PENSION POLICY & INVESTMENT COMMITTEE
Wednesday, 23 November 2022
at 10.00 am
Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Contact: Robyn Mclintock
Governance Secretary
Direct: 020 8132 1915

Tel: 020 8379 1000

E-mail: RobynMclintock@enfield.gov.uk
Council website: www.enfield.gov.uk

PENSION POLICY & INVESTMENT COMMITTEE

Wednesday, 23rd November, 2022 at 10.00 am in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

Councillors: Doug Taylor (Chair), Tim Leaver (Vice-Chair), Gina Needs, Sabri Ozaydin, David Skelton and Edward Smith

AGENDA – PART 1

1. WELCOME AND APOLOGIES

2. DECLARATIONS OF INTEREST

Members are asked to declare any disclosable pecuniary, other pecuniary or non-pecuniary interests relating to items on the agenda

3. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)

To agree the minutes of the previous meeting.

4. CHAIRS UPDATE

To receive a verbal update from the Chair

5. REPORTS AND RECOMMENDATIONS FROM PPIC SUB GROUP - PART 2 (To Follow)

6. **RISKS WITHIN THE ENFIELD PENSION FUND'S INVESTMENTS PLUS AON'S VIEW ON THE STRATEGY AND ASSET ALLOCATION - PART 2** (Pages 5 - 20)

Pension Policy and Investment Committee are recommended to note the contents of Aon's reports set as Appendix 1 to this report.

7. **ECONOMIC, MARKET AND INVESTMENT OUTLOOK - PART 2** (Pages 21 - 40)

Pension Policy and Investment Committee are recommended to note the contents of Aon's reports set as Appendix 1 to this report.

8. **ENFIELD PENSION FUND INVESTMENTS & ASSET MANAGERS DASHBOARD FOR SEPTEMBER 2022 - PART 2** (Pages 41 - 52)

Pension Policy and Investment Committee are recommended to note the contents of Aon's reports set as Appendix 1 to this report.

9. **QUARTERLY INVESTMENT PERFORMANCE MONITORING REPORT** (Pages 53 - 74)

Pension Policy and Investment Committee are recommended to note the contents of this report.

10. **LONDON COLLECTIVE INVESTMENT VEHICLE (CIV) QUARTERLY UPDATE AS OF SEPTEMBER 2022** (Pages 75 - 176)

The Committee are recommended to note the content of this report

11. **ENFIELD PENSION FUND FOSSIL FUEL EXPOSURE REPORT AS OF 30 SEPTEMBER 2022** (Pages 177 - 184)

Pension Policy and Investment Committee are recommended to note the contents of this report and the attached Appendix 1.

12. **MINUTES OF PENSION BOARD MEETING OF 15 SEPTEMBER 2022** (Pages 185 - 190)

To note the minutes of the last Local Pension Board meeting held on 15 September 2022.

13. **DLUHC'S CONSULTATION "LOCAL GOVERNMENT PENSION SCHEME (ENGLAND AND WALES): GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS"** (Pages 191 - 218)

The Pension Policy and Investment Committee are recommended:

i) to note the contents of this report.

ii) to note the response from London CIV attached as Appendix 1, and LAPFF as Appendix 2; and

iii) to note, consider and comment on Enfield Pension Fund response attached as Appendix 3.

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MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT COMMITTEE HELD ON WEDNESDAY, 5 OCTOBER 2022

COUNCILLORS

PRESENT	Doug Taylor (Chair), Tim Leaver (Vice Chair), Sabri Ozay David Skelton and Edward Smith
APOLOGIES	Gina Needs
OFFICERS:	Olga Bennet (Director of Finance), Bola Tobun (Finance Manager (Pensions and Treasury) Robyn McLintock (Secretary)
Also Attending:	Carolan Dobson (Independent Advisor), Tapan Datta (Ac Kara Robinson (Aon)

1
WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting.

Apologies were received from the following:

Councillor Gina Needs

2
DECLARATIONS OF INTEREST

There were none received.

3
MINUTES OF PREVIOUS MEETING - 27 JULY 2022

The minutes of the meeting held on 27 July 2022 were agreed.

4
CHAIRS UPDATE

The Chair attended the LCIV Responsible Investment conference.

It was noted that members would like a performance report from the CIV, an update on some of the fund offers and a stakeholder agreement view.

ACTION: Bola to set up a sub group online meeting including the Chair, Vice Chair and Cllr Smith to look at the timeline for redemptions and the speed of the transfer into new assets.

5
PENSION BOARD MEETING 15 SEPTEMBER 2022

Bola Tobun updated the Committee on this item.

The Board discussed their structure and introducing an Independent Chair, which is still in discussion as they are not in agreement.

They have requested to constitution to change for the Terms of Reference to reflect a minimum of 4 meetings per year. Advice has been provided on how to action this.

Members raised concern on the Local Pension Board functionality.

ACTION:

1. **Chair to meet with Local Pension Board Chair to discuss the role of the Board.**

2. **Robyn Mclintock to send the Chair Local Pension Board meeting invites.**

6
INITIAL TRIENNIAL VALUATION RESULTS 2022 AND REVIEW OF FUNDING STRATEGY STATEMENT FOR ENFIELD PENSION FUND

Following part 2 discussions the report was noted.

NOTED Cllr Tim Leaver would not vote as he is Cabinet member

AGREED to circulate the Funding Strategy Statement to all participating employers of the Fund for their comments.

7
LONDON CIV QUARTERLY UPDATE FOR JUNE 2022 AND COST SAVINGS FOR 2021-22

NOTED the report

8
ECONOMIC, MARKET AND INVESTMENT OUTLOOK

Following a part 2 discussion the report was noted.

ACTION:

1. Aon to report back to the Committee within the next two weeks on the key risks.

9
ENFIELD PF INVESTMENTS & ASSET MANAGERS UPDATE JUNE 2022 AND AON'S VIEW ON THE STRATEGY AND ASSET ALLOCATION

Following the Part 2 discussion the report was NOTED.

ACTION: Bola to write to the LCIV regarding concerns on the Bailey Gifford fund performance.

10
QUARTERLY INVESTMENT PERFORMANCE MONITORING REPORT FOR JUNE 2022

Due to timings during the meeting this item was deferred.

11
TREASURY MANAGEMENT STRATEGY FOR ENFIELD PENSION FUND FOR 2022-25

Bola Tobun presented this item confirming that investments are being made in line with the Councils strategy.

NOTED the report.

AGREED to delegate responsibility for Pension Fund treasury management to the Executive Director of Resources, including the authority to add or remove institutions from the approved lending list and amend cash and period limits as necessary inline with the Council's own creditworthiness policy.

12
DRAFT ENFIELD PENSION FUND ANNUAL REPORT AND ACCOUNTS 2021/22

NOTED the report.

The Vice Chair would like to include plans for the AGM.

Chair requested the members to send him an email if there is any issues or clarification needed from the report.

AGREED to delegate completion, approval, the publication, and distribution of the annual report to interested parties once the audit process is complete to the Executive Director of Resources in consultation with Chair and Vice Chair.

13
ENFIELD PENSION FUND RESPONSIBLE INVESTMENT POLICY AND CARBON INTENSITY AUDIT REPORT

NOTED the report.

Bola Tobun highlighted that the strategy going forward will ensure it is making positive contribution to the transition into a low carbon economy.

The result of the latest carbo footprint shows the fund carbon intensity has gone down by 50%.

ACTION Sub group to review the Responsible investment policy report and meet with the LCIV on the renewables fund.

14
ENFIELD PENSION FUND FOSSIL FUEL EXPOSURE REPORT

15
LGPS LATEST DEVELOPMENTS AND UPDATE

16
ENFIELD PENSION FUND PROCUREMENT UPDATE AND PLANS 2022/23

Bola Tobun presented this item confirming officers have started a global custodian procurement exercise in collaboration with Wandsworth and six other boroughs which is in the process of evaluation.

Members commented it would be useful to know what the criteria is and what the percentage mix is and we should see this before coming to an agreement.

ACTION Bola to look at the Independent Person Specification.

17
DATES OF FUTURE MEETINGS

NOTED the dates of the future meetings:

Wednesday 23 November
Wednesday 18 January
Wednesday 29 March

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE (PPIC)

Meeting Date: 23 November 2022

Subject:	Risks within the Enfield Pension Fund's Investments plus Aon's View on the Strategy and Asset Allocation considering the Current Economic Climate
Cabinet Member:	Cllr Leaver
Executive Director:	Fay Hammond

This report introduces two Aon's reports:

i) Risks within the Enfield Pension Fund's Investments, attached to this report as Appendix 1; and

ii) Asset Allocation paper set as Appendix 2 to this report.

Purpose of Report

1. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

2. Officers and fund advisers meet regularly with investment managers to discuss their strategy and performance and if considered necessary may recommend that investment managers are invited to explain further to the Pension Policy & Investment Committee.

Proposal(s)

3. Pension Policy and Investment Committee are recommended to note the contents of Aon's reports set as Appendix 1 to this report.

Reason for Proposal(s)

4. The first report informs the Pension Policy and investment Committee of the key developments and the performance of asset managers and how it affects the overall performance of the Enfield Pension Fund.

5. The second report is for discussion at this meeting to explain the soundness of implementing the various stages required as outlined in the Fund's revised investment strategy.

Relevance to the Council's Corporate Plan

6. Good homes in well-connected neighbourhoods.

7. Build our Economy to create a thriving place.

8. Sustain Strong and healthy Communities.

Background

9. The purpose of the attached Appendix 1 report is to provide an overview of the key risks the Fund is exposed to within each of the individual investment mandates to improve the Committee's understanding on these risks.

10. The attached appendix 2 report is to provide Aon's view on the Enfield Pension Fund Strategy and Asset Allocation considering the Current Economic Climate.

Workforce Implications

11. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

12. None

Other Implications

13. None

Options Considered

14. There are no alternative options.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 10th November 2022

Appendices
Appendix 1 - Risks within the Enfield Pension Fund's Investments as at October 2022 **(Confidential – Exempt Report)**
Appendix 2 - Asset Allocation paper **(Confidential – Exempt Report)**

Background Papers - None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 23 November 2022

Subject:	Economic, Market and Investment Outlook
Cabinet Member:	Cllr Leaver
Executive Director:	Fay Hammond

This report introduces Aon report on Economic, Market and Investment Outlook attached to this report as Appendix 1.

Purpose of Report

1. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

2. Officers and fund advisers meet regularly with investment managers to discuss their strategy and performance and if considered necessary may recommend that investment managers are invited to explain further to the Pension Policy & Investment Committee.

Proposal(s)

3. Pension Policy and Investment Committee are recommended to note the content of Aon's report set as Appendix 1 to this report.

Reason for Proposal(s)

4. The report informs the Pension Policy and Investment Committee of the latest macro market outlook and its overall effects on the Enfield Pension Fund.

5. **Relevance to the Council's Corporate Plan**

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Workforce Implications

9. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

10. None

Other Implications

11. None

Options Considered

12. There are no alternative options.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 10th November 2022

Appendices
Appendix 1 – AON Market and Investment Outlook **(Confidential – Exempt Report)**

Background Papers
None

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London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE (PPIC)

Meeting Date: 23 November 2022

Subject:	Enfield Pension Fund Investments & Asset Managers Dashboard for September 2022
Cabinet Member:	Cllr Leaver
Executive Director:	Fay Hammond

This report introduces Aon's Quarterly Investment Dashboard and Report on Enfield Pension Fund Investments & Asset Managers, attached to this report as Appendix 1.

Purpose of Report

1. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

2. Officers and fund advisers meet regularly with investment managers to discuss their strategy and performance and if considered necessary may recommend that investment managers are invited to explain further to the Pension Policy & Investment Committee.

Proposal(s)

3. Pension Policy and Investments Committee are recommended to note the contents of Aon's reports set as Appendix 1 to this report.

Reason for Proposal(s)

4. The first report informs the Pension Policy and investment Committee of the key developments and the performance of asset managers and how it affects the overall performance of the Enfield Pension Fund.

5. The second report is for discussion at this meeting to explain the soundness of implementing the various stages required as outlined in the Fund's revised investment strategy.

Relevance to the Council's Corporate Plan

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Background

9. The attached Appendix 1 drafted by the Fund consultant to provide an overview of the overall Fund performance and the activities of the investment managers.

Workforce Implications

10. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

11. None

Other Implications

12. None

Options Considered

13. There are no alternative options.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 10th November 2022

Appendices
Appendix 1 - Enfield PF Investments & Asset Managers Dashboard and Report to 30 September 2022 **(Confidential – Exempt Report)**

Background Papers - None

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ENFIELD Council

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 23 November 2022

Subject:	Quarterly Investment Performance Monitoring Report for September 2022
Cabinet Member:	Cllr Leaver
Executive Director:	Fay Hammond

This report informs Members of the performance of the Pension Fund and its investment managers for the third quarter of 2022/23.

Over the quarter to 30 September 2022 the Fund posted a negative return of c.0.91%	Global equities continued to perform poorly as US economy entered a technical recession as economic growth contracted for a second consecutive quarter. The Fund underperformed its benchmark by 0.07%. Fund valuation at the end of this reporting quarter was £1.443bn, a decrease of £12m over the quarter.
For the quarter twelve mandates matched/achieved benchmark return	For this quarter, twelve out of twenty-one mandates delivered returns matching or achieving returns above the benchmark set. The nine mandates lagging their set benchmark for this quarter are: LCIV Longview, MFS, Aon Liquid Credits, Insight Bonds, LCIV CQS MAC, M&G Inflation, Davidson Kempner, Adams Street, and Blackrock Property.
The Fund's investments outperformed its benchmark over the 12-month period	Over the twelve-month period to 30 September 2022, the Fund underperformed its benchmark by -2.53%. For the year to 30 September 2022, ten out of twenty-one mandates delivered returns matching or achieving returns above the set benchmark.
Longer-term performance, the Fund outperformed its benchmark return	Looking at the longer-term performance, the three-year return for the Fund was 0.03% per annum above its benchmark return and for over five years, the Fund posted a return of 5.38% outperforming the benchmark return of 4.94% by 0.44% per annum.
Fund is broadly in line with benchmark weightings **Purpose of Report**	The distribution of the Fund's assets amongst the different asset classes is broadly in line with the strategic benchmark weight, albeit there is a need to rebalance the assets and equities is mildly overweight. The overweight position in equities has helped the fund's performance in recent months.

1. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

2. Officers and fund advisers meet regularly with investment managers to discuss their strategy and performance and if considered necessary may recommend that investment managers are invited to explain further to the Pension Policy & Investment Committee.

Proposal(s)

3. Pension Policy and Investment Committee are recommended to note the contents of this report.

Reason for Proposal(s)

4. The report informs the Pension Policy and Investment Committee of the performance of pension fund managers and the overall performance of the Enfield Pension Fund.

5. **Relevance to the Council's Corporate Plan**

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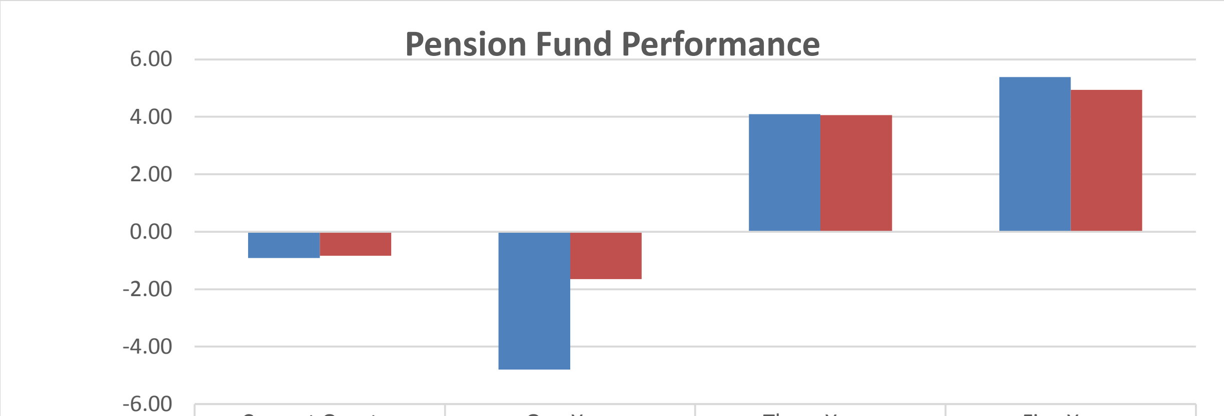
Background

INVESTMENT PERFORMANCE

9. The overall value of the Fund on 30 September 2022 stood at £1,443m, a decrease of £12m from £1,455m as of 30 June 2022 quarter end value.

10. The Fund underperformed the benchmark this reporting quarter by posting a return of -0.91% against benchmark return of -0.84%. The twelve-month period sees the fund lagging its benchmark by -2.53%.

11. Looking at the longer-term performance, the three years return for the Fund was 4.09%, which was 0.03% per annum ahead its benchmark return. For over five years period, the Fund posted a return of 5.38% outperforming the benchmark return of 4.94% by 0.44% per annum, as shown in the graph below.



	Current Quarter	One Year	Three Years	Five Years
Fund	-0.91	-4.80	4.09	5.38
Benchmark	-0.84	-1.65	4.06	4.94

12. For September quarter end, two out of the five Fund's active equity mandates underperformed their respective benchmarks. Twelve out of twenty-one mandates delivered returns, matching or achieving returns above the set benchmark.

13. For the 12 months to September 2022, ten out of twenty-one mandates outperformed their respective benchmarks or targets. The mandates that delivered negative returns or underperformed their respective benchmark/target were LCIV BG Global Alpha, LCIV JP Morgan, MFS Global Equity, Insight, LCIV MAC, Western Bonds, M&G Inflation, Davidson Kempner, Brockton and Blackrock Property.

INTERNAL CASH MANAGEMENT

14. Cash is held by the managers at their discretion in accordance with limits set in their investment guidelines, and internally by Enfield Council to meet working cashflow requirements, although transfers can be made to Fund managers to top up or rebalance the Fund.

15. Any excess cash from the Fund's bank accounts is invested in accordance with the Council's Treasury Management Strategy, prepared in accordance with the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice. The Treasury Management Strategy sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk for the Fund's exposure. In addition, excess cash held with the custodian is swept into a liquidity fund to provide further diversification.

16. The Pension Fund cash balance is invested in accordance with the Council's Treasury Management strategy agreed by Full Council in February 2022, which is delegated to the Executive Director of Resources to manage on a day to day basis within the agreed parameters. Officers monitor the credit risk of the Fund by keeping under review the credit rating and financial positions of the custodian and banks the Fund uses.

17. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The market value of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

18. The Pension Fund reviews its exposure to credit and counterparty risk through its external Investment Managers by reviewing the Managers' annual internal control reports. This ensures that Managers exercise reasonable care and due diligence in their activities for the Pension Fund, such as in the selection and use of brokers, clearing houses, counterparties and other appointees with whom transactions on behalf of the Fund take place.

19. A counterparty rating is one measure of credit risk. The carrying amounts of investment assets best represent the maximum credit risk exposure at the Net Asset Statement date.

20. A majority of the assets of the Fund are held by the Fund's custodian, Northern Trust Company. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. Cash not forming part of the investment assets is held in the Fund's current accounts with HSBC Bank.

21. The cash balance as of 30 September 2022, was £80.493m in short term deposits and money market funds. £36.5m Northern Trust with and £44m with Goldman Sachs.

ASSET ALLOCATION

22. The current strategic weight of asset distribution and the Fund's assets position as of 30 September 2022 are set out below:

Asset Class	Strategic asset allocation as at June 2021 (%)	Fund Position as at 30 Sept. 2022 (%)	Difference as at 30 Sept. 2022 (%)	Difference as at 30 Sept. 2022 (£m)
Equities	35	42.2	7.2	103.2
Private Equities	5	8.5	3.5	50.2
Total Equities	**40**	**50.6**	**10.6**	**153.4**
Hedge Funds	0	5.3	5.3	76.8
Property	5	6.5	1.5	21.2
Infrastructure	16	4.9	(11.1)	(159.7)
Alternative Fixed Income	5	0.0	(5.0)	(72.2)
Bonds	24	19.2	(4.8)	(68.8)
Inflation protection illiquid	10	7.9	(2.2)	(31.0)
Cash	0	5.6	5.6	80.5
Total Equities	**100.0**	**100.0**		

23. The Fund has 11% underweighted position to Infrastructure, 9.8% underweighted position to Bonds, alternative fixed income and indexed linked

gilts, 2.2% underweight in Inflation Protection. And the Fund has 5.6% overweighted position to cash, 10.6% overweight position to total equities and 1.5% overweight position in Property. Equity portfolio has been trimmed down by 5%, the proceeds to be invested in LCIV Global Bond Fund.

24. 41% of the Equity portfolio which is 15.7% of the total Fund assets is being managed passively by BlackRock. The remainder (25.4%) is being managed on an active basis, with the largest share of 9.8% with MFS, followed by 6.9% with LCIV Baillie Gifford, 6.6% with LCIV Longview and 2.1% in LCIV Emerging Markets.

25. As of 30 June 2022, the MSCI All Country World Index had a 11.7% exposure to Emerging Markets and in aggregate, the Fund's public equity portfolio was £595.8m and £41m was invested in Emerging market.

26. At the reporting quarter end, c.2.8% of the Fund's total assets were invested in Emerging Markets which equates to 6.9% of the Fund's public equity portfolio as shown in the table below.

Asset Manager	**Valuation of Assets as of June 2022 (£m)**	**Emerging Market Allocation (%)**	**Emerging Market Allocation (£m)**
Blackrock	228.1	0.0	0.0
MFS	141.9	1.0	1.4
Baillie Gifford	95.4	19.5	18.6
JP Morgan	29.9	70.0	20.
Longview	99.7	0.0	0.0
Total Public Equities	**595.8**	**6.9**	**41.0**

27. Asset allocation is determined by several factors including: -

i) The risk profile - there is a trade off between the returns that can be obtained on investments and the level of risk. Equities have higher potential returns, but this is achieved with higher volatility. However, the Fund remains open to new members and able to tolerate the volatility, allowing it to target higher returns, which in turn reduces the deficit quicker and should eventually lead to lower contribution rates by employers.

ii) The age profile of the Fund - the younger the members of the Fund, the longer the period before pensions become payable and investments must be realised for this purpose. This enables the Fund to invest in more volatile asset classes because it has the capacity to ride out adverse movements in the investment cycle.

iii) The deficit recovery term / the surplus amortisation period - Most LGPS funds are fully Funded or almost 100% funded because of great investment returns but being tampered mildly by increasing life expectancy. The actuary determines the period over which the deficit is to be recovered and considers the need to stabilise the employer's contribution rate. For 2019 valuation, the actuary used 16 years as the target of reducing the funding ratio, to illustrate the surplus amortisation.

28. Individual managers have discretion within defined limits to vary the asset distribution. The overweight position in equities has helped the fund's performance in recent months.

Investments Considerations

29. Given that the Committee recently allocated 10% to infrastructure as an asset class and the Fund's responsible investment commitment of aligning the Fund to a low carbon economy. The Fund currently has £82m in cash with the Fund Custodian and GSAM MMF and also £47.6m in short term bonds compounded with the current economy climate.

30. The Fund Investment Consultant advised in a paper drafted September 2021 that the LCIV Renewables Fund appears to fit strategically with the desired characteristics in terms the ability to implement Environmental Social and Governance factors into the portfolio and they are supportive of the Committee making a commitment to this fund.

31. Officers are therefore recommending to the Committee to pursue investing in London CIV renewable infrastructure and if the Committee deemed to find this product still unsuitable due to underperformance or perceived inadequate governance arrangement of the London CIV, the Committee can choose to collaborate with other LGPS funds to do a search for a suitable strategy for the Fund.

32. As making direct investments into pooled funds enables the Pension Fund to make investment decisions and invest directly in funds without the requirements to undertake the lengthy OJEU process, however, the same level of due diligence when choosing funds is still undertaken to ensure that the investments are appropriate for the Fund. The costs of making such investments taking into account, consultancy and officer time is immaterial in the context of £50m investments being made.

33. Aon's hedge fund research specialists have confirmed that the redemption terms for the Fund's two remaining hedge funds, CFM Stratus and Davidson Kempner are:

    i) Davidson Kempner: Quarterly redemptions, with 60 days notice; and

    ii) CFM Stratus: Monthly redemptions, with 60 days notice.

34. The combined holdings in these two hedge funds were c.£66m as of 30 June 2022. Once the redemptions notices have been placed and the proceeds have been received, this amount will be available for investment and will help move the Fund towards its revised investment strategy.

35. Even with the relatively long redemption notice required in each case, careful planning is required to ensure that the proceeds from the redemptions can be

invested elsewhere within the Fund's investment strategy in a timely manner, to avoid holding a significant balance in cash for a prolonged period.

Safeguarding Implications

36. The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

Public Health Implications

37. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the borough.

Equalities Impact of the Proposal

38. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

Environmental and Climate Change Considerations

39. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

40. Any form of investment inevitably involves a degree of risk.

41. To minimise risk the Pension Policy and Investment Committee attempts to achieve a diversification portfolio. Diversification relates to asset classes and management styles.

42. The monitoring arrangement for the Pension Fund and the work of the Pension Policy & Investment Committee should ensure that the Fund optimises the use of its resources in achieving the best returns for the Council and members of the Fund.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

43. Not noting the report recommendations and not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

Financial Implications

44. This is a noting report which fulfils the requirement to report quarterly performance of the Pension Fund investments portfolio to the Pension Policy

and Investment Committee. There are no direct financial implications arising from this report, however the long-term performance of the pension fund will impact upon pension contribution rates set by this Committee.

Legal Implications

45. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 govern the way in which administering authorities should manage and make investments for the fund. There are no longer explicit limits on specified types of investment and instead administering authorities should determine the appropriate mix of investments for their funds. However, administering authorities must now adhere to official guidance; broad powers allow the Government to intervene if they do not. Under regulation 8, the Secretary of State can direct the administering authority to make changes to its investment strategy; invest its assets in a particular way; that the investment functions of the authority are exercised by the Secretary of State and that the authority complies with any instructions issued by the Secretary of State or their nominee.

46. The Council must take proper advice at reasonable intervals about its investments and must consider such advice when taking any steps in relation to its investments.

47. The Council does not have to invest the fund money itself and may appoint one or more investment managers. Where the Council appoints an investment manager, it must keep the manager's performance under review. At least once every three months the Council must review the investments that the manager has made and, periodically, the Council must consider whether or not to retain that manager.

48. One of the functions of the Pension Policy & Investment Committee is to meet the Council's duties in respect of investment matters. It is appropriate, having regard to these matters, for the Committee to receive information about asset allocation and the performance of appointed investment managers. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

49. When reviewing the Pension Fund Investment Performance, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty). The Committee may take the view that good, sound investment of the Pension Fund monies will support compliance with the Council's statutory duties in respect of proper management of the Pension Fund.

Workforce Implications

50. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the

Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

51. None

Other Implications

52. None

Options Considered

53. There are no alternative options.

Conclusions

54. The overall value of the Fund on 30 September 2022 stood at £1,443m, a decrease of £12m from £1,455m as of 30 June 2022 quarter end value.

55. The Fund underperformed the benchmark this reporting quarter by posting a return of -0.91% against benchmark return of -0.84%. The twelve-month period sees the fund lagging its benchmark by -2.53%.

56. Looking at the longer-term performance, the three years return for the Fund was 4.09%, which was 0.03% per annum ahead its benchmark return. For over five years period, the Fund posted a return of 5.38% outperforming the benchmark return of 4.94% by 0.44% per annum.

57. For September quarter end, two out of the five Fund's active equity mandates underperformed their respective benchmarks. Twelve out of twenty-one mandates delivered returns, matching or achieving returns above the set benchmark.

58. For the 12 months to September 2022, ten out of twenty-one mandates outperformed their respective benchmarks or targets. The mandates that delivered negative returns or underperformed their respective benchmark/target were LCIV BG Global Alpha, LCIV JP Morgan, MFS Global Equity, Insight, LCIV MAC, Western Bonds, M&G Inflation, Davidson Kempner, Brockton and Blackrock Property.

59. 42% of the total Fund assets is equity portfolio and 16.4% of the total Fund assets is passive equity being managed by BlackRock. The remaining 25.6% is being managed on an active basis, with the largest share of 9.8% with MFS, followed by 6.7% with LCIV Baillie Gifford, 7% with LCIV Longview and 2.1% in LCIV Emerging Markets.

60. Equity portfolio has been trimmed down by 5%, the proceeds to be invested in LCIV Global Bond Fund.

61. The distribution of the Fund's assets amongst the different asset classes is broadly in line with the strategic benchmark weight, albeit there is a need to

rebalance the assets and equities is mildly overweight. The overweight position in equities has helped the fund's performance in recent months.

62. Officers are recommending to the Committee to pursue appropriate strategy in line with the Fund commitment of making positive contribution to the transition to a low carbon economy, through investment in renewable infrastructure and any other suitable asset classes.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 10th November 2022

Appendices

Appendix 1 – Northern Trust Report for Enfield PF Asset Class Performance September 2022

NORTHERN TRUST

London Borough of Enfield

Investment Risk & Analytical Services

September 30, 2022

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SECTION 1

London Borough of Enfield

Investment Risk & Analytical Services

September 30, 2022

Investment Hierarchy

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date	Inception Date
London Borough of Enfield	**1,443,775,460**	**100.00**	**-4.21**	**-0.91**	**-7.32**	**-4.18**	**4.09**	**5.38**	**8.20**	**31/03/1987**
Enfield Strategic BM			*-3.55*	*-0.84*	*-5.55*	*-1.65*	*4.06*	*4.94*	*-*	*31/03/1987*
Excess Return			*-0.66*	*-0.07*	*-1.77*	*-2.53*	*0.03*	*0.44*	*-*	*31/03/1987*
Total Equities	**608,499,970**	**42.15**	**-5.19**	**2.12**	**-11.53**	**-7.84**	**6.42**	**7.94**	**9.23**	**31/03/1987**
Enfield Equities BM			*-5.40*	*1.67*	*-9.96*	*-4.58*	*7.11*	*8.33*	*-*	*31/03/1987*
Excess Return			*0.21*	*0.44*	*-1.58*	*-3.26*	*-0.68*	*-0.39*	*-*	*31/03/1987*
Blackrock Low Carbon	**236,883,379**	**16.41**	**-4.47**	**3.87**	**-9.88**	**-3.72**	**8.82**	**9.58**	**12.89**	**31/03/2009**
LEFD02 MSCI Wld Lw CrbnTgtxFsl			*-4.57*	*2.83*	*-10.24*	*-4.19*	*7.75*	*8.69*	*11.89*	*31/03/2009*
Excess Return			*0.10*	*1.04*	*0.37*	*0.47*	*1.07*	*0.89*	*1.01*	*31/03/2009*
LCIV - JP Morgan (EM)	**30,295,069**	**2.10**	**-5.85**	**1.33**	**-11.79**	**-15.58**	**2.25**	**-**	**3.55**	**24/10/2018**
LEFD05018 MSCI EM Mrkts ND			*-7.98*	*-3.80*	*-11.62*	*-13.17*	*1.21*	*-*	*4.06*	*24/10/2018*
Excess Return			*2.13*	*5.13*	*-0.17*	*-2.41*	*1.03*	*-*	*-0.51*	*24/10/2018*
LCIV - Longview (FOCUS GE)	**101,012,945**	**7.00**	**-5.50**	**1.29**	**-3.04**	**0.63**	**6.38**	**-**	**8.87**	**24/10/2018**
LEFD05019 MSCI ACWI ND			*-5.74*	*1.37*	*-9.76*	*-4.17*	*7.22*	*-*	*9.65*	*24/10/2018*
Excess Return			*0.24*	*-0.08*	*6.72*	*4.80*	*-0.84*	*-*	*-0.78*	*24/10/2018*
LCIV-Baillie Gifford(ALPHA GE)	**97,173,458**	**6.73**	**-6.12**	**1.88**	**-21.53**	**-21.48**	**5.98**	**7.82**	**9.96**	**30/09/2016**
LEFD05016 MSCI ACWI ND			*-5.74*	*1.37*	*-9.76*	*-4.17*	*7.22*	*8.35*	*9.42*	*30/09/2016*
Excess Return			*-0.38*	*0.51*	*-11.77*	*-17.31*	*-1.24*	*-0.53*	*0.55*	*30/09/2016*
MFS Global Equity	**142,271,787**	**9.85**	**-5.41**	**0.21**	**-12.06**	**-7.22**	**4.58**	**7.48**	**11.99**	**31/07/2010**
LEFD05005 MSCI ACWI ND			*-5.74*	*1.37*	*-9.76*	*-4.17*	*7.22*	*8.35*	*10.59*	*31/07/2010*
Excess Return			*0.33*	*-1.16*	*-2.31*	*-3.05*	*-2.65*	*-0.87*	*1.40*	*31/07/2010*
Transition Account For Enfield	**16,218**	**0.00**	**2.79**	**5.19**	**11.83**	**13.17**	**-**	**-**	**-5.70**	**05/03/2021**
Trilogy	**847,114**	**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30/09/2007**
LEFD04 MSCI ACWI ND			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*30/09/2007*
Excess Return			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*30/09/2007*
Total Bonds and Index Linked	**277,686,987**	**19.23**	**-6.31**	**-7.36**	**-18.50**	**-17.24**	**-4.79**	**-1.09**	**4.27**	**30/06/2005**
Enfield Bonds & IL BM			*-4.78*	*-6.47*	*-15.13*	*-13.76*	*-3.93*	*-0.25*	*-*	*30/06/2005*
Excess Return			*-1.53*	*-0.89*	*-3.38*	*-3.47*	*-0.86*	*-0.84*	*-*	*30/06/2005*
AON Diversified Liquid Credit	**46,566,636**	**3.23**	**-2.00**	**-1.66**	**-5.87**	**-**	**-**	**-**	**-5.87**	**06/12/2021**
LEFD07003 1 month SONIA + 1.5%			*0.30*	*0.81*	*1.93*	*-*	*-*	*-*	*2.05*	*06/12/2021*
Excess Return			*-2.30*	*-2.47*	*-7.80*	*-*	*-*	*-*	*-7.92*	*06/12/2021*
Blackrock IL Gilts	**79,700,367**	**5.52**	**-4.69**	**-6.70**	**-16.38**	**-14.92**	**-5.06**	**-1.32**	**3.74**	**30/09/2005**
LEFD01 Blended Benchmark			*-4.71*	*-6.65*	*-16.49*	*-14.97*	*-5.11*	*-1.39*	*5.55*	*30/09/2005*
Excess Return			*0.02*	*-0.06*	*0.11*	*0.05*	*0.05*	*0.07*	*-1.81*	*30/09/2005*

