

Quarterly Executive Summary

30 September 2025 - 31 December 2025

1 Funding and Liabilities

127% The Funding level decreased by (19)% this quarter

£1.27bn The liabilities increased by £230m over the quarter.

Source: Hymans actuarial data.

2 Pension Assets

1.58bn market value this quarter.

2.64% increase in market value this quarter

Source: Northern Trust custody data

3 Investment Performance

2.8% The Fund returned 2.8% this quarter.

0.1% The Fund outperformed its benchmark by 0.1% this quarter

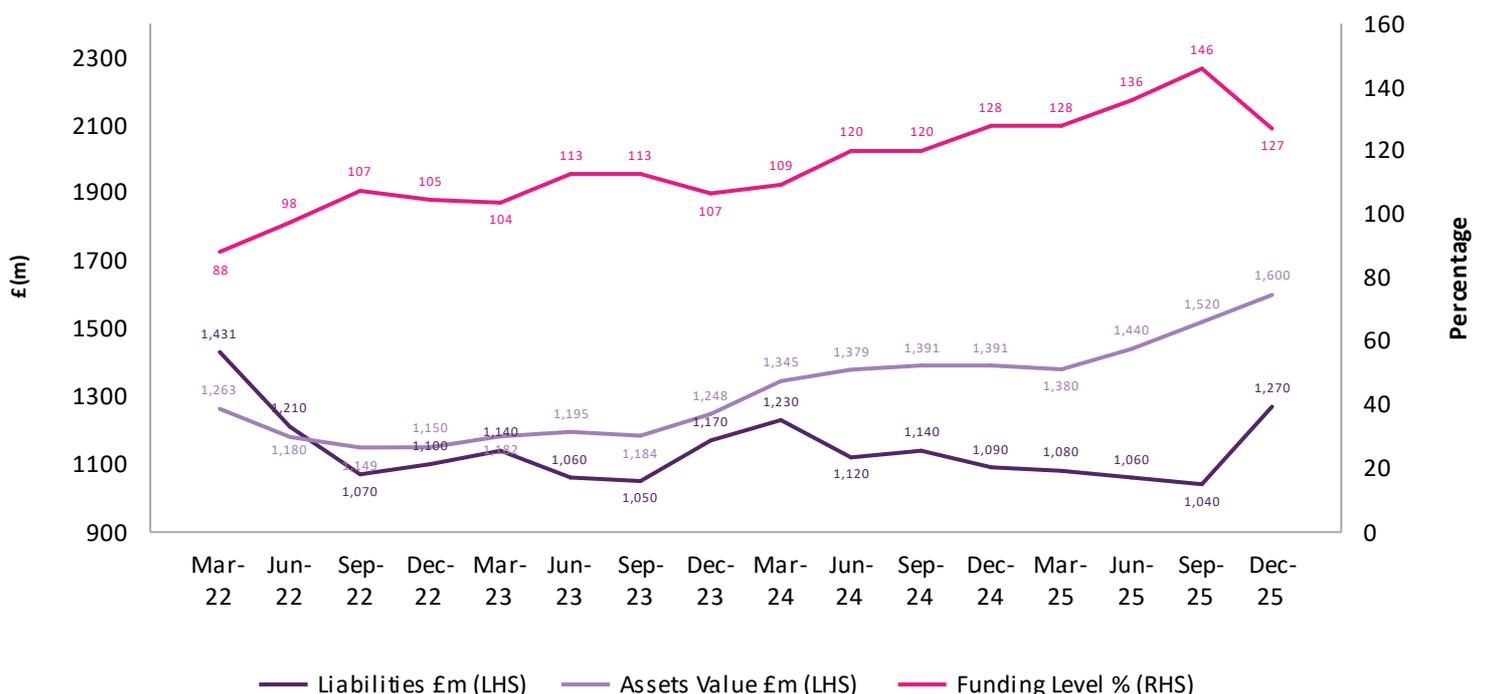
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	31 Dec 2025
Funding Level (%)	88	127
Deficit/Surplus (£m)	(171)	340
Funding basis	Ongoing	Ongoing
Discount rate (%p.a.)	4.1	6.2
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.

