

Quarterly Executive Summary

31 March 2025 - 30 June 2025

1 Funding and Liabilities

▲ 136%
The Funding level increased by 8% this quarter

▲ £1.06bn
The liabilities decreased by £20m over the quarter.

Source: Hymans actuarial data.

3 Investment Performance

▲ 4.0%
The Fund returned 4.0% this quarter.

▼ 0.0%
The Fund underperformed its benchmark by 0.0% this quarter

Source: Northern Trust custody data

2 Pension Assets

▲ 1.46bn
market value this quarter.

▲ 3.96%
increase in market value this quarter

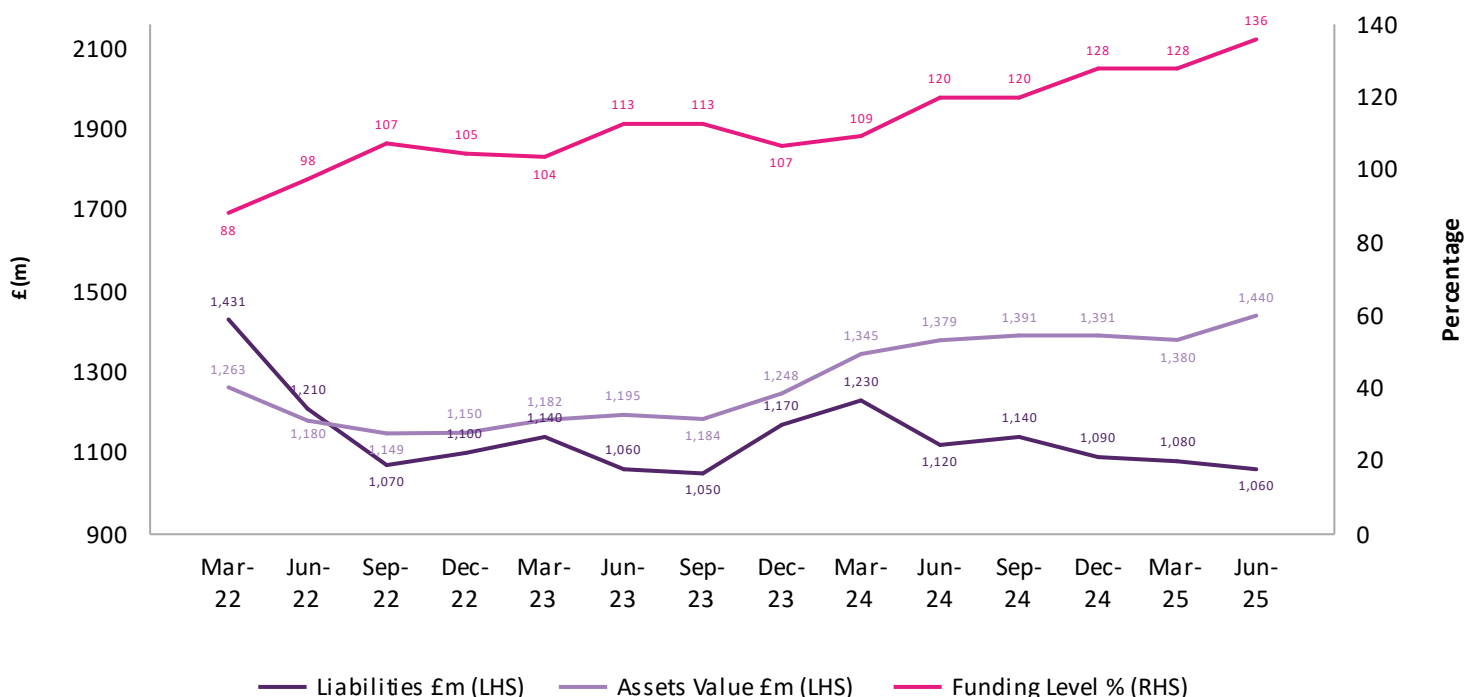
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	30 Jun 2025
Funding Level (%)	88	136
Deficit/Surplus (£m)	(171)	380
Funding basis	Ongoing	Ongoing
Discount rate (%p.a.)	4.1	6.3
Pension increases (%p.a.)	2.7	2.3

