

Quarterly Executive Summary

30 June 2025 - 30 September 2025

1 Funding and Liabilities

▲ **146%**
The Funding level increased by 10% this quarter

▲ **£1.04bn**
The liabilities decreased by £20m over the quarter.

Source: Hymans actuarial data.

2 Pension Assets

▲ **1.54bn**
market value this quarter.

▲ **5.44%**
increase in market value this quarter

Source: Northern Trust custody data

3 Investment Performance

▲ **5.7%**
The Fund returned 5.7% this quarter.

▲ **0.3%**
The Fund outperformed its benchmark by 0.3% this quarter

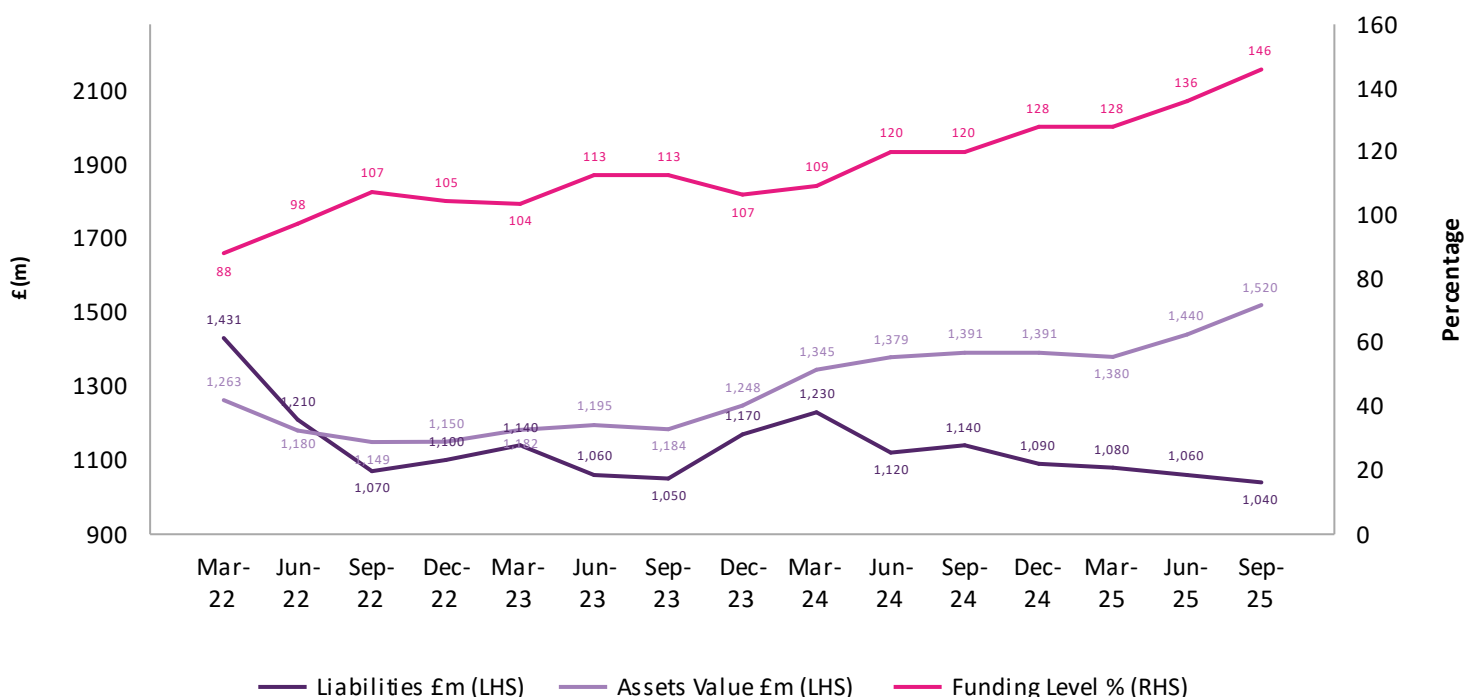
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	30 Sep 2025
Funding Level (%)	88	146
Deficit/Surplus (£m)	(171)	480
Funding basis	Ongoing	Ongoing
Discount rate (%p.a.)	4.1	6.9
Pension increases (%p.a.)	2.7	2.1