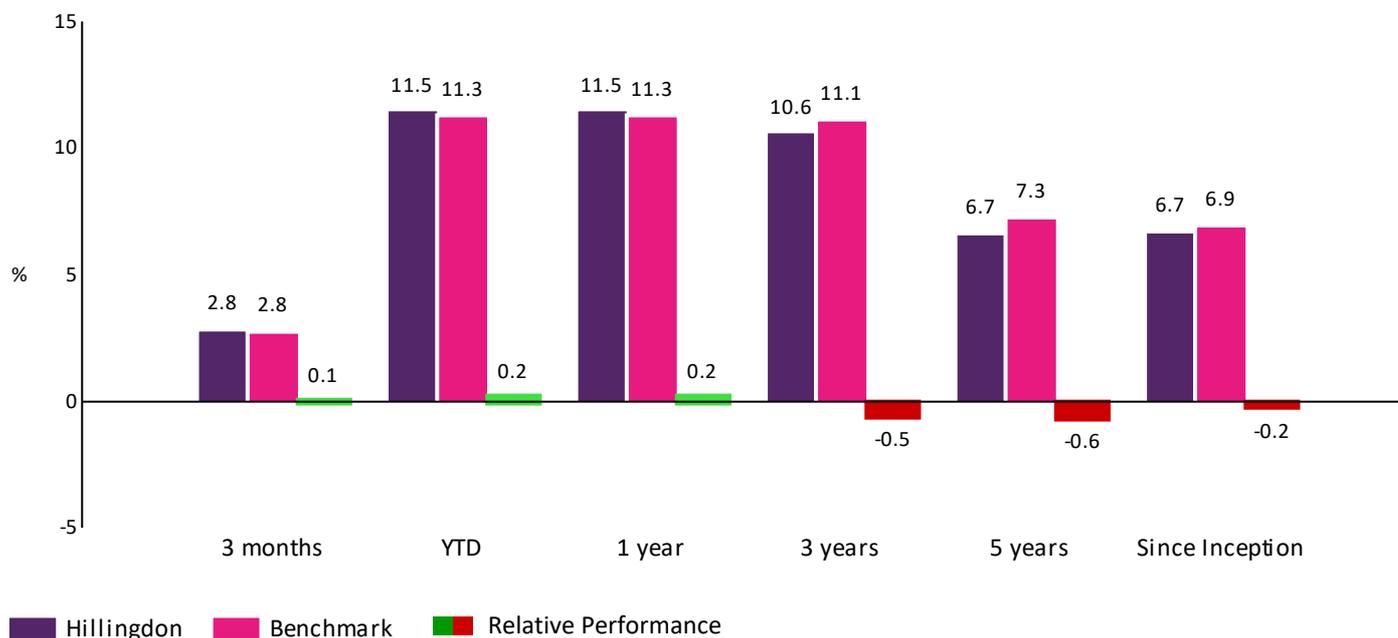
Funding Level By Progression

Source: Hymans actuarial data.