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

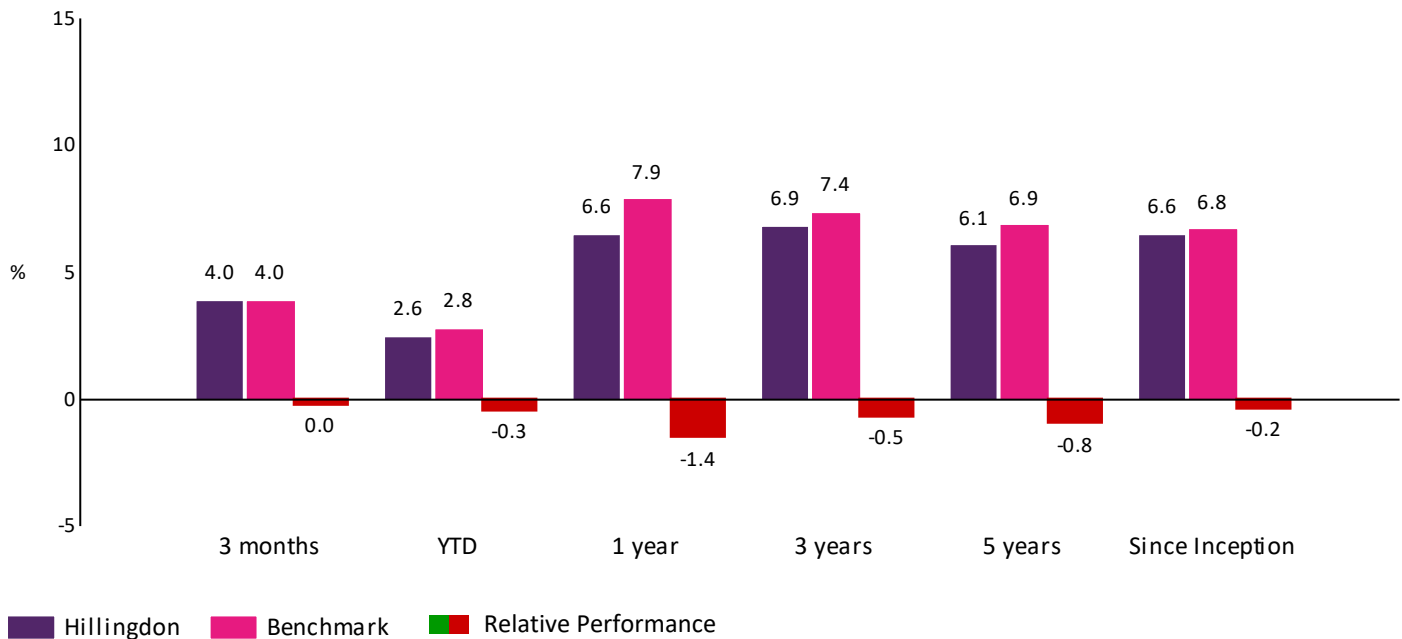
Source: Hymans actuarial data.

Funding Level By Progression



Source: Hymans actuarial data.

