ENFIELD Council

London CIV Quarterly ACS Investment Review

31 December 2021

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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 31 December 2021.

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 31 December 2021 and how these have changed during the quarter.

ACS	30 September 2021	Net Subscriptions / (Redemptions)	Cash Distributions Paid	Net Market Move	31 December 2021
Active Investments	£	£	£	£	£
Global Equities					
LCIV Global Alpha Growth Fund	123,800,686	-	-	77,267	123,877,953
LCIV Global Equity Focus Fund	100,380,407	-	-	3,800,484	104,180,891
LCIV Emerging Market Equity Fund	35,887,020	-	-	(1,543,495)	34,343,525
Fixed Income					
LCIV MAC Fund	56,459,692	-	-	567,175	57,026,867
Total	**316,527,805**	**-**	**-**	**2,901,431**	**319,429,236**

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 2021	31 December 2021
Passive Investments †	£	£
Blackrock	339,659,521	358,061,278

† 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 Fund	**0.05**	**8.91**	**22.77**	**16.88**	**16.88**	**30/09/2016**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%	*6.72*	*22.46*	*20.95*	*15.14*	*15.84*	
Relative to Investment Objective	**(6.67)**	**(13.55)**	**1.82**	**1.74**	**1.04**	
Benchmark: MSCI All Country World Gross Index (in GBP)	*6.18*	*20.06*	*18.57*	*12.88*	*13.57*	
Relative to Benchmark	**(6.13)**	**(11.15)**	**4.20**	**4.00**	**3.31**	
LCIV Global Equity Focus Fund	**3.79**	**21.60**	**13.34**	**n/a**	**12.22**	**24/10/2018**
Target: MSCI World (GBP)(TRNet)+2.5%	*7.95*	*26.01*	*22.21*	*n/a*	*19.55*	
Relative to Target	**(4.16)**	**(4.41)**	**(8.87)**	**n/a**	**(7.33)**	
Benchmark: MSCI World (GBP)(TRNet)	*7.28*	*22.94*	*19.23*	*n/a*	*16.63*	
Relative to Benchmark	**(3.49)**	**(1.34)**	**(5.89)**	**n/a**	**(4.41)**	
LCIV Emerging Market Equity Fund	**(4.35)**	**(4.65)**	**8.27**	**n/a**	**8.46**	**24/10/2018**
Investment Objective: MSCI Emerging Market Index (TR) Net+2.5%	*(1.14)*	*0.82*	*11.41*	*n/a*	*11.93*	
Relative to Investment Objective	**(3.21)**	**(5.47)**	**(3.14)**	**n/a**	**(3.47)**	
Benchmark: MSCI Emerging Market Index (TR) Net	*(1.76)*	*(1.64)*	*8.69*	*n/a*	*9.20*	
Relative to Benchmark	**(2.59)**	**(3.01)**	**(0.42)**	**n/a**	**(0.74)**	
LCIV MAC Fund	**0.96**	**6.40**	**4.89**	**n/a**	**4.35**	**30/11/2018**
Investment Objective: 3m LIBOR +4.5%	*1.15*	*4.59*	*4.90*	*n/a*	*4.91*	
Relative to Investment Objective	**(0.19)**	**1.81**	**(0.01)**	**n/a**	**(0.56)**	

Quarterly Update - Client Relations Team Report

Q4 2021 A reflection on 2021 - the year that was

Welcome to the London CIV Quarterly Investment Report ("QIR")

As we begin this New Year, we will continue to place a high emphasis on making sure we put in place high quality client engagement arrangements despite any further restrictions that may be imposed by the Covid-19 pandemic. Last year we made significant progress to improve our investment reports, website, and client portal, which in addition to serving you, it also raises the profile of the London CIV.

In terms of assets under management, the value of our public market funds offered via the London CIV's Authorised Contractual Scheme (ACS) rose by 26%, from £10.8 billion to £13.9 billion, and the cumulative commitments raised into our private market funds increased by 74%, from £606 million to £2.0 billion by the end of 2021.

In our annual submission to the Department of Levelling Up, Housing and Communities (DLUHC - previously known as MHCLG) we reported cumulative net savings of £33 million to our Client Funds for the first four years of operation to March 2021. As the value of pooled assets grow, we expect the level of savings to increase. Securing further savings is critically dependent on delivering the benefits of scale through collective investment in our product offering whilst also ensuring that the product range provides the solutions required to meet the Client Fund's strategic investment requirements. Working in a collaborative manner with our clients and broader stakeholders is critical to our success and our commitment in improving our communication with all parties will continue to evolve and improve.

Whilst we continued to make significant progress in 2021, one of our ongoing challenges is to gain greater commitment/demand from seed investors at an early stage to overcome the difficulties we face in securing attractive deals from investment managers. Your contribution as seed investors is vital in enabling us to attain greater negotiation leverage with the investment managers to secure better fee outcomes. We thank all our investors for your trust and commitment to the London CIV during 2021 and we look forward to further successful collaboration with you in 2022, and beyond.

Q4 2021 Activity in Brief

During our Annual Strategy and Responsible Investment Conference in October 2021, our Chief Executive Officer, Mike O'Donnell, reflected on the progress we have made with our existing product range and the strong demand seen for the new funds we launched in 2021, each of which were developed in partnership with Seed Investor Groups (SIGs). Our Chief Investment Officer, Jason Fletcher, presented at high-level our strategic product roadmap, and our Chief Operating Officer, Brian Lee, presented our medium-term pooling plan based on your responses to our annual survey.

We have made significant strides towards the 6 priorities of our Responsible Investment & Engagement Programme set out at the end of 2019. We were the first LGPS pool to announce a net zero strategy. Our ambitious target to achieve net zero by 2040 is intended to reflect the ambitions of our Client Funds, recognising the fact that each one of you will set targets of your own with different timescales. By announcing our target, we are not aiming to determine the net zero target for any of our Client Funds. You will likely have different terms and speeds and we respect that.

While setting the net zero target may prove to be the easier step, the challenge ahead will lie on creating an appropriate road map that will enable

us to hit these targets. We recognise that the decisions each Client Fund will take in respect to their strategic asset allocation will play a significant role on their ability to achieve this. For us, it means that we need to work with our Client Funds to ensure our product range remains relevant and continues to offer what is required when/if tighter net zero targets are agreed in the future.

As we keep on developing our existing fund range in response to climate change commitments, we consider the financial implications of climate related risks.

During Q4 2021, we advanced in the process of further integrating Environmental, Social and Governance (ESG) factors to the strategy used by our LCIV Global Bond Fund. Effective 1 November 2021, Hermes EOS became our partner in respect to stewardship and engagement activities effective as part of our engagement step. The role of Hermes EOS is to sit alongside the voting guidance we receive as members of the Local Authority Pension Fund Forum (LAPFF). In terms of reporting, we have been conducting a trial with one of our Client Funds to assess the carbon footprint in line with the Task Force on Climate Financial Disclosures (TCFD) for its entire investment portfolio, irrespective of those assets being pooled or not. Going forward we are confident that we will be able to offer this service to all our Client Funds, which will present an aggregate assessment of the entire investment portfolio, show relevant metrics, and enable each of the Pension Committees to work towards their net zero targets. If this is something in which your Pension Fund is interested, please contact your designated Client Relations Manager at clientservice@londonciv.org.uk.

Our primary focus remains on financial returns; therefore, conversations with investment managers to improve the sustainability credentials of our products need to sit alongside the appropriate level of financial return our Client Funds depend on to generate the acceptable funding level to pay pensions without further recourse to the taxpayer. Our aim is to safeguard that our collective voice is heard in Responsible Investment debates whilst supporting our Client Funds to pool in line with their respective investment strategies.

We were also pleased to be approved as an asset owner to the first list of signatories to the 2020 UK Stewardship Code over the last quarter, which is an achievement to be celebrated. In December, Jeff Houston of the Local Government Pension Scheme Advisory Board (SAB) was our guest at our Business Update, and he provided us with an update on LGPS pooling and discussed the role pools can play to invest in social capital and support the challenges of the financial impact climate change can cause. A recording of this session is available to you in our Client Portal. Our fourth quarter Meet the Manager webinar was chaired by our Responsible Investment Manager Alison Lee and featured a discussion with Hermes EOS and their engagement capabilities.

Current Position

On 31 December 2021, the total assets deemed pooled by our Client Funds were £29.6 billion, of which £15.9 billion are in funds managed by the London CIV, being the ACS plus amounts committed to private market funds. Assets under management in our ACS stood at £13.9 billion. Over the fourth quarter, we had £250 million of additional commitments from four new investors to the LCIV Private Debt Fund, bringing total commitments raised by our private market funds as of 31 December 2021 to £2.0 billion of which £744m had been drawn. The value of 'pooled' passive assets was £12.8 billion, with £9.5 billion managed by Legal and General Investment Management and £3.3 billion managed by BlackRock.

Fund Activity - ACS

During Q4 2021 we had net flows of £1 million into the London CIV's ACS funds. Transactions included two investors seeding the Passive Equity Progressive Paris Aligned (PEPPA) Fund in early December with a total

contribution of £540 million, new investors into the LCIV Global Bond Fund, LCIV Sustainable Equity Fund, and LCIV MAC Fund, positive net flows into the multi-asset LCIV Diversified Growth Fund and LCIV Absolute Return Fund due to rebalancing activity, and smaller negative net flows recorded for the LCIV Global Total Return Fund, LCIV Global Equity Fund, and LCIV Global Alpha Growth Fund.

Feedback from our regular catch-up calls with Pension Officers suggests that there are further opportunities for Client Funds to invest in our existing funds to meet their strategic asset allocation requirements. Looking ahead, we are working towards the launch the LCIV Alternative Credit Fund at the end of January 2022, which will in turn allow us to introduce PIMCO's Diversified Income Strategy to the LCIV MAC Fund which is anticipated to be incorporated from February 2022.

Fund Activity - Private Market Funds

We had a total of £420.5 million in drawdowns across all our private market funds over the quarter. The largest drawdowns were attributed to the LCIV Inflation Plus Fund and the LCIV Renewable Infrastructure Fund, which were respectively £132.4 million and £128.0 million.

On 30 September 2021, the LCIV Inflation Plus Fund held three assets in the education sector with total fund value of £35.4 million. During Q4 2021, we have agreed terms to acquire a £158 million portfolio (net of tax and transaction costs) of real estate long income assets. The portfolio consists of 11 assets across a range of sectors including hotels, student accommodation and supermarkets. By year-end, eight properties transaction have been completed with an acquisition price of £97 million (net of transaction costs) and the remainder is anticipated to be completed by end of March 2022.

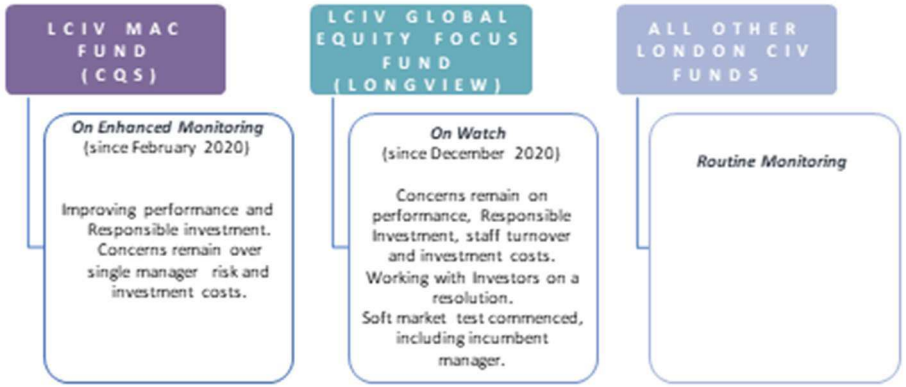
Separately, the Fund is also under offer on another student accommodation transaction of £22 million. We are targeting to complete both transactions, totalling £189m (including costs), by the end of March 2022. This portfolio acquisition represents a unique opportunity for the Fund to deploy all the existing investor queue quickly and efficiently into a diverse portfolio of high-quality, inflation linked long income assets, providing a platform for the continued strong performance and growth of the Fund. These acquisitions will create a diverse c.£217m portfolio of assets across 6 sectors and with an average investment grade credit rating of BBB+.

In October 2021, the LCIV Renewable Infrastructure Fund bought a single position in the BlackRock Renewable Income UK Fund that invests in a portfolio of 48 wind and solar projects across the UK. This investment allowed us to immediately deploy capital into a mature portfolio of renewable energy assets which is already generating cash, and therefore it is offering our Client Funds an immediate return on their investment.

For 2022, we will focus on developing a property fund offering, recognising this could be a complex process and individual Client Funds will have different starting points and different requirements in terms of their strategic asset allocation.

Investment Manager Monitoring

Below is a summary of the status of the London CIV investment manager monitoring programme as of 31 December 2021:



Cost Transparency Initiative templates for all funds ran by the London CIV as at 31 March 2021 were shared on the Byhiras Portal.

Group Engagement

We hosted seven group meetings over the quarter. The table below shows the types of meetings held:

Meeting Types	Quantity
Specific Pooling Opportunities	13
Catch-up Calls	12
Pension Committee Meetings	12
Preparation Meetings	7
Induction to the London CIV	1
Pooling Progression Strategy (PPS)	1
Total	46

Participation to our monthly Business Update and quarterly Meet the Manager webinars has improved significantly over last year, and we note a greater attendance from Pension Chairs and Pension Committee Members. In December we had representation from 75% of our Client Funds in addition to investment consultants and independent advisors.

We will continue to host our monthly Business Update webinars via Microsoft Teams at 10am every third Thursday of the month. We will be hosting a Workshop on Property Investments on 31 January 2021 and the next Seed Investor Group (SIG) discussion on Sterling Credit will be held on 1 February 2022. This SIG group will determine demand for us to move to Stage 2: Mandate Development of our Fund Launch Framework as we work with interested investors to determine sufficient appetite to launch this product. If you wish to join us at any of these meetings, please contact your designated Client Relations Manager at clientservice@londonciv.og.uk.

Client Fund Meetings

Over Q4 2021 we have recorded over 46 meetings/calls with our Client Funds. The table below shows the types of meetings held during Q4 2021:

Meeting Type	Quantity
Seed Investment Group (SIG)	2
Business Update (BU)	2
Investment Consultant Update	1
Independent Advisors Update	1
Meet the Manager (MTM)	1
Total	**7**

Pooling Strategy

Following approval by the London CIV Board during Q4 2021, we are now working on the basis that a realistic pooling target is to achieve 71% pooled by 2025 instead of 75% by 2023. This figure is based on one-to-one pooling strategy meetings with our Client Funds and the responses to the annual survey submitted to the DLUHC). This new target also forms part of the basis for our Medium-Term Financial Strategy (MTFS) and Budget for 2022/23 on which we are now monitoring progress and forecasting for the financial year ending in March 2022.

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	**£2,642m**	**0.05**	**8.91**	**22.77**	**16.88**	**19.19**	**11/04/2016**	**11**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%		6.72	22.46	20.95	15.14	18.04		
Performance Against Investment Objective		**(6.67)**	**(13.55)**	**1.82**	**1.74**	**1.15**		
Benchmark: MSCI All Country World Gross Index (in GBP)		6.18	20.06	18.57	12.88	15.72		
Performance Against Benchmark		**(6.13)**	**(11.15)**	**4.20**	**4.00**	**3.47**		
LCIV Global Alpha Growth Paris Aligned Fund	**£1,375m**	**(0.19)**	**n/a**	**n/a**	**n/a**	**1.20**	**13/04/2021**	**6**
Investment Objective: MSCI All Country World Gross Index (in GBP)+2%		6.72	n/a	n/a	n/a	13.18		
Performance Against Investment Objective		**(6.91)**	**n/a**	**n/a**	**n/a**	**(11.98)**		
Benchmark: MSCI All Country World Gross Index (in GBP)		6.18	n/a	n/a	n/a	11.58		
Performance Against Benchmark		**(6.37)**	**n/a**	**n/a**	**n/a**	**(10.38)**		
LCIV Global Equity Fund	**£782m**	**6.53**	**20.40**	**18.90**	**n/a**	**13.28**	**22/05/2017**	**3**
Investment Objective: MSCI All Country World Index Total Return (Gross)+1.5%		6.69	21.94	20.29	n/a	14.49		
Performance Against Investment Objective		**(0.16)**	**(1.54)**	**(1.39)**	**n/a**	**(1.21)**		
Benchmark: MSCI All Country World Index Total Return (Gross)		6.29	20.13	18.51	n/a	12.80		
Performance Against Benchmark		**0.24**	**0.27**	**0.39**	**n/a**	**0.48**		
LCIV Global Equity Core Fund	**£601m**	**8.90**	**20.32**	**n/a**	**n/a**	**15.95**	**21/08/2020**	**2**
Benchmark: MSCI All Country World Index (with net dividends reinvested)		6.09	19.55	n/a	n/a	21.44		
Performance Against Benchmark		**2.81**	**0.77**	**n/a**	**n/a**	**(5.49)**		
LCIV Global Equity Focus Fund	**£1,001m**	**3.79**	**21.60**	**13.34**	**n/a**	**10.81**	**17/07/2017**	**5**
Target: MSCI World (GBP)(TRNet)+2.5%		7.95	26.01	22.21	n/a	15.86		
Performance Against Target		**(4.16)**	**(4.41)**	**(8.87)**	**n/a**	**(5.05)**		
Benchmark: MSCI World (GBP)(TRNet)		7.28	22.94	19.23	n/a	13.04		
Performance Against Benchmark		**(3.49)**	**(1.34)**	**(5.89)**	**n/a**	**(2.23)**		
LCIV Emerging Market Equity Fund	**£557m**	**(4.35)**	**(4.65)**	**8.27**	**n/a**	**2.76**	**11/01/2018**	**7**
Investment Objective: MSCI Emerging Market Index (TR) Net+2.5%		(1.14)	0.82	11.41	n/a	5.66		
Performance Against Investment Objective		**(3.21)**	**(5.47)**	**(3.14)**	**n/a**	**(2.90)**		
Benchmark: MSCI Emerging Market Index (TR) Net		(1.76)	(1.64)	8.69	n/a	3.08		
Performance Against Benchmark		**(2.59)**	**(3.01)**	**(0.42)**	**n/a**	**(0.32)**		