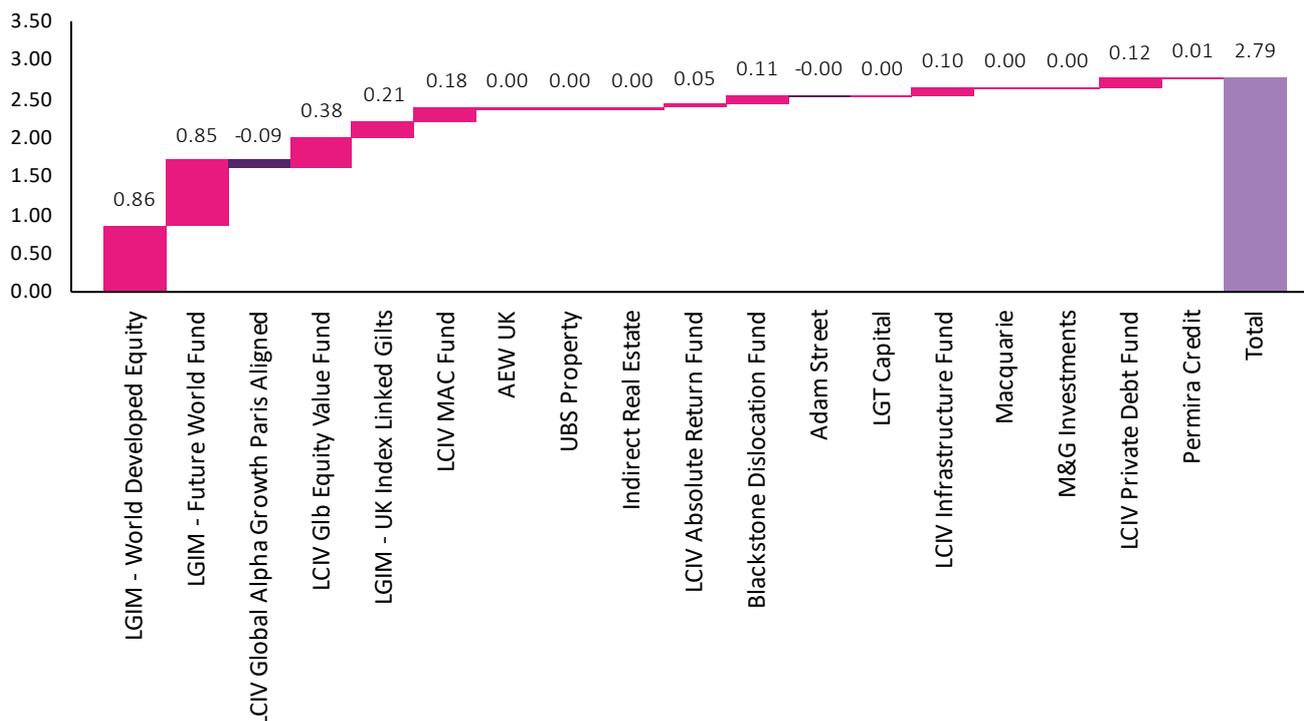
Source: Hymans actuarial data.

Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 31 December 2025.
Returns are gross of fees and annualised for periods greater than 1 year.

Manager Contribution to Total Return - Q4 2025



Source: Northern Trust custody data as of 31 December 2025.
Returns are gross of fees.

Commentary

Economies and Markets Update – Q4 2025

The final quarter of 2025 unfolded against a backdrop of persistent geopolitical strain and ongoing policy uncertainty. Hopes for diplomatic progress faded as the conflict in Ukraine remained unresolved and external tensions deepened, while developments in the Middle East added fresh concerns over broader regional instability. These geopolitical pressures—combined with shifting global trade dynamics, evolving central bank policy, and mounting government debt and deficit worries—ranked among investors’ leading anxieties throughout the year. Yet despite this challenging environment, financial markets remained relatively composed compared with earlier periods, as investors grew increasingly accustomed to navigating these key risks.

As shown in the chart below market valuations for risk assets such as equities ended the year at elevated levels relative to history, with many risk-asset classes trading near the top of their valuation ranges over the past two decades. By contrast, bond yields closed 2025 at comparatively high levels versus their long-term history, resulting in much lower valuations across fixed income rates markets.

Asset class valuations - YE 2024/25 compared to history



Source: MSCI, S&P, Bloomberg, 31/12/2025. Equities - Bloomberg Earnings Yield - a high percentile indicates a relatively low earning yield compared to history. Spreads - a high percentile indicates relatively low spreads compared to history. Yields/Rates - a low percentile indicates a relatively high yield compared to history

Equities

U.S. exceptionalism and market concentration remained prominent themes in Q4 2025. By year end, the ten largest U.S. companies accounted for roughly 39% of the S&P 500’s market capitalisation, with a combined valuation exceeding \$23 trillion. For perspective, this figure is broadly equivalent to the total market value of all large cap equities across Canada, France, Germany, Japan, Switzerland, and the U.K. combined.