Category: **Total Fund Gross of Fees**

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return: One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date	Inception Date
Insight Bonds	**31,856,929**	**2.21**	**-1.84**	**1.49**	**-0.16**	**-1.35**	**1.39**	**-0.34**	**0.60**	**31/12/2013**
LEFD05006 SONIA 3 Month GBP+4%			*0.54*	*1.52*	*4.00*	*5.03*	*4.64*	*4.73*	*3.50*	*31/12/2013*
Excess Return			*-2.38*	*-0.02*	*-4.16*	*-6.39*	*-3.25*	*-5.08*	*-2.89*	*31/12/2013*
LCIV - CQS (MAC)	**50,387,815**	**3.49**	**-4.53**	**-2.41**	**-11.64**	**-10.75**	**-0.98**	**-**	**0.13**	**30/11/2018**
LEFD05020 3 Month GBP SONIA			*0.22*	*0.55*	*1.01*	*1.03*	*0.64*	*-*	*0.73*	*30/11/2018*
Excess Return			*-4.75*	*-2.95*	*-12.65*	*-11.78*	*-1.62*	*-*	*-0.60*	*30/11/2018*
Western	**69,175,238**	**4.79**	**-13.55**	**-17.60**	**-35.38**	**-34.08**	**-11.56**	**-4.32**	**3.83**	**31/03/2003**
LEFD03 ML Stg Non-Gilts 10+			*-13.34*	*-17.79*	*-35.36*	*-34.16*	*-11.95*	*-4.45*	*-*	*31/03/2003*
Excess Return			*-0.21*	*0.19*	*-0.02*	*0.07*	*0.39*	*0.13*	*-*	*31/03/2003*
Inflation Protection Illiquids	**113,271,998**	**7.85**	**-6.74**	**-8.47**	**-12.73**	**-10.87**	**-2.00**	**-**	**0.75**	**30/11/2018**
Enfield Inflation Iliquids BM			*0.54*	*1.80*	*9.45*	*13.05*	*7.01*	*-*	*6.49*	*30/11/2018*
Excess Return			*-7.28*	*-10.26*	*-22.17*	*-23.92*	*-9.00*	*-*	*-5.74*	*30/11/2018*
CBRE Long Income Fund	**46,571,059**	**3.23**	**0.00**	**0.13**	**6.08**	**9.06**	**2.89**	**-**	**2.29**	**17/12/2018**
LEFD06007 BMK			*0.00*	*0.13*	*6.08*	*9.06*	*2.89*	*-*	*2.29*	*17/12/2018*
Excess Return			*0.00*	*0.00*	*0.00*	*0.00*	*-0.00*	*-*	*-0.00*	*17/12/2018*
M&G Inflation Opportunities Fd	**66,700,939**	**4.62**	**-10.93**	**-13.67**	**-21.60**	**-20.16**	**-4.89**	**0.32**	**3.61**	**30/04/2013**
LEFD05010 UK RPI +2.5%			*0.87*	*2.79*	*11.28*	*15.16*	*8.62*	*7.30*	*6.09*	*30/04/2013*
Excess Return			*-11.81*	*-16.46*	*-32.89*	*-35.33*	*-13.51*	*-6.98*	*-2.48*	*30/04/2013*
Total Hedge Funds	**76,875,486**	**5.32**	**3.59**	**8.71**	**22.93**	**21.93**	**4.09**	**1.75**	**4.87**	**31/07/2007**
Enfield Hedge Funds BM			*2.51*	*5.27*	*12.16*	*11.90*	*2.78*	*2.86*	*-*	*31/07/2007*
Excess Return			*1.08*	*3.44*	*10.77*	*10.02*	*1.30*	*-1.11*	*-*	*31/07/2007*
CFM Stratus	**35,336,272**	**2.45**	**1.64**	**8.61**	**22.30**	**20.96**	**10.29**	**5.91**	**3.16**	**31/12/2015**
LEFD06004 SONIA 3 Month GBP			*0.22*	*0.55*	*1.01*	*1.03*	*0.64*	*0.73*	*0.68*	*31/12/2015*
Excess Return			*1.41*	*8.06*	*21.29*	*19.93*	*9.65*	*5.18*	*2.49*	*31/12/2015*
Davidson Kemper	**37,694,948**	**2.61**	**5.15**	**8.85**	**19.83**	**19.42**	**7.87**	**8.07**	**6.85**	**30/11/2014**
LEFD05004 Libor 3 Month USD			*4.53*	*9.62*	*22.87*	*22.38*	*4.51*	*5.50*	*3.72*	*30/11/2014*
Excess Return			*0.61*	*-0.76*	*-3.04*	*-2.96*	*3.36*	*2.57*	*3.13*	*30/11/2014*
York Capital	**3,844,266**	**0.27**	**7.03**	**8.16**	**74.14**	**68.34**	**-5.07**	**-2.07**	**2.79**	**31/12/2009**
LEFD05011 Libor 3 Mnth USD			*4.53*	*9.62*	*22.87*	*22.38*	*4.51*	*5.50*	*3.46*	*31/12/2009*
Excess Return			*2.50*	*-1.46*	*51.27*	*45.96*	*-9.59*	*-7.57*	*-0.67*	*31/12/2009*
Private Equity	**122,449,716**	**8.48**	**-3.57**	**0.64**	**15.63**	**25.19**	**28.22**	**25.70**	**15.29**	**31/03/2007**
Enfield PE BM			*-5.74*	*1.37*	*-9.76*	*-4.17*	*7.22*	*8.35*	*-*	*31/03/2007*
Excess Return			*2.17*	*-0.73*	*25.39*	*29.36*	*21.00*	*17.34*	*-*	*31/03/2007*
Adams Street	**122,449,716**	**8.48**	**-3.57**	**0.64**	**15.63**	**25.19**	**28.22**	**25.70**	**13.78**	**31/12/2004**
LEFD06005 MSCI ACWI ND			*-5.74*	*1.37*	*-9.76*	*-4.17*	*7.22*	*8.35*	*7.40*	*31/12/2004*
Excess Return			*2.17*	*-0.73*	*25.39*	*29.36*	*21.00*	*17.34*	*6.38*	*31/12/2004*

Category: **Total Fund Gross of Fees**

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return: One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date	Inception Date
Infrastructure	**71,154,559**	**4.93**	**-2.82**	**-1.84**	**1.40**	**4.75**	**7.68**	**5.70**	**4.53**	**30/06/2016**
Enfield Infrastructure BM			*-5.19*	*-4.38*	*-6.34*	*-1.79*	*4.09*	*3.33*	*3.94*	*30/06/2016*
Excess Return			*2.38*	*2.54*	*7.75*	*6.55*	*3.59*	*2.37*	*0.59*	*30/06/2016*
Antin Infrastructure	**26,177,042**	**1.81**	**1.55**	**2.85**	**18.57**	**18.92**	**15.26**	**-**	**11.72**	**31/12/2017**
INPP	**44,977,517**	**3.12**	**-5.19**	**-4.38**	**-6.34**	**-1.79**	**4.09**	**3.33**	**7.42**	**31/12/2008**
LEFD05015 Fund returns			*-5.19*	*-4.38*	*-6.34*	*-1.79*	*4.09*	*3.33*	*3.44*	*31/12/2008*
Excess Return			*0.00*	*0.00*	*0.00*	*0.00*	*-0.00*	*0.00*	*3.98*	*31/12/2008*
Property	**93,343,462**	**6.47**	**-1.49**	**-3.55**	**4.11**	**11.79**	**7.02**	**6.29**	**8.92**	**31/03/1987**
Enfield Property BM			*-2.17*	*-4.00*	*5.33*	*13.23*	*7.60*	*6.75*	*-*	*31/03/1987*
Excess Return			*0.68*	*0.45*	*-1.22*	*-1.44*	*-0.58*	*-0.46*	*-*	*31/03/1987*
Blackrock UK FD	**40,993,200**	**2.84**	**-1.59**	**-4.43**	**4.76**	**11.78**	**6.73**	**6.07**	**4.01**	**31/07/2002**
LEFD05012 IPD All Balncd Prpty			*-2.17*	*-4.00*	*5.33*	*13.23*	*7.60*	*6.75*	*6.77*	*31/07/2002*
Excess Return			*0.58*	*-0.43*	*-0.56*	*-1.45*	*-0.87*	*-0.68*	*-2.76*	*31/07/2002*
Brockton Capital Fund	**9,525,896**	**0.66**	**0.00**	**-1.88**	**-4.68**	**0.20**	**3.53**	**6.60**	**5.29**	**30/11/2014**
LEFD06001 IPD All Balncd Prpty			*-2.17*	*-4.00*	*5.33*	*13.23*	*7.60*	*6.75*	*5.36*	*30/11/2014*
Excess Return			*2.17*	*2.12*	*-10.01*	*-13.03*	*-4.08*	*-0.16*	*-0.07*	*30/11/2014*
Legal & General Property	**42,824,366**	**2.97**	**-1.71**	**-3.06**	**5.55**	**14.68**	**8.12**	**6.77**	**7.32**	**31/01/2010**
LEFD05013 IPD All Balncd Prpty			*-2.17*	*-4.00*	*5.33*	*13.23*	*7.60*	*6.75*	*7.67*	*31/01/2010*
Excess Return			*0.46*	*0.94*	*0.22*	*1.45*	*0.52*	*0.02*	*-0.35*	*31/01/2010*
Cash	**80,493,283**	**5.58**	**2.65**	**5.88**	**12.64**	**12.12**	**2.43**	**3.15**	**2.72**	**30/06/2016**
Cash & Other Assets	**520,953**	**0.04**	**0.02**	**0.06**	**0.08**	**0.08**	**0.03**	**-0.02**	**-6.66**	**30/06/2016**
Cash & Other Transition Assets	**206**	**0.00**	**-0.19**	**2.09**	**-3.57**	**-7.00**	**-4.76**	**-**	**-7.66**	**30/11/2018**
Goldman Sachs Funds	**44,020,487**	**3.05**	**2.35**	**5.05**	**12.12**	**11.84**	**1.84**	**3.20**	**2.58**	**30/06/2016**
LEFD07001 SONIA 7 Day			*0.14*	*0.38*	*0.68*	*-*	*-*	*-*	*-*	*30/06/2016*
Excess Return			*2.21*	*4.67*	*11.44*	*-*	*-*	*-*	*-*	*30/06/2016*
PE Cash & Other Assets	**27,182,265**	**1.88**	**3.61**	**8.42**	**17.96**	**16.12**	**2.62**	**2.41**	**2.32**	**30/06/2016**
LEFD06002 SONIA 7 Day			*0.14*	*0.38*	*0.68*	*0.67*	*0.27*	*0.35*	*0.31*	*30/06/2016*
Excess Return			*3.47*	*8.04*	*17.27*	*15.45*	*2.35*	*2.06*	*2.01*	*30/06/2016*
UT Cash & Other Assets	**8,769,373**	**0.61**	**1.26**	**2.56**	**4.87**	**4.92**	**2.25**	**6.94**	**6.43**	**30/06/2016**
LEFD05002 SONIA 7 Day			*0.14*	*0.38*	*0.68*	*0.67*	*0.27*	*0.35*	*0.31*	*30/06/2016*
Excess Return			*1.11*	*2.18*	*4.19*	*4.26*	*1.97*	*6.58*	*6.12*	*30/06/2016*

Market Value Summary - One Month

Account/Group	31/08/2022 Market Value	Net Contribution*	Income	Fees	Appreciation	30/09/2022 Market Value
London Borough of Enfield	**1,507,496,275**	**-306,718**	**1,635,528**	**-43,282**	**-65,049,625**	**1,443,775,460**
Total Equities	**641,758,507**	**43,282**	**6,494**	**0**	**-33,308,313**	**608,499,970**
Blackrock Low Carbon	247,969,565	0	47	0	-11,086,233	236,883,379
LCIV - JP Morgan (EM)	32,177,813	0	0	0	-1,882,744	30,295,069
LCIV - Longview (FOCUS GE)	106,889,044	0	0	0	-5,876,099	101,012,945
LCIV-Baillie Gifford(ALPHA GE)	103,544,967	-39,555	0	0	-6,331,954	97,173,458
MFS Global Equity	150,326,951	82,838	0	0	-8,138,002	142,271,787
Transition Account For Enfield	15,777	-0	441	0	0	16,218
Trilogy	834,389	0	6,006	0	6,719	847,114
Total Bonds and Index Linked	**296,394,114**	**0**	**274,879**	**0**	**-18,982,006**	**277,686,987**
AON Diversified Liquid Credit	47,516,243	0	0	0	-949,607	46,566,636
Blackrock IL Gilts	83,625,788	0	0	0	-3,925,421	79,700,367
Insight Bonds	32,452,525	0	0	0	-595,596	31,856,929
LCIV - CQS (MAC)	52,778,595	0	0	0	-2,390,780	50,387,815
Western	80,020,963	0	274,879	0	-11,120,603	69,175,238
Inflation Protection Illiquids	**121,459,701**	**0**	**0**	**0**	**-8,187,703**	**113,271,998**
CBRE Long Income Fund	46,571,059	0	0	0	0	46,571,059
M&G Inflation Opportunities Fd	74,888,642	0	0	0	-8,187,703	66,700,939
Total Hedge Funds	**74,209,451**	**0**	**0**	**0**	**2,666,034**	**76,875,486**
CFM Stratus	34,767,307	0	0	0	568,965	35,336,272
Davidson Kemper	35,850,306	0	0	0	1,844,641	37,694,948
York Capital	3,591,838	0	0	0	252,428	3,844,266
Private Equity	**126,122,390**	**836,290**	**0**	**0**	**-4,508,964**	**122,449,716**
Adams Street	126,122,390	836,290	0	0	-4,508,964	122,449,716
Infrastructure	**73,218,967**	**0**	**1,118,154**	**0**	**-3,182,562**	**71,154,559**
Antin Infrastructure	25,776,889	0	0	0	400,153	26,177,042
INPP	47,442,078	0	1,118,154	0	-3,582,715	44,977,517
Property	**94,829,071**	**-75,812**	**137,905**	**0**	**-1,547,702**	**93,343,462**
Blackrock UK FD	41,731,619	-75,812	137,905	0	-800,512	40,993,200
Brockton Capital Fund	9,525,896	0	0	0	0	9,525,896
Legal & General Property	43,571,556	0	0	0	-747,190	42,824,366
Cash	**79,504,073**	**-1,110,478**	**98,097**	**-43,282**	**2,001,591**	**80,493,283**
Cash & Other Assets	520,825	0	128	0	0	520,953
Cash & Other Transition Assets	206	0	-0	0	-0	206
Goldman Sachs Funds	43,351,016	-350,000	78,983	0	940,488	44,020,487

Category: **Total Fund Gross of Fees** • Currency: **GBP**

Market Value Summary - One Month

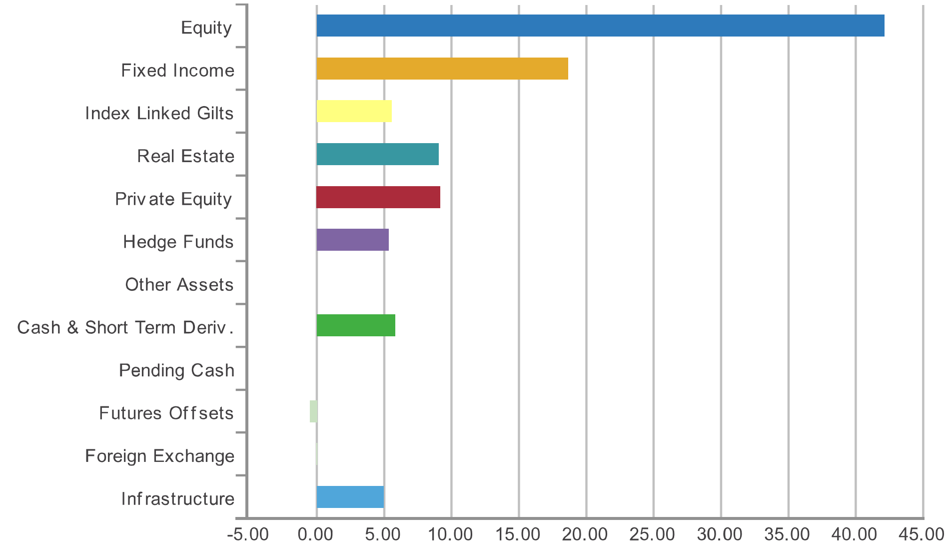
Account/Group	31/08/2022 Market Value	Net Contribution*	Income	Fees	Appreciation	30/09/2022 Market Value
PE Cash & Other Assets	27,046,839	-836,290	15,819	0	955,897	27,182,265
UT Cash & Other Assets	8,585,187	75,812	3,167	-43,282	105,206	8,769,373

**Net Contributions include Cash Contributions/Distributions, Security Deliveries/Receipts, Fees/Fee Rebates, Inter Account transfers for Consolidations & Benefits Payments.*
Copied History or Backloaded Data may not display the correct Contributions/Withdrawals creating misrepresentation.

Category: Total Fund Gross of Fees • Currency: GBP

Asset Class Performance

ASSET CLASS ENDING WEIGHTS



MARKET VALUE SUMMARY OVER TIME

	1 Mo
Beginning Market Value	1,507,496
Net Contribution	-307
Income	1,636
Fees	-43
Appreciation	-65,050
Ending Market Value	1,443,775

**Market Values are in 000s.*

Asset Class	End MV	End Wt	1 Mo	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	ITD
Equity	**607,990,462**	**42.11**	**-5.19**	**2.12**	**-11.54**	**-7.84**	**6.43**	**7.96**	
Common Stock	607,990,462	42.11	-5.19	2.12	-11.54	-7.84	6.43	8.00	
Fixed Income	**268,824,917**	**18.62**	**-7.79**	**-8.97**	**-19.36**	**-18.11**	**-4.47**	**-0.81**	
Marketable Bonds	117,820,295	8.16	-9.25	-10.72	-25.93	-24.74	-7.21	-2.56	
Inflation Linked Bonds	66,700,939	4.62	-10.93	-13.67	-21.60	-20.16	-4.89	0.32	
Other Fixed Income	78,423,566	5.43	-1.93	-0.40	-3.64	-5.09	0.09	-1.11	
Fixed Derivatives	5,880,118	0.41	-14.40	-21.62	-26.19	-24.52	-7.74	-3.49	
Index Linked Gilts	**80,122,678**	**5.55**	**-4.73**	**-6.81**	**-16.67**	**-15.22**	**-5.17**	**-1.40**	
Real Estate	**130,388,625**	**9.03**	**-1.07**	**-2.41**	**5.61**	**12.05**	**6.10**	**5.60**	
Private Equity	**131,975,612**	**9.14**	**-3.32**	**0.45**	**13.96**	**23.05**	**26.13**	**24.07**	
Hedge Funds	**76,875,486**	**5.32**	**3.59**	**8.71**	**22.93**	**21.93**	**4.09**	**1.75**	
Other Assets	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-**		
Cash & Short Term Deriv.	**83,795,286**	**5.80**	**2.61**	**5.82**	**12.41**	**11.85**	**2.41**	**3.47**	
Pending Cash	**0**	**0.00**	-	-	-	-	-	-	-
Futures Offsets	**-6,956,855**	**-0.48**	-	-	-	-	-	-	-
Foreign Exchange	**-395,310**	**-0.03**	-	-	-	-	-	-	-
Infrastructure	**71,154,559**	**4.93**	**-2.82**	**-1.84**	**1.40**	**4.75**	**7.68**	**5.70**	
Total Fund Gross of Fees	**1,443,775,460**	**100.00**	**-4.21**	**-0.91**	**-7.32**	**-4.18**	**4.09**	**5.38**	**8.20**

Asset Class	End MV	End Wt	1 Mo	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	ITD
Enfield Strategic BM			-3.55	-0.84	-5.55	-1.65	4.06	4.94	
Excess Return			*-0.66*	*-0.07*	*-1.77*	*-2.53*	*0.03*	*0.44*	

Excess is calculated using arithmetic methodology

.

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 23 November 2022

Subject:	**London Collective Investment Vehicle (CIV) Quarterly Update as of September 2022**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

1. This report introduces presentations of London Collective Investment Vehicle (CIV) updates on investment, new products and governance arrangements.

Proposal(s)

2. The Committee are recommended to note the content of this report.

Reason for Proposal(s)

3. This report introduces an update on LCIV governance arrangements, Fund launches, ESG and Enfield investments with London CIV.

4. For effective and efficient management of the Fund as regular engagement with the London CIV is crucial to the Fund, to ensure that the Pool makes available the strategies and services that Enfield Pension Fund and other London funds require. Successful delivery of these objectives will be crucial in ensuring that the anticipated longer term investment manager fee savings can be delivered.

Relevance to the Council's Corporate Plan

5. Good homes in well-connected neighbourhoods.

6. Build our Economy to create a thriving place.

7. Sustain Strong and healthy Communities.

Background

8. London CIV was established in 2015 as a collaborative vehicle to pool LGPS pension fund assets for a more effective investment and value adding

operation. The purpose of the company is ***"to be the LGPS pool for London to enable the London Local Authorities (LLAs) to achieve their pooling requirements".***

9. Pool members are both shareholders and investors. Beyond the practical purpose to deliver pooling, LCIV aspires to be "***a best in class asset pool delivering value for Londoners through long term sustainable investment strategies."*** This statement has been updated to emphasise their commitment to responsible investment and stewardship.

10. The attached appendices have the current update for London CIV as of end of October 2022, the London CIV - Enfield Quarterly Investment Report for September 2022.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 10th November 2022

Appendices
Appendix 1 – London CIV Business Update **(Confidential & exempt Report)**
Appendix 2 – London CIV - Enfield Quarterly Investment Report September 2022 **(Confidential & exempt Report)**

Background Papers - None

London CIV

Working together to secure a sustainable future

Monthly Business Update

Thursday – 27th October 2022

2022209

Presenters

Mike O'Donnell
Chief Executive Officer

Brian Lee
Chief Operating Officer

Jason Fletcher
Chief Investment Officer

Cameron McMullen
Client Relations Director

Alison Lee
Responsible Investment Manager

Rob Treich
Head of Public Markets

Agenda

London CIV

01 INTRODUCTION
Mike O'Donnell, Chief Executive Officer

02 INVESTMENT TEAM UPDATE
Jason Fletcher, Chief Investment Officer
Rob Treich, Performance and Monitoring

03 RESPONSIBLE INVESTMENT UPDATE
Alison Lee, Responsible Investment Manager

04 FUND ACTIVITY
Brian Lee, Chief Operating Officer

05 CLOSING REMARKS
Mike O'Donnell, Chief Executive Officer

Mike O'Donnell
Chief Executive Officer

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Investment Team Update

Jason Fletcher
Chief Investment Officer

Fund Range and Assets under Management 30 September 2022

London CIV

LONDON CIV

	Authorised Contractual Scheme (ACS) (Public Markets) **Total £12.2bn**									Exempt Unauthorised Unit Trust (EUUT) (Private Markets) **Total £2.1bn*/£1.0bn****		Scottish Limited Partnership (SLP) (Private Markets) **Total £195m*/£46m****
	Global Equities									**Infrastructure**		**Private Markets**
Fund	LCIV Global Alpha Growth Fund	LCIV Global Alpha Growth Paris Aligned Fund	LCIV Global Equity Fund	LCIV Global Equity Quality Fund	LCIV Global Equity Focus Fund	LCIV Emerging Market Equity Fund	LCIV Sustainable Equity Fund	LCIV Sustainable Equity Exclusion Fund	LCIV Passive Equity Progressive Paris Aligned Fund	LCIV Infrastructure Fund	LCIV Renewable Infrastructure Fund	The London Fund
AUM	**£1,236m**	**£1,731m**	**£544m**	**£523m**	**£854m**	**£561m**	**£1,244m**	**£556m**	**£511m**	**£399m*/£228m****	**£854m*/£258m****	**£195m*/£46m****
Launch Date	11 Apr 2016	13 Apr 2021	22 May 2017	21 Aug 2020	17 Jul 2017	11 Jan 2018	18 Apr 2018	11 Mar 2020	01 Dec 2021	31 Oct 2019	29 Mar 2021	15 Dec 2020
Manager	Baillie Gifford	Baillie Gifford	Newton	MSIM	Longview	JP Morgan	RBC	RBC	State Street	Stepstone (who selected funds run by MIRA, Arcus, Equitix, Basalt, Igneo, Capital Dynamics, Brookfield and Meridian)	London CIV (who selected funds run by BlackRock, Quinbrook, Stonepeak and Foresight)	LPPI (who selected funds run by Yoo Capital, DREAM and GSAM)
No. of Investors	5	10	3	2	5	8	8	4	2	6	13	2

	Multi Asset				**Fixed Income**			**Private Debt**	**Property**
Fund	LCIV Global Total Return Fund	LCIV Diversified Growth Fund	LCIV Absolute Return Fund	LCIV Real Return Fund	LCIV Global Bond Fund	LCIV MAC Fund	LCIV Alternative Credit Fund	LCIV Private Debt Fund	LCIV Real Estate Long Income Fund (LCIV RELI)
AUM	**£212m**	**£802m**	**£1,141m**	**£168m**	**£563m**	**£1,174m**	**£354m**	**£625m*/£325m****	**£213m*/£213m****
Launch Date	17 Jun 2016	15 Feb 2016	21 Jun 2016	16 Dec 2016	30 Nov 2018	31 May 2018	31 Jan 2022	29 Mar 2021	11 Jun 2020
Manager	Pyrford	Baillie Gifford	Ruffer	Newton	PIMCO	CQS and PIMCO	CQS	London CIV (who selected funds run by Churchill and Pemberton)	Aviva
No. of Investors	3	9	10	2	7	12	3	8	3

Source: London CIV.
Data as at 30/09/22.
(*) Assets committed.
(**) Assets deployed.

AUM = Assets under Management.

ACS AUM

£12.2bn

EUUT and SLP AUM

£986m

AUM "Pooled" with BlackRock and LGIM £10.5bn

Total Pooled AUM

£23.8 bn

*Denotes committed amount **Denotes drawn amount
ACS and PM Funds data is at 30 September 2022

Note: any small discrepancies will be due to rounding differences.

Activity Update
Oct 2022

London CIV

Short-Term Activity

- LCIV UK Housing Fund at stage 2/3 of process.
- Climate Analytics roll out All ACS done. Please see the QIRs– 4 completed, 2 in progress. Speaking with 3 new clients regarding service.
- Completed annual reviews:
  - LCIV Global Alpha Growth Fund
  - LCIV Global Alpha Growth Paris-Aligned Fund
  - LCIV Global Total Return Fund
  - LCIV Real Return Fund
  - LCIV Global Bond Fund.
- Annual reviews in process:
  - LCIV Global Equity Fund and LCIV Global Equity Quality Fund
  - LCIV Diversified Growth Fund
  - CQS portion of LCIV MAC Fund
  - LCIV Alternative Credit Fund
- Final cost of LCIV MAC transition 16bp outcome for MAC switch versus 19-21bps estimate.
- Pruthvi Odedra leaving Jan 2023. He will complete Renewables manager selection with colleagues. Recruitment process started.

Medium - Term Activity

- Strategy Roadmap: 2023 Project Planning
- Impact investing working group formed: cross-team initiative
- Corporate Net Zero working group formed: cross-team initiative
- ACS fund structuring: consideration of options for ACS funds which invest in pooled vehicles. Initial focus: MAC and ACF funds
- Investment Governance Document (IGD) update
- Securities Lending

LCIV UK Housing Fund Launch

FUND	CURRENT STAGE	EXPECTED LAUNCH DATE(S)	LATEST UPDATE	OVERALL RAG	TOTAL EXPECTED DEMAND
LCIV UK Housing Fund	Stage 2 (Implementation) and 3 (FCA submission)	Operational readiness to launch in December as promised	• Extended fund terms shared. • Manager Selection in progress. • 4 Nov ‘22: target FCA filing. • Dec ‘22: target fund launch. • 24 Nov ’22: Seed Investor Discussion.	On Track	£~260mn

1. Initiation
2. Implementation
3. FCA Submission
4. Fund Launch

Source: London CIV Data as 21 October 2022.

Current Private Market Fund Offering

London CIV

Private Markets	Total Commitment	Drawn Commitments		Undrawn Commitments	Latest Valuation	% Invested as at Last Valuation	Inception Date	No. of Investors
EUUT	£'000	£'000	%	£'000	£'000			
LCIV Real Estate Long Income ("LCIV RELI")	213,000	213,000	100%	n/a	208,579	100%	11/06/2020	3
LCIV Infrastructure Fund	399,000	227,669	57%	171,331	213,494	86%	31/10/2019	6
LCIV Private Debt Fund	625,000	324,537	52%	300,463	277,167	88%	29/03/2021	8
LCIV Renewable Infrastructure Fund	853,500	257,535	30%	595,965	246,427	77%	29/03/2021	13
SLP	£'000	£'000		£'000	£'000			
The London Fund	195,000	45,827	24%	149,173	40,304	52%	15/12/2020	2
Total	2,285,500	1,068,569		1,216,931	985,971			

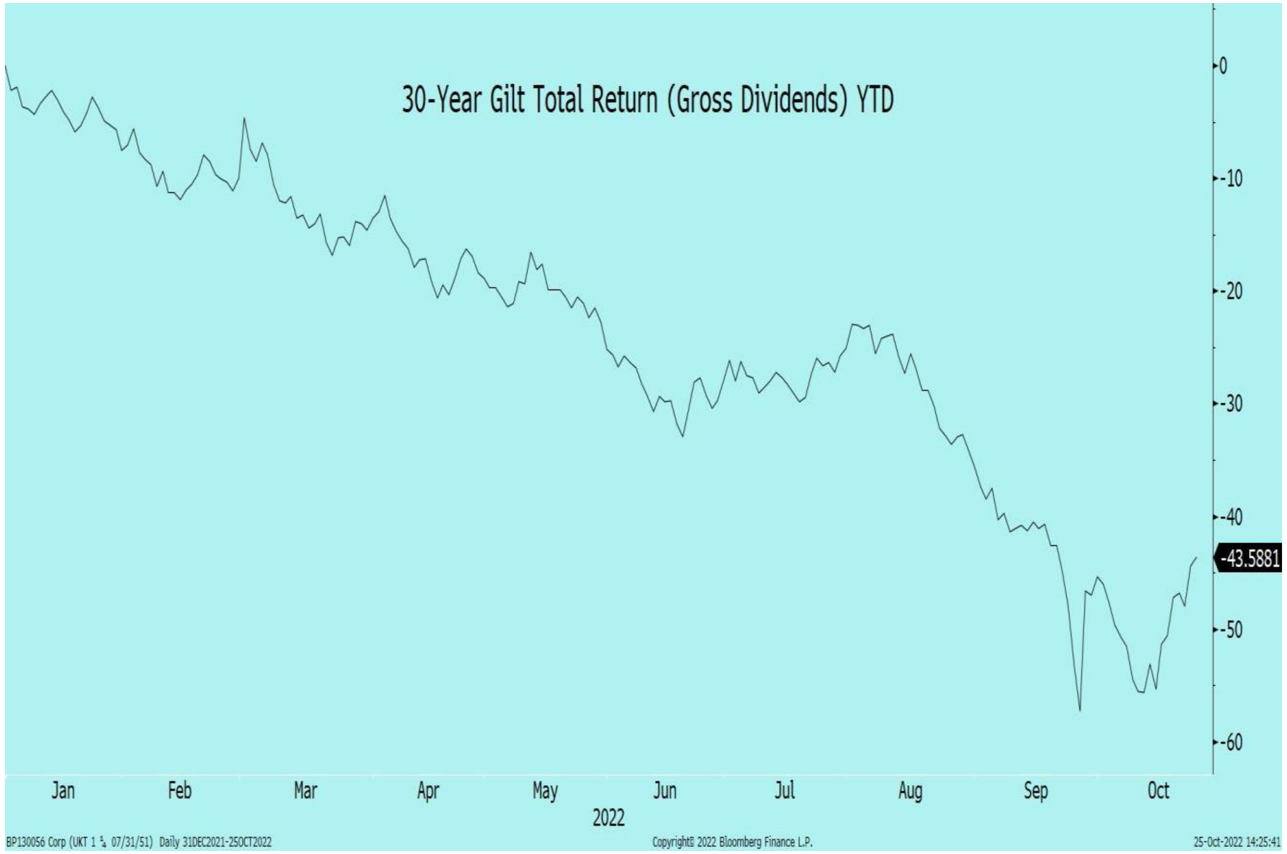
Source: London CIV Data as at 30th September 2022, the latest valuation figures are as at 30 June 2022 as the valuations for private markets are calculated and released during the following quarter so are unavailable for 30th September 2022 at the date this report is produced. % invested is the percentage of client commitments allocated to investments

Private Market Update IOC update

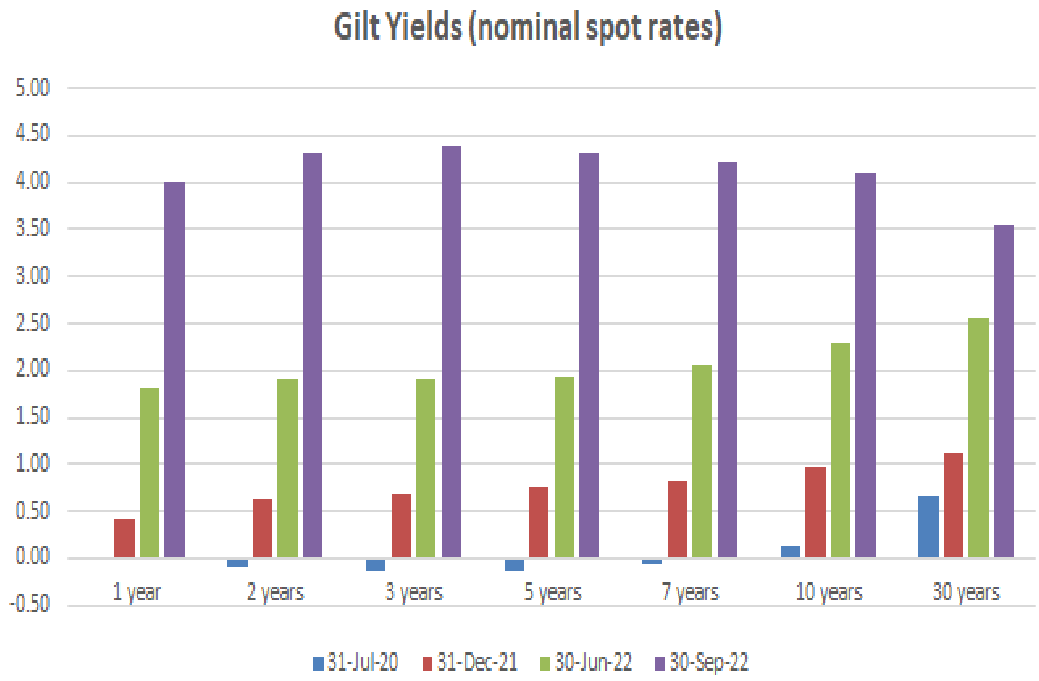
FUND	CLIENT COMMITMENTS (millions)	COMMITTED INVESTMENTS (%)	INVESTED (%)	UPDATES
LCIV Infrastructure Fund	£399	94%	57%	• The LCIV Infrastructure Fund closed on a US$43.9m secondary investment into Meridiam Infrastructure North America Fund II in September 2022. This is a 2010 vintage fund set up to invest in greenfield infrastructure and holds projects on a long-term basis, and it is now a mature fund with 13 assets, of which eight are fully operational.
LCIV Real Estate Long Income (“LCIV RELI”)	£213	100%	100%	• The entire investor commitments to the LCIV Real Estate Long Income Fund have been fully drawn in Q2 2022. The investment manager has utilised the revolving credit facility to secure a student accommodation asset in Canterbury and the transaction was completed in July 2022. The Fund is almost 100% inflation linked providing strong inflation protection. The disposal of the Nissan car dealership asset in Bristol was completed in September 2022. We will begin distributing income to investors from Q1 2023.
The London Fund	£195	56%	24%	• The London Fund has four years from the final close on 31 March 2023, to commit the remaining unallocated capital. LPPI, the investment manager of the Fund, are evaluating several potential deals across real estate and infrastructure. They include: a London residential homelessness housing portfolio, two co-investments alongside Yoo Capital Fund II (one creative led mixed use development & one mixed use office led scheme including life sciences), a net zero vertical farming platform, a fibre network investment opportunity, and high-speed rail infrastructure opportunity.
LCIV Renewable Infrastructure Fund	£854	74%	30%	• There have been no commitments made by the LCIV Renewable Infrastructure Fund over the third quarter. We are seeking to invest in new managers who can offer complementary and diversified solutions to our existing portfolio. We already have held several discussions with prominent investment managers operating in renewable infrastructure and continue having ongoing talks with an existing investment manager around a potential co-investment.
LCIV Private Debt Fund	£625	97%	55%	• As a result of the third close of the LCIV Private Debt Fund last quarter, a decision has been made to appoint Pemberton with their Middle Market Debt Fund IV (“MDF IV”), which was completed at the end of September 2022.