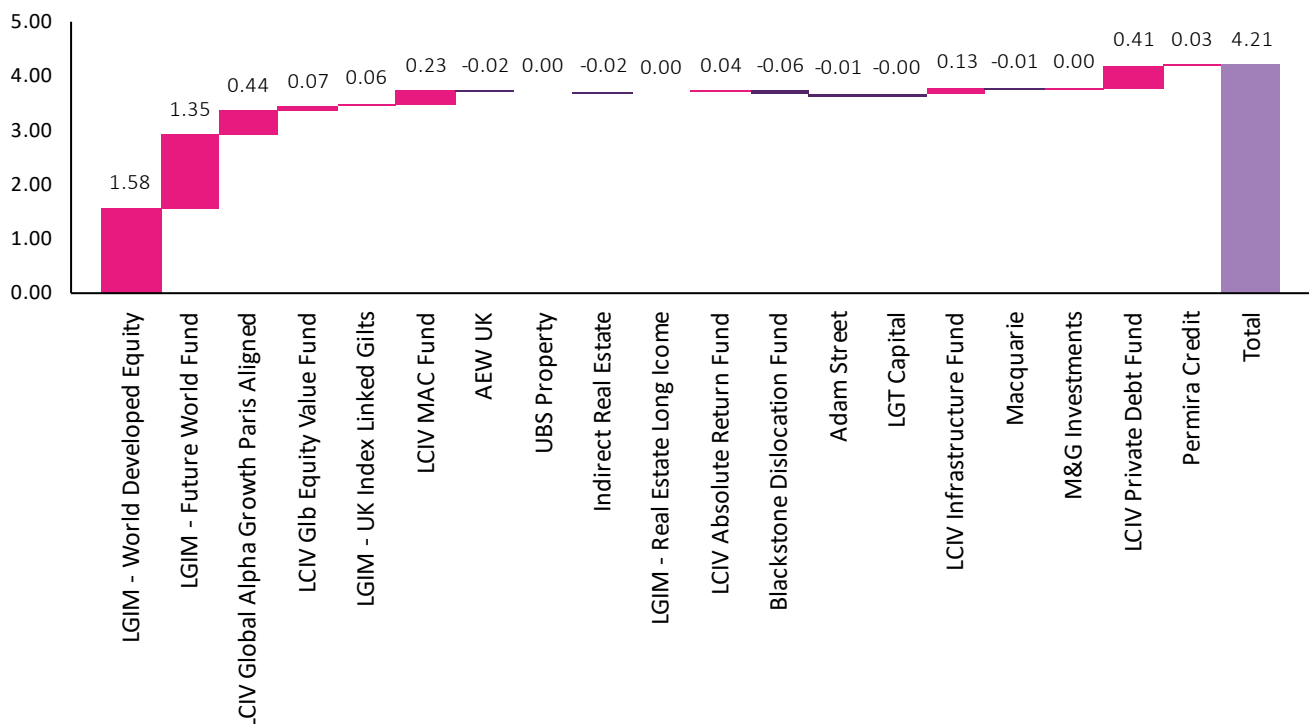
Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 30 June 2025.

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

Manager Contribution to Total Return - Q2 2025



Source: Northern Trust custody data as of 30 June 2025.

Returns are gross of fees.

Commentary

Economies and Markets Update – Q2 2025

The second quarter of 2025 was yet again characterised by tariffs and geopolitical conflicts. Despite President Trump's promises to end the wars in Russia/Ukraine and in Israel as well as the ongoing dispute between India and Pakistan, things escalated mid quarter as Israel bombed nuclear sites in Iran with the US engaging as well. Markets initially reacted, mainly due to concerns around potential supply shortages if the Strait of Hormuz would be blocked but settled down quickly as it became clear that the escalation of the conflict was short lived.

Following President Trump's announcement of substantial tariffs for all countries, he backtracked over the course of the quarter by deferring most tariffs and negotiating a handful of bilateral trade deals, including with the UK. Whilst tariffs remain higher than before the announcement, the deals reached mean that the economic impact will be less painful than feared. The tariff programme was also challenged by courts in the US but eventually got passed by both the Congress and the House.

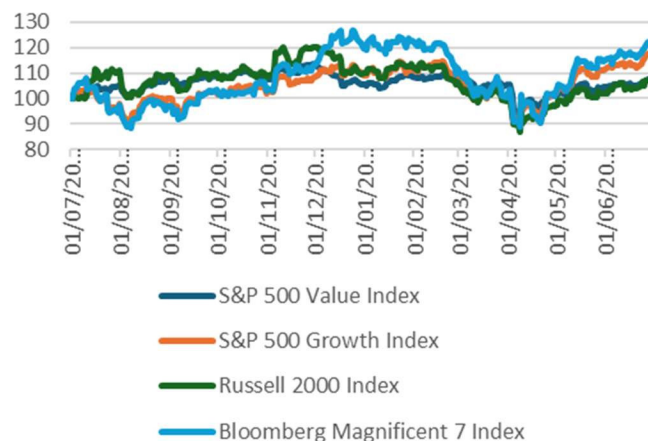
Despite tariff uncertainties central bank action was limited over the quarter. The US Fed remained in a "wait-and-see" mode but is expected to cut rates further in the latter half of 2025. Economic data, including labour market conditions, has held up reasonably well despite the uncertainties mentioned above, whilst the inflationary impact of tariffs has not yet started to feed through.