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	**£1,468m**	**6.57**	**19.34**	**23.64**	**n/a**	**18.53**	**18/04/2018**	**8**
Investment Objective: MSCI World Index Total Return (Net) in GBP+2%		7.82	25.40	21.62	n/a	17.77		
Performance Against Investment Objective		**(1.25)**	**(6.06)**	**2.02**	**n/a**	**0.76**		
Benchmark: MSCI World (GBP)(TRNet)		7.28	22.94	19.23	n/a	15.46		
Performance Against Benchmark		**(0.71)**	**(3.60)**	**4.41**	**n/a**	**3.07**		
LCIV Sustainable Equity Exclusion Fund	**£481m**	**6.74**	**22.77**	**n/a**	**n/a**	**42.95**	**11/03/2020**	**3**
Investment Objective: MSCI World Index Total Return (Net) in GBP+2%		7.82	25.40	n/a	n/a	32.37		
Performance Against Investment Objective		**(1.08)**	**(2.63)**	**n/a**	**n/a**	**10.58**		
Benchmark: MSCI World (GBP)(TRNet)		7.28	22.94	n/a	n/a	29.78		
Performance Against Benchmark		**(0.54)**	**(0.17)**	**n/a**	**n/a**	**13.17**		
LCIV Passive Equity Progressive Paris Aligned Fund	**£533m**	**n/a**	**n/a**	**n/a**	**n/a**	**2.69**	**01/12/2021**	**2**
Index: S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (GBP)		n/a	n/a	n/a	n/a	2.75		
Performance Against Index		**n/a**	**n/a**	**n/a**	**n/a**	**(0.06)**		
Multi Asset								
LCIV Global Total Return Fund	**£230m**	**1.26**	**3.64**	**3.90**	**2.26**	**3.33**	**17/06/2016**	**3**
Target: RPI + 5%		3.11	11.72	8.41	8.48	8.50		
Performance Against Target		**(1.85)**	**(8.08)**	**(4.51)**	**(6.22)**	**(5.17)**		
LCIV Diversified Growth Fund	**£912m**	**3.78**	**9.32**	**7.94**	**5.04**	**6.22**	**15/02/2016**	**8**
Target: UK Base Rate +3.5%		0.90	3.61	3.86	3.90	3.90		
Performance Against Target		**2.88**	**5.71**	**4.08**	**1.14**	**2.32**		
LCIV Absolute Return Fund	**£1,205m**	**1.39**	**10.25**	**9.73**	**4.82**	**6.41**	**21/06/2016**	**10**
Target: 1m LIBOR +3%		0.77	3.06	3.33	3.38	3.37		
Performance Against Target		**0.62**	**7.19**	**6.40**	**1.44**	**3.04**		
LCIV Real Return Fund	**£187m**	**3.74**	**7.28**	**8.92**	**5.79**	**6.02**	**16/12/2016**	**2**
Investment Objective: 1m SONIA from 1 October 2021 1m LIBOR previously +3%		0.77	3.05	3.33	3.38	3.38		
Performance Against Investment Objective		**2.97**	**4.23**	**5.59**	**2.41**	**2.64**		

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 MAC Fund	**£1,215m**	**0.96**	**6.40**	**4.89**	**n/a**	**3.89**	**31/05/2018**	**13**
Investment Objective: 3m LIBOR +4.5%		1.15	4.59	4.90	n/a	4.97		
Performance Against Investment Objective		**(0.19)**	**1.81**	**(0.01)**	**n/a**	**(1.08)**		
LCIV Global Bond Fund	**£689m**	**(0.21)**	**(0.54)**	**5.65**	**n/a**	**5.63**	**30/11/2018**	**7**
Benchmark: Barclays Aggregate – Credit Index Hedged (GBP) Index		(0.04)	(1.13)	5.12	n/a	5.31		
Performance Against Benchmark		**(0.17)**	**0.59**	**0.53**	**n/a**	**0.32**		
Total LCIV ACS Assets Under Management	**£13,877m**							

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. The figures are as at 30 September 2021 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	30 September 2021 Total Commitment	Called to Date	Undrawn Commitments	30 September 2021 Fund Value	Inception Date	No. of Investors
EUUT	£'000	£'000	£'000	£'000		
LCIV Infrastructure Fund	**399,000**	**122,061**	**276,939**	**124,154**	**31/10/2019**	**6**
LCIV Inflation Plus Fund	**202,000**	**35,772**	**166,228**	**35,393**	**11/06/2020**	**3**
LCIV Renewable Infrastructure Fund	**682,500**	**51,606**	**630,894**	**48,442**	**29/03/2021**	**10**
LCIV Private Debt Fund	**290,000**	**91,552**	**198,448**	**94,435**	**29/03/2021**	**3**
SLP	£'000	£'000	£'000	£'000		
The London Fund	**195,000**	**22,917**	**172,083**	**21,662**	**15/12/2020**	**2**

*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 Q4 2021

In aggregate London CIV funds had a poor relative performance in 2021 and Q4 reversing to some extent the exceptional relative performance we saw in 2020.

The best quarterly and annual relative performance has been led by the LCIV MAC Fund (by CQS), LCIV Equity Core Fund (by MSIM) and the multi-assets funds except for LCIV Global Total Return Fund with Pyrford which continues to suffer with a high bond weighting and the toughest benchmark. Over the last 12 months the LCIV Global Alpha Growth Fund (by Baillie Gifford) has underperformed the index by 11.2% and LCIV Global Alpha Growth Paris Aligned Fund (by Baillie Gifford) have underperformed the index by 10.3% in the last 9 months which has been caused by the bias towards the underperforming growth companies that they favour but also some poor stock selection as they shifted away from the technology sector. Thankfully the exceptional performance from the previous three years means that long-term performance is still significantly ahead of target. The LCIV Global Equity Core Fund (by MSIM) has seen a strong pick up in performance after a poor start but remains below its benchmark since its inception in August 2020. All the performance data can be found in the table above. We have challenged the underperforming investment managers at our regular Quarterly review meetings regarding the reasons for this underperformance and share more detail in the attached Sub-fund reports.

On the ACS, the LCIV MAC Fund with CQS was moved to 'normal monitoring' from 'enhanced monitoring' in December 2021 after we observed significant improvements in performance, integration of ESG into their process and improved team stability. The LCIV Global Equity Focus Fund with Longview remains on our 'watch list' and has continued to underperform in 2021. We have seen an uptick in staff turnover with several of our investment managers recently and some mergers which are also detailed in the underlying reports. London CIV is engaging with those investment managers where we feel investment costs are higher than similar sized asset owners using peer group data (see below). The individual reports will update progress from those investment managers that failed to get FRC stewardship status last year. All other London CIV Sub-funds are on standard monitoring, though we are reviewing Pyrford given their long term and short-term performance respectively.

We have introduced performance versus the investment objective targets per the prospectus in this report to show where investment managers are beating the index and also where they are beating the outperformance target. Though these are sometimes challenging targets this is the expected return we are seeking for the active management over the passive equivalents and London CIV expect these investment managers to be taking a commensurate level of risk to deliver these targets.

London CIV has moved the Sub-funds that use LIBOR as a Benchmark to a SONIA Benchmark as of the end of this year. Historic performance will remain against LIBOR with future performance measured against SONIA. The LCIV Real Return Fund (by Newton) has adopted this change in September 2021. We have engaged with all our investment managers that utilised LIBOR to ensure that they transitioned to the SONIA benchmark before the end of 2021. SONIA is calculated and published by the Bank of England using a transparent methodology based on actual transactions.

Markets

The last 12 months has seen remarkable performance from Equities returning 17.5% (Bloomberg 15/1/22) after three double digit returning years and up over 70% since the lows of the Covid-19 Outbreak. Emerging Markets (-6.3%) and Japan Equities (+7.5%) were the laggards with U.S. equities (+24.4%) the clear leading market. Bonds have been disappointing seeing a -2.2% return. Broadly private market assets have been recovering and multi-asset funds have seen positive returns in the last 12 months. Listed proxies for property and private equity have outperformed the equity market.

Bond markets have suffered in the recent environment mostly due to rising interest rates and inflation. Credit has managed to outperform government bonds through low default rates and lower duration/ interest rate sensitivity.

Emerging market equities have suffered from rising rates, strength in the US$ and also the specific issues in China which makes up 30% of the MSCI Emerging Market Index. China has seen GDP growth slow to a multiyear low of 4% in Q4 driven by Covid-19 lock downs, the crack down on technology companies and credit problems in the real estate sector. In response to this slowing, China has bucked the global trend and recently cut interest rates.

Chart 1: Asset Class returns

	Last Price	Last 3 months	Last 12 months	3yr	5yr	10y
		%	%	cagr %	cagr %	cagr %
Global Equities £	16806.1	3.1	17.5	17.3	11.5	14.2
Emerging Market Equities £	677.9	-0.4	-6.3	8.5	7.0	6.9
Global Credit £	840.7	-1.1	-2.2	2.8	2.1	3.0
High Yield Credit £	557.9	-1.2	1.2	4.6	3.4	6.1
UK Property listed Proxy £	171.7	6.5	30.3	14.1	7.4	10.8
Global Infrastructure Proxy (US$)	2794.2	2.7	11.0	9.3	7.7	7.7
Global Private Equity Proxy (US$)	223.1	-2.4	36.4	26.1	17.7	16.7
Source Bloomberg Date 15/01/22						

Source: Green–Red formatting by time period Global Credit Index: Bloomberg Global AGG index

By factor or style performance trends have reversed in 2021 with value and quality outperforming, growth and momentum underperforming. We have shared the benchmark for the recently launched LCIV Passive Equity Progressive Paris Aligned fund of the "S&P Developed Ex Korea LargeMidCap Net Zero 2050 Paris Aligned ESG index", (I think we can all be thankful for the shortened name) showing that this index would have outperformed over the full year but suffered in the most recent quarter as the Energy sector has done very well recently. Energy was the best performing sector in the MSCI sector indices last year.

Chart 2: Equity Factor returns US$

EQUITY FACTORS					
Security Name	Last Quarter %	Last 12 Months %	3yr cagr%	5yr cagr%	10y cagr%
MSCI World Value Index	6.5	20.9	13.9	9.9	10.4
MSCI World Growth Index	-0.3	14.7	25.9	19.2	16.1
MSCI World Quality Price USD Index	2.4	20.6	25.3	19.0	#N/A N/A
MSCI World Small Cap Index	-2.3	7.5	16.7	11.9	12.8
MSCI World Momentum Pri$	-1.4	8.2	21.3	18.2	15.1
MSCI World High Dividend Yield	7.6	16.7	13.5	10.5	9.7
MSCI WORLD MINIMUM VOLATILITY IN USD Price Return USD	1.8	10.9	11.7	10.3	10.7
S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index (USD)	2.6	19.8	21.5	14.5	#N/A N/A
MSCI World Index	3.2	18.0	20.2	14.7	13.3

Source: Green–Red formatting by time period.: Bloomberg data 17/1/22

Responsible Investment

The London CIV team has recommended a net zero target for our funds. We have set a 2040 net zero target for our collective funds with 5-year progress intervals set. We have also set ourselves (London CIV Office and staff) a 2025 Net zero target for emissions. These targets have been approved by the Board and shared with shareholders and investors at our conference held in October. London CIV recognise that strategic asset allocation and setting net zero ambitions will be done at the fund level but stand ready to assist clients in implementing those changes through the funds that we offer. The London CIV continues to work with Client Funds through the Responsible Investment Reference Group ("RIRG") and with partners outside the LGPS. We have developed TCFD reporting with S&P/ Trucost data services, and we are looking to expand reporting outside of the London CIV Sub-funds with a pilot study with Haringey to help with TCFD reporting on your funds. We have partnered with Hermes EOS to combine the voting and engagement across all London CIV segregated active funds. We are reviewing the Responsible Investment policies and our investment beliefs and will share these updates in the next three months. Responsible Investment is a critical factor in developing the London CIV roadmap and also the modifications being made to our existing funds with the launch of the Paris Aligned funds and recent changes to the LCIV Global Bond Fund. It is also an increasingly important component in the selection and ongoing monitoring of the investment managers that we select to manage your funds.

Cost Transparency and Value Assessment

London CIV continue to work with our Client Funds (as Investors and Shareholders) through the Cost Transparency Working Group ("CTWG"). We will work with you to improve cost reporting and look to manage those full investment costs effectively on your behalf. We published the London CIV funds 31 March 2021 cost transparency reports on the SAB/Byhiras portal. We will be sharing our annual ACS Assessment of Value in the Q2 quarter. We have appointed CACEIS to assist with peer group analysis, adding to market impact measurement across all Sub-funds and also the reporting for private markets funds.

Investment/Economic Outlook

Global economic activity has stalled a bit in Q4 with 2021 forecasts reduced into the end of the year as fears of the Omicron variant have spread. However, Inflation expectations have picked up with the 2022 forecast rising from 2.5% to 3.8% in the last quarter. Employment prospects have improved globally, and wage growth is accelerating. Central banks have already raised rates, reversed bond buying programmes and are all expected to increase rates in the coming year except for China. The assumption that inflation is only transitory has been dropped from central bank rhetoric.

Chart 3: G8 Economic forecasts

Indicator	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Economic Activity										
Real GDP (YoY%)	1.8	2	1.5	2.2	2.2	1.7	-4.7	5	3.8	2.3
CPI (YoY%)	1.9	0.9	1	1.8	2.1	1.6	0.9	4.2	3.8	2.1
Unemployment (%)	6.6	5.9	5.6	5.1	4.7	4.4	7	5.5	4.4	4.2
External Balance										
Curr. Acct. (% of GDP)	-0.5	-0.3	-0.1	0.1	0	0	-0.5	-0.7	-0.8	-0.9
Fiscal Balance										
Budget (% of GDP)	-2.9	-2.5	-2.7	-2.6	-2.6	-3	-11.8	-9.8	-5.2	-3.7
Interest Rates										
Central Bank Rate (%)	1.29	0.84	0.88	1.32	1.94	1.47	0.35	0.54	0.93	1.32
3-Month Rate (%)	0.22	0.37	0.49	0.89	1.53	1.04	0	0	0.53	1
2-Year Note (%)	0.42	0.57	0.5	0.97	1.36	0.84	-0.09	0.36	0.79	1.11
10-Year Note (%)	1.57	1.66	1.61	1.65	1.82	1.23	0.49	1.02	1.47	1.72

Source Bloomberg Concensus Data 17/1/22 Forcasts highlighted in yellow

Chart 3 High yield (YTM) versus Inflation UK

The last three months has seen yields on 10y government bonds rise sharply, though the yield curve has remained flat as short rates have risen too with the expectation of Interest rate hikes. Though this is good news for pension funds as rising discount rates reduces liabilities, the impact on the economy is uncertain

and rising rates will likely uncover bad debts (corporate, consumer and government) built up in the period of aggressive monetary expansion after the financial crisis of 2007-2008. Japanese and European 10year yields have moved into positive territories in nominal terms but still are a long way from seeing real returns given inflation.

Chart 4 Sterling Bonds and Yield curve

Source Bloomberg 19/1/22

Summary and Outlook

London CIV welcomes Chris Osborne (Senior portfolio manager Private Markets) to the investment team to focus on the London CIV Property offering. We are also adding two investment Analysts that will start in February to ensure we develop the roadmap products and services, robust monitoring of existing funds. We will also be focused on adapting your funds to the challenges that the future presents us all.

So, where do you find returns to meet and beat your liabilities? After the 17.5% (source table 1 above) move in equities over the last 12 months, returns seem likely to moderate in the future with the risk of a significant decline rising. Unfortunately for all the doomsters out there the over valuation of equities has not been a good indicator for the direction of the market. Historically when employment and confidence (measured as survey data) are rising it is very rare for equity markets to decline. Laggard regional markets including the U.K. and emerging markets may represent good relative value currently offering comparable yields to their respective credit markets and the banking sector looks to be favoured in the current interest rate environment. Bonds and credit will likely remain under pressure from rising inflation, interest rates and default uncertainty. This leaves income generating private assets, such as property and infrastructure (despite valuations being fairly rich) as the favoured asset classes, given their inflation protection and income attributes. Property will likely be a key focus as many of you are underweight your strategic allocation post Covid-19 and the long-term shift from office and retail to residential, warehousing and logistics has accelerated. The newer asset class of Real Estate Long Income (RELI) could be a more liquid and stable alternative to property. We will look to address many of these opportunities in the property workshop we are holding on the 31st January sadly remotely given the current environment

London CIV believe the long-term transition to climate stability and responsible investment will continue to offer better risk-adjusted returns over the long term and also help clients meet their own net zero targets. The London CIV is endeavouring to improve client reporting, assisting clients in meeting their requirements and building your trust.