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

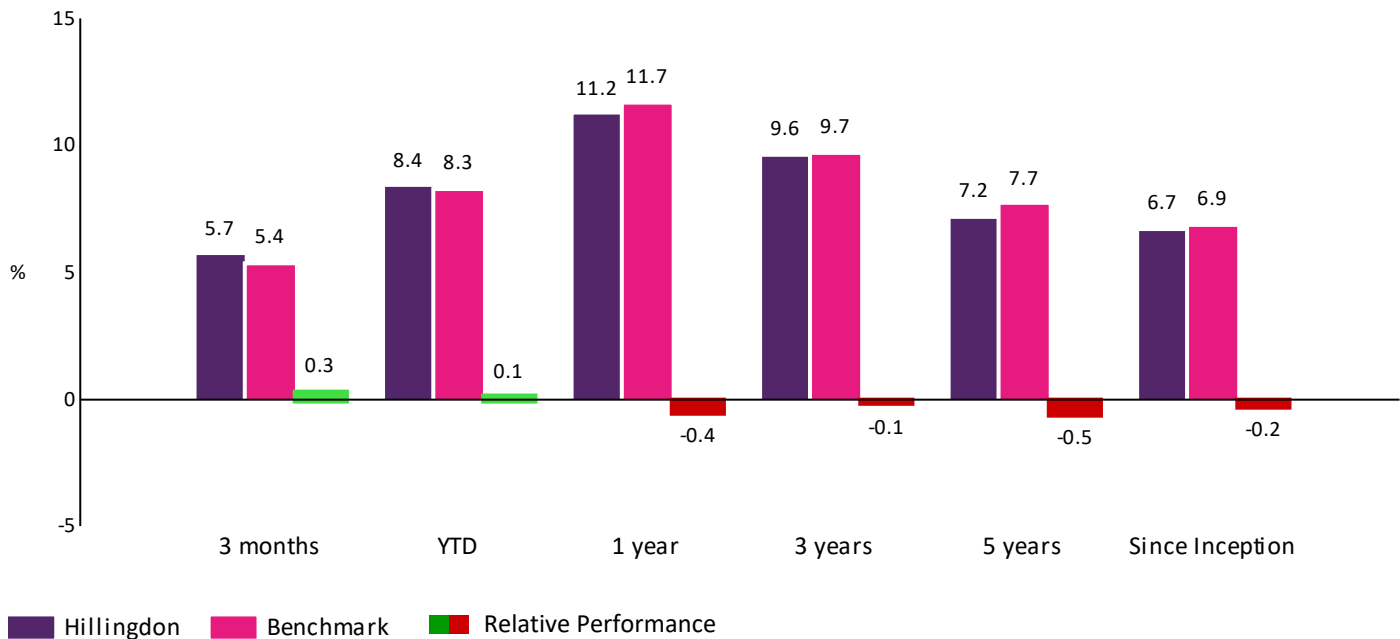
Source: Hymans actuarial data.