Source: London CIV. Data as of 30 September 2022 is estimated by the Investment team based on capital account activity in the period since 30 June 2022.

Slide of 30yr bond over mini budget- statement



Change in Yield curve



Source: Bloomberg 24/10/22.

Rob Treich
Head of Public Markets

Current Fund Offering September 2022

London CIV

ACS	Size	Last 3 Months	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %	Inception Date	No. of Investors
FIXED INCOME								
LCIV Global Bond Fund	**£563m**	**(4.43)**	**(18.24)**	**(4.63)**	**n/a**	**(0.79)**	**30/11/2018**	**7**
Bloomberg Global Aggregate Credit Index – GBP Hedged		(4.80)	(17.38)	(4.36)	n/a	(0.80)		
Performance Against Benchmark		**0.37**	**(0.86)**	**(0.27)**	**n/a**	**0.01**		
LCIV MAC Fund	**£1,174m**	**(2.41)**	**(10.77)**	**(0.98)**	**n/a**	**0.31**	**31/05/2018**	**12**
SONIA (30 day compounded) +4.5% (from 1 January 2022, previously 3m LIBOR +4.5%)		1.50	5.25	5.06	n/a	5.20		
Performance Against Investment Objective		**(3.91)**	**(16.02)**	**(6.04)**	**n/a**	**(4.89)**		
LCIV Alternative Credit Fund	**£354m**	**(1.53)**	**n/a**	**n/a**	**n/a**	**(10.52)**	**31/01/2022**	**3**
SONIA (30 day compounded) +4.5%		1.50	n/a	n/a	n/a	3.69		
Performance Against Investment Objective		**(3.03)**	**n/a**	**n/a**	**n/a**	**(14.21)**		
Total LCIV ACS Assets Under Management	**£12,176m**							

Since inception p.a. % figures have been annualised where the fund has been live for more than a year. For periods under a year they are not annualised.
LCIV MAC Fund introduced PIMCO as a co-investment manager in Q1 2022. Prior to that CQS was the sole investment manager.

Source: London CIV Data as 30 September 2022

Current Fund Offering September 2022

London CIV

ACS	Size	Last 3 Months	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %	Inception Date	No. of Investors
GLOBAL EQUITIES								
LCIV Global Alpha Growth Fund	**£1,236m**	**1.64**	**(21.70)**	**5.92**	**7.82**	**12.45**	**11/04/2016**	**5**
MSCI All Country World Gross Index (in GBP)+2%		2.57	(1.65)	9.88	11.09	14.34		
Performance Against Investment Objective		**(0.93)**	**(20.05)**	**(3.96)**	**(3.27)**	**(1.89)**		
MSCI All Country World Gross Index (in GBP)		2.07	(3.59)	7.73	8.92	12.11		
Performance Against Benchmark		**(0.43)**	**(18.11)**	**(1.81)**	**(1.10)**	**0.34**		
LCIV Global Alpha Growth Paris Aligned Fund	**£1,731m**	**1.62**	**(23.02)**	**n/a**	**n/a**	**(15.55)**	**13/04/2021**	**10**
MSCI All Country World Gross Index (in GBP)+2%		2.57	(1.65)	n/a	n/a	2.91		
Performance Against Investment Objective		**(0.95)**	**(21.37)**	**n/a**	**n/a**	**(18.46)**		
MSCI All Country World Gross Index (in GBP)		2.07	(3.59)	n/a	n/a	0.90		
Performance Against Benchmark		**(0.45)**	**(19.43)**	**n/a**	**n/a**	**(16.45)**		
LCIV Global Equity Fund	**£544m**	**1.37**	**(5.65)**	**7.58**	**9.28**	**8.84**	**22/05/2017**	**3**
MSCI All Country World Index Total Return (Gross)+1.5%		1.87	(2.26)	9.33	10.52	10.51		
Performance Against Investment Objective		**(0.50)**	**(3.39)**	**(1.75)**	**(1.24)**	**(1.67)**		
MSCI All Country World Index Total Return (Gross)		1.49	(3.71)	7.72	8.89	8.89		
Performance Against Benchmark		**(0.12)**	**(1.94)**	**(0.14)**	**0.39**	**(0.05)**		
LCIV Global Equity Quality Fund	**£523m**	**(0.74)**	**(4.68)**	**n/a**	**n/a**	**3.29**	**21/08/2020**	**2**
MSCI All Country World Index (with net dividends reinvested)		1.37	(4.17)	n/a	n/a	7.91		
Performance Against Benchmark		**(2.11)**	**(0.51)**	**n/a**	**n/a**	**(4.62)**		
LCIV Global Equity Focus Fund	**£854m**	**1.31**	**0.63**	**6.42**	**8.91**	**8.55**	**17/07/2017**	**5**
MSCI World (GBP)(TRNet)+2.5%		2.69	(0.49)	10.75	11.96	11.65		
Performance Against Target		**(1.38)**	**1.12**	**(4.33)**	**(3.05)**	**(3.10)**		
MSCI World (GBP)(TRNet)		2.06	(2.93)	8.06	9.25	8.94		
Performance Against Benchmark		**(0.75)**	**3.56**	**(1.64)**	**(0.34)**	**(0.39)**		

Source: London CIV Data as 30 September 2022.

Current Fund Offering September 2022

London CIV

ACS	Size	Last 3 Months	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %	Inception Date	No. of Investors
GLOBAL EQUITIES								
LCIV Emerging Market Equity Fund	**£561m**	**1.36**	**(15.37)**	**2.21**	**n/a**	**(0.30)**	**11/01/2018**	**8**
MSCI Emerging Market Index (TR) Net+2.5%		(3.19)	(10.97)	3.74	n/a	2.43		
Performance Against Investment Objective		**4.55**	**(4.40)**	**(1.53)**	**n/a**	**(2.73)**		
MSCI Emerging Market Index (TR) Net		(3.80)	(13.17)	1.21	n/a	(0.07)		
Performance Against Benchmark		**5.16**	**(2.20)**	**1.00**	**n/a**	**(0.23)**		
LCIV Sustainable Equity Fund	**£1,244m**	**1.54**	**(9.68)**	**9.13**	**n/a**	**10.99**	**18/04/2018**	**8**
MSCI World Index Total Return (Net) in GBP+2%		2.56	(0.98)	10.21	n/a	12.38		
Performance Against Investment Objective		**(1.02)**	**(8.70)**	**(1.08)**	**n/a**	**(1.39)**		
MSCI World (GBP)(TRNet)		2.06	(2.93)	8.06	n/a	10.19		
Performance Against Benchmark		**(0.52)**	**(6.75)**	**1.07**	**n/a**	**0.80**		
LCIV Sustainable Equity Exclusion Fund	**£556m**	**2.18**	**(9.30)**	**n/a**	**n/a**	**20.81**	**11/03/2020**	**4**
MSCI World Index Total Return (Net) in GBP+2%		2.56	(0.98)	n/a	n/a	17.91		
Performance Against Investment Objective		**(0.38)**	**(8.32)**	**n/a**	**n/a**	**2.90**		
MSCI World (GBP)(TRNet)		2.06	(2.93)	n/a	n/a	15.62		
Performance Against Benchmark		**0.12**	**(6.37)**	**n/a**	**n/a**	**5.19**		
LCIV Passive Equity Progressive Paris Aligned Fund	**£511m**	**1.92**	**n/a**	**n/a**	**n/a**	**(11.12)**	**01/12/2021**	**2**
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (GBP)		1.85	n/a	n/a	n/a	(11.39)		
Performance Against Index		**0.07**	**n/a**	**n/a**	**n/a**	**0.27**		

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Source: London CIV Data as 30 September 2022. For the LCIV Emerging Market Equity Fund Janus Henderson managed from inception to 10 October 2019. We have appointed JP Morgan to manage this Fund from 11 October 2019.- Since inception p.a. % figures have been annualised where the fund has been live for more than a year. For periods under a year they are not annualised

Current Fund Offering September 2022

London CIV

ACS	Size	Last 3 Months	1 Year %	3 Years p.a. %	5 Years p.a. %	Since Fund Inception p.a. %	Inception Date	No. of Investors
MULTI ASSET								
LCIV Global Total Return Fund	**£212m**	**(2.27)**	**(0.31)**	**1.76**	**1.75**	**2.67**	**17/06/2016**	**3**
RPI + 5%		3.65	17.86	11.04	9.89	9.71		
Performance Against Target		**(5.92)**	**(18.17)**	**(9.28)**	**(8.14)**	**(7.04)**		
LCIV Diversified Growth Fund	**£802m**	**(3.25)**	**(13.97)**	**(1.67)**	**0.12**	**2.55**	**15/02/2016**	**9**
UK Base Rate +3.5%		1.30	4.36	3.95	4.03	3.97		
Performance Against Target		**(4.55)**	**(18.33)**	**(5.62)**	**(3.91)**	**(1.42)**		
LCIV Absolute Return Fund	**£1,141m**	**1.79**	**3.34**	**7.66**	**5.48**	**5.94**	**21/06/2016**	**10**
SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)		1.13	3.75	3.43	3.52	3.48		
Performance Against Target		**0.66**	**(0.41)**	**4.23**	**1.96**	**2.46**		
LCIV Real Return Fund	**£168m**	**(4.25)**	**(6.97)**	**1.54**	**3.05**	**3.26**	**16/12/2016**	**2**
SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR +3%)		1.13	3.75	3.43	3.52	3.49		
Performance Against Investment Objective		**(5.38)**	**(10.72)**	**(1.89)**	**(0.47)**	**(0.23)**		

Source: London CIV Data as 30 September 2022. Note: any small discrepancies will be due to rounding differences.

Fund Monitoring Status October 2022 – Update.

London CIV

Watch List

None

Enhanced Monitoring

LCIV Global Equity Focus Fund
(Longview)
Upgraded in May 2022

LCIV Global Total Return Fund
(Pyrford)
Downgraded in August 2022

All Other London CIV funds

14 London CIV Funds

Report in-depth reviews to investors:

31 October 2022
LCIV Global Bond Fund
(PIMCO)

November 2022
LCIV Real Return Fund
(**Newton**)

Source: London CIV Data as 30 September 2022

Alison Lee
Responsible Investment Manager

Responsible Investment Update:

Shell Letter

- Engagement as a part of our net zero strategy
- Shell contributes to around 3.9% of our total carbon footprint in our portfolio
- London CIV wrote to a letter last week to the CEO of Shell
- Requesting the Board to set and publish short- and medium-term Scope 3 emission reduction targets that are consistent with the goal of the Paris Agreement
- London CIV will be sending out similar letters to our top 10 fossil fuels contributors in the upcoming months

Source: Unsplash

Responsible Investment Update:

Deforestation

- We are considering climate risk beyond emissions but also about biodiversity and deforestation
- Forest degradation, deforestation and land-use change are responsible for 25% of the global emissions, forestry is a key climate protector
- London CIV publishes deforestation risk exposure - around 5.92% of our AUM

28/09/2022

Our deforestation and land-use change exposure statement

The forests are our key allies to achieving three of our other key stewardship themes. First and foremost, they are one of the most important solutions to addressing the effects of climate change, responsible for absorbing one-third of the CO_2 from burning of fossil fuels every year, they act as a critical climate stabiliser[1]. In addition, given that forest degradation, deforestation and land-use change are responsible for 25% of the global emissions, forestry is a key climate protector.

The second way in which forests support our stewardship priorities is due to their inextricable link with human rights as 25% of the world's population rely on the forests for their livelihood. We recognise the negative human rights impacts caused by deforestation such as displacement of indigenous people, land grabbing and child labour[2] and thus consider forestry as a social as well as an environmental impact.

Thirdly, forests are essential for biodiversity with them being home for 80% of the world's land based biodiversity[3]. We therefore, recognise the importance of forests when considering our ecosystem services targets and objectives.

Over 100 world leaders (including the UK) have agreed to end and reverse deforestation by 2030 during the COP26 climate summit. The countries backing up the pledge covers approximately 85% of the world's forests. As institutional investors, we have the obligation to use our influence to ensure companies in our portfolio have procedures and policies in place to mitigate deforestation in their operation and supply chains.

In 2022, we signed the COP26 commitment letter on eliminating commodity-driven deforestation. We acknowledge that there are limitations regarding data whilst assessing deforestation but have conducted an initial mapping of companies "most influential in driving tropical deforestation" using the Forest500 database. We have found that **5.92% of our AUM** as of **30/06/2022** are exposed to companies on the list.

Actions taken so far:

- Engaged with fund managers regarding exposed companies.
- Requested and reviewed relevant investment managers' policies on deforestation.
- Requested Hermes EOS to escalate engagement on deforestation with exposed companies.
- Incorporated deforestation risks in our voting and engagement policies and guidelines.
- Started to engage on policy and collaborate with external groups to support an enabling environment for businesses to avoid deforestation risks and impacts.
- Begun utilising the Taskforce on Nature-related Financial Disclosures Framework to understand how we can apply this to our commitment against deforestation.

[1] https://www.iucn.org/resources/issues-briefs/forests-and-climate-change
[2] https://www.iucn.nl/en/our-work/forests-and-climate/#:~:text=Facts-,Worldwide%2C%201.6%20billion%20people%20(almost%2025%25%20of%20the%20world's,(part%20of)%20their%20livelihood.
[3] https://www.un.org/sustainabledevelopment/biodiversity/

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Source: Unsplash

Responsible Investment Update:

TNFD Forum

Source: Unsplash

- London CIV has signed up to the Taskforce on Nature-related Financial Disclosure Forum
- Standards still underdevelopment
- Support the technical work of the Taskforce

Brian Lee
Chief Operating Officer

New Fund Launch Pipeline

FUND	CURRENT STAGE	EXPECTED LAUNCH DATE(S)	LATEST UPDATE	OVERALL RAG	TOTAL EXPECTED DEMAND
LCIV Sterling Credit Fund	Stage 1 –Initiation	2023	Due to client demand and associated timings, the launch is expected in 2023	On Hold	~£446mn
LCIV UK Housing Fund	Please refer to slide 7 (Summary - on track)			On Track	~£263mn

1. Initiation

2. Implementation

3. FCA Submission

4. Fund Launch

Source: London CIV Data as 21 October 2022.

Fund Activity

FUND	EVENT TYPE	EXPECTED COMPLETION	LATEST UPDATE	TOTAL EXPECTED DEMAND
LCIV Private Debt Fund	Appointed and committed to third fund: Pemberton Mid-Market Debt Fund IV	Complete	First close met at the end of September with ~€68m commitment	n/a
LCIV Renewable Infrastructure Fund	Adding new fund due to new Client Fund commitments	Q1 2023	Manager Selection in progress	n/a
LCIV Infrastructure Fund	Successfully negotiated better terms and reduced fees with Stepstone.	Q4 2022	New Investment Management Agreement being drafted.	n/a

Source: London CIV Data as at 21 October 2022.

Summary DLUHC 2022 Return

London CIV

	31 March 2019 actual	31 March 2020 actual	31 March 2021 actual	31 March 2022 actual	31 March 2023 estimated	31 March 2024 estimated	31 March 2025 estimated
LCIV pooled	£8 bn	£7.6 bn	£11.2 bn	**£14.05 bn**	£16.14 bn	£16.21 bn	£18.14 bn
Passive pooled	£10 bn	£9.1 bn	£12.6 bn	**£12.59 bn**	£12.00 bn	£12.27 bn	£12.28 bn
Total Pooled	£18 bn	£16.7 bn	£23.8 bn	**£26.64 bn**	£28.14 bn	£28.48 bn	£30.42 bn
Total Unpooled	£20 bn	£19.6 bn	£21.3 bn	**£21.76 bn**	£20.27 bn	£19.93 bn	£17.99 bn
Total	£38 bn	£36 bn	£45 bn	**£48.4 bn**	£48.4 bn	£48.4 bn	£48.4 bn
% Pooled	**48%**	**46%**	**53%**	**55%**	**58%**	**59%**	**63%**

AUM Analysis to September 2022

Fund Name	Mar NAV	Subscriptions	Redemptions	Switches	Income paid out	Market Move	Sep NAV
ACS	£m	£m	£m	£m	£m	£m	£m
Active	7,998	69	(163)	3	(6)	(648)	7,252
Passive	504	49	0	0	0	(42)	511
Multi Asset	2,669	0	(172)	(10)	(4)	(160)	2,324
Fixed Income	2,039	238			(1)	(184)	2,092
	13,210	**356**	**(336)**	**(7)**	**(11)**	**(1,034)**	**12,179**
Private Markets - NAV Basis	£m	£m	£m	£m	£m	£m	£m
Private Markets	**841**	**251**	**0**	**10**	**0**	**52**	**1,153**
Total Managed AUM	**14,051**	**607**	**(336)**	**3**	**(11)**	**(982)**	**13,332**
Year end budget AUM	**15,300**						**15,382**
	Set in November 2020						*Set in October 2021*

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DLUHC Return 2022

- The attached DLUHC summary shows the current and projected state of pooling.
- The key messages are that:-
  - Pooling continues to progress but at a slower rate than both client funds and London CIV had been forecasting
  - A pooling achievement of 70% by 2025 looking unrealistic
  - The forecast from client funds to March 2023 is unlikely to be met
  - AUM has fallen due to adverse markets from March 2022 to September 2022 by nearly £1bn

COSTS AND SAVINGS

London CIV

	1 April 2015- 31 March 2021	2021-22	2022-23	2023-24	2024-25	Cumulative total
	£m at current value	£m at current value	£m at current value	£m at current value	£m at current value	£m at current value Cumulative
Annual running costs	24.53	7.2	8.1	8.5	8.8	57.13
Other service provider fees	16.34	8.0	8.5	8.9	9.1	50.8
Set up and transition costs	6.07	1.3	1.2	1.1	0.8	10.4
Total costs	46.94	16.5	17.8	18.5	18.7	118.3
Investment management fee savings	62.93	17.8	18.9	19.8	20.4	139.9
Service provider savings	16.07	9.95	10.55	11.07	11.4	59.1
Total savings	79	27.8	29.4	30.9	31.8	167.1
Total savings net of costs	32.06	11.3	11.7	12.5	13.1	67.5

AUM current value: £48,406m

Total costs (including set up, transition and running costs) as at 31 March 2022: £63.4m

Total savings, net of costs, as at 31 March 2022: £43.3m

Mike O'Donnell
Chief Executive Officer

Dates for the Diary

London CIV

31 October '22

Investment discussion LCIV Global Bond Fund

17 November '22

The new CEO, Dean Bowden, joins London CIV

23 November '22

Investment Consultants Quarterly Update

24 November '22

Business Update

24 November '22

SIG – LCIV UK Housing Fund

29 November '22

In person
Get to know your Pool.

5 December '22

Dean Bowden to meet SLT Representatives.

20 December '22

Independent Advisors Quarterly Update

Source: London CIV Data of 25 October 2022.

DISCLAIMER

Important information

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London CIV Fourth Floor,

22 Lavington Steet, London, SE1 0NZ

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ENFIELD Council

London CIV

London CIV Quarterly ACS Investment Report

30 September 2022

Contents

Funds

Appendices

Enfield

Introduction

We are pleased to present the London CIV Quarterly Investment Report for the London Borough of Enfield Pension Fund for the quarter to 30 September 2022.

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

The table below shows the Sub-funds held by the London Borough of Enfield Pension Fund by asset class as at 30 September 2022 and how these have changed during the quarter.

ACS	30 June 2022	Net Subscriptions / (Redemptions)	Cash Distributions Paid	Net Market Move	30 September 2022
Active Investments	£	£	£	£	£
Global Equities					
LCIV Global Alpha Growth Fund	95,417,985	(104,351,318)	-	8,933,333	-
LCIV Global Alpha Growth Paris Aligned Fund	-	104,311,763	-	(7,138,305)	97,173,458
LCIV Global Equity Focus Fund	99,725,563	-	-	1,287,382	101,012,945
LCIV Emerging Market Equity Fund	29,896,144	-	-	398,925	30,295,069
Fixed Income					
LCIV MAC Fund	51,631,234	-	-	(1,243,419)	50,387,815
Total	**276,670,926**	**(39,555)**	**-**	**2,237,916**	**278,869,287**

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 2022	30 September 2022
Passive Investments †	£	£
Blackrock	313,464,380	314,084,364

† 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

Please see below the performance for ACS Sub-funds in which you, the Client Fund (CF), are invested. Performance since inception is annualised where period since inception is over 12 months.

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	**n/a**	**n/a**	**n/a**	**n/a**	**(6.84)**	**13/09/2022**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%	*n/a*	*n/a*	*n/a*	*n/a*	*(5.92)*	
Relative to Investment Objective	**n/a**	**n/a**	**n/a**	**n/a**	**(0.92)**	
Benchmark: MSCI All Country World Gross Index (in GBP)	*n/a*	*n/a*	*n/a*	*n/a*	*(6.00)*	
Relative to Benchmark	**n/a**	**n/a**	**n/a**	**n/a**	**(0.84)**	
LCIV Global Equity Focus Fund	**1.31**	**0.63**	**6.42**	**n/a**	**8.93**	**24/10/2018**
Target: MSCI World (GBP)(TRNet)+2.5%	*2.70*	*(0.50)*	*10.76*	*n/a*	*13.19*	
Relative to Target	**(1.39)**	**1.13**	**(4.34)**	**n/a**	**(4.26)**	
Benchmark: MSCI World (GBP)(TRNet)	*2.06*	*(2.93)*	*8.06*	*n/a*	*10.43*	
Relative to Benchmark	**(0.75)**	**3.56**	**(1.64)**	**n/a**	**(1.50)**	
LCIV Emerging Market Equity Fund	**1.36**	**(15.37)**	**2.21**	**n/a**	**3.53**	**24/10/2018**
Investment Objective: MSCI Emerging Market Index (TR) Net+2.5%	*(3.20)*	*(11.00)*	*3.75*	*n/a*	*6.67*	
Relative to Investment Objective	**4.56**	**(4.37)**	**(1.54)**	**n/a**	**(3.14)**	
Benchmark: MSCI Emerging Market Index (TR) Net	*(3.80)*	*(13.17)*	*1.21*	*n/a*	*4.07*	
Relative to Benchmark	**5.16**	**(2.20)**	**1.00**	**n/a**	**(0.54)**	
LCIV MAC Fund	**(2.41)**	**(10.77)**	**(0.98)**	**n/a**	**0.21**	**30/11/2018**
Investment Objective: SONIA (30 day compounded) +4.5% (from 1 January	*1.51*	*5.28*	*4.94*	*n/a*	*5.03*	
Relative to Investment Objective	**(3.92)**	**(16.05)**	**(5.92)**	**n/a**	**(4.82)**	

Quarterly Update - Client Relations Team Report

Welcome to the Q3 2022 Update from the London CIV Team. In this edition we will report the current position of pooled assets, investment activity in our funds, the current monitoring status of investment managers we have appointed, the recent engagements we have had with stakeholders in our pool, and an update on our recent Responsible Investment activities.

We've had an eventful summer. In July, our Chair Mike Craston held his first Annual General Meeting at the London CIV. He was pleased to hear so many good questions from Client Funds about how we can develop the London CIV further. In August, we announced that Dean Bowden has been appointed the new CEO of the London CIV. Dean will join us on 17 November 2022 and will spend a few weeks working with Mike O'Donnell before he takes over formally. Dean brings to the London CIV a combination of investment, commercial and client service experience, and a strong track record as a leader of responsible asset management and investment business. In September, we hosted just shy of 140 people in our second Annual Strategy & Responsible Investment Conference. It was pleasing to see that more than half of the participants were Pension Officers, Pension Chairs, or Council Treasurers from our Client Funds. Attendees had the opportunity to meet several of our appointed investment managers in the workshops held to discuss energy transition, equity investment styles, impact in the context of real estate investing, and alternative credit. Your feedback on the event has also been very helpful and is being incorporated as we have now started the organisation of the 2023 event.

Current Position

As of 30 September 2022, the total assets deemed pooled by our Client Funds stood at £23.8 billion, of which £13.3 billion are in funds managed by the London CIV. Assets under management in our ACS stood at £12.2 billion and amounts drawn from our private market funds stood at £1.1 billion (committed of £2.3bn). The value of 'pooled' passive assets was £10.5 billion, with £8.2 billion managed by Legal and General Investment Management and £2.3 billion managed by BlackRock.

Fund Activity

Public Market Funds

The most notable activities over the quarter were the transitions out of the LCIV Global Alpha Growth Fund into the LCIV Global Alpha Growth Paris Aligned Fund (amounting to ~£700m), and out of the LCIV Global Equity Fund into the LCIV Sustainable Equity Exclusion Fund. Over the quarter, we've had net flows of £12 million out of the London CIV's ACS funds, driven primarily by redemptions out of our multi asset funds to cover capital calls from London CIV private market funds. During the same period, we also had £42 million in dividends reinvested across 11 of our ACS Funds, with the LCIV Diversified Growth Fund and LCIV Absolute Return Fund receiving the highest proportion of these dividends.

Private Market Funds

Our private market funds continue to deploy capital steadily. Over the third quarter we've had a total of £163 million in capital calls.

The LCIV Infrastructure Fund closed on a US$43.9m secondary investment into Meridiam Infrastructure North America Fund II in September 2022. This is a 2010 vintage fund set up to invest in greenfield infrastructure and holds projects on a long-term basis, and it is now a mature fund with 13 assets, of which eight are fully operational.

The entire investor commitments to the LCIV Real Estate Long Income Fund have been fully drawn in Q2 2022. The investment manager has utilised the revolving credit facility to secure a student accommodation asset in Canterbury and the transaction was completed in July 2022. The Fund is almost 100% inflation linked providing strong inflation protection. The disposal of the Nissan car dealership asset in Bristol was completed in September 2022. We will begin distributing income to investors from Q1 2023.

The London Fund has four years from the final close on 31 March 2023, to commit the remaining unallocated capital. LPPI, the investment manager of the Fund, are evaluating several potential deals across real estate and infrastructure. They include: a London residential homelessness housing portfolio, two co-investments alongside Yoo Capital Fund II (one creative led mixed use development & one mixed use office led scheme including life sciences), a net zero vertical farming platform, a fibre network investment opportunity, and high-speed rail infrastructure opportunity.

There have been no commitments made by the LCIV Renewable Infrastructure Fund over the third quarter. We are seeking to invest in new managers who can offer complementary and diversified solutions to our existing portfolio. We already have held several discussions with prominent investment managers operating in renewable infrastructure and continue having ongoing talks with an existing investment manager around a potential co-investment.

As a result of the third close of the LCIV Private Debt Fund last quarter, a decision has been made to appoint Pemberton with their Middle Market Debt Fund IV ("MDF IV"), which was completed at the end of September 2022.

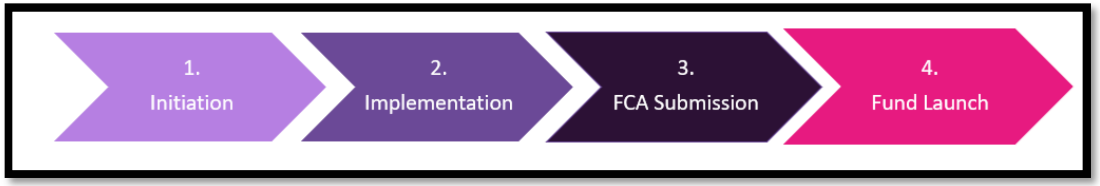
Engagement

We have hosted 9 group meetings and 19 specific meetings/calls with individual Client Funds over the third quarter. The table below shows the type of meetings held:

Group Meeting Types	Quantity	Specific Meeting Types	Quantity
Seed Investment Group (SIG)	2	Catch-up calls	6
Business Update (BU)	2	Specific Opportunity	2
Investment Consultant Update	1	Preparation Meeting	4
Independent Advisors Update	1	Pension Committee	5
Meet the Manager (MTM)	1	Relationship Building	1
AGM / Annual Conference	2	Quarterly Pension Officer meeting	1

Our last LCIV UK Housing Fund Seed Investor Group ("SIG") meeting was held on 30 June 2022. We are now on the implementation stage (2) of our Fund Launch Framework. This means that our investment team is actively conducting due diligence to select the underlying managers of the Fund with a view to complete fund launch stage (4) by the end of this year for a fist close in Q1 2023 and our operations team is finalising the legal documentation and the FCA application prior to its submission.

The stages of our Fund Launch Framework



Responsible Investment

We have recently adopted the Impact Investment Principles for Pensions. The Impact Investing Institute (Institute) has designed these principles to help pension schemes understand how they might invest with the intention to generate positive, measurable social and environmental impact alongside a financial return. It also gives pension schemes the opportunity to review and adjust their policies over time, to protect their members' benefits, and guide them on how to measure the extent of the negative and positive impacts it is having on people and the planet. Joining the Impact Investing Adopters Forum provides us with a unique opportunity to share best practice with peers. Ultimately, this will help to ensure we deliver on our Client Funds investment and sustainability objectives.

We have also formed an Impact Investing Working Group which aims to build a knowledge base which allows us to present credible support and solutions to Client Funds relating to 'impact' investing. This will include full understanding of the evolving regulatory framework for these types of investments. If you have any thoughts on this topic that you wish to share with the London CIV, please contact your designated Client Relations Manager at clientservice@londonciv.org.uk.

For more information on the Impact Investment Principles for Pensions, please visit https://www.impactinvest.org.uk/wp-content/uploads/2020/11/Impact-Investing-Principles-for-Pensions.pdf

We are also delighted to inform you that we have achieved very high scores across all modules submitted for our 2021 Principles for Responsible Investment ("PRI") Assessment Report. PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. Signatories are required to report on their responsible investment activities annually. This report and its scores are available on our website under the Responsible Investment menu.

Over this summer we have also updated our Stewardship and Voting Guidelines and published our Annual Taskforce for Climate-Related Financial Disclosures ("TCFD") for the reporting year ended 31 December 2021. Both documents can be found on our website under the Responsible Investment\Stewardship and Responsible Investment\Climate Change.

For those who did not have the opportunity to attend Gustave Loriot's session at our Conference in September, he highlighted that we have made great leaps towards our Responsible Investment milestones during last year, particularly on measuring climate related financial risks. Most notably in October 2021, we have committed to become a Net Zero company by 2040, in line with the Paris Agreement objectives to limit global temperature rise below 1.5°C, and to reduce the carbon intensity of the pool's investments by 35% by 2025 (relative to 2020), and 60% by 2030 across funds invested via the London CIV.

For Gustave, ambition and rhetoric must result in action, which is why we do not view our TCFD report as an endpoint. Instead, we consider the adoption of effective climate risk management, comprehensive governance processes, and techniques such as scenario analysis to be as integral to the implementation of the TCFD recommendations as the disclosures themselves. We will continue to prioritise climate change issues at London CIV and aim for a continuous improvement of our disclosures.

In concluding, we would like to draw your attention to our Climate Analytics Service, which serves as a useful framework to describe the journey towards improving the resilience of the investments of pension schemes to climate-related risks. If you have any questions about this service, feel free to contact your designated Client Relations Manager at clientservice@londonciv.org.uk..

Please see below a summary of the London CIV Sub-funds, including both those in which you are invested, and those you are not. All performance is reported Net of fees and charges with distributions reinvested. For performance periods of more than a year performance is annualised.

