

LCIV Quarterly Investment Report

London Borough of Enfield Pension Fund

31 December 2019

Introduction

We are pleased to present the LCIV Quarterly Investment Report for the London Borough of Enfield Pension Fund for the quarter to 31 December 2019. The Report provides an Investment Summary with valuation and performance data of your Pension Fund's holdings. It includes an update on activities at LCIV, a market update and Fund commentary from the LCIV Investment Team as well as key portfolio data and a summary of ESG activity during the quarter. We hope you find this report informative. Should you require any further information regarding any aspect of your investment, or about our service, please contact our Client Service Team via e-mail (clientservice@londonciv.org.uk).



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Investment Summary

The table below shows the funds held by the London Borough of Enfield Pension Fund by asset class as at 31 December 2019 and how these have changed during the quarter.

ACS	30 September 2019	Net Subscriptions / (Redemptions)	Cash Distributions Paid	Net Market Move	31 December 2019
Active Investments	£	£	£	£	£
Global Equity					
LCIV Global Equity Focus Fund	83,898,496	-	-	2,423,055	86,321,551
LCIV Global Alpha Growth Fund	81,671,238	-	-	3,985,474	85,656,712
LCIV Emerging Market Equity Fund	28,339,742	-	-	56,541	28,396,283
Fixed Income					
LCIV MAC Fund	51,838,966	-	-	758,484	52,597,450
Total	245,748,442	-	-	7,223,554	252,971,996

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 September 2019	31 December 2019
Passive Investments[†]	£	£
Blackrock	278,878,639	278,000,062
LGIM	0	34,083,265
Total	278,878,639	312,083,327

[†] Passive investments are managed in investment funds for which LCIV has no management or advisory responsibility and are shown for information purposes only.

Investment Summary

Please see below the performance for ACS funds in which you are invested. Performance since inception is annualised where period since inception is over 12 months.

Net Performance	Current Quarter (%)			1 Year (%)			Since Inception p.a. (%)		
	Fund Net	Benchmark*	Relative	Fund Net	Benchmark*	Relative	Fund Net	Benchmark*	Relative
LCIV Global Equity Focus Fund	2.90	0.98	1.92	20.43	22.74	(2.31)	15.88	15.19	0.69
LCIV Global Alpha Growth Fund	4.90	1.07	3.83	27.78	22.34	5.44	15.01	11.66	3.35
LCIV Emerging Market Equity Fund	0.20	4.03	(3.83)	5.45	13.86	(8.41)	6.31	14.47	(8.16)
LCIV MAC Fund	1.29	n/a	1.29	6.41	n/a	6.41	4.70	n/a	4.70

* For details of which benchmark is used for each fund please see the LCIV funds page towards the end of the report.

LCIV Update

As at 31 December 2019 the value of assets invested directly through LCIV sub-funds stood at £8.6 billion. 2019 was a flat year in terms of pooling progress as we saw very little transition activity by pool members. At the end of December, there was £11.4 billion invested across the various passive strategies offered by LGIM (£8.2bn) and Blackrock (£3.2 bn).

The LCIV Infrastructure Fund had its first close at the end of October with almost £400 million in total committed by six pool members, Bexley, Brent, Camden, Harrow, Hillingdon and Redbridge. The Fund's initial investment was deployed to a renewable energy fund. The second allocation is expected to focus on small to mid-cap infrastructure projects located in the UK and Europe across a wide range of sectors but with a focus on social infrastructure and renewable energy. It is anticipated that the LCIV Infrastructure Fund will be making around 4 to 6 commitments per annum.

The LCIV UK Equity Fund was closed in the fourth quarter as the last two remaining pool member investors carried out an asset allocation shift and moved their UK equity allocations into global equities. Also, during the period the underlying manager of the LCIV Emerging Markets Equity Fund was transitioned successfully from Janus Henderson to JP Morgan.

Our new fund priorities for the first quarter of 2020 are the LCIV Inflation Plus Fund, with Bexley and Redbridge as proposed seed investors and the LCIV Sustainable Equity Exclusion Fund, Lambeth is expected to be the seed investor.

We held a full day event for pool members in October to discuss progress and strategy and there was also a focused session ESG. ESG will be a key focus in 2020 as we work through the responses to the ESG 'stock' take' that Dawn Turner carried out for us towards the end of the quarter.

On the people front, Kevin Corrigan joined as our interim CIO and Silvia Knott-Martin took up a Client Relations Manager role on the client team. The search for a permanent CIO and Head of Responsible Investment will commence early in 2020 along with the search for a Client Relations Director following Kevin Cullen's decision to retire at the end of March.

Please contact us through clientservice@londonciv.org.uk

Issued on 29 January 2020.

Market Update

Global equity markets posted a strong gain in the final quarter of the year thanks to advancement in the US-China trade negotiations, reduced geopolitical risk and improved conditions of economic data. progress has been made on the so called “phase one” trade deal with China, with the agreement expected to be signed in mid-January and take effect a month later. As part of the deal, the US tariffs on Chinese goods imposed in September will be potentially reduced from 15% to 7.5%, while China had agreed to increase purchases of US agricultural products. The worst-case scenario for the trade deal has been off the table, which provided a significant relief for the stock market. European equities also ended the quarter cheered by the fact that Trump didn’t impose a 35% import tariffs on European auto exports.

The Federal Reserve cut interest rates for the third time last year to range between 1.5% and 1.75% and ensure the US doesn't slip into recession. The economy showed positive signs, with historic low levels of unemployment rate and growth rate of above 2%, which is mainly driven by healthy consumer spending accounts.

Th UK stock market rallied 10% compared with the same period a year ago, delivering a relatively strong return and a sharp recovery in sterling in Q4. The economic data was also boosted by easing geopolitical environment in line with a Conservative general election victory in December. The new government is set to take the UK out of the European Union on 31st of January and enter the transition period. Domestically oriented asset classes were ultimately helped by signs of the short-term reduction in political uncertainty. More widely, the market trend has been strongly up in the small and mid-cap sector, while commodities have not done well despite the recovery in crude oil prices.

Meanwhile, Eurozone stock market delivered a robust performance following a positive sign from Germany’s economic data and overall slight recovery after a prolonged slump in industry that caused concerns over Europe's growth engine. The market posted gains across consumer discretionary and information technology sectors, while utilities, consumer staples and communication services had lagged during the last quarter of the year. In November, the European Council appointed Christine Lagarde, former managing director of the International Monetary Fund, for her eight-year term as President of the European Central Bank. In her first major speech Lagarde emphasized boosting public spending in order to overcome challenges around regional growth levels and support domestic demand.

Emerging markets (EM) equities ended the year on a strong note supported by easing geopolitical concern as trade dispute between the US and China marginally faded away. EM stocks outperformed the US and most developed international markets, with the MSCI EM Index up above 18% in US dollar term. Tech sectors in Taiwan and China performed well on the back of better-than-expected earnings estimates and positive developments around the trade deal. During the quarter, Emerging market bonds also posted good returns. Local currency-denominated debt was particularly supported by a strong performance in EM currency markets.

Lower interest rate environment along with dozens of central banks’ cuts freed up global economic data, with fixed income market seeing improvements over the quarter. The de-escalation in trade tensions has also served as a powerful tool for risk sentiment and supportive market conditions. The improving inflation picture following the Fed’s actions and optimism over economic growth pushed rates up and steepened the US Treasury curve. The US 10-year yield reached 1.92%, while the yield on the benchmark 30-year Treasury note has risen to 2.35%. The U.S. investment-grade fixed income, represented by the Bloomberg Barclays Aggregate Bond Index has, was marginally up by 0.2%. Overall, investment grade corporate bonds did very well in 2019, ending year on a high note with a positive outlook for 2020. Growth in foreign demand, central bank stimulus and a push by some corporates on deleveraging bring favourable signs for the corporate debt market.

LCIV Global Equity Focus Fund

Quarterly Summary as at 31 December 2019

Total Fund Value:

£871.3m

Inception date: 17/07/2017
 Capacity*: £1,500m
 Price: 126.50p
 Distribution frequency: Quarterly
 Next XD date: 02/01/2020
 Pay date: 25/02/2020
 Estimated ppu: 0.2572

Investment Objective

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

Enfield Valuation:

£86.3m

Enfield investment date: 24/10/2018

This is equivalent to 9.91% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £175,509

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Fund	2.90	20.44	11.35
Benchmark**	0.98	22.74	9.52
Relative to Benchmark	1.92	(2.30)	1.83

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Enfield	2.90	20.43	15.88
Benchmark**	0.98	22.74	15.19
Relative to Benchmark	1.92	(2.31)	0.69

*Total fund capacity as at 31 December 2019. Capacities may change, for details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

**Benchmark Name: MSCI World Index Total Return (Net) in GBP

LCIV Global Equity Focus Fund

Quarterly Commentary

Performance

LCIV Global Equity Focus fund had a strong fourth quarter, returning 2.90% against 0.98% for the benchmark. For the full year, the performance was a bit subdued, due to first half of the year when benchmark performance was skewed towards a few large-cap stocks that are not included in the portfolio.

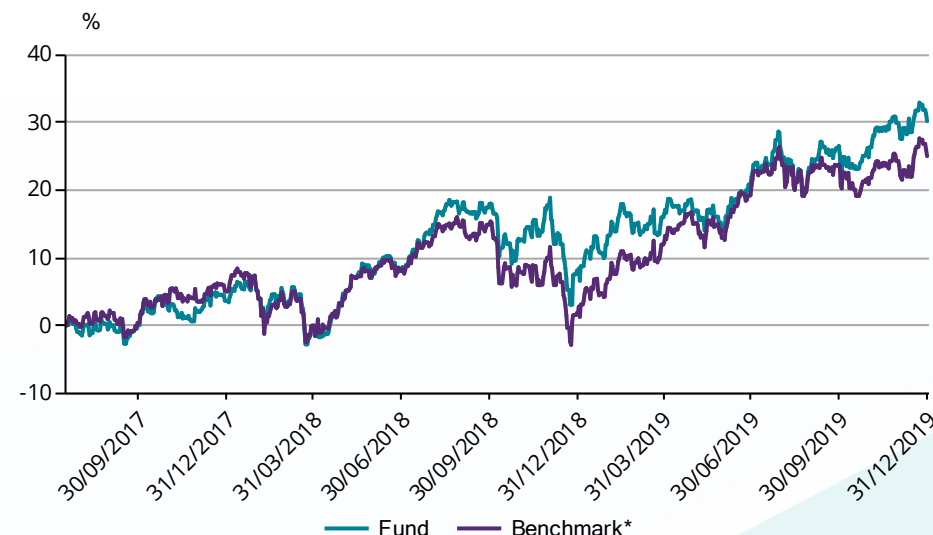
From a broader perspective, one of the key drivers from performance was the steepness of US yield curve. The manager has been adamant from some time now that value ideas are significantly cheaper compared to their quality growth counterparts. While being aware of structurally impaired value businesses, the manager added to positions that generally benefit from a steepening yield curve (such as financials). This helped the portfolio over the second latter part of the year. Along with rising yields, the clarity in UK after the general election also aided returns in the last quarter.

