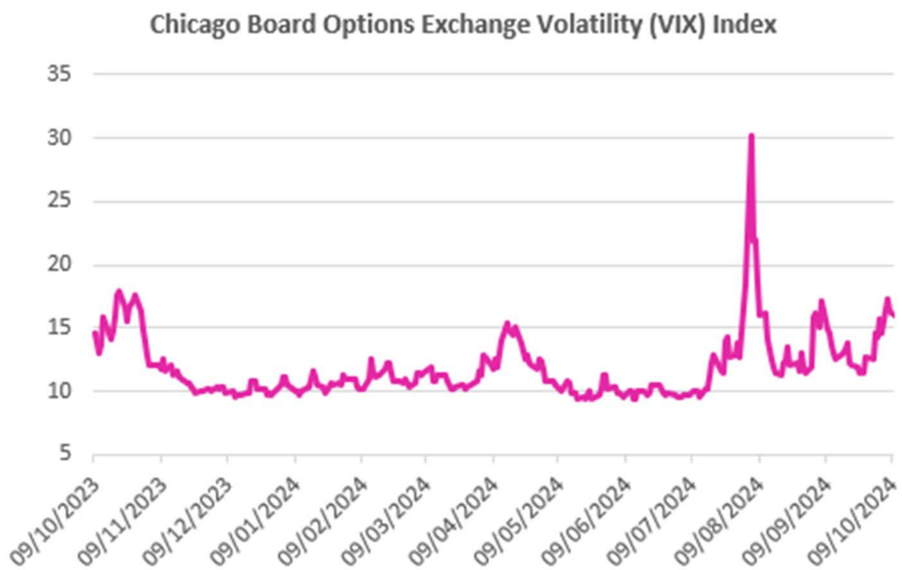
Figure 1: Summer storm in Japan



Source: Bloomberg. Index values in GBP

The S&P 500 and NASDAQ indices dropped by 6% and 8% respectively in the first week of August. Volatility indicators in the equity and U.S. Treasury bond markets spiked.

Figure 2: Storm clouds in the U.S. and global equity markets



Bonds did their job: declining yields helped to offset the losses in equities and other economically sensitive assets. The value of gold surged, and the escalation of conflict in the Middle East later in Q3 was one of the catalysts for gold setting new highs above £2,000 per ounce.

The big moves in equity markets raised the spectre of a more severe downturn, possibly amplified in the case of equities by a reversal in the fortunes of the small group of relatively highly valued technology and tech-related companies which were the dominant drivers of equity market performance in the year to the end of Q2 2024.

One of the potential triggers for a severe sell off is the repatriation of capital to Japan as the BOJ continues to normalise monetary policy. Investors have borrowed in Yen at exceptionally low cost and reinvested in foreign assets, particularly US Treasury bonds, credit instruments and stocks. The risk is that a disorderly unwinding of this 'carry trade', which is a risk we have highlighted regularly in these reports, will result in intense selling pressure and the withdrawal of liquidity from key markets.

Source: Bloomberg. Index values in GBP

This did not come to pass, and the summer crisis was averted. Investors decided that the risk of aggressive action by the BoJ was low, and that the prospect of a sharp deceleration in the US economy was overstated. In the end, the recovery was remarkably swift, and by the end of August, it didn't look like much had happened at all.

Turning back to fundamentals, the big focus was on prospects for the U.S. economy in light of the deterioration in employment data, and the risks to personal finances and consumer spending. The US Federal Reserve ('Fed') was worried enough about the trend, and confident enough in the path of inflation, to cut interest rates by 0.5% in mid-September (to a range of 4.75% to 5%). This is expected to be the first of a series of cuts which will reduce rates by a further 1.5% by the end of 2025.

The European Central Bank also reduced rates in Q3, by 0.25% to 3.5%, and is expected to cut again in October. The Bank of England ('BoE') met after the Fed decision and kept rates on hold, reflecting concerns about persistent price inflation in the services sector. This helped push Sterling above the $1.34 mark, before the positive trend reversed in response to comments made by BoE Governor Andrew Bailey suggesting that policy rates could be reduced more quickly than previously expected.

The odds of a soft landing in the US and Western Europe, with moderate to low growth and inflation stabilising in a range around central bank targets, appear to have improved. The big news late in Q3 was a series of policy announcements by the Chinese government which aim to stimulate investment and consumption activity. This could provide another source of growth across the globe, although the effects on inflation would have to be considered.

Figure 3: Autumn renaissance in China?

Source: Bloomberg. Index values in GBP

Outlook

The sharp, but short, sell off in equity markets in August was one of the topics of conversation at the LCIV Annual Conference. The view of our expert panellists is that regular bursts of volatility will be a feature of markets going forward as economies and capital markets adjust to new economic and policy regimes.

There will certainly be swings in sentiment, sometimes sharp, as new data is released. Geopolitical tensions are high, risks to global supply chains have increased and the U.S. Presidential election in November could have important consequences. It is too early to assess the impact on the real economy of policy initiatives in China. We would also note the potential effects on liquidity and capital flows of a disorderly unwinding of the Yen carry trade.

On a positive note, periods of transition drive divergences in the performance of economies and markets which can be profitable for funds which are positioned to capitalise on large opportunity sets and complementary approaches to investing. This is another theme highlighted at our conference, and in previous quarterly updates.

As long term investors, it is challenging, and probably unproductive, to respond to episodes of risk aversion. However, they do highlight the importance of building resilience into portfolios through diversification of return drivers, exposure within asset classes and style of investing.

London CIV Team

LCIV Global Alpha Growth Paris Aligned Fund

Quarterly Summary as at 30 September 2024

Total Fund Value:

£2,347.3m

Inception date:	13/04/2021
Price:	96.29p
Distribution frequency:	Quarterly
Next XD date:	01/10/2024
Pay date:	29/11/2024
Dealing frequency:	Daily

This is a segregated Sub-fund of the London CIV ACS administered by Northern Trust. The delegated investment manager has been Baillie Gifford & Co since the Sub-fund's inception date.

Investment Objective

The objective of the Sub-fund is to exceed the rate of return of the MSCI All Country World Index by 2-3% per annum on a gross fee basis over rolling five year periods. The Sub-fund also aims to have a weighted average greenhouse gas intensity that is lower than that of the MSCI ACWI EU Paris Aligned Requirements Index.

Hillingdon Valuation:

£63.1m

Hillingdon investment date: 22/04/2021

This is equivalent to 2.69% of the Fund

Distribution option: INC share class (Reinvest)

Estimated distribution: £72,649

Net Performance	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %†	Since CF Inception p.a. %†
Fund	0.67	19.81	(1.23)	n/a	(0.67)	(0.41)
Investment Objective*	1.16	22.91	10.92	n/a	11.25	11.46
Relative to Investment Objective	(0.49)	(3.10)	(12.15)	n/a	(11.92)	(11.87)
Benchmark**	0.67	20.54	8.76	n/a	9.09	9.27
Relative to Benchmark	0.00	(0.73)	(9.99)	n/a	(9.76)	(9.68)

** Investment Objective: MSCI All Country World Gross Index (in GBP)+2%*
*** Benchmark: MSCI All Country World Gross Index (in GBP)*

† The investment objective is compounded daily therefore the benchmark return plus the outperformance target may not equal the investment objective.

Performance

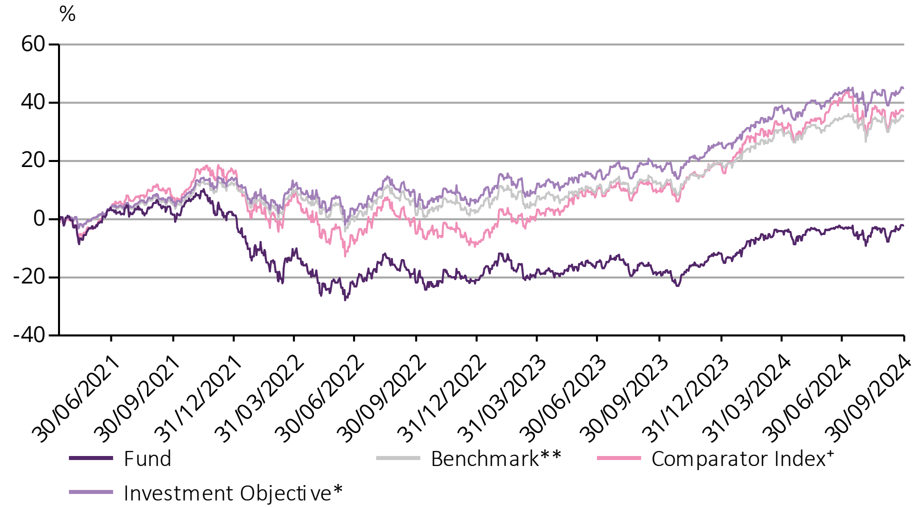
The Sub-fund returned +0.7% in Q3 against +0.7% for the MSCI All Country World benchmark index thus posting a flat relative performance. Over the 12-month period to the end of September 2024 the Sub-fund returned +19.8%, 0.7% less than the benchmark. The Sub-fund has generated -0.7% on an annualised basis since inception, underperforming the benchmark by 9.8% per annum.

This was a flat quarter for the Sub-fund which exhibited decent downside protection characteristics without sacrificing participation in the upside in what proved to be a roller coaster quarter. The more stable performance is now also reflected in the 12-month relative performance figure of -0.7% which while still negative, indicates that performance has stabilised. The main driver of returns was the 'capital allocators' basket, a selection of companies skilful in deploying capital into cyclical opportunities. This segment has proven to be the workhorse of the portfolio over the last 18-months. At the stock level the three top contributors were CATL, DoorDash and Prosus.

CATL is one of the world's leading lithium battery manufacturers. Its shares have made good progress throughout the first half of 2024 reflecting strong fundamental progress in unit sales, revenues, and margins. The latest financial results showed revenues growing in the region of +20% year-on-year while EBITDA margins grew from 14% to 18% (source: Baillie Gifford). As with Prosus below, CATL was a significant beneficiary of the Chinese government's liquidity support and its shares inflected sharply (+40%) throughout September.

DoorDash, the US food delivery business, has delivered strong share price performance underpinned by continued operational progress. Revenue grew +23% y/y, and total orders grew +19% y/y in the latest reported quarter (source: Baillie Gifford). The investment manager retain high conviction that DoorDash's focus on operational excellence underpins its growth prospects and has added to the position. Prosus is a holding company for the overseas (non-African) assets of Naspers. These are a collection of online businesses operating across a range of sectors from food delivery, online classified advertising and payments. This includes a significant stake in Chinese internet giant, Tencent which rose sharply after the Chinese government announced a series of stimulus measures.

Performance since LCIV inception



Source: Fund prices calculated based on published prices. Benchmarks obtained from Bloomberg. All performance reported net of fees and charges with distributions reinvested.
** Investment Objective: MSCI All Country World Gross Index (in GBP)+2%*
*** Benchmark: MSCI All Country World Gross Index (in GBP)*
⁺ The Comparator Index MSCI Growth Index Net Total Return is not the stated fund objective, but has been selected as an appropriate index given the style of the Sub-fund. For further details, please refer to the Glossary.

The three top detractors from relative performance at the stock level were Novo Nordisk, Elevance Health and Moderna. Novo Nordisk is a rapidly growing Danish pharmaceutical business. Its Wegovy weight-loss drug is driving strong growth for the business. Despite the shares being up +15% year to date (source: Baillie Gifford), they were weak through the quarter owing to a disappointing result from an early phase 2 trial of an oral weight loss alternative to Wegovy. Elevance is one of America's largest health insurance businesses, operating in a range of commercial and state insurance offerings. It is one of the portfolio's largest holdings and therefore even modest falls in the share price can lead it to be a significant detractor. While over the quarter there was no fundamental change to the business, the investment manager observes that share prices of health insurance companies are typically subject to volatility around elections in the U.S.

Moderna is a vaccine business that specialises in messenger RNA vaccines. It delivered explosive growth during the pandemic as it supplied vaccines for Covid-19. However, over the past year, revenues have fallen -64%, including -30% in the past quarter (source: Baillie Gifford) leading to the stock's underperformance. The investment manager retains their conviction in the company's prospects but have become more sceptical over its execution capabilities in the last months.

Positioning

Forecast tracking error at the end of Q3 was broadly in line with the last quarter at 4.6 (source: Bloomberg Enterprise). About 48% of the active risk is stock specific. Most of the balance is attributed to style, 'growth' specifically, and sector factors. Variances in Sub-fund sector positioning relative to the benchmark are large.

At the regional level, as of the end of September 2024, the Sub-fund's largest exposure remained North America at 65.1%. At the sector level, the Sub-fund maintained its large exposure to the consumer discretionary sector at 22.3%. This sector remains the largest exposure followed by IT at 18.9% and financials at 12.9%.

The number of positions has decreased to 83 from 90 in the previous quarter. As previously commented, we were anticipating this number to decrease as the investment manager continues to actively assess the role that some of the smaller positions play in the portfolio. Their focus is on bringing the number of positions in the Sub-fund down in order to free up capital for new ideas or to build bigger positions in high conviction holdings. We expect this process to continue.

A number of 'incubator' new positions were added in the quarter in the 'Disruptors' and 'Capital Allocators' segments of the portfolio. Three characteristic examples are Dutch Bros, Builders FirstSource and Ryanair.

Dutch Bros is a drive-through coffee chain operating in the U.S. According to the investment manager, the company's long-term goal of reaching over 4,000 outlets over the next 10-15 years (from a base of around 900 today), introduce mobile order & pay, and add more food products to its menu, makes this a compelling investment case. Builders FirstSource is the largest supplier of building products, prefabricated components and value-added services to the professional builder space in the US. The investment manager expects Builders FirstSource to continue to invest organically to build strength and resilience through value-added products, to consolidate the industry through disciplined M&A, and return excess capital to shareholders through buybacks.

Ryanair, Europe's leading short-haul airline, stands out for its capital allocation discipline and focus on cost efficiency among low-cost carriers, which in the investment manager's opinion, will support the company in gaining market share and strengthening its already robust competitive position. Ryanair was already a holding in the non-Paris-Aligned version of the strategy. The inclusion of this stock in the Sub-fund reflects an improvement in the company's qualitative assessment regarding the essentiality of the service it provides and a recognition of the company's efforts to reduce its carbon footprint. According to Baillie Gifford, Ryanair has emerged as a leader in the aviation sector's transition towards sustainability, demonstrated by its Net Zero 2050 target and its ambition and willingness to lead within the sustainable aviation fuel (SAF) market. Additional commentary regarding Ryanair's addition in the portfolio can be found in the 'ESG Activity' section below.

Ten positions were fully liquidated over the quarter. Sells were spread across the three portfolio segments, Compounders, Disruptors and Capital Allocators with characteristic examples including Adobe Systems, HDFC Bank and SPC Pool Corporation ('Pool Corp') respectively. Adobe is a software business with products that help its customers with digital creativity and to develop superior digital experiences. The investment manager believes the boom in the adoption of generative artificial intelligence (AI) tools has catalysed a paradigm shift, in which a proliferation of creative AI tools is materially lowering barriers to entry, diminishing the value of design, and enabling competitors to gain ground in Adobe's core and adjacent markets. This poses material challenges to the investment case for Adobe and they have decided to move on from this holding.