Funding Level By Progression



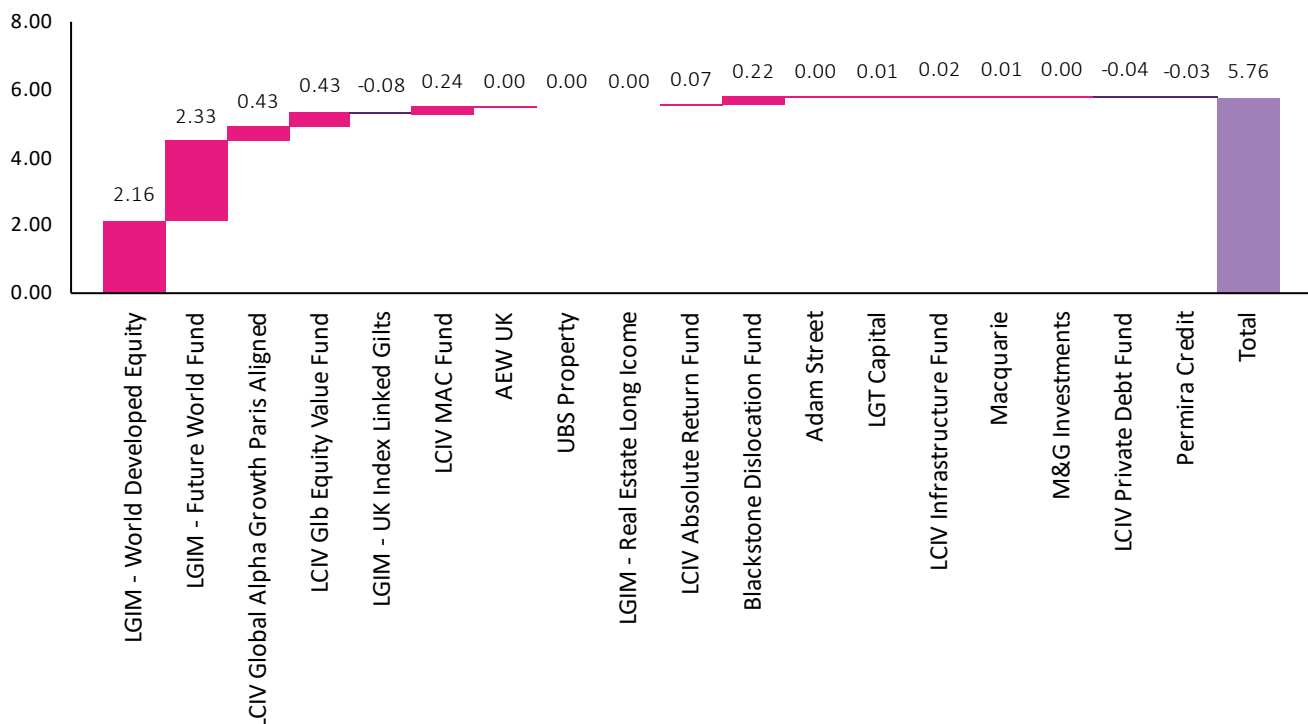
Source: Hymans actuarial data.

Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 30 September 2025.
Returns are gross of fees and annualised for periods greater than 1 year.

Manager Contribution to Total Return - Q3 2025



Source: Northern Trust custody data as of 30 September 2025.
Returns are gross of fees.

Commentary

Economies and Markets Update – Q3 2025

Most of the themes that have influenced markets since the start of the year continued in the third quarter of 2025. Although the ceasefire in Gaza was well received by markets, there is no end in sight for the armed conflict in the Ukraine despite ongoing efforts from President Trump and other leaders across the world.

President Trump continued his efforts to bring production back to the U.S. by announcing further tariffs on various countries and products. However, markets have gone weary of his backtracking on new tariff edicts. Furthermore, the President continued to put pressure on the U.S. Central Bank to lower interest rates. In September 2025, the Fed started to lower rates again, gauging the risks to growth as higher than their concerns about inflation. Democrats and Republicans failed to agree on ongoing funding for healthcare leading to a government shutdown – however, this appeared to have a limited impact on markets.

Despite tariff uncertainties, U.S. growth is holding up better than expected. However, inflation dynamics are deteriorating, and unemployment data is showing clear signs of weakness with barely any new jobs created over recent months.

Meanwhile, in the U.K., inflation remains stubbornly high, and markets are awaiting the announcement of the budget in November 2025. In July, the Bank of England cut rates by 0.25% but has since stayed put. However, the European Central Bank remained in “wait-and-see” mode.

Equities

Equity markets have stopped reacting to tariff announcements and continued their trend upwards over recent months. The ‘Magnificent 7’ stocks recovered further but their dominance was less pronounced than was seen in recent years because market breadth has increased somewhat. The composition of the ‘Magnificent 7’ has changed as well with Broadcom replacing Tesla in this group.