The rapid expansion of AI related investment remained a key driver of equity markets—and at times a source of volatility. Major technology firms continued to ramp up

spending on advanced hardware, data centre capacity, and next generation AI models. This sustained capex cycle supported equities with a growth tilt over recent years, with AI aligned companies outperforming. Growth stocks rebounded strongly from April, outpacing value, though the gap has narrowed in Q4 2025. This can be seen in the chart below.

MSCI World Equity Index - Growth vs Value



Source: MSCI, Bloomberg (0-1045), as at 31/12/2025

Source: Bloomberg, 31 December 2025

Equity market performance by sector

Health Care led global sector performance in Q4 as investors rotated toward higher quality, defensive assets latterly. Slowing inflation and a more predictable monetary policy backdrop boosted sentiment toward businesses with resilient cash flows and less cyclicality. Improving margins and steady earnings revisions further supported the sector.

Sector	Average Weight (%)	Q4 2025 Return	Q4 contribution to Return
Communication Services	8.7	4.8%	0.4
Consumer Discretionary	10.1	0.9%	0.1
Consumer Staples	5.4	1.5%	0.1
Energy	3.4	2.1%	0.1
Financials	16.6	4.8%	0.8
Health Care	9.6	10.7%	1.0
Industrials	11.1	1.5%	0.2
Information Technology	27.6	1.4%	0.4
Materials	3.2	5.3%	0.2
Real Estate	1.9	-2.3%	0.0
Utilities	2.6	2.3%	0.1
MSCI World Index (GBP)	100.0	3.2%	3.2

Sector performance of equities in Q4 2025 (GBP terms, MSCI classifications and based on the MSCI World Index)

Source: Bloomberg, 30 September 2025

Western European markets outperformed the U.S., with the FTSE 100 up 5.3% and Euro STOXX gaining 4.4%. Easing inflation and higher rate cut expectations helped drive a rotation into European markets, which benefited from more attractive valuations and improving macro conditions.

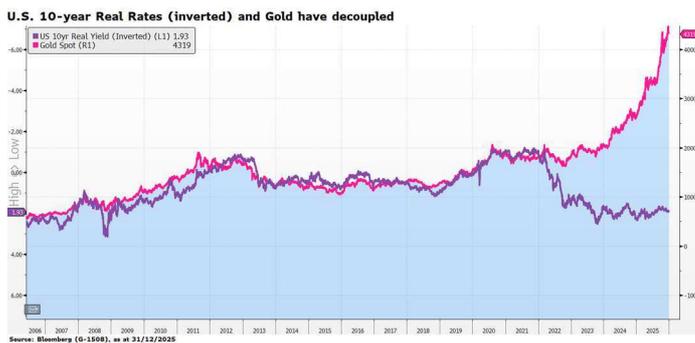
Region	Average Weight (%)	Q4 2025 Return	Q4 contribution to Return
Africa / Middle East	0.3	6.3%	0.0
Asia Pacific	8.0	2.2%	0.2
North America	75.7	2.7%	2.1
Western Europe	16.1	6.4%	1.0
MSCI World Index (GBP)	100.0	3.2%	3.2

Regional performance of equities in Q4 2025 (GBP terms, MSCI classifications and based on the MSCI World Index)

Fixed Income and Currencies

On the monetary policy front, nine of the G-10 Central Banks reduced their respective policy rates in 2025 (the exception being Japan – who raised rates twice to levels last seen in 1995). Fiscally speaking, taxation policies varied greatly from one nation to the next, however, the themes of trade, tariffs, government deficits and debt burdens were ubiquitous. Globally, total government debt surpassed \$100 trillion mark for the first time.