In July 2023, HDFC Corp merged with HDFC Bank, creating the world's fourth-largest bank by market capitalisation. Operating mainly in their home market of India, HDFC provides retail banking, wholesale banking and treasury services. The original investment case for HDFC was based on its potential to strengthen its leading position in a fast-growing economy. However, operational progress has been disappointing, making it more difficult for the company to achieve the portfolio's growth hurdle. With the share price appreciating around 10% over the last three months, the investment manager has taken the opportunity to sell the position and move on.

Cyclical and operational factors have influenced the investment manager’s decision to sell out of the holding in America's largest wholesale distributor of swimming pool supplies, Pool Corp. According to Baillie Gifford, the outlook for new pool construction is weak, as volumes of new family homes sold are declining and the migration trend that was experienced during the pandemic (people moving from frost-belt to sun-belt states) has now tapered off. When considering these headwinds against a forward P/E of 30, they believe this to be too high for the growth outlook, and as such have chosen to focus on higher conviction ideas.

London CIV Summary

The investment manager’s efforts to diversify the sources of investment return for the Sub-fund have paid dividends over the reporting period as the portfolio has shown resilience, delivering a flat relative return over what proved to be a roller coaster quarter. The vast majority of Sub-fund holdings (around 98%) are profitable or free cashflow positive and the portfolio overall is much less reliant on debt funding than the broader market, with net debt-to-equity at around 20% compared to 50% for the index (source: Baillie Gifford). Additionally, the three-year earnings growth forecast for the portfolio in aggregate remains ahead of that of the index.

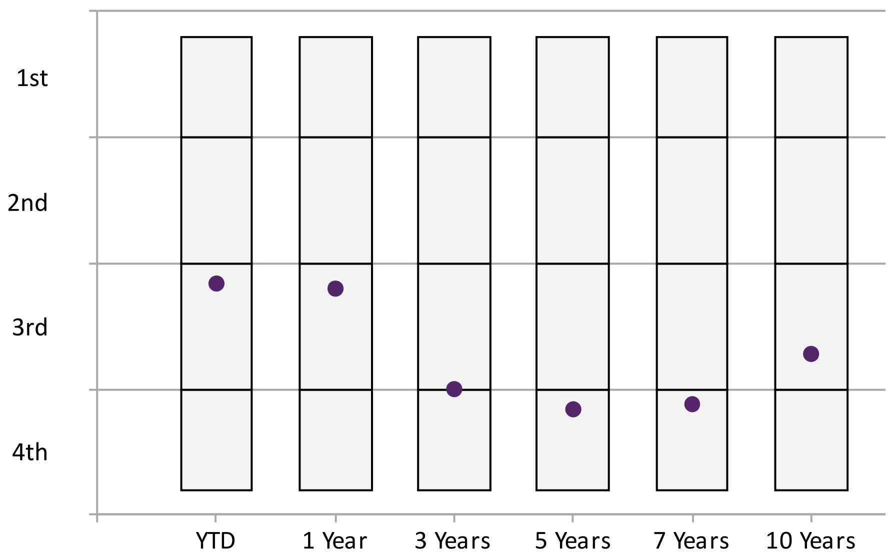
Provided that the encouraging signs of a broadening market environment we saw in Q3 persist, then we expect these underpinnings to position the Sub-fund well to deliver long-term outperformance.

Peer Analysis

The peer group is **Global All Cap Growth Equity**. Over the short-term (up to 1 year) and longer-term (10 years) to the end of June 2024, the Sub-fund is in the third quartile of the peer group. Over three, five and seven-year periods, the Sub-fund remains in the bottom quartile. Tracking error over three years is lower than the median of the peer group, and the information ratio remains in the bottom quartile. Absolute risk, as measured by the standard deviation of returns, is slightly lower than the median but the maximum drawdown is higher.

The Global Alpha Growth Paris Aligned portfolio has insufficient history required to perform meaningful peer analysis, which is based on three years of historic returns. We have in this case used the Global Alpha Growth portfolio as a proxy as it is closely aligned to the Paris Aligned fund in terms of investing style and is managed by the same team. Note, however, that the Paris Aligned fund pursues objectives relating to greenhouse gas intensity which may result in significant differences in the performance of the Global Alpha Growth and Global Alpha Growth Paris Aligned funds over time.

Returns

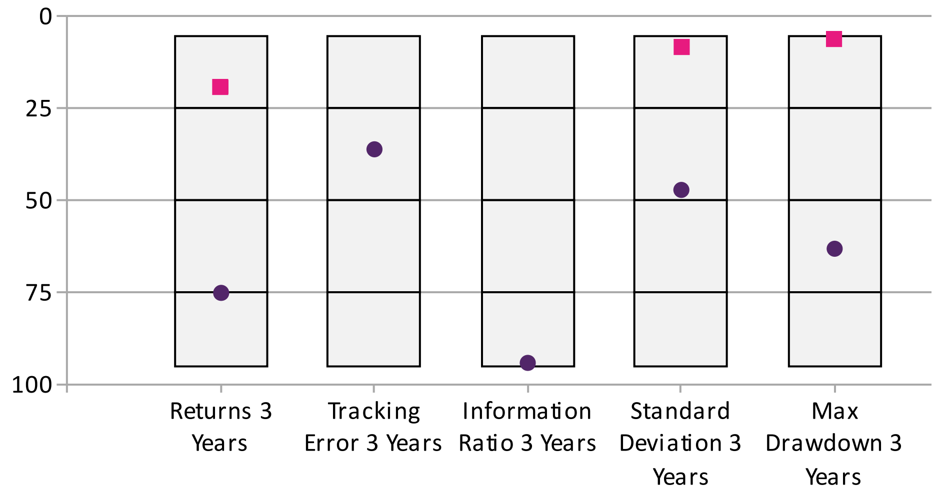


	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● Sub-Fund proxy	**9.42%**	**14.38%**	**-0.30%**	**8.93%**	**10.07%**	**12.63%**
Peer group median	10.20%	16.25%	4.84%	11.53%	12.26%	13.78%

● Baillie Gifford & Co Global Alpha

Source: eVestment as at 30 June 2024

Key Risk Statistics



	Returns 3 Years	Tracking Error 3 Years	Information Ratio 3 Years	Standard Deviation 3 Years	Max Drawdown 3 Years
● Sub-Fund proxy	**-0.30%**	**7.20%**	**-1.31**	**15.63%**	**26.24%**
Peer group median	4.84%	8.20%	-0.58	15.75%	23.03%
■ Index	9.12%	-	-	11.14%	10.74%

● Baillie Gifford & Co Global Alpha ■ MSCI Index MSCI ACWI-GD

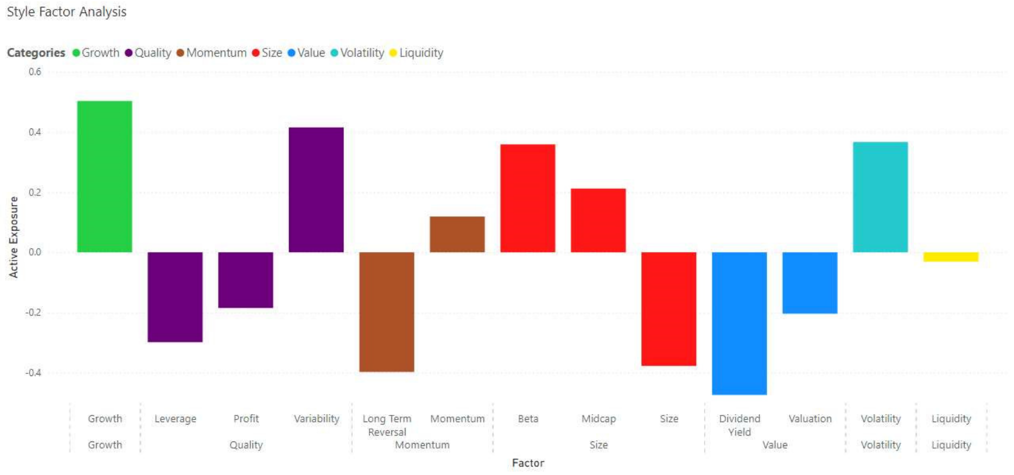
Source: eVestment as at 30 June 2024

This analysis is based on the performance of a representative account managed by the investment manager which is most closely aligned to the Sub-fund in terms of investment objective and policy. Data is reported gross of management fees.

Style Analysis

This quarter we are changing the source of the style analysis from Style Analytics to Bloomberg. This gives the advantage of being more up to date (to the current quarter end) and aligns with the factor model we use in risk monitoring. Broadly the factors remain the same at the high level and are categorised into value, growth, size, momentum and quality with some additional factors available. Some of the individual factors, particularly for value and growth are less granular, but overall the picture of the style tilts of the sub-fund remains consistent. Definitions of the factors can be found in the glossary.

The style of the Sub-fund remains consistent. The portfolio is tilted away from value factors and towards growth and quality (variability) factors. The Sub-fund is also biased towards companies with strong balance sheets (low leverage). There is a tilt to small and mid-cap stocks and a bias towards high beta stocks. The positive momentum tilt remains consistent from last quarter.



Source: Bloomberg as at 30th September 2024

This analysis is based on a representative account managed by the investment manager which is most closely aligned to the Sub-fund in terms of investment objective and policy. Please click here to refer to the Appendix for more information about the Style Analysis methodology.

LCIV Global Alpha Growth Paris Aligned Fund: Portfolio Characteristics

Key Statistics	30 Sep 2024	30 Jun 2024
Number of Holdings	83	90
Number of Countries	18	19
Number of Sectors	9	9
Number of Industries	36	38
Yield %	0.80	0.86

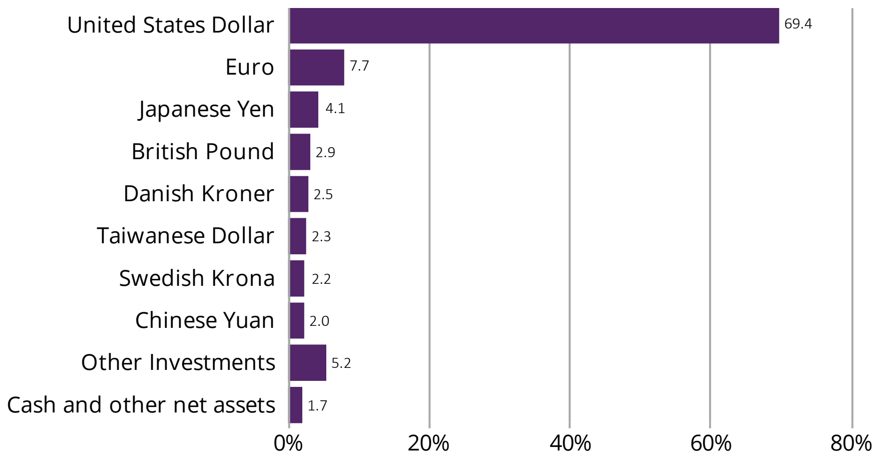
Source: London CIV data as at 30 September 2024

Risk Statistics	30 Sep 2024	30 Jun 2024
Tracking Error (%)	4.57	4.30
Beta to Benchmark	1.12	1.13

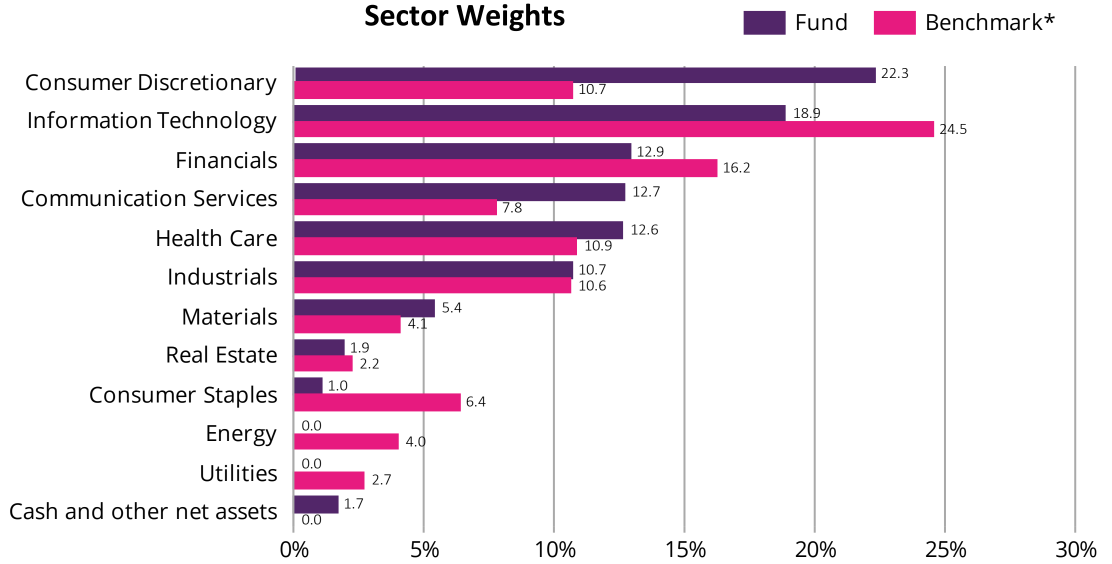
Source: London CIV

Risk statistics: forecast based on the composition of the portfolio and reference Index at the end of the reporting period (see Glossary of Terms for more information). The model used in the calculation of tracking error was changed as of 31st July 2024 from a monthly prediction horizon to quarterly to better reflect the longer term nature of the funds.

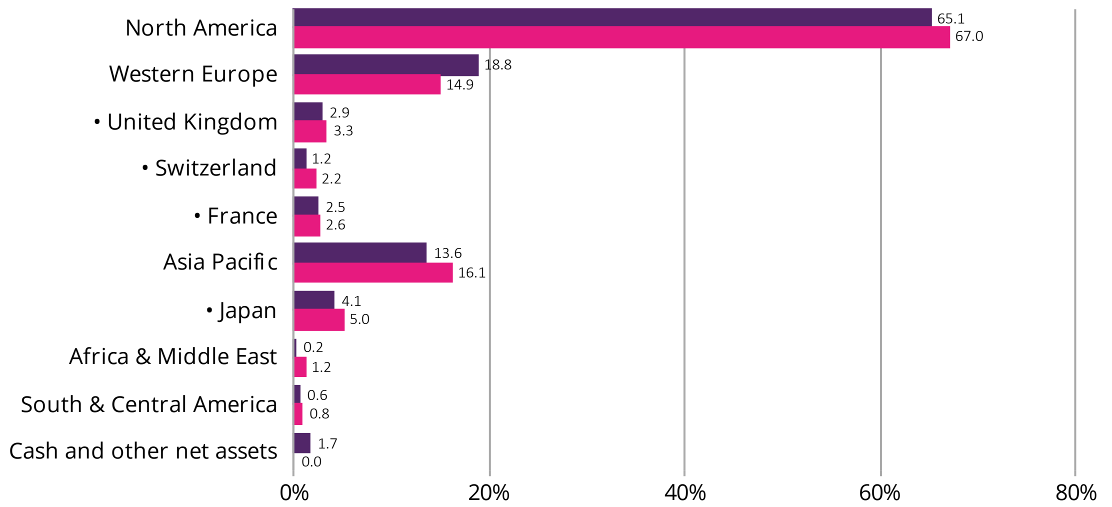
Currency Weights



Sector Weights



Region/Country Weights



Source: London CIV data as at 30 September 2024

**MSCI All Country World Gross Index (in GBP)*

LCIV Global Alpha Growth Paris Aligned Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
Microsoft	4.61
Meta Platforms	4.25
Amazon	4.09
Nvidia Corp	3.56
Elevance Health Inc	3.35
Prosus NV	2.87
Mastercard Inc	2.49
Doordash Inc	2.45
Moodys Corp	2.36
CRH Plc.	2.33

Top Ten Contributors

Security Name	% Contribution
Doordash Inc	+0.44
Contemporary Amperex Technology Co.	+0.44
Prosus	+0.41
CRH Plc.	+0.37
Adyen	+0.35
CBRE Group Inc	+0.33
Meta Platforms	+0.30
Mercadolibre	+0.28
AIA Group	+0.25
Nexans SA	+0.23

Top Ten Detractors

Security Name	% Detraction
Microsoft	(0.59)
Novo Nordisk	(0.56)
Amazon	(0.52)
Moderna Inc	(0.39)
Alphabet Inc Class C	(0.39)
Elevance Health Inc	(0.29)
Mobileye Global Inc	(0.28)
Samsung Electronic Gdr	(0.26)
Entegris Inc	(0.19)
ASM International	(0.18)

New Positions During Quarter

Security Name
ADR Ryanair Holdings Plc
Builders Firstsource Inc
Dutch Bros Inc
Soitec S.A

Completed Sales During Quarter

Security Name
Adobe Inc
Advanced Micro Devices Inc
Certara Inc
HDFC Bank 'ADR'
Hoshizaki Corp
Pernod Ricard NPV
Pool Corp
Sands China Limited
Staar Surgical Co
Sysmex Corp

Source: London CIV data as at 30 September 2024

LCIV Global Alpha Growth Paris Aligned Fund: ESG Summary

ESG Activity for the Quarter

EOS engaged with 15 companies held in the portfolio on a range of 37 environmental, social and governance issues and objectives over the quarter. Out of those engagements, 16% were on environmental, 22% on governance, 54% on social and 8% on strategy, risk and communications.