In the UK and in Europe, the Bank of England and the ECB cut rates by 25bps during the quarter to 4.25% and 2% respectively as was widely expected with further cuts likely as the year progresses, depending on the trend in inflation.

Equities

At the start of the quarter equity markets weakened sharply due to tariff concerns with the S&P 500 down more than 10%. At the low point in April, the index was down about 20% from the peak achieved in mid-February. However, equity markets recovered quickly, and the S&P 500 Index ended the quarter at all-time highs again.

US equity market performance by style (rebased to 100 on 1 July 2024)



Source: Bloomberg, 30 June 2025

The outperformance of value stocks that was seen in the first quarter of the year reversed with growth stocks and the 'Magnificent 7' dominating yet again into the end of June. Small cap equities rebounded slightly but continued to underperform their larger peers.

Regional performance of equity markets

Region	Average % weight in MSCI World Index	Q22025 Return	% Contribution to Index return
Asia Pacific	8.20	5.76	0.46
North America	74.64	5.01	3.77
Western Europe	16.92	5.34	0.88
Regional performance of equities: Q2 2025 (GBP terms, based on MSCI Country)			

Source: Bloomberg, 30 June 2025

After years of dominance of U.S. equity markets, which ended abruptly in Q1, performance in the second quarter was more evenly distributed in Sterling terms in parts due to further sharp declines in the U.S. Dollar, as can be seen in the table above.

Equity market performance by sector

Performance by sector varied substantially with tech and communication services dominating and value sectors such as energy lagging; very much a mirror image of what was seen in Q1.

Sector	Average % weight in MSCI World Index	Q2 2025 Return	% Contribution to Index Return
Communication Services	8.14	12.22	0.98
Consumer Discretionary	10.28	4.28	0.45
Consumer Staples	6.44	-2.47	-0.16
Energy	3.66	-10.32	-0.46
Financials	17.15	3.78	0.65
Health Care	10.26	-9.54	-1.12
Industrials	11.32	8.37	0.94
Information Technology	24.57	16.09	3.87
Materials	3.34	0.19	0.00
Real Estate	2.12	-2.54	-0.06
Utilities	2.71	2.19	0.06

Sector performance of equities: Q2 2025 (GBP terms, based on MSCI classifications and the MSCI World Index)

Fixed Income and Currencies

The U.S. Dollar continued its downward trend against all major currencies. Market participants are questioning whether this could mark the end of the U.S. dominance that was in place for decades. Capital flows indicate that investors have started to reallocate some of their investments away from the U.S. into other currencies, stores of value, such as gold and other precious metals, and even more speculative instruments, such as Bitcoin.

Trade-weighted U.S. Dollar



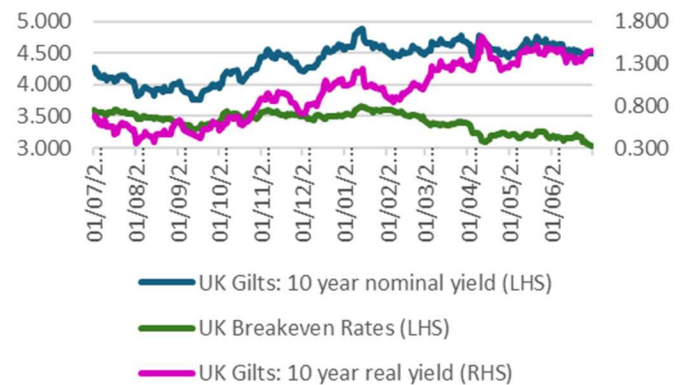
Source: Bloomberg, 30 June 2025

Bond yields traded in a narrow range over the quarter. After a blip in early April in a flight to safety following Trump's tariff announcements, yields on U.S. Treasury bonds rose again and ended the quarter only slightly higher from where they started.

Prices in UK Gilts followed US Treasuries very closely until the end of the quarter when concerns around Rachel Reeves's future led to a sell off, with Gilt yields spiking by more than 0.1% in the matter of a day. After confirmation that Reeves had the backing of the Prime Minister markets

calmed down again without any lasting damage to the functioning of the market.