Gold’s rally despite higher U.S. real rates reflects a structural break from its traditional rate sensitivity, driven instead by fiscal and geopolitical stress. Mounting concerns over unsustainable government debt, heavy central bank buying, and investor rotation away from sovereign bonds have strengthened demand for safe haven assets. Combined with policy uncertainty, a softer dollar outlook, and expectations of future easing, have pushed gold to new records and persistently elevated levels. This divergence can be seen in the chart below.



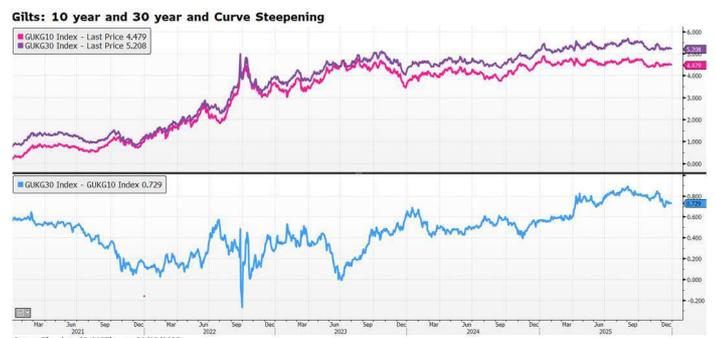
Source: Bloomberg, 31 December 2025

In the U.S., President Trump maintained his forceful approach to trade policy. Earlier tariff measures began to settle into a more stable, though still restrictive, framework as the White House adjusted tariff schedules and technology related restrictions. Meanwhile, U.S.–China trade negotiations made modest progress, with Q4 2025 seeing tentative steps toward lowering some bilateral

tariffs. Despite this, uncertainty around the trajectory of U.S. trade policy remained high.

The President continued to pressure the Fed even as it cut rates twice in Q4, lowering the funds rate to around 3.50–3.75% by year end. The Bank of England also eased, trimming the Bank Rate by 25 bps in a narrow vote and striking a cautiously dovish tone, while the ECB kept policy unchanged and somewhat restrictive. Gilt yields drifted lower in line with other developed markets. Longer maturity bonds underperformed reflecting ongoing concerns over debt sustainability and inflation dynamics.

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



Source: Bloomberg, 31 December 2025

U.S. inflation was steady overall but uneven in composition in Q4 2025, with headline CPI easing to 2.7% in November and December after a brief rise in September. Monthly gains remained modest, and core CPI held around 2.6–2.7%, indicating that while inflation stayed above target, the broader disinflation trend persisted into year end. In the U.K., CPI inflation eased to 3.2% during the same period, supported by lower energy base effects, but remained well above the Bank of England’s 2% target.

Labour market softening has become a growing concern for the wider economic outlook. In the U.S., unemployment briefly rose to 4.5% and job openings fell to their lowest level since late 2024, signalling weakening demand for workers. The U.K. showed similar signs of cooling, with unemployment edging higher, vacancies declining, and surveys pointing to more cautious hiring; wage growth eased but remained above pre pandemic norms. The market continues to monitor the development of AI technologies for its potential impact on labour dynamics in the future.

Overall, 2025 closed with a global economy still expanding—albeit unevenly and with evidence of cooling in places—and with markets shaped by an international environment defined by strategic competition, technological advancement, protectionism and evolving alliances.

Investment Manager Monitoring

Equities

The standout performer over the period was the LCIV Global Equity Value fund. This fund demonstrates the benefits of diversification across our ACS range. Value as a sector has struggled in recent years but the return of 7.30% in Q4 vs 3.38% for the benchmark represents excellent outperformance driven largely by strong stock selection by the underlying manager. The manager's opportunistic approach to value investing worked very well in the current environment and enabled them to end the year beating the benchmark by 2%.