During the quarter Baillie Gifford invested in Ryanair, we challenged the managers on their rationale behind the addition to the portfolio specifically around the environmental impact of the airline industry. They explained to us the emergence of a more credible decarbonisation pathway for the airline industry and the fuel suppliers building out their sustainable aviation fuel supplies in recent years. The investment manager also explained Ryanair's disruption in the airline industry and their own emissions targets. Last year the company improved its sustainable aviation fuel targets to 12.5% by 2030 which is more ambitious than the EU mandates. They believe Ryanair will continue to enhance its fuel efficiency as it aligns with its financial strategy.

Baillie Gifford met with Coupang to better understand its climate exposure and material risks, and to encourage the company to report scope 1 and 2 emissions. Coupang operates in densely populated areas of Korea, where 70% of the population lives within seven miles of a fulfilment centre. Seoul, known for its narrow streets and high vehicle usage, ranks among the worst cities globally for air pollution. Additionally, as a US-listed company, Coupang must adhere to new SEC requirements to disclose scope 1 and 2 emissions. The investment manager recommended the disclosure of scope 1 and 2 emissions, though advised against setting targets until the company has a clearer understanding of its carbon footprint. Baillie Gifford then offered the support of their Climate Team and agreed to provide examples of companies they believe to have best practice in similar sectors. Since then, the company has indicated it is evaluating whether to include scope 1 and 2 emissions in its forthcoming ESG report.

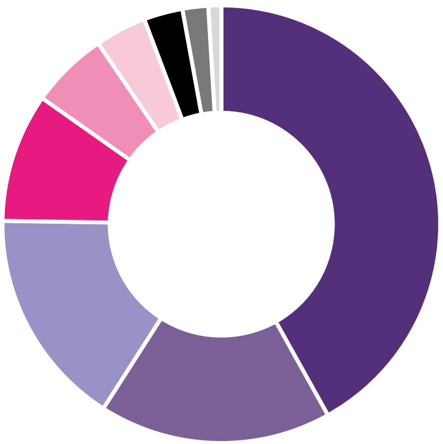
The investment manager visited Ryanair's headquarters for an update on the business, meeting with various departments. In their meeting with the Chair of the board, they gained a better understanding of the skills of the new board appointees. With the sustainability team, Baillie Gifford sought clarity on decarbonisation planning, especially regarding sustainable aviation fuel (SAF). They received clarity on SAF contracts and that other measures targeting emissions reductions are embedded in the company's 2050 Net Zero plan. With the chief operating officer, they explored the supply chain bottlenecks facing the company and were introduced to Ryanair Labs, an internal digital and IT innovation hub, which aims to improve customers' online travel booking experience. These meetings were insightful and helped the investment manager to better calibrate the opportunity in the coming years and increase their confidence that Ryanair has a tangible edge in sustainability versus its low-cost peers and long-haul carriers.

LCIV Global Alpha Growth Paris Aligned Fund: ESG Summary

Voting Summary

As stewards of capital, exercising voting rights is an important part of our responsibility towards our Client Funds' ESG objectives. We believe that voting on shareholder resolutions is a powerful part of our stewardship strategy as it helps communicate our views to companies. Being transparent about disclosing our voting records further supports this aim. London CIV's stewardship provider Hermes EOM and investment managers are expected to vote on all proxies considering the impact of ESG factors to ensure shareholder value is maximised. London CIV monitors voting records on a quarterly basis and expects Hermes EOS and managers to be able to provide a rationale for all voting activity on a "comply or explain" basis. The following charts give an overview of voting activity for this quarter (1 July 2024 - 30 September 2024).

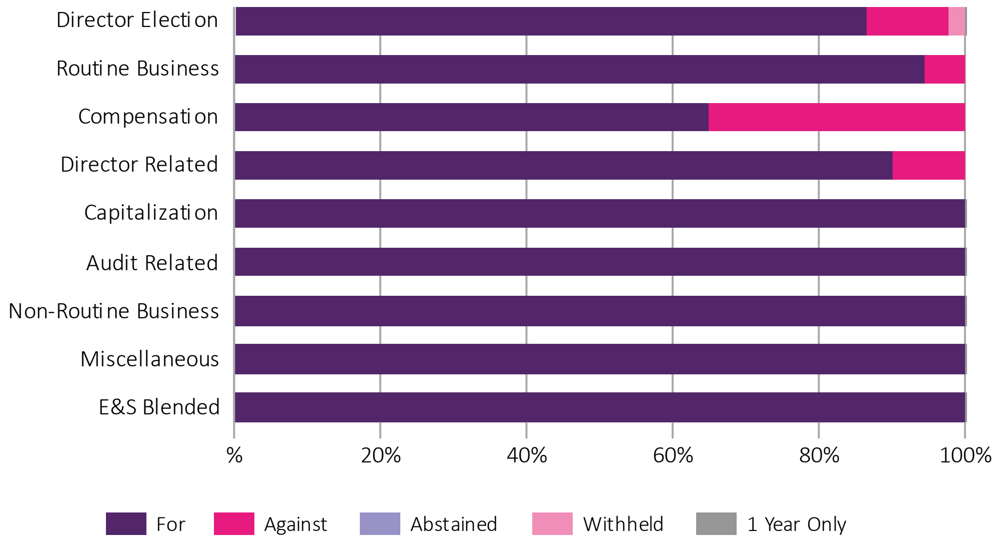
Proposals Breakdown



	No.
Director Election	44
Routine Business	18
Compensation	17
Director Related	10
Capitalization	6
Audit Related	4
Non-Routine Business	3
Miscellaneous	2
E&S Blended	1
	105

Source: London CIV data as at 30 September 2024

Voting Instruction Breakdown



Source: London CIV data as at 30 September 2024

Link to Underlying Manager's Voting Report for the Quarter

londonciv.org.uk/portal/email/download/17133-LCIV-Global-Alpha-Growth-Paris-Aligned-Fund-Voting-Report-Q3-2024

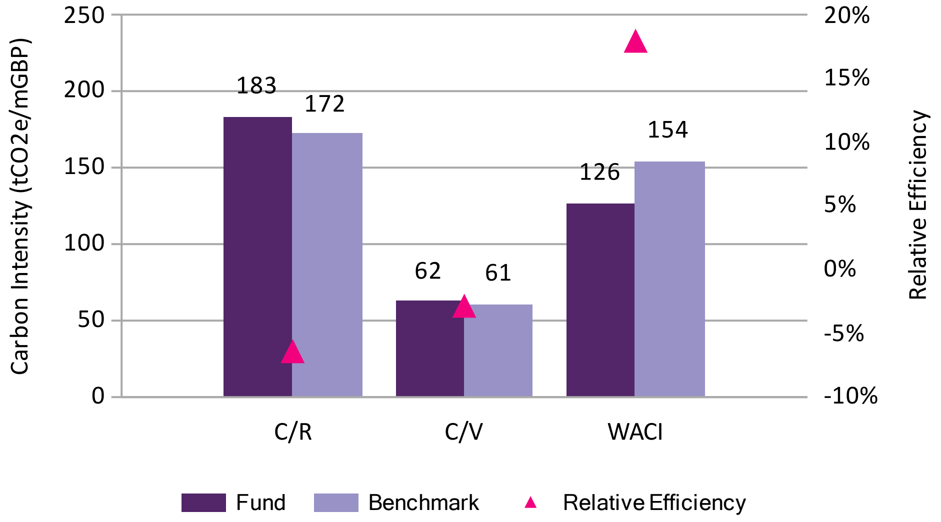
LCIV Global Alpha Growth Paris Aligned Fund: ESG Summary

Climate Risk Exposure

To enhance the understanding of climate risks and identify specific areas of exposure, London CIV periodically measures and reports the carbon footprint and fossil fuel exposure of listed equity and corporate fixed income instruments. The following charts produced using data from Trucost provide climate impact and risk exposure metrics that may be used to support climate related disclosures in line with TCFD recommendations and inform internal processes for risk management and strategy development.

Carbon Performance

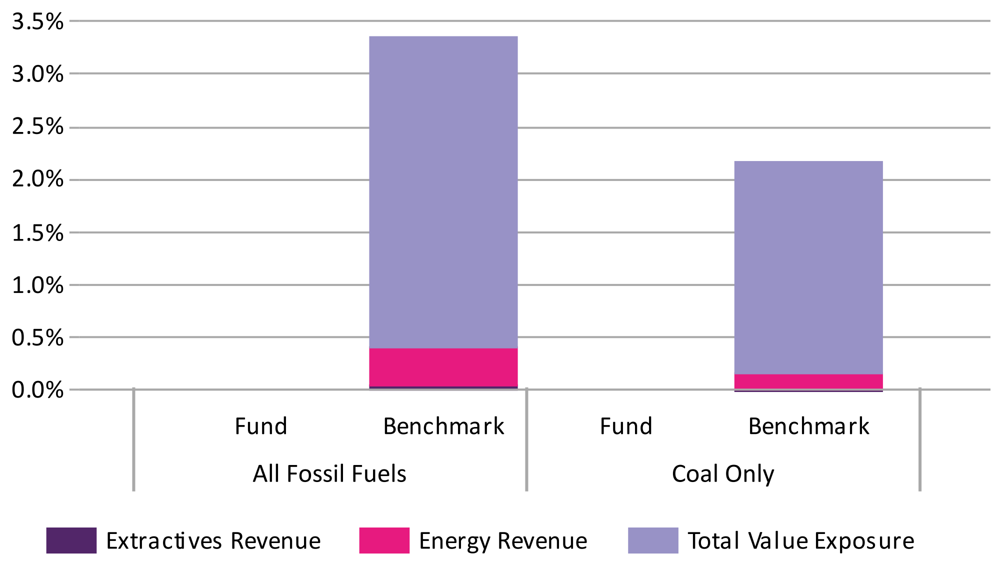
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 30 September 2024

Fossil Fuel Exposure

The chart provides an indication of exposure to companies engaged in any fossil fuel activities (left-hand side), as well as coal only (right-hand side). For more information on the methodology please consult the Appendix.



Source: London CIV based on Trucost data as at 30 September 2024

The benchmark used in the above is MSCI ACWI EU Paris Aligned Requirements Index

LCIV Global Alpha Growth Paris Aligned Fund: ESG Summary

Climate Risk Exposure

Top Contributors - Weighted Average Carbon Intensity

The largest contributors to the portfolio's carbon intensity are shown below. The 'WACI Intensity Contribution' is the percentage change in the portfolio's intensity that would be caused by excluding the holding referenced. For more information, please consult the Appendix.

Name	Carbon Intensity (tCO2e/mGBP)	WACI Contribution	Climate 100+
CRH Plc	1,586.29	-28.07%	Yes
Martin Marietta Materials, Inc.	1,330.91	-10.07%	Yes
Ryanair Holdings Plc	1,602.72	-9.45%	No
Stella-Jones Inc.	600.85	-3.46%	No
Taiwan Semiconductor Manufacturing Company Limited	252.47	-2.38%	No
Eaton Corporation plc	229.12	-0.84%	No
Texas Instruments Incorporated	198.50	-0.69%	No
Contemporary Amperex Technology Co., Limited	178.40	-0.64%	No
Albemarle Corporation	239.14	-0.46%	No
Advanced Drainage Systems, Inc.	159.46	-0.28%	No

Source: London CIV based on Trucost data as at 30 September 2024

Link to Underlying Manager's Commentary for the Quarter

londonciv.org.uk/portal/email/download/17153-Manager-Quarterly-Report---Baillie-Gifford---Global-Alpha-Growth-Paris-Aligned-Fund---Q3-2024

LCIV Absolute Return Fund

Quarterly Summary as at 30 September 2024

Total Fund Value:

£1,002.6m

Inception date:	21/06/2016
Price:	128.50p
Distribution frequency:	Semi-Annually
Next XD date:	02/01/2025
Pay date:	28/02/2025
Dealing frequency:	Weekly (Wednesday and Month end)

Investment Objective

The Sub-fund's objective is to achieve low volatility and positive returns in all market conditions. Capital invested in the Sub-fund is at risk and there is no guarantee that a positive return will be delivered over any one or a number of twelve-month periods.

This is a pooled Sub-fund of the London CIV ACS administered by Northern Trust. The Sub-fund has invested in the collective investment vehicle WS Thames Absolute Return Fund since August 31 2023. Prior to that date, and in the period since the inception date, the Sub-fund invested in the collective investment vehicle LF Ruffer Absolute Return. Both of the collective investment vehicles are managed by Ruffer LLP.

Hillingdon Valuation:

£39.1m

Hillingdon investment date: 21/06/2016

This is equivalent to 3.90% of the Fund

Distribution option: INC share class (Reinvest)

Estimated distribution: Nil

Net Performance	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %†	Since CF Inception p.a. %†
Fund	2.56	4.34	1.26	4.62	4.53	4.53
Target*	2.05	8.46	6.44	5.16	4.51	4.51
Relative to Target	0.51	(4.12)	(5.18)	(0.54)	0.02	0.02

** The Target SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%) is an absolute level of return which is deemed as the appropriate return which investors can expect for the level of risk taken within the Sub-fund. For further details, please refer to the Glossary.*

† Please note the benchmark is being changed from the London Interbank Offered Rate (LIBOR) to the Sterling Overnight Index Average (SONIA). This was completed with effective date 1 January 2022 all benchmark past performance prior to this date will continue to be calculated against LIBOR.