LCIV Global Alpha Growth Fund

Quarterly Summary as at 31 December 2021

Total Fund Value:

£2,642.2m

Inception date:	11/04/2016
Price:	262.20p
Distribution frequency:	Quarterly
Next XD date:	04/01/2022
Pay date:	28/02/2022
Dealing frequency:	Daily

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.

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.

Enfield Valuation:

£123.9m

Enfield investment date: 30/09/2016

This is equivalent to 4.69% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £-

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	0.05	8.91	22.77	16.88	19.19	16.88
Investment Objective*	6.72	22.46	20.95	15.14	18.04	15.84
Relative to Investment Objective	(6.67)	(13.55)	1.82	1.74	1.15	1.04
Benchmark**	6.18	20.06	18.57	12.88	15.72	13.57
Relative to Benchmark	(6.13)	(11.15)	4.20	4.00	3.47	3.31

** Investment Objective: MSCI All Country World Gross Index (in GBP)+2%*

*** Benchmark: MSCI All Country World Gross Index (in GBP)*

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

LCIV Global Alpha Growth Fund

Quarterly Commentary

Performance

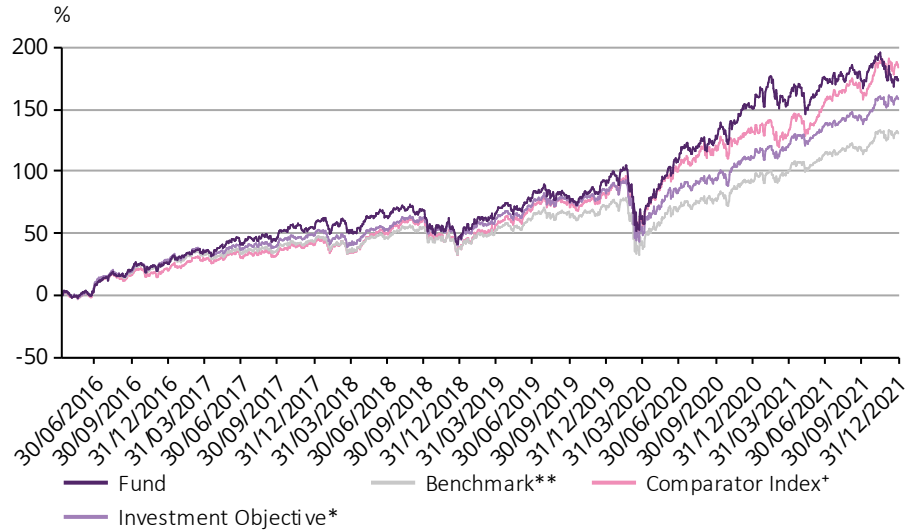
The latest quarter and calendar year have been challenging in performance terms for the LCIV Global Alpha Growth Fund. The Sub-fund returned 0.1% in Q4 2021, underperforming the benchmark by 6.1% in the period. One year performance for the Sub-fund is 8.9%, 11.2% less than the MSCI All Country World benchmark index. The Sub-fund has generated 19.2% on an annualised basis since inception, outperforming the benchmark by 3.5%. The Sub-funds' Investment objective target is to exceed the return of the benchmark by 2-3% over rolling five year periods which the fund has achieved to date.

The comparator index, MSCI World Growth, returned 7.6% in Q4 2021 which means the Sub-fund also underperformed the comparator index assigned to it by 7.5%. Longer term performance has now also turned negative with the Sub-fund lagging the comparator index by 0.8% p.a.

At the stock level the largest detractors were SEA Limited, Moderna and DoorDash. SEA, the online content, e-commerce and payments company, reversed previous quarter relative gains and dropped sharply in Q4 (c. -30%). The stock price came under significant pressure following an announcement from Tencent, one of the largest shareholders of SEA, that they will be reducing the size of their holding to 18% (a reduction of 2%). The number of shares divested is not large in absolute terms, but the market didn't like the signalling effect of this move and the overhang it creates over the stock price.

The biotechnology pharmaceuticals company Moderna also detracted this quarter as shipment delays prompted a downgrade in 2021 revenue guidance and caused subsequent pressure on the stock price. The investment manager takes the view the downward pressure on the stock price will be short lived and remains very confident in the long-term prospects of the company which they view as essentially a 'software' company with favourable operating leverage due to its innovative mRna technology.

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.

Lastly, the U.S. food ordering and delivery platform DoorDash performed poorly as investors were unnerved by the company's heavy reinvestment of earnings in acquisitions such as the recent one of Wolt (a European courier business). While investors with shorter term horizons penalised the stock, Baillie Gifford emphasised that spending now to grow the business later should be beneficial over the longer term.

The largest positive contributors were: Teradyne, a company that develops automatic test equipment for semiconductors and wireless devices, which

LCIV Global Alpha Growth Fund

advanced on the back of strong demand for their products and services; the heavy building materials producer Martin Marietta Materials which had a good quarter on the back of positive news for the infrastructure sector in its key U.S. market; and Anthem, a health care benefits and life insurance provider, that benefitted from a positive surprise in its quarterly earnings and improved full year guidance.

Market Views

Despite the positive absolute returns for equity markets in Q4 an undercurrent of uncertainty affected particular pockets of the market where the investment manager is heavily invested. In particular, the emergence of the Omicron Covid-19 variant, the ongoing debate about the timing and extent of interest rate hikes and scepticism around the intentions of the Chinese government has underpinned sharp downward moves in the share prices of rapid growth, procyclical and prominent Chinese companies which have attracted scrutiny because of their dominant market positions.

The investment manager anticipates that the period of heightened volatility can extend well into 2022 and they take the view that headlines will continue to affect share prices in the near term. Against this backdrop Baillie Gifford remain focused on what they believe they can do best: generate insight which will help inform their view of the growth prospects of companies over time horizons many years longer than most investors.

Clearly, the investment manager tries to remain positive after what was a difficult quarter and indeed a difficult calendar year for their performance. They recognise that periods of underperformance are uncomfortable but inevitable given the nature of companies held in the portfolio.

Positioning

The Sub-fund maintained a significant regional allocation to North American equities at c. 58% followed by an exposure of 15.6% to European equities. At the sector level the largest exposure was to consumer discretionary with 20.7% followed by information technology at 17.1% and financials at 13.8%. The largest positions at the stock level remain Prosus at 3%, Microsoft at 2.9% and Moody's at 2.8%.

Rolling 1 year turnover was stable at 14%. Over the quarter the nvestment manager has initiated two new positions, Chewy and Coupang. Chewy is an online pet superstore that serves a large and economically insensitive pet owner market, estimated to be worth around $100bn annually, which is gradually shifting online. Attractive features of the company according to Baillie Gifford are the combination of both volume growth via new customer acquisition and increasing wallet share which is likely to materially increase Chewy's earnings. The investment manager took advantage of weakness in the stock price to initiate this position.

Coupang (South Korean ecommerce, logistics and payments) is a young and innovative founder-led business. Its ecommerce platforms have become known as the 'Amazon of South Korea' as its offering in terms of choice, price and service has the potential to underpin its emergence as the long-term winner in the region. The company was listed in the local exchange in March, and we note that the stock has been in a downward trajectory since.

Beyond these new positions the investment manager has been carefully adding to existing holdings with defensive characteristics, such as Martin Marietta Material and Anthem, and business models that do not rely heavily on online presence. We welcome this at it can potentially offer diversification benefits to the Sub-fund and reduce the concentration risk of a monothematic exposure to online retailers.

LCIV Global Alpha Growth Fund

Notable sales over the quarter include: Autohome, the Chinese online auto platform, which suffered from declining user engagement levels, strengthening competition and further concerns regarding declines in auto advertising spend in China which may hamper future growth; and Hays, the UK-based recruitment business which faces competition from online platforms such as LinkedIn which look set to disrupt the traditional operators in the recruitment sector in the years ahead. In both cases the investment manager recognises that the initial investment thesis did not materialise.

Additionally, the investment manager took profits on a few positions that performed well. These were Resmed, the U.S. supplier of specialist equipment for sufferers of sleep apnoea, Advantest Corporation, the Japanese semiconductor test equipment maker and ICICI Bank, the Indian bank. They also made another reduction to Tesla in December, the fourth since the start of the pandemic in early 2020.

Fund Monitoring

During the quarter the investment manager introduced a number of evolutionary changes in the investment process and in particular, how they categorise growth profiles within the portfolio. As a reminder the investment process maintained four growth profiles: Stalwart, Rapid, Cyclical and Latent, that were introduced in 2009. These help in providing clarity about the inefficiency the investment manager seeks to exploit and provide a framework of expectations about how growth is to be delivered.

Following an analysis of the diversification benefits that each of the profiles delivered since inception and their relative performance, the investment manager concluded that the Latent Growth profile has been somewhat of a laggard, outperforming considerably less than its siblings and contributing little diversification. They note that on reflection, the Latent Growth profile has seen too many instances where either the fate of the business depended too much on external factors outside the control of management or where it had become a hospice for failing investment theses that should have been sold earlier.

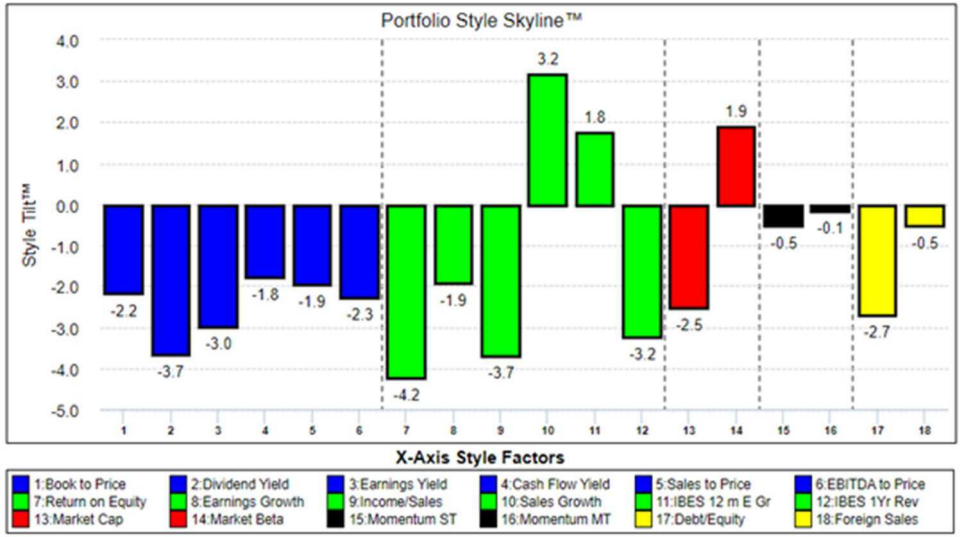
A decision was made therefore to stop explicitly seeking Latent Growth opportunities for the Sub-fund. Alongside this change, the investment manager will change the titles of the remaining growth profiles to better reflect the way the businesses are likely to grow rather than the rate of growth. Therefore, 'Stalwart Growth' will become 'Compounders', 'Rapid Growth' will become 'Disrupters' and 'Cyclical Growth' will become 'Capital Allocators'. At this stage these changes will not lead to any change to the underlying holdings in the portfolio. The current Latent Growth positions will be rolled over into the 'Capital Allocators' profile. It is also worth noting that the investment manager does not expect any meaningful change in the overall growth or risk characteristics of the portfolio either.

We view these changes as evolutionary rather than radical and we consider them as a good indication that the investment manager continues to evaluate and evolve elements of the process that have not delivered in line with expectations. It is highly likely that recent changes in the portfolio management team with the retirement of Charles Plowden, and promotion of Helen Xiong, have provided a fertile ground for the thinking around investment process to evolve and planned changes to be brought forward. However, the timing of this implementation coincides with a period of relative underperformance which may have caused a rush to apply these changes in a haste or alternatively may have just helped to focus minds on what works and what doesn't. We will continue to monitor developments in the application of these changes.

LCIV Global Alpha Growth Fund

Style Analysis

The style of the Sub-fund remains consistent and is tilted away from all value factors and some growth (return on equity, income/sales) with a strong positive tilt towards sales growth. The Sub-fund is also biased towards small cap stocks with a high market beta. The exposure to momentum (medium term) has declined over the quarter.



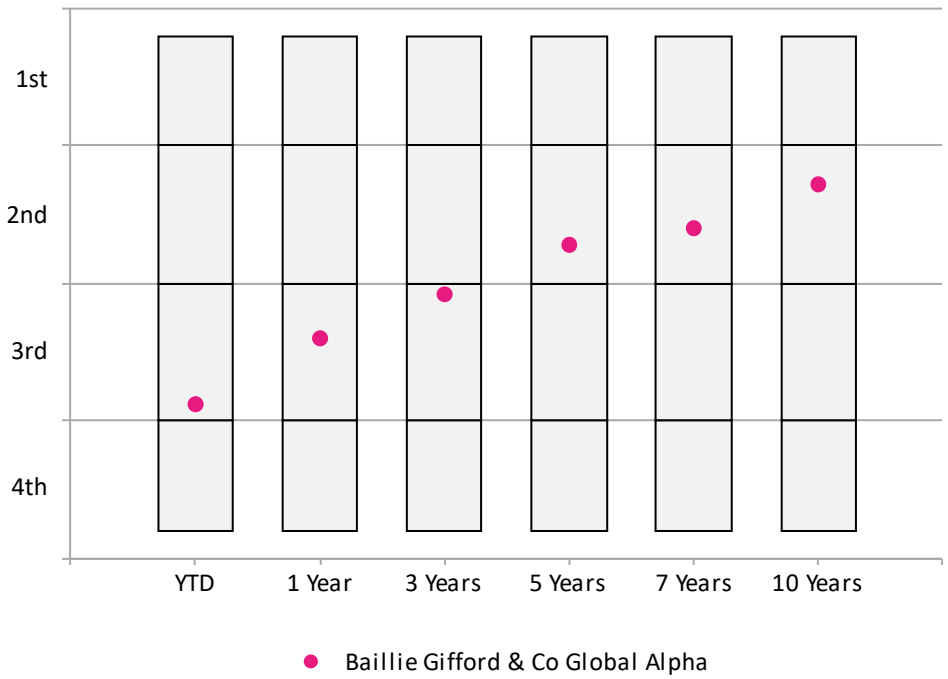
Source: eVestment as at 30 September 2021

LCIV Global Alpha Growth Fund

Peer Analysis

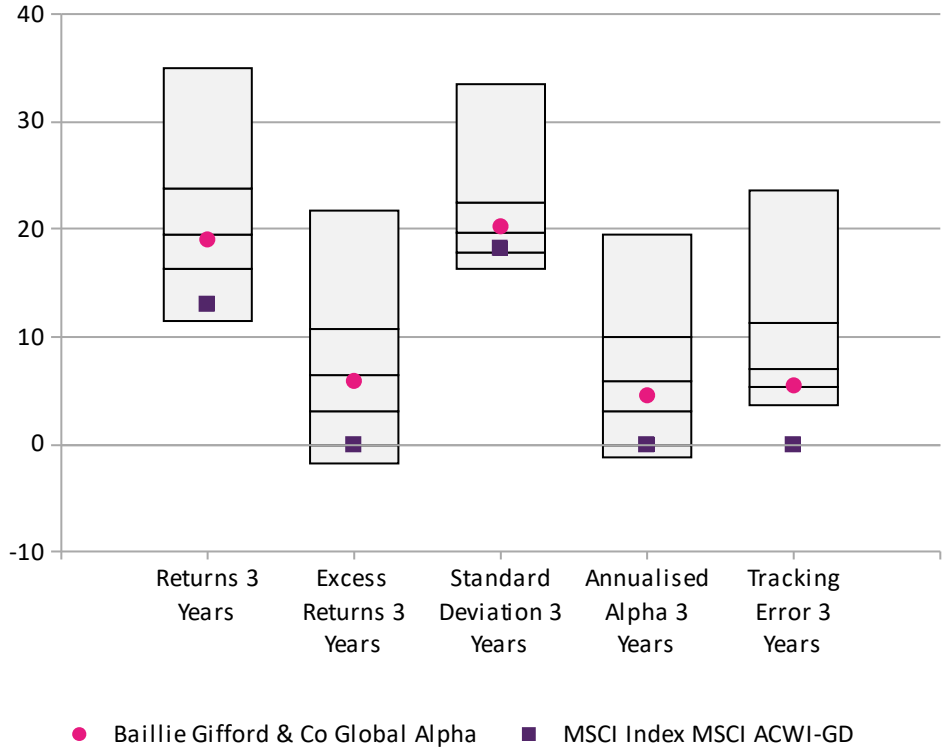
The peer group is the **Global All Cap Growth Equity.** Over the shorter term (year to date and 1 year to end September 2021), the Sub-fund has not performed as well as it has historically and is in the bottom two quartiles of its peer group. Over the longer term, the performance remains in the top two quartiles and has consistently out-performed the MSCI ACWI index. This is coupled with low risk (tracking error) compared to other funds in the global all cap growth equity peer group.

Returns



Source: eVestment as at 30 September 2021

Key Risk Statistics



Source: eVestment as at 30 September 2021

LCIV Global Alpha Growth Fund

Conclusion

This was a very challenging quarter and the worst calendar year for the Sub-fund in terms of relative performance. The Sub-fund suffered heavy losses in parts of the portfolio which have historically been areas of strength such as consumer discretionary companies with strong online presence and China. An overall market rotation into 'value investing' areas such as Energy where traditionally the Sub-fund does not have significant exposure also created an unfavourable background.