As for the LCIV Global Alpha Growth Paris-Aligned Fund, having ended Q3 level with the benchmark, performance fell back in Q4 to end the year up nearly 10% on an absolute level but behind their bench by nearly 5%. This was particularly disappointing given the wider performance of growth sector. This relative underperformance was primarily driven by style effects, as highly valued stocks lagged lower-valuation peers.

Fixed Income

The LCIV MAC Fund performed in line with expectations in Q4. The investment grade exposures that currently take slightly more market beta than their benchmarks outperformed as a result in this "risk on" environment, while the high yield and non-Corporate bond elements of our portfolios took some risk off the table as spreads moved to historic tights resulting in marginal underperformance vs the benchmarks. Annualised performance of 7.63%, 9.02% & 7.56% respectably represents good performance in the current market conditions.

Multi Asset

The Absolute Return fund was up 10.76%, outperforming its benchmark by over 3% for the year. These returns were primarily driven by a much more contrarian approach and saw gains driven by commodity exposures, gold & gold miners, UK and Japanese equities.

Fund Development and Investment Manager Monitoring

In line with the changes planned for Fit For Future implementation on 1st April 2026, London CIV is undergoing a "rationalisation" of its ACS fund range. The transition of the LCIV Emerging Markets fund to a multi manager offering was successfully implemented in Q4 2025. London CIV is currently working on the launch of a new multi manager, LCIV Global Core Equity fund with a target go-live date for Q2 2026. This fund is intended to serve as a "one stop shop" equity offering for London CIV partner funds.

Planned modifications are currently underway to enhance our Global Growth offerings and scoping out a new UK Equity product. Further changes which include the closure of the Equity Quality fund while the Diversified Growth fund are also under review as performance issues, changes to the proposition at the investment manager and its role in the Fit For Future environment come under scrutiny.

Outlook

Market commentators are broadly positive on Global growth prospects for 2026. There is a consensus expectation for further growth driven by the continued build out of AI infrastructure. This is expected to be supported by positive fiscal measures in the US, Europe & Japan and combined with accommodative monetary policy, at least in Q1 & Q2 of 2026, in the US. With the caveat surrounding ramifications of the politicisation of the election of the next Fed Chair. Despite most equity markets starting 2026 at record levels sentiment remains bullish and markets have moved upwards in January as the risk on trade remains. This is further supported by corporate balance sheets remaining largely robust and an array of positive earnings reports to start the year.

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	58.4									
LGIM - Future World Fund	24.3	3.6	3.5	15.0	14.8	17.3	17.0	12.0	11.8	23 Sep 2020
LGIM - Global Equities	24.2	3.6	3.6	17.4	17.6	18.1	18.4	10.6	10.8	31 Oct 2016
LCIV Global Equity Value Fund	5.3	7.2	3.8	15.8	15.6	0.0	0.0	14.4	16.3	28 Oct 2024
LCIV Global Alpha Growth Paris Aligned Fund	4.6	(1.9)	3.8	9.1	15.8	12.1	19.7	2.5	14.6	22 Apr 2021
Property	12.4									
LCIV/CBRE Indirect Real Estate	11.8	0.2	0.4	0.0	0.0	0.0	0.0	0.8	0.6	25 Apr 2025
AEW UK	0.6	0.0	0.8	6.3	5.1	3.9	3.0	5.7	5.1	30 Jun 2014
Multi-Asset Credit	9.2									
LCIV MAC Fund	9.2	2.0	2.0	8.9	8.6	9.2	9.2	7.6	8.8	26 May 2022
Index Linked Gilts	6.4									
LGIM - UK ILG	6.4	3.3	3.3	1.3	1.3	(2.1)	(2.1)	(2.2)	(2.1)	22 Feb 2017
Infrastructure	4.8									
LCIV Infrastructure Fund	4.3	2.4	1.7	6.8	7.1	7.9	7.7	5.9	5.7	14 Nov 2019
Macquarie	0.5	0.7	1.7	0.5	7.1	12.6	7.7	9.3	4.5	30 Sep 2010
Private Debt	4.5									
LCIV Private Debt Fund	4.0	3.1	1.5	12.2	6.0	7.6	6.0	7.7	6.0	16 Nov 2021
Permira	0.5	2.9	1.9	2.2	8.1	7.4	8.7	7.3	5.8	30 Nov 2014
M&G Investments	0.0	3.6	1.9	14.0	8.1	(13.4)	8.7	1.8	5.5	31 May 2010
Diversified Growth	2.4									
LCIV Absolute Return Fund	2.4	2.1	1.0	10.9	4.4	1.1	4.8	5.0	1.6	28 May 2010
Opportunistic Dislocation	1.8									
Blackstone Dislocation Fund	1.8	6.2	3.5	7.8	15.0	0.0	0.0	7.3	15.0	27 Mar 2024
Private Equity	0.2									
Adam Street	0.1	(0.3)	4.3	(7.1)	18.4	(10.5)	20.8	5.3	0.0	31 Jan 2005
LGT	0.1	0.1	4.3	5.5	18.4	2.0	20.8	9.9	0.0	31 May 2004