Financials is the largest sector exposure in the portfolio and despite the overall sector lagging, security selection made it the best performing sector for the fund. The stock selection was also helped by exposure to stocks that are rate sensitive. State Street, the biggest holding in the portfolio, was the largest contributor. The strong performance over the last quarter came off the back of underwhelming returns over the previous quarters. This reversal in fortunes was largely due to two factors.

Firstly, steepening yield curves, along with for other stocks in the portfolio, has provided support for State Street. As the yield curve steepens, banks and other financial stocks typically do well due to the higher expected net interest margins that they can command. Secondly, service revenue from custody division was a drag for most part of the year but this revenue seems to be stabilising in October reports, leading market analysts to re-rate the stock.

The largest detractor for the quarter has been Compass Group, a UK food service contractor. The company, despite having predictable revenues, has been one of the more volatile positions in the portfolio - it was the largest contributor in the previous quarter. The companies top line grew at more than 6% but

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.

*MSCI World Index Total Return (Net) in GBP

guidance on weakness in its European line was the reason for recent underperformance.

Market views

The manager believes that despite the steepness of the yield curve helping the portfolio over the quarter, the largest impact came from further agreement on trade between the US and China. Furthermore, with the UK general election concluding, macro uncertainty abated across both sides of the Atlantic. For the year ahead, growth is expected to return to normal (or recent levels), or maybe even a modest increase, but still remaining lower than historic levels. The manager expects central banks to stay neutral in short term while providing

LCIV Global Equity Focus Fund

support whenever needed and expect sentiment to remain benign relating to the upcoming US election, at least in the short term.

After Financials, Health Care is the largest allocation in the portfolio and despite strong performance in the last quarter, the manager believes there can be further gains for the sector. The expectation is that because Joe Biden and Bernie Sanders are ahead of Elizabeth Warren (helped by her admission in the last quarter that any changes wouldn't materialize till three years into the presidency), any fears over Medicare should clear running into the election. In the manager's view, the general outlook of Health Care (especially in light of US elections) and Financials (given the continuing low rate environment) remains positive.

Overall, the market is still at the higher end of valuations and is more prone to shocks than it is to large re-ratings. However, modest returns are expected in 2020 and with few areas of broad value, bottom up ideas will drive returns.

Positioning

The fund is heavily exposed to Financials and Health Care, with both sectors forming nearly 50% of the portfolio. Despite strong performance in both sectors, the manager has decided not to take profits with an expectation of further strengthening. IT has been an underweighted sector and although the manager is not pessimistic on the sector outlook, opportunities at attractive valuations have been rare.

The manager has gone overweight on Consumer Staples for the first time since the inception of the LCIV product. Despite the general view that brands will struggle as consumers move towards generic goods, the manager still believes there are still some bottom up opportunities in a sector lacking organic growth. US Foods and Sysco are seen as two such stocks.

Continental was one stock that was under review in Q3 as operating leverage and margins remained weak. This is in part due to pressure faced by the automotive sector and partly through their increased capEx into new domains

such as hybrid power transport and advance driver technologies, all while their top line is challenged. The manager has persisted with this position despite the structural headwind faced by the sector.

Regionally, the portfolio remains heavily tilted to the US and despite strong sentiment driving UK equities, the manager has kept its regional exposure unchanged.

Conclusion

Overall, performance over the year has lagged slightly due to Financials and Health Care facing challenges in the first half of the year. Relative performance has come strong in the second half, led by sector exposure to Health Care and security selection in Financials.

The addition of more value like stocks over the last few quarters has also been a strength for the portfolio. Given the heavy US exposure, the portfolio remains exposed to political headwind heading into election year, but the manager believes that those concerns are overstated, and portfolio fundamentals can withstand short term pressures.

This was the first full year of the CIO, Alistair Graham's tenure at the helm of the Investment Team. During the meetings, the focus was tangibly more top-down than on the bottom-up, with more focus seemingly placed on the interest rate cycle than on stocks. This could signify a change in process for the manager, or it could be simply a different way of presenting ideas. Alistair can talk in great detail about the underlying stocks in the portfolio, but the LCIV team will continue to monitor whether the Financial holdings are due to the macro picture or more a result of stock-specifics.

LCIV Global Equity Focus Fund: Portfolio Characteristics

Key Statistics

Number of Holdings	31
Number of Countries	6
Number of Sectors	7
Number of Industries	21

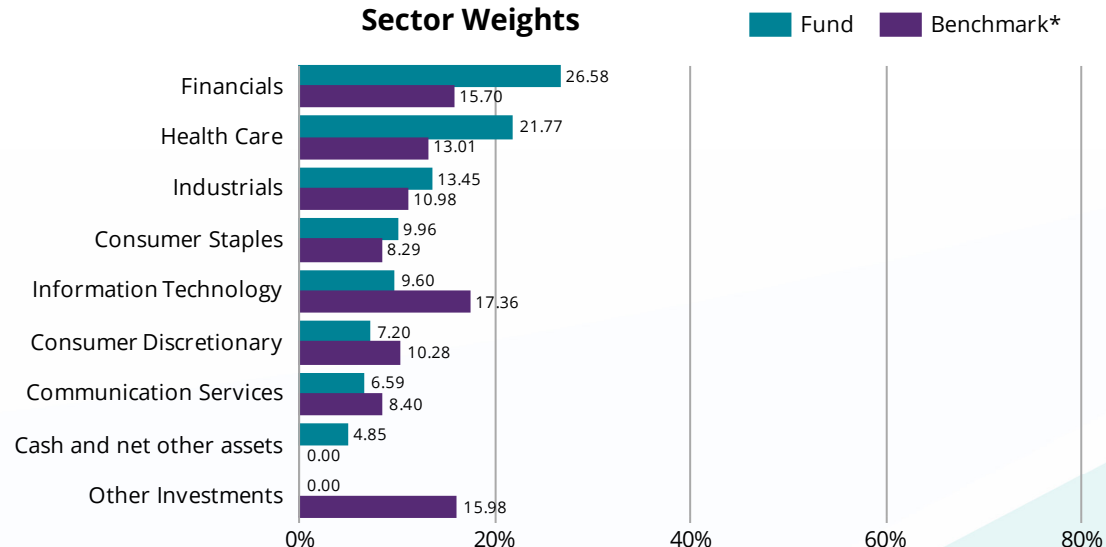
Source: London CIV

Risk Statistics

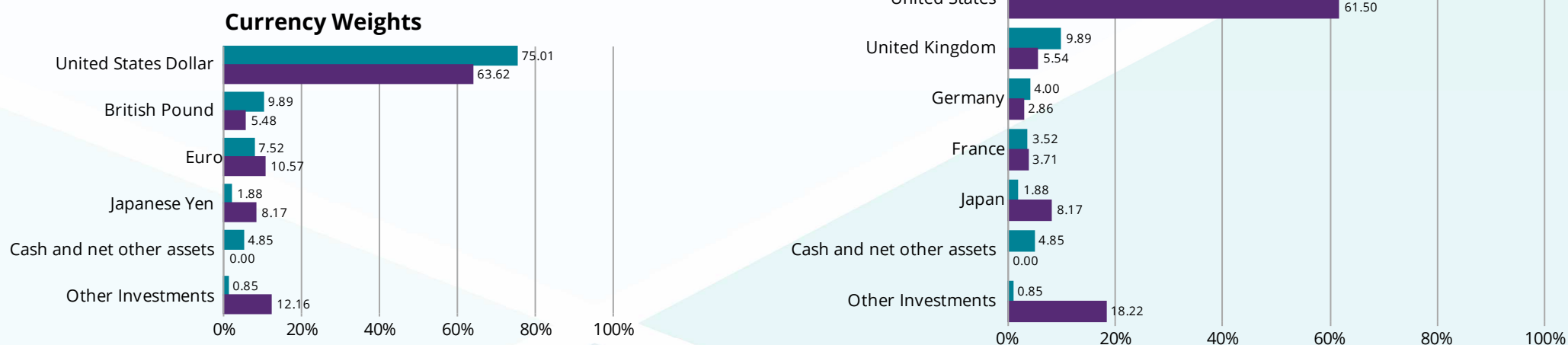
Tracking Error (%)	4.24
Fund Risk (Volatility) (%)	10.63
Beta to Equity Index	1.03

Source: London CIV

Sector Weights



Country Weights



Source: London CIV

*MSCI World Index Total Return (Net) in GBP

LCIV Global Equity Focus Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
State Street	4.77
Charter Communications	4.67
Aon	4.47
Wells Fargo	4.46
Willis Towers Watson	4.32
Hca Healthcare Inc	4.31
Ww Grainger	4.29
Bank of New York Mellon	4.28
Parker-Hannifin	4.26
Compass Group	4.18

Top Ten Contributors

Security Name	% Contribution
State Street	+0.97
Unitedhealth Group	+0.62
Hca Healthcare Inc	+0.52
Lloyds Banking Group	+0.49
Charter Communications	+0.33
Emerson Electric	+0.25
Parker-Hannifin	+0.25
Allergan	+0.17
Bank of New York Mellon	+0.17
Whitbread	+0.12

Top Ten Detractors

Security Name	% Detraction
Compass Group	(0.54)
Oracle	(0.25)
Sanofi	(0.23)
Willis Towers Watson	(0.23)
Asahi Group Holdings	(0.19)
Us Foods Holding	(0.19)
ISS	(0.09)
Fidelity National Infomation Services	(0.09)
Omnicom Group	(0.09)
Medtronic	(0.08)

New Positions During Quarter

Security Name
American Express

Completed Sales During Quarter

Security Name
Continental AG

LCIV Global Equity Focus Fund: ESG Summary

Environmental



Social



Governance



Summary of ESG Policy

The Underlying Manager assesses the significance of environmental and governance related risks and opportunities as an integral part of their bottom-up research process. All E, S and G factors are considered throughout the idea generation, portfolio construction and risk management processes. Their Responsible Investment and Engagement Policy can be provided by LCIV upon request.