Global equity market performance by style (rebased to 100 on 1 September 2021)



Source: Bloomberg, 30 September 2025

Regional performance of equity markets

Regional	Average % Weight in MSCI World Index	Q3 2025 Return	% Contributions to the return index
Asia Pacific	8.11	9.14	0.74
North America	75.39	10.13	7.60
Western Europe	16.25	5.51	0.92

Regional performance of equities in Q3 (GBP terms, MSCI Classifications and based the MSCI World Index)

Source: Bloomberg, 30 September 2025

In line with growth equities performing strongly so did U.S. equity markets. Strong performance could also be seen in Emerging Markets; after years of underperformance relative to Developed Markets they are profiting from a weaker U.S. Dollar and relatively attractive valuations. The U.K. equity market lagged again mainly due to its bias towards value stocks.

Equity market performance by sector

The theme of growth vs. value fed through into sector performance. Consumer discretionary, information technology and communications companies led the pack again. Defensive stocks such as consumer staples underperformed, but industrial and materials companies posted solid gains as can be seen in the table below.

Sector	Average % Weight in MSCI World Index	Q3 2025 Return	% Contributions to the return index
Communication Services	8.49	12.67	1.06
Consumer Discretionary	10.29	10.43	1.07
Consumer Staples	5.77	-0.14	0.00
Energy	3.48	8.30	0.29
Financials	16.99	7.40	1.27
Health Care	9.28	4.96	0.48
Industrials	11.31	6.66	0.76
Information Technology	26.59	14.35	3.73
Materials	3.23	10.57	0.34
Real Estate	1.97	4.75	0.10
Utilities	2.60	7.26	0.19
Sector performance of equities in Q3 (GBP terms, MSCI Classifications and based the MSCI World Index)			

Source: Bloomberg, 30 September 2025

Fixed Income and Currencies

The U.S. Dollar traded sideways over the quarter after sharp weakness earlier in the year. The Fed rate cuts and the government shutdown did not have any meaningful impact on the currency unlike in previous episodes where the U.S. Dollar was sold when shutdowns were announced.

Trade-weighted U.S. Dollar

Trade-weighted U.S. Dollar

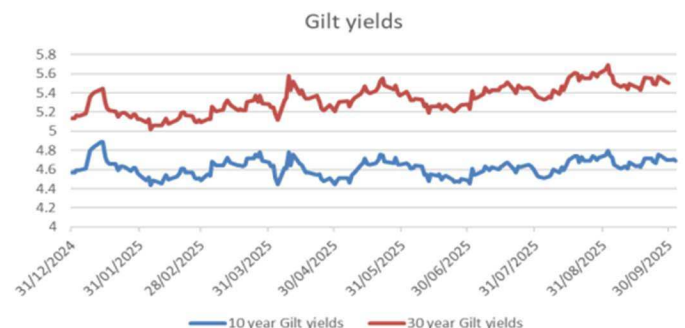


Source: Bloomberg, 30 September 2025

Bond yields had a more volatile quarter. In the U.S. they trended lower after the Fed cut rates and the government shutdown was announced. This was in contrast to Gilt yields in the U.K. which ended the quarter up. Stubbornly high inflation and uncertainty around the budget were the main drivers. Concerns are rising around increased issuance at a time when U.K. corporate defined benefit pension plans are reducing their holdings and questions remain as to which other investors could step in to provide liquidity.

30 year real yields in the U.K. peaked at around 2.60% in early September before settling at 2.40% at the end of the quarter. Those are levels last seen in the 1990s.

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



Source: Bloomberg, 30 September 2025

Credit spreads followed the general risk appetite in markets and continued to tighten over the quarter. Levels are now at their tightest for nearly 10 years.

Investment Manager Monitoring

Most of the actively managed equity funds posted strong returns in absolute terms in the third quarter.

The Sub-funds which follow a 'growth' style of investing also performed well in absolute terms. Although they lagged their benchmark indices in Q3, the margins of underperformance were small. The LCIV Global Alpha Growth Fund and LCIV Global Alpha Growth Paris Aligned Fund were the standout performers. These Sub-funds gained 9.1% and 9.0% respectively, only slightly less than the returns earned in Q2, and both of the Sub-funds are ahead of the MSCI All Country World Index in the year to date.