We don't expect the investment manager to chase performance into these areas or rapidly shift gears into defensive growth mode. In fact, we would have been concerned if such portfolio activity occurred. While underperformance of such magnitude is never pleasant, we take a step back to put things into perspective and view this year's underperformance into the context of longer-term numbers driven in particular by an exceptionally strong 2020. Recent volatility may extend well into the next year so we will pay close attention to the investment manager's ability to hold their nerve and remain focused on identifying successful businesses that can drive Sub-fund returns over the long term.

During the quarter the investment manager introduced a number of changes in the investment process which we view as evolutionary rather than revolutionary and have no immediate concerns about. These were centred on the way they categorise growth profiles. At this stage we don't expect these process changes to alter the growth or risk profile of the Sub-fund meaningfully but will monitor developments and exposures closely.

LCIV Global Alpha Growth Fund: Portfolio Characteristics

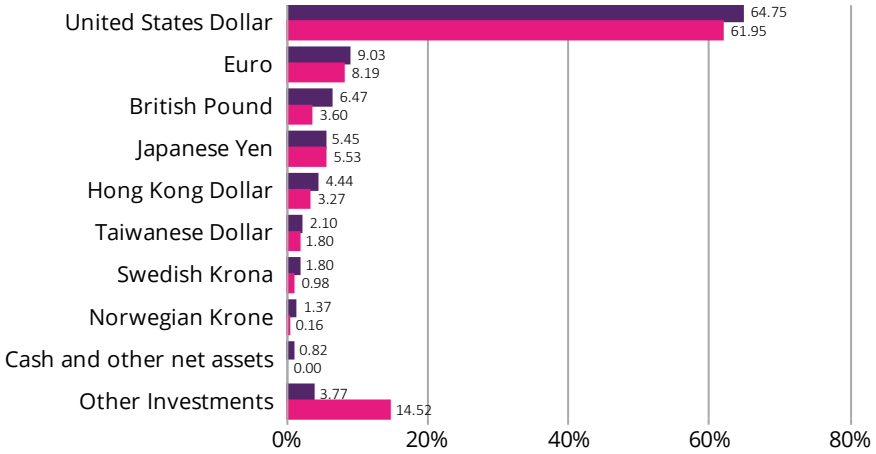
Key Statistics	
Number of Holdings	100
Number of Countries	24
Number of Sectors	10
Number of Industries	37
Yield %	0.96

Source: London CIV data as at 31 December 2021

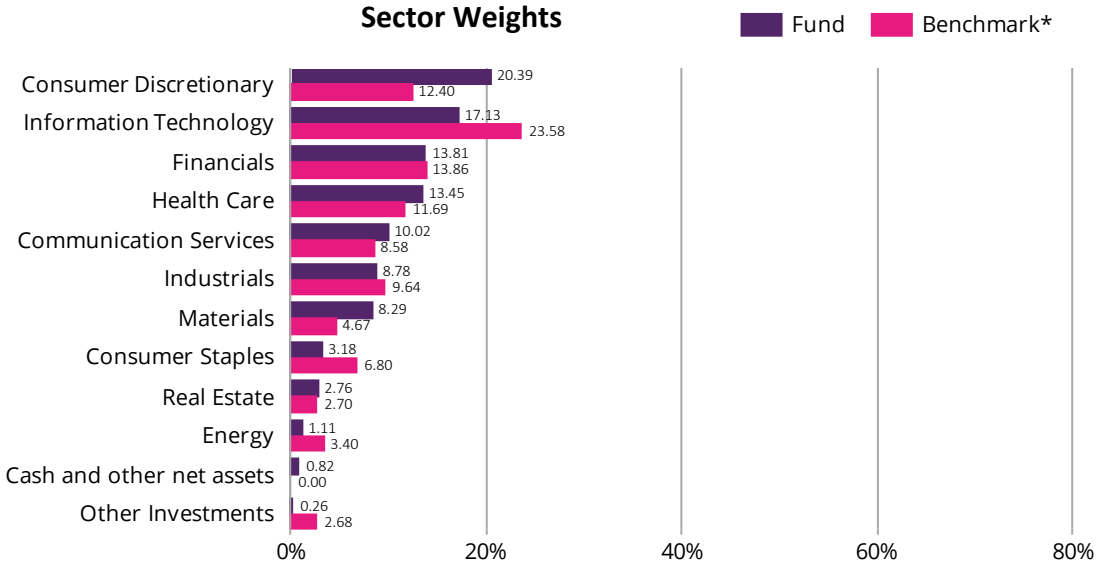
Risk Statistics	
Tracking Error (%)	4.41
Beta to Benchmark	1.03

Source: London CIV

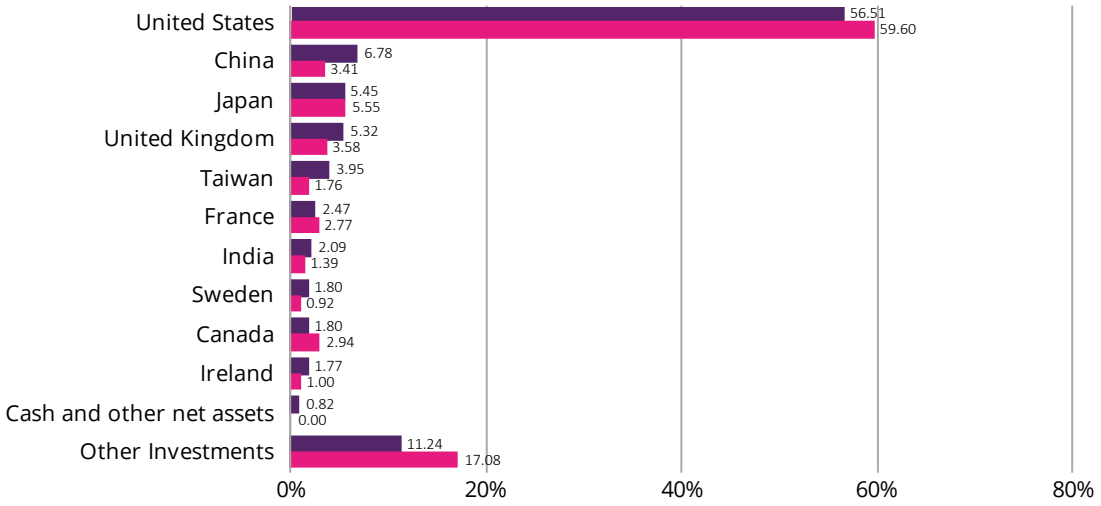
Currency Weights



Sector Weights



Country Weights



Source: London CIV data as at 31 December 2021

**MSCI All Country World Gross Index (in GBP)+2%*

LCIV Global Alpha Growth Fund: Portfolio Characteristics

Top Ten Equity Holdings	
Security Name	**% of NAV**
Prosus Nv	3.03
Microsoft	2.86
Moody's	2.81
Anthem Com	2.81
Martin Marietta Materials	2.67
Alphabet Inc Class C	2.65
Taiwan Semiconductor Manufacturing	2.10
Amazon.com	1.97
SEA	1.85
Shopify	1.80

Top Ten Contributors	
Security Name	**% Contribution**
Tesla Inc	+0.59
Anthem Com	+0.50
Martin Marietta Materials	+0.48
Teradyne	+0.46
Microsoft	+0.45
Trade Desk	+0.33
Cie Financiere Richemon-Reg	+0.29
Estee Lauder Cos	+0.26
Service Corporation International	+0.25
Moody's	+0.25

Top Ten Detractors	
Security Name	**% Detraction**
Moderna	(0.80)
SEA	(0.77)
Doordash	(0.33)
Peloton Interactive Inc	(0.26)
Oscar Health Inc	(0.26)
Chegg	(0.25)
Zillow Group C	(0.24)
Prudential	(0.24)
Wayfair Inc	(0.22)
Twilio A	(0.20)

New Positions During Quarter
Security Name
Coupang
Chewy

Completed Sales During Quarter
Security Name
Resmed
Advantest
ICICI Bank ADR
ICICI Bank
Hays
PING AN Healthcare & Technology
Orica
Autohome
Lendingtree

Source: London CIV data as at 31 December 2021

LCIV Global Alpha Growth Fund: ESG Summary

Summary of ESG Activity for the Quarter

Baillie Gifford's ESG team grew from 29 last quarter to 31 with the appointment of an Assistant Research and Engagement Analyst for their Multi Asset team and an ESG Specialist in their Clients Department.

The investment manager met with Orica, an Australia-based provider of explosives and associated services to the mining and construction industries. Whilst Orica is a leader in a highly regulated market, dominated by only a few large players, the investment manager has concerns surrounding trade tensions between Australia and China and operational issues at its plants. However, their greatest concern relates to the viability of coal as future long-term power source. Coal is a significant end market for Orica and its reliance on this raw material is inconsistent with the requirements of a rapid and profound low-carbon transition. For those reasons, they have sold our holding in the fourth quarter of 2021.

Following an unfortunate fire at one of Coupang's distribution centres and negative media coverage of worker conditions, Bailie Gifford met with Coupang's founder CEO to explore Coupang's response under such duress. While there seems to be an extreme mismatch between the press coverage and Coupang's own discussion of worker conditions, management takes the concerns seriously. The CEO believes all employees must imagine that the CEO can and will be on the shop floor, as it were, for all the negative and positive incentives that builds. One looming issue is employees or candidates not returning to the labour force post-pandemic and he is concerned that the company has grown complacent about attracting new talent. This is the area where he is spending most of his time today. The investment manager is encouraged by the CEO's energy and focus on long-term labour issues and will continue to monitor developments.

The investment manager engaged with CBRE's head of corporate responsibility to discuss the firm's climate strategy. In December 2020, CBRE committed to reduce absolute scope 1 and 2 GHG emissions and have committed to achieving 100 per cent renewable electricity by 2025. The company has also committed to reducing scope 3 GHG emissions from the use of sold products managed on behalf of occupiers. CBRE's scope 3 emissions are approximately 1000x its scope 1 and 2 emissions. More recently, the company strengthened its ambitions, joining the Amazon-led Climate Pledge and committing to be net zero for all scope 1, 2 and 3 emissions by 2040. The investment manager considers CBRE to be a climate leader. The company has been rated as such in their recent climate audit.

Ahead of the Tesla's AGM, the manager spoke with the Chairwoman to discuss the meeting resolutions and broader sustainability topics. The investment manager states that the board has been impressed by Tesla's global expansion, with significant progress made at its Shanghai, Berlin and Nevada giga factories. In support of these new facilities, talent development and regionalisation of local workforces has been a key focus. The company's 2020 Impact Report provides a comprehensive overview of how Tesla manages its operations, its treatment of stakeholders as well as the environmental benefits of the company's core products.

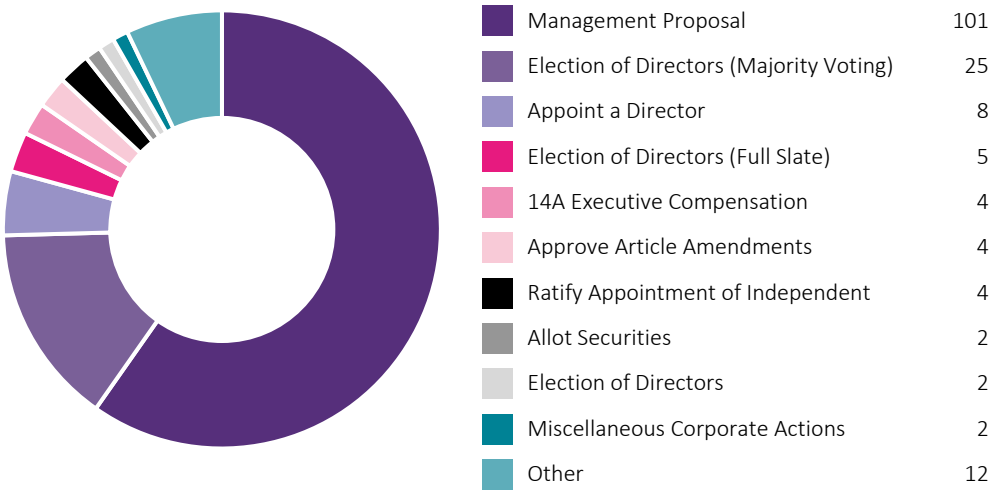
The investment manager met with Rio Tinto to discuss their environmental impact. They are pleased to see the company strengthen its scope 1 and 2 emissions reduction targets for 2030. However, these emissions only account for approximately 5% of the company's total footprint. The investment manager asked the firm to share their strategy on how they could work with customers and other stakeholders to reduce scope 3 emissions. The investment manager has encouraged Rio Tinto to lead the mining and minerals industry by setting stretching scope 3 emissions reduction targets.

LCIV Global Alpha Growth Fund: ESG Summary

Voting Summary

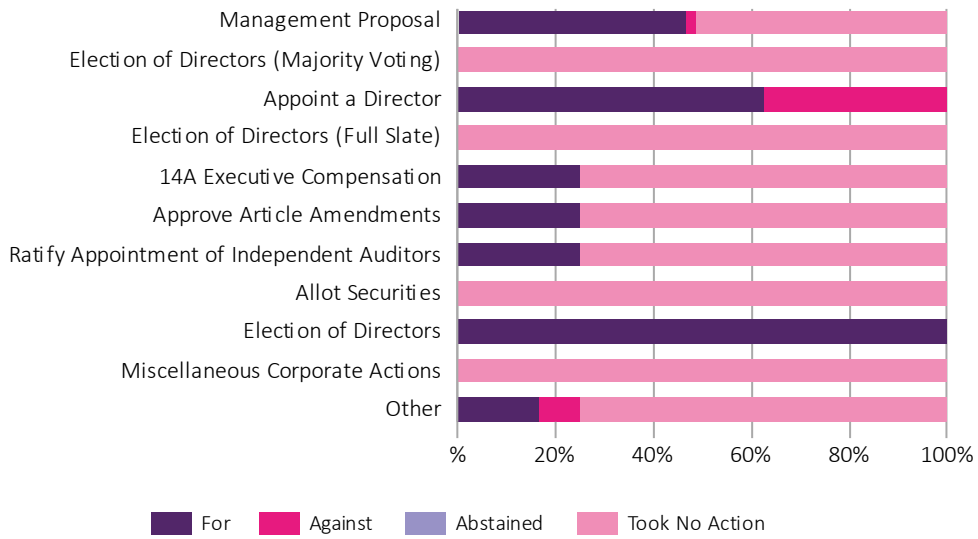
As stewards of capital, exercising voting rights is an important part of our responsibility towards our Client Funds' ESG objectives. We believe that voting on shareholder resolutions is a powerful part of our stewardship strategy as it helps communicate our views to companies. Being transparent about 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 October 2021 - 31 December 2021).

Proposals Breakdown



Source: London CIV data as at 31 December 2021

Voting Instruction Breakdown



Source: London CIV data as at 31 December 2021

Link to Underlying Manager's Voting Report for the Quarter

https://londonciv.org.uk/portal/email/download/10275

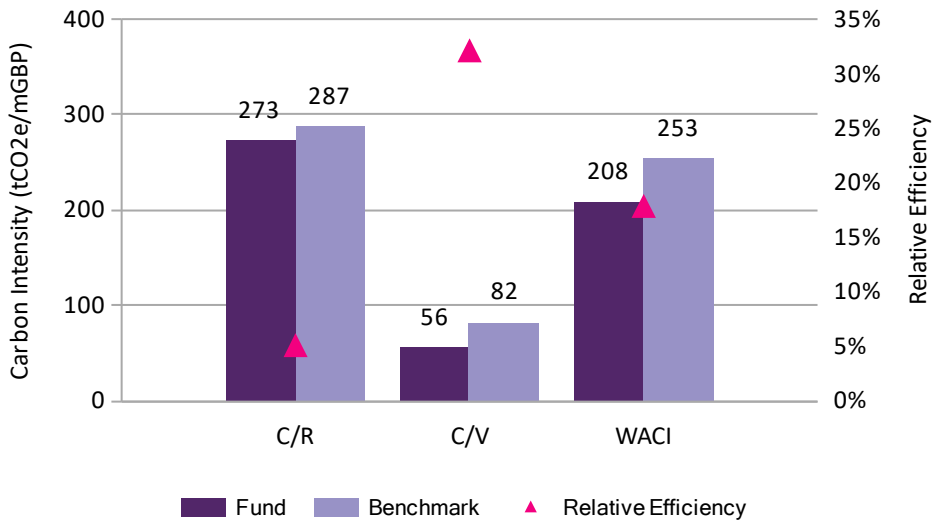
LCIV Global Alpha Growth Fund: ESG Summary

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 climaterelated disclosures in line with TCFD recommendations and inform internal processes for risk management and strategy development.