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	**£1,236m**	**1.64**	**(21.70)**	**5.92**	**7.82**	**12.45**	**11/04/2016**	**5**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%		2.58	(1.66)	9.89	11.10	14.34		
Performance Against Investment Objective		**(0.94)**	**(20.04)**	**(3.97)**	**(3.28)**	**(1.89)**		
Benchmark: MSCI All Country World Gross Index (in GBP)		2.07	(3.59)	7.73	8.92	12.10		
Performance Against Benchmark		**(0.43)**	**(18.11)**	**(1.81)**	**(1.10)**	**0.35**		
LCIV Global Alpha Growth Paris Aligned Fund	**£1,731m**	**1.62**	**(23.02)**	**n/a**	**n/a**	**(15.55)**	**13/04/2021**	**10**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%		2.58	(1.66)	n/a	n/a	2.91		
Performance Against Investment Objective		**(0.96)**	**(21.36)**	**n/a**	**n/a**	**(18.46)**		
Benchmark: MSCI All Country World Gross Index (in GBP)		2.07	(3.59)	n/a	n/a	0.89		
Performance Against Benchmark		**(0.45)**	**(19.43)**	**n/a**	**n/a**	**(16.44)**		
LCIV Global Equity Fund	**£544m**	**1.37**	**(5.65)**	**7.58**	**9.28**	**8.84**	**22/05/2017**	**3**
Investment Objective: MSCI All Country World Index Total Return (Gross)+1.5%		1.88	(2.27)	9.34	10.53	10.53		
Performance Against Investment Objective		**(0.51)**	**(3.38)**	**(1.76)**	**(1.25)**	**(1.69)**		
Benchmark: MSCI All Country World Index Total Return (Gross)		1.49	(3.71)	7.72	8.89	8.89		
Performance Against Benchmark		**(0.12)**	**(1.94)**	**(0.14)**	**0.39**	**(0.05)**		
LCIV Global Equity Quality Fund	**£523m**	**(0.74)**	**(4.68)**	**n/a**	**n/a**	**3.29**	**21/08/2020**	**2**
Benchmark: MSCI All Country World Index (with net dividends reinvested)		1.94	(4.04)	n/a	n/a	8.09		
Performance Against Benchmark		**(2.68)**	**(0.64)**	**n/a**	**n/a**	**(4.80)**		
LCIV Global Equity Focus Fund	**£854m**	**1.31**	**0.63**	**6.42**	**8.91**	**8.55**	**17/07/2017**	**5**
Target: MSCI World (GBP)(TRNet)+2.5%		2.70	(0.50)	10.76	11.98	11.68		
Performance Against Target		**(1.39)**	**1.13**	**(4.34)**	**(3.07)**	**(3.13)**		
Benchmark: MSCI World (GBP)(TRNet)		2.06	(2.93)	8.06	9.25	8.95		
Performance Against Benchmark		**(0.75)**	**3.56**	**(1.64)**	**(0.34)**	**(0.40)**		
LCIV Emerging Market Equity Fund	**£561m**	**1.36**	**(15.37)**	**2.21**	**n/a**	**(0.30)**	**11/01/2018**	**8**
Investment Objective: MSCI Emerging Market Index (TR) Net+2.5%		(3.20)	(11.00)	3.75	n/a	2.43		
Performance Against Investment Objective		**4.56**	**(4.37)**	**(1.54)**	**n/a**	**(2.73)**		
Benchmark: MSCI Emerging Market Index (TR) Net		(3.80)	(13.17)	1.21	n/a	(0.07)		
Performance Against Benchmark		**5.16**	**(2.20)**	**1.00**	**n/a**	**(0.23)**		

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	**£1,244m**	**1.54**	**(9.68)**	**9.13**	**n/a**	**10.99**	**18/04/2018**	**8**
Investment Objective: MSCI World Index Total Return (Net) in GBP+2%		2.57	(0.99)	10.22	n/a	12.41		
Performance Against Investment Objective		**(1.03)**	**(8.69)**	**(1.09)**	**n/a**	**(1.42)**		
Benchmark: MSCI World (GBP)(TRNet)		2.06	(2.93)	8.06	n/a	10.20		
Performance Against Benchmark		**(0.52)**	**(6.75)**	**1.07**	**n/a**	**0.79**		
LCIV Sustainable Equity Exclusion Fund	**£556m**	**2.18**	**(9.30)**	**n/a**	**n/a**	**20.81**	**11/03/2020**	**4**
Investment Objective: MSCI World Index Total Return (Net) in GBP+2%		2.57	(0.99)	n/a	n/a	17.95		
Performance Against Investment Objective		**(0.39)**	**(8.31)**	**n/a**	**n/a**	**2.86**		
Benchmark: MSCI World (GBP)(TRNet)		2.06	(2.93)	n/a	n/a	15.63		
Performance Against Benchmark		**0.12**	**(6.37)**	**n/a**	**n/a**	**5.18**		
LCIV Passive Equity Progressive Paris Aligned Fund	**£511m**	**1.92**	**n/a**	**n/a**	**n/a**	**(11.12)**	**01/12/2021**	**2**
Index: S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (GBP)		1.85	n/a	n/a	n/a	(11.39)		
Performance Against Index		**0.07**	**n/a**	**n/a**	**n/a**	**0.27**		
Multi Asset								
LCIV Global Total Return Fund	**£212m**	**(2.27)**	**(0.31)**	**1.76**	**1.75**	**2.67**	**17/06/2016**	**3**
Target: RPI + 5%		3.67	17.45	11.16	9.88	9.71		
Performance Against Target		**(5.94)**	**(17.76)**	**(9.40)**	**(8.13)**	**(7.04)**		
LCIV Diversified Growth Fund	**£802m**	**(3.25)**	**(13.97)**	**(1.67)**	**0.12**	**2.55**	**15/02/2016**	**9**
Target: UK Base Rate +3.5%		1.42	4.45	3.98	4.04	3.99		
Performance Against Target		**(4.67)**	**(18.42)**	**(5.65)**	**(3.92)**	**(1.44)**		
LCIV Absolute Return Fund	**£1,141m**	**1.79**	**3.34**	**7.66**	**5.48**	**5.94**	**21/06/2016**	**10**
Target: SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)		1.14	3.75	3.39	3.49	3.45		
Performance Against Target		**0.65**	**(0.41)**	**4.27**	**1.99**	**2.49**		
LCIV Real Return Fund	**£168m**	**(4.25)**	**(6.97)**	**1.54**	**3.05**	**3.26**	**16/12/2016**	**2**
Investment Objective: SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR +3%)		1.14	3.75	3.39	3.49	3.45		
Performance Against Investment Objective		**(5.39)**	**(10.72)**	**(1.85)**	**(0.44)**	**(0.19)**		

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	**£563m**	**(4.43)**	**(18.24)**	**(4.63)**	**n/a**	**(0.79)**	**30/11/2018**	**7**
Benchmark: Bloomberg Global Aggregate Credit Index – GBP Hedged		(4.80)	(17.38)	(4.36)	n/a	(0.80)		
Performance Against Benchmark		**0.37**	**(0.86)**	**(0.27)**	**n/a**	**0.01**		
LCIV MAC Fund	**£1,174m**	**(2.41)**	**(10.77)**	**(0.98)**	**n/a**	**0.31**	**31/05/2018**	**12**
Investment Objective: SONIA (30 day compounded) +4.5% (from 1 January 2022, previously 3m LIBOR +4.5%)		1.51	5.28	4.94	n/a	5.06		
Performance Against Investment Objective		**(3.92)**	**(16.05)**	**(5.92)**	**n/a**	**(4.75)**		
LCIV Alternative Credit Fund	**£354m**	**(1.53)**	**n/a**	**n/a**	**n/a**	**(10.52)**	**31/01/2022**	**3**
Investment Objective: SONIA (30 day compounded) +4.5%		1.51	n/a	n/a	n/a	3.67		
Performance Against Investment Objective		**(3.04)**	**n/a**	**n/a**	**n/a**	**(14.19)**		
Total LCIV ACS Assets Under Management	**£12,176m**							

Please see below a summary of the London CIV Private Market Funds, including both those in which you are invested, and those you are not. Commitment values are as at 30 September 2022. The NAV figures are as at 30 June 2022 as the valuations for private markets are calculated and released during the following quarter so are unavailable at the date this report is produced.

Private Markets	Total Commitments	Drawn Commitments	Undrawn Commitments	Latest Fund Net Asset Value (NAV)	Inception Date	No. of Investors
EUUT	£'000	£'000	£'000	£'000		
LCIV Infrastructure Fund	**399,000**	**227,669**	**171,331**	**213,494**	**31/10/2019**	**6**
LCIV Real Estate Long Income Fund	**213,000**	**213,000**	**n/a**	**208,579**	**11/06/2020**	**3**
LCIV Renewable Infrastructure Fund	**853,500**	**257,535**	**595,965**	**246,427**	**29/03/2021**	**13**
LCIV Private Debt Fund	**625,000**	**324,537**	**300,463**	**277,167**	**29/03/2021**	**8**
SLP	£'000	£'000	£'000	£'000		
The London Fund	**195,000**	**45,827**	**149,173**	**40,304**	**15/12/2020**	**2**
	2,285,500	**1,068,569**	**1,216,931**	**985,971**		

*For details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

London CIV - Fund Performance Q3 2022

The performance of all London CIV funds can be found in the table on page 8 of your QIR. Most of the London CIV equity funds recorded gains in the third quarter, with returns ranging from +1.3% to +2.2%. The LCIV Global Equity Quality Fund, which lost 0.7%, was the exception. The poor performance of Sterling provided a tailwind for the ACS equity funds because they invest globally, and currency exposure is not hedged.

The three month returns mask sharp swings in the fortunes of equity markets: optimism over the path of interest rates prompted a sharp rally in July, when the London CIV global funds were up in a range of 6.5% to 7.6%. Confidence started to wane in August and the gloom deepened in September as expectations for inflation, interest rates and economic growth deteriorated. In broad terms, the gains recorded in in July were mostly wiped out in September.

Growth stocks outperformed value stocks in the early part of the quarter, but this trend stalled later in the period. The relative performance of the London CIV funds also deteriorated as the quarter wore on. By the end of the three-month period, all of the equity funds, apart from the LCIV Sustainable Equity Exclusion Fund and LCIV Emerging Markets Fund, which outperformed by 5.2%, were behind their benchmarks. The LCIV Passive Equity Progressive Paris Aligned (PEPPA) Fund has continued to track its benchmark closely.

Bond markets enjoyed a window of stability in July which proved to be short-lived. Yields on benchmark government debt rose sharply in August, and this continued in September, culminating in a sharp sell-off late in the month. This was exacerbated in the UK by the poor market response to fiscal stimulus measures announced by the new administration (see next section for more). Spreads on corporate debt were volatile and ended the three-month period significantly higher.

This combination of rising yields and wider spreads is reflected in the poor performance of the LCIV Global Bond Fund (GBF). The LCIV MAC Fund (MAC) and LCIV Alternative Credit Fund (ACF) both lost less than GBF, mainly because they are less exposed to interest rate risk. Importantly, most of the losses incurred by MAC and ACF reflect the impact of mark to market pricing, and not losses from impairments. Currency exposure in the bond funds is hedged back to Sterling.

The LCIV Absolute Return Fund made +1.8% in Q3 but the other multi-asset funds lost money. LCIV Diversified Growth Fund (DGF) and LCIV Real Return Fund are more highly exposed to the performance of stocks and other growth assets and were the worst performers in this group of funds in Q3.

Investment Manager Monitoring

None of the London CIV funds are on the 'Watch List'. The LCIV Global Equity Focus Fund has been on "Enhanced Monitoring" since May 2022, and the LCIV Global Total Return Fund since August 2022. The findings of the in-depth annual investment due diligence reviews conducted on the LCIV Sustainable Equity Fund and LCIV Sustainable Equity Exclusion Fund, (RBC Global Asset Management), LCIV Global Total Return Fund, (Pyrford), LCIV Absolute Return Fund, (Ruffer), LCIV Global Bond Fund, (PIMCO), and LCIV Global Alpha Growth Fund, LCIV Global Alpha Growth Paris-Aligned Fund and LCIV Diversified Growth Fund, (Baillie Gifford) have either been or are being submitted to our monthly Investment Panel.

Over Q3 2022 we shared the outcome of our annual investment due diligence reviews with the existing investors of the LCIV Global Total Return Fund, LCIV Global Alpha Growth Fund and LCIV Global Alpha Growth Paris-Aligned Fund.

For the LCIV Global Alpha Growth Fund and the LCIV Global Alpha Growth Paris-Aligned Fund, our Senior Equity Portfolio Manager, Yiannis Vairamis, explained to existing investors that the monitoring status remains 'Normal'. The performance of these Sub-funds has been disappointing, but we remain confident that the shortfall in returns can be recovered. The investment manager remains focused on identifying companies with superior growth prospects and is strongly committed to best practice in responsible investment and engagement. They have acknowledged and addressed shortcomings in risk management which have contributed to poor results. We will continue to monitor how the new Baillie Gifford portfolio manager integrates with their team. The business remains stable, and Yiannis has no concerns on execution or liquidity. London CIV has ratified the 'Normal Monitoring' status of the Sub-funds, and we will continue to monitor the investment manager and portfolio closely. We shared our findings with investors in the Sub-funds on October 3rd.

For the LCIV Global Total Return Fund, our Head of Public Markets, Rob Treich, noted that the principles which underpin the strategy are well grounded in investment theory. A traditional and conservative process is applied methodically by experienced decision-makers. However, the opportunity set is narrow and decision-making lacks conviction. Integration of Environmental, Social and Governance (ESG) factors into stock selection has improved but resources and impact are limited. The volatility of returns is low, and the investment manager has a good record of protecting capital, but this Sub-fund may not generate enough profit from turning points in markets to achieve an adequate premium to cash. This Sub-fund offers a relatively simple and cost-effective solution, but the value proposition is not compelling.

London CIV has also reviewed and ratified the Monitoring Status ("Normal") of the LCIV Global Bond Fund. This will be discussed with investors in the Sub-fund on October 31st. We are close to finalising our 'deep dive' review of LCIV Diversified Growth Fund managed by Baillie Gifford. We recently completed a detailed review of the LCIV Real Return Fund managed by Newton and will share the results with investors in late October. London CIV have also conducted in-depth reviews of the LCIV Alternative Credit, LCIV MAC Fund (portion managed by CQS) and LCIV Emerging Markets Equity Fund. We will report back on our findings in the coming weeks.

All of the investment managers employed by London CIV are investing as expected and we have not observed any anomalies in the risk profile of our Funds, the composition of portfolios or trading activity.

Economies and markets

With the concept of 'transitory' inflation firmly consigned to the scrap heap, the focus has shifted to assessing the impact of tighter monetary policy. Having been slow off the mark, central banks in the U.K., Eurozone and U.S. are intent on reasserting their authority by raising interest rates. The risk that the pendulum of monetary action swings too far, choking off growth and amplifying the depth and severity of a recession, has clearly increased.

This is reflected in the twitchiness in interest rate, credit and equity markets, with sentiment shifting rapidly as new data is released. Volatility in the bond market remains exceptionally high by historic standards, and the trend of positive correlation in the performance of stocks and bonds in periods of risk aversion has continued. This is certainly a challenging time for capital allocators and security selectors.

Consensus growth forecasts for the G8 economies declined further in Q3. At the beginning of 2022, projected growth was 3.8% and 2.3% for 2022 and 2023 respectively. By the end of September, these forecasts had been reduced to 1.6% and 0.6%. Expectations are for an anemic recovery in 2024, with growth of 1.6%. Inflation, based on CPI, is now expected to average 7.5% in 2022, compared to 3.8% at the start of the year, although economists think central bank action and decelerating growth will drive inflation down to about 4% in 2023 and 2.2% in 2024. Employment levels are still expected to be stable, an important factor in period of high inflation and increasing borrowing costs. Investor surveys from Bank of America, ASR research and others see investors expecting a recession in 2023.

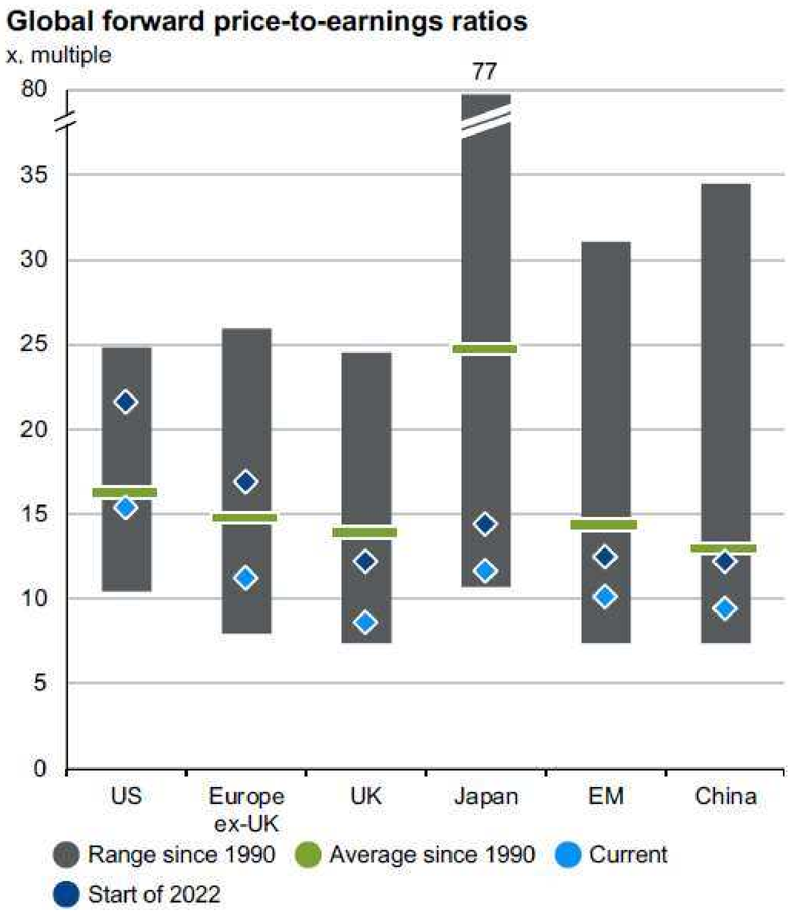
Table 1: G8 consensus economic forecasts

Indicator	2017	2018	2019	2020	2021	2022 (f)	2023 (f)	2024 (f)
Economic Activity								
Real GDP (YoY%)	2.2	2.2	1.7	-4.4	5.3	1.6	0.6	1.6
CPI (YoY%)	1.8	2.1	1.6	0.9	3.6	7.5	4.1	2.2
Unemployment (%)	5.1	4.7	4.4	7.0	5.5	4.3	4.6	4.7
Fiscal Balance								
Budget (% of GDP)	-2.6	-2.6	-3.0	-11.9	-8.5	-4.4	-3.9	-3.6

Source: Bloomberg

Turning to markets, the worst of the excesses in valuation of stocks and corporate bonds have been stripped away. Headline valuations have moderated, and as shown below, forward price to earnings ratios have dropped below long-term averages. The U.K., Eurozone and Japan look particularly interesting, but downside risk to earnings is perceived to be relatively high in these markets.

Chart 1: Forward Price to Earnings (PE) ratio: global stocks (as of 30/09/2022)



Based on the S&P 500 Index and MSCI indices as of 30 September 2022.
Source: JP Morgan AM, IBES, MSCI, Refinitiv Datastream, Standard & Poor's.

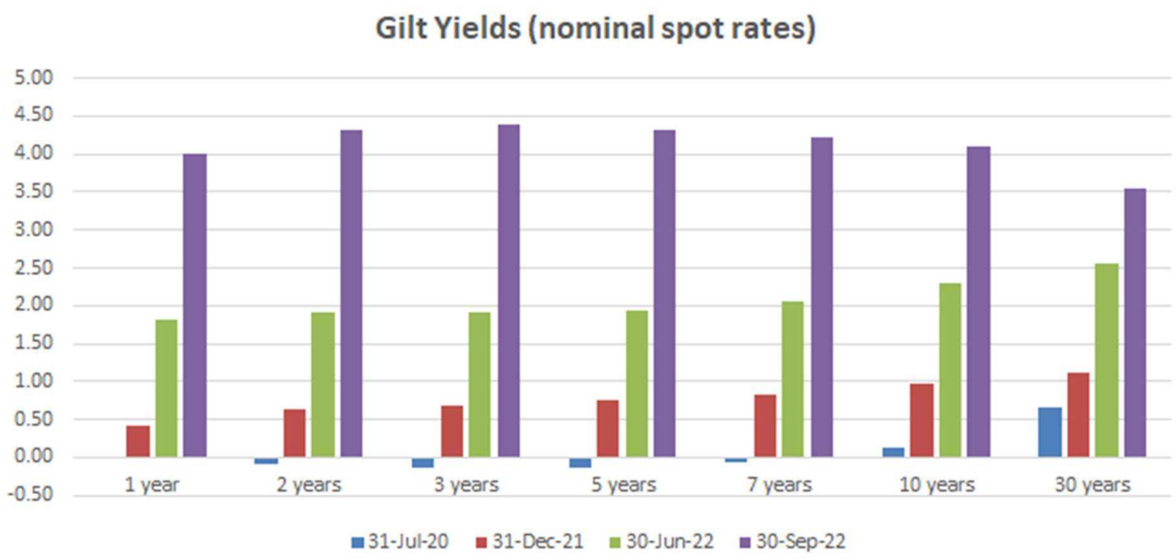
One of the interesting features of the data for the U.S. market is the gap in valuations between the largest companies in the S&P 500 Index, which are still rated above historic levels, and small and mid-cap companies, which are valued at a discount (Source: JP Morgan AM). These companies are perceived to be less resilient to higher input and funding costs and slower consumer spending and capital investment.

This is a tough environment for investment analysis, but the data suggests that it is one which is conducive to capitalising on increased dispersion in outcomes for economies, sectors and companies to generate profits from diligent research and active security selection.

Government and corporate Bonds have come back into focus after a long period in the shadows since the Global Financial Crisis. Although yields are still negative in real terms, they at least offer a credible option to riskier assets in nominal terms. This was the focus of our discussion with PIMCO at the most recent London CIV Meet the Manager event.

The magnitude of changes in yields on U.K. government debt since the lows of July 2020, and the surge in borrowing costs in Q3 2022, are illustrated below:

Chart 2: Gilt yields



Source: Bank of England

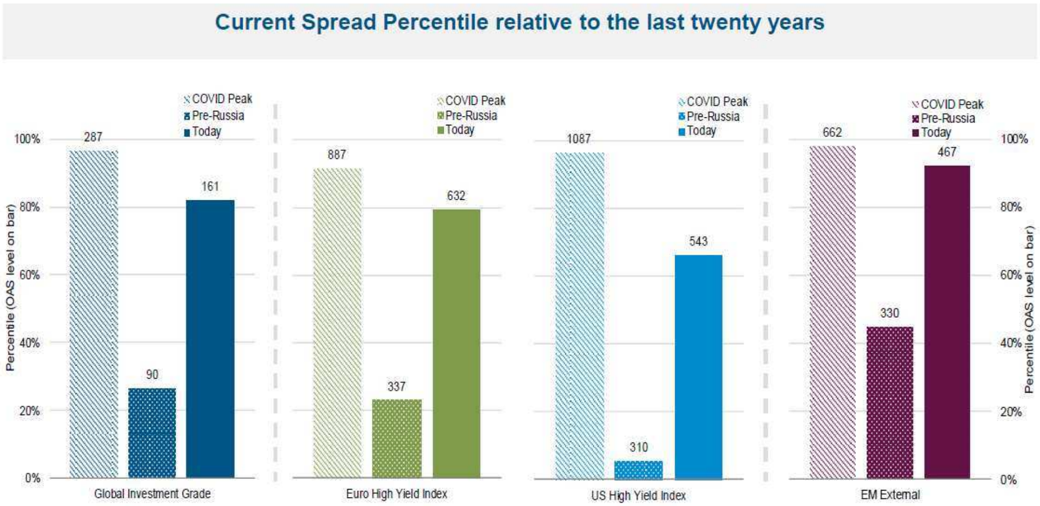
The sharp rise in yields at the end of Q3 is linked to the ‘mini budget’ announced on the 23rd of September. The drive to spur growth through unfunded tax cuts and other forms of fiscal support was not well received at a time when the outlook for inflation is poor, the Bank of England is perceived to be behind the curve in terms of tackling rising prices and sentiment is fragile. In short, the U.K. is perceived to be pursuing a reckless strategy. Please see the London CIV Portal for our update post the mini budget (date Friday 7th October).

This mini budget caused sharp falls in Sterling and government bonds, and a cascade effect linked to leveraged vehicles used to implement liability-driven investing (LDI) strategies. LDI funds faced margin calls which they could not cover by selling Gilts. The Bank of England was forced to act quickly to provide liquidity, pledging up to £65 bn to purchase £5 bn of bonds a day for 13 days. The daily quotas were not used in full and the programme expired as scheduled on the 14th of October. The new Chancellor then proceeded to dismantle the mini budget and pledged to deliver a credible fiscal strategy in a bid to restore order to the Gilts market. At the time of writing (17th of October), the early response, from market participants at least, was positive.

This episode provides another example, as in March 2020, of the fragility of liquidity conditions, even in the government bond markets. One of the potential sources of dislocation in global markets is the abandonment of yield curve controls in Japan. Large scale repatriation of capital to Japan from the sale of foreign assets could cause liquidity 'events' in some markets.

Spreads on corporate and EM hard currency debt have increased significantly from their lows, although they have not reached the peaks of March 2020, when fears over the effects of Covid-19 were most acute.

Chart 3: Credit spreads



As of 30 September 2022. Source: Bloomberg, ICE BofA Merrill Lynch, JP Morgan, PIMCO

Outlook

The outlook for growth, inflation and asset markets is still murky, at best, particularly given the relentless rise of the U.S. Dollar. We think rapid changes in sentiment will continue to drive surges in volatility in the coming months. We recommend that investors stay patient and focus on investment and ESG themes which are expected to drive growth over the long-term.

Stocks are trading slightly below their long-term averages, but with significant earnings risks. However, the dispersion of performance of companies will be high, presenting decent stock pickers with opportunities to put cash to work in outstanding companies at sensible prices.

At the end of September, the LCIV Global Bond Fund yielded about 5.6%, more than double the level of December 2021. The yield on the LCIV Alternative Credit Fund, which focuses mainly on high yield debt, was above 10%. Although ratings downgrades and defaults have been contained this year, risks to balance sheets have clearly increased. Nevertheless, the yields on offer now may be adequate to compensate for an increase in impairments, subject to diligent underwriting of credit risk and taking a long-term view to mitigate the effects of volatility in mark to market pricing.

The capacity of multi-asset funds to operate across the global asset markets and move quickly to capitalize on opportunities, and protect capital, should be valuable in this environment. This has not been reflected in the performance of some of the London CIV multi asset funds in recent months, but we are hopeful that these funds will demonstrate their value to Client Funds by delivering solid returns, net of costs, in risk-adjusted terms over the long term.

Many Client Funds will be receiving their triennial valuations and considering their new Strategic Asset Allocations at this time. Achieving a 100% funding ratio (Assets/Liabilities) will be the long-term target subject to a steady contribution rate from employers and employees. Please note that the valuations and assumptions (discount rate, Inflation rates, investment returns, contribution rates and longevity) are carried out at a point in time in March 2022. Moving forward to today, those assumptions may need to be reconsidered in light of the performance of asset markets since the valuation date.

Many of your defined benefit pension fund counterparts in the private sector have sought to minimise/hedge interest rate, currency, inflation and asset market risks to their pension liabilities. Some of the strategies used are complex and could have implications for liquidity and the payment of pension benefits when they come due.

London CIV recommends that all Client Funds seek independent advice before embarking on Liability Driven Investing ("LDI") or other hedging strategies ensuring they fully understand the consequences of these strategies.

Of course, London CIV stands ready to assist clients in the implementation of any Strategic Asset Allocation decisions they make. London CIV will provide an update at the next Business Update meeting (date: Thursday 27th October at 10am)

Thank you for reading our QIR summary and bespoke QIR reports. We appreciate your commitments and continuing support.

London CIV Team

LCIV Global Equity Focus Fund

Quarterly Summary as at 30 September 2022

Total Fund Value:

£854.0m

Inception date:	17/07/2017
Price:	144.40p
Distribution frequency:	Quarterly
Next XD date:	03/10/2022
Pay date:	30/11/2022
Dealing frequency:	Daily

This is a segregated Sub-fund of the London CIV ACS administered by Northern Trust. The delegated investment manager has been Longview Partners (Guernsey) Limited since the Sub-fund's inception date.

Investment Objective

The Sub-fund's long term objective is to achieve capital growth.

Enfield Valuation:

£101.0m

Enfield investment date: 24/10/2018

This is equivalent to 11.83% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £228,241

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	1.31	0.63	6.42	8.91	8.55	8.93
Target*	2.70	(0.50)	10.76	11.98	11.68	13.19
Relative to Target	(1.39)	1.13	(4.34)	(3.07)	(3.13)	(4.26)
Benchmark**	2.06	(2.93)	8.06	9.25	8.95	10.43
Relative to Benchmark	(0.75)	3.56	(1.64)	(0.34)	(0.40)	(1.50)

** The Target MSCI World (GBP)(TRNet)+2.5% 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.*
*** Benchmark: MSCI World (GBP)(TRNet)*

† The target has been selected as it in a outperformance target set in the agreement with the investment manager it is not explicitly stated in the investment objective of the Sub-fund. The target return outperformance is compounded daily therefore the benchmark return plus the outperformance may not equal the objective target.

LCIV Global Equity Focus Fund

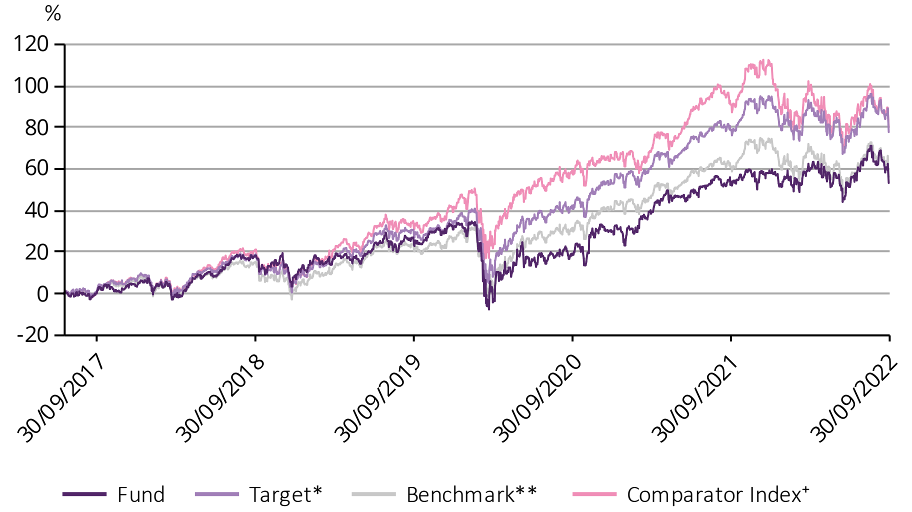
Performance

In the third quarter of 2022 the Sub-fund returned 1.3%, underperforming the MSCI World benchmark index return of 2.1% by 0.8%. In the 12-month period to end September 2022 the Sub-fund returned +0.6% against a benchmark index return of -2.9% thus posting a relative outperformance of 3.6%. Since inception, the Sub-fund has returned 8.6% per annum in absolute terms against 9% for the benchmark.

The Sub-fund's run of positive relative performance ended in Q3, mainly due to stock selection. The two largest detractors at the sector level were health care and communications services companies. Both were due principally to stock selection, in particular the relative performance of portfolio companies Charter Communications, Sanofi and IQVIA. The Sub-fund's structural lack of exposure to the energy and materials sectors again resulted in a relative performance headwind though significantly less so than in the first two quarters of this year. Currency exposure due to the large overweight to the U.S. market (and consequently the U.S. Dollar) helped to pare back some of the losses from equity selection.

Among the top contributors to performance over the quarter were TJX Companies, HCA Healthcare, and WW Grainger. TJX, the owners of retail chains TJ Maxx and Marshalls, outperformed after the company reported better than expected results. In a reversal to the previous quarter, HCA Healthcare, the largest hospital company in the U.S., outperformed following better-than-expected results that showed continued strong revenue growth and margin stability, despite the sharp rise in inflationary pressure. WW Grainger, the U.S. industrial distributor, also reported strong second quarter results with 22% constant currency revenue growth. This faster-than-anticipated growth was partly driven by a c. 11% price increase as Grainger successfully passed on increased product and freight costs to its customers

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.

** Target: MSCI World (GBP)(TRNet)+2.5%*

*** Benchmark: MSCI World (GBP)(TRNet)*

+ The Comparator Index MSCI World Quality Price 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.

Turning to the detractors, Charter Communications, the leading cable operator in the U.S., underperformed following the release of Q2 results that show a deceleration in broadband subscriber growth. Offsetting this, Charter reported very good progress in its relatively new mobile business where it has a differentiated offering that leverages its broadband infrastructure. Sanofi had been a strong performer this year until mid-August due to its defensive characteristics. However, in the later part of the quarter the share price suffered because the company's blockbuster heartburn drug Zantac is being investigated by the American FDA for potentially containing carcinogenic ingredients. IQVIA, the clinical trial outsourcer and healthcare data company,

LCIV Global Equity Focus Fund

underperformed in the quarter due to concerns regarding the effects on their business of a weaker funding environment for biotech companies.

Positioning

The number of positions increased by one to 33. The largest positions at the stock level at the end of September 2022 were Heineken at 3.5%, Diageo at 3.5% and CDW at 3.4%. All of the stocks in the top 10 of the Sub-fund are weighted in a range of 3.3% to 3.5%, reflecting the investment manager's preference to equal-weight positions when liquidity allows, and their rules-based approach to rebalancing the portfolio to ensure that stock-specific risk does not become concentrated. Forecast tracking error increased slightly to 4.7%, the high end of the range for the peer group, and beta was slightly below 1, in line with the end of Q2.

The Sub-fund maintained a large allocation to North American equities at c. 83% followed by an exposure of 17% to European equities. At the sector level the largest exposure was to health care at 23.6% followed by financials at 23%.

The Sub-fund continues to have relatively limited cyclical exposure compared to its history, with few industrial stocks or companies highly reliant on discretionary consumer exposure. Exposure to both the industrials sector and the consumer discretionary sector is similar to the benchmark index, but only on the surface. The nature of the businesses that the Sub-fund holds is fundamentally different in that their revenue and earnings streams are expected to be relatively stable. For example, Wolters Kluwer is classed as an industrial company but is actually a market-leading provider of data services to lawyers, tax advisors and doctors. Likewise, many of the portfolio's consumer discretionary holdings are not particularly economically sensitive.

Over the quarter the investment manager initiated two new positions. The first was in Booking Holdings which is the largest global online travel agent with a 21% market share and a dominant position in Europe. Historically, the company has grown revenue at double digit percentage rates, is highly profitable, has low capital requirements, and as a result earns a high return on capital. The investment manager considers Booking a sufficiently predictable business to pass their process screening. They expect the company to benefit further from the continued penetration of online hotel bookings and growth in the alternative accommodation market.