The UK Stewardship Code rating of the Underlying Manager is tier 1.

Summary of ESG Activity for the Quarter

The manager holds one of the least controversial portfolios from an ESG perspective and that is due to its structural zero weight towards sectors such as Energy, Materials, Utilities and Real Estate.

Link to Underlying Manager's Voting Report for the Quarter

<https://secure.londonciv.org.uk/funds/lv-global-equity/#reports>

Relevant Holdings

Sector	% of NAV
Brewers	1.88
Asahi Group Holdings	
Total	1.88

Source: London CIV

LCIV Global Alpha Growth Fund

Quarterly Summary as at 31 December 2019

Total Fund Value:

£2,782.4m

Inception date: 11/04/2016
 Capacity*: £650m
 Price: 183.40p
 Distribution frequency: Quarterly
 Next XD date: 02/01/2020
 Pay date: 25/02/2020
 Estimated ppu: 0.1699

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.

Enfield Valuation:

£85.7m

Enfield investment date: 30/09/2016

This is equivalent to 3.08% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £79,352

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Fund	4.90	27.78	18.60
Benchmark**	1.07	22.34	15.19
Relative to Benchmark	3.83	5.44	3.41

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Enfield	4.90	27.78	15.01
Benchmark**	1.07	22.34	11.66
Relative to Benchmark	3.83	5.44	3.35

*Total fund capacity as at 31 December 2019. Capacities may change, for details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

**Benchmark Name: MSCI All Country World Gross Index

LCIV Global Alpha Growth Fund

Quarterly Commentary

Performance

The LCIV Global Alpha Growth fund had a strong quarter in Q4 2019, outperforming the index by 3.83%. The full 2019 return was 27.78% which has outperformed the index by 5.44%. It was the highest performing fund across the LCIV fund platform for the year. Annualised since inception, the fund was up 18.60%, which has outperformed the index by 3.41% p.a.

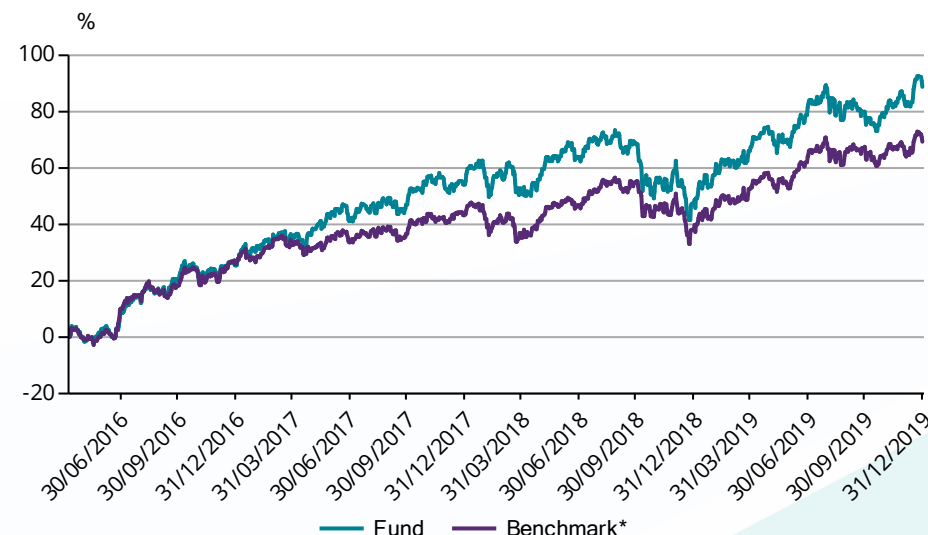
Market views

Q4 2019 was a period where market sentiment shifted to more of a positive stance. Signing of the Phase 1 US-China trade deal, the Conservative win in the UK and improved corporate earnings results pushed global indices to ever record highs. The regions to most benefit were emerging markets, UK and the rest of the world broadly expanding. IT stocks in the US rallied as investors saw value in the US economy being the in the 'goldilocks' zone. Healthcare also benefitted in the period as Elizabeth Warren, seen to radically impact healthcare, started to fall behind in the polls.

Whilst the manager does not focus on top down analysis for portfolio construction it is important to understand how this impacts the portfolio. The manager focuses on themes that are able to disrupt traditional sectors and facilitate strong growth. One such theme was data usage in healthcare which placed focus on biotechnology stocks. With such a strong growth in the sector the manager has trimmed its position in healthcare from 15% in November down to 13.9% by the end of December.

The manager feels the portfolio is well saturated in this space so they have shifted their focus in other areas which includes enterprise IT for the year ahead. These are businesses that have software for business rather than for people. Alibaba is thought of as an enterprise IT stock as the company has 700 million customers on its cloud. Amazon has cloud solutions for smaller businesses and Microsoft for much larger institutions. The manager is also interested in penetration for digital advertising so it increased holdings in Alphabet.

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.

*MSCI All Country World Gross Index

Positioning

The portfolio had 105 holdings as of year end in 2019 and rolling one-year turnover is 12% which is in line with the manager's long term approach. The manager initiated a new position in Teladoc in Q4 2018 which is the largest telemedicine company in North America. The company sits within the 'Rapid Growth' bucket where the manager sees a gap in virtual care in the US and internationally.

The manager increased its position in Albemarle as a diversifier for the portfolio to ensure it is not too technology focussed. The company produces lithium from brine and from rock mining. The manager opted to take advantage of recent share-price weakness.

LCIV Global Alpha Growth Fund

There is a decrease in 'Cyclical Growth' which the manager is using to source higher conviction names. Growth stalwarts has been increased from 25% up to 31% in names such as Microsoft and Olympus. Olympus is a long term holding where the company's dominant share in gastrointestinal endoscopes makes it attractive.

The manager sold out of Persol Holdings in the period which was the second largest staffing company in Japan – behind Recruit. The company is moving into overseas markets where 30% of revenues are sourced from. The manager is not convinced company is able to compete against other global recruitment firms and following a number of M&A missteps, they decided to sell.

During the investment due diligence with the manager it was revealed that for the fund to get exposure to 'value-like' equities, it can tap into the latent growth bucket for opportunities. Whilst there continues to be a divergence between growth and value the manager has not added to this bucket and rather sources opportunities from the 'stalwart growth' bucket. This will be a point the investment team will continue to monitor.

Conclusion

The manager has had a very successful 2019 outperforming the index by over 5%. The fund was the highest performing across the LCIV platform where the 49% weighting in US allowed it to benefit from the strong growth in Q4. The LCIV investment team will continue to monitor the themes the manager develops and its effectiveness in 2020. IT enterprises focuses on stocks that have a large cloud presence which is exciting but the LCIV investment team thought that perhaps entry into this market has been late and growth already priced in. The fund has still made good gains from the area so it looks like their themes have been effective so far. It is also important to note that growth stocks continue to dominate market growth with it growing at rapid rates since 2010. Whilst it is not necessarily a bubble, investors should be weary of this fact.

LCIV Global Alpha Growth Fund: Portfolio Characteristics

Key Statistics

Number of Holdings	105
Number of Countries	22
Number of Sectors	10
Number of Industries	36

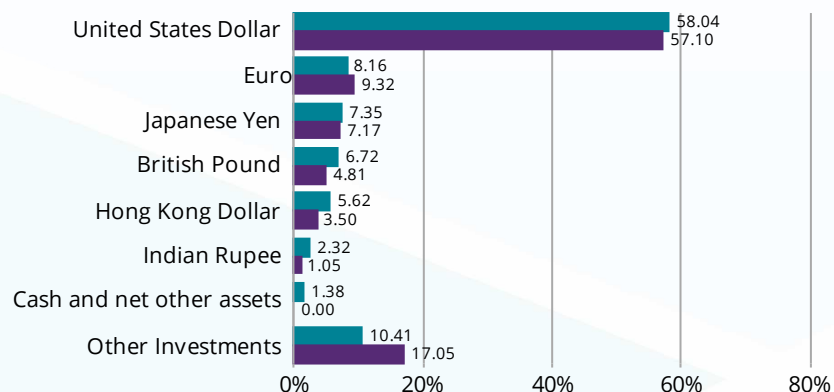
Source: London CIV

Risk Statistics

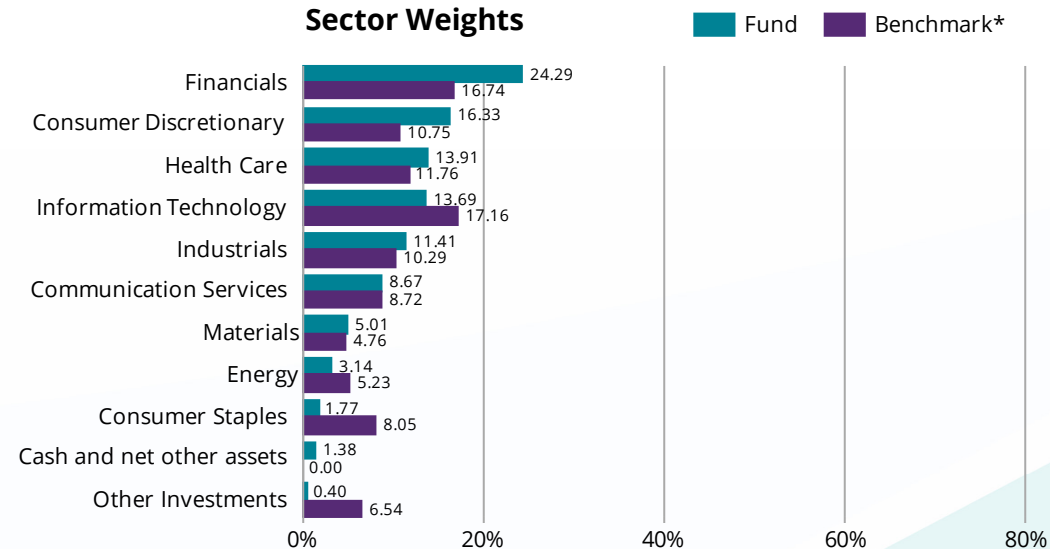
Tracking Error (%)	3.97
Fund Risk (Volatility) (%)	13.01
Beta to Equity Index	1.19