One of the themes in equity markets in Q3 was the improved performance of relatively cyclical industrial and financial services stocks, helped by the rate cut by the U.S. Federal Reserve and the perception that the central bank would tolerate 'sticky' inflation in a bid to support growth.

This worked to the advantage of the LCIV Global Equity Value Fund, which gained 8.7%. Although the Sub-fund lagged its benchmark index, it outperformed the MSCI All Country World Value Index and is ahead of that Index in the year to date.

LCIV MAC Fund gained 2.6% in the third quarter, 0.4% more than the cash plus 4.5% target.

The multi-asset funds performed well in the third quarter, capturing gains made in the equity, credit and precious metal markets to varying degrees, whilst guarding against downside risks in segments of the capital markets which are perceived to be overvalued.

The LCIV Absolute Return Fund was up +2.9% in Q3 and has made a gain of 8.5% in the year to date, almost 3% more than the cash + 3% target for the Sub-fund. The investment manager has adjusted the portfolio dynamically, profited from the surge of gold and other precious metals and ensured that the Sub-fund remains sensibly balanced so that it captures some of the upside in periods when sentiment is positive in the equity markets.

Fund Modifications

London CIV continues to advance the development of multi-manager equity strategies. Drawing on the Prospects lists of investment managers we have developed this year, we are designing products to play specific roles in Partner Fund portfolios. These products will aim to achieve their investment objectives consistently by capturing style and other factors in a balanced way through allocations to investment managers who pursue complementary strategies. We are aiming to share our plans with Partner Funds before the end of this year.

At the time of writing, we were working on in-depth reviews of the LCIV MAC Fund (managed by CQS and PIMCO) and the LCIV Alternative Credit Fund (CQS). We will complete these reviews in Q4. We will also initiate another review of the LCIV Absolute Return Fund.

Outlook

This year has been marked by armed conflict, humanitarian crises and rapid changes in government policy. Western economies have withstood these challenges in terms of growth, but at the cost of a marked deterioration in the strength of government finances. Corporations have also been resilient in terms of earnings growth, partly because they have been able to pass input price inflation through to consumers. Central banks, including the U.S. Federal Reserve, have signalled that they will tolerate inflation above target levels to help support growth, prompted by the deterioration in employment statistics.

The positive dynamic in the outlook for corporate earnings, and the overall strength of corporate balance sheets, is

reflected in extended levels of valuation in the equity and credit markets. Investors appear to have become indifferent to changes in tariff policies and developments which could have a material impact on growth, such as the shutdown of the U.S. government and further tax increases in the Autumn Budget in the U.K., not to mention the long-term effects of poor fiscal discipline and the rising cost of interest payments on government debt.

In short, risks to asset prices look high, but this has been a challenge for an extended period now. We encourage Partner Funds to allow for alternative economic outcomes, positive and negative, when considering the sources of risk in their pension funds. The potential benefits of diversification extend beyond high-level asset allocations to sub-segments of the equity and debt markets presenting complementary economic drivers, and different approaches to capitalising on opportunities and managing risk.