The second was S&P Global which comprises several businesses that include the S&P credit rating agency, data subscription services for the financial services, commodity and automotive industries and the S&P and Dow Jones equity indices. S&P Global has two characteristics that the Sub-fund's investment process favours: a) the company is typically the number one or two player in consolidated markets that are often duopolies or oligopolies and b) its market position is supported by a combination of regulatory barriers to entry, scale, a long history of brand recognition and unique data sets. Additionally, S&P is relatively predictable, with nearly two-thirds of revenue being subscription-based.

There was one full exit over the quarter. ISS was sold as the investment manager concluded that the company's shares do not have sufficient trading liquidity for the position to be eligible to be increased to the minimum initial position size (50% of a full equal weight position) with no reasonable prospect of this changing in the near term.

London CIV Summary

Despite the modestly negative quarter we maintain that the Sub-fund remains well positioned for the prevalent macroeconomic and market environment mainly due to its defensive characteristics and relatively low valuations. Given the continued volatility in the markets, and with so much of investors' analysis dependent on the outlook for uncertain factors such as inflation, interest rates and economic growth, we expect that the investment manager's emphasis on predictability and attractive valuations will continue

LCIV Global Equity Focus Fund

to be rewarded, at least over the short to medium term. The important question remains if, and to what extent, the portfolio can add value when the tide turns and markets rotate to ’risk-on’ mode again, although the prospect of a more bullish market environment currently seems remote.

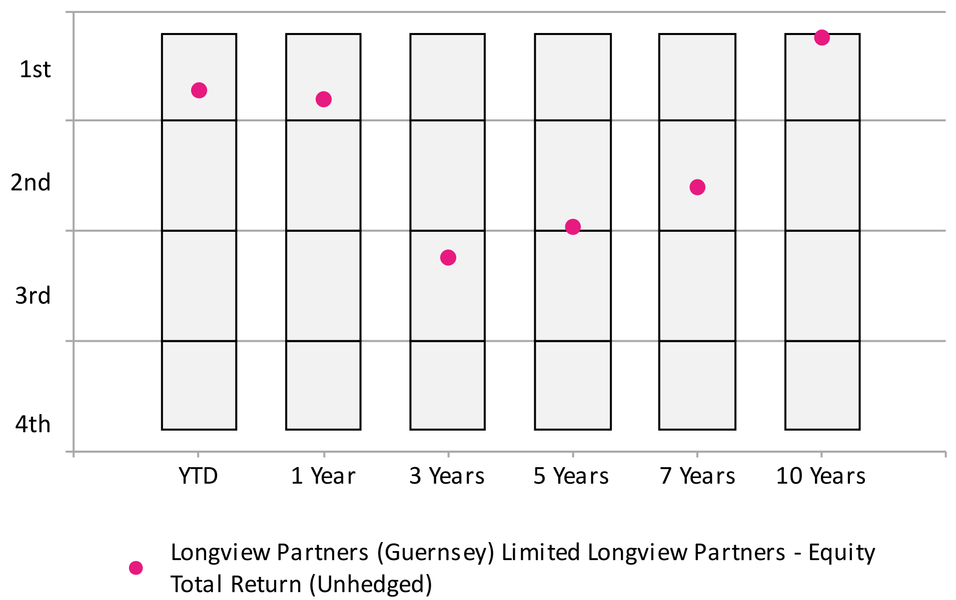
There is one recent change in the investment manager’s investment team with long standing research analyst Stephen Burgess leaving Longview. His research responsibilities (3 holdings) have been reallocated to other team members. Longview have no immediate plans to replace him on a ‘like-for-like’ basis (i.e., by hiring a very experienced analyst), but they have recruited an analyst who will join in November from a firm with a strong pedigree in stock research. Longview may add more resource to the research team opportunistically. Burgess was an experienced team member, but we have no immediate concerns about his departure.

Jamie Carter has also left Longview. Carter was a Partner and Chief Operating Officer and additionally had some involvement in ESG, particularly in the procurement of systems and data providers. His business management and ESG-related duties have been reassigned to colleagues. Carter’s presence in the organisation was a clear plus as he had a wealth of experience working for organisations of similar size to Longview. He also balanced well the Chief Executive in the corporate suite as well as some of the younger members of the investment team. Carter was not involved in fund management and as such we have no immediate concerns over the impact of his departure on management of the Sub-fund. However, we will monitor the impact of his departure from a business risk perspective.

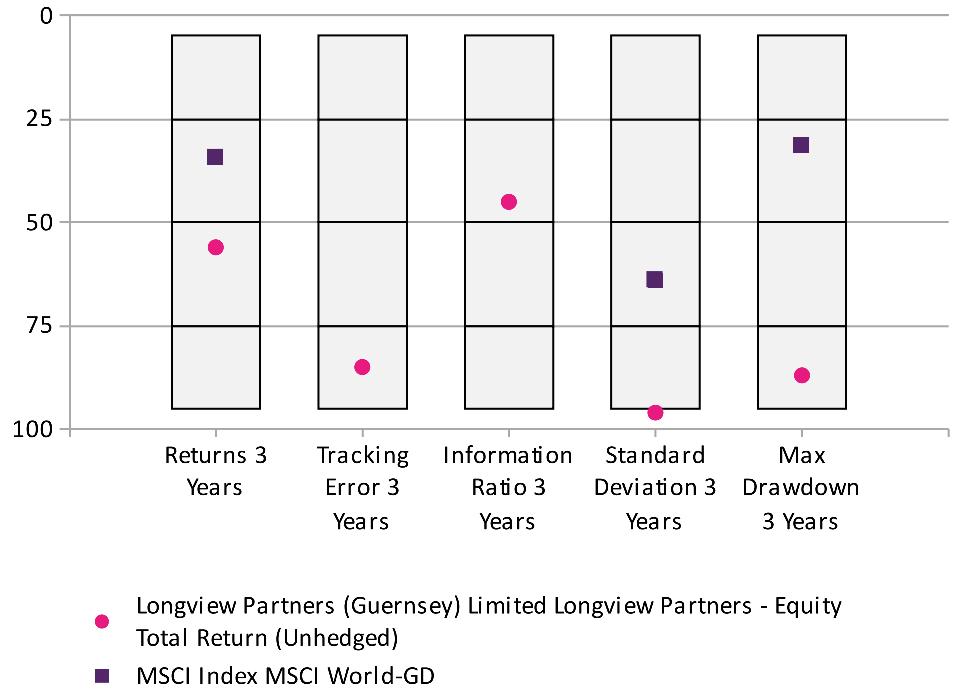
LCIV Global Equity Focus Fund

Peer Analysis

The peer group is **Global Large Cap Core Equity**. During the last year and over the longer term (10 years to the end of June 2022), the Sub-fund has generated returns in the top quartile of the peer group. However, the Sub-fund has under-performed the MSCI World benchmark over 3 years and is in the third quartile of the peer group over that period, and close to the median over 5 years. The Sub-fund has taken a relatively high amount of risk, both in absolute (standard deviation and drawdown) and relative (tracking error) terms.



Source: eVestment as at 30 June 2022



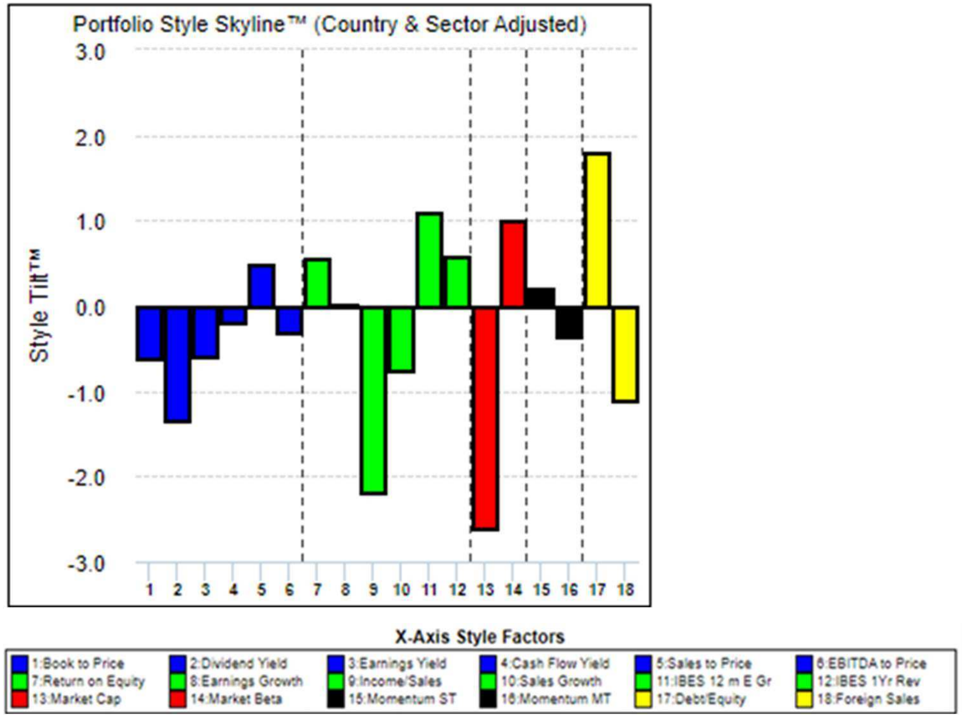
Source: eVestment as at 30 June 2022

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.

LCIV Global Equity Focus Fund

Style Analysis

In terms of style, during the last quarter (Q2 2022) the Sub-fund was tilted away from most value measures, although the only significant negative tilt is to dividend yield. Portfolio companies generate relatively high returns on equity and are expected to achieve superior rates of growth in revenues and earnings. There is a bias towards smaller cap and high beta stocks and those with low foreign sales and high debt/equity.



Source: eVestment as at 30th June 2022

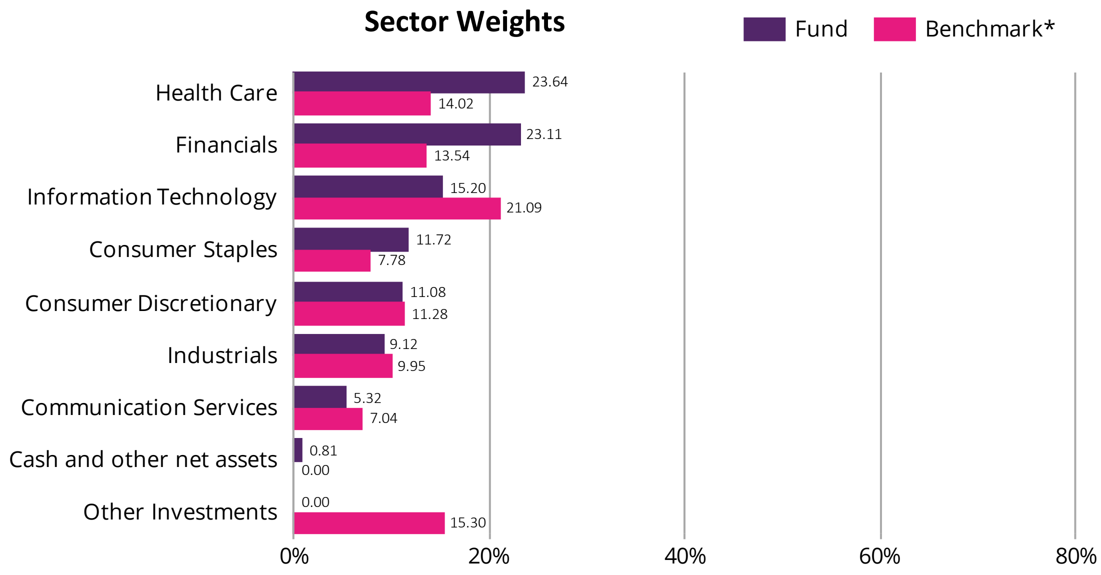
LCIV Global Equity Focus Fund: Portfolio Characteristics

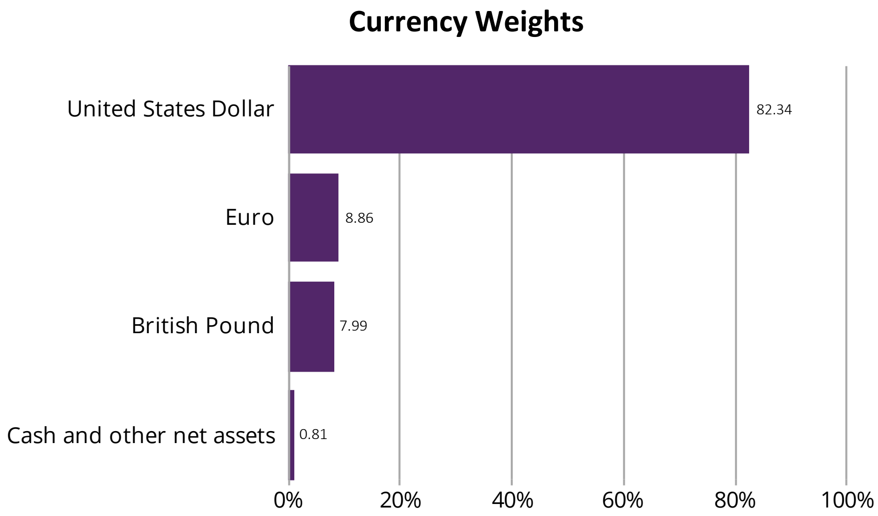
Key Statistics	
Number of Holdings	33
Number of Countries	4
Number of Sectors	7
Number of Industries	19
Yield %	1.54

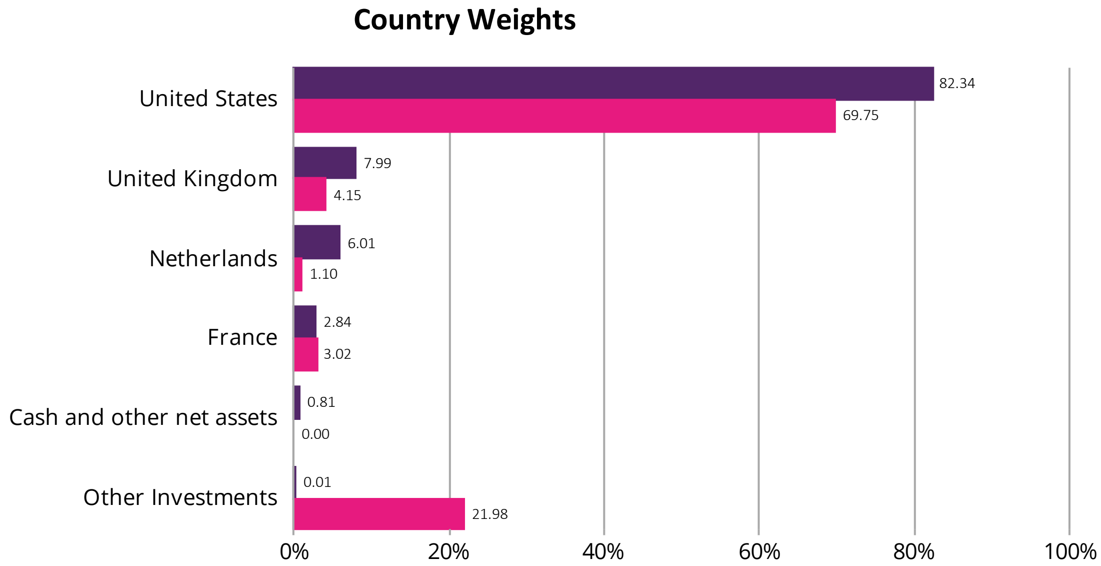
Source: London CIV data as at 30 September 2022

Risk Statistics	
Tracking Error (%)	4.68
Beta to Benchmark	0.98

Source: London CIV







Source: London CIV data as at 30 September 2022
**MSCI World (GBP)(TRNet)+2.5%*

LCIV Global Equity Focus Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
Heineken Nv	3.51
Diageo	3.51
CDW Corp	3.42
Tjx Cos	3.41
American Express	3.39
Microsoft	3.38
State Street	3.36
Unitedhealth Group	3.34
HCA Healthcare Inc	3.34
Henry Schein	3.34

Top Ten Contributors

Security Name	% Contribution
Tjx Cos	+0.64
HCA Healthcare Inc	+0.61
Ww Grainger	+0.60
Fiserv	+0.40
Diageo	+0.30
Aon	+0.29
Wolters Kluwer	+0.28
State Street	+0.26
CDW Corp	+0.26
Compass Group	+0.26

Top Ten Detractors

Security Name	% Detraction
Charter Communications	(0.80)
Sanofi	(0.55)
Sysco	(0.29)
IQIVA Holdings	(0.29)
Henry Schein	(0.23)
L3harris Technologies	(0.21)
Fidelity National Infomation Services	(0.21)
S&P Global	(0.18)
Alphabet Inc Class A	(0.14)
Booking Holdings	(0.11)

New Positions During Quarter

Security Name
Booking Holdings
S&P Global

Completed Sales During Quarter

Security Name
not applicable, no completed sales during the quarter

Source: London CIV data as at 30 September 2022

LCIV Global Equity Focus Fund: ESG Summary

ESG Activity for the Quarter

Longview provided their UNPRI score this quarter. We believe there is room for improvement, specifically with Policy and Voting. We will continue to engage with Longview to understand their approach to improving their ESG practices.

- Investment & Stewardship Policy – 63%
- Direct - Listed Equity - Active fundamental - incorporation – 71%
- Direct - Listed Equity - Active fundamental - voting – 69%

Longview spoke to HCA Healthcare regarding their climate commitments. The firm has not made a net-zero, or similar, commitment. They informed Longview that they are assessing their approach. Within a few years, the company hopes to make science-based carbon reduction commitments, with interim targets. They have appointed dedicated ESG strategy consultants. An ambitious statement for improvements will be announced in their November 2022 ESG Impact Report. Scope 1 and 2 emissions for 2020 were published in the company's inaugural ESG Report and scope 3 emissions will be included for 2021. The reporting enhancements will align the company with Sustainability Accounting Standards Board standards. Longview emphasised that they are seeking the publication of credible targets, being both scientific and tangible. Longview will review the November 2022 ESG Impact Report to ensure HCA Healthcare's climate intentions satisfy their expectations.

The second engagement example is with L3Harris regarding their Sustainability Report and carbon emissions targets. Longview asked for details on L3Harris's Sustainability Report, particularly reducing carbon emissions. The firm discussed their commitment to reduce their global carbon emissions by 30% versus their 2019 baseline. They are using the SBTi framework excluding scope 3 emissions data. Measuring scope 3 has been a challenge for their industry because of the complexity of products. The company has made a net-zero commitment for its UK business. Longview asked whether they are meeting interim targets and about their SBTi verification timeline. The timeline is dependent on the SEC proposed climate rule. The company is facing challenges with verification due to the emissions calculation for some products. They have an SEC working group and they submitted data to the CDP this year.

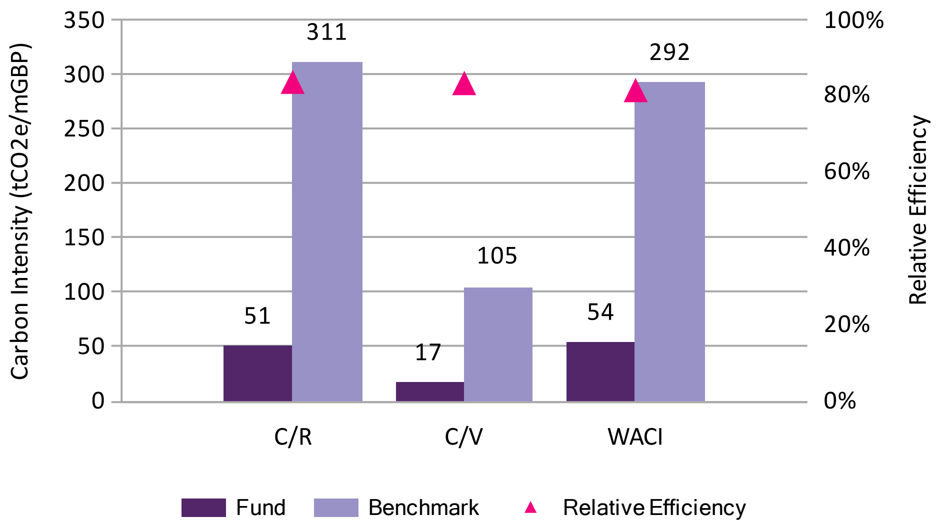
LCIV Global Equity Focus Fund: ESG Summary

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

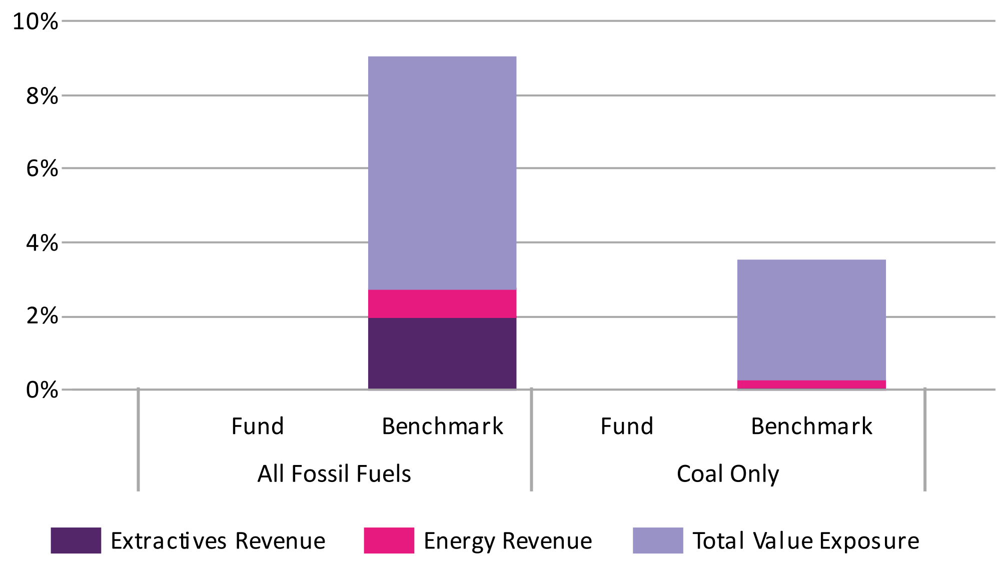
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 30 September 2022

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 2022

The benchmark used in the above is MSCI World

LCIV Global Equity Focus 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+
Heineken N.V.	323.86	-18.36%	No
Diageo Plc	233.88	-12.22%	No
HCA Healthcare, Inc.	92.19	-2.46%	No
Becton, Dickinson and Company	83.76	-1.89%	No
Whitbread PLC	97.29	-0.95%	No
Zimmer Biomet Holdings, Inc.	81.94	-0.81%	No
Medtronic plc	62.87	-0.48%	No
Alphabet Inc.	57.66	-0.23%	No
Sanofi	55.73	-0.09%	No
US Foods Holding Corp.	53.52	0.01%	No

LCIV Global Alpha Growth Paris Aligned Fund

Quarterly Summary as at 30 September 2022

Total Fund Value:

£1,731.4m

Inception date:	13/04/2021
Price:	77.73p
Distribution frequency:	Quarterly
Next XD date:	03/10/2022
Pay date:	30/11/2022
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 Climate Paris Aligned Index.

Enfield Valuation:

£97.2m

Enfield investment date: 13/09/2022

This is equivalent to 5.61% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £169,548

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	1.62	(23.02)	n/a	n/a	(15.55)	(6.84)
Investment Objective*	2.58	(1.66)	n/a	n/a	2.91	(5.92)
Relative to Investment Objective	(0.96)	(21.36)	n/a	n/a	(18.46)	(0.92)
Benchmark**	2.07	(3.59)	n/a	n/a	0.89	(6.00)
Relative to Benchmark	(0.45)	(19.43)	n/a	n/a	(16.44)	(0.84)

** 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.

LCIV Global Alpha Growth Paris Aligned Fund

Performance

The Sub-fund returned 1.6% in Q3 against 2.1% for the MSCI All Country World benchmark index thus posting a relative underperformance of 0.5%. Over the 12-month period to end September 2022 the Sub-fund returned -23%, 19.4% less than the benchmark. The Sub-fund has generated -15.6% on an annualised basis since inception, underperforming the benchmark by 16.4% per annum.

This was a quarter of two halves for the Sub-fund as the positive start in July to mid-August was followed by a negative September. Notwithstanding the modestly negative outcome for the quarter relative to the benchmark index, we note that performance has begun to stabilise despite the challenging backdrop facing the businesses the Sub-fund invests in.

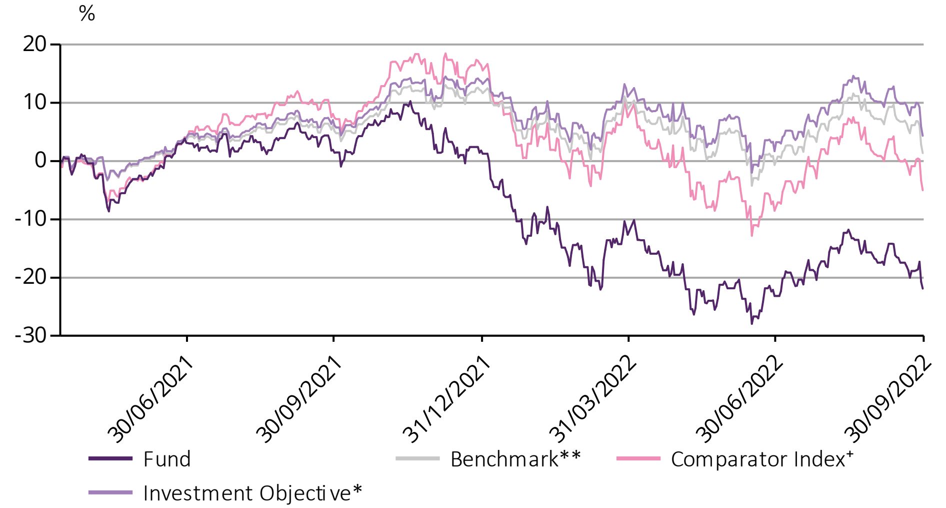
Importantly, the pattern of returns now appears characteristically different to what we have been experiencing since late 2021. Performance is driven less by the more aggressive 'disruptors' segment of the portfolio, and more by the 'compounders' which are expected to grow at a relatively steady pace over the long-term.

At the stock level this was expressed in the list of top contributors which included companies that operate in traditionally more defensive sub-sectors such as the pharmaceuticals company Alnylam, and the chemicals company Albemarle. At the other end of the spectrum negative returns were more evenly spread across companies including Prosus, AIA, Li Auto and Prudential.

Positioning

Compared to the second quarter the Sub-fund's regional exposures were broadly unchanged as of the end of September 2022, with a large allocation to North American equities at c. 63% followed by an exposure of 16% to European ex U.K. equities. At the sector level, the largest exposure was to

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.

information technology companies at 22.4% followed by health care at 14.6% and financials at 14%.

Overall, portfolio companies continue to exhibit good resilience and quality and growth characteristics. As of end of September the portfolio remains less indebted than the market with the key 'Net Debt to Equity' metric standing at 10% versus 50%. The composite portfolio also presents higher operating profit margins (EBIT of 16% versus 13% for the market) and forecast (1 year) earnings growth 40% higher than the market (source: Baillie Gifford).

From a 'growth profiles' perspective, the split is approximately 40% in 'Compounders', 30% in 'Disruptors' and 30% in 'Capital Allocators'. The

LCIV Global Alpha Growth Paris Aligned Fund

investment manager believes that the portfolio is poised to reallocate capital from the 'Compounders' (which have held up well in relative terms) into 'Disruptors' presenting superior growth and return potential which is not being rewarded by the market. The investment manager accepts that downside risk to earnings and investor sentiment is high, so changes will be made incrementally.

The investment manager is focusing intently on looking beyond near-term turbulence to identify companies presenting the best potential to achieve outstanding rates of growth over the long run. One area of significant interest is what the investment manager calls 'valuation anomalies' among some of the stocks they believe will be long-term winners. The investment manager has begun to take advantage of this by investing in companies that they have long admired but have been unable to justify on valuation grounds while concurrently trimming or fully exiting positions that they expect to be most challenged by the changing economic outlook.

A notable new purchase over the quarter was MercadoLibre (MELI), the Latin American e-commerce, payments and logistics platform. The team at Baillie Gifford believe MercadoLibre could become one of the most valuable companies in the world given the large opportunity it has in e-commerce; whilst also having the ability to provide a payments, credit and savings platform for a continent poorly served by the existing financial system. The team has taken advantage of the recent share price weakness to initiate an 'incubator' holding (0.5% weight).

In terms of complete sales, the investment manager decided to fully exit the position in Carvana, the U.S. online used car platform. This position was initiated in May last year making it a disappointingly brief holding. Carvana buys inventory on credit and sells to consumers who are often reliant on credit. In a period of rising interest rates and weakening demand for big ticket discretionary goods, the investment manager's view is that Carvana's probability of success is narrowing.

They have also managed to fully exit the position in Brilliance Auto Group, a Chinese multinational auto manufacturer. Brilliance was suspended from trading in April 2021 as a result of financial issues at the company involving a subsidiary making unauthorised loan guarantees. The company was given until the end of September 2022 to complete eight remedial actions or face de-listing. With the deadline looming and a rising probability of Brilliance being de-listed, the investment manager sold the holding over-the-counter at a small premium to the valuation reported at the prior month-end.

London CIV Summary

The investment manager has now posted 6 consecutive quarters of negative relative returns., However, there are signs of stabilisation in the performance pattern. This is due to a gradual shift in the portfolio away from more aggressive-growth, high-volatility holdings, predominantly found in the Disruptors bucket, into the relatively stable Compounders bucket.

Some of that shift happened naturally due to market moves, particularly the aggressive derating of highly valued stocks, but largely this was due to the investment manager's pragmatic approach to get rid of the 'dead wood' in the portfolio, Carvana and Peloton being two prime examples. This is not to say that there is no more pain ahead, but it is now more likely that the worst drawdowns are behind us, and the portfolio is shaped to participate in the upside when market conditions allow.

In the third quarter of 2022, London CIV completed an extended investment due diligence (IDD) on the investment manager using our Red, Amber, Green (RAG) scoring framework. Following this exercise and with the approval of the London CIV Investment Panel, the investment manager's overall monitoring status was maintained at 'Normal Monitoring'. Our findings were shared with investors in the Sub-fund on the 3rd of October.

In summary, for performance, resourcing, investment risk management and value-for-money we assigned an 'Amber' score. While performance has

LCIV Global Alpha Growth Paris Aligned Fund

clearly been disappointing, we remain confident the investment manager retains its ability to recover losses. On the resourcing front we continue to monitor closely the integration of Helen Xiong into the portfolio management team as well as the overall team dynamics. On investment risk management, we note that portfolio exposures within the Sub-fund were allowed to become more concentrated than they should have, and that the diversification of growth profiles did not work effectively. Consequently, value-for-money appears weak considering current level of fees and underperformance.

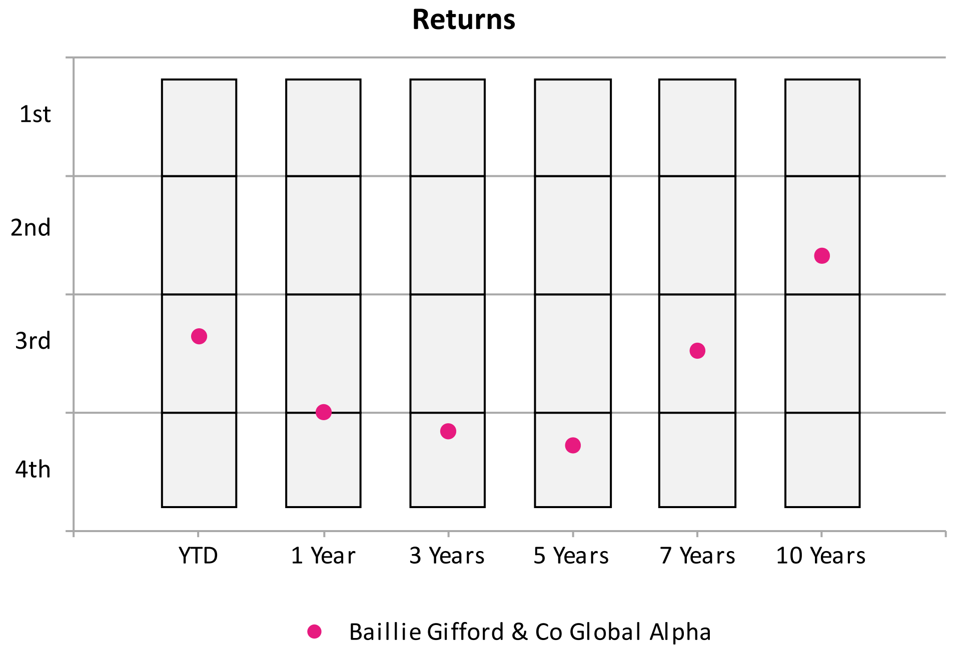
On the positive side we continue to assign a ‘Green’ rating to the investment process, responsible investing (RI) and engagement, overall business risk and best execution and liquidity. The investment process remains intact. The investment manager continues to do what they know best, finding companies with superior growth prospects. Baillie Gifford is strongly committed to RI and Engagement and continue to build up relevant teams and processes and retrain personnel. Business remains stable. The organisation provides a fertile ground for this type of strategy to work well. We have no concerns on execution capabilities and portfolio liquidity.