Source: London CIV

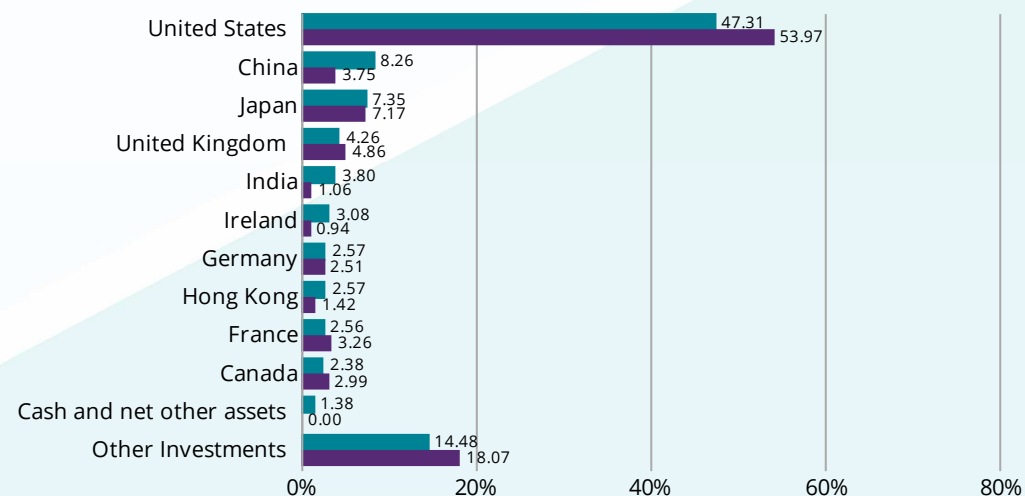
Currency Weights



Sector Weights



Country Weights



Source: London CIV

*MSCI All Country World Gross Index

LCIV Global Alpha Growth Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
Alibaba Group Holding	3.19
Amazon.com	3.01
Prudential	2.89
Moody's	2.57
Alphabet	2.54
Mastercard Inc	2.46
Anthem Com	2.41
Naspers	2.27
AIA Group	2.16
Microsoft	1.98

Top Ten Contributors

Security Name	% Contribution
Alibaba Group Holding	+0.37
Alnylam Pharmaceuticals	+0.35
Seattle Genetics	+0.33
Anthem Com	+0.26
Ryanair Holdings	+0.23
Tesla Inc	+0.20
Zillow Group C	+0.17
Moody's	+0.16
Taiwan Semiconductor Manufactor	+0.14
SAP SE	+0.14

Top Ten Detractors

Security Name	% Detraction
Naspers	(0.32)
Apache	(0.25)
Amazon.com	(0.18)
Prosus N.v. Eur0.05	(0.18)
Grubhub	(0.17)
Service Corporation International	(0.16)
Autohome	(0.12)
Markel	(0.12)
Martin Marietta Materials	(0.11)
Ping An Insurance Group Company of China	(0.11)

New Positions During Quarter

Security Name
Trip.com Grp. Adr
M&g Plc
Hoshizaki Corp

Completed Sales During Quarter

Security Name
Ctrip.com International
Persol Holdings
Adevinta
Spectrum Brands Holdings

LCIV Global Alpha Growth Fund: ESG Summary

Environmental



Social



Governance



Summary of ESG Policy

In addition to face to face meetings with management, the Underlying Manager will consider factors such as management turnover, capital allocation, remuneration policies and social and environmental factors. The Underlying Manager also has a specialised independent Governance & Sustainability team which, working alongside their investment teams, monitors the companies in which they invest and engages with companies where appropriate. Their full ESG policy can be provided by LCIV upon request.

The UK Stewardship Code rating of the Underlying Manager is tier 1.

Summary of ESG Activity for the Quarter

The manager takes a pragmatic approach to ESG engagement with companies. It recognises that the industry is not perfect and there needs to be more work done to fully capture how ESG friendly companies can be. Online scoring tools have biases that may pick up red flags rather than the journey companies have made. The manager focuses more on the journey rather than red flags however, the red flags should not be ignored. Some engagement examples in the period include Alibaba. Alibaba took 180 months to agree on the company's six core values suggests that they are taking the matter more seriously than a mere appeasement. The values are disseminated widely as partners move between parts of the business. The manager visited Amazon's fulfilment centre in Dunfermline to learn more about employee pay and working conditions. They were informed that Amazon has raised wages in line with living wage recommendations with additional benefits.

Link to Underlying Manager's Voting Report for the Quarter

<https://secure.londonciv.org.uk/funds/global-alpha-growth/#reports>

Relevant Holdings

Sector	% of NAV
Aerospace & Defense	0.53
Axon Enterprises	
Brewers	0.31
Tsingtao Brewery	
Casinos & Gaming	0.37
Sands China	
Distillers & Vintners	1.46
Pernod Ricard	
Oil & Gas	3.15
EOG Resources	Reliance Industries
Apache	
Total	5.82

Source: London CIV

LCIV Emerging Market Equity Fund

Quarterly Summary as at 31 December 2019

Total Fund Value:

£346.3m

Inception date: 11/01/2018
 Capacity*: £1,000m
 Price: 89.83p
 Distribution frequency: Quarterly
 Next XD date: 02/01/2020
 Pay date: 25/02/2020
 Estimated ppu: 0.1284

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:

£28.4m

Enfield investment date: 24/10/2018

This is equivalent to 8.20% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £40,589

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Fund	0.20	5.45	(4.04)
Benchmark**	4.03	13.86	0.01
Relative to Benchmark	(3.83)	(8.41)	(4.05)

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Enfield	0.20	5.45	6.31
Benchmark**	4.03	13.86	14.47
Relative to Benchmark	(3.83)	(8.41)	(8.16)

*Total fund capacity as at 31 December 2019. Capacities may change, for details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

**Benchmark Name: MSCI Emerging Market Index (TR) Net

LCIV Emerging Market Equity Fund

Quarterly Commentary

Performance

The LCIV Emerging Markets fund returned 0.2% in Q4 2019 underperforming the benchmark, MSCI Emerging Markets Index, by 3.83%. For the year 2019, the fund returned 5.45% versus the benchmark which had a 13.86% growth. The underperformance in Q4 2019 can be attributed to three key factors. The first of which is the implementation shortfall as the fund manager was switched on October 11th, 2019. Secondly, the portfolio was behind the benchmark in December as growth in the month was driven by areas the portfolio does not own. Finally, legacy positions in the previous portfolio managed by Janus Henderson were also a drag to performance.

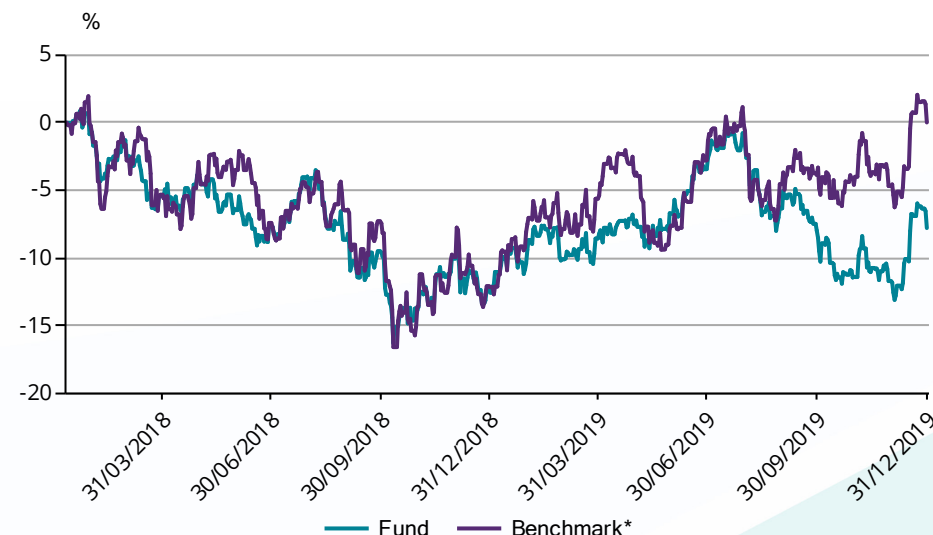
Market Views

The manager seeks to invest in high-quality growth companies with a focus on long term valuations. There are three key factors that feed into this process. Economics of the company where analysis is undertaken to understand if the company produces good returns for shareholders. Duration is questioned to understand if observed returns can be sustained for the holding period, and the team seeks to understand if expected returns accrue to shareholders in full through good corporate governance. Following this analysis, the team would then calculate the five-year expected return and rank them to identify investment opportunities.

The portfolio has a higher P/E ratio, higher return on equity and negative debt-to-equity ratio relative to the benchmark. These ratios confirm that the manager focuses on quality-growth companies. These are companies that achieve return on equity with higher profitability, lower leverage and coupled with strong future earnings growth.

The manager considers macro risks, growth and valuation of the wider market to help with the positioning of the portfolio when selecting names. Going into 2020, JP Morgan sees business cycle risks rising, USD cycle moderating, earnings

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.

*MSCI Emerging Market Index (TR) Net

improving and expected returns as average. The LCIV investment team will look to see how the manager will mitigate these risks.

Positioning

The manager's position in China helped contribute to positive returns as companies such as Alibaba and Tencent had a good quarter. Alibaba's cloud business and strong core commerce were drivers for its growth.

The manager's overweight position in India underperformed in Q4 2019 however its stock selection in high-quality financials was able to provide some offset to this. In particular, HDFC bank was able to benefit from increased uncertainty in the country.

LCIV Emerging Market Equity Fund

The manager is overweight in financials in names such as AIA Group and Ping An which offers pan regional and Chinese exposure. Ping An was among the top detractors in the period.

Semiconductor manufacturers TSMC and Samsung are used to get exposure to IT and Internet of things. It was questioned whether, based on TSMC's strong performance in Q4 2019, it was time to trim the position, but the manager argued the 5-year expected return on the stock is still strong. The PM views the stock (and others) as a 'monomaniac', a company which specialises in one thing and has created a significant barrier to entry in doing one thing well. This indicates long term conviction as the investment case is likely to remain valid over long periods of time.

Argentinian companies did well for the portfolio in the period. The names they invest in are not domestic plays but are essentially international where they benefit from falling domestic currency as they are dollarized businesses. MercadoLibre did well in the period as they are increasing business in Brazil. The five-year expected return is reasonable, so the manager is not taking profits as of yet.

Team changes

The team has been building out its Chinese research analyst pool where the manager currently feels they have reached a comfortable level in order to analyse the market. JP Morgan AM is going to take a majority holding in a joint venture with a Chinese asset management firm in 2020. JPM will look to incorporate analysts from the Chinese firm into their own research team, if they are aligned with the cultural fit and investment philosophy. The LCIV investment team suspects this process will impact the research team where senior members will be expected to manage this. LCIV will ensure this is a monitoring point.