Source: Northern Trust custody data as of 31 December 2025
Returns are gross of fees and annualised for periods greater than 1 year.

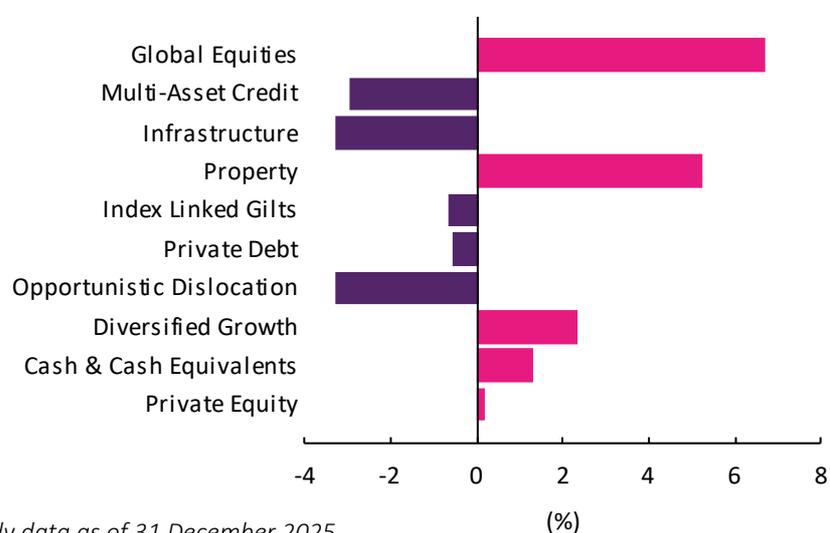
Asset Allocation

Asset Class	Strategic Asset Allocation (%) 31 December 2023	Actual Asset Allocation (%) 30 September 2025	Actual Asset Allocation (%) 31 December 2025	Change in Asset Allocation (%) Quarter on Quarter	Actual Asset Allocation (%) 31 December 2025 vs Strategic Asset Allocation (%)
Global Equities	51	57	58	0	+7
Multi-Asset Credit	12	9	9	(0)	-3
Infrastructure	8	5	5	0	-3
Property	7	13	12	(0)	+5
Index Linked Gilts	7	6	6	0	-1
Private Debt	5	5	4	(0)	-1
Opportunistic Dislocation	5	2	2	(0)	-3
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 31 December 2025

Actual Asset Allocation

vs Target Allocation by Asset Class As of 31 December 2025



Source: Northern Trust custody data as of 31 December 2025

Asset Allocation Changes - Q4 2025

Asset Class	Market Value 30 September 2025 (£'m)	Net contribution* (£'m)	Income (£'m)	Appreciation (£'m)	Market Value 31 December 2025 (£'m)
Global Equities	881	-	-	30	911
Property	193	-	1	-	193
Multi-Asset Credit	140	-	-	3	143
Index Linked Gilts	97	-	-	3	100
Infrastructure	71	2	1	1	75
Private Debt	71	(2)	2	-	71
Diversified Growth	36	-	-	1	37
Opportunistic Dislocation	32	(6)	3	(1)	28
Cash & Cash Equivalents	16	4	-	-	20
Private Equity	3	-	-	-	3
Total	1,540	(3)	6	38	1,580