LCIV Global Alpha Growth Paris Aligned Fund

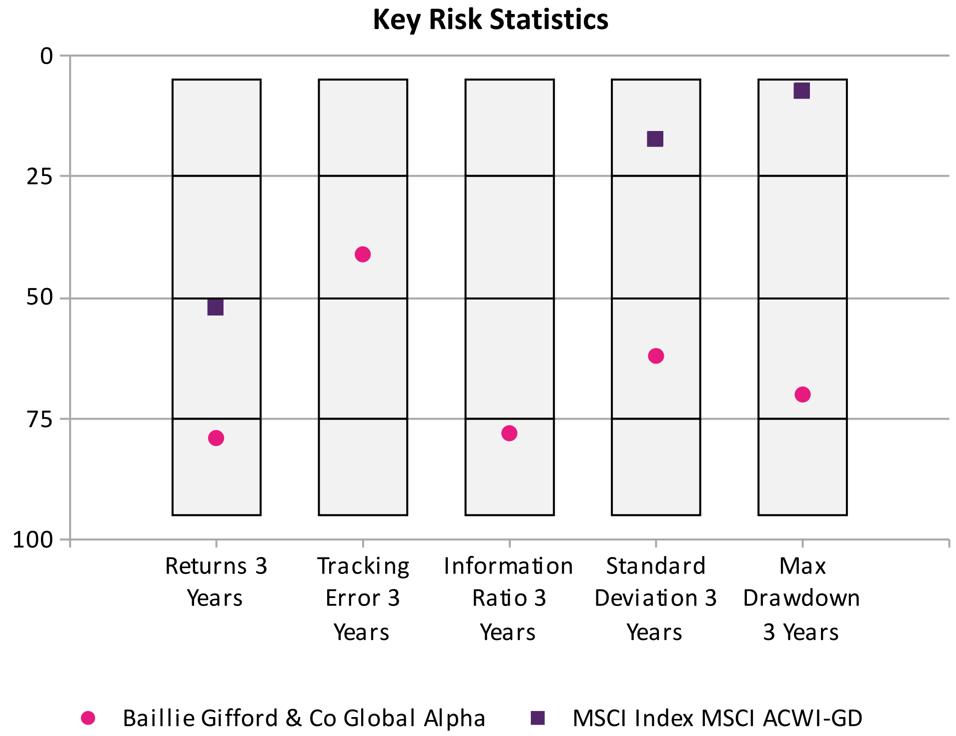
Peer Analysis

The peer group is **Global All Cap Growth Equity**. Over the longer-term (10 years to end June 2022), the proxy fund is in the second quartile of the peer group. However, the fund has not performed as well as it has historically and is in the bottom two quartiles over one, three and five-year periods. The bottom quartile 3-year performance, coupled with relatively high tracking error, has resulted in an information ratio which is in the bottom quartile compared to its peers. Absolute risk, as measured by the standard deviation of returns, is at the high end of the range for the peer group, as is the maximum drawdown.

The Global Alpha Growth Paris Aligned portfolio has insufficient history required to perform meaningful peer analysis, which is based on 3 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.



Source: eVestment as at 30 June 2022



Source: eVestment as at 30 June 2022

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.

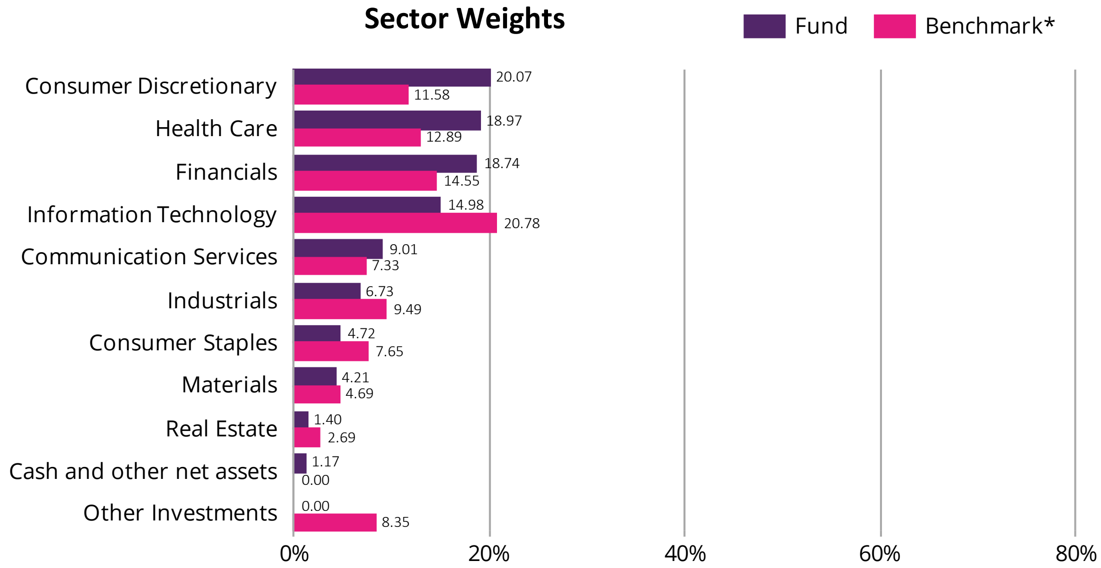
LCIV Global Alpha Growth Paris Aligned Fund: Portfolio Characteristics

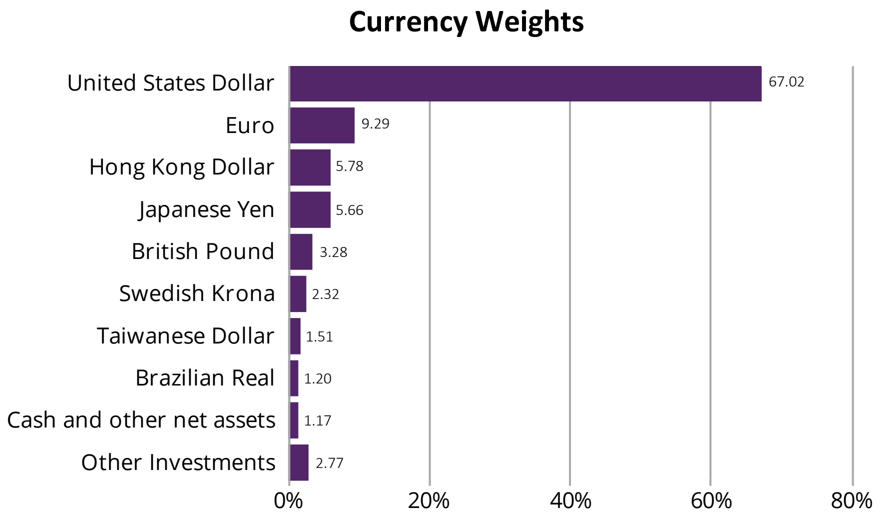
Key Statistics	
Number of Holdings	89
Number of Countries	19
Number of Sectors	9
Number of Industries	32
Yield %	1.05

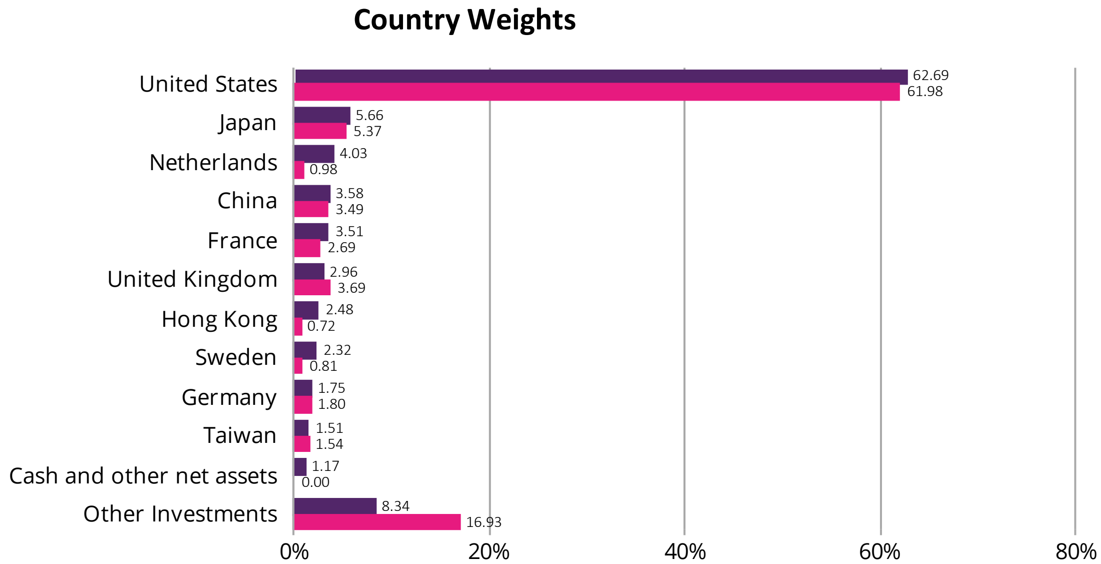
Source: London CIV data as at 30 September 2022

Risk Statistics	
Tracking Error (%)	5.41
Beta to Benchmark	1.08

Source: London CIV







Source: London CIV data as at 30 September 2022
**MSCI All Country World Gross Index (in GBP)+2%*

LCIV Global Alpha Growth Paris Aligned Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
Anthem Com	4.82
Microsoft	3.50
Prosus Nv	3.36
Alphabet Inc Class C	3.31
Arthur J Gallagher	3.22
Moody's	3.10
Pernod Ricard	2.47
Tesla Inc	2.46
Service Corporation International	2.46
Amazon.com	2.42

Top Ten Contributors

Security Name	% Contribution
Alnylam Pharmaceuticals	+0.65
Tesla Inc	+0.48
Trade Desk	+0.48
Albemarle	+0.42
Arthur J Gallagher	+0.39
Amazon.com	+0.32
Charles Schwabscholastic	+0.28
B3 Brasil Bolsa Balcao	+0.23
Pernod Ricard	+0.23
CoStar Group	+0.21

Top Ten Detractors

Security Name	% Detraction
Prosus Nv	(0.42)
AIA Group	(0.37)
Alibaba Group Holding	(0.32)
LI Auto Inc. ADR	(0.31)
Prudential	(0.22)
Service Corporation International	(0.21)
Adidas	(0.20)
Ping An Insurance Group Company of China	(0.20)
Taiwan Semiconductor Manufacturing	(0.17)
Certara Inc Com	(0.17)

New Positions During Quarter

Security Name
Mercadolibre

Completed Sales During Quarter

Security Name
Brilliance China
Carvana Co
Vimeo Inc

Source: London CIV data as at 30 September 2022

LCIV Global Alpha Growth Paris Aligned Fund: ESG Summary

ESG Activity in the Quarter

Baillie Gifford provided their UNPRI score this quarter and we were pleased to see their high scores on the various modules.

- Investment & Stewardship Policy – 83/100.
- Direct listed equity – Active Fundamental Incorporation – 77/100.
- Direct listed equity – Investment Trust Incorporation – 74/100.
- Direct listed equity – Active Fundamental – Voting – 87/100.
- Direct listed equity – Investment Trust – voting – 87/100.
- Direct – Fixed Income – SSA – 88/100.
- Direct – Fixed Income – Corporate – 88/100.
- Direct – Fixed Income – Securitised 73/100

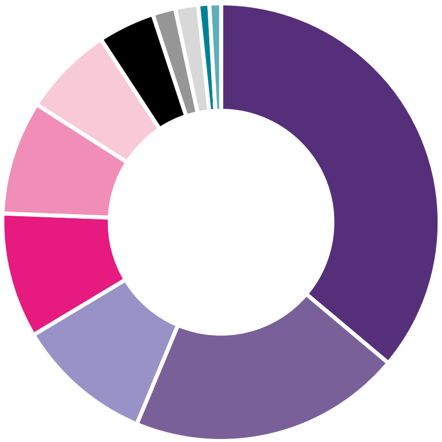
Baillie Gifford met with the head of corporate sustainability at Wayfair as part of their ongoing engagement on the company's environmental impacts and ambitions. The investment manager identified Wayfair as a climate and environment engagement priority back in 2020. As a platform aggregating the (primarily) furniture products of over 23,000 suppliers, it has huge potential for positive influence across raw materials and durability, logistics, customer choice and, ultimately, reuse or disposal. Management recognises the potential and is working on supplier education and have introduced some sustainability labelling for consumers. However, it seems a landscape that is still very fragmented and lacks sufficient regulatory frameworks. Baillie Gifford informed us that the meeting was a working exchange of ideas covering emissions reporting, the evolution of low emissions, freight, supplier engagement and customer influence.

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 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 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 2022 - 30 September 2022).

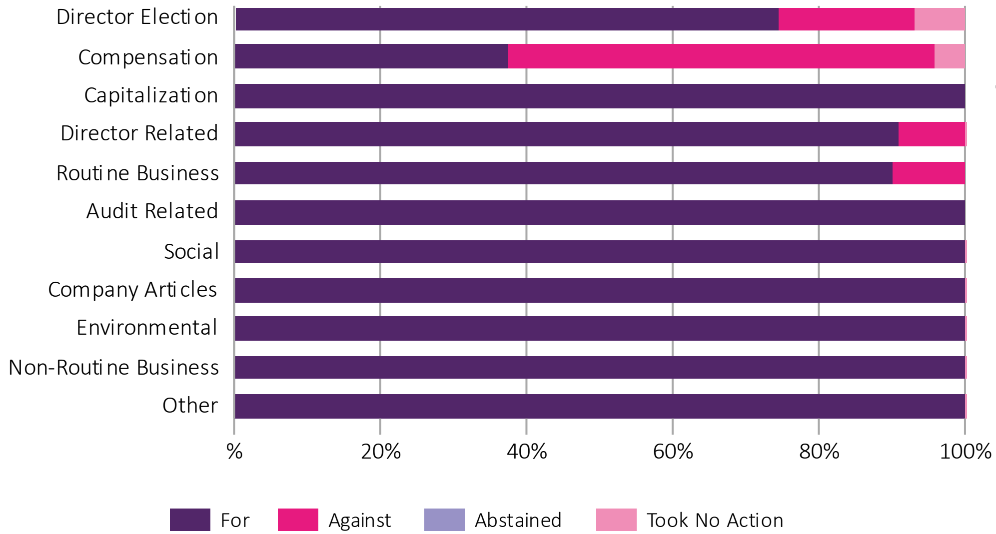
Proposals Breakdown



Proposals Breakdown	No.
Director Election	43
Compensation	24
Capitalization	12
Director Related	11
Routine Business	10
Audit Related	8
Social	5
Company Articles	2
Environmental	2
Non-Routine Business	1
Other	1

Source: London CIV data as at 30 September 2022

Voting Instruction Breakdown



Source: London CIV data as at 30 September 2022

Link to Underlying Manager's Voting Report for the Quarter

https://londonciv.org.uk/portal/email/download/12265

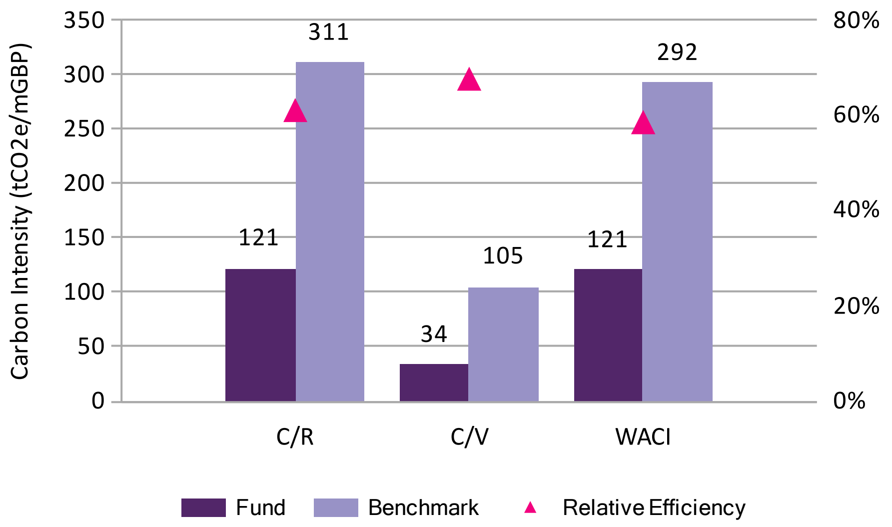
LCIV Global Alpha Growth Paris Aligned Fund: ESG Summary

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

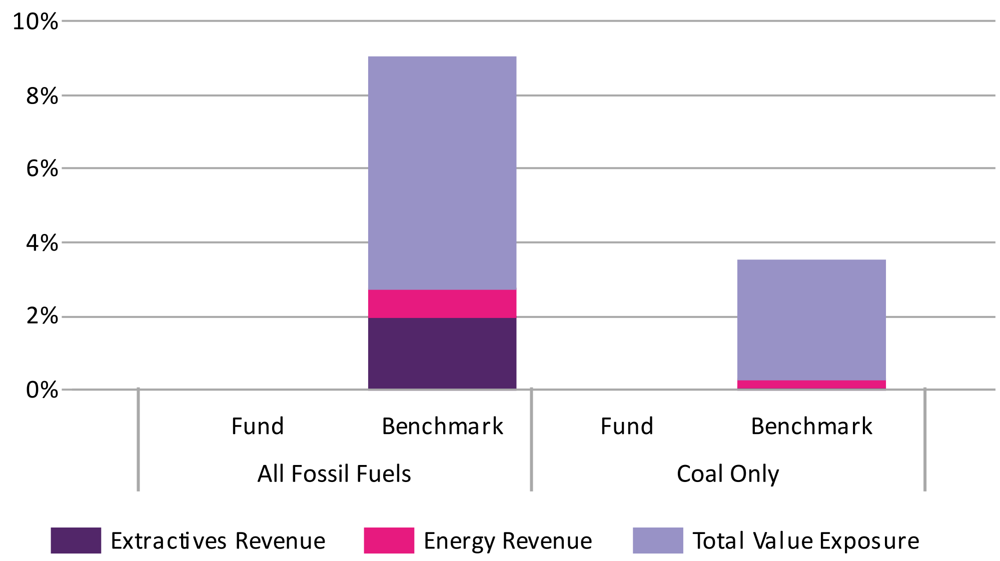
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 30 September 2022

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 2022

The benchmark used in the above is MSCI World

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+
Martin Marietta Materials, Inc.	2,008.95	-18.89%	Yes
CRH Plc	2,091.83	-15.39%	Yes
Albemarle Corporation	526.87	-5.63%	No
Rio Tinto Group	1,005.81	-5.12%	Yes
Pernod Ricard SA	300.19	-3.99%	No
Taiwan Semiconductor Manufacturing Company Limited	373.62	-3.41%	No
SMC Corporation	271.62	-1.30%	No
Sands China Ltd.	398.03	-1.06%	No
Atlas Copco AB	139.40	-0.26%	No
Nexans S.A.	154.78	-0.25%	No

LCIV Emerging Market Equity Fund

Quarterly Summary as at 30 September 2022

Total Fund Value:

£561.2m

Inception date:	11/01/2018
Price:	93.81p
Distribution frequency:	Quarterly
Next XD date:	03/10/2022
Pay date:	30/11/2022
Dealing frequency:	Daily

This is a segregated Sub-fund of the London CIV ACS administered by Northern Trust. The delegated investment manager has been JPMorgan Asset Management (UK) Limited since 11 October 2019. Prior to this the fund was managed by Henderson Global Investors.

Investment Objective

The Sub-fund's objective is to achieve long-term capital growth by outperforming the MSCI Emerging Market Index (Total Return) Net by 2.5% per annum net of fees annualised over rolling three year periods.

Enfield Valuation:

£30.3m

Enfield investment date: 24/10/2018

This is equivalent to 5.40% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £47,654

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	1.36	(15.37)	2.21	n/a	(0.30)	3.53
Investment Objective*	(3.20)	(11.00)	3.75	n/a	2.43	6.67
Relative to Investment Objective	4.56	(4.37)	(1.54)	n/a	(2.73)	(3.14)
Benchmark**	(3.80)	(13.17)	1.21	n/a	(0.07)	4.07
Relative to Benchmark	5.16	(2.20)	1.00	n/a	(0.23)	(0.54)

** Investment Objective: MSCI Emerging Market Index (TR) Net+2.5%*
*** Benchmark: MSCI Emerging Market Index (TR) Net*

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

LCIV Emerging Market Equity Fund

Performance

The Sub-fund returned 1.4% over the third quarter, compared with -3.8% for its benchmark, the MSCI Emerging Market Index, an outperformance of 5.2%. Over the last twelve months period, the Sub-fund has returned -15.4%, underperforming the benchmark by -2.2%. Since inception relative returns remain negative at -0.2% per annum, however, this is attributable to the legacy investment manager of the Sub-fund.

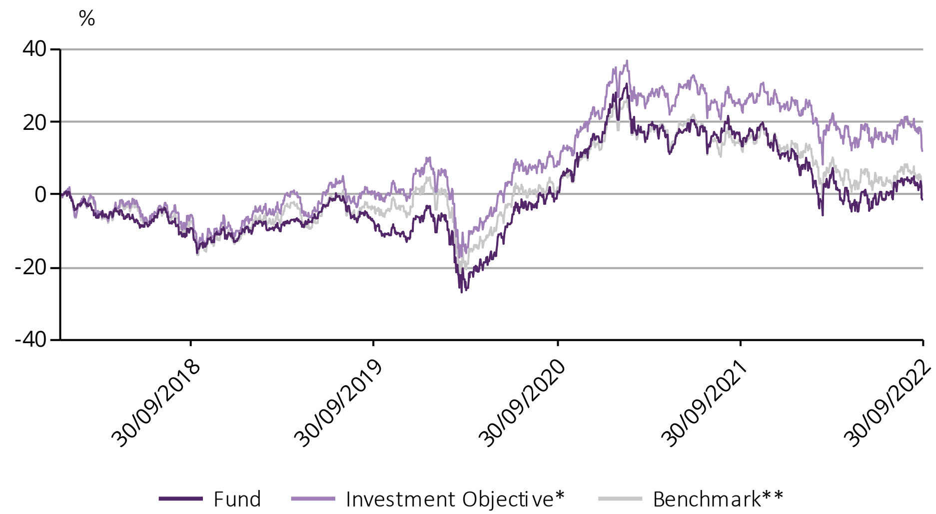
Emerging market equities performed positively in the first half of the quarter, rising until mid-August, before dropping again into negative territory when the U.S. Federal Reserve quashed hopes of a slowdown in the pace of tightening of monetary policy. This contributed to emerging markets equities dropping to new lows for this year as a strengthening U.S. Dollar compounded the effects of sticky inflation, the poor performance of the Chinese economy and the war in Ukraine.

Stock selection and country and industry positioning all contributed positively towards performance. At the stock level, some of the previous detractors reversed their recent losses, including Mercado Libre and EPAM Systems. Both stocks suffered from geopolitical headwinds previously. HDFC Bank also contributed positively on the back of generally positive investor sentiment towards Indian stocks and a strong earnings report. On an absolute basis, Wuxi Biologics was the worst performer (-28%) despite delivering strong first half results – the stock has faced headwinds recently due to a pending executive order seeking to limits its activities in the U.S.

Regionally, the underweight to China was positive, although this was partly offset by the weak performance of companies listed in Hong Kong. The Chinese economy is confronted with serious challenges, including the zero Covid-19 policy, weakness in the domestic housing market and softening export markets. Stock selection in Argentina also contributed to performance as Mercado Libre recovered most of its year-to-date losses. India, which is effectively the biggest overweight in the portfolio, made a positive contribution, even though stock selection was weak overall despite the 16.6% increase in the value of HDFC Bank shares. ‘Value’ stocks which are unlikely to be represented in the Sub-fund outperformed in India in Q3.

Across sectors, the Sub-fund’s overweight to financials and consumer staples were the largest positive contributors. Information technology and consumer discretionary were the key contributors from a stock selection perspective.

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 Emerging Market Index (TR) Net+2.5%*
*** Benchmark: MSCI Emerging Market Index (TR) Net*

LCIV Emerging Market Equity Fund

Positioning

Overall, the Sub-fund is geared to higher quality businesses operating in sectors which are not perceived to be highly cyclical. Underweights to consumer discretionary, energy, materials and industrial companies are persistent features of the investment manager's strategy.

Despite the relative underweight, China (including Hong Kong) remains the largest absolute position for the Sub-fund, accounting for almost 29% of the portfolio. This is naturally a key focus for the investment manager. Over the quarter, there have been two additions to the portfolio, both in Chinese equities, both funded through proceeds from a reduction in Mercado Libre following its strong performance.

One of the additions is Wuliangye Yibin, a manufacturer of spirits. This is a relatively small company with high brand value and strong profitability. The second addition is a dairy producer, Inner Mongolia Yili, which has seen lower than expected growth recently, most of which are ramifications from Covid-19 related issues. The investment manager believes that future growth potential is undervalued by the market.

Within sectors, financials are the largest overweight, mostly through holdings in India, where the investment manager sees strong growth potential. One key overweight is the combined allocation to HDFC Bank and HDFC, a large financial conglomerate. While the pending merger continues to be an overhang, the investment manager considers both companies to be strong cash compounders. HDFC Bank is a 5.7% position in the Sub-fund which is not currently included in the benchmark index.

Middle Eastern companies have performed relatively well in the past twelve months. However, due to a lack of high-quality non-energy related businesses, the investment manager has not added exposure to this region.

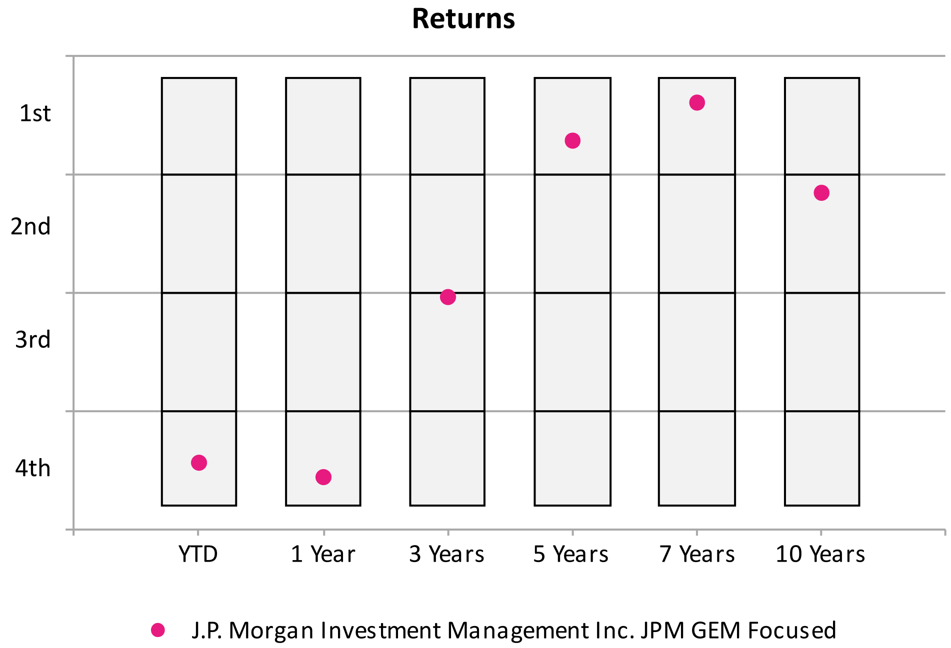
London CIV Summary

The incumbent investment manager has performed strongly since they assumed responsibility for the portfolio in October 2019. Overall, emerging market equities have lagged developed markets for some years now, and a strong U.S. Dollar, the loss of momentum in China, the war in Ukraine and a recessionary environment could result in this trend persisting over the short to medium term. Against, this backdrop, the investment manager remains focused on identifying a small number of high-quality companies with sustainable competitive advantages and superior potential to grow earnings and cash flows consistently.

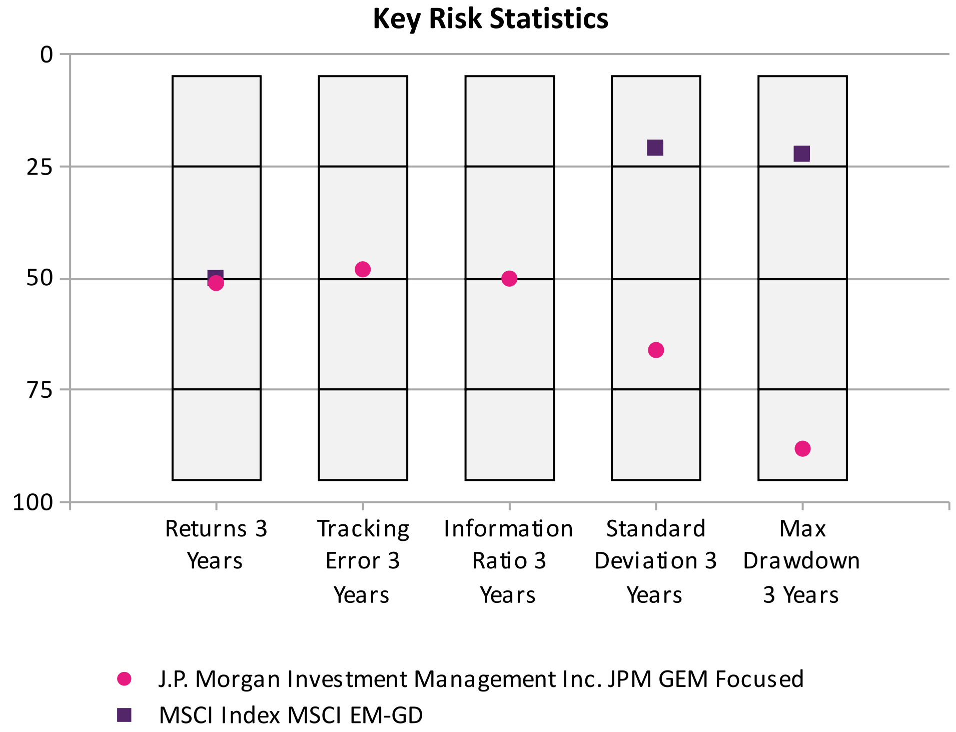
LCIV Emerging Market Equity Fund

Peer Analysis

The peer group is **Global Emerging Markets All Cap Core Equity**. The investment manager is a first or second quartile performer over medium to long-term periods (5 years to 10 years). However, performance in the most recent 12 month period (to the end of Q2 2022) is in the bottom quartile. Over three years, the investment manager has performed in line with peers with comparable levels of active risk (tracking error). Absolute risk, based on standard deviation and drawdowns is at the high end of the range for the peer group.



Source: eVestment as at 30 June 2022



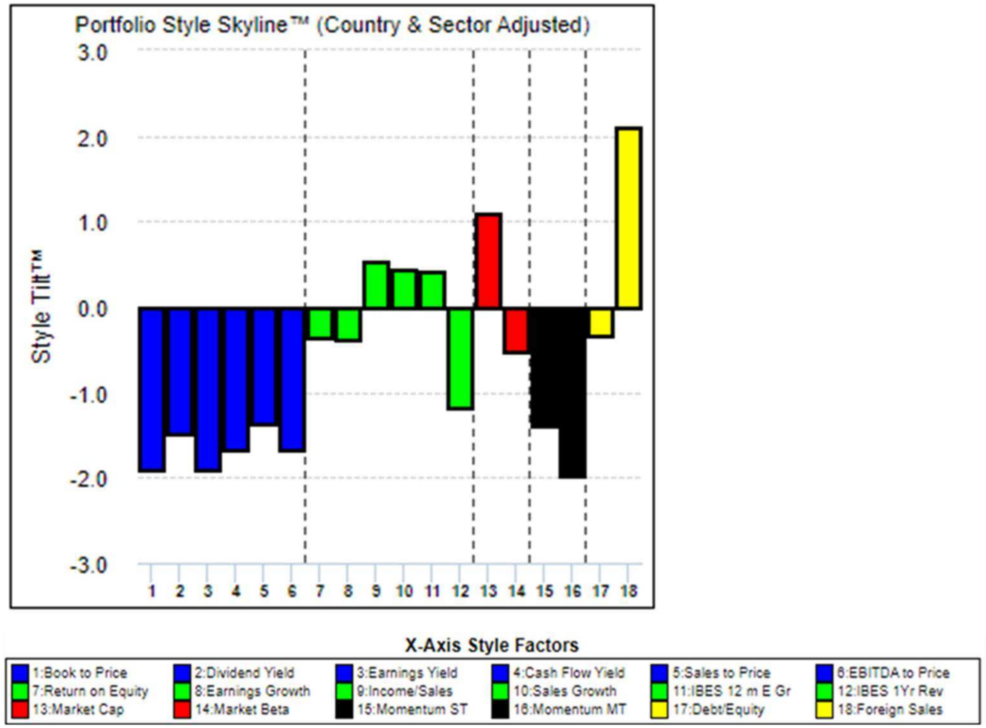
Source: eVestment as at 30 June 2022

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.

LCIV Emerging Market Equity Fund

Style Analysis

The Style analysis shows that the Sub-fund has maintained its exposure to relatively expensive stocks (negative value). Tilts towards growth factors have moderated. The bias towards companies with a larger market cap than the benchmark remains consistent as has the tilt towards stocks with negative momentum. The Sub-fund has high exposure to companies with foreign sales.