UK Gilts: 10 year nominal and breakeven rates and real yields



Source: Bloomberg, 30 June 2025

Credit spreads followed risk appetite closely as well: they spiked briefly at the start of the quarter when equities fell but recovered back to more normal levels and remain close to the lows seen this year. The premium paid to hold investment grade and high yield corporate debt is at the low end of historic ranges.

Investment Manager Monitoring

In Q2, LCIV completed its review of the LCIV Global Alpha Growth Fund and the LCIV Global Alpha Growth Paris Aligned Fund, both managed by Baillie Gifford. The portfolio management team is very experienced and well supported by an impressive internal network of investors. The investment manager has implemented changes to stock selection, portfolio construction and risk management processes to address concerns raised in previous reviews. These are positive steps, but more evidence that they will have a sustainable impact on the performance of the Sub-funds needs to be seen. We have ratified a Skills score of '2', with an undertaking to review progress again in November 2025.

In Q3, we will complete a review of the LCIV MAC Fund managed by CQS and PIMCO.

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	55.9									
LGIM - Global Equities	23.2	6.9	6.9	10.4	10.9	14.3	14.6	9.7	9.9	31 Oct 2016
LGIM - Future World Fund	23.1	5.9	5.8	7.9	7.6	13.5	13.2	10.3	10.1	23 Sep 2020
LCIV Global Equity Value Fund	4.9	1.5	5.4	0.0	0.0	0.0	0.0	0.5	4.7	28 Oct 2024
LCIV Global Alpha Growth Paris Aligned Fund	4.7	9.6	5.7	7.1	10.1	10.6	16.7	1.2	12.9	22 Apr 2021
Property	13.2									
LCIV/CBRE Indirect Real Estate	12.6	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)	25 Apr 2025
AEW UK	0.6	(2.6)	1.5	1.3	6.8	(0.9)	(4.1)	6.0	5.1	30 Jun 2014
Multi-Asset Credit	9.5									
LCIV MAC Fund	9.5	2.5	2.1	8.7	9.1	7.5	9.0	7.3	8.9	26 May 2022
Index Linked Gilts	6.8									
LGIM - UK ILG	6.8	0.9	0.9	(5.2)	(5.2)	(7.8)	(7.8)	(2.5)	(2.4)	22 Feb 2017
Infrastructure	4.9									
LCIV Infrastructure Fund	4.4	2.9	1.8	9.2	7.6	10.9	7.5	5.9	5.6	14 Nov 2019
Macquarie	0.6	(1.7)	1.8	(0.6)	7.6	14.5	7.5	9.5	4.4	30 Sep 2010
Private Debt	4.8									
LCIV Private Debt Fund	4.1	9.9	1.5	11.0	6.0	10.3	6.0	8.2	6.0	16 Nov 2021
Permira	0.7	3.8	2.0	9.5	8.6	10.1	8.5	7.9	5.7	30 Nov 2014
M&G Investments	0.0	1.6	2.0	(30.5)	8.6	(18.4)	8.5	1.0	5.4	31 May 2010
Diversified Growth	2.4									
LCIV Absolute Return Fund	2.4	1.7	1.1	5.3	4.9	1.6	4.5	4.8	1.5	28 May 2010
Opportunistic Dislocation	2.2									
Blackstone Dislocation Fund	2.2	(2.9)	3.6	(1.8)	15.3	0.0	0.0	(0.2)	15.3	27 Mar 2024
Private Equity	0.2									
Adam Street	0.1	(9.1)	6.2	(22.3)	11.5	(14.4)	17.4	5.3	0.0	31 Jan 2005
LGT	0.1	(2.7)	6.2	3.0	11.5	0.2	17.4	9.8	0.0	31 May 2004