Conclusion

When looking at the top contributors and detractors to performance in Q4 2019, the numbers show that the majority of the underperformance was attributable to the legacy holdings held by Janus Henderson as the portfolio was going through a transition. Whilst there was some positive attribution of c.40bps, there was a total drag of c.145bps. Looking forward, the portfolio now matches the managers model portfolio. The joint venture is likely to change some of the dynamics of the research team so the LCIV investment team will pay close attention in this area.

The transition from Janus Henderson to JPMorgan went as planned, with the total transition costs coming in less than expected at around 55bps, including both explicit and implicit costs. This was a positive result given the sometimes esoteric nature of trading the emerging market space.

LCIV Emerging Market Equity Fund: Portfolio Characteristics

Key Statistics

Number of Holdings	51
Number of Countries	15
Number of Sectors	7
Number of Industries	23

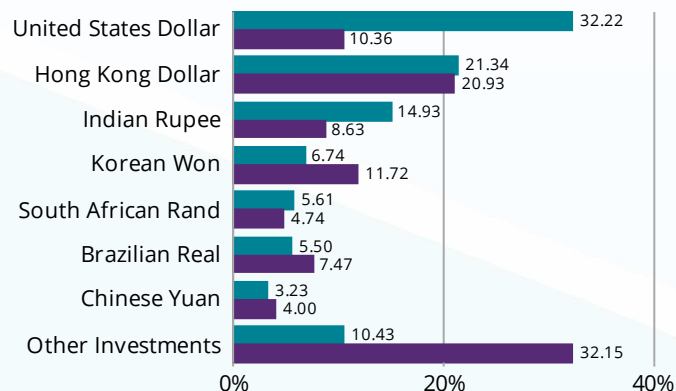
Source: London CIV

Risk Statistics

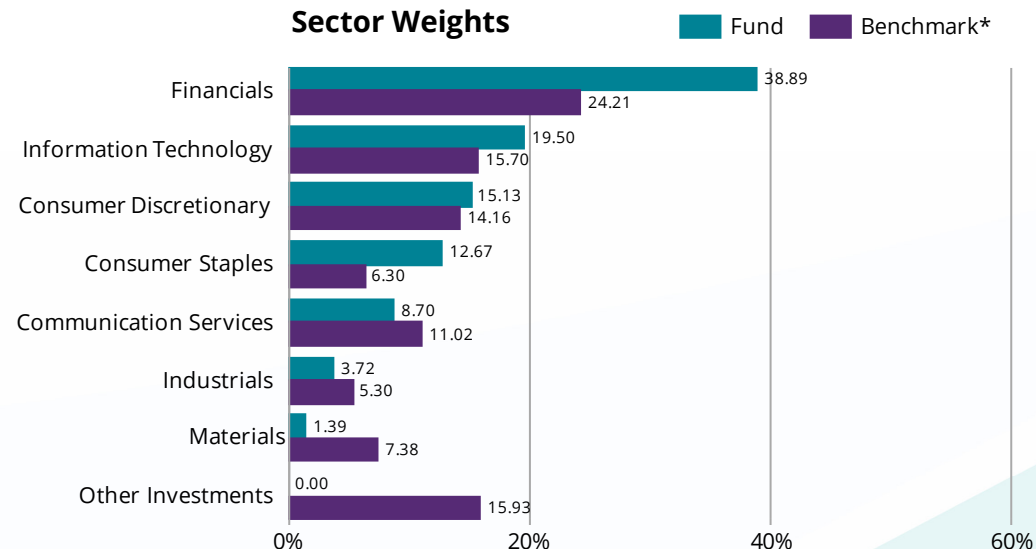
Tracking Error (%)	3.20
Fund Risk (Volatility) (%)	12.33
Beta to Equity Index	0.95

Source: London CIV

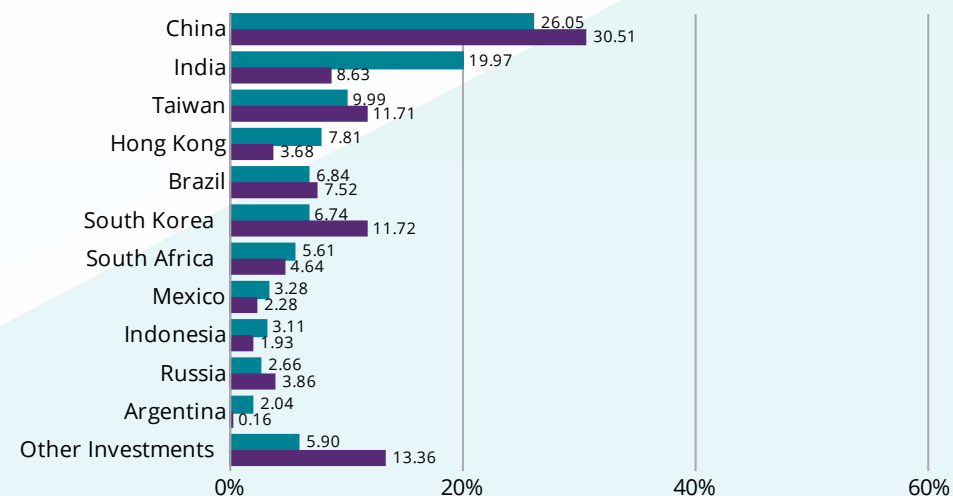
Currency Weights



Sector Weights



Country Weights



Source: London CIV

*MSCI Emerging Market Index (TR) Net

LCIV Emerging Market Equity Fund: Portfolio Characteristics

Top Ten Equity Holdings

Security Name	% of NAV
Taiwan Semiconductor Manufactor	7.69
Tencent Holdings	7.00
Alibaba Group Holding	5.72
Samsung Electncls.	5.65
Housing Development Finance	5.32
Hdfc Bank 'ADR'	5.04
AIA Group	4.97
Ping An Insurance Group Company of China	4.22
Tata Consultancy Services	3.29
Sberbank Of Russia	2.66

Top Ten Contributors

Security Name	% Contribution
Alibaba Group Holding	+0.57
Weg Sa Com Npv	+0.28
Taiwan Semiconductor Manufactor	+0.25
Hdfc Bank 'ADR'	+0.21
Remgro	+0.20
Shoprite Holdings	+0.13
Mercadolibre Inc Com Stk	+0.11
Housing Development Finance	+0.11
Tencent Holdings	+0.07
Hong Kong Dollar	+0.06

Top Ten Detractors

Security Name	% Detraction
British Pound Sterling	(0.50)
Infosys	(0.48)
Ping An Insurance Group Company of China	(0.38)
Newcrest Mining	(0.33)
Uni-President Enterprises	(0.31)
Samsung Electronic Krw100	(0.30)
Aguas Andinas	(0.25)
Heineken Holding	(0.25)
Unilever Plc	(0.24)
Budweiser Brewing Com	(0.22)

Largest Ten New Positions During Quarter

Security Name
Taiwan Semiconductor Manufactor
Tencent Holdings
Alibaba Group Holding
Samsung Electncls.
Hdfc Bank 'ADR'
AIA Group
Ping An Insurance Group Company of China 'H'
Sberbank Of Russia
Mercadolibre
Itau Unibanco Hldg.

Largest Ten Completed Sales During Quarter

Security Name
Uni-President Enterprises
Newcrest Mining
Unilever Plc
LG
Heineken Holding
Remgro
Cipla India
Aguas Andinas
Cia Cervecerias Unidas
Commercial International Bank Egypt

LCIV Emerging Market Equity Fund: ESG Summary

Environmental



Social



Governance



Summary of ESG Policy

The Underlying Manager, JPMorgan' approach to responsible investment is underpinned by a belief that environmental, social and governance (ESG) factors are critical ingredients of long term business success. As an active manager focused on delivering long-term investment performance, integration of ESG issues into their investment decision making, voting and ownership practices plays an important part. Their full RI policy can be provided by LCIV upon request.

The UK Stewardship Code rating of the Underlying Manager is tier 1.

Summary of ESG Activity for the Quarter

The manager takes the view that companies that fail to consider ESG and economic sustainability are unlikely to deliver acceptable returns to their shareholders in the long run. The manager defines sustainable investing as three key steps.

- 1) The consideration of ESG issues as the first step but not the only one.
- 2) An analysis of sustainability in the broadest sense, including the financial outcomes of the business.
- 3) The exclusion of certain industries and businesses which either the manager or their clients view as unsustainable.

These practises are evidenced in the manager's holding in TSMC as it has been reducing its CO2 per sales whilst also increasing its operating income. In addition, Anheuser-Busch InBev has stated that the vast majority of their environmental and social initiatives generate a positive net present value (NPV).

Link to Underlying Manager's Voting Report for the Quarter

<https://secure.londonciv.org.uk/funds/hn-emerging-market/#reports>

Relevant Holdings

No relevant holdings

LCIV MAC Fund

Quarterly Summary as at 31 December 2019

Total Fund Value:

£857.7m

Inception date:	31/05/2018
Capacity*:	Unlimited
Price:	105.70p
Distribution frequency:	Annually
Next XD date:	02/01/2020
Pay date:	25/02/2020
Estimated ppu:	0.1103

Investment Objective

The Sub-fund's objective is to seek to achieve a return of LIBOR+4-5%, with a net asset value volatility of 4-6%, on an annualised basis over a rolling 4 year period, net of fees.

Enfield Valuation:

£52.6m

Enfield investment date: 30/11/2018

This is equivalent to 6.13% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £54,886

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Fund	1.29	6.41	3.58

Net Performance	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)
Enfield	1.29	6.41	4.70

*Total fund capacity as at 31 December 2019. Capacities may change, for details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

LCIV MAC Fund

Quarterly Commentary

Performance

The LCIV MAC fund returned 1.29% in Q4 2019 and yielded a return of 6.41% for the year. In what was a reversal to Q4 2018, all the asset classes in the portfolio yielded positive returns in Q4 2019 with HY leading the way. Since LCIV fund inception, returns sits at 3.58% p.a. which is still under the target of LIBOR+4-5%.