Performance

The value of the Sub-fund increased by 2.6% in Q3 2024 and by 4.3% in the one-year period ended September 30th. The performance target of SONIA (30 day compounded) plus 3% appreciated by 8.5% over one year. The annualised return of the Sub-fund over three years is +1.3%, 5.2% less than the performance target. The Sub-fund has returned 4.5% per annum since inception, almost exactly in line with the target.

The Sub-fund performed well during the turbulent period in markets at the beginning of August. The investment manager estimates that the value of the Sub-fund increased by about 4% at the peak of the decline in equities. They took the opportunity to lock in gains on some investments and adjust the risk profile of the portfolio, but without altering the overall defensive stance of the Sub-fund. Markets recovered quickly, and as a result, some of the profits earned in the first half of Q3 were diluted.

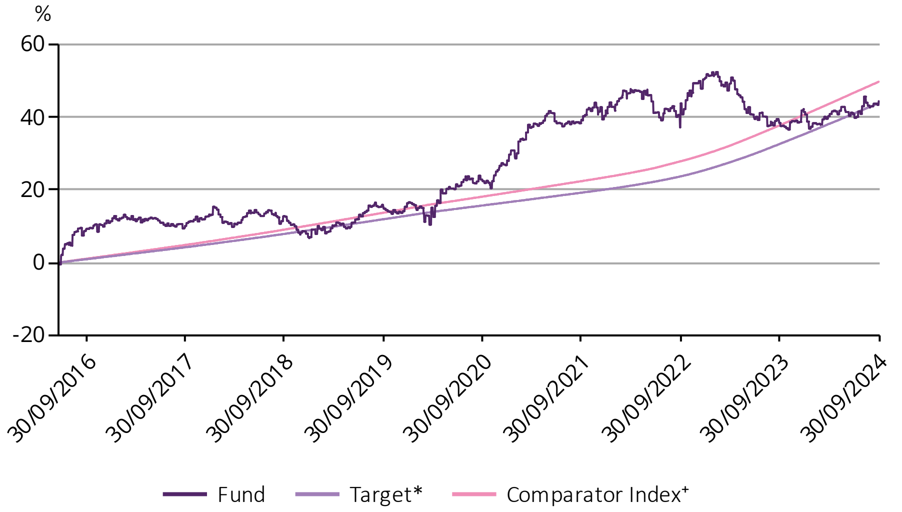
The investment manager's skill in putting capital to work after periods of risk aversion is a key success factor for the Sub-fund. This episode did not provide enough of a window, in terms of severity or duration of declines in equity and credit markets, to reinvest at high rates of return.

The drivers of performance shifted and broadened out in Q3. The biggest profits came from the equity portfolio, which has a pronounced bias in favour of commodity producing companies and value stocks, including Chinese companies listed on the domestic 'A shares' market. This worked well during the quarter, when the dominance of big U.S. technology companies reversed course. Gains from the equity investments accelerated late in Q3 when Chinese stocks surged after a series of policy announcements by the Chinese government.

The move by the Bank of Japan to increase interest rates was one of the catalysts for the surge in volatility in August. The investment manager is a strong proponent of a normalisation of monetary policy in Japan, and an increase in the value of the Yen. The long Yen position was an important source of profits in Q3 after a long period of sub-par performance.

The investment manager had allocated more than 11% of the Sub-fund to Treasury Inflation Protected Securities ('TIPS') issued by the U.S. government in Q2. Real yields on these bonds looked attractive in absolute terms, and relative to Inflation Linked Gilts.

Performance since LCIV inception



Source: Fund prices calculated based on published prices. All performance reported Net of fees and charges with distributions reinvested.

** Target: SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)*

+ The Comparator Index UK Base Rate +3.5% is not the stated fund objective, but has been selected as an appropriate index given the style of the Sub-fund. For further details, please refer to the Glossary.

The TIPS performed well in Q3 as inflation continued to moderate and concerns grew about the outlook for growth in the U.S. The entire position was sold in Q3.

Nominal bonds also made a positive contribution, mainly from the income generated by holdings in short-dated debt issued by the U.K. and U.S. governments.

The investment manager increased the allocation to gold early this year, and then replaced the investments in gold bullion with the shares of gold mining companies such as Newmont and Barrick. The allocation to gold was profitable in Q3, and this has been an important contributor to the Sub-fund over 12 months.

Positioning

The Sub-fund has been defensively positioned for more than a year, based on the investment manager's view that risk in equity and credit markets is skewed to the downside. They believe that investors are complacent about the outlook for inflation and risks to growth, especially in the U.S. Volatile inflation and slow growth are dangerous given the surge in government borrowing in recent years and the levels of debt carried by some groups of consumers and companies.

The 'shape' of the mini crisis early in August was aligned to the investment manager's expectations. Volatility surged in equity and credit markets, liquidity deteriorated, and investors started to pay more attention to the potential impact of a disorderly repatriation of capital back to Japan. This episode exposed vulnerabilities and provided clear evidence of fragility in global markets. However, this evidence was shrugged off quickly, too quickly in the investment manager's view.

They believe the decision by the U.S. Federal Reserve to reduce interest rates by a full 0.5% in September reflects a clear shift in focus away from fighting inflation to supporting the labour market. The investment manager thinks investors are being complacent in assuming that central banks can engineer a 'soft landing' without hitting potholes which could hurt, especially when geopolitical tensions are high, and a U.S. Presidential election is looming.

At a high level, they do not think that equity and credit risk is correctly priced in terms of the balance between expected returns and downside risk. The investment manager continues to search for pockets of value across and within markets, and to adjust the portfolio dynamically in response to market events.

The Sub-fund is made up of three blocks of exposure. The 'Deflation' segment, which protects the portfolio from downside risk, is the dominant component. This segment holds cash, short-dated Gilts and floating rate notes. The income from these investments helps offset some of the cost of derivatives used to protect the Sub-fund from losses. These bonds are also an important source of capital which can be reinvested quickly in riskier assets.

The size of the 'Deflation' block increased by about 10% to 56% of the Sub-fund in Q3. The increase came from the reinvestment of the proceeds of sale of U.S. TIPS in U.S. Dollar floating rate notes.

Japanese government debt is still a core component of the 'Deflation' sleeve and an important source of risk for the Sub-fund. The investment manager believes the Yen is undervalued relative to other major currencies. The short-dated Yen denominated debt (circa 15% of the Sub-fund) is held on an unhedged basis. The investment manager had supplemented this exposure with Yen cash and call options linked to the performance of the Yen against the U.S. Dollar, Euro and Swiss Franc. The Yen appreciated in Q3, and the options were closed. The success of this position now relies mainly on gains in the Yen against Sterling.

The final element of the 'Deflation' segment is the block of protection strategies. This includes options on major equity indices. Protection against falls in the S&P 500 Index, and call options on the VIX index of implied volatility on the S&P 500 Index, were reduced after the sell-off in August. Credit default swaps ("CDS") which profit if investment grade credit indices decline are still in place. The investment manager has a strong view that credit risk is mispriced. These swaps have been a significant drag on the performance of the Sub-fund over 12 months.

The 'Inflation' segment of the Sub-fund was reduced to about 16% of the Sub-fund, from circa 29% at the end of Q2. In addition to selling U.S. TIPS, the investment manager locked in some of the gains on precious metals, specifically silver. Most of the remaining investment in precious metals is in the shares of gold mining companies. The investment manager sees stronger upside in these stocks than in bullion after a period of exceptionally strong performance for gold which owes more to geopolitical concerns and central bank buying than fundamentals.

The final component of this segment is U.K. inflation linked debt accounting for about 10% of the Sub-fund. There is a small tilt in this allocation to short-dated debt. The investment manager has kept interest rate risk, or duration, steady in a range around 3 years. They are worried about risks to long-dated bonds linked to volatility in inflation, and they think the risk that bonds and stocks will move in tandem in periods of risk aversion is high.

The return-seeking 'Reflation' segment increased to circa 28% from about 25% at the end of Q2. This is still the low end of the historic range for this strategy. Although the allocation to cash equities increased again in Q3, to about 26% of the Sub-fund (slightly lower after accounting for the net impact of derivatives), the investment manager has not become more bullish. The equity risk premium is considered too low, and they believe that forecasts for earnings growth are too optimistic.

They are focused on identifying pockets of value, in the shares of selected producers of commodities for example. In Q3, investments in mining, oil and gas and paper products companies were supplemented with new positions in stocks which are geared to agricultural production. The investment manager is committed to engaging with commodities companies to ensure that they follow through with their emissions reduction strategies.

The investment manager also sees value in China and Europe. The investment in an exchange traded fund linked to the performance of China 'A' shares was topped up in Q2, and this holding performed strongly at the tail end of Q3. The investment manager locked in some of the gains from this investment after the end of the period to keep the position at circa 5% of the Sub-fund.

Net exposure to physical commodities, which is currently the only other component of the 'Reflation' sleeve, was about 2.5% at the end of Q3. The Sub-fund holds contracts linked to the price of copper, platinum and crude oil.

Sterling denominated and currency hedged assets account for 75% of the Sub-fund, about 5% lower than at the beginning of Q3. The biggest active currency position is in the Japanese Yen (circa 15%). The only other significant source of currency risk is the U.S. Dollar (6.7%).

London CIV Summary

We are encouraged by the resilience of the Sub-fund during the period of volatility in the third quarter. Profits came from multiple sources, including the investments in Japanese Yen, gold, Chinese equities and inflation-indexed debt which have been important sources of risk in the Sub-fund this year. The trend in performance has improved, but the shortfall against the target over one and three years is large.

The ability to reinvest quickly in periods of risk aversion at high projected rates of return has been a key success factor for this investment manager over the long-term. The most recent increase in volatility subsided very quickly, and the investment manager's view remains that this is not an opportune time for the Sub-fund to take more risk.

Success in the coming quarters will depend on whether leadership of the equity markets swings back in favour of highly valued growth stocks, especially in the U.S. This would be a headwind for the Sub-fund, both in terms of the drag from protective positions and the value tilt and pro-China stance in the equity portfolio. The performance of gold and commodities and the Yen will also be important drivers.

In the absence of a larger and longer sell-off in equity and credit markets, the investment manager will have to adjust the portfolio dynamically to supplement income earned from holdings in government bonds with profits which can offset the cost of protective positions.

We are satisfied that the investment manager is taking care to challenge their thinking and reassess positions, including by introducing alternative forms of analysis to their processes. We have continued to probe the investment manager on the rationale for their decisions.

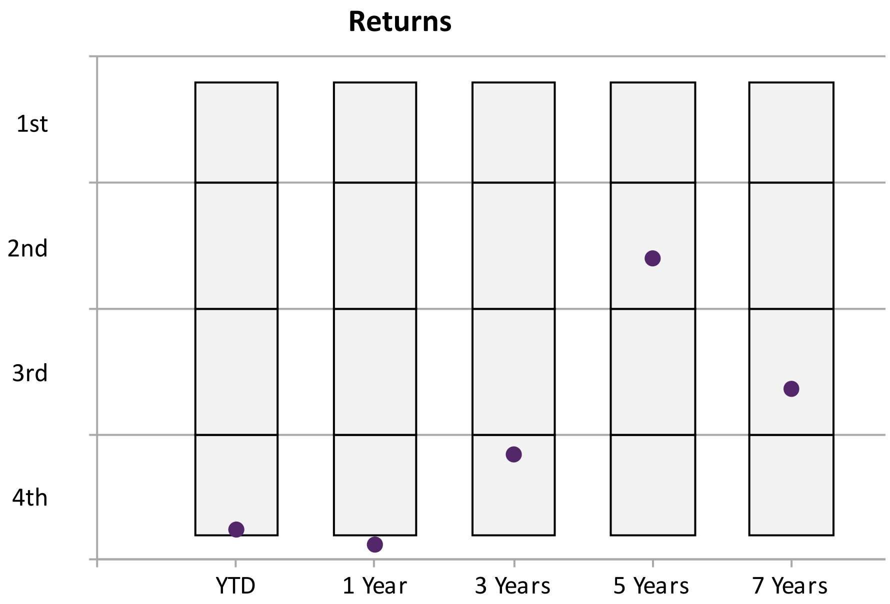
Business risk is an important watching point. A transition to the next generation of leadership always presents risks. We are also concerned about the negative trend in assets under management. We are concerned that the decline in fee revenues will result in staff cuts or reduced spending on technology which will damage morale and/or impact execution of the investment strategy.

We are monitoring developments through regularly scheduled and ad-hoc meetings with the investment manager and will provide another update in December 2024.

Peer Analysis

The peer group is made up of **Diversified Growth Funds**. As of June 2024, returns over five years place the Sub-fund in the second quartile of the peer group. Poor performance in 2023/2024 has caused Sub-fund returns over one year and three years to fall to the bottom of the range of rankings for the peer group.

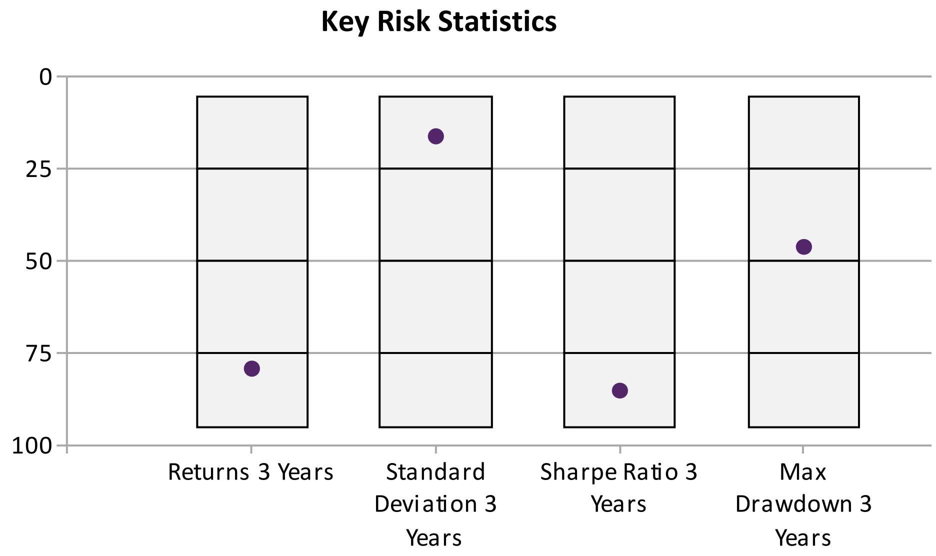
Using data over three years, the level of risk (based on the standard deviation of returns) is at the low end of the range for peers, and the maximum drawdown remains in the second quartile. The Sharpe ratio remains in the bottom quartile.



	YTD	1 Year	3 Years	5 Years	7 Years
Sub-Fund	**-0.43%**	**0.95%**	**0.59%**	**4.70%**	**3.46%**
Peer group median	4.12%	9.25%	3.08%	4.17%	4.21%

Ruffer Absolute_Return_Net

Source: eVestment as at 30 June 2024



	Returns 3 Years	Standard Deviation 3 Years	Sharpe Ratio 3 Years	Max Drawdown 3 Years
Sub-Fund	**0.59%**	**5.39%**	**-0.43**	**9.47%**
Peer group median	3.08%	7.75%	0.03	9.94%

Ruffer Absolute_Return_Net

Source: eVestment as at 30 June 2024

Sub-fund returns are reported net of fees and other costs: source Northern Trust and LCIV. Peer group returns are reported gross of management fees: source eVestment.