Carbon Performance

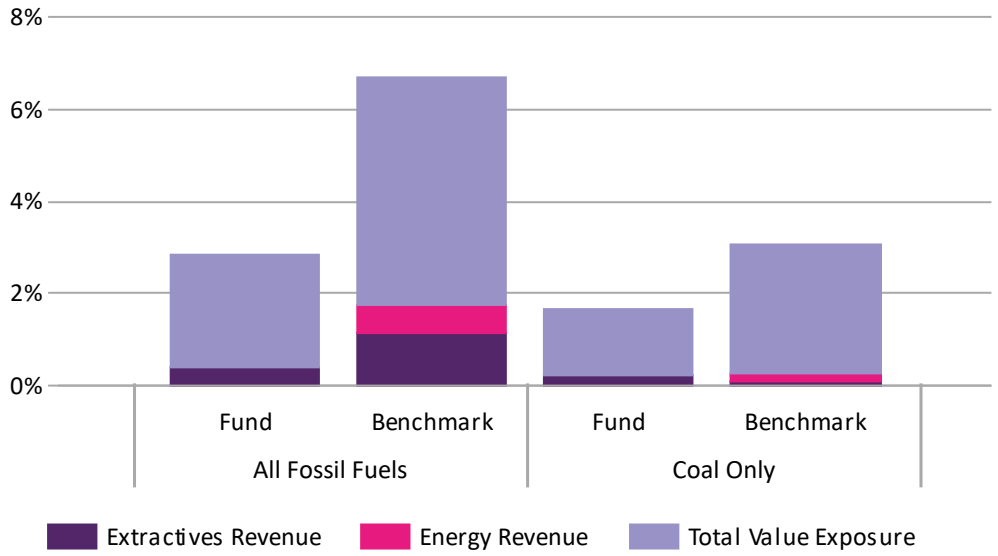
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 31 December 2021

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 31 December 2021

LCIV Global Alpha Growth 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	-25.16%	Yes
CRH Plc	2,088.43	-13.37%	Yes
Ryanair Holdings Plc	781.16	-5.24%	No
Rio Tinto Group	1,005.81	-5.00%	No
Wizz Air Holdings Plc	1,730.96	-4.04%	No
BHP Group	599.77	-3.17%	No
Reliance Industries Limited	748.29	-3.08%	No
Albemarle Corporation	526.87	-2.39%	No
Taiwan Semiconductor Manufacturing Company Limited	373.62	-1.82%	No
Pernod Ricard SA	331.02	-1.11%	No

Top Contributors - Fossil Fuel Revenues

The table below shows the companies with the most significant weighted average fossil fuel revenues. The degree towhich 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+
BHP Group	23.68%	0.392%	No
Reliance Industries Limited	0.70%	0.008%	No

LCIV Global Equity Focus Fund

Quarterly Summary as at 31 December 2021

Total Fund Value:

£1,000.9m

Inception date:	17/07/2017
Price:	149.90p
Distribution frequency:	Quarterly
Next XD date:	04/01/2022
Pay date:	28/02/2022
Dealing frequency:	Daily

Investment Objective

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

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.

Enfield Valuation:

£104.2m

Enfield investment date: 24/10/2018

This is equivalent to 10.41% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £93,107

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	3.79	21.60	13.34	n/a	10.81	12.22
Target*	7.95	26.01	22.21	n/a	15.86	19.55
Relative to Target	(4.16)	(4.41)	(8.87)	n/a	(5.05)	(7.33)
Benchmark**	7.28	22.94	19.23	n/a	13.04	16.63
Relative to Benchmark	(3.49)	(1.34)	(5.89)	n/a	(2.23)	(4.41)

** 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

Quarterly Commentary

Performance

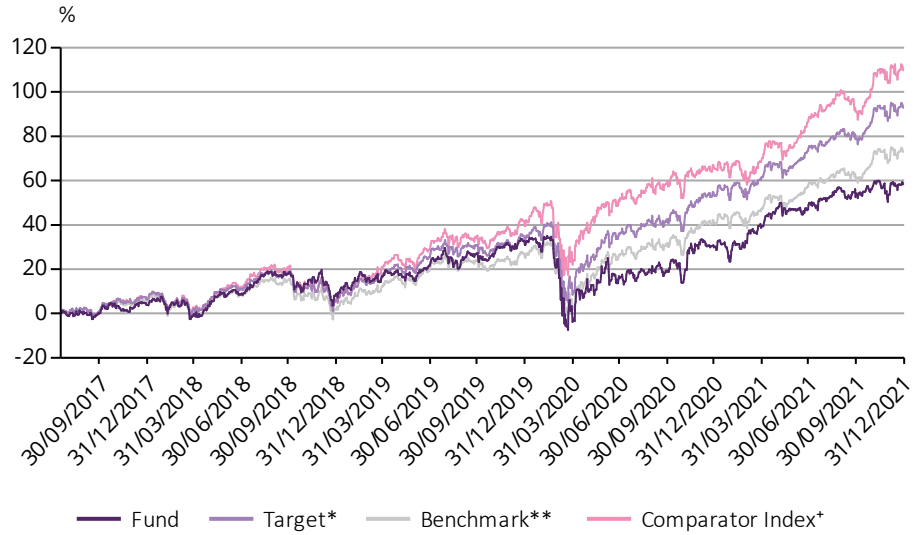
In the fourth quarter of 2021 the Sub-fund returned 3.8%, underperforming the MSCI World benchmark return of 7.3% by 3.5%. In the 12-month period to end December 2021 the Sub-fund delivered 21.6% against a benchmark return of 22.9% thus posting a relative performance of -1.3%. Since inception, the Sub-fund has returned 10.8% per annum in absolute terms against 13% for the benchmark and is now lagging by 2.2% p.a. in relative terms. The investment manager has been set the target of outperforming the benchmark by 2.5% net of fees annualised over rolling three year periods, the Sub-fund has currently underperformed this target by 8.9%.

This was a disappointing quarter for the Sub-fund (worst quarter for relative performance since Covid-19 hit in Q2 2020) as the investment manager did not benefit from the 'pivot-to-value' that characterised many segments of the market. An additional headwind was not owning the IT behemoths Apple, Microsoft and NVIDIA which again drove returns in what was to some extent a narrow market.

Beyond these headwinds, performance was driven by stock selection, as would be expected given the concentrated nature of the Sub-fund. The three largest relative detractors were Medtronic, Charter Communications and the financial infrastructure companies Fidelity National Information Services (FIS) and Fiserv.

Medtronic was the largest negative contributor to performance mainly due to a warning letter from the U.S. Food and Drug Administration (FDA). In this letter, the agency expressed concerns regarding the inadequacy of specific medical device quality system requirements at the Medtronic Diabetes business headquarters production facility. The main effect of the FDA warning letter is that no new products can be manufactured in this facility until the quality issues are addressed. Medtronic's diabetes business is relatively small so the net effect on the company's bottom line should be

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.

limited; however, the stock price reacted negatively on this news as well as on the weaker than expected three-month results. Longview continue to rate Medtronic highly in terms of quality and do not expect a lasting effect on the company's bottom line from these developments.

Charter Communications (Charter), a large cable operator in the U.S. that provides high-speed broadband, telephony and television products, underperformed in the fourth quarter due to slower than expected net subscriber growth. The company performed well during the pandemic as Covid-19 pulled forward demand for high-speed broadband products as people worked from home. However, it has now become apparent that this

LCIV Global Equity Focus Fund

growth level cannot be sustained over the long-term. Despite the recent stock price weakness, the investment manager continues to consider Charter a high-quality company, particularly because of the base of recurring revenues from the subscription fee model, which combined with low customer turnover leads to a high degree of predictability of earnings.

Fidelity National Information Services (FIS) and peer company Fiserv were also detractors from performance in the fourth quarter and have been two of the three largest detractors to portfolio performance over 2021. Both FIS and Fiserv operate in the core banking software and services industry that is characterised by significant recurring revenues and captive clients, features that Longview's strategy favours based on predictability. Despite both companies being well positioned several well-funded new entrants as well as the perceived threat from digital-only neo banks are increasing the competition causing margin pressure reflected in the underperformance of the whole sector. Longview maintain a positive outlook for both holdings and believe the market has overreacted.

The common characteristic of the three main positive contributors was that they performed well after reporting strong quarterly results. The industrial supply company W.W. Grainger benefited from better-than-expected guidance and positive news regarding its inventory. UnitedHealth, which sells health care products and insurance services, also performed strongly after reporting strong earnings and increasing its guidance for the full year. Lastly IQVIA, the U.S. health information technology and clinical research company, guided investors to 8-10% annualised organic revenue growth which along with expected margin expansion over 2022-25 was ahead of market expectations.

Market Views

On the pandemic front the investment manager takes the view that while there is a strong probability that further new variants of Covid-19 will emerge over 2022, vaccinations and improved treatments should help societies and economies find a way back to some sort of normality as we learn to live with a virus that is becoming endemic in most western populations.

On the other key area of concern, inflation, Longview anticipate there will be some respite in items such as energy and transport in 2022 due to base effects. However, they note that the breadth of inflation has spread significantly with the cost of basic needs such as food, shelter and apparel all rising at rates above central bank targets. Perhaps the most concerning aspect of inflationary pressures is the tightness in the labour market which is driving wage inflation and may not be easily solved. Against this background the main risk ahead is that any tightening in monetary policy will come in faster than expected which could have a disproportionate impact on the multiples of high growth companies.

From a portfolio construction perspective, the investment manager's focus remains on finding companies that are less impacted by rates and inflation and which provide an element of diversification to the portfolio.

Positioning

The Sub-fund maintained a significant regional allocation to North American equities at c. 77% followed by an exposure of 12% to European equities (ex UK). At the sector level the largest exposure was to health care at 28.5% followed by financials at 20.2%. The largest positions at the stock level at the end of December 2021 were: IQVIA and United Health at 4.7% each and Bank of New York Mellon at 4.5%.

A significant addition over the quarter was to the Sub-funds holding in the world's second largest brewer, Heineken N.V. (Heineken). According to the investment manager, Heineken is a high-quality business that generates high and sustainable returns on operating capital. Heineken exhibits quality characteristics and fundamentals that are in line with other holdings in the

LCIV Global Equity Focus Fund

Sub-fund and are favoured by the investment manager's investment process. These are: 1) Heineken is one of the leaders within its industry, 2) the industry is highly consolidated, 3) there are high barriers to entry. In addition, the company appears to benefit from greater exposure to faster-growing segments of the market and has consistently returned around half of its free cash flow to shareholders through dividends and share buy-backs.

Post quarter end, the investment manager fully exited from the position in Henkel. A number of inventory problems, first in North America and then in China, the need to reinvest in marketing and product development and more recently input cost pressures have led the investment manager to re-evaluate their thesis on Henkel. True to their process, the investment manager penalises companies with low predictability of cash flows and concerns over the sustainability of returns.

Fund Monitoring

The investment manager has been on watch since October 2020 due to concerns regarding their investment approach, high personnel turnover, including the departure of the CIO Alistair Graham, and weak performance.

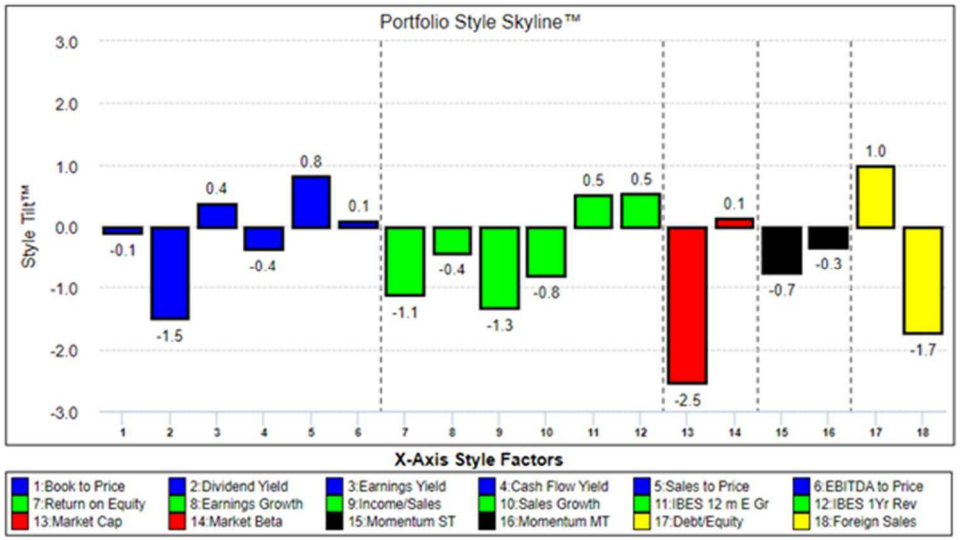
On the performance front, the investment manager had a negative quarter which pushed relative returns further into negative territory. Coming into 2021, we were hopeful that Longview would make up at least some of the ground lost in 2020 as the market environment evolved away from some of the most overstretched areas and investors started focusing more on valuations and corporate fundamentals. These hopes did not materialise. While we don't believe that anything is fundamentally broken in Longview's process, the investment manager now has a lot of ground to make up.

From a team perspective Longview added Tom Kieszkowski as a Research Analyst in December 2021. Prior to joining Longview in 2021, Tom worked for Westray Capital Management (fundamental long/short equities), where he was a partner for five years. Before this, he worked within the public equities team at Man GLG, for two years and as a private equity investment professional at TPG Capital.

As with the other members of the research team Tom will be a generalist; however, he is expected to initially leverage his existing skillset while concurrently developing his knowledge of new areas. The investment manager has a good record of bringing high calibre individuals into the team and the new hire seems to fit that pattern well while also adding valuable expertise in key areas such as long/short portfolios and private equity.

Style Analysis

In terms of style, the Sub-fund maintains its strong tilt away from dividend paying companies as well as those presenting growth characteristics. The market cap of the portfolio is lower than the benchmark, suggesting that it is tilted away from mega cap stocks in favour of large and mid-sized companies.



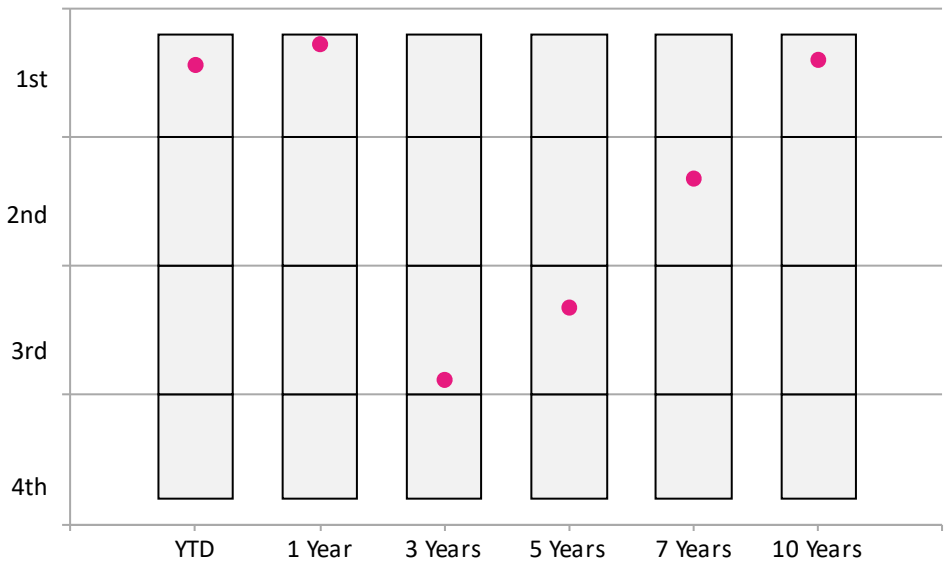
Source: eVestment as at 30 September 2021

LCIV Global Equity Focus Fund

Peer Analysis

The peer group is the **Global Large Cap Core Equity.** During the last year and over the longer term (7 and 10 years), the Sub-fund has generated returns in the top quartile. However, the Sub-fund has under-performed the MSCI World benchmark and the peer group over three years and has taken a relatively high amount of risk, both in absolute (standard deviation) and relative (tracking error) terms.

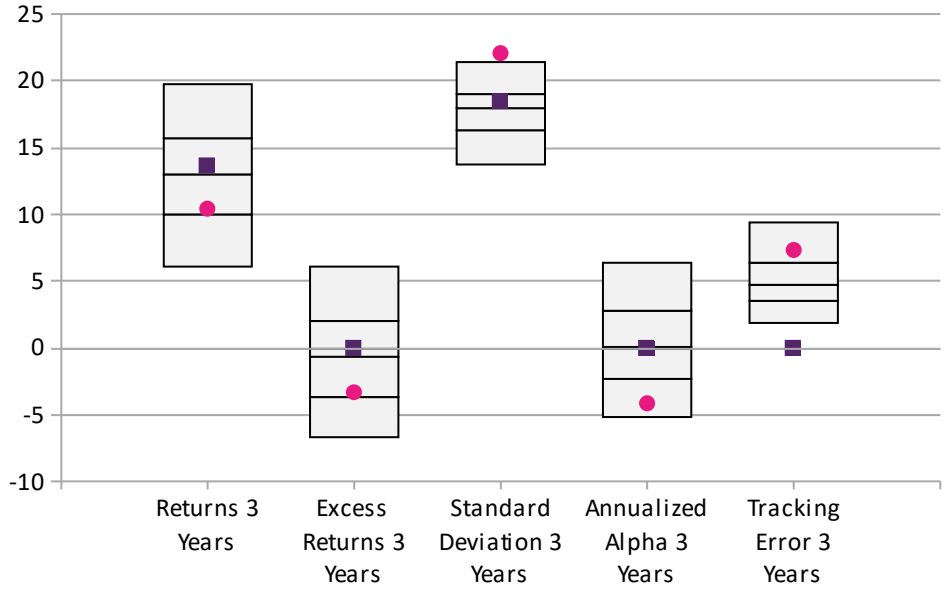
Returns



Longview Partners (Guernsey) Limited Longview Partners - Equity Total Return (Unhedged)

Source: eVestment as at 30 September 2021

Key Risk Statistics



Longview Partners (Guernsey) Limited Longview Partners - Equity Total Return (Unhedged)

MSCI Index MSCI World-GD

Source: eVestment as at 30 September 2021

LCIV Global Equity Focus Fund

Conclusion

This was a disappointing quarter as positive results generated in the third quarter of 2021 reversed rapidly. This rapid swing underlines the elevated levels of volatility of Sub-fund returns relative to the benchmark index. The Sub-fund outperformed or underperformed the index by more than 200bps in eight out of twelve months in 2021. This volatility does not reflect any change in the investment manager's approach, philosophy or process; however, it does highlight the importance of ensuring that a concentrated portfolio is structured to capture multiple drivers of returns from equity markets.