Market views

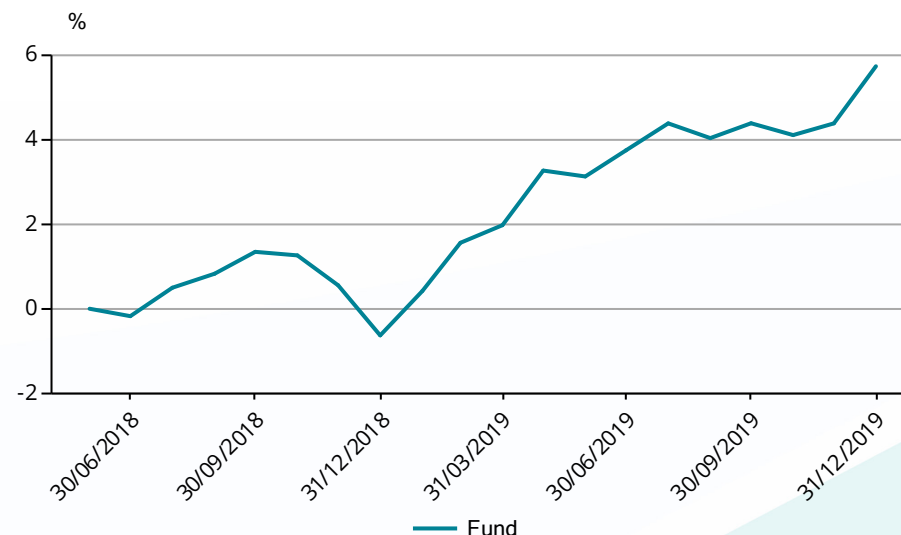
The manager recognises that the market is in a “lower growth for longer” economic environment with continued geopolitical risk. The trade war rhetoric, Iranian conflict, Brexit, Christine Lagarde and mixed European/US manufacturing data are all likely to add volatility in 2020. These global issues, coupled with technological change and regulation may lead to an increase in defaults and decrease in recovery rates. However, whilst these risks are recognised, the manager affirms its position in the sub-investment grade space as it pays more than traditional investment grade credit. The investment team will monitor how CQS will manage its positions especially when evaluating fundamentals, sentiment and technicals, as increased volatility in 2020 can cause big losses for the portfolio if the manager is complacent.

Positioning

Loans

The loan book of the portfolio has slightly decreased from 48% down to 45%. Performance attribution was strong given its size which was driven primarily by the carry. However, its asymmetric characteristics meant there were negative capital returns which pulled back overall performance. The fourth quarter was a story of two halves for loans with negative mark-to-market performance coming in October 2019 as banks’ trading desks were de-risking. In addition, Loan managers aggressively sold lower quality single B names in October adding

Performance since LCIV inception



Source: Fund prices calculated based on published prices. All performance reported Net of fees and charges with distributions reinvested.

to the loss in the month. However, once inventory was cleared, there was a sentiment shift leading to strong gains at the end of the year.

Whilst loans were one of the highest yielding books, it also features among the top three detractors to the portfolio amounting to 36bps of loss. Blackhawk Mining was the largest detractor due to sentiment around coal demand shifting. Addison Lee detracted to the portfolio as the company has made the ill-advised to move into the US which is dominated by Uber. Thirdly, the holding in Constellis Holdings, was top detractor as the security company lost contracts due to US forces pulling out of Iran. It was also going through a sale process backed by Apollo Global Management. Apollo had undertaken aggressive accounting practises during the sale which had negative ramifications on the fund. When questioned by the LCIV Investment team regarding lessons learned, it was stated they would not enter into another Apollo transaction. This

LCIV MAC Fund

reasoning is worrisome as it indicates CQS' due diligence does not capture wider issues with issuers prior to investment. LCIV will monitor this point.

High Yield

The position in high yield books had the strongest growth across its European and US holdings in the period. In Europe, there was a rally in November as the pessimistic view on reporting flipped to optimism as EU HY Sub IG had a positive reporting season. Names such as AA Group, Garfunkel, EG Group and EDF are testament to this. The holdings in US HY had strong attribution driven by the energy overweight, particularly in December.

The manager has increased exposure to high yield to 21% from 19% in Q3 namely through the US. The increased tilt in the region was to capture the high beta of the market as US lagged Europe in spread compression.

Financials

The financials book was trimmed from 3.95% down to 3% of the portfolio. The manager was able to reign in strong returns as an overweight position in UK financials going into Q4 allowed the book to outperform in the quarter by 2.02% because of the Conservative win bolstering the industry. CQS took the opportunity to take profits in this area. The portfolio has been designed to capture idiosyncratic opportunities by single name investments rather than rely on market sentiment or beta. Specifically, Spanish and UK banks and selected insurance companies is where CQS hopes to make strong returns in this area.

ABS

ABS was trimmed slightly from 21.7% down to 21.2% as the manager sought to allocate into areas such as US high yield where there were idiosyncratic opportunities. ABS remain a stable portion of the portfolio. The objective of this book is to generate high level of carry without reliance on spread tightening. European CLOs is where the manager sees the best relative value opportunities. On the US side, RMBS serves as a defensive allocation however there is a rate risk in the event of a rising US base rate.

Convertibles

Convertibles exposure increased in Q4 2019 to 5.4% up from 5.2% with a slight tilt in US and European names. In the US, IT hardware issues led the advance with good contributions from health-related convertibles. Real estate lagged in both Europe and US on the back of higher benchmark yields. During the quarter, the manager participated actively in the new issue market. This book is the only area where the manager is adding quality to the book as c. 70% is investment grade.

Conclusion

The fund had a successful end to the year with markets and macroeconomic data being much more optimistic and driving the full range of asset classes into positive territory. Performance of the CQS CMA fund in 2019 was broadly consistent with expectations given market circumstances and was above the range of Libor +4-5% for the year. Performance since LCIV invested in the fund (Q3 2018) remains below target but not considerably so. Although asset allocation of the CQS fund has moved since its initiation (2013) the ranges have been relatively limited and it appears that the fund will always have a large allocation to Leveraged loans. Further meetings has been scheduled for late January to perform a review of the investment process as well review progress vs outstanding watch points. Areas to be covered will include strategic asset allocation of fund, its ability to add value on allocation/stock selection basis and risk control (position sizing) to mention but a few topics.

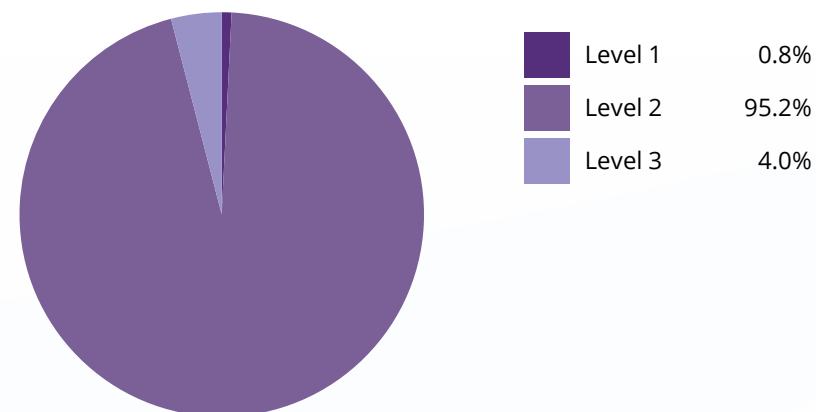
LCIV expect to update investors on the watch status by the end of Q12020 if not earlier.

LCIV MAC Fund: Portfolio Characteristics

Risk Highlights

Weighted Average Rating	B+
% Long Bond Equivalent Exposure with Public Rating	84.99%
% of Investment with Public Rating	84.17%
Yield to Expected Maturity GBP	5.39%
Spread Duration	3.88
Interest Rate Duration	1.59

Liquidity Management



Stress Test

Asset Class	Equities -10%	Equities +10%	Credit -25%	Credit +25%	IR -100bps	ABS -10%	ABS +10%
ABS						(2.12)%	2.12%
Convertibles	(0.22)%	0.25%	0.03%	(0.03)%	0.09%		
Loans	(0.02)%	0.02%	2.52%	(2.52)%	0.41%		
High Yield			0.85%	(0.79)%	0.80%		
Financials (IG)			0.13%	(0.13)%	0.20%		
Investment Grade							
Uncommitted Capital							

LCIV MAC Fund: Portfolio Characteristics

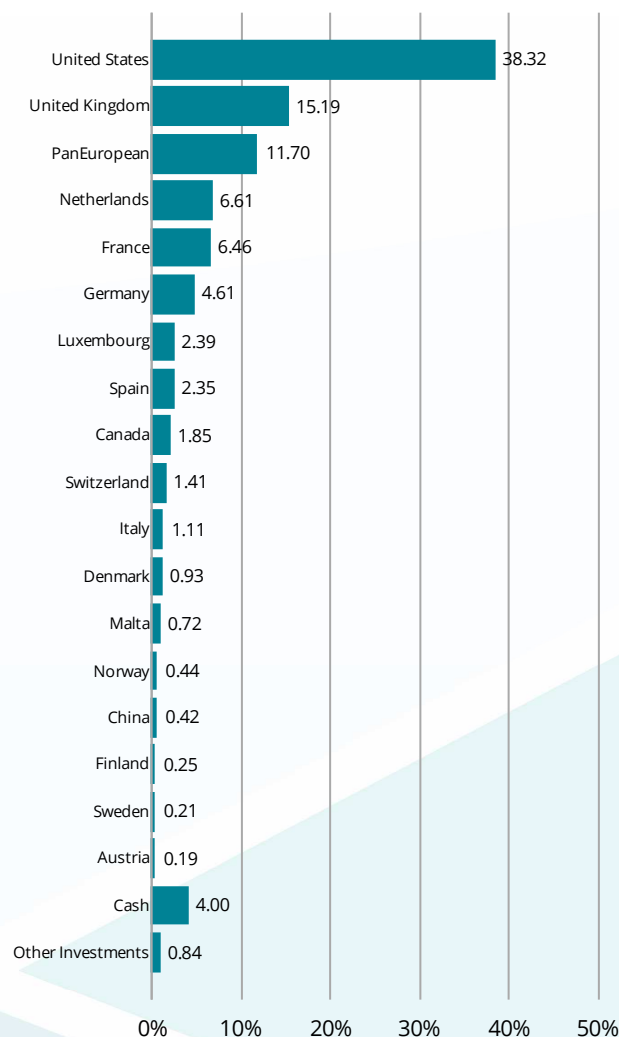
Asset Classification			
Classification	Nominal Exposure (%)	Contribution to Return (%)	Risk Weighted Exposure (%)
Loans	45.03	0.39	0.04
HY Corporate Bonds	21.40	0.21	0.04
ABS	21.17	0.23	0.03
Convertibles	5.39	0.17	0.04
FX/Fees & Expenses	4.06	0.02	0.00
Financial Bonds	3.10	0.19	0.03