LCIV Absolute Return Fund: Portfolio Characteristics

Portfolio Exposures		
	30 September 2024	**30 June 2024**
Fixed Income	**59.50**	**62.19**
Nominal government bonds	49.70	40.71
Inflation linked bonds	9.80	21.48
Equities	**25.70**	**22.51**
UK	8.80	9.09
Europe	6.60	5.12
United States	5.60	4.11
Asia Pacific ex Japan	4.70	4.19
Alternatives	**14.80**	**15.30**
Gold and precious metals	6.00	7.39
Cash	3.20	3.55
Options	3.10	2.29
Commodities	2.50	2.07
Total	**100.00**	**100.00**

	30 June 2024	**30 September 2024**
Interest Rate Duration (yrs)	3.05	2.00

Portfolio weights and exposure levels may differ because of the impact of derivatives positions.

Source: Ruffer LLP

Risk		
	3 years	**5 years**
Standard Deviation (%)	5.48	6.27
Maximum Drawdown (%)		9.47
Beta - MSCI AC World	0.13	0.17

Efficiency		
	3 years	**5 years**
Sharpe Ratio	(0.38)	0.40
Upside capture - MSCI AC World (%)	4.4	22.1
Downside capture - MSCI AC World (%)	15.3	11.2

Correlations		
	3 years	**5 years**
Global equities (vs MSCI All Country World Index)	0.26	0.33
Global government bonds (vs Bloomberg Global Aggregate Index)	0.2	0.09
Global investment grade credit (vs Bloomberg Global Aggregate Credit Index)	0.25	0.15
Global high yield debt (vs ICE BofAML Global High Yield Index)	0.13	0.00

Source: eVestment.
Index returns in GBP, unhedged for Global Equities, hedged for Government Bond, Investment Grade Credit and High Yield Debt.

LCIV Absolute Return Fund: ESG Summary

ESG Activity for the Quarter

Ruffer informed us that they have added several agricultural stocks in Q3 2024. These comprised of Corteva, Archer-Daniels-Midland, CF Industries, Yara International, Deere, Mosaic and Nutrien. The investment manager states that the addition reflects their willingness to engage with sectors that may currently have carbon-intensive business models where they see long term value. Ruffer explains that ESG and NZAM analysis was conducted as part of the wider investment analysis. The investment manager believes that by holding these stocks, they can engage with companies to address the challenges highlighted in their analysis, such as the challenge of decoupling financial profit from the use of resources and environmental impacts. We note the impact on biodiversity that agriculture companies could have and arranged a separate meeting with Ruffer to discuss its engagement strategy.

In Q2, Ruffer had a meeting with Newmont's Investor Relations team, the Group Head of Environment and the Group Head of Social Performance. The investment manager had an introductory discussion about Newmont's upcoming AGM, as well as employee health and safety. In the latest meeting this quarter, Ruffer uncovered more detail on the external investigation for the Cerro Negro mine fatalities, and the company's response to it, including an expected impact on executive compensation. Ruffer also pressed Newmont on incorporating the newly acquired Newcrest assets into emissions targets to help us assess the viability of their transition plan. Then they discussed the scale of the electrification of their machinery fleet in the process of decarbonisation.

LCIV Absolute Return Fund: ESG Summary

Voting Summary

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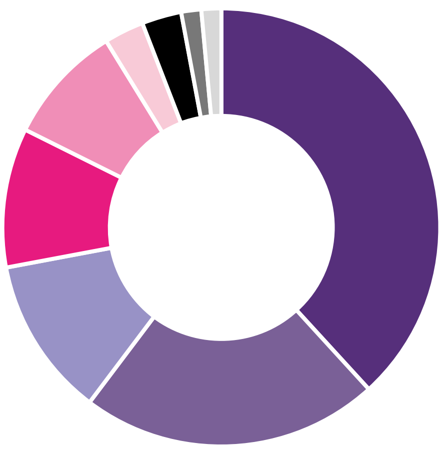
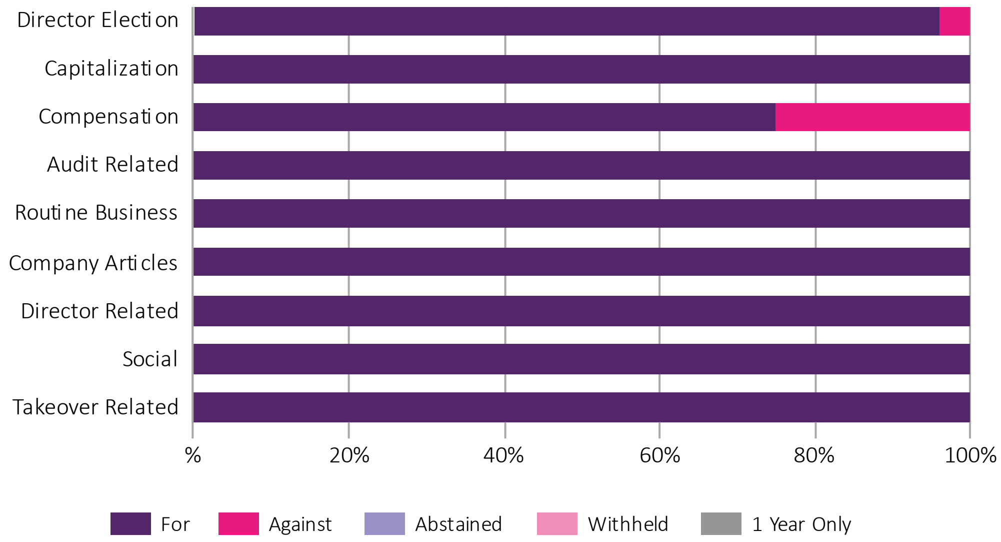
Proposals Breakdown



Proposals Breakdown	No.
Director Election	26
Capitalization	15
Compensation	8
Audit Related	7
Routine Business	6
Company Articles	2
Director Related	2
Social	1
Takeover Related	1
	68

Source: London CIV data as at 30 September 2024

Voting Instruction Breakdown



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Link to Underlying Manager's Voting Report for the Quarter

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LCIV Absolute Return Fund: ESG Summary

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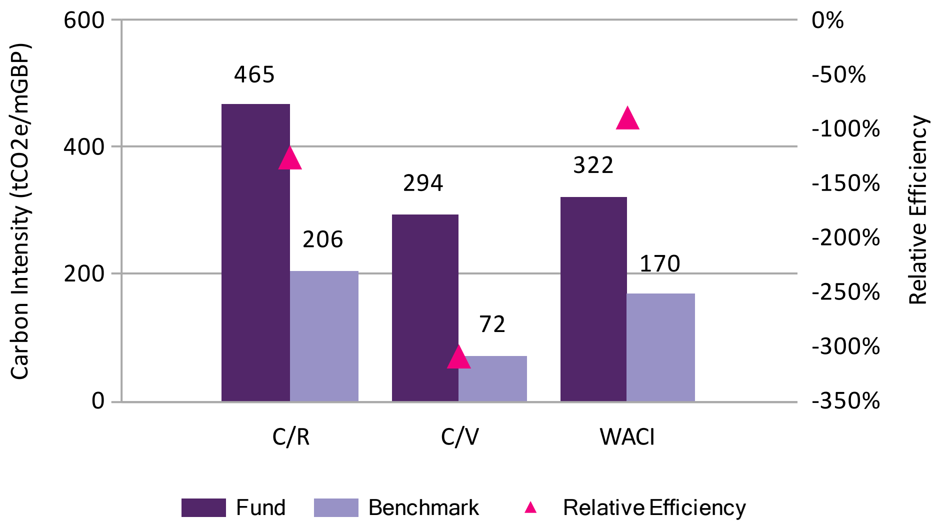

Source: London CIV based on Trucost data as at 30 September 2024

Fossil Fuel Exposure

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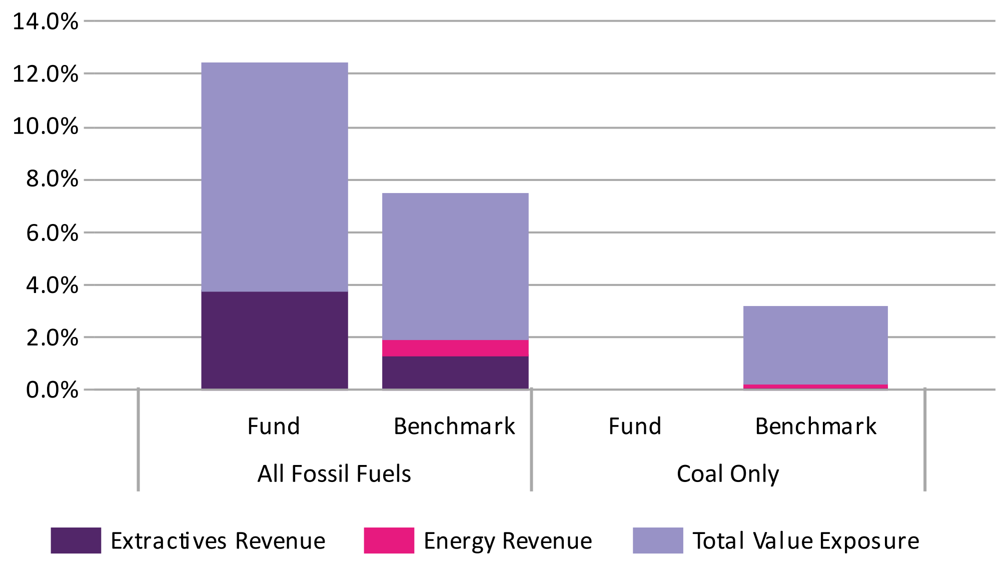


Source: London CIV based on Trucost data as at 30 September 2024

The benchmark used in the above is MSCI World Index

LCIV Absolute Return Fund: ESG Summary

Climate Risk Exposure

Top Contributors - Weighted Average Carbon Intensity

The largest contributors to the portfolio's carbon intensity are shown below. The 'WACI Intensity Contribution' is the percentage change in the portfolio's intensity that would be caused by excluding the holding referenced. For more information, please consult the Appendix.

Name	Carbon Intensity (tCO2e/mGBP)	WACI Contribution	Climate 100+
ArcelorMittal S.A.	2,118.03	-10.70%	Yes
Ryanair Holdings Plc	1,602.72	-7.17%	No
Rio Tinto Group	854.59	-6.10%	Yes
Smurfit Westrock	752.16	-5.58%	No
CF Industries Holdings, Inc.	2,202.17	-5.22%	No
Barrick Gold Corporation	866.92	-3.66%	No
BP p.l.c.	394.00	-2.89%	Yes
Vallourec S.A.	1,033.72	-2.74%	No
Accor SA	846.25	-2.34%	No
Yara International ASA	1,072.28	-2.12%	No

Source: London CIV based on Trucost data as at 30 September 2024

Top Contributors - Fossil Fuel Revenues

The table below shows the companies with the most significant weighted average fossil fuel revenues. The degree to which the company's own revenues are derived from fossil fuel activities is also indicated. For more information, please consult the Appendix.

Name	Fossil Fuel Revenue	Portfolio Weighted Fossil Fuel Revenue	Climate 100+
BP p.l.c.	31.59%	3.624	Yes
Shell plc	13.93%	0.134	Yes

Source: London CIV based on Trucost data as at 30 September 2024

Link to Underlying Manager's Commentary for the Quarter

londonciv.org.uk/portal/email/download/17155-Manager-Quarterly-Report---Ruffer---Absolute-Return-Fund---Q3-2024

LCIV MAC Fund

Quarterly Summary as at 30 September 2024

Total Fund Value:

£1,964.6m

Inception date:	31/05/2018
Price:	101.90p
Distribution frequency:	Semi-Annually
Next XD date:	02/01/2025
Pay date:	28/02/2025
Dealing frequency:	Monthly

Investment Objective

The Sub-fund's objective is to seek to achieve a return of SONIA (30 day compounded) +4.5%, with a net asset value volatility of less than 8%, on an annualised basis over a rolling 4 year period, net of fees.

The ACS Manager currently intends to invest the Sub-fund through: i) a delegated arrangement with an investment manager, PIMCO Europe Ltd; and ii) fund of one, the CQS Alternative Credit Fund.

Hillingdon Valuation:

£130.5m

Hillingdon investment date: 31/05/2022

This is equivalent to 6.64% of the Fund

Distribution option: INC share class (Reinvest)

Estimated distribution: Nil

Net Performance	Current Quarter %	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %†	Since CF Inception p.a. %†
Fund	3.82	14.35	3.75	3.97	3.82	6.56
Investment Objective*	2.42	10.04	7.98	6.77	6.50	8.90
Relative to Investment Objective	1.40	4.31	(4.23)	(2.80)	(2.68)	(2.34)

** Investment Objective: SONIA (30 day compounded) +4.5% (from 1 January 2022, previously 3m LIBOR +4.5%)*

† Please note the benchmark changed from the London Interbank Offered Rate (LIBOR) to the Sterling Overnight Index Average (SONIA) with an effective date 1 January 2022 all benchmark past performance prior to this date continues to be calculated against LIBOR.

Performance

In the third quarter of 2024, the Sub-fund returned 3.8%, resulting in an outperformance of 1.4% against its objective, SONIA (30-day compounded) + 4.5%. Over one year, the portfolio gained 14.4% and outperformed its target by 4.3%. In the period since inception, the Sub-fund has delivered a return of 3.8% per annum, 2.7% per annum below its absolute return target.

Credit markets posted strong gains over the third quarter, driven by declining yields and narrowing credit spreads within sub-investment grade credit. Credit asset classes with exposure to duration, or interest rate sensitivity, such as investment grade credit and high yield bonds outperformed floating rate credit such as loans, which has no exposure to duration. Nonetheless, all asset classes within the Sub-fund contributed positively over the quarter.

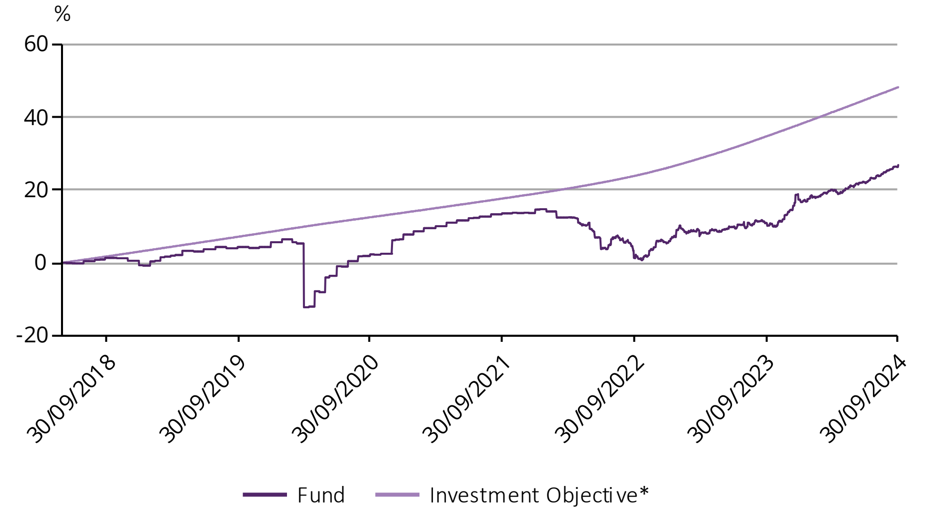
Credit spreads within sub-investment grade debt generally tightened more than investment grade credit. High yield bonds (including financials) made the biggest contribution to the Sub-fund in Q3. Returns within financials were boosted by spread tightness within bank debt, along with a regulatory backdrop which appears more open to M&A opportunities for European banks.