Source: Northern Trust custody data as of 30 June 2025

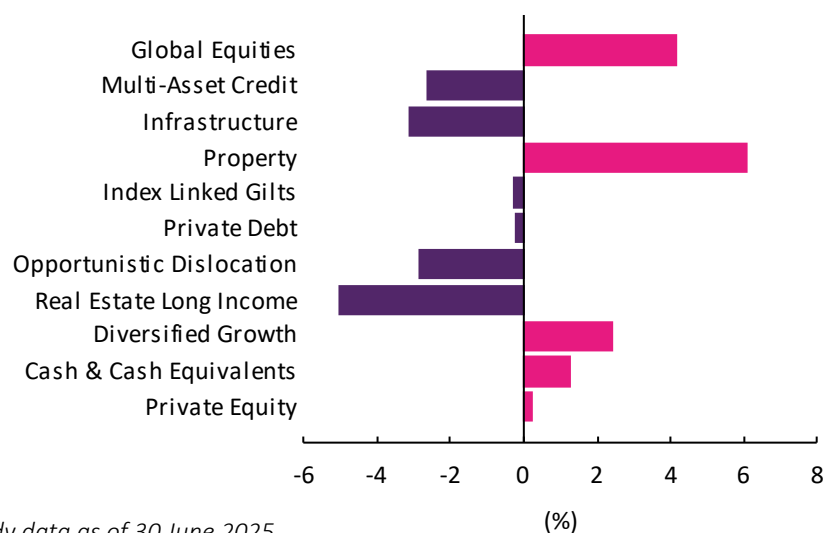
Returns are gross of fees and annualised for periods greater than 1 year.

Asset Allocation

Asset Class	Strategic Asset Allocation (%) 31 December 2023	Actual Asset Allocation (%) 31 March 2025	Actual Asset Allocation (%) 30 June 2025	Change in Asset Allocation (%) Quarter on Quarter	Actual Asset Allocation (%) 30 June 2025 vs Strategic Asset Allocation (%)
Global Equities	51	54	55	1	+4
Multi-Asset Credit	12	9	9	(0)	-3
Infrastructure	8	5	5	(0)	-3
Property	7	11	13	3	+6
Index Linked Gilts	7	7	7	(0)	-0
Private Debt	5	5	5	(0)	-0
Opportunistic Dislocation	5	2	2	1	-3
Real Estate Long Income	5	3	0	(3)	-5
Diversified Growth	0	3	2	(0)	+2
Cash & Cash Equivalents	0	1	1	1	+1
Private Equity	0	0	0	(0)	+0

Source: Northern Trust custody data as of 30 June 2025

Actual Asset Allocation vs Target Allocation by Asset Class As of 30 June 2025



Source: Northern Trust custody data as of 30 June 2025

Asset Allocation Changes - Q2 2025

Asset Class	Market Value 31 March 2025 (£'m)	Net contribution* (£'m)	Income (£'m)	Appreciation (£'m)	Market Value 30 June 2025 (£'m)
Global Equities	764	(5)	-	47	806
Property	148	46	1	(4)	191
Multi-Asset Credit	133	-	-	3	137
Index Linked Gilts	98	-	-	1	98
Infrastructure	69	-	1	1	71
Private Debt	68	(4)	3	3	70
Diversified Growth	39	(5)	-	1	35
Opportunistic Dislocation	24	9	5	(6)	32
Cash & Cash Equivalents	10	9	-	-	18
Private Equity	3	-	-	-	3
Real Estate Long Income	49	(49)	-	1	-
Total	1,405	-	10	46	1,460

Source: Northern Trust

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

Assessment Framework

As of 30 June 2025

ACS Sub-Fund	LCIV Global Alpha Growth Paris Aligned Fund	LCIV Global Equity Value Fund	LCIV Absolute Return Fund
Investment Manager	Baillie Gifford	Wellington	Ruffer
Skills tests			
Resourcing			
Investment process			
Responsible investment and engagement			
Risk Management			
Enabling tests			
Business Management			
Strategy Execution			
Skills proposition: overall rating	2	1	2
Value proposition: rating	3	N/A	4

Private Markets Fund	LCIV Infrastructure Fund	LCIV Private Debt Fund	LCIV Private Debt Fund
Investment Manager	Stepstone	Churchill	Pemberton
Skills tests			
Resourcing			
Strategy and investment process			
RI and engagement			
Risk management			
Deployment			
Business Management			
Skills proposition: overall rating			
Value proposition: rating			

Source: London CIV.