Against this background we retain the 'watch' status for the Sub-fund and continue to monitor performance closely.

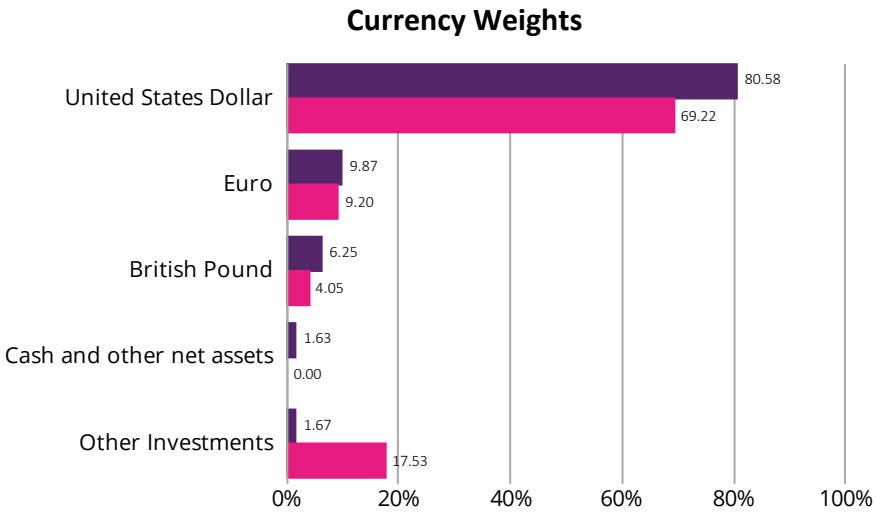
LCIV Global Equity Focus Fund: Portfolio Characteristics

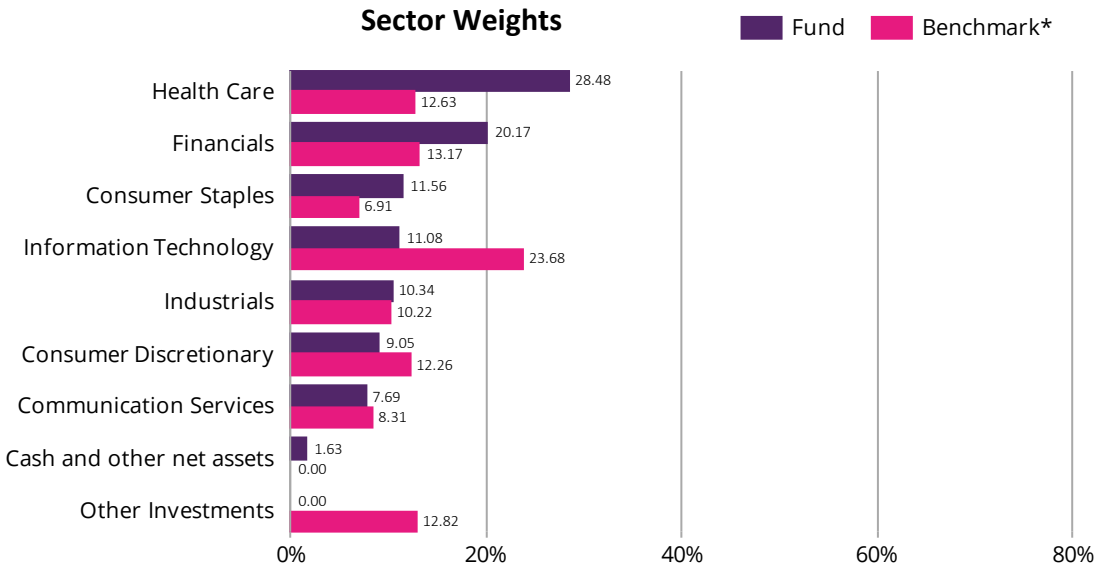
Key Statistics	
Number of Holdings	34
Number of Countries	7
Number of Sectors	7
Number of Industries	22
Yield %	1.16

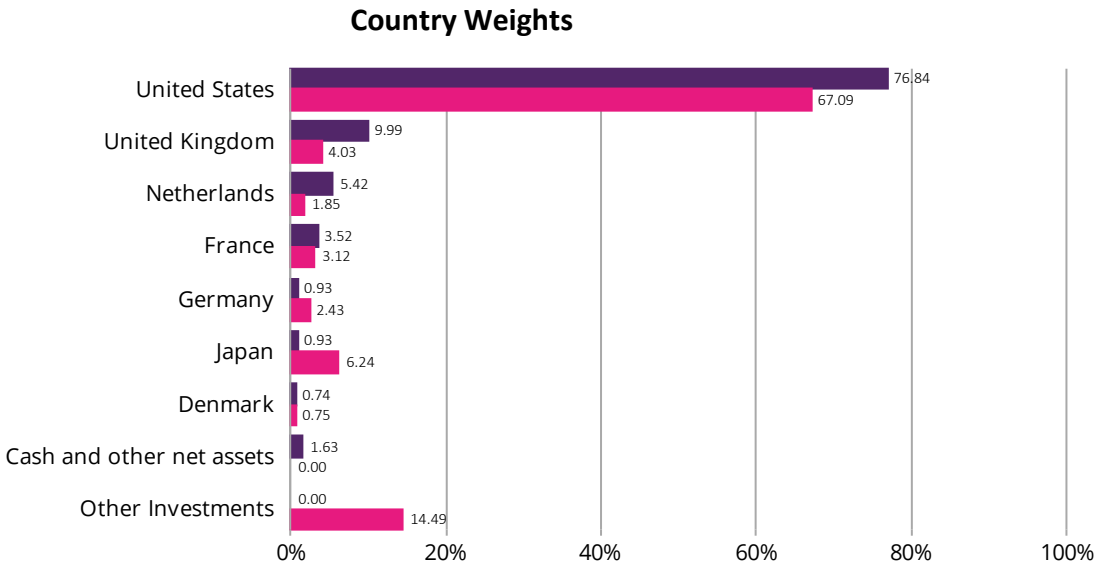
Source: London CIV data as at 31 December 2021

Risk Statistics	
Tracking Error (%)	4.57
Beta to Benchmark	1.00

Source: London CIV







Source: London CIV data as at 31 December 2021
**MSCI World (GBP)(TRNet)+2.5%*

LCIV Global Equity Focus Fund: Portfolio Characteristics

Top Ten Equity Holdings	
Security Name	**% of NAV**
IQIVA Holdings	4.68
Unitedhealth Group	4.66
Bank of New York Mellon	4.49
Ww Grainger	4.33
State Street	4.23
Alphabet Inc Class A	4.21
HCA Healthcare Inc	4.16
Marsh & Mclennan Co's	4.02
Oracle	3.81
Aon	3.74

Top Ten Contributors	
Security Name	**% Contribution**
Ww Grainger	+1.08
Unitedhealth Group	+1.07
IQIVA Holdings	+0.71
Marsh & Mclennan Co's	+0.53
Bank of New York Mellon	+0.51
Tjx Cos	+0.48
State Street	+0.41
Alphabet Inc Class A	+0.32
Compass Group	+0.29
Heineken Nv	+0.26

Top Ten Detractors	
Security Name	**% Detraction**
Medtronic	(0.63)
Charter Communications	(0.43)
Asahi Group Holdings	(0.39)
Henkel Vorzug Prf	(0.33)
Fidelity National Infomation Services	(0.30)
Zimmer Biomet Holdings	(0.24)
Whitbread	(0.16)
Fiserv	(0.15)
L3harris Technologies	(0.11)
American Express	(0.10)

New Positions During Quarter
Security Name
CDW Corp

Completed Sales During Quarter
Security Name
not applicable, no completed sales during the quarter

Source: London CIV data as at 31 December 2021

LCIV Global Equity Focus Fund: ESG Summary

Summary of ESG Activity for the Quarter

Longview has become a co-signatory to the "2021 Global Investor Statement to Governments on the Climate Crisis", which was delivered to government representatives ahead of COP26. The statement calls on governments to raise their climate ambitions and implement meaningful policies to tackle climate change.

In December 2021, Longview met with Becton Dickinson to discuss diversity and inclusion and the company's approach to climate change, and follow-up on a previous engagement regarding Sustainalytics. Longview asked why they say "will advocate for" rather than "commit to" net-zero emissions. The company said they've signed up to the UN Race to Zero Campaign. Longview asked about the intention to provide more detail on emissions targets plans. Becton confirmed they intend to publish more practical information in the coming months. Becton explained to Longview how they interact with ESG data providers: they review providers' reports and contact providers if there are inconsistencies. They use providers' questions as a guide for their own report. Longview requested a specific ROIC target in the 2022 proxy report. Lastly, the investment manager discussed how Becton defines diversity and inclusion and who is responsible for its governance, details of data they collect and disclose, key initiatives and metrics.

Longview spoke to Whitbread to discuss its proposed remuneration policy. The first material change was a reduction in executives' pension contributions to 10% of salary, in line with the wider workforce. Longview agreed this is a reasonable step. Secondly, Whitbread proposed to revise its Annual Incentive Scheme for executives, changing the wording to remove the underlying profit metric to create more flexibility in financial measures used. The investment manager questions how this approach would be in the best interests of shareholders. The company stated they would never exclude profit entirely and said group-level profits are not always the most appropriate performance measure.

Lastly, the investment manager spoke to Oracle to discuss Glass Lewis's voting recommendations and Oracle's response, which concerned proposals for the re-election of directors, an advisory vote on executive compensation and a racial equity audit.

LCIV Global Equity Focus Fund: ESG Summary

Voting Summary

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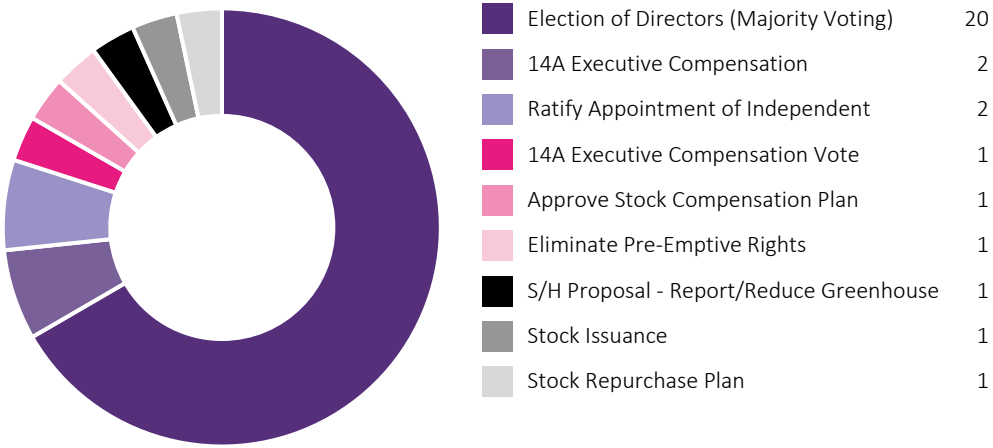

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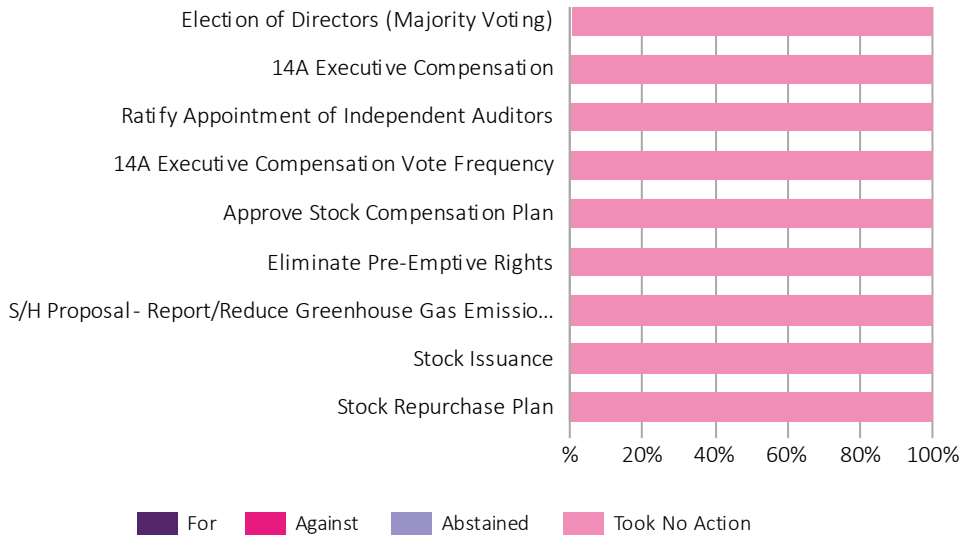

Source: London CIV data as at 31 December 2021

Link to Underlying Manager's Voting Report for the Quarter

https://londonciv.org.uk/portal/email/download/10284

LCIV Global Equity Focus Fund: ESG Summary

Climate Risk Exposure

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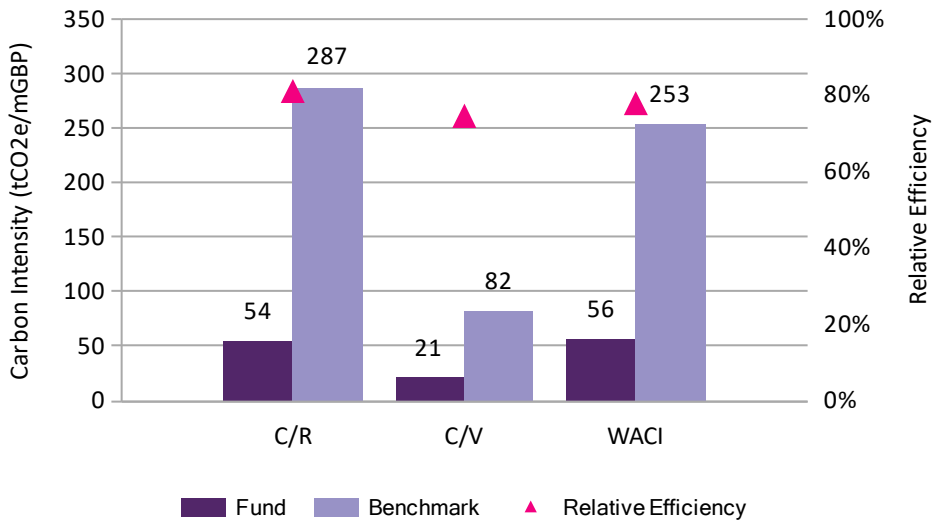

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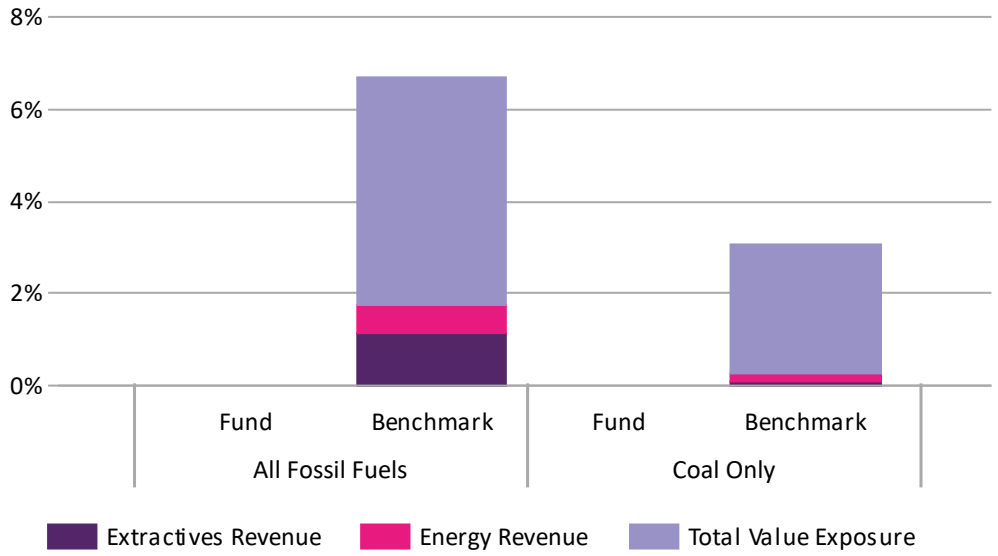


Source: London CIV based on Trucost data as at 31 December 2021

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	-18.72%	No
Diageo Plc	257.89	-3.96%	No
Asahi Group Holdings, Ltd.	254.88	-3.62%	No
HCA Healthcare, Inc.	92.19	-2.86%	No
Becton, Dickinson and Company	88.43	-2.22%	No
Henkel AG & Co. KGaA	133.84	-1.39%	No
Whitbread PLC	102.25	-1.26%	No
Medtronic plc	69.60	-0.74%	No
Zimmer Biomet Holdings, Inc.	81.94	-0.72%	No
Continental Aktiengesellschaft	264.45	-0.09%	No

LCIV Emerging Market Equity Fund

Quarterly Summary as at 31 December 2021

Total Fund Value:

£556.7m

Inception date:	11/01/2018
Price:	107.10p
Distribution frequency:	Quarterly
Next XD date:	04/01/2022
Pay date:	28/02/2022
Dealing frequency:	Daily

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.

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 the Sub-fund's inception date.