A decline in yields was beneficial for investment grade credit and emerging market debt as both asset classes contributed positively. Performance for emerging market debt was boosted by tightening of credit spreads, whereas investment grade credit spreads largely moved sideways over the quarter. Within emerging market debt, corporate credit lagged sovereign debt, which justified the portfolio's larger weighting to government debt within emerging markets.

The Sub-fund's holdings in loans lost some momentum from the prior quarter, but still delivered positive returns primarily driven by high income. The trend of high CLO issuance also continued to aid performance of the asset class in Q3. Lastly, asset backed securities (ABS) posted positive returns through high coupon and supportive supply and demand environment. Within ABS, credit risk transfers carried on their positive momentum from the prior quarter, however, agency mortgage-backed securities showed some weakness.

Despite rising defaults across the sub-investment grade credit market, the Sub-fund did not suffer any defaults over the quarter. However, as highlighted in our previous update, there were three defaults in Q1 leading to a 0.1% mark down of the portfolio. We expect at least part of these losses to be recovered through the debt restructuring processes.

Performance since LCIV inception



Source: Fund prices calculated based on published prices. All performance reported Net of fees and charges with distributions reinvested.
** Investment Objective: SONIA (30 day compounded) +4.5% (from 1 January 2022, previously 3m LIBOR +4.5%)*

Positioning

The Sub-fund invests across the credit spectrum, including both investment and sub-investment grade debt, focusing on avoidance of defaults and high income.

The yield to maturity of the Sub-fund marginally dropped from 7.5% to 6.7% on the back of positive returns and declining longer-term yields over the third quarter. A large proportion of the portfolio's expected return is income-based as seen in the 6.6% current yield. This is significant, particularly in spread tightening scenarios where the high level of income earned by the Sub-fund can help offset the adverse impact on total returns.

The weighted average rating of the portfolio has remained unchanged at BB+. Overall exposure is largely tilted towards BB (25%) and B (33.7%) rated credit, followed by higher quality BBB (13.5%) bonds. CCC-rated debt offers very high yields currently due to higher default risk and represent 4.2% of the Sub-fund. However, both investment managers do not see value in these bonds in terms of expected return to downside risk. Most of the exposure within this rating band is a function of downgrades.

Across asset classes, the most notable change was the 2.7% decrease in senior secured loans (21.5%) to fund a 2.8% increase in high yield bonds (34.6%) in a shift from floating to fixed rate bonds. The increase reflects one of the underlying investment manager's views that given the expected rate cuts, the Sub-fund can benefit from higher exposure to duration (interest rate risk). Exposure to interest rate risk can also provide downside protection in the case of extreme drawdowns. Consequently, the Sub-fund's exposure to interest rate risk (duration) has increased slightly from 2.5 to 2.6 years. The Sub-fund's spread duration, a measure of the portfolio's sensitivity to changes in credit spreads, has largely remained unchanged at 3.6 years.

A large part of the increase was through U.S. high yield and a large part of the new allocation to high yield bonds was undertaken through 'portfolio trades', a growing phenomenon that we are observing across fixed income markets. These transactions allow investment managers to complete large volumes of orders through single trades in a highly cost-effective manner.

A portfolio transaction is an efficient way for the investment manager to add credit 'beta' in a targeted and diversified way. In this case, the investment manager targeted bonds rated 'BB' and 'B' issued by over 100 companies operating in less cyclical industries. Despite the 'block' nature of the trade, the bonds were selected individually, with an aim to reduce the issuer specific risk.

The Sub-fund's exposure to structured credit has slightly decreased over the quarter to 20.2%. Both investment managers continue to see exceptional risk-adjusted value in the asset class, which provides strong income and benefits from structural protection. Emerging market exposure has remained largely unchanged at 9.3% and a significant part of the portfolio is invested in emerging market sovereign debt.

London CIV Summary

The performance gap of the Sub-fund in the period since inception has narrowed over the last year, but still remains wide. The yield to maturity of the Sub-fund remains attractive at 7.5% and income is expected to be a key driver of overall expected returns (as seen in the current yield of 6.6%).

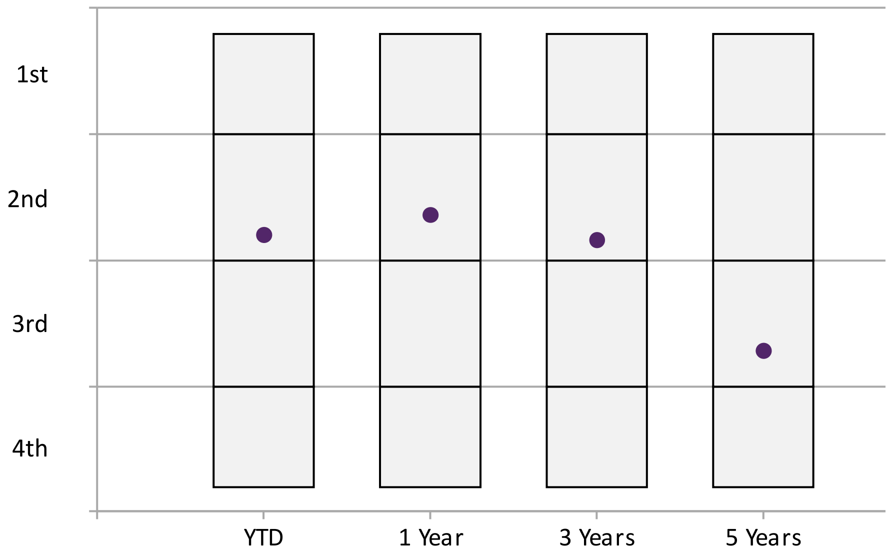
During Q3, the Sub-fund benefitted from its mix of longer dated asset classes, such as investment grade credit and emerging market debt, and higher credit spread asset classes, including high yield and loans. Overall, we expect the Sub-fund to recover the performance shortfall over the medium term by harvesting income and avoiding defaults. Both of the investment managers have strong track records in terms of avoiding defaults. The monitoring status of the investment managers within the Sub-fund ('Normal') has not changed.

The work on strengthening the ESG credentials (including alignment to achieving net zero by 2040) of PIMCO's portfolio, details of which were shared in an investor update in May '24, has concluded (at the time of writing). The implementation was initiated at the start of Q4 and concluded within a few days. The utilization of 'portfolio trades' was prevalent during these portfolio changes as well, leading to swift and cost-effective trading. We will summarise the results and cost of the realignment process when our analysis is complete.

Peer Analysis

The peer group is **Multi Asset Credit Fixed Income**. Performance over the year to June 2024 is above the median of the peer group. The three-year return is just above the median, whilst the five-year return is in the third quartile. Risk, based on the standard deviation of returns and maximum drawdown, are both higher than the median for the peer group. However, the Sharpe ratio ranks in the second quartile.

Returns

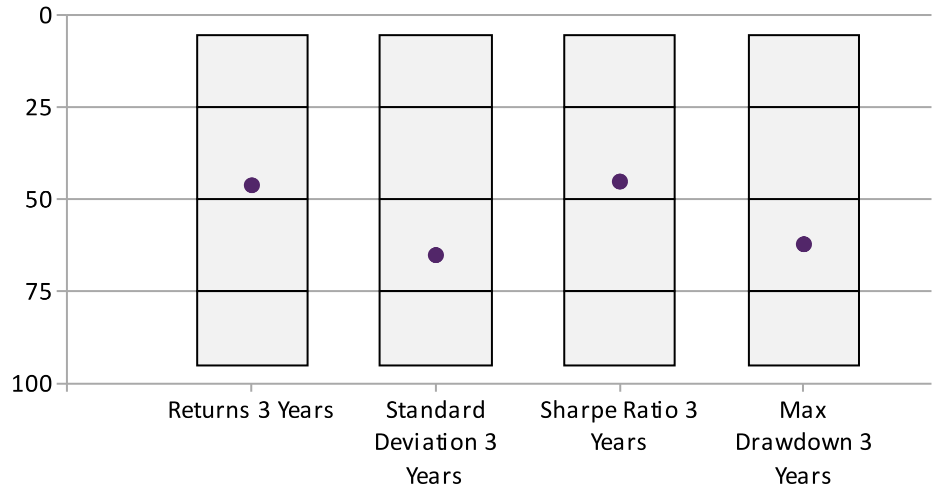


	YTD	1 Year	3 Years	5 Years
Sub-Fund	**4.06%**	**11.29%**	**2.86%**	**3.33%**
Peer group median	3.87%	10.46%	2.39%	3.88%

LCIV LCIV MAC Fund

Source: eVestment as at 30 June 2024

Key Risk Statistics



	Returns 3 Years	Standard Deviation 3 Years	Sharpe Ratio 3 Years	Max Drawdown 3 Years
Sub-Fund	**2.86%**	**6.21%**	**-0.01**	**11.63%**
Peer group median	2.39%	5.83%	-0.08	9.97%

LCIV LCIV MAC Fund

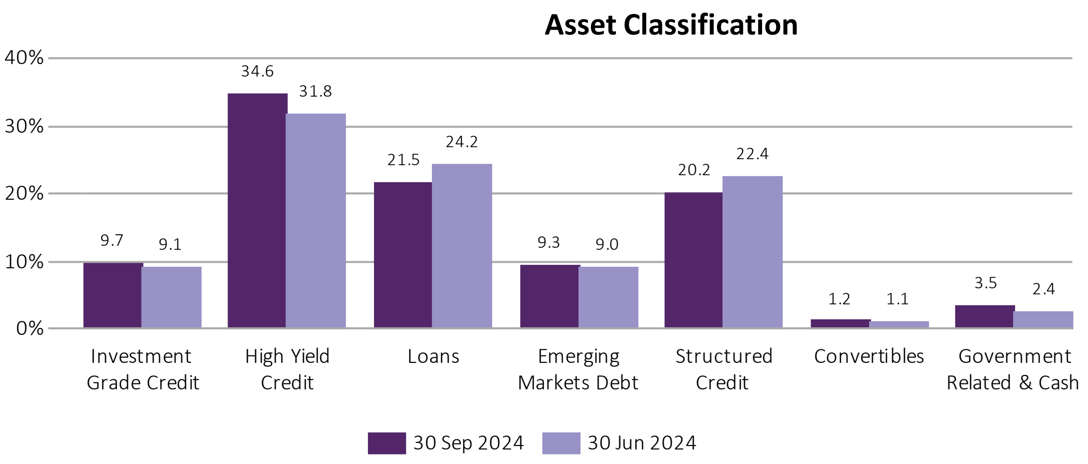
Source: eVestment as at 30 June 2024

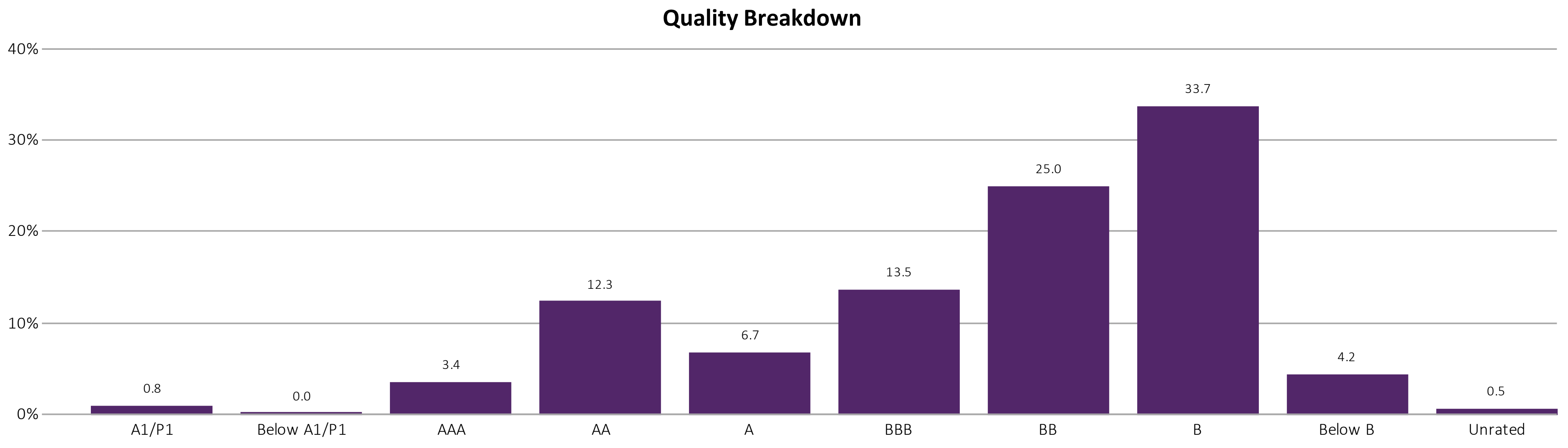
Sub-fund returns are reported net of fees and other costs: source Northern Trust and LCIV. Peer group returns are reported gross of management fees: source eVestment.

Currency exposure in the Sub-fund is routinely hedged back to Sterling. The funds in the peer universe are denominated in multiple currencies and take different approaches to managing currency and interest rate risk. For the purposes of this analysis, eVestment has applied the Interest Rate Differentials methodology to simulate the effect of hedging the returns reported by funds in the peer group back to Sterling. This approach is commonly accepted but does not account for differences in how currency risk is treated within portfolios.