Value Proposition: Rating of Sub-Funds		Skills Proposition: Overall Rating of investment managers
Rating	Key / Definition	Key / Definition
1	Achieving objectives. Formal annual reviews of Skills factors and regular monitoring cadence and intensity.	Best in class capabilities, robust investment, RI and risk management processes. Expected to achieve objectives. Add to Prospects list, prioritise for selection for LCIV funds.
2	Not achieving objective, underperforming benchmark or reference index; Areas of potential improvement flagged and monitored through regular updates and formal annual reviews of Skills factors.	Strong capabilities and processes, room for improvement in certain criteria which are flagged and monitored. Expected to achieve objectives. Eligible for Prospects lists and LCIV funds.
3	Not achieving objective, underperforming benchmark or reference index, trend in rolling 3 and 5-year relative performance * is improving; in-depth review of Skills factors triggered and repeated every 6 months (at least). Monitoring intensified. Action points and milestones agreed. EIC reviews progress every quarter.	Skill assessment identifies shortcomings which could hinder achievement of objectives. Position at risk. Not eligible for Prospects lists, selection for LCIV funds or allocations of additional capital. Monitoring intensified. Action points and milestones agreed with investment manager and communicated to investors. EIC reviews progress every quarter.
4	Not achieving objective, underperforming benchmark or reference index, trend in rolling 3 and 5-year relative performance * is static or negative; Skills factors reassessed and challenged by EIC. Actions and milestones agreed and communicated to investors.	Serious concerns about capabilities and/or execution of key processes. Not expected to achieve objectives. Initiate manager termination process.

* Since inception data used if performance record does not extend to 3 or 5 years.

Disclaimer

Important information

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Appendix

Asset Allocation

Asset Class / Fund Name	Market Value (31 March 2025) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (30 June 2025) £m	Weights (%) (31 March 2025)	Weights (%) (30 June 2025)	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Global Equities	764	(5)	-	-	47	806	54	55	0.79	51	4
LCIV Global Alpha Growth Paris Aligned Fund	61	-	-	-	6	67	4	5	0.24		
LCIV Global Equity Value Fund	69	-	-	-	1	70	5	5	-0.12		
LGIM - Future World Fund	315	-	-	-	19	334	22	23	0.42		
LGIM - Global Equities	318	(5)	-	-	21	335	23	23	0.26		
Index Linked Gilts	98	-	-	-	1	98	7	7	-0.21	7	-
LGIM - UK ILG	98	-	-	-	1	98	7	7	-0.21		
Multi-Asset Credit	133	-	-	-	3	137	9	9	-0.13	12	(3)
LCIV MAC Fund	133	-	-	-	3	137	9	9	-0.13		
Property	148	46	1	-	(4)	191	11	13	2.54	7	6
AEW UK	75	(62)	-	-	(4)	9	5	-	-4.72		
LCIV/CBRE Indirect Real Estate	-	182	-	-	-	182	-	12	12.44		
UBS Property	73	(74)	1	-	1	-	5	-	-5.18		
Real Estate Long Income	49	(49)	-	-	1	-	3	-	-3.48	5	(5)
LGIM - LPI Income Property	49	(49)	-	-	1	-	3	-	-3.48		
Diversified Growth	39	(5)	-	-	1	35	3	2	-0.41	-	2
LCIV Absolute Return Fund	39	(5)	-	-	1	35	3	2	-0.41		
Private Equity	3	-	-	-	-	3	-	-	-0.03	-	-
Adam Street	2	-	-	-	-	2	-	-	-0.02		
LGT	1	-	-	-	-	1	-	-	-0.01		
Infrastructure	69	-	1	-	1	71	5	5	-0.06	8	(3)
LCIV Infrastructure Fund	60	2	1	-	1	63	4	4	0.07		
Macquarie	10	(1)	-	-	-	8	-	-	-0.13		
Private Debt	68	(4)	3	-	3	70	5	5	-0.06	5	-
LCIV Private Debt Fund	56	(2)	2	-	3	60	4	4	0.07		
M&G Investments	0	-	-	-	-	-	-	-	-0.00		
Permira	11	(2)	-	-	-	10	-	-	-0.14		
Cash & Cash Equivalents	10	9	-	-	-	18	-	1	0.55	-	1
Non-custody	10	9	-	-	-	18	-	1	0.55		
Opportunistic Dislocation	24	9	5	-	(6)	32	2	2	0.50	5	(3)
Blackstone Dislocation Fund	24	9	5	-	(6)	32	2	2	0.50		
Total	1,405	-	10	-	46	1,460	100	100			

Source: Northern Trust custody data as of 30 June 2025