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 31 December 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	Green	Green	Light Green
Investment process	Orange	Green	Light Green
Responsible investment and engagement	Green	Green	Light Green
Risk Management	Light Green	Green	Orange
Enabling tests			
Business Management	Green	Green	Orange
Strategy Execution	Green	Green	Green
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	Green	Green	Orange
Strategy and investment process	Light Green	Green	Green
RI and engagement	Light Green	Orange	Light Green
Risk management	Light Green	Green	Green
Deployment	Light Green	Green	Green
Business Management	Green	Green	Green
Skills proposition: overall rating	Light Green	Grey	Grey
Value proposition: rating	Light Green	Green	Green

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

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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 September 2025) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (31 December 2025) £m	Weights (%) (30 September 2025)	Weights (%) (31 December 2025)	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Real Estate Long Income	-	-	-	-	-	-	-	-	-	-	-
LGIM - LPI Income Property	-	-	-	-	-	-	-	-	-	-	-
Global Equities	881	-	-	-	30	911	57	58	0.44	51	7
LCIV Global Alpha Growth Paris Aligned Fund	73	-	-	-	(1)	72	5	5	-0.21		
LCIV Global Equity Value Fund	76	-	-	-	6	82	5	5	0.22		
LGIM - Future World Fund	366	-	-	-	13	379	24	24	0.21		
LGIM - Global Equities	365	-	-	-	13	378	24	24	0.22		
Index Linked Gilts	97	-	-	-	3	100	6	6	0.04	7	-
LGIM - UK ILG	97	-	-	-	3	100	6	6	0.04		
Multi-Asset Credit	140	-	-	-	3	143	9	9	-0.06	12	(3)
LCIV MAC Fund	140	-	-	-	3	143	9	9	-0.06		
Property	193	-	1	-	-	193	13	12	-0.29	7	5
AEW UK	9	-	-	-	-	9	-	-	-0.02		
LCIV/CBRE Indirect Real Estate	183	-	1	-	-	184	12	12	-0.27		
UBS Property	0	-	-	-	-	-	-	-	0.00		
Diversified Growth	36	-	-	-	1	37	2	2	-0.01	-	2
LCIV Absolute Return Fund	36	-	-	-	1	37	2	2	-0.01		
Private Equity	3	-	-	-	-	3	-	-	-0.03	-	-
Adam Street	2	-	-	-	-	1	-	-	-0.02		
LGT	1	-	-	-	-	1	-	-	-0.01		
Infrastructure	71	2	1	-	1	75	5	5	0.11	8	(3)
LCIV Infrastructure Fund	63	3	1	-	1	67	4	4	0.15		
Macquarie	8	-	-	-	-	8	-	-	-0.04		
Private Debt	71	(2)	2	-	-	71	5	4	-0.13	5	-
LCIV Private Debt Fund	61	-	2	-	-	63	4	4	-0.01		
M&G Investments	0	-	-	-	-	-	-	-	0.00		
Permira	9	(2)	-	-	-	8	-	-	-0.12		
Cash & Cash Equivalents	16	4	-	-	-	20	1	1	0.24	-	1
Non-custody	16	4	-	-	-	20	1	1	0.24		
Opportunistic Dislocation	32	(6)	3	-	(1)	28	2	2	-0.32	5	(3)
Blackstone Dislocation Fund	32	(6)	3	-	(1)	28	2	2	-0.32		
Total	1,540	(3)	6	-	38	1,580	100	100			

Source: Northern Trust custody data as of 31 December 2025