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	57.8									
LGIM - Future World Fund	24.0	9.8	9.7	17.6	17.2	16.7	16.4	11.9	11.6	23 Sep 2020
LGIM - Global Equities	24.0	9.1	9.2	17.6	17.8	18.3	18.6	10.5	10.7	31 Oct 2016
LCIV Global Equity Value Fund	5.0	8.7	9.9	0.0	0.0	0.0	0.0	9.2	15.1	28 Oct 2024
LCIV Global Alpha Growth Paris Aligned Fund	4.8	9.0	9.8	16.0	19.8	13.2	19.3	3.1	14.5	22 Apr 2021
Property	12.6									
LCIV/CBRE Indirect Real Estate	12.0	0.8	0.6	0.0	0.0	0.0	0.0	0.6	0.2	25 Apr 2025
AEW UK	0.6	0.0	1.2	7.3	6.8	6.0	(2.4)	5.9	5.1	30 Jun 2014
Multi-Asset Credit	9.2									
LCIV MAC Fund	9.2	2.6	2.1	7.6	8.8	8.5	9.1	7.5	8.9	26 May 2022
Index Linked Gilts	6.4									
LGIM - UK ILG	6.4	(1.3)	(1.3)	(7.8)	(7.8)	(5.2)	(5.2)	(2.6)	(2.5)	22 Feb 2017
Infrastructure	4.7									
LCIV Infrastructure Fund	4.1	0.5	1.7	5.4	7.3	7.1	7.6	5.8	5.7	14 Nov 2019
Macquarie	0.5	1.7	1.7	9.6	7.3	11.9	7.6	9.4	4.5	30 Sep 2010
Private Debt	4.6									
LCIV Private Debt Fund	4.0	(1.0)	1.5	8.0	6.0	9.9	6.0	7.4	6.0	16 Nov 2021
Permira	0.6	(5.0)	1.9	3.6	8.3	7.5	8.6	7.2	5.8	30 Nov 2014
M&G Investments	0.0	9.9	1.9	10.1	8.3	(15.8)	8.6	1.6	5.5	31 May 2010
Diversified Growth	2.4									
LCIV Absolute Return Fund	2.4	2.9	1.0	5.3	4.6	2.0	4.7	4.9	1.5	28 May 2010
Opportunistic Dislocation	2.1									
Blackstone Dislocation Fund	2.1	10.7	3.6	11.2	15.3	0.0	0.0	4.3	15.3	27 Mar 2024
Private Equity	0.2									
Adam Street	0.1	3.4	10.5	3.0	21.4	(13.3)	20.3	5.4	0.0	31 Jan 2005
LGT	0.1	6.7	10.5	10.3	21.4	1.1	20.3	10.0	0.0	31 May 2004

Source: Northern Trust custody data as of 30 September 2025

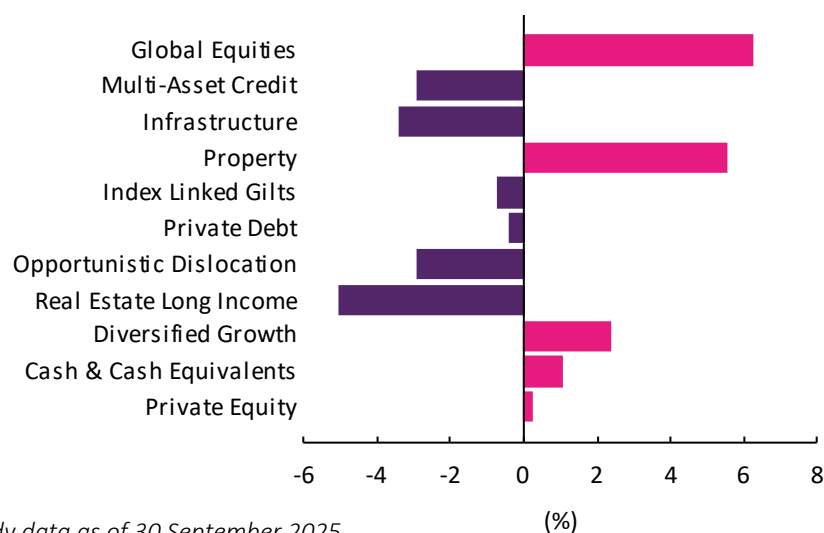
Returns are gross of fees and annualised for periods greater than 1 year.

Asset Allocation

Asset Class	Strategic Asset Allocation (%) 31 December 2023	Actual Asset Allocation (%) 30 June 2025	Actual Asset Allocation (%) 30 September 2025	Change in Asset Allocation (%) Quarter on Quarter	Actual Asset Allocation (%) 30 September 2025 vs Strategic Asset Allocation (%)
Global Equities	51	55	57	2	+6
Multi-Asset Credit	12	9	9	(0)	-3
Infrastructure	8	5	5	(0)	-3
Property	7	13	13	(1)	+6
Index Linked Gilts	7	7	6	(0)	-1
Private Debt	5	5	5	(0)	-0
Opportunistic Dislocation	5	2	2	(0)	-3
Real Estate Long Income	5	0	0	0	-5
Diversified Growth	0	2	2	(0)	+2
Cash & Cash Equivalents	0	1	1	(0)	+1
Private Equity	0	0	0	(0)	+0