LCIV MAC Fund: Portfolio Characteristics

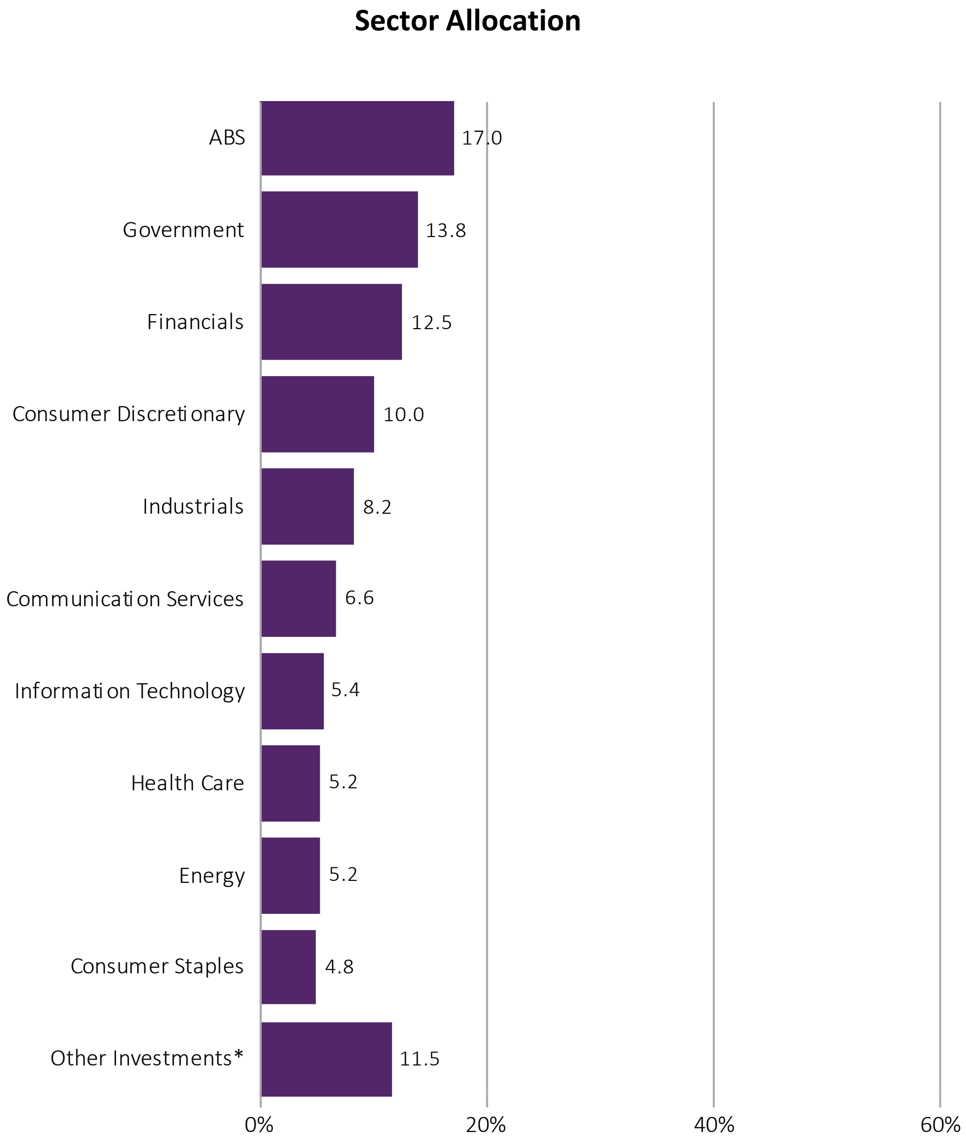
Key Statistics	30 Sep 2024	30 Jun 2024
Weighted Average Rating	BB+	BB+
Yield to Maturity (%)	6.71	7.45
Current Yield (%)	6.57	6.31
Interest Rate Duration (yrs)	2.60	2.54
Spread Duration (yrs)	3.55	3.57

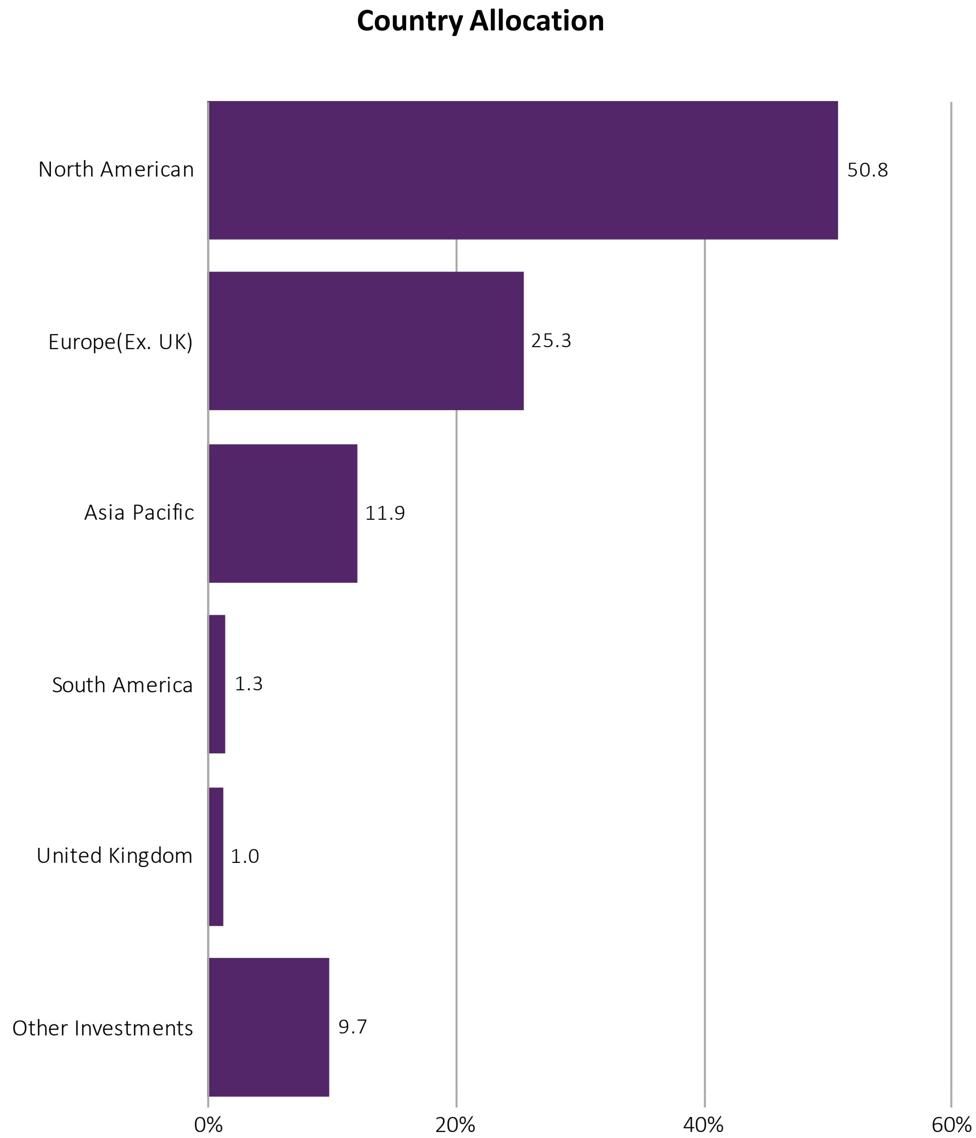




Source: CQS and PIMCO. For definitions of key statistics, please refer to the glossary.
All graphs/figures are net exposures shown as a % of NAV.

LCIV MAC Fund: Portfolio Characteristics





Source: CQS and Pimco Europe Limited
All graphs/figures are net exposures shown as a % of NAV.
**Includes Cash & Cash Equivalents and Derivatives.*

LCIV MAC Fund: ESG Summary

ESG Activity for the Quarter

EOS engaged with 35 companies held in the portfolio on a range of 123 environmental, social and governance issues and objectives over the quarter. Out of those engagements 55% were on environmental, 13% on governance, 24% on social and 8% on strategy, risk and communications.

Last year, CQS engaged with Patagonia Bidco ltd as they had not published any Sustainability reporting since the issuance of the loan in late 2021. The firm admitted to being behind the curve and intends to report in FY24. This quarter, CQS followed up with this question in person and the CFO of Patagonia explained that due to difficult trading conditions, the company did not have enough time to report on their ESG efforts to date. CQS expressed to us that they find this unusual as it has been three years since the company accessed the loan market. CQS believes that the management team has prioritised day-to-day operations over its sustainability efforts. However, Patagonia has started investigating emissions reporting, targets, and the installation of solar panels, with confirmed measurements for Scope 1, 2 & 3 current emissions and reduction targets looking ahead. In the end, CQS found it discouraging to see a continued lack of measurable progress since their last engagement in 2023. Ultimately, CQS has decided to sell the holding.

During the quarter, PIMCO engaged with Mondelez on deforestation, biodiversity, responsible sourcing and climate strategy. PIMCO has previously engaged with Mondelez both bilaterally and collaboratively on high-risk commodities and responsible sourcing, to enhance the resilience of its supply chain. The investment manager explains that they have encouraged Mondelez to consider setting an explicit No Deforestation, No Peat and No Exploitation (NDPE) commitment, across the supply chain, with a focus on high-risk commodities. Since then, PIMCO informed us that Mondelez has now implemented a time-bound phase-out approach to end deforestation, starting with the European Business by December 2024 and rolling out to other regions by December 2025. The investment manager also discussed water strategy with Mondelez, particularly water-related targets, reporting and engagement. We were pleased to know that the company has committed to a 10% in water reduction usage at its priority sites. Lastly, PIMCO informed us that Mondelez has assessed a time-bound plan to conform to the SBTi, intending to achieve Net Zero across its supply chain by 2050. The company has also committed to updating its carbon accounting to the best current standards.

LCIV MAC Fund: ESG Summary

Climate Risk Exposure

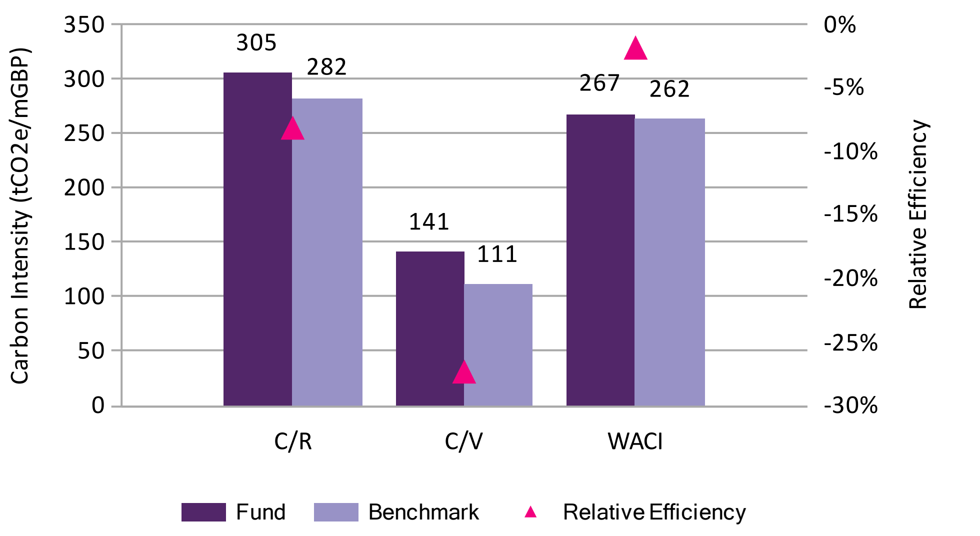
To enhance the understanding of climate risks and identify specific areas of exposure, London CIV periodically measures and reports the carbon footprint and fossil fuel exposure of listed equity and corporate fixed income instruments. The following charts produced using data from Trucost provide climate impact and risk exposure metrics that may be used to support climate related disclosures in line with TCFD recommendations and inform internal processes for risk management and strategy development.

Carbon Performance

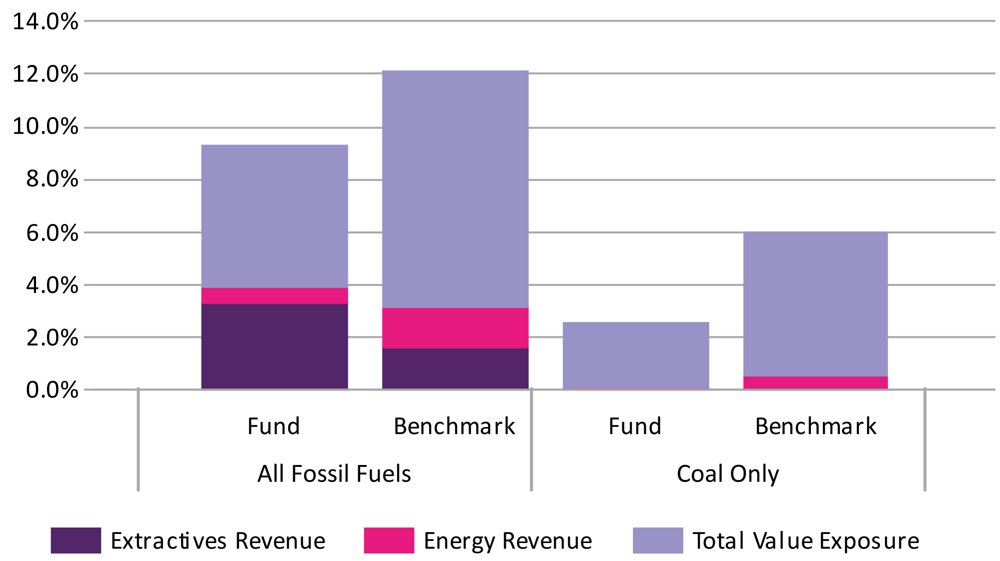
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.

Fossil Fuel Exposure

The chart provides an indication of exposure to companies engaged in any fossil fuel activities (left-hand side), as well as coal only (right-hand side). For more information on the methodology please consult the Appendix.



Estimated data as at 30 September 2024



Estimated data as at 30 September 2024

The benchmark used in the above is Bloomberg Global Aggregate Corporate Total Return Index
* The figures provided are based on estimates from CQS as finalised quarter end holdings were not available at the time of analysis

LCIV MAC Fund: ESG Summary

Climate Risk Exposure

Top Contributors - Weighted Average Carbon Intensity

The largest contributors to the portfolio's carbon intensity are shown below. The 'WACI Intensity Contribution' is the percentage change in the portfolio's intensity that would be caused by excluding the holding referenced. For more information, please consult the Appendix.

Name	Carbon Intensity (tCO2e/mGBP)	WACI Contribution	Climate 100+
Abu Dhabi National Energy Company PJSC	5,141.00	-11.50%	No
Danaos Corporation	4,518.79	-9.94%	No
Pampa Energia S.A.	5,241.61	-6.20%	No
The AES Corporation	4,073.87	-4.01%	Yes
Duke Energy Corporation	3,564.51	-3.60%	Yes
Cleveland-Cliffs Inc.	1,890.59	-3.22%	No
Equitrans Midstream Corporation	2,306.05	-2.97%	No
Carnival Corporation & Plc	864.35	-2.97%	No
DT Midstream, Inc.	2,338.11	-2.73%	No
Cheniere Energy Partners, L.P.	851.44	-2.49%	No

Source: London CIV based on Trucost data as at 30 September 2024

Top Contributors - Fossil Fuel Revenues

The table below shows the companies with the most significant weighted average fossil fuel revenues. The degree to which the company's own revenues are derived from fossil fuel activities is also indicated. For more information, please consult the Appendix.

Name	Fossil Fuel Revenue	Portfolio Weighted Fossil Fuel Revenue	Climate 100+
Valaris Limited	100.00%	0.620	No
Occidental Petroleum Corporation	71.38%	0.558	Yes
Delek Group Ltd.	49.42%	0.453	No
Civitas Resources, Inc.	100.00%	0.268	No
Vital Energy, Inc.	93.78%	0.233	No
Santos Limited	100.00%	0.218	Yes
Pampa Energia S.A.	60.47%	0.201	No
Chesapeake Energy Corporation	70.04%	0.181	No
Matador Resources Company	93.73%	0.173	No
Harbour Energy Plc	100.00%	0.158	No

Source: London CIV based on Trucost data as at 30 September 2024

Link to Underlying Manager's Commentary for the Quarter

londonciv.org.uk/portal/email/download/17148-Manager-Quarterly-Report---PIMCO---MAC-Fund---Q3-2024

Passive Investment Summary

	30 June 2024	30 September 2024
LGIM	**£**	**£**
GPEV - FWGlobalEquityIndexGBPOFC	309,311,540	311,806,349
World Developed Equity Index Fund - GBP Currency Hedged	163,102,496	170,522,451
World Developed Equity Index Fund (OFC)	155,150,795	155,642,424
All Stocks Index-Linked GILTs (OFC) I	103,834,902	105,307,441
World Emerging Markets Equity Index	51,997,556	54,221,449
Total	**783,397,288**	**797,500,114**

Source: Passive Investment Manager LGIM

Glossary of Terms

Responsible Investment/ESG

- **Carbon Intensity** Carbon emissions can be 'normalized' by a financial indicator (for example annual revenue or value invested) to provide a measure of carbon intensity. The three most common approaches to normalization are:
  - Carbon to Revenue (C/R): Dividing the apportioned CO2e by the apportioned annual revenues
  - Carbon to Value Invested (C/V): Dividing the apportioned CO2e by the value invested.
  - Weighted Average Carbon Intensity (WACI): Summing the product of each holding's weight in the portfolio with the company level C/R intensity (no apportioning).

