

Quarterly Executive Summary

30 September 2024 - 31 December 2024

1 Funding and Liabilities

▲ 128%
The Funding level increased by 8% this quarter

▲ £1.09bn
The liabilities decreased by £(50)m over the quarter.

Source: Hymans actuarial data.

2 Pension Assets

▲ 1.42bn
market value this quarter.

▲ 2.31%
increase in market value this quarter

Source: Northern Trust custody data

3 Investment Performance

▲ 2.6%
The Fund returned 2.6% this quarter.

▼ 0.5%
The Fund underperformed its benchmark by 0.5% this quarter

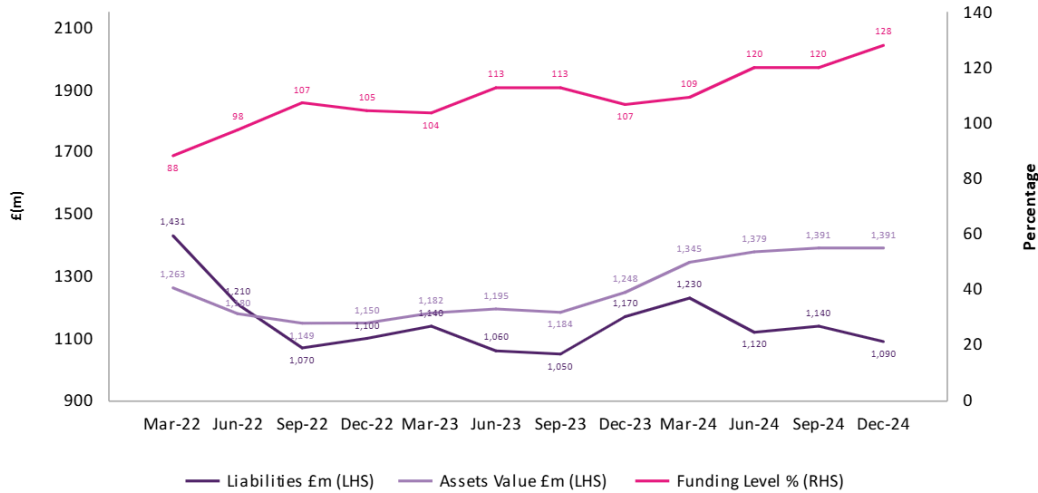
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	31 Dec 2024
Funding Level (%)	88	128
Deficit/Surplus (£m)	(171)	310
Funding basis	Ongoing	Ongoing
Discount rate (%p.a.)	4.1	6.3
Pension increases (%p.a.)	2.7	2.3

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

Source: Hymans actuarial data.

Funding Level By Progression



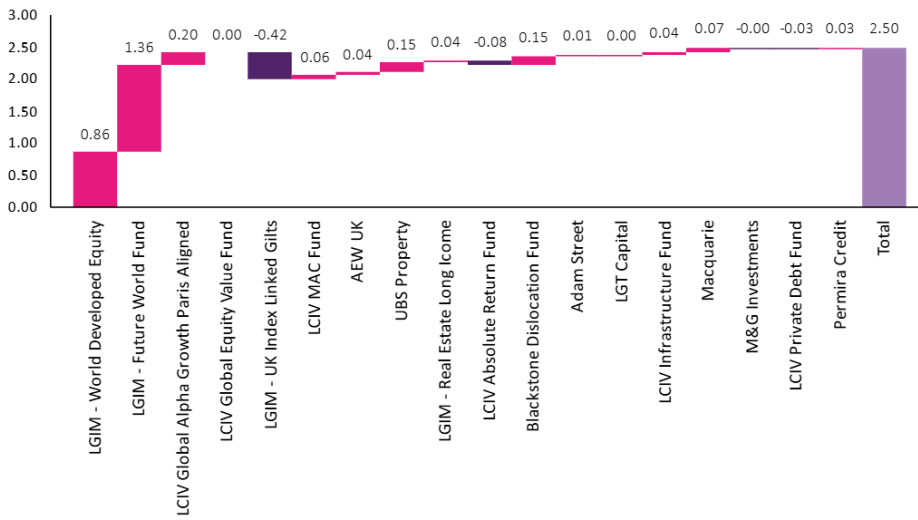
Source: Hymans actuarial data.

Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 31 December 2024.
Returns are gross of fees and annualised for periods greater than 1 year.

Manager Contribution to Total Return - Q4 2024



Source: Northern Trust custody data as of 31 December 2024.
Returns are gross of fees.

Commentary

Market Update – Q4 2024

2024 was an eventful year from a geo-political, electoral and economic perspective, and the final quarter of the year did not break the mould.

The main events for investors, over and above the ongoing interpretation of trends in inflation, growth, employment and other macro factors, were the delivery of the new government's first budget at the end of October and the U.S. Presidential election in November.

Fears of an inconclusive election in the U.S. did not materialise. This reassured investors in the equity and credit markets, despite uncertainty about the scale and potential impact of policy initiatives which will be implemented by the incoming administration.

Investors with a more optimistic bias, such as equity specialists, have taken the view that the potential benefit of deregulation and lower taxes will outweigh the effects of a protectionist trade agenda and any drag from cuts in government spending.

Towards the end of the year, both stocks and bonds dipped after the U.S. Federal Reserve signalled that the pace of reductions in interest rates could be slower than expected, partly because of the policy uncertainty noted earlier, but also because of robust employment data.

Sterling performed poorly (-6.4% against the U.S. Dollar in Q4), despite the widening differential in interest rates between the UK and other large economies. This reflects a dip in confidence in the likelihood that the rate of economic growth will return to levels which support greater fiscal stability.

Gold was flat in Q4 but gained more than 27% in 2024. Armed conflict, geopolitical tension, high inflation, central bank buying and supply constraints have all played a part in this surge.

Equity

U.S. stocks had another strong quarter to cap a second consecutive year of stellar returns. The S&P 500 Index closed at record levels more than 50 times in 2024 and enjoyed a flurry of new highs after the elections. The Index gained 2.1% in Q4 and 23.3% in 2024 (in U.S. Dollar terms).

This propelled the MSCI World Index to a second consecutive year of circa 20% gains in Sterling terms (+20.8% in 2024). Growth stocks dominated value stocks in 2024. The magnitude of the differential of more than 16% in favour of MSCI World Growth is striking.

There was also a large gap (more than 10%) between developed economy and emerging markets stocks. The surge in momentum in Chinese equities at the end of Q3 sputtered out quickly. Although Indian and Taiwanese stocks had a strong year in 2024, the moribund performance of the Chinese economy cast a long shadow over the MSCI Emerging Markets Index in 2024.

The improvement in the trend in relative performance of the LCIV Global Alpha Growth Paris Aligned Fund in Q3 2024 proved to be short lived. Q4 presented a challenging environment for active managers because of the unusually high degree of concentration in the drivers of performance of equity indices. Specifically, returns from equities have relied heavily on the performance of a small group of technology and tech-related companies which are at the forefront of innovation in the deployment of artificial intelligence ('AI'). This was a recurring theme in 2024.

We expect our investment managers to be prudent in diversifying exposure to common economic drivers in the portfolios they manage for our Sub-funds. These managers also invest with a long-term perspective based on rational fundamental analysis. In short, the dominance of a sub-set of companies with outstanding growth profiles, but which are relatively aggressively valued, presents a headwind in terms of relative performance.

Our response has been to identify the drivers of underperformance and issues with the execution of investment, responsible investment and/or risk management processes.

We engage with the investment managers to assess the steps being taken to address these issues, for example personnel changes, rejuvenation of idea generation, portfolio construction and risk management processes and increased oversight of portfolio managers by independent risk specialists.

We track progress with these initiatives through frequent dialogue with the investment managers, and we increased the intensity of our monitoring to ensure that the investment managers are not deviating from the strategy and processes we have engaged them to implement.