Enfield Valuation:

£34.3m

Enfield investment date: 24/10/2018

This is equivalent to 6.17% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £24,519

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	(4.35)	(4.65)	8.27	n/a	2.76	8.46
Investment Objective*	(1.14)	0.82	11.41	n/a	5.66	11.93
Relative to Investment Objective	(3.21)	(5.47)	(3.14)	n/a	(2.90)	(3.47)
Benchmark**	(1.76)	(1.64)	8.69	n/a	3.08	9.20
Relative to Benchmark	(2.59)	(3.01)	(0.42)	n/a	(0.32)	(0.74)

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

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

LCIV Emerging Market Equity Fund

Quarterly Commentary

Performance

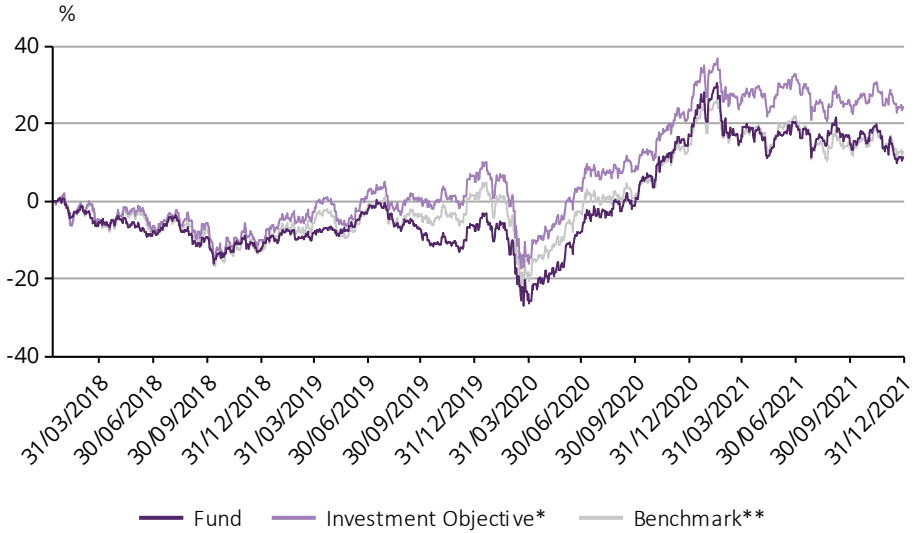
The Sub-fund returned -4.4% over the last quarter, underperforming the MSCI Emerging Market Index by 2.6%. Over the year, the benchmark delivered -1.6%, the objective of the Sub-fund is to outperform the benchmark by 2.5% per annum. The Sub-fund underperformed this target by 5.5.%, delivering -4.7% for the calendar year. This has resulted in relative returns of -3.0% since inception. Longer term underperformance is mostly related to the legacy investment manager.

The last quarter of 2021 was a reflection of the turbulent year faced by emerging markets (EM), with the emergence of the Omicron Covid-19 variant and Chinese regulatory interventions impacting overall returns. Against this backdrop, the Sub-fund underperformance was largely attributable to two key factors: stock selection in financials and in communication services, and a structural underweight to cyclical sectors that fared well due to expectations of economic recovery.

At the country level, China has been a headwind for the Sub-fund in absolute terms. However, the investment manager's focus on 'quality growth' meant that stock selection and asset allocation within China contributed positively on a relative basis. Singapore, Argentina and India were the largest detractors due to an allocation to the technology sector, specific stock selection and performance of financials respectively.

From a sector perspective, financials have been the largest contributor to the Sub-fund's underperformance, driven by regulatory headwinds in India and China's zero-tolerance Covid-19 policy. In India, HDFC Bank was the largest detractor as the company suffered from a number of IT blackouts. As a result, the Reserve Bank of India asked HDFC to stop implementing any further software infrastructure, along with imposing limits on issuance of new credit cards. While the stock also suffered from wider fears of Omicron negatively affecting the Indian economy, the regulatory challenges from the Indian central bank have now abated.

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*

The Hong-Kong headquartered insurer AIA also faced a challenging environment due to China's restrictive Covid-19 policy and its impact on domestic travel in a country where insurance clients/agents still need to be physically present to buy/sell insurance.

At the stock level, the largest contributor to performance was Infosys, an Indian IT company that looked quite inexpensive earlier in the year, was boosted by strong earnings. EPAM Systems, another stock within the same industry, but higher up the value chain with its complex and niche product line, benefitted from a similar earnings blowout in the second half of the year.

LCIV Emerging Market Equity Fund

Within detractors, SEA, an ASEAN e-commerce and gaming business in Singapore, underperformed amid concerns of a slowdown in gaming growth and competitive pressures intensifying.

Market Views

Close to two-thirds of the world population has now been vaccinated with at least one dose, and many EM countries are making large strides in increasing daily vaccination rates. While the Omicron variant has caused some dampening of economic activity, government appetite for lockdowns as strict as the first wave is limited. One major factor for EM performance, the U.S. Dollar, has been a headwind due to stronger U.S. growth. The investment manager expects USD to move sideways in 2022, but the pace of expected rate hikes in the U.S. could derail that view.

Overall, the investment manager believes the EM economies, along with the U.S., are approaching the late stage of the economic cycle, with GDP and inflation past their peak, higher interest rates and no further stimulus. The investment manager expects quality and low risk stocks to be a beneficiary of this backdrop. This thesis might be challenged if cyclical stocks extend their 2021 good performance due to further benefits from the reopening of economies.

China remains the dominant factor in EM as the country weight in the benchmark is more than one-third. 2021 has been a year to forget for Chinese equities, especially when considering the double digit returns from DM counterparts. Regulatory pressures, danger of a spill over from the heavily indebted real estate sector and a zero-Covid-19 policy that limits social interactions have been the main challenges for Chinese equities. Due to these headwinds, the investment manager believes Chinese equities look extremely cheap now and China's overall growth rate will remain a tailwind in the medium to long-term.

Positioning

Over the year, relative performance has been more affected by what the portfolio did not hold, i.e., cheap cyclical/value stocks, including energy and materials, due to higher oil price and revived global economy. However, the portfolio maintains its structural underweight to these cyclical sectors and the investment manager is focusing instead on quality stocks that have sustainable long term growth potential.

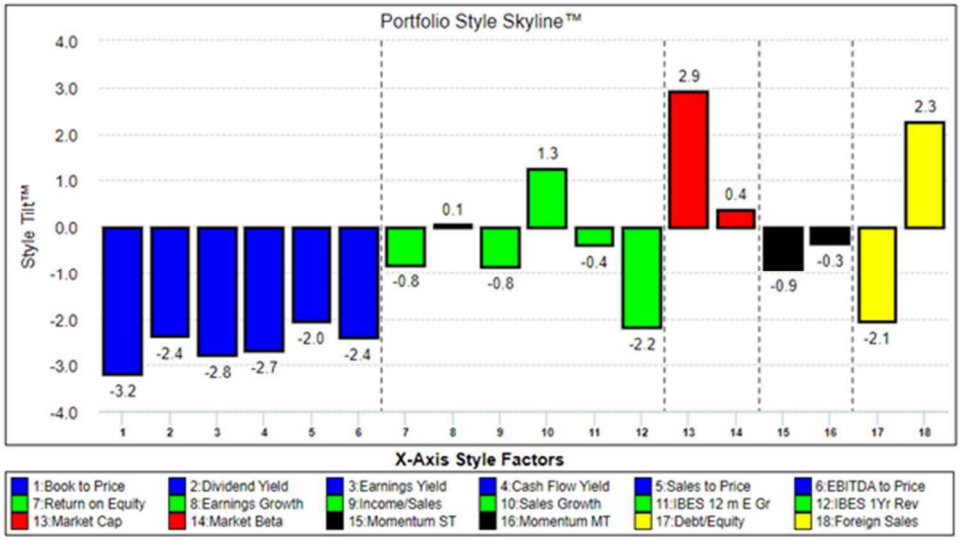
The portfolio remains nearly one-third invested in China but maintains a relative underweight when compared to the benchmark. Nonetheless, it's the largest allocation in the portfolio from a top-down perspective in a country where government remains suspicious of market forces. The investment manager sees three major challenges facing China in the short term: environment, financial distress due to credit fuelled growth and political interventions. However, the country's productivity growth model has worked well over the last few years and the investment manager expects it to continue to do so.

Across sectors, financials remain the largest overweight, with the sector delivering very high returns over the last decade within EM. On the back of a higher interest rate environment, the investment manager expects further tailwinds for this sector. At stock level, Alibaba has been the only sell for the portfolio, as increased competition in the e-commerce space has made the stock less attractive.

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). The bias towards companies with a larger market cap than the benchmark and higher quality remains consistent.



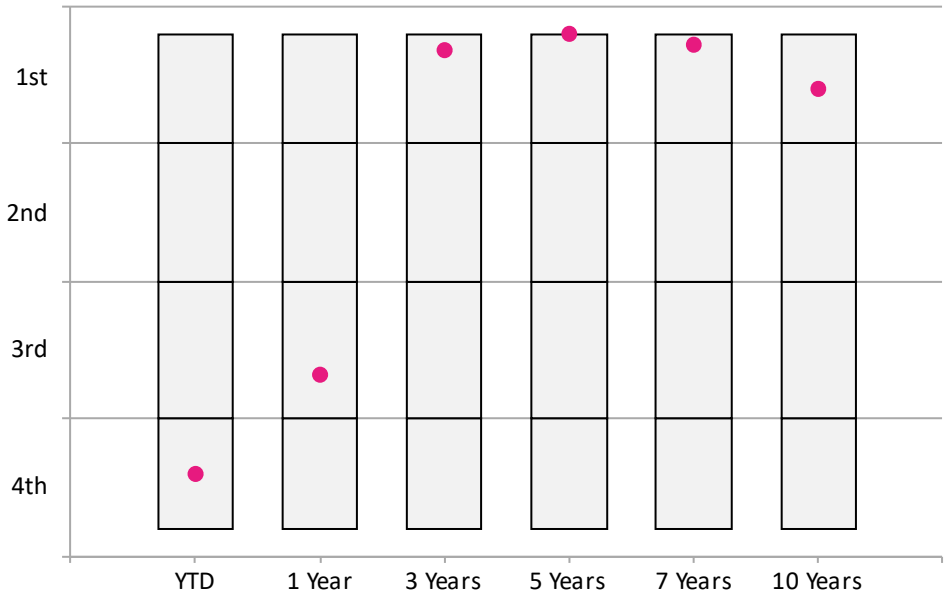
Source: eVestment as at 30 September 2021

LCIV Emerging Market Equity Fund

Peer Analysis

The peer group is the Global Emerging Markets All Cap Core Equity. Peer relative return has highlighted the investment manager to be a top performer with returns in the top quartile, although year to date performance has seen it move to the bottom quartile. Over the 3-year period, the Sub-fund has out-performed the benchmark, with a level of risk at the mid-range compared to its peers.

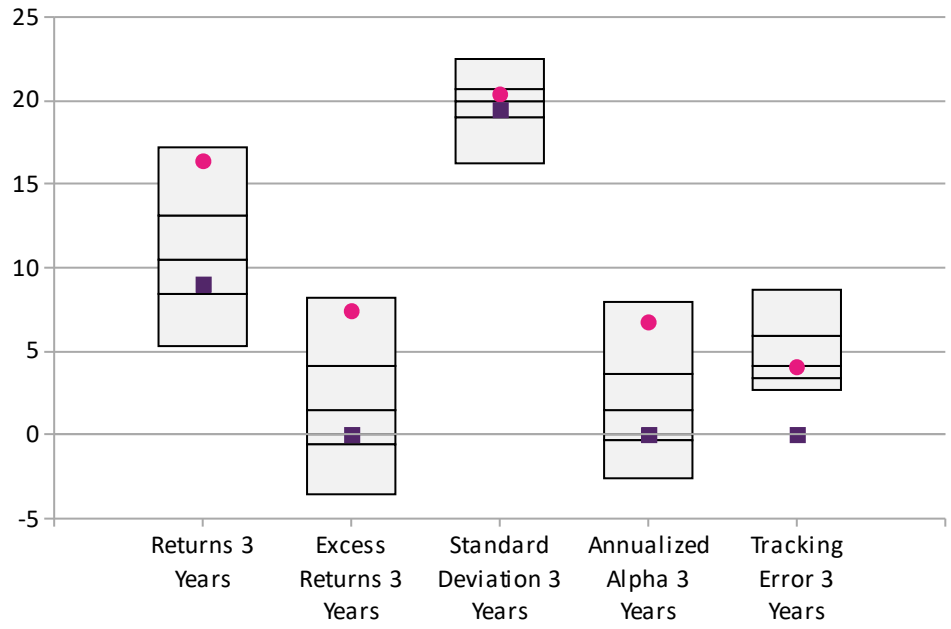
Returns



● J.P. Morgan Investment Management Inc. JPM GEM Focused

Source: eVestment as at 30 September 2021

Key Risk Statistics



● J.P. Morgan Investment Management Inc. JPM GEM Focused
■ MSCI Index MSCI EM-GD

Source: eVestment as at 30 September 2021

LCIV Emerging Market Equity Fund

Conclusion

EM equities continued their decline into the fourth quarter of the year, concluding a turbulent year for the benchmark. Against this backdrop, the Sub-fund lagged the benchmark. While the portfolio bias towards high quality stocks protected performance in the previous quarter, the relative underperformance over the fourth quarter (and the full year) has been a reflection of the Sub-fund's limited upside participation in rebounds that were mostly led by cyclical sectors (where the Sub-fund maintains a structural underweight). Overall, the Sub-fund is well-positioned to benefit from broader economic growth across EM, and in most downturns, its quality focus should protect the portfolio on a relative basis.

LCIV Emerging Market Equity Fund: Portfolio Characteristics

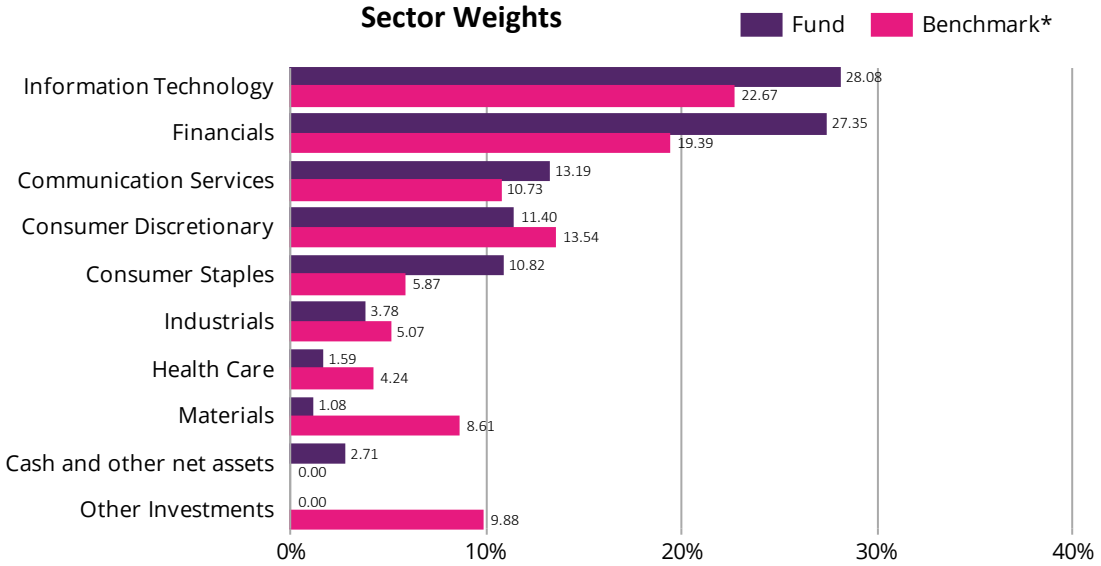
Key Statistics	
Number of Holdings	52
Number of Countries	15
Number of Sectors	8
Number of Industries	24

Source: London CIV data as at 31 December 2021

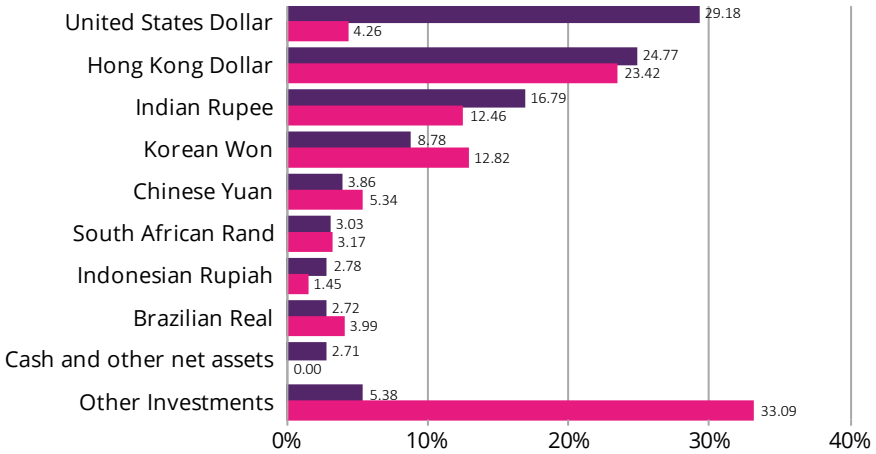
Risk Statistics	
Tracking Error (%)	4.82
Beta to Benchmark	0.94