Source: Northern Trust custody data as of 30 September 2025

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



Source: Northern Trust custody data as of 30 September 2025

Asset Allocation Changes - Q3 2025

Asset Class	Market Value 30 June 2025 (£'m)	Net contribution* (£'m)	Income (£'m)	Appreciation (£'m)	Market Value 30 September 2025 (£'m)
Global Equities	806	-	-	75	881
Property	191	-	1	1	193
Multi-Asset Credit	137	-	5	(1)	140
Index Linked Gilts	98	-	-	(1)	97
Infrastructure	71	(1)	1	-	71
Private Debt	70	2	2	(3)	71
Diversified Growth	35	-	-	1	36
Opportunistic Dislocation	32	(3)	-	3	32
Cash & Cash Equivalents	18	(2)	-	-	16
Private Equity	3	-	-	-	3
Real Estate Long Income	-	-	-	-	-
Total	1,460	(4)	9	75	1,540

Source: Northern Trust

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

Assessment Framework

As of 30 September 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	3

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



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Appendix

Asset Allocation

Asset Class / Fund Name	Market Value (30 June 2025) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (30 September 2025) £m	Weights (%) (30 June 2025)	Weights (%) (30 September 2025)	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Global Equities	806	-	-	-	75	881	55	57	2.04	51	6
LCIV Global Alpha Growth Paris Aligned Fund	67	-	-	-	6	73	5	5	0.16		
LCIV Global Equity Value Fund	70	-	-	-	6	76	5	5	0.15		
LGIM - Future World Fund	334	-	-	-	33	366	23	24	0.94		
LGIM - Global Equities	335	-	-	-	30	365	23	24	0.79		
Index Linked Gilts	98	-	-	-	(1)	97	7	6	-0.43	7	-
LGIM - UK ILG	98	-	-	-	(1)	97	7	6	-0.43		
Multi-Asset Credit	137	-	5	-	(1)	140	9	9	-0.25	12	(3)
LCIV MAC Fund	137	-	5	-	(1)	140	9	9	-0.25		
Property	191	-	1	-	1	193	13	13	-0.56	7	6
AEW UK	9	-	-	-	-	9	-	-	-0.03		
LCIV/CBRE Indirect Real Estate	182	-	1	-	1	183	12	12	-0.53		
UBS Property	0	-	1	-	-	-	-	-	-0.00		
Real Estate Long Income	-	-	-	-	-	-	-	-	-	5	(5)
LGIM - LPI Income Property	-	-	-	-	-	-	-	-	-		
Diversified Growth	35	-	-	-	1	36	2	2	-0.06	-	2
LCIV Absolute Return Fund	35	-	-	-	1	36	2	2	-0.06		
Private Equity	3	-	-	-	-	3	-	-	-0.00	-	-
Adam Street	2	-	-	-	-	2	-	-	-0.00		
LGT	1	-	-	-	-	1	-	-	0.00		
Infrastructure	71	(1)	1	-	-	71	5	5	-0.26	8	(3)
LCIV Infrastructure Fund	63	(1)	1	-	-	63	4	4	-0.24		
Macquarie	8	-	-	-	-	8	-	-	-0.03		
Private Debt	70	2	2	-	(3)	71	5	5	-0.18	5	-
LCIV Private Debt Fund	60	2	2	-	(3)	61	4	4	-0.11		
M&G Investments	0	-	-	-	-	-	-	-	0.00		
Permira	10	-	-	-	-	9	-	-	-0.07		
Cash & Cash Equivalents	18	(2)	-	-	-	16	1	1	-0.20	-	1
Non-custody	18	(2)	-	-	-	16	1	1	-0.20		
Opportunistic Dislocation	32	(3)	-	-	3	32	2	2	-0.10	5	(3)
Blackstone Dislocation Fund	32	(3)	-	-	3	32	2	2	-0.10		
Total	1,460	(4)	9	-	75	1,540	100	100			

Source: Northern Trust custody data as of 30 September 2025