Fixed Income

Credit markets were steady in the final quarter. Spreads on investment grade and high yield debt were stable at the low end of their historic ranges, reflecting investor confidence in the ability of companies to meet their obligations. This is despite a steady flow of warnings about the risk of a surge in defaults in the private credit markets. High yield debt, which is less sensitive to changes in interest rates, outperformed investment grade debt by more than 7% in 2024.

It was not all smooth sailing though. Government bond markets were volatile in the period preceding the U.S. election, before the announcement of the first budget by the new government in the UK and the aftermath of elections in France. Bond investors are concerned that governments will implement policies which could stoke inflation, force them to step up the pace of borrowing, or some combination of both.

Yields on U.S. Treasury bonds and Gilts, based on debt maturing in 10 years, increased by 0.79% and 0.67% respectively in Q4. These are big moves, and the negative momentum in yields gathered pace at the beginning of 2025, particularly in the UK, where the combination of tepid growth, sticky inflation and the deteriorating outlook for government finances has pushed yields on Gilts up to levels last seen in 2008, at the height of the global financial crisis.

The [LCIV MAC Fund](#) provides exposure to the full breadth of opportunities in the global investment grade and high yield credit markets. This Sub-fund performed well in absolute terms in 2024 (+8.9%) but lagged its target of cash (Sonia 30-day compounded) + 4.5% by a small margin.

Multi-Asset

The performance of the [LCIV Absolute Return Fund](#) was disappointing (-3.1% in Q4, -1% in 2024). The investment manager is resolute in their belief that the risk of a severe downturn in the equity and credit markets is high. The derivatives used to protect the Sub-fund, the long position

in the Yen and the defensive profile of the equity portfolio have been drags on performance.

Investment Manager Monitoring

Recognising the potential limitations of equity Sub-funds which depend solely on the performance of individual managers, we have expanded our coverage of peer groups and developed 'Prospects' lists of managers who could improve the investment and/or responsible investment performance of our Sub-funds, either individually or in combination with incumbent or other managers. This continues to be a priority for us from a research perspective.

We are in the process of refining our fund and investment manager monitoring and selection framework. The goal is to increase the transparency of our assessment of the skills of our investment managers and introduce objective tests of performance which will have a direct bearing on the cadence and intensity of our monitoring work.

Going forward, we will present separate scores (on a 1 to 4 scale, with 1 being strongest) for 'Skills' and 'Value'.

We brought forward the investment due diligence review for the [LCIV Absolute Return Fund](#) because of the deterioration in the medium-term performance record of the Sub-fund. We will use this review to challenge our view of the investment manager's processes and the strength of their decision-making and risk management teams. We will consider business risks because of the negative trend in assets under management. Later in Q1 2025, we will also conduct an investment due diligence on the [LCIV Global Alpha Growth Paris Aligned Fund](#) and the findings of these reviews will be shared with Partner Funds through our Investor Update webinars.

Investor Update Webinars for Hillingdon in 2025

Date	Sub-Fund
3 April 25	LCIV Absolute Return Fund
20 May 25	LCIV Global Alpha Growth Paris Aligned Fund
17 June 25	LCIV Infrastructure Fund
18 June 25	LCIV Private Debt Fund
3 July 25	LCIV MAC Fund