Source: eVestment as at 30th June 2022

LCIV Emerging Market Equity Fund: Portfolio Characteristics

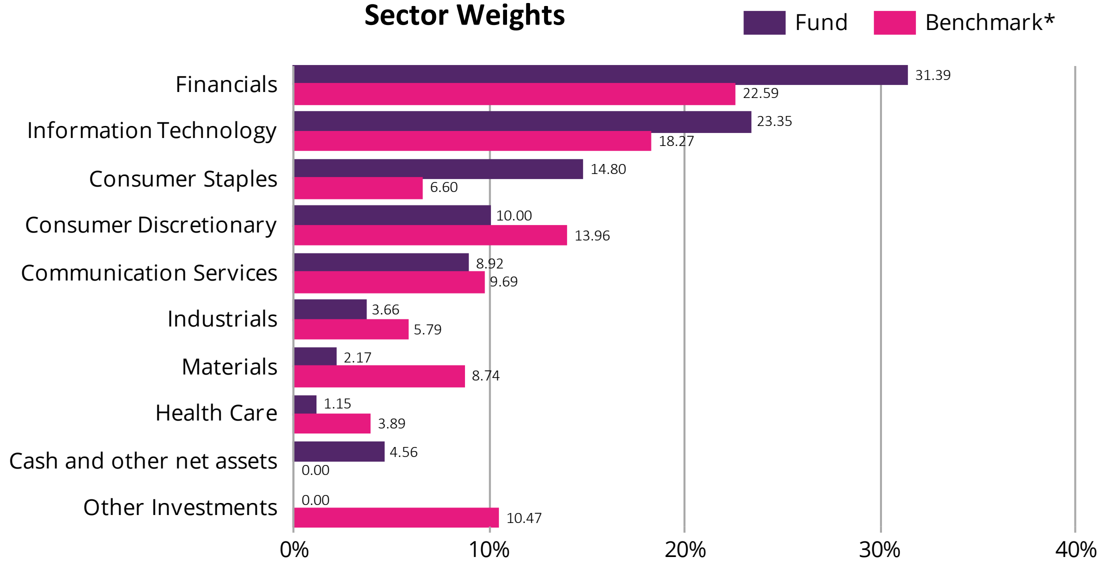
Key Statistics	
Number of Holdings	55
Number of Countries	14
Number of Sectors	8
Number of Industries	25
Yield %	1.79

Source: London CIV data as at 30 September 2022

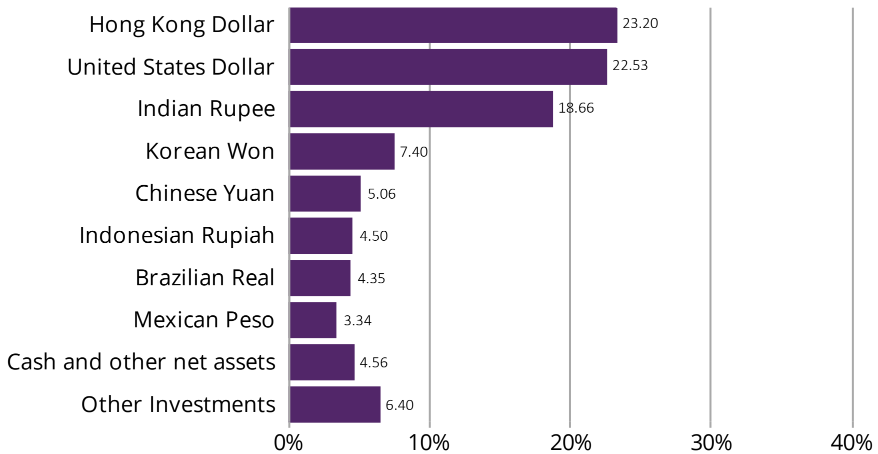
Risk Statistics	
Tracking Error (%)	4.83
Beta to Benchmark	0.95

Source: London CIV

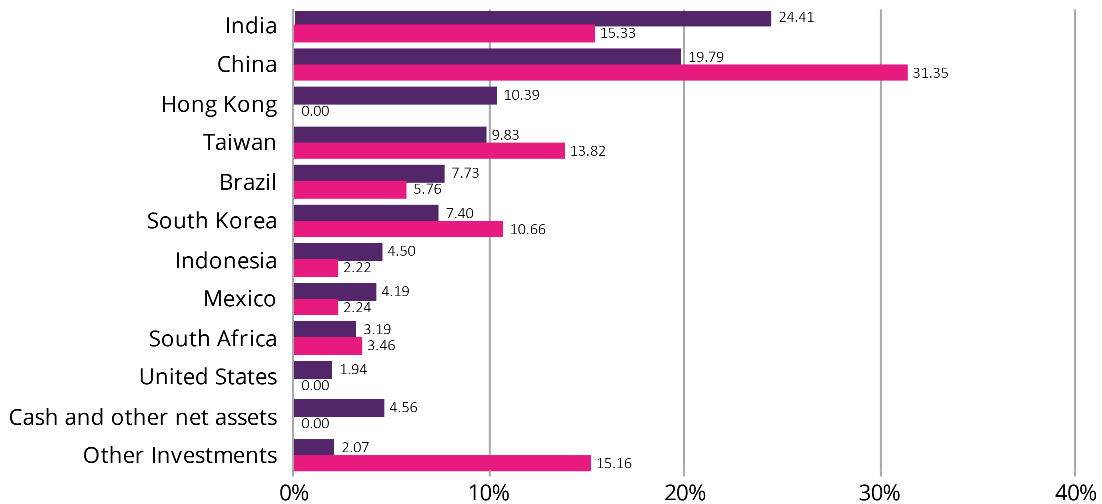
Sector Weights



Currency Weights



Country Weights



Source: London CIV data as at 30 September 2022

**MSCI Emerging Market Index (TR) Net+2.5%*

LCIV Emerging Market Equity Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
Taiwan Semiconductor Manufactor ADR	6.80
HDFC Bank ADR	5.75
Tencent Holdings	5.58
Housing Development Finance	5.17
Samsung Electronics	5.06
Infosys	4.09
AIA Group	4.08
Tata Consultancy Services	3.96
Mercadolibre	2.54
Bank Central Asia	2.12

Top Ten Contributors

Security Name	% Contribution
Mercadolibre	+1.03
HDFC Bank ADR	+0.82
Housing Development Finance	+0.58
Epam Systems Inc	+0.51
Bank Central Asia	+0.43
Asian Paints	+0.33
Kotak Mahindra Bank	+0.29
Itau Unibanco Holding	+0.29
Grupo Financiero Banorte	+0.29
Bank Rakyat Indonesia Persero	+0.28

Top Ten Detractors

Security Name	% Detraction
Tencent Holdings	(1.18)
AIA Group	(0.72)
Alibaba Group Holding	(0.51)
Hong Kong Exchanges & Clearing	(0.50)
Wuxi Biologics	(0.41)
Capitec Bank Holdings	(0.39)
Ping An Insurance Group Company of China	(0.37)
Samsung Electronics	(0.35)
JD.com	(0.33)
Taiwan Semiconductor Manufactor ADR	(0.33)

New Positions During Quarter

Security Name
Inner Mongolia Yili Industrial Group Co. Ltd.
Wuliangye Yibin Co. Ltd.

Completed Sales During Quarter

Security Name
not applicable, no completed sales during the quarter

Source: London CIV data as at 30 September 2022

LCIV Emerging Market Equity Fund: ESG Summary

Summary of ESG Activity for the Quarter

We asked all our investment managers for their new UNPRI scores this quarter. We are satisfied with JP Morgan's score on Policy and Active Listed Equity.

- Investment & Stewardship Policy – 5 stars
- Direct - Listed equity - Active quantitative – incorporation – 4 stars
- Direct - Listed equity - Active fundamental – incorporation – 4 stars
- Direct - Listed equity - Passive – incorporation – 3 stars
- Direct - Listed equity - Active quantitative – voting – 4 stars
- Direct - Listed equity - Active fundamental – voting – 4 stars
- Direct - Listed equity - Passive – voting – 4 stars
- Direct - Fixed income – SSA – 4 stars
- Direct - Fixed income – Corporate – 4 stars
- Direct - Fixed income – Securitised – 5 stars
- Direct – Fixed income – Private debt – 4 stars
- Direct – Private equity - 4 stars
- Direct – Real estate – 5 stars
- Direct – Infrastructure – 5 stars
- Indirect – Private equity 5 stars
- Indirect – Hedge funds – 3 stars

JP Morgan reports no major ESG changes from the last quarter.

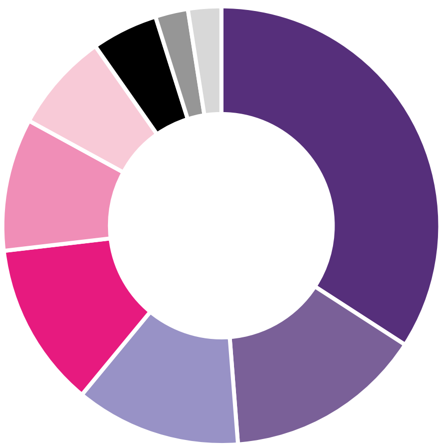
Regarding engagement, JP Morgan co-led the board diversity initiative of the 30% Club - Hong Kong Investor Group with four other signatories. The investment manager sent out letters to 23 Hong Kong-listed companies with single-gender boards to seek meetings with the nomination committee chair or other relevant nomination committee members to discuss the following: the current nomination process for board directors including independent non-executive directors, key board-related criteria the company is looking for when it refreshes the board, the measurable objectives the company has set for implementing gender diversity, and the company's approach to developing a pipeline of potential successors to the board.

LCIV Emerging Market Equity 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 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 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 2022 - 30 September 2022).

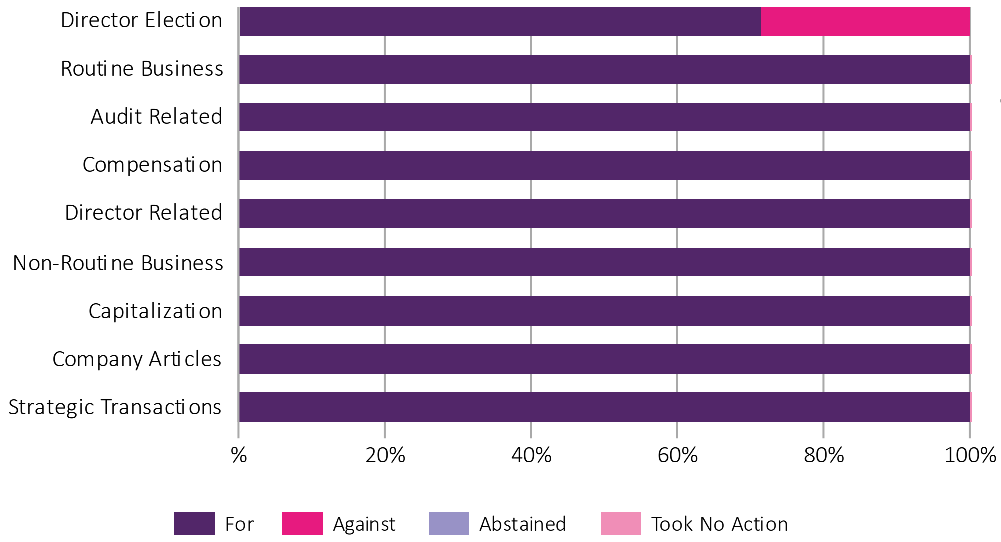
Proposals Breakdown



Proposals Breakdown	No.
Director Election	14
Routine Business	6
Audit Related	5
Compensation	5
Director Related	4
Non-Routine Business	3
Capitalization	2
Company Articles	1
Strategic Transactions	1

Source: London CIV data as at 30 September 2022

Voting Instruction Breakdown



Source: London CIV data as at 30 September 2022

Link to Underlying Manager's Voting Report for the Quarter

https://londonciv.org.uk/portal/email/download/12263

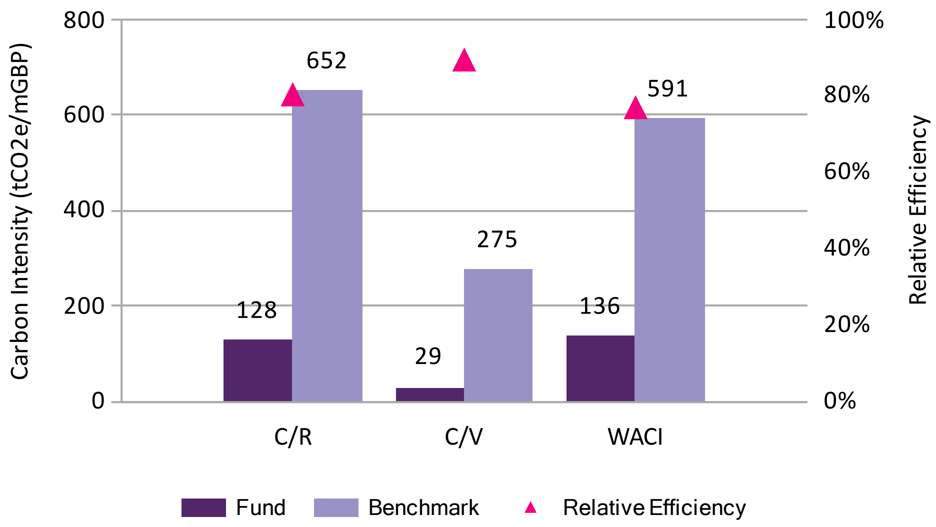
LCIV Emerging Market Equity Fund: ESG Summary

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

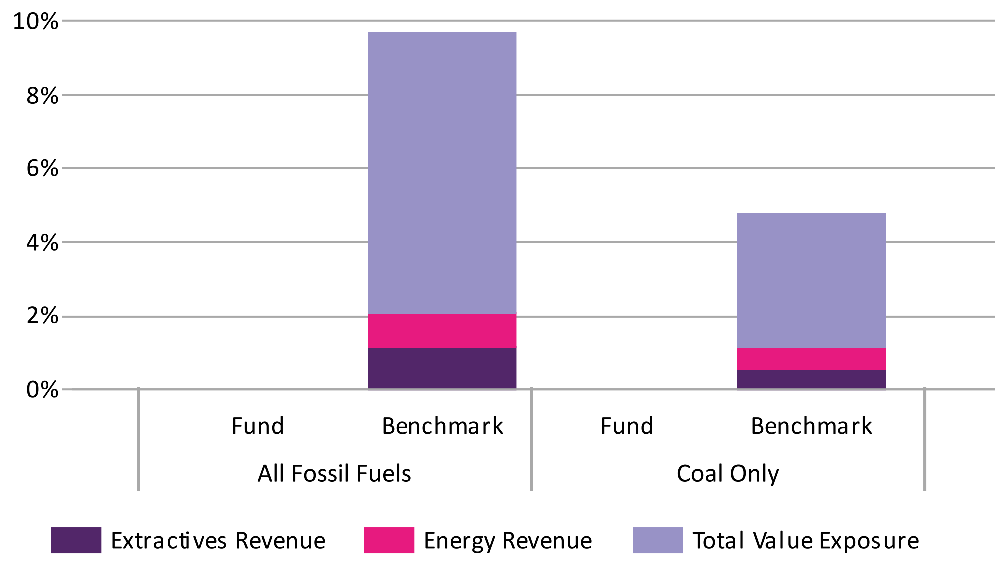
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 30 September 2022

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 2022

The benchmark used in the above is MSCI Emerging Markets

LCIV Emerging Market Equity 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+
Taiwan Semiconductor Manufacturing Company Limited	373.62	-13.30%	No
Inner Mongolia Yili Industrial Group Co., Ltd.	1,490.85	-5.24%	No
ITC Limited	676.65	-4.61%	No
Kweichow Moutai Co., Ltd.	387.89	-4.12%	No
LG Chem, Ltd.	676.58	-3.61%	No
Budweiser Brewing Company APAC Limited	364.25	-3.14%	No
Samsung Electronics Co., Ltd.	192.48	-2.33%	No
Yum China Holdings, Inc.	371.83	-2.33%	No
Ambev S.A.	350.50	-1.40%	No
Sands China Ltd.	398.03	-1.38%	No

LCIV MAC Fund

Quarterly Summary as at 30 September 2022

Total Fund Value:

£1,174.3m

Inception date:	31/05/2018
Price:	94.42p
Distribution frequency:	Annually
Next XD date:	03/01/2023
Pay date:	28/02/2023
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) one collective scheme, the CQS Credit Multi-Asset Fund a sub-fund of CQS Global Funds (Ireland) p.l.c, an alternative investment fund, authorised by the Central Bank of Ireland. The portfolio is expected to be realigned within three to six months following 28 February 2022.

Enfield Valuation:

£50.4m

Enfield investment date: 30/11/2018

This is equivalent to 4.29% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: 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	(2.41)	(10.77)	(0.98)	n/a	0.31	0.21
Investment Objective*	1.51	5.28	4.94	n/a	5.06	5.03
Relative to Investment Objective	(3.92)	(16.05)	(5.92)	n/a	(4.75)	(4.82)

** 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.

LCIV MAC Fund

Performance

The Sub-fund returned -2.4% over the last quarter, compared with +1.5% for its investment objective of SONIA (30 day compounded) + 4.5%, resulting in an underperformance of -3.9%. Since the Sub-fund's inception, it has delivered 0.3% annualized returns, an underperformance of 4.8% compared with its investment objective.

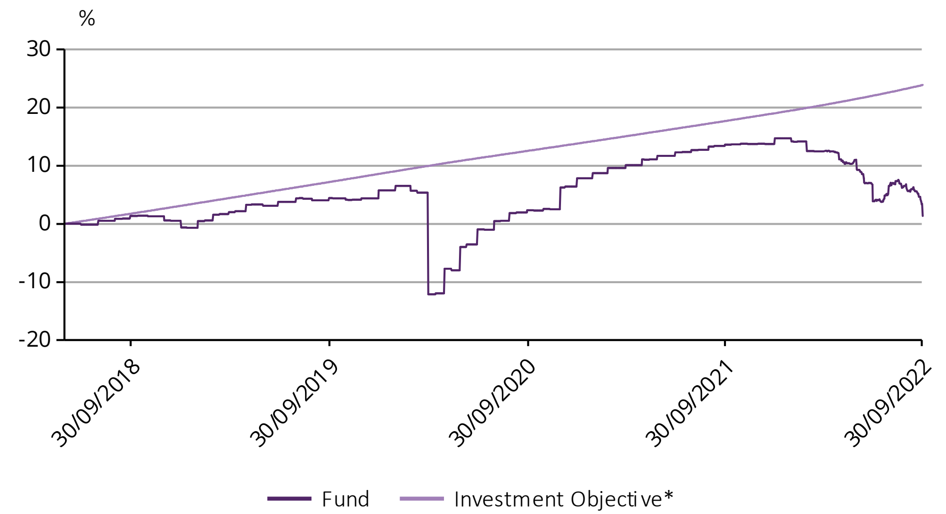
During the quarter, the Sub-fund's investment grade exposure detracted from performance due to its longer maturity. Spreads in investment grade credit widened slightly, but most of the underperformance resulted from increases in yields on benchmark bonds to account for the deterioration in the outlook for inflation.

Counterintuitively, spreads tightened in the high yield credit markets, although this masks a bifurcation in performance across ratings, as lower rated issues underperformed higher rated bonds, quite logical in a recessionary environment. Year to date, there is a large disparity across European and U.S. spreads as Europe continues to trade at wider levels.

Within Europe, subordinated financials faced further repricing to the downside due to a general migration towards U.S. assets, as well as investors seeking cash from these relatively liquid instruments issued by investment grade borrowers. Emerging markets debt also detracted mildly from performance as investors continue to be risk averse. The strengthening of the U.S. Dollar creates a challenging environment for this asset class, as does its long duration profile.

Floating rate instruments were a detractor despite the loan markets delivering positive returns and outperforming high yield bonds. European loans lagged U.S. loans, partly because of selling pressure in the Sterling market which forms a substantial component of the European allocation. The performance of U.S. loans was adversely impacted by the default of Carestream Health, a medical imaging company. The investment manager is currently assessing its potential recovery value.

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%)*

Asset backed securities were the only source of positive returns in Q3 despite the sell-off in European CLOs linked to pressure from U.K. LDI schemes seeking liquidity. Key to this performance was European regulatory capital which continued to provide stable income amid a volatile backdrop.

Overall, most of the losses incurred in the last quarter were caused by changes in interest rates and mark to market pricing and not defaults, except the one default discussed above.

LCIV MAC Fund

Positioning

Against the backdrop of fragile economic conditions, the Sub-fund has seen a shift in focus towards more default remote asset classes. One key change was the increase in cash as the investment manager built buffers to deploy capital in more select opportunities in an environment where repricing has created dislocation in credit markets. However, the increase in the cash buffer is also linked to concerns about the liquidity needs of U.K. clients who are exposed to further cash calls to cover margin requirements stemming from their LDI strategies.

The Sub-fund reduced its duration exposure (2.8 years at the end of Q3) as the investment managers remain focused primarily on careful management of credit risk.

The investment managers have been building more resilience into their portfolios. The allocation to investment grade credit has increased, mostly through high-quality, income generating structured credit. Overall, the portfolio is now 'BBB' from a ratings perspective, compared with 'BB+' three months ago. There has been a similar theme within sector allocations, with an increased focus on more cash generative and fundamentally sound sectors. A more risk averse approach should be beneficial, especially considering the risk of further headwinds from economic data, geopolitics or policy mistakes.

Nevertheless, the key risk for the Sub-fund is the deteriorating outlook for corporate defaults. The year-to-date drawdowns in currency hedged credit strategies have been severe, especially when compared to global equity strategies. However, we may be closer to the point that yields are misaligned to fundamentals. The investment managers are aligned to the rating agencies in expecting defaults to peak between 4-6%, but current yields are consistent with default rates near double digit levels. Most of this dislocation has been due to wider macroeconomic factors, including the war in Ukraine, energy crisis in Europe and more recently, the political turmoil in the U.K., rather than deterioration in corporate balance sheets.

London CIV Summary

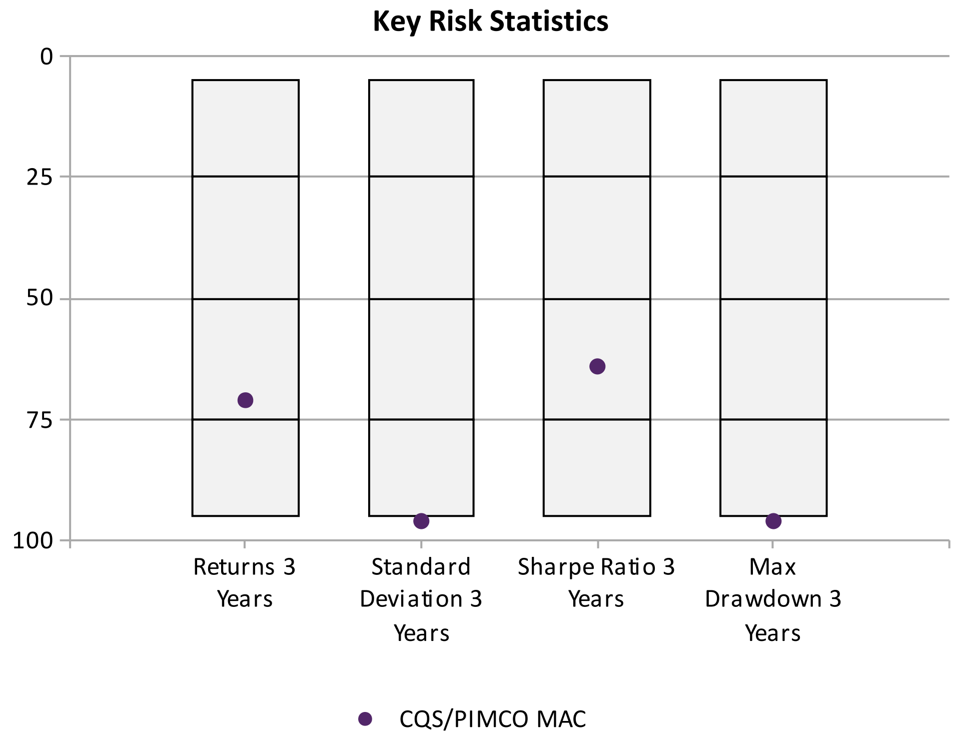
The Sub-fund underperformed its investment objective in the third quarter but most of the underperformance has been caused by mark to market volatility, and not crystalized losses on defaults. The Sub-fund is now more risk averse and is expected to deliver lower defaults compared to the broader market, allowing the investment managers to harvest the high cash yields on their portfolios. Further, they have cash in reserve to capitalise on opportunities to invest in solid borrowers at high rates of return. The Sub-fund offers a yield of 9.6%, which looks attractive after adjusting for expected default and recovery rates in a more challenging economic environment.

LCIV MAC Fund

Peer Analysis

The peer group is **Multi Asset Credit Fixed Income**. The performance of the Sub-fund over the year to date and 1 year period to the end June 2022 is above the median for the peer group but 3 year returns are in the 3rd quartile. Risk, based on the standard deviation of returns and maximum drawdown, are both high in comparison with the peer group. The Sharpe ratio ranks in the 3rd quartile.

Source: eVestment as at 30 June 2022

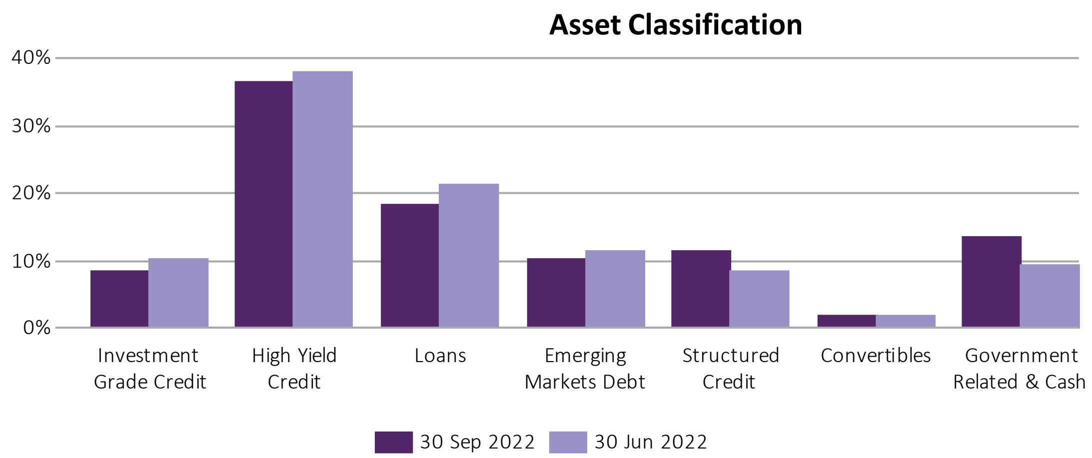


Source: eVestment as at 30 June 2022

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.

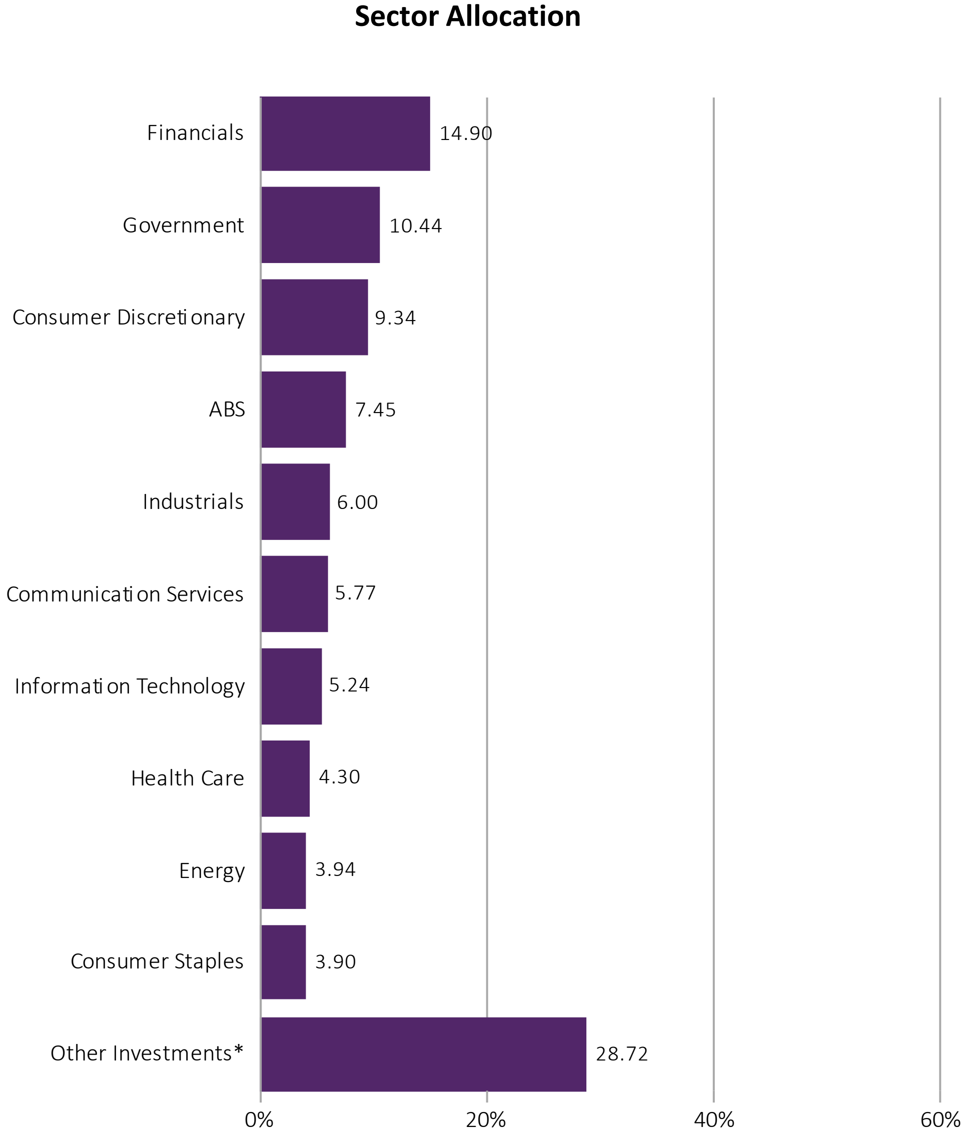
LCIV MAC Fund: Portfolio Characteristics

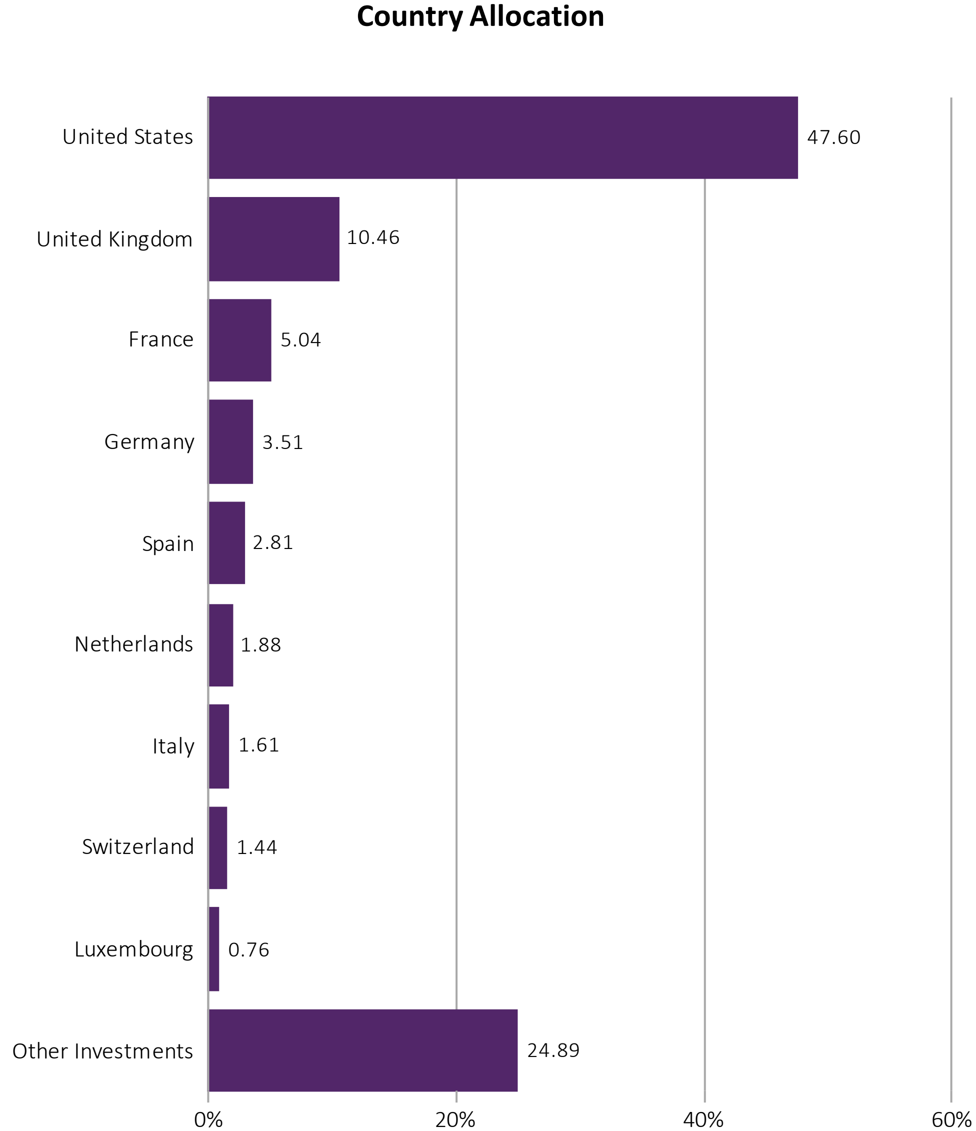
Key Statistics			
	PIMCO	CQS	LCIV MAC
Weighted Average Rating	A	BB-	BBB
Yield to Maturity (%)	7.93	11.4	9.7
Interest Rate Duration (yrs)	4.7	0.91	2.8
Spread Duration (yrs)	3.93	2.87	3.4



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

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

CQS provided their UNPRI score this quarter and we were satisfied to see their decent scores on the various modules.

- Investment & Stewardship Policy: 90%
- Direct - Fixed income – Corporate: 95%
- Direct - Fixed income – Securitised: 74%
- Direct - Hedge funds - Long/short credit: 81%
- Direct - Hedge funds - Structured credit: 77%

EG Group is one of CQS's ongoing targeted engagement companies. According to CQS, it has been lagging peers in the industry regarding ESG, with little public information to investors. The company had no ESG report or related targets, however it has made some recent progress and hired a Head of ESG in December 2021. CQS's meeting with the firm was to understand new ESG related initiatives and track the progress made. CQS reports that the EG Group published its ESG report in October, a month before expected. This was a positive engagement with EG Group making good strides to ramp up their ESG structure, disclosures, and targets.

CQS reduced their position in ZPG (Zoopla) after receiving no responses from the private equity sponsor on the back of their requests for an engagement. While CQS has sold £17m of their position, they have decided not to exit the position fully, as the company is still responsive to their enquiries. That said, CQS believes reducing their position was necessary due to their engagement standards for sponsors not being met.

PIMCO provided their UNPRI score this quarter and we were satisfied to see their high scores on the various modules.

- Investment & Stewardship: 94%
- Direct - Fixed Income - SSA (Sovereign, Supranational and Agency): 97%
- Direct - Fixed Income - Corporate: 97%
- Direct - Fixed Income - Securitized: 97%
- Direct - Fixed Income - Private Debt 89%

Leading Automobile Manufacturer (Anonymised at the request of issuer): PIMCO had a one-on-one credit and ESG meeting with the issuer's Treasury team to discuss supply chain disruption, energy transition and responsible sourcing. The company clarified their CAPEX allocation to electric vehicle (EV) research and development and impacts of semiconductor disruption on EV rollout. PIMCO also discussed fleet emission intensity as the key indicator for tracking energy transition progress and the growing exposure to environmental and social risks relating to sourcing minerals from conflict areas as they expand on EV production. PIMCO encouraged the company to streamline fleet emission intensity across regions into the same unit and ideally disclose a global average intensity for progress tracking. PIMCO also highlighted the importance of greater transparency in their supply chain audit, particularly oversight of the indirect supply chain. PIMCO shared peer examples of disclosure on compliance by topics, direct vs. indirect suppliers and by commodities and working towards traceability. The company is currently developing its sustainability strategy for release this/next year, and PIMCO states that there is future opportunity to have a deep dive meeting with its sustainability team.