  C/R gives an indication of carbon efficiency with respect to output (as revenues are linked to productivity). C/V gives an indication of efficiency with respect to shareholder value creation. The WACI approach circumvents the need for apportioning ownership of carbon or revenues to individual holdings. Whilst the first two methods act as indicators of an investor's contribution to climate change, the weighted average method seeks only to show an investor's exposure to carbon intensive companies, i.e. is not an additive in terms of carbon budgets.

- **ClimateAction100+** An investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. These include 100 'systemically important emitters', alongside more than 60 others with significant opportunity to drive the clean energy transition. For more information see http://www.climateaction100.org.
- **CO2e** Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of different greenhouse gases, expressed in terms of the equivalent of one unit of carbon dioxide.
- **Carbon Emissions Scopes** A method for accounting for different greenhouse gas emissions, based on the Greenhouse Gas Protocol, developed by the World Resources Institute and World Business Council for Sustainable Development.
  - **Scope 1 (Direct):** GHG emissions generated from sources owned or controlled by a company.
  - **Scope 2 (Indirect electricity):** GHG emissions generated by purchased electricity, heat or steam.
  - **Scope 3 (Other indirect):** GHG emissions which result as a consequence of the activities of a company but occur from sources which it does not owned or controlled. This is usually sub-divided into further categories, covering both the upstream and downstream value chain.
  - **Direct + First Tier Indirect emissions:** Used to denote the total Scope 1 and Scope 2 emissions of a company plus the Scope 3 emissions associated with the first tier of its supply chain.
- **ESG** Environmental, Social and Governance. This refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a company or business.
- **Fossil Fuel Exposure** London CIV assesses Fossil Fuel exposure by calculating the combined value of holdings with business activities in either fossil fuel extraction or fossil fuel energy generation industries. Company level exposure represents the combined weight in the portfolio or benchmark of companies deriving any revenues from fossil fuel related activities, while the Extractives Revenue and Energy revenue segments indicate the weighted average exposure to the revenues themselves.
- **Greenhouse gas (GHG)** Gases which trap heat in the atmosphere, raising the surface temperature of the earth. For the purposes of this report, this

Glossary of Terms

refers to the seven gases covered by the Kyoto Protocol. Quantities of greenhouse gas emissions are usually measured in kg or tonnes of CO2e.

- **Net Zero** A state in which the total quantity of greenhouse gases produced by human activity is balanced by removal from the atmosphere. In practice, this means reducing emissions over time to the lowest feasible level, in line with a global emissions reduction pathway which aligns to 1.5ºC of planetary warming by 2050, with any remaining emissions balanced out with high quality carbon removals.
- **NZAMI** Net Zero Asset Manager Initiative. This is a global group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius, and to supporting investing aligned with net zero emissions by 2050 or sooner.
- **Relative Efficiency** The percentage difference between the carbon intensity of a fund and the benchmark.
- **UK Stewardship Code** A code which aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. Details of all signatories, with links to the statements on their websites are available on the Financial Reporting Council website https://www.frc.org.uk/investors/uk-stewardship-code.

Performance and Risk

- **Alpha** The incremental return of an investment manager when the market is stationary. In other words, it is the extra return due to non-market factors. A positive alpha indicates that an investment manager has produced higher returns than expected for a given level of risk.
- **Benchmark** An index which is representative of the performance of a Sub-fund based on the nature of risks taken and instruments used within the Sub-fund.
- **Beta** A measure of the sensitivity of the investment portfolio to the stated benchmark. A Beta of 1.0 implies a high degree of correlation of movement in returns between the portfolio and the benchmark. A Beta above or below 1.0 implies that the portfolio is more or less volatile than the benchmark.
- **Comparator Benchmarks** Indices which represent a style-appropriate reference index to compare performance.
- **Correlation** A statistical term which defines the percent of time two variables, such as portfolios or benchmark indices, move in the same direction. Correlation coefficients range from -1 to +1, with +1 indicating that the variables are perfectly positively correlated and are expected to move by the same amount in the same direction.
- **Current Yield** The annual income expected from a bond, or portfolio of bonds, divided by the market price of the underlying securities. This measure will fluctuate as the market value of bonds changes. However, the income received, which is based on par values, is constant.
- **Duration/Interest rate duration** A measure of the sensitivity of the price of a bond, or a portfolio of bonds, to changes in interest rates. An accurate predictor of price changes only for small, parallel shifts of the yield curve. For every 1 basis point fall/ (rise) in interest rates, a portfolio with duration of 1 year is expected to rise /(fall) in price by 1 basis point.
- **Information Ratio** A measure of skill based on the value added by the investment manager per unit of active risk, or Tracking Error, relative to a benchmark index.
- **Maximum (Max) Drawdown**: The maximum peak to trough decline in the value of a portfolio during a specific period.

Glossary of Terms

- **Peer Analysis** Compares performance and risk measures for groups of funds sharing similar investment characteristics. Data is sourced from eVestment. London CIV does not choose the asset managers, or the funds used in this analysis. The fund analysed by eVestment may not be the London CIV Sub-fund – a representative account managed by the investment manager which is most closely aligned to the Sub-fund in terms of investment objective and policy may be used.
- **Sharpe Ratio** A measure of skill based on the value added by the investment manager per unit of absolute risk, or Standard Deviation, relative to a risk-free asset, such as SONIA (30 day compounded).
- **Spread** The difference between the yield of a security and the yield of a reference benchmark, usually a cash interest rate or yield on a government bond.
- **Spread Duration** A measure of the sensitivity of the price of a bond, or a portfolio of bonds, to changes in spreads. For every 1 year of spread duration, the value of a portfolio is expected to rise (fall) by 1 basis point with every 1 basis point change in spread.
- **Standard Deviation** Measures the average deviations of a return series from its mean. A high standard deviation implies that there have been large swings or volatility in the return series.
- **Style Analysis** The style of the equity funds is relative to their respective benchmarks and is generated using Bloomberg Port. A positive tilt indicates that the portfolio is more exposed to that factor than the benchmark. Details of the factors are provided in the table below.

Dividend Yield	Value indicator = positive relationship between stock returns and dividend yield
Earnings Yield	EY (comprises both historic and forecast)
Growth	Comprises of historical sales growth, historical earnings growth, analyst predicted MT growth, analyst predicted LT growth
Leverage	3 factors – asset leverage, book leverage, market leverage
Liquidity	Share turnover, Bid/Ask spread, modified Amihud (proxy of stock liquidity) measure
Long – Term Reversal (LTR)	Stocks performed badly over last 3-5 years tend to outperform over subsequent periods
Market Beta	Rick metric
Mid Cap	Return of mid cap segment
Momentum	Stocks that have performed well in the last 6-12 months
Profit	Quality factor – high profit = high quality. 3 factors: ROA, ROE, profit margin
Residual Volatility	Does high vol underperform low vol
Size	Market cap
Valuation (Value)	Comprises B/P, sales/P, CF/P
Variability	Quality signal – low variability = stability, 3 factors: variability net income, variability sales, variability cashflow

Glossary of Terms

- **Tracking Error** (TE) Measures the risk in an investment portfolio that is due to active management decisions. This is shown in percentage terms.
    - **Ex-ante or forecast** Predicted TE based on statistical analysis of the holdings in a portfolio at a point in time.
    - **Ex-post or realised** Actual TE calculated using the historic returns of portfolios and their benchmark indices.
- **Upside/Downside Capture** A measure of the performance of a portfolio relative to a specific market benchmark (usually an equity index) when the benchmark is rising/falling. Expressed as a percentage. A value above 100 implies that the portfolio captures more of the returns generated by the benchmark in up or down markets. For example, an upside capture ratio of 105% means that the portfolio has appreciated by 5% more than the benchmark index when the value of the index has risen during the selected time period.
- **Volatility** See **Standard Deviation**.
- **Weighted Average Rating** This is the weighted average credit rating of the bonds in the portfolio based on the ratings framework used by a leading supplier of credit ratings.
- **Yield to Maturity (YTM)** The expected percentage rate of return expected from a bond, or portfolio of bonds, if held until maturity. Assumes that all interest payments are made on time and then reinvested at the same interest rate. YTM fluctuates based on movements in market prices which reflect changes, or expected changes, in interest rates.
- **Yield %** As displayed in the Key Statistics table for the London CIV Equity Sub-funds is the estimated annual dividend yield of a portfolio of stocks. It represents an estimate of the dividend-only return on your investment.

Fund-related

- **Capacity** Please refer to the prospectus. Sub-funds may be limited in terms of capacity to accept subscriptions or total Sub-fund valuation size. For queries on remaining capacity as at a relevant date, please contact the Client Service Team at clientservice@londonciv.org.uk.
- **Completed Sales** For delegated portfolios any holdings held at the last quarter end which have been sold out of and are no longer held as at the reporting date shown. If there are more than ten it is limited to the largest ten as at the end of last quarter. This is not necessarily the largest ten sales for the quarter. Note if a position was bought and sold within the quarter this will not appear.
- **Country Weights** The value of holdings in different countries is based on the classification of all individual portfolio holdings within the Northern Trust fund accounting system. Note that the percentage of the portfolio calculations excludes the impact of any cash held within the Sub-fund.
- **New Positions** For delegated investment portfolios any new holdings entered into during the quarter that were not held at the last quarter end. If there are more than ten it is limited to the largest ten as at the end of the quarter. This is not necessarily the same as the largest ten purchases for the quarter if pre-existing holdings have been topped up. Note if a position was bought and sold within the quarter this will not appear.
- **Pay Date** The date on which the distribution amount will be paid in cash. If a reinvestment option is taken this will be reinvested on pay date –2 Business Days.
- **Performance Attribution** For delegated equity portfolios the top ten contributors and detractors to performance, in absolute terms, are shown. This is to show how the structure of the investment portfolio contributed to the total performance.

Glossary of Terms

- **Performance Calculation Basis** Performance is calculated net of all fees and expenses and is shown at Sub-fund level rather than at share class level. Where a Sub-fund has been open for less than a month the performance will show as "n/a" unless otherwise specified. Since 1 January 2020 the investment performance calculations use a time weighted rather than money weighted basis. The time-weighted rate of return ("TWR") is a measure of the compound rate of growth in a portfolio. The TWR measure eliminates the distorting effects on growth rates created by inflows and outflows of money.
- **Reporting Date** All data and content within this report is as per the date noted on the front cover, unless otherwise noted. Where the reporting end date falls on a weekend or Bank holiday, data from the previous business day will be used.
- **Securities Financing Transaction "SFT"** A transaction where securities are used to borrow or lend cash. They include repurchase agreements (repos), securities lending activities, and sell/buy-back transactions.
- **Sector Weights** The value of holdings in different sectors is based on the Global Industry Classification Standards (GICS) categories of all individual portfolio holdings within the Northern Trust fund accounting system.
- **Set up of the Sub–funds** London LGPS CIV Ltd (London CIV) is the Alternative Investment Fund Manager for the London LGPS CIV Authorised Contractual Scheme and manages the Sub-funds on either a delegated or pooled basis.
    - Delegated: The Sub-fund is structured as a delegated mandate with an appointed investment manager selecting individual securities overseen by the London CIV. The Sub-funds directly own the assets which are held by the custodian. This is the case for all of the Global Equities Sub-funds, the LCIV Emerging Markets Equity Fund and the LCIV Global Bond Fund.
    - Pooled: The Sub-fund holds units in collective investment schemes managed by other investment managers rather than directly holding the individual securities. This is the case for the four Multi-Asset Sub-funds and the LCIV Alternative Credit Fund.
    - Multi strategy: The LCIV MAC Fund invests through both a delegated arrangement with an investment manager and a collective investment scheme.
- **Since Inception Performance** For Sub-funds that have been live for a period exceeding 12 months, figures are annualised taking into account the period the fund has been open.
- **Top Ten Holdings** Largest ten holdings within the investment portfolio as at the reporting date. Note this excludes the impact of any cash held within the Sub-fund.
- **Share classes** Some of the LCIV Sub-funds have both an income (Inc) and an accumulation (Acc) share class set up. All assets are held at Sub-fund level, not at share class level, and there are no expense rate differences between the Inc and the Acc share class. Distributions in the Acc share class are accumulated, whereas in the Inc share class distributions are either paid out or reinvested. Note that where an Acc share class has been made available, the reinvestment option in the Inc share class will be removed going forward. For a full list of Sub-funds and available share classes please refer to the latest prospectus.
- **Underlying Investment Managers** for Delegated ACS Sub-funds:
    - Baillie Gifford & Co for LCIV Global Alpha Growth Fund and LCIV Global Alpha Growth Paris Aligned Fund
    - JPMorgan Asset Management (UK) Limited for LCIV Emerging Market Equity Fund
    - Longview Partners (Guernsey) Limited for LCIV Global Equity Focus Fund

Glossary of Terms

    - Morgan Stanley for LCIV Global Equity Quality Fund
    - PIMCO Europe Limited for LCIV Global Bond Fund
    - RBC Global Asset Management (UK) Limited for LCIV Sustainable Equity Fund and the LCIV Sustainable Equity Exclusion Fund
    - Newton Investment Management Ltd for LCIV Global Equity Fund
    - State Street Global Advisors Limited for LCIV Passive Equity Progressive Paris Aligned Fund
- **Underlying Investment Managers** for Pooled ACS Sub-funds:
    - Baillie Gifford & Co for LCIV Diversified Growth Fund
    - Newton Investment Management Ltd for LCIV Real Return Fund
    - Pyrford International Limited for LCIV Global Total Return Fund
    - Ruffer LLP for LCIV Absolute Return Fund
    - CQS (UK) LLP for LCIV Alternative Credit Fund
- **Underlying Investment Managers** for Multi Strategy ACS Sub-funds:
    - CQS (UK) LLP and PIMCO Europe Limited for LCIV MAC Fund
- **XD Date** The date on which the distribution amount will be determined. Units purchased in the Sub-fund on its ex-dividend date or after, will not receive the next payment. Any units held in the Sub-fund before the ex-dividend date, receive the distribution.

Style Analysis Methodology

The Portfolio Style Skyline charts show how an equity portfolio is positioned relative to its reference Index in terms of investing Style. This is based on analysis of the stocks held in the portfolio at the end of the quarter preceding the current reporting period.

The Skyline includes 18 distinct style factors: the first six bars from the left are Value factors (Blue), the next six bars are Growth and Quality factors (Green) and the remaining six bars on the right cover Market Cap as a proxy for company size, Beta to measure relative volatility, Momentum (6 month and 12 month trend in total return), Debt/Equity, a measure of balance sheet strength, and Foreign Sales, an indicator of the sensitivity of the portfolio to global trade and currency movements.

Metrics are normalised to resolve scaling issues and adjusted to account for country and industry effects. This provides greater insight into whether the investment manager is pursuing a distinct style of investing, or whether tilts are caused by country or industry positions which are usually by-products of the stock selection process.

Positive/negative scores indicate that the portfolio style factor is higher/lower than the benchmark index. A Style Tilt greater than 1 or less than -1 is considered statistically significant and a Tilt greater than 2 or less than -2 is very significant.

Disclaimer

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