Manager Performance

Asset Class / Fund Name	Weight	3 Months (%)		1 Year (%)		3 Years p.a. (%)		Since Inception p.a. (%)		
		Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Inception Date
Global Equities	56.1									
LGIM - Future World Fund	23.3	5.9	5.8	20.5	20.2	8.4	8.2	11.3	11.1	23 Sep 2020
LGIM - Global Equities	23.2	3.7	3.7	19.3	20.1	7.6	7.9	9.8	10.0	31 Oct 2016
LCIV Global Equity Value Fund	5.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	3.3	28 Oct 2024
LCIV Global Alpha Growth Paris Aligned Fund	4.7	4.3	7.5	15.6	23.8	0.2	12.2	0.8	14.3	22 Apr 2021
Property	9.9									
UBS Property	5.1	3.0	2.4	4.6	5.4	(1.5)	(2.0)	3.5	3.4	31 Mar 2006
AEW UK	4.9	0.9	2.4	(2.1)	5.4	(3.0)	(2.0)	5.7	5.1	30 Jun 2014
Multi-Asset Credit	9.3									
LCIV MAC Fund	9.3	0.7	2.2	8.6	9.5	0.0	0.0	7.1	8.9	26 May 2022
Index Linked Gilts	7.0									
LGIM - UK ILG	7.0	(6.0)	(6.0)	(8.3)	(8.3)	(15.0)	(15.0)	(2.6)	(2.5)	22 Feb 2017
Infrastructure	4.9									
LCIV Infrastructure Fund	4.2	1.1	1.9	9.3	8.0	9.6	6.9	5.7	5.4	14 Nov 2019
Macquarie	0.7	9.8	1.9	11.2	8.0	19.1	6.9	9.9	4.3	30 Sep 2010
Private Debt	4.8									
LCIV Private Debt Fund	4.0	(0.8)	1.5	3.0	6.0	6.6	6.0	6.3	6.0	16 Nov 2021
Permira	0.8	4.2	2.1	12.8	9.0	9.5	7.9	7.8	5.6	30 Nov 2014
M&G Investments	0.0	0.0	2.1	(43.1)	9.0	(14.8)	7.9	1.0	5.3	31 May 2010
Real Estate Long Income	3.4									
LGIM - LPI Income Property	3.4	1.1	0.9	4.9	3.5	(4.0)	7.3	(0.8)	6.3	11 Mar 2020
Diversified Growth	2.7									
LCIV Absolute Return Fund	2.7	(3.1)	1.2	(0.7)	5.3	(0.2)	3.8	4.6	1.4	28 May 2010
Opportunistic Dislocation	1.6									
Blackstone Dislocation Fund	1.6	9.6	3.6	0.0	0.0	0.0	0.0	5.0	11.4	27 Mar 2024
Private Equity	0.2									
Adam Street	0.1	10.5	6.9	(12.4)	24.1	(9.8)	12.8	6.0	0.0	31 Jan 2005
LGT	0.1	4.6	6.9	3.0	24.1	(0.7)	12.8	10.2	0.0	31 May 2004

Source: Northern Trust custody data as of 31 December 2024

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

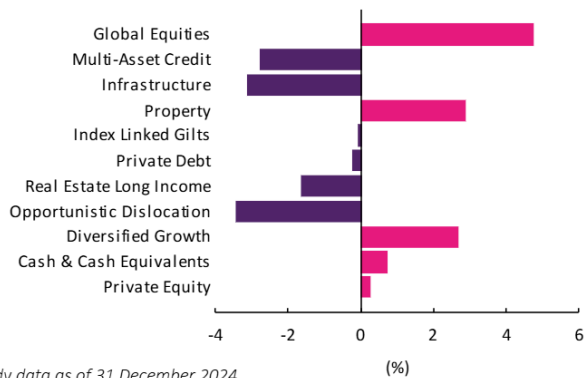
Asset Allocation

Asset Class	Strategic Asset Allocation (%) 31 December 2023	Actual Asset Allocation (%) 30 September 2024	Actual Asset Allocation (%) 31 December 2024	Change in Asset Allocation (%) Quarter on Quarter	Actual Asset Allocation (%) 31 December 2024 vs Strategic Asset Allocation (%)
Global Equities	51	54	56	2	+5
Multi-Asset Credit	12	9	9	(0)	-3
Infrastructure	8	5	5	(0)	-3
Property	7	10	10	(0)	+3
Index Linked Gilts	7	8	7	(1)	-0
Private Debt	5	5	5	(0)	-0
Real Estate Long Income	5	3	3	(0)	-2
Opportunistic Dislocation	5	2	2	(0)	-3
Diversified Growth	0	3	3	(0)	+3
Cash & Cash Equivalents	0	0	1	0	+1
Private Equity	0	0	0	(0)	+0