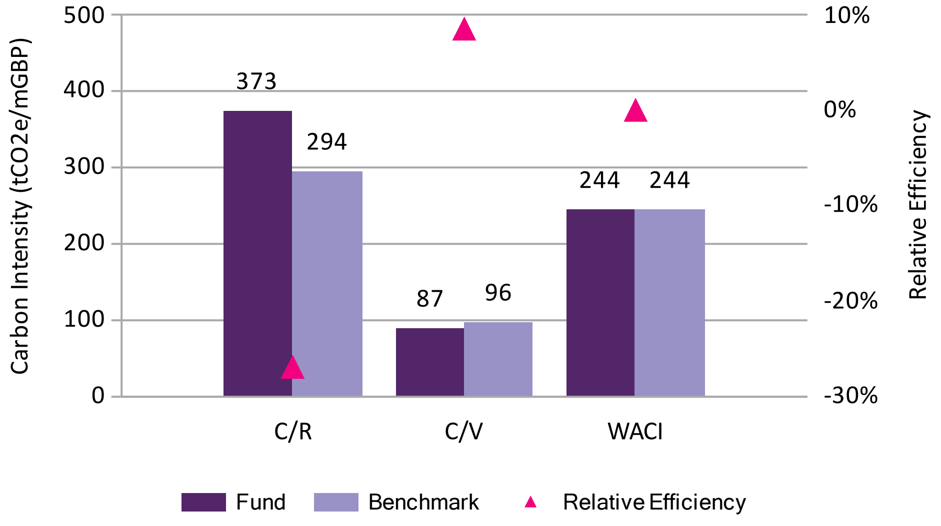
LCIV MAC Fund: ESG Summary

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

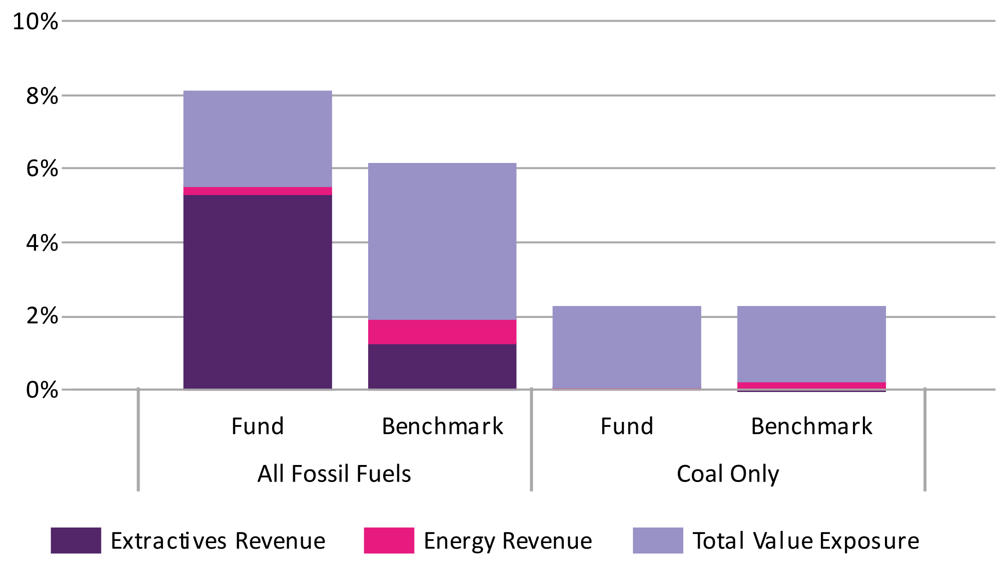
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 30 September 2022

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 2022

The benchmark used in the above is Bloomberg Global Aggregate Corporate Total Return Index

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+
Cheniere Energy Partners, L.P.	1,503.31	-10.08%	No
FirstEnergy Corp.	2,113.26	-8.43%	Yes
Continental Resources, Inc.	1,348.69	-6.75%	No
Verallia Societe Anonyme	1,450.94	-5.64%	No
Occidental Petroleum Corporation	1,830.19	-5.33%	Yes
Tullow Oil plc	2,038.78	-4.43%	No
Danaos Corporation	1,630.61	-3.96%	No
CPI Property Group S.A.	780.24	-2.94%	No
Pilgrim's Pride Corporation	681.90	-1.93%	No
Electricite de France	614.00	-1.79%	Yes

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+
EQT Corporation	99.69%	1.826%	No
Continental Resources, Inc.	100.00%	1.471%	No
Occidental Petroleum Corporation	79.89%	0.650%	Yes
Tullow Oil plc	100.00%	0.599%	No
APA Corporation	81.38%	0.298%	No
Harbour Energy Plc	100.00%	0.273%	No
Pioneer Natural Resources Company	100.00%	0.215%	No
Electricite de France	6.51%	0.076%	Yes
FirstEnergy Corp.	5.91%	0.064%	Yes
Veolia Environnement S.A.	14.36%	0.027%	No

Passive Investment Summary

The table below outlines the valuation of investments held per passive manager at the beginning and end of the quarter. For details on the performance of these funds please contact the passive managers directly.

	30 June 2022	30 September 2022
Blackrock	**£**	**£**
ACS WORLD LOW CARBON EQ TKR FD X2	228,037,984	236,850,373
AQ LIFE UP TO 5YR UK GILT IDX S1	54,808,398	49,194,759
AQUILA LIFE ALL STK UK ILG IDX S1	30,617,998	28,039,232
Total	**313,464,380**	**314,084,364**

Source: Passive Investment Manager Blackrock

Glossary of Terms

- **Annualised Alpha** The incremental return of an investment manager when the market is stationary. In other words, it is the extra return due to the non-market factors. The risk-adjusted factor takes into account both the performance of the market as a whole and the volatility of the investment manager. A positive alpha indicates that an investment manager has produced returns above the expected level at that risk level and vice versa for a negative alpha.
- **Bear Duration** An investment portfolio's effective duration after a 50 bp rise in rates. The extent to which a portfolio's bear market duration exceeds its duration is a gauge of extension risk.
- **Beta** The beta is the sensitivity of the investment portfolio to the stated benchmark.
- **Bull Duration** An investment portfolio's effective duration after a 50 bp decline in rates. The extent to which a portfolio's duration exceeds its bull market duration is a gauge of contraction risk.
- **Capacity** Please refer to the prospectus, Sub-funds may be limited by subscriptions into the Sub-fund or by the 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.
- **Carbon Intensity:** Carbon emissions should be 'normalized' by a financial indicator (either annual revenues 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).

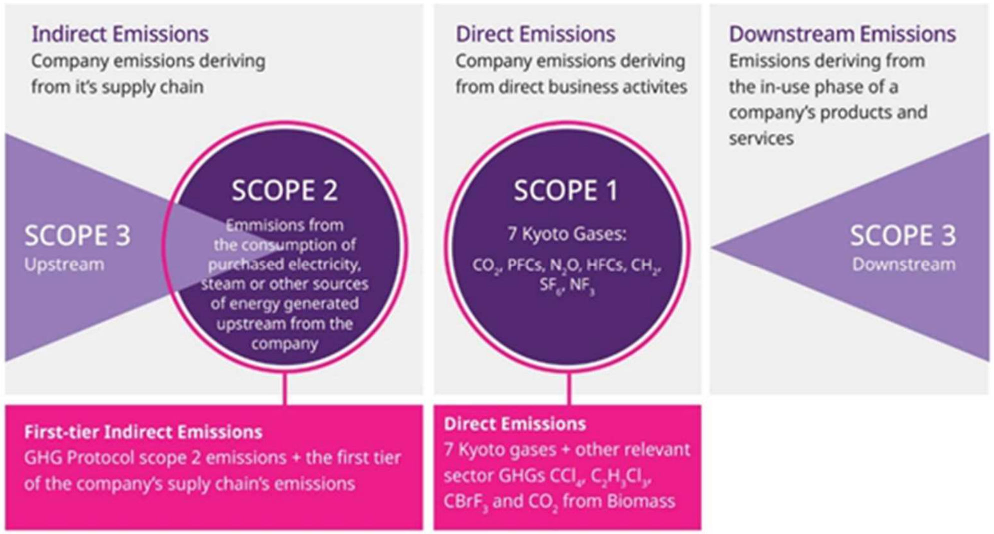
  C/R gives an indication of carbon efficiency with respect to output (as revenues are closely linked to productivity). C/V gives an indication of efficiency with respect to shareholder value creation. The WACI approach circumvents the need for apportioning ownership of carbon or revenues to individual 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+** is 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.
- **Comparator Benchmarks** are indices which represent a style-appropriate reference index to compare the underlying funds. These have been selected following back-testing and holdings-based analysis to ensure that they are relevant to the Sub-fund.
- **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 as completed sales. 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 Characteristics** The number of holdings in different countries is counted based on the classification to countries of risk of all individual

Glossary of Terms

portfolio holdings within the Northern Trust fund accounting system. Note: the percentage of the portfolio calculations excludes the impact of any cash held within the Sub-fund. For the equity funds holdings have been reflected as the country in which that company is headquartered.

- **Duration** An investment portfolio's price sensitivity 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 will rise /(fall) in price by 1 bp.
- **Emissions Scopes:**



  - Direct (Scope 1) = CO2e emissions based on the Kyoto Protocol greenhouse gases generated by direct company operations.
  - Direct (Other) = Additional direct emissions, including those from CCl4, C2H3Cl3, CBrF3, and CO2 from Biomass.
  - Purchased Electricity (Scope 2) = CO2e emissions generated by purchased electricity, heat or steam.
  - Non-Electricity First Tier Supply Chain (Scope 3) = CO2e emissions generated by companies providing goods and services in the first tier of the supply chain.
  - Other Supply Chain (Scope 3) = CO2e emissions generated by companies providing goods and services in the second to final tier of the supply chain.
  - Downstream (Scope 3) = CO2e emissions generated by the distribution, processing and use of the goods and services provided by a company
- **ESG** This stands for Environmental, Social and Governance and 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.
- **Interest Rate Duration** It is the price sensitivity of the investment portfolio to changes in interest rates.
- **Net Market Move** Change in valuation of the holding due to movement in the market rather than cash flows into or out of 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 have been reflected as new positions. 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-

Glossary of Terms

existing holdings have been topped up. Note if a position was bought and has since been sold this will not appear.

- **MRQ** Most Recent Quarter
- **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
- **Peer Analysis** The peer analysis graphs are taken from eVestment and are dated the most recent available quarter end. When asset managers add their funds on eVestment, eVestment assigns them to a universe based off the information the asset manager provides. The peer analysis graphs use the eVestment primary universe, which comprises funds with the most homogenous attributes in terms of investment objectives, investment characteristics, and risk profiles. This allows for relevant “apples-to-apples" comparisons among investment strategies. London CIV does not choose the asset managers, or the funds used in this peer group analysis. The fund analysed by eVestment is not the LCIV Sub-fund but the mirror fund ran under the same strategy by the investment manager.
- **Performance Attribution** For delegated portfolios the top ten contributors and detractors to performance are shown. This is to show how the structure of the investment portfolio contributed to the total performance.
- **Performance Calculation Basis** Sub-fund performance is calculated net of all fees and expenses. 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.
- **Sectors and Industry Characteristics** The number of holdings in different sectors and industries is counted based on the classification to Global Industry Classification Standards (“GICS”) categories of all individual portfolio holdings within the Northern Trust fund accounting system.
- **Set up of the Sub–funds** The 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 the global equity and global bond Sub-funds.
    - 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 multi-asset Sub-funds.
- **Since Inception Performance** For Sub-funds / Client Funds that have been live for a period exceeding 12 months, figures are annualised taking into account the period the fund has been open.
- **Spread Duration** This represents the price sensitivity of the investment portfolio to changes in spreads between different credit quality bonds.

Glossary of Terms

Spread duration constitutes an investment portfolio's sensitivity to changes in Option-Adjusted Spread ("OAS"), which affects the value of bonds that trade at a yield spread to treasuries. Corporate, mortgage, and emerging markets spread duration represents the contribution of each sector to the overall portfolio spread duration. For every 1 year of spread duration, portfolio value should rise (fall) by 1 basis point with every 1 basis point of OAS tightening (widening). Negative spread duration indicates the portfolio will benefit from widening spreads relative to treasuries.

- **Standard Deviation** A common risk metric. It measures the average deviations of a return series from its mean. A high standard deviation implies that the data is highly dispersed and there have been large swings or volatility in the manager's return series. A low standard deviation tells us the fund return stream is stable and less volatile.
- **Target Benchmark** is not the Sub-fund objective but has been selected on the basis of the risk taken within the underlying fund. This has been defined using historical analysis and in conjunction with the underlying market participants to triangulate the most appropriate target level.
- **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.
- **Tracking error** A measure of the risk in an investment portfolio that is due to active management decisions made by the investment manager; it indicates how closely a portfolio follows the benchmark. This is shown in percentage terms.
- **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. Asset managers who sign up are given a tier rating of one or two. 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
- List of **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
    - 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
- List of Pooled ACS Sub-funds **current Underlying Investment Managers**:
    - 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
- List of ACS Sub-funds multi strategy **current Underlying Investment Managers**:
    - CQS (UK) LLP and PIMCO Europe Limited for LCIV MAC Fund
- **Volatility Risk** A measure of the total risk in an investment portfolio. This is shown in percentage terms.

Glossary of Terms

- **Weighted Average Rating** This is the weighted average credit rating of all the bonds in the fund which gives an idea of the credit quality and riskiness of the portfolio.
- **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.
- **Yield to Expected Maturity** It is the total return expected on the bond if it is held until it matures.
- **Yield to Maturity** The rate of annual income return on an investment expressed as a percentage. Current yield is obtained by dividing the coupon rate of interest by the market price. Estimated yield to maturity is obtained by applying discounts and premiums from par to the income return. Bond yields move inversely to market prices. As market prices rise, yields on existing securities fall, and vice versa.
- **Yield %** as displayed in the Key Statistics table of the London CIV Equity Sub-funds is the dividend yield as calculated by Northern Trust. It represents an estimate of the dividend-only return on your investment.
- **% Long Bond Equivalent Exposure with Public Rating** This represents the percentage market value of all debt instruments that the fund has bought and have a rating issued by a credit agency.
- **% of Investment with Public Rating** This represents the percentage market value of all debt instruments that the fund is long or short and have a rating issued by a credit agency.

Disclaimer

London CIV
22 Lavington Street
London
SE1 0NZ

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ENFIELD Council

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 23 November 2022

Subject:	Fossil Fuel Exposure Report as of 30th September 2022
Cabinet Member:	Cllr Leaver
Executive Director:	Fay Hammond

Purpose of Report

1. This report informs Members, the Pension Fund exposure to fossil fuel as of 30 September 2022 comparing this outcome to the 31 March 2021 fossil fuel exposure analysis carried out by the Fund Investment Consultant (Aon).

2. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

Proposal(s)

3. Pension Policy and Investment Committee are recommended to note the contents of this report and the attached Appendix 1.

Reason for Proposal(s)

4. The report informs the Pension Policy and Investment Committee of the overall fossil fuel exposure of the Enfield Pension Fund as at 30th September 2022.

5. **Relevance to the Council's Corporate Plan**

6. Good homes in well-connected neighbourhoods.

7. Build our Economy to create a thriving place.

8. Sustain Strong and healthy Communities.

Background

9. Aon was commissioned to analyse the exposure to fossil fuels (in % and £ terms) at mandate and aggregate level. It is understandable that there might be some mandates, who would have zero exposure as a function of their investment process and philosophy, whilst other mandates may have greater-than-benchmark exposure.

10. To do this work, Aon liaise with the Fund's managers to provide them with the relevant data (intention being to have a comparable and consistent basis). The information was then reviewed for comparability and any gaps, providing this to the Committee with a reasonable summary in aggregate.

11. The Fund's exposure to fossil fuels – as measured by investment in physical or synthetic debt or equity of a firm which produces, extracts, or explores for oil, gas, or coal as a material part of its business model is c.1.4% of Fund value, or c.£19.7m as at 30 September 2022.

12. Comparing this period value to the Divest Enfield press release figure as at 31 December 2020 of 2.6%, or £30.0m is lower and also lower than the exposure reported by Aon as of 30 June 2022 which was 1.8%, or £26.4m in sterling terms. This period exposure is £6.6m more in sterling terms than the exposure reported as at 31 March 2021 which was 0.9%, or £13.1m in sterling terms.

13. The fossil fuel exposure of equity managers fell over the quarter from 1.9% as at 30 June 2022 to 1.0% at 30 September 2022 or c.£11.1m to c.£6.4m in sterling terms. This was mainly due to the transition to the LCIV Baillie Gifford Paris aligned fund which has eliminated all fossil fuel exposure from this fund amounting to a c.£5.2m reduction in exposure. The exposure of the Blackrock Global Passive fund remained stable over the quarter.

14. The increase last quarter was driven by a 1.2% average increase in fossil fuel exposure from the bond holdings over the quarter, amounting to an increase of c.£3.6m in sterling terms, although this is mainly due to the lack of availability of a granular sector breakdown of the PIMCO fund which was added to the LCIV MAC Fund over the quarter.

15. However, a granular breakdown of PIMCO holdings was made available this reporting quarter and this has significantly reduced the exposure of the LCIV MAC fund, by c.£3.7m, and the transition to the LCIV Global Alpha Growth Paris Aligned Fund reduced exposure by £5.2m, as the fund had no fossil fuel exposure at quarter-end.

16. Aon will further discuss the process and findings on this work with the Committee at this meeting.

Workforce Implications

17. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

18. None

Other Implications

19. None

Options Considered

20. There are no alternative options.

Conclusion

21. The Fund's exposure to fossil fuels – as measured by investment in physical or synthetic debt or equity of a firm which produces, extracts, or explores for oil, gas, or coal as a material part of its business model – was c. 1.4% of Fund value, or c.£19.7m as at 30 September 2022.

22. This period value is lower than the exposure as at 30 June 2022 of 1.8%, or c.£26.4m in sterling terms. But higher than the exposure as at 31 March 2021 which was 0.9%, or £13.1m in sterling terms.

23. As expected, a number of the Fund's managers have zero exposure.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 14th November 2022

Appendices
Appendix 1 – Enfield Pension Fund Exposure to fossil fuels as of 30 September 2022

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Review of fossil fuel exposure

Quantifying the Fund's holdings as at 30 September 2022

Summary

- Each of the Fund's managers were asked to provide a full breakdown of the Fund's exposure to oil, gas and coal, noting that we were looking to establish the extent to which the Fund is invested in debt or equity of a firm which produces, extracts or explores for oil, gas or coal as a material part of its business model; or, where the fund has any synthetic exposure to the same.
- Notably, each of the Fund's managers showed awareness of the importance of these issues to the Fund, and to UK pension funds in general. Each manager was open and transparent in their data provision.
- The Fund's exposure to fossil fuels – as measured by investment in physical or synthetic debt or equity of a firm which produces, extracts, or explores for oil, gas, or coal as a material part of its business model – is **c.1.4% of Fund value**, or **c.£19.7m** as at 30 September 2022.
  - This compares to the Divest Enfield press release figure as at 31 December 2020 of 2.6%, or £30.0m
  - A number of the Fund's managers have zero exposure.
  - A breakdown of the exposure between asset classes is shown in the table on the following page.
  - Note a granular breakdown of PIMCO holdings being made available this quarter significantly reduced the exposure of the LCIV MAC fund, by c.£3.7m, and the transition to the LCIV Global Alpha Growth Paris Aligned Fund reduced exposure by £5.2m, as the fund had no fossil fuel exposure at quarter-end.
- The Pension Policy & Investment Committee will continue to monitor the Fund's fossil fuel exposure on a regular basis. Furthermore, as part of the implementation of the revised investment strategy which the Committee have recently agreed to, the Committee will have the ability to identify opportunities and integrate Environmental, Social and Governance views within a range of areas.

Prepared for: London Borough of Enfield Pension Fund ("the Fund")
Prepared by: Aon
Date: 30 September 2022

Fund fossil fuel data

Fossil fuel exposure

The table below summarises the exposure of the Fund to oil, gas and coal in various asset classes.

Q3 2022	Market Value (£m)	Percentage (%)	Fossil fuel exposure (%)	Fossil fuel exposure (£m)
Equities	**608.5**	**42.1**	**1.0**	**6.4**
Private Equity*	**122.4**	**8.5**	**3.0**	**3.7**
Hedge Funds**	**76.9**	**5.3**	**9.8**	**7.5**
UK Property	**93.3**	**6.5**	**-**	**-**
PFI & Infrastructure	**71.2**	**4.9**	**-**	**-**
Bonds	**277.7**	**19.2**	**0.8**	**2.1**
Inflation protecting illiquids	**113.3**	**7.8**	**-**	**-**
Cash	**80.5**	**5.6**	**-**	**-**
Total Assets	**1443.8**	**100.0**	**1.4%**	**19.7**

*Data as at 30 June 2022, as 30 Se[te,ner 2022 data not available at time of writing.
**where the funds have long and short positions, figures only consider long positions.

Were there any limitations?

PIMCO provided a more granular breakdown of their holdings within the LCIV MAC fund this quarter allowing us to improve the accuracy of the fossil fuel exposure of the fund from simply holdings classified within the 'Energy' sector. This has led to a substantial reduction in reported exposure of the LCIV MAC fund from 9.7% as at 30 June 2022 to 2.7% as at September 2022.

Within the Fund's Bond holdings, there was some omission of data reported due to difficulty in categorisation of certain underlying securities, however this had a negligible impact on the asset class's fossil fuel exposure.

The Fund's private equity manager was unable to provide data as at 30 September 2022 as this information was not available at time of writing. We have therefore used lagged information as at 30 June 2022 for this mandate.

Finally there may be companies that some managers have included in their 'fossil fuel' subset that are not directly affiliated with oil, gas or coal production, extraction or exploration as a material part of its business model. We have avoided manipulation of the data provided by the underlying manager data to minimise risk involved in production of the report.

Daniel Carpenter
Associate Partner
0207 086 9043
daniel.carpenter@aon.com

Kara Robinson
Senior Investment Consultant
0131 456 3046
kara.robinson@aon.com

Max Meikle
Investment Consultant
0207 086 1042
Max.meikle.2@aon.com

Jennifer O'Neill
Associate Partner – Responsible Investment
0131 456 3034
jennifer.oneill.2@aon.com
.com

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MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 15TH SEPTEMBER, 2022

MEMBERS: Pauline Kettless (Chair), Councillor Chris Joannides, Paul Bishop (Unison), Tracy Adnan (Unison),

Officers: Bola Tobun Finance Manager (Pensions and Treasury), Julie Barker (Head of Exchequer Services), Tracey Rogers (Principle Exchequer Officer Pensions), Robyn Mclintock (Governance Officer)

Also attending: Keith Bray (LAPFF), Tessa Younger (PIRC),

Apologies: Fay Hammond, Alison Cannur, Cllr Ali, Cllr and Tim O'Connor

1. WELCOME & INTRODUCTION

The Committee Administrator welcomed everybody to the meeting and read a condolence for Her Majesty The Queen.

A one minutes silence was held.

Apologies were received from Fay Hammond, Alison Canur, Councillor Ali and Tim O'Connor.

2. DECLARATION OF INTERESTS

Pauline Kettless declared a non-pecuniary interest as she is in receipt of a LGPS Pension from Enfield.

3. APPOINTMENT OF CHAIR

Pauline Kettless was appointed the Chair of the Local Pension Board.

4. APPOINTMENT OF VICE CHAIR

Cllr Chris Joannides was appointed as Vice Chair of the Local Pension Board.

5. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 09 March 2022 were agreed.

6. LAPFF PRESENTATION

Keith Bray and Tessa Younger presented this item highlighting the following points.

1. The areas of concern include environmental issues, tax transparency, mining companies relationships with local communities, supply chain labour standards, boardroom structures, Directors remuneration, accounting standards and the appointment and role of auditors.
2. Climate action is a clear priority for 22/23.
3. LAPFF encourages the development of zero carbon-aligned business models by engaging with high carbon emitters, those who can drive clean energy transition and those integral to systematic change.
4. LAPFF will continue to remain fund based and continue to engage with companies and issue occasional voting alerts.

The Chair thanked for the presentation noting it demonstrated a huge change from where we was a few years ago.

7. ENFIELD PENSION BOARD GENERAL REMIT, TERMS OF REFERENCE AND WORK PROGRAMME FOR 2022/23

NOTED the terms of reference.

ACTION: Quorate number to be updated to 3 people overall.

Members of the board requested the TOR to have at least 4 meetings per year instead of 2 as this would be good practice.

Members raised concerns that due to the cost-of-living crisis members of the pension scheme may opt out. Officers confirmed that there has been so significant change so far. If people opt to leave they are offered the 50/50 option.

AGREED the work programme.

8. ENFIELD PENSION FUND BUSINESS PLAN AND BUDGET FOR 2022/23

Bola Tobun (Finance Manager, Pension & Treasury) presented this item highlighting the Pension, Policy and Investment Committee has approved the Enfield Pension Fund Business Plan and Budget attached.

The Chair requested for the Board to be kept up to date and for this item to be kept under review due to the current market conditions.

Julie Barker (Head of Exchequer Services) suggested reviewing the Business Plan in December. This was welcomed by the Board given current uncertainties.

ACTION: Bola to provide quarterly update.

The business plan and budget for 2022/23 were noted.

9. PENSION TEAM UPDATE REPORT

Julie Barker (Head of Exchequer Services) presented this item highlighting the following points.

We are required to make clear where people can access the financial guidance from the right bodies, without providing the advice ourselves.

Members raised question on the Pension Boards Team working arrangements and Officers confirmed they are almost fully staffed and they are looking at a restructure. The focus will be on technical skills and support for the admin team to assist on the work of the dashboard and member self-service.

NOTED the report.

10. PENSION ADMINISTRATION RISK REGISTER

RECEIVED the Pension Administration Risk Register.

11. EMPLOYER CONTRIBUTIONS REPORT

NOTED the report.

Bola Tobun presented this item for members to note the employers who are contributing in timely manor.

There have been 4 late payments but are of no concern.

12. LCIV QUARTERLY UPDATE

Bola Tobun presented this item.

The LCIV currently has 25% of Enfield £1.5 Billion Pension Fund in investments.

The Pensions, Policy and Investment Committee are looking into what we can put into their investment pool going forward.

They have a new CEO starting in November 2022.

NOTED the report.

13. DRAFT ENFIELD PENSION FUND ANNUAL REPORT AND ACCOUNTS 2020/21

Bola Tobun presented this item highlighting her suggestion to bring on an Independent Chair.

The Employee members of the Board raised concerns over the idea of introducing and Independent Chair to the Board and any costs associated with this.

The members would like to see the employer side present at more of the meetings.

ACTION: Bola to report on why Independent Chair had been suggested.

NOTED the report

14. PENSION POLICY & INVESTMENT COMMITTEE MINUTES 27TH JULY 2022

Bola Tobun presented this item highlighting the following points.

The new Chair of the Committee is Cllr Doug Tayor and the new Vice-Chair is Cllr Tim Leaver.

At their last meeting it was approved to carry on with the Paris Aligned Fund and another investment in the LCIV with global bonds.

The Chair of the Local Pension Board and members are able to attend the Pension, Policy & Investment Committee should they wish to attend. The calendar invites will be sent to the Chair.

15. EFFECT OF DETERIORATING UK INFLATION & GROWTH ON THE PENSION FUND

Bola Tobun presented this item highlighting the following point.

The UK is not showing the same growth as the US.

The report shows the dollar is strong and pound sterling is showing weak.

Unemployment figures have dropped sharply, but it is starting to rise.

Our fund is very stable as we only have 40% overall equity. After the actuary evaluation we will re look at our investment strategy to see whether the asset locations are in the right place to secure the growth for the fund.

ACTION: Bola to send updates from presentation slides.

16. PENSION BOARD AND PPIC COMPOSITION UPDATE

Bola Tobun presented this item.

A governance report was provided to the Pension Policy and Investment Committee last year to include a scheme member and employer rep as part of the Committee which has been approved by them.

Bola to keep the board updated.

17. DATES OF FUTURE MEETINGS

The Board requested to change the dates of the next meetings to 15 December and 15 March.

ACTION: Check new dates and amend calendar invite.

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ENFIELD Council

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 23 November 2022

Subject:	**DLUHC's Consultation "Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks"**
Cabinet Member:	**Cllr Leaver**
Executive Director:	**Fay Hammond**

Purpose of Report

1. This report provides an update on DLUHC's Consultation "Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks". One of the functions of the Committee is to meet the Councils duties in respect of the efficient management of the pension fund.

2. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

Proposal(s)

3. Pension Policy and Investment Committee are recommended:

   i) to note the contents of this report.

   ii) to note the response from London CIV attached as Appendix 1, and LAPFF as Appendix 2; and

   iii) to note, consider and comment on Enfield Pension Fund response attached as Appendix 3.

Reason for Proposal(s)

4. For effective and efficient management of the Fund.

5. There is a requirement for the Committee to be kept up to date with current issues and legislative developments to support and effect the effective discharging of their role.

6. **Relevance to the Council's Corporate Plan**

7. Good homes in well-connected neighbourhoods.

8. Build our Economy to create a thriving place.

9. Sustain Strong and healthy Communities.

Background

Task Force on Climate-Related Financial Disclosures (TCFD)

10. The long-awaited consultation on climate risk disclosures in the Local Government Pension Scheme (LGPS) finally dropped on 1 September. Department for Levelling Up Housing and Communities (DLUHC) is consulting on proposals for new requirements on LGPS administering authorities. The consultation is for 12 weeks to 24 November 2022.

11. This consultation seeks views on proposals to require LGPS administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

12. Under the proposals, from 2024 all funds in England and Wales will need to prepare an annual Climate Risk report following Task Force on Climate-Related Financial Disclosures (TCFD) principles.

13. The new requirements on which they are consulting are discussed throughout this document. https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

14. For ease, the key proposals are summarised below.

Summary of proposals

15. Each LGPS Administering Authorities (AA) must complete the actions listed below and summarise their work in an annual Climate Risk Report.

16. The proposed regulations will apply to all LGPS Administering Authorities. The first reporting year will be the financial year 2023/24, and the regulations are expected to be in force by April 2023. The first reports will be required by December 2024.

17. AAs will be expected to establish and maintain, on an ongoing basis, oversight of climate related risks and opportunities. AAs must also maintain a process or processes by which they can satisfy themselves that officers and advisors are assessing and managing climate-related risks and opportunities.

18. AAs will be expected to identify climate-related risks and opportunities on an ongoing basis and assess their impact on their funding and investment strategies.

19. AAs will be required to carry out two sets of scenario analysis. This must involve an assessment of their investment and funding strategies. One scenario must be Paris-aligned (meaning it assumes a 1.5 to 2 degree

temperature rise above pre-industrial levels) and one scenario will be at the choice of the AA. Scenario analysis must be conducted at least once in each valuation period.

20. AAs will be expected to establish and maintain a process to identify and manage climate-related risks and opportunities related to their assets. They will have to integrate this process into their overall risk management process.

21. AAs will be expected to report on metrics as defined in supporting guidance. The proposed metrics are set out below.

    i) **Metric 1** - will be an absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions.

    ii) **Metric 2** - will be an emissions intensity metric. Whereby all AAs would report the Carbon Footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as Weighted Average Carbon Intensity (WACI) will be permitted, but AAs will be asked to explain their reasoning for doing so in their Climate Risk Report.

    iii) **Metric 3 -** will be the Data Quality metric. Under the Data Quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were Verified*, Reported**, Estimated or Unavailable.

    iv) **Metric 4** - will be the Paris Alignment Metric. Under the Paris Alignment metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.

    v) Metrics must be measured and disclosed annually.

22. AAs will be expected to set a target in relation to one metric, chosen by the AA. The target will not be binding. Progress against the target must be assessed once a year, and the target revised if appropriate. The chosen metric may be one of the four mandatory metrics listed above, or any other climate related metric recommended by the TCFD.

23. AAs will be expected to publish an annual Climate Risk Report. This may be a standalone report, or a section in the AA's annual report The deadline for publishing the Climate Risk Report will be 1 December, as for the AA's Annual Report, with the first Climate Risk Report due in December 2024. DLUCH propose that scheme members must be informed that the Climate Risk Report is available in an appropriate way.

24. DLUCH propose that the Scheme Advisory Board (SAB) should prepare an annual Scheme Climate Report including a link to each individual AA's Climate Risk Report (or a note that none has been published) and aggregate figures for the four mandatory metrics. We also propose that a list of the targets which have been adopted by AAs. We are open to views as to whether any other information should be included in the Scheme Climate Report.

25. DLUCH propose to require that each AA take proper advice when making decisions relating to climate-related risks and opportunities and when receiving metrics and scenario analysis.

26. Members are asked to note the London CIV and LAPFF responses, attached as Appendix 1 & 2 respectively and also the Enfield Pension Fund response attached as Appendix 3 to this report and share their views for inclusion in the consultation response before 5pm of 23 November 2022.

27. Under the proposals, beginning in 2024 all funds in England and Wales will need to prepare an annual Climate Risk report following Task Force on Climate-Related Financial Disclosures (TCFD) principles.

Safeguarding Implications

28. None.

Public Health Implications

29. The Enfield Pension Fund indirectly contributes to the delivery of Public Health priorities in the borough.

Equalities Impact of the Proposal

30. The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

Environmental and Climate Change Considerations

31. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

32. It is important to keep abreast on current issues to facilitate the rigorous and robust management of the Pension Fund for a better, quicker and more effective decision-making process which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund.

33. The monitoring arrangement for the Pension Fund and the work of the Pension Board should ensure that the Fund optimises the use of its resources in achieving the best returns for the Council and members of the Fund.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

34. Not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Enfield Pension Fund.

Financial Implications

35. It is important to keep abreast on current issues to facilitate the rigorous and robust management of the Pension Fund for a better, quicker and more effective decision-making process which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund. No immediate financial consequences as this report provides an update on several general developments affecting the Local Government Pensions Scheme.

Legal Implications

36. This report provides an update on consultation/general development affecting the Local Government Pensions Scheme. One of the functions of the Pensions Board is to meet the Councils duties in respect of the efficient management of the pension fund. And so it is appropriate, having regard to these matters, for the Committee to receive information about general developments affecting the Local Government Pensions Scheme. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

Workforce Implications

37. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

Property Implications

38. None

Other Implications

39. None

Options Considered

40. No alternative options considered.

Report Author: Bola Tobun
Finance Manager – Pensions & Treasury
Bola.Tobun@enfield.gov.uk
Tel no. 020 8132 1588

Date of report 11th November 2022

Appendices

i) Appendix 1 - London CIV response to DLUHC Consultation

ii) Appendix 2 – LAPFF response to DLUHC Consultation

iii) Appendix 3 – Draft Enfield Pension Fund response to DLUHC Consultation

Background Papers

https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-governance-and-reporting-of-climate-change-risks

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