Top Contributors to Performance		
Security Name	Nominal Exposure (%)	Contribution to Return (%)
Del Monte Food-Initial Loan (:3217_P	0.64	0.06
21st Century O-Tranche B Term:3112_P	0.58	0.07
Optiv Security-Initial Term L:2609_P	0.46	0.07
Optiv Security-Initial Term L:2610_P	0.16	0.06

Bottom Contributors to Performance		
Security Name	Nominal Exposure (%)	Contribution to Return (%)
Blackhawk Mining Llc	0.15	(0.14)
Addison Lee-Facility B3:1989_P	0.16	(0.11)
CONSTELLIS GRO-Term B Loan	0.18	(0.08)
AAC Holdings, -Term Loan:2764_P	0.21	(0.09)

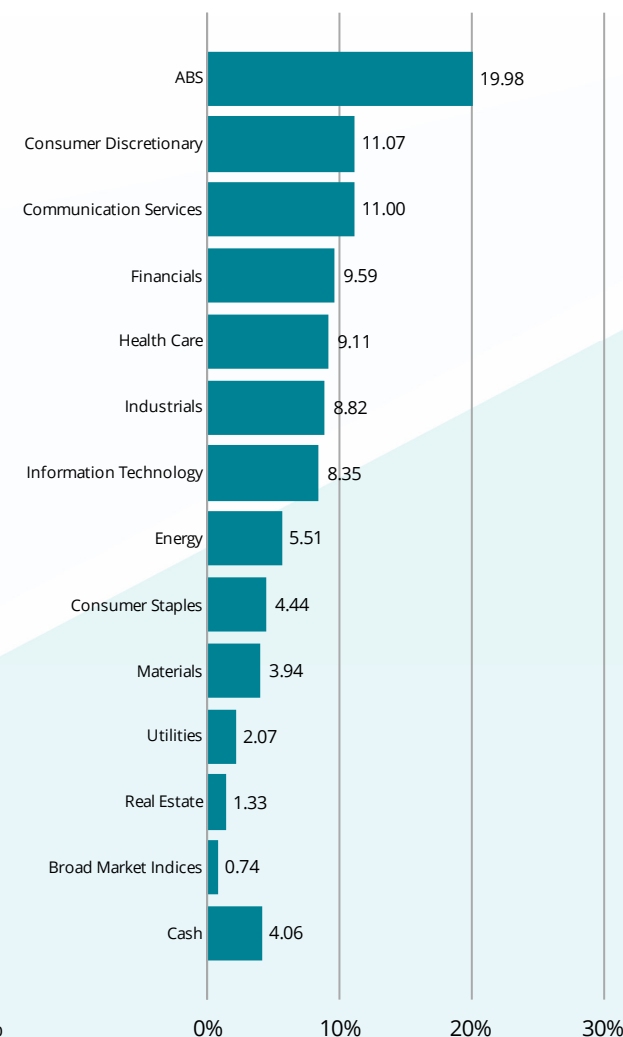
Country Weights

NAV (%)



Sector Weights

NAV (%)



LCIV MAC Fund: ESG Summary

Environmental



Social



Governance



Summary of ESG Policy

LCIV reviews the ESG policies of all holdings within the LCIV MAC Fund.

The Underlying Manager believes that ESG factors can influence the performance of companies and the value of their securities. While these factors are typically skewed toward impacting equity security valuation more than the value of an issuer's debt, it is possible for these factors to affect an issuer's ability to meet its financial obligations as and when they fall due, potentially materially so.

The Underlying Manager assesses each of these factors as part of the fundamental research process that supports the investment process. Their research process considers both bottom-up and macro ESG factors in assessing investments. Where they perceive there may be material risk or opportunity resulting from company exposure to these matters, this is considered in constructing strategies.

Summary of ESG Activity for the Quarter

The manager maintains its firm wide five-stage ESG investment integration process. Analysts are required to consider ESG risks as part of their investment decision making. CQS' process also exclaims that, of two similar securities, they will choose the one of higher ESG rating as it likely has a lower probability of default. The case of the Constellis investment is an interesting one in that the management team at Constellis were later found to be overstating contract profits and also not disclosing a significant tax liability which ultimately led to the asset trading at distressed levels. It is yet to be seen whether there was a governance problem that could/should have been visible to the analyst responsible for coverage. LCIV will follow up on the broader issue of how much focus is placed on governance at the underlying investment level.

Relevant Holdings

Sector	% of NAV
Aerospace & Defense	1.04
Casinos & Gaming	1.46
Distillers & Vintners	0.08
Fertilizers & Agricultural Chemicals	0.33
Oil & Gas	5.51
Total	8.42

Source: CQS

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 September 2019	31 December 2019
Blackrock	£	£
AQUILA LIFE WORLD EX-UK EQ IDX S1	173,174,163	175,157,016
AQ LIFE UP TO 5YR UK GILT IDX S1	54,132,643	55,638,694
AQUILA LIFE ALL STK UK ILG IDX S1	38,991,348	34,097,361
AQUILA LIFE UK EQUITY INDEX FD S1	12,580,485	13,106,992
LGIM	£	£
C - Managed Property	0	34,083,265
Total	278,878,639	312,083,327

Source: Passive Investment Manager Blackrock and LGIM



POOLED FUND COST COLLECTION TEMPLATE

Fund Manager		Fund name		Share class name		Currency of report				
Longview Partners		LCIV Global Equity Focus Fund		A Inc		GBP				
Investment return (% pa)		1 Year	3 Year	5 Year	10 Year	Since formation				
Net return		20.4%				11.3%				
Investment activity (GBP unless specified)		Total	Bonds	Derivatives	Equity	Foreign exchange	Property			
Opening assets		846,784,398			829,214,412					
Closing assets		871,299,407			829,007,324					
Purchases		14,549,242			14,549,242					
Sales		37,534,394			37,534,394					
Turnover (% pa)		1.7%			1.8%					
Management fees		Total (GBP)								
Invoiced Fees (less any rebates)		967,959								
VAT (if applicable)		n/a								
Total		967,959								
Client-specific data		Client (GBP)								
Average value of client holding		84,583,177								
Ongoing charges		Client (GBP)	Total							
Manager's Fees			0.45%							
Other Fees			0.04%							
Indirect Fees										
Total ongoing charges		104,903	0.50%							
Performance fees		Client (GBP)	Total							
Performance fees		n/a								
Transaction costs		Client (GBP)	Total	Bonds	Derivatives	Equity	Foreign exchange	Other	Pooled funds	Property
Transaction Taxes			0.000%			0.000%				
Broker Commission			0.001%			0.001%				
Implicit Costs			0.010%			0.010%				
Entry/exit charges										
Indirect transaction costs										
Other transaction costs										
Total transaction costs		8,955	0.011%			0.011%				
Stock lending (if applicable)		Total								
Value of stock on loan		n/a								
Gross income		n/a								



POOLED FUND COST COLLECTION TEMPLATE

Fund Manager		Fund name		Share class name		Currency of report				
Baillie Gifford & Co		LCIV Global Alpha Growth Fund		A Inc		GBP				
Investment return (% pa)		1 Year	3 Year	5 Year	10 Year	Since formation				
Net return		27.8%				18.6%				
Investment activity (GBP unless specified)		Total	Bonds	Derivatives	Equity	Foreign exchange	Property			
Opening assets		2,705,157,872			2,676,177,260					
Closing assets		2,782,395,119			2,744,051,357					
Purchases		35,604,991			35,604,991					
Sales		100,280,999			100,280,999					
Turnover (% pa)		1.3%			1.3%					
Management fees		Total (GBP)								
Invoiced Fees (less any rebates)	2,219,581									
VAT (if applicable)	n/a									
Total	2,219,581									
Client-specific data		Client (GBP)								
Average value of client holding	82,534,219									
Ongoing charges		Client (GBP)	Total							
Manager's Fees		0.32%								
Other Fees		0.05%								
Indirect Fees										
Total ongoing charges	77,020	0.37%								
Performance fees		Client (GBP)	Total							
Performance fees	n/a									
Transaction costs		Client (GBP)	Total	Bonds	Derivatives	Equity	Foreign exchange	Other	Pooled funds	Property
Transaction Taxes		0.001%				0.001%				
Broker Commission		0.003%				0.003%				
Implicit Costs		0.010%				0.010%				
Entry/exit charges										
Indirect transaction costs										
Other transaction costs										
Total transaction costs	11,268	0.014%				0.014%				
Stock lending (if applicable)		Total								
Value of stock on loan		n/a								
Gross income		n/a								



POOLED FUND COST COLLECTION TEMPLATE

Fund Manager		Fund name		Share class name		Currency of report				
J.P. Morgan Asset Management		LCIV Emerging Market Equity Fund		A Inc		GBP				
Investment return (% pa)		1 Year	3 Year	5 Year	10 Year	Since formation				
Net return		5.5%				(4.0)%				
Investment activity (GBP unless specified)		Total	Bonds	Derivatives	Equity	Foreign exchange	Property			
Opening assets		351,858,677			331,092,258					
Closing assets		346,260,429			338,798,108					
Turnover (% pa)										
Management fees		Total (GBP)								
Invoiced Fees (less any rebates)		525,885								
VAT (if applicable)		n/a								
Total		525,885								
Client-specific data		Client (GBP)								
Average value of client holding		27,628,625								
Ongoing charges		Client (GBP)	Total							
Manager's Fees			0.65%							
Other Fees			0.11%							
Indirect Fees										
Total ongoing charges		52,531	0.76%							
Performance fees		Client (GBP)	Total							
Performance fees		n/a								
Transaction costs		Client (GBP)	Total	Bonds	Derivatives	Equity	Foreign exchange	Other	Pooled funds	Property
Transaction Taxes			0.150%			0.150%				
Broker Commission			0.110%			0.110%				
Implicit Costs			0.120%			0.120%				
Entry/exit charges										
Indirect transaction costs										
Other transaction costs										
Total transaction costs		104,989	0.380%			0.380%				
Stock lending (if applicable)		Total								
Value of stock on loan		n/a								
Gross income		n/a								