Source: Northern Trust custody data as of 31 December 2024

Actual Asset Allocation

vs Target Allocation by Asset Class As of 31 December 2024



Source: Northern Trust custody data as of 31 December 2024

Asset Allocation Changes - Q4 2024

Asset Class	Market Value 30 September 2024 (£'m)	Net contribution* (£'m)	Income (£'m)	Fees (£'m)	Appreciation (£'m)	Market Value 31 December 2024 (£'m)
Global Equities	754	5	-	-	35	794
Property	144	(6)	1	-	2	140
Multi-Asset Credit	130	-	-	-	1	131
Index Linked Gilts	105	-	-	-	(6)	99
Infrastructure	70	(3)	1	-	1	69
Private Debt	68	-	-	-	-	68
Real Estate Long Income	48	-	-	-	1	48
Diversified Growth	39	-	-	-	(1)	38
Opportunistic Dislocation	25	(5)	1	-	1	23
Cash & Cash Equivalents	4	6	-	-	-	10
Private Equity	4	(1)	-	-	-	3
Total	1,392	(4)	3		33	1,424

Source: Northern Trust

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

Assessment Framework

As of 31 December 2024

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

■ Normal Monitoring
 ■ Enhanced Monitoring
 ■ Watch List

Source: London CIV. The fund monitoring framework has transitioned to a new methodology which will be in the Q1 2025 report.

Disclaimer

Important information

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

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

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

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

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

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

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

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

About London CIV

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



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

Appendix

Asset Allocation

Asset Class / Fund Name	Market Value (30 September 2024) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (31 December 2024) £m	Weights (%) (30 September 2024)	Weights (%) (31 December 2024)	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Global Equities	754	5	-	-	34	794	54	56	1.58	51	5
LCIV Global Alpha Growth Paris Aligned Fund	63	-	-	-	3	66	5	5	0.09		
LCIV Global Equity Value Fund	-	70	-	-	-	71	-	5	4.97		
LGIM - Future World Fund	311	-	-	-	18	330	22	23	0.78		
LGIM - Global Equities	379	(65)	-	-	13	327	27	23	-4.25		
Index Linked Gilts	105	-	-	-	(6)	99	8	7	-0.61	7	-
LGIM - UK ILG	105	-	-	-	(6)	99	8	7	-0.61		
Multi-Asset Credit	130	-	-	-	1	131	9	9	-0.15	12	(3)
LCIV MAC Fund	130	-	-	-	1	131	9	9	-0.15		
Property	144	(6)	1	-	2	140	10	10	-0.48	7	3
AEW UK	69	(1)	1	-	-	69	5	5	-0.12		
UBS Property	75	(6)	1	-	2	72	5	5	-0.37		
Real Estate Long Income	48	-	-	-	1	48	3	3	-0.04	5	(2)
LGIM - LPI Income Property	48	-	-	-	1	48	3	3	-0.04		
Diversified Growth	39	-	-	-	(1)	38	3	3	-0.15	-	3
LCIV Absolute Return Fund	39	-	-	-	(1)	38	3	3	-0.15		
Private Equity	4	(1)	-	-	-	3	-	-	-0.07	-	-
Adam Street	3	(1)	-	-	-	2	-	-	-0.07		
LGT	2	-	-	-	-	2	-	-	-0.00		
Infrastructure	70	(3)	1	-	1	69	5	5	-0.18	8	(3)
LCIV Infrastructure Fund	59	(1)	1	-	-	60	4	4	-0.09		
Macquarie	11	(2)	-	-	1	10	-	-	-0.09		
Private Debt	68	-	-	-	-	68	5	5	-0.14	5	-
LCIV Private Debt Fund	57	-	-	-	-	56	4	4	-0.12		
M&G Investments	0	-	-	-	-	-	-	-	-0.00		
Permira	11	-	-	-	-	11	-	-	-0.02		
Cash & Cash Equivalents	4	6	-	-	-	10	-	-	0.45	-	-
Non-custody	4	6	-	-	-	10	-	-	0.45		
Opportunistic Dislocation	25	(5)	1	-	1	23	2	2	-0.21	5	(3)
Blackstone Dislocation Fund	25	(5)	1	-	1	23	2	2	-0.21		
Total	1,392	(4)	3	-	32	1,424	100	100			

Source: Northern Trust custody data as of 31 December 2024