LCIV MAC Fund: LGPS Transparency Code Data



POOLED FUND COST COLLECTION TEMPLATE

Fund Manager		Fund name		Share class name		Currency of report			
CQS		LCIV MAC Fund		A Inc		GBP			
Investment return (% pa)		1 Year	3 Year	5 Year	10 Year	Since formation			
Net return		6.4%				3.6%			
Investment activity (GBP unless specified)		Total	Derivatives	Equity	Fixed Income	FX			
Opening assets		845,862,285							
Closing assets		857,696,230							
Turnover (% pa)									
Management fees		Total (GBP)							
Invoiced Fees (less any rebates)		n/a							
VAT (if applicable)		n/a							
Total		n/a							
Client-specific data		Client (GBP)							
Average value of client holding		51,842,411							
Ongoing charges		Client (GBP)	Total						
Manager's Fees			0.40%						
Other Fees			0.03%						
Indirect Fees			0.10%						
Total ongoing charges		68,286	0.53%						
Performance fees		Client (GBP)	Total						
Performance fees		n/a							
Transaction costs		Client (GBP)	Total	Derivatives	Equity	Fixed Income	FX	Other	
Transaction Taxes									
Broker Commission									
Implicit Costs									
Entry/exit charges									
Indirect transaction costs			0.150%	0.000%		0.110%	0.023%	0.018%	
Other transaction costs									
Total transaction costs		77,765	0.150%	0.000%		0.110%	0.023%	0.018%	
Stock lending (if applicable)		Total							
Value of stock on loan		n/a							
Gross income		n/a							

LCIV Fund Range

Please see below a summary of the LCIV 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	Capacity*	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)	Inception Date	No. of Investors
UK Equity							
LCIV UK Equity Fund	£n/am	£1,000m	(0.91)	7.69	(0.26)	18/05/2017	0
Benchmark: FTSE All Share Index			4.16	19.17	5.19		
Performance Against Benchmark			(5.07)	(11.48)	(5.45)		
Global Equity							
LCIV Global Alpha Growth Fund	£2,782m	£650m additional	4.90	27.78	18.60	11/04/2016	13
Benchmark: MSCI All Country World Gross Index			1.07	22.34	15.19		
Performance Against Benchmark			3.83	5.44	3.41		
LCIV Global Equity Fund	£668m	Unlimited	1.12	20.82	9.88	22/05/2017	3
Benchmark: MSCI All Country World Index Total Return (Gross)			1.46	22.38	9.96		
Performance Against Benchmark			(0.34)	(1.56)	(0.08)		
LCIV Global Equity Focus Fund	£871m	£1,500m	2.90	20.44	11.35	17/07/2017	5
Benchmark: MSCI World Index Total Return (Net) in GBP			0.98	22.74	9.52		
Performance Against Benchmark			1.92	(2.30)	1.83		
LCIV Equity Income Fund	£260m	£750m	(0.85)	16.90	5.61	08/11/2017	2
Benchmark: MSCI World Index Total Return (Net) in GBP			0.98	22.74	8.24		
Performance Against Benchmark			(1.83)	(5.84)	(2.63)		
LCIV Emerging Market Equity Fund	£346m	£1,000m	0.20	5.45	(4.04)	11/01/2018	6
Benchmark: MSCI Emerging Market Index (TR) Net			4.03	13.86	0.01		
Performance Against Benchmark			(3.83)	(8.41)	(4.05)		
LCIV Sustainable Equity Fund	£448m	£1,000m	3.05	26.98	14.67	18/04/2018	3
Benchmark: MSCI World Index Total Return (Net) in GBP			0.98	22.74	13.10		
Performance Against Benchmark			2.07	4.24	1.57		
Multi Asset							
LCIV Global Total Return Fund	£325m	Unlimited	0.67	5.44	3.55	17/06/2016	5
LCIV Diversified Growth Fund	£726m	Underlying £9.5bn	2.79	12.63	6.53	15/02/2016	8
LCIV Absolute Return Fund	£898m	£1,500m	0.97	8.91	4.23	21/06/2016	10
LCIV Real Return Fund	£134m	Unlimited	1.61	12.37	5.28	16/12/2016	2

LCIV Fund Range (continued)

ACS	Size	Capacity*	Current Quarter (%)	1 Year (%)	Since Inception p.a. (%)	Inception Date	No. of Investors
Fixed Income							
LCIV MAC Fund	£858m	Unlimited	1.29	6.41	3.58	31/05/2018	12
LCIV Global Bond Fund	£295m	Unlimited	0.64	12.05	11.46	30/11/2018	3
Benchmark: Barclays Aggregate – Credit Index Hedged (GBP) Index			0.20	9.97	10.17		
Performance Against Benchmark			0.44	2.08	1.29		
Total LCIV Assets Under Management	£8,612m						

*Total fund capacity as at 31 December 2019. Capacities may change, for details on remaining current capacity available for further investment please contact the Client Service Team at clientservice@londonciv.org.uk.

EUUT	31 December 2019 Total Commitment	Called to Date	Undrawn Commitments	Inception Date	No. of Investors
Active Investments	£	£	£		
LCIV Infrastructure Fund	399,000,000	598,500	398,401,500	31/10/2019	6

Glossary of Terms

- **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.
- **Set up of the Sub-Funds** The London LGPS CIV Ltd ("London CIV" or "LCIV") 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 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 active global equity, UK equity sub-funds and Global Bond fund.
 - 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.
- **Net Market Move** Change in valuation of the holding due to movement in the market rather than cash flows into or out of the portfolio.
- **Performance Calculation Basis** Fund performance is calculated net of all fees and expenses. Where a fund has been open for less than a year the performance will show as n/a. Performance is calculated in one of two ways depending which option is taken for reinvestment. Where distributions are reinvested fund performance is shown including the impact of this reinvestment. Where the cash option is taken distributions are included however no growth in distributions is included. Additional external flows such as subscriptions or redemptions are factored in on a Modified Dietz basis. This may mean that the performance for an LLA is different to the performance of the fund in total.
- **Since Inception Performance** For fund / LLAs that have been live for a period exceeding 12 months, figures are annualised taking into account the period the fund has been open.
- **Capacity** Total capacity of the fund. Further details can be found within the prospectus, funds may be limited by subscriptions into the fund or by the total fund valuation size. For queries on remaining capacity as at a relevant date, please contact the Client Service Team at clientservice@londonciv.org.uk.
- **XD Date** The date on which the distribution amount will be determined. Units purchased in the fund on its ex-dividend date or after, will not receive the next payment. Any units held in the fund before the ex-dividend date, receive the distribution.
- **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 BD.
- **Estimated PPU** The estimated distribution pence per unit payment that will be made to unitholders at the next pay date.
- **Sectors and Industry Characteristics** The number of holdings in different sectors and industries is counted based on the classification to GICS categories of all individual 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 fund.
- **Country Characteristics** The number of holdings in different countries is counted based on the classification to countries of risk of all individual 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 fund. For the Equity Funds holdings incorporated in

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tax havens have been reflected as the country in which that company is headquartered.

- **Tracking error** A measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager; it indicates how closely a portfolio follows the benchmark. This is shown in percentage terms.
- **Volatility Risk** A measure of the total risk in an investment portfolio. This is shown in percentage terms.
- **Beta** The beta is the sensitivity of the portfolio to the stated benchmark.
- **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 fund.
- **Performance Attribution** For delegated portfolios the top ten contributors and detractors to performance are shown. This is to show how the structure of the portfolio contributed to the total performance.
- **New Positions** For delegated 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-existing holdings have been topped up. Note if a position was bought and has since been sold this will not appear.
- **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.
- **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.
- **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 FRC website <https://www.frc.org.uk/investors/uk-stewardship-code>
- **Relevant Holdings** This table highlights holdings within the investment portfolio in GIC sub-industries which may be considered relevant for ESG considerations. Specifically this calls upon sub-industries:
 - ✓ Aerospace & defence
 - ✓ Brewers
 - ✓ Casinos & Gaming
 - ✓ Distillers & Vintners
 - ✓ Fertilizers & Agricultural Chemicals
 - ✓ Integrated Oil & Gas
 - ✓ Oil & Gas Drilling
 - ✓ Oil & Gas Exploration & Production
 - ✓ Oil & Gas Refining & Marketing
 - ✓ Tobacco
- List of **Underlying Manager** per Delegated Fund :
 - ✓ Allianz Global Investors for LCIV Global Equity Alpha Fund
 - ✓ Baillie Gifford & Co for LCIV Global Alpha Growth Fund and LCIV Diversified Growth Fund
 - ✓ Epoch Investment Partners for LCIV Equity Income Fund

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- ✓ JPMorgan Asset Management (UK) Limited for LCIV Emerging Market Equity Fund
- ✓ Longview Partners for LCIV Global Equity Focus Fund
- ✓ Majedie Asset Management for LCIV UK Equity Fund
- ✓ PIMCO for LCIV Global Bond Fund
- ✓ RBC Global Asset Management (UK) Limited for LCIV Sustainable Equity Fund
- ✓ Newton Investment Management for LCIV Global Equity Fund
- List of Pooled Funds **current Underlying Manager** :
 - ✓ Baillie Gifford & Co for LCIV Diversified Growth Fund
 - ✓ Newton Investment Management for LCIV Real Return Fund
 - ✓ Pyrford International for LCIV Global Total Return Fund
 - ✓ Ruffer LLP for LCIV Absolute Return Fund
 - ✓ CQS for LCIV MAC Fund
- **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.
- **% 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.
- **Yield to Expected Maturity** It is the total return expected on the bond if it is held until it matures.
- **Spread Duration** This represents the price sensitivity of the portfolio to changes in spreads between different credit quality bonds.
- **Interest Rate Duration** It is the price sensitivity of the portfolio to changes in interest rates.
- **Duration** A 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.
- **Bull Duration** A 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.
- **Bear Duration** A 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.
- **Spread Duration** Spread duration represents a 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.
- **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.
- **LGPS Transparency Code Template** All of the London CIV offerings are through the pooled ACS structure as such the pooled cost collection

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template has been provided. Where the fund invests via an underlying pooled structure the investment activity section has not been provided on a look through basis. The Management fee reflected is that of the underlying manager named on the template. This is the total amount paid by the fund as per the template requirements. The template also shows a section for performance fees however, except for LCIV Global Equity Alpha Fund and LCIV Global Equity Fund, our funds do not operate a performance fee as such this section will not reflect any amounts. The London CIV fee is included within the other fees in the client specific ongoing charges section. Transaction costs have been estimated assuming the same cost base and spread of the most recent audited financial statements. Where the fund invests via a pooled structure the most recent template received from the underlying manager has been used to estimate the fee rates.

Disclaimer

London CIV

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