Source: London CIV

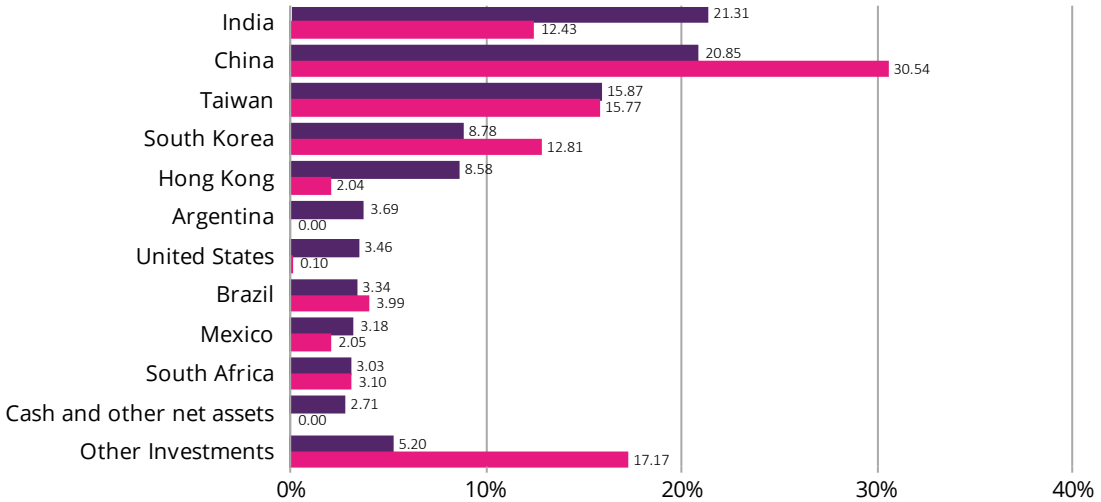
Sector Weights



Currency Weights



Country Weights



Source: London CIV data as at 31 December 2021

**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	9.81
Tencent Holdings	6.76
Samsung Electronics	6.32
HDFC Bank ADR	4.52
Housing Development Finance	4.50
Infosys	4.22
AIA Group	3.83
Tata Consultancy Services	3.79
Mercadolibre	3.69
SEA	3.44

Top Ten Contributors	
Security Name	**% Contribution**
Taiwan Semiconductor Manufactor ADR	+0.67
Infosys	+0.47
Epam Systems Inc	+0.34
Samsung Electronics	+0.29
Kweichow Moutai	+0.19
Netease Inc	+0.18
Wal-Mart De Mexico	+0.13
JD.Com	+0.11
Delta Electronic	+0.09
Bank Rakyat Indonesia Persero	+0.08

Top Ten Detractors	
Security Name	**% Detraction**
SEA	(1.45)
Mercadolibre	(0.83)
HDFC Bank ADR	(0.58)
Wuxi Biologics	(0.57)
AIA Group	(0.55)
Alibaba Group Holding	(0.53)
Housing Development Finance	(0.30)
Sberbank Of Russia	(0.19)
JD.com	(0.18)
Kotak Mahindra Bank	(0.18)

New Positions During Quarter
Security Name
not applicable, no new positions during the quarter

Completed Sales During Quarter
Security Name
NetEase Inc ADR

Source: London CIV data as at 31 December 2021

LCIV Emerging Market Equity Fund: ESG Summary

Summary of ESG Activity for the Quarter

J.P. Morgan had several engagements with Thai energy conglomerate PPT during the year. The investment manager met the company and followed up with a letter to reiterate their concerns on climate change. The investment manager was most concerned regarding PPT's conservative targets and failure to specify a base year that the GHG reduction targets were set against. Later during the year, PPT presented to investors its latest new targets for carbon reduction and clean energy initiatives. The investment manager states that they were pleased to see that PPT had responded to shareholder feedback and included a commitment of 15% reduction of total Scope 1 and 2 emissions by 2030 from 2020 levels and net-zero emission by 2070. During this quarter the investment manager then met with the company again to delve further into some of these initiatives. Overall, the investment manager was pleased with the company's willingness to respond to shareholder engagement but they will continue to push for a faster pace of change.

The investment manager met with Samsung Electronics to discuss board effectiveness, capital allocation and succession planning. Regarding board effectiveness, JPM questioned how exactly the board measures its success. Samsung Electronics stated that the company has no official performance metrics to evaluate the whole board and would welcome suggestions on board evaluation. The investment manager then shared several global best practices after the meeting with the management team. We are pleased to see the investment manager's approach in sharing lessons learnt to educate their portfolio companies. Second topic was on capital allocation. JP Morgan was concerned over the firm's ~$100bn of cash on its balance sheet and considers it as excessive and that some portion of it should be allocated to higher dividends or share buybacks. The Chairman stated that most of the cash is held in overseas subsidiaries and any share buyback would trigger tax implications. The investment manager states that this situation is not unique to Samsung and that there are ways to find a better balance. Lastly on succession planning, according to the investment manager, this has been a pressing issue as JY Lee (the grandson of the founder of Samsung) had reduced his involvement with the firm due to legal concerns. Samsung states that the company has plans to transition to a professionally run team and JY Lee will not pass his managerial duties to his children.

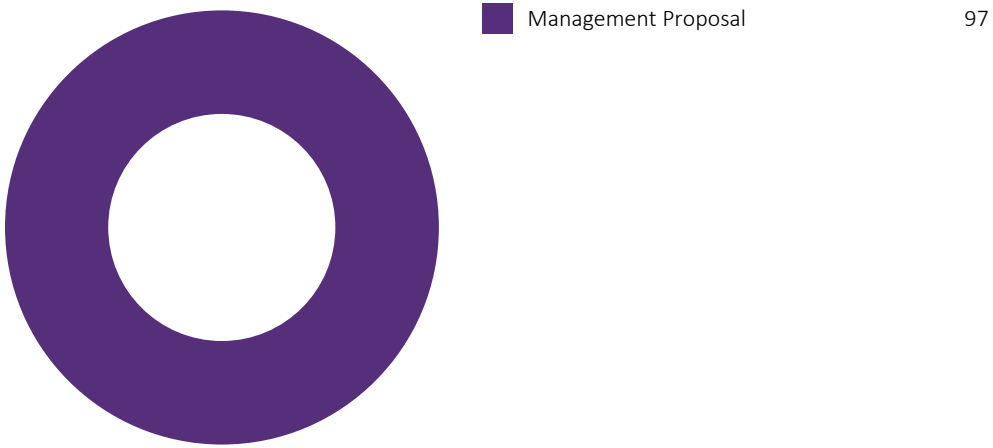
The last engagement was with Russian diamond producer Alrosa, where the investment manager discussed the tailings leak at a mine in Angola. The investment manager acknowledge that the firm was not the operator of the mine and the contents of the leak are currently under investigation. The investment manager was encouraged by Alrosa's handling of the situation and they have proposed that their partner implement mitigation methods such as dry stacking of tailings. The investment manager stated that they will continue to monitor the situation and update us.

LCIV Emerging Market Equity Fund: ESG Summary

Voting Summary

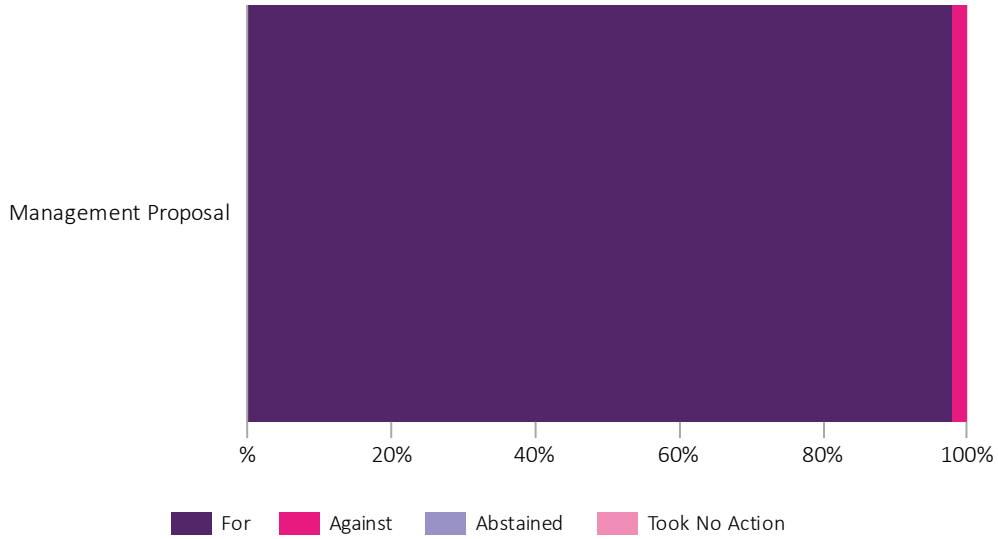
As stewards of capital, exercising voting rights is an important part of our responsibility towards our Client Funds' ESG objectives. We believe that voting on shareholder resolutions is a powerful part of our stewardship strategy as it helps communicate our views to companies. Being transparent about 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 October 2021 - 31 December 2021).

Proposals Breakdown



Source: London CIV data as at 31 December 2021

Voting Instruction Breakdown



Source: London CIV data as at 31 December 2021

Link to Underlying Manager's Voting Report for the Quarter

https://londonciv.org.uk/portal/email/download/10274

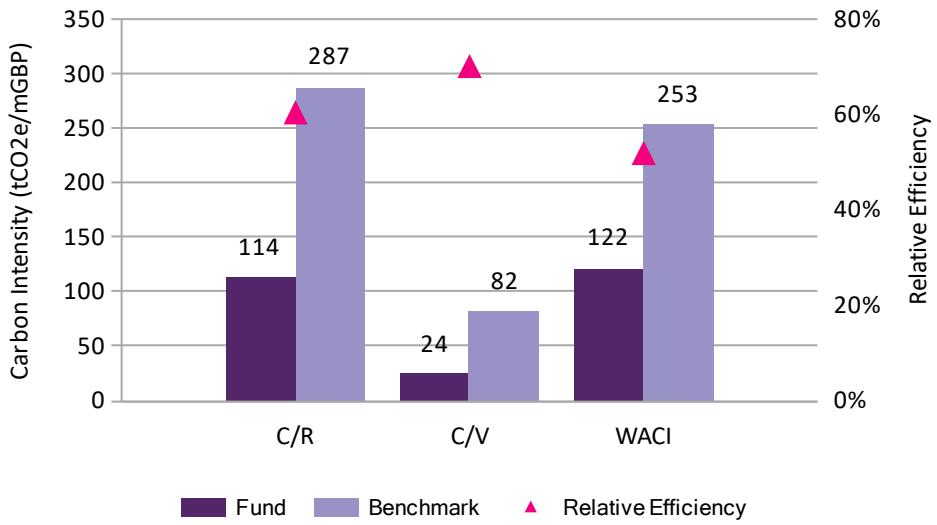
LCIV Emerging Market Equity Fund: ESG Summary

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 climaterelated disclosures in line with TCFD recommendations and inform internal processes for risk management and strategy development.

Carbon Performance

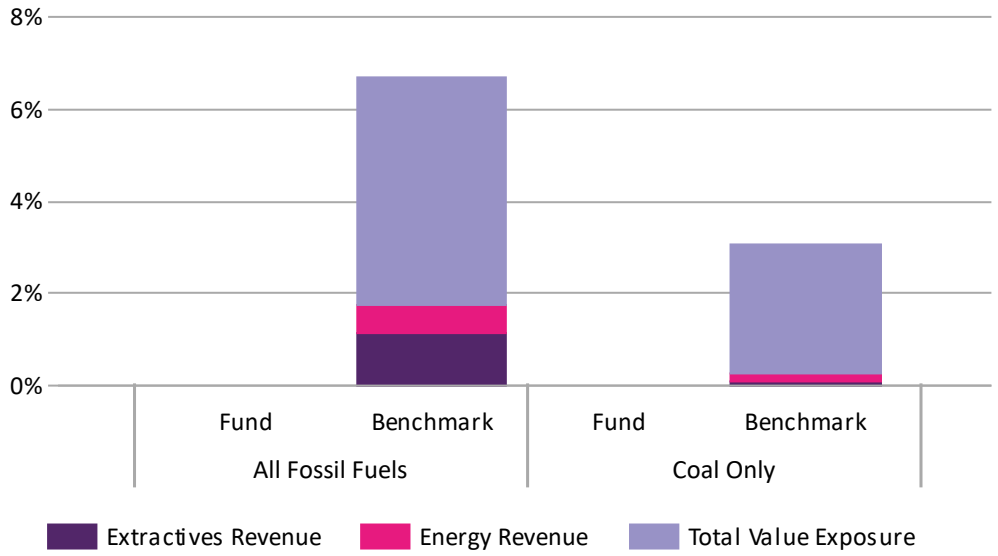
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 31 December 2021

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 31 December 2021

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	-23.63%	No
Kweichow Moutai Co., Ltd.	387.89	-4.10%	No
Samsung Electronics Co., Ltd.	191.30	-3.99%	No
Yum China Holdings, Inc.	604.61	-3.84%	No
ITC Limited	700.93	-2.72%	Yes
Budweiser Brewing Company APAC Limited	364.25	-2.56%	No
Foshan Haitian Flavouring and Food Company Ltd.	350.02	-1.71%	No
Ambev S.A.	350.50	-1.24%	No
Sands China Ltd.	398.03	-1.04%	No
Midea Group Co., Ltd.	218.47	-0.98%	No

LCIV MAC Fund

Quarterly Summary as at 31 December 2021

Total Fund Value:

£1,215.3m

Inception date:	31/05/2018
Price:	110.60p
Distribution frequency:	Annually
Next XD date:	04/01/2022
Pay date:	28/02/2022
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 4-6%, on an annualised basis over a rolling 4 year period, net of fees.

This is a pooled Sub-fund of the London CIV ACS administered by Northern Trust. The Sub-fund has invested in the collective investment vehicle CQS Credit Multi Asset Fund and is managed by CQS Global Funds (Ireland) p.l.c since the inception date.

Enfield Valuation:

£57.0m

Enfield investment date: 30/11/2018

This is equivalent to 4.69% of the Fund

Distribution option: Reinvest

Est. distribution to be reinvested: £1,890,892

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	0.96	6.40	4.89	n/a	3.89	4.35
Investment Objective*	1.15	4.59	4.90	n/a	4.97	4.91
Relative to Investment Objective	(0.19)	1.81	(0.01)	n/a	(1.08)	(0.56)

** Investment Objective: 3m LIBOR +4.5%*

† Please note the benchmark is being changed from the London Interbank Offered Rate (LIBOR) to the Sterling Overnight Index Average (SONIA). This is expected to be completed with effective date 1 January 2022 all benchmark past performance prior to this date may continue to be calculated against LIBOR.

LCIV MAC Fund

Quarterly Commentary

Performance

The Sub-fund returned 1% in Q4 2021, underperforming its objective by 0.2%. Over the full year, the Sub-fund earned 6.4% and outperformed on a relative basis by 1.8%. However, returns since inception are still below the objective by 1.1% on an annualised basis.

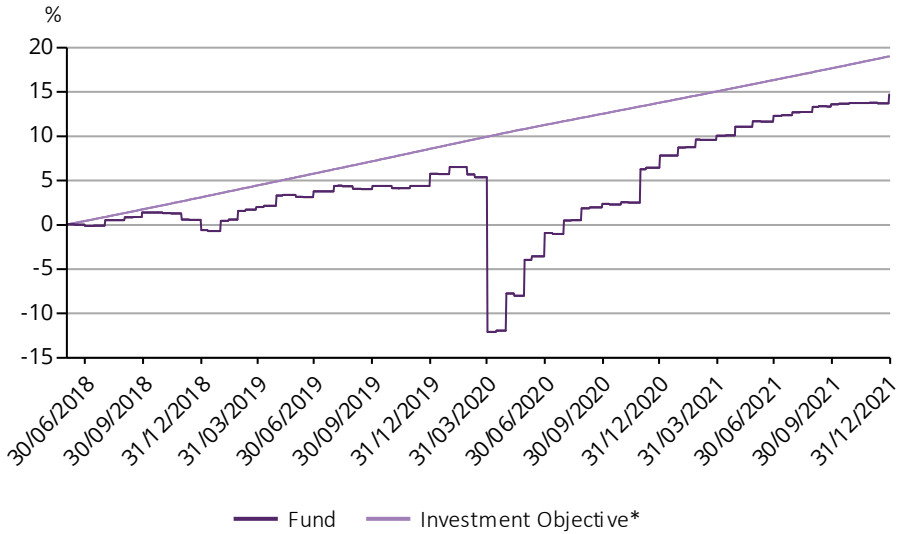
The bias towards floating rate senior secured loans relative to fixed rate high yield bonds was beneficial in the final quarter of 2021. The Sub-fund outperformed the broader loans market, both in Europe and U.S. Interest income from senior secured loans contributed most to returns in Q4. Despite market volatility, capital values in the loan book were flat for the quarter. Full year performance was aided by reduced default expectations. European defaults declined from 2.4% at the end of 2020 to 0.8% this year and U.S. defaults closed at nearly 0.3% from nearly 3.8% at start of 2021.

European loans outperformed their U.S. counterparts and ended the year with a positive reading for the 21st consecutive month. Over the full year, the European loan market remained resilient, in part due to the floating rate nature of the asset class but also due to strong demand underpinned by collateralised loan (CLO) issuance.

Within U.S. loans, the last quarter finished with record-setting issuance, with supply driven mainly by M&A and private equity deals. Over the year, U.S. loans delivered consistent performance, registering gains in all but two months.

European high yield underperformed U.S. high yield and finished the quarter down 0.3%. Returns came almost solely from income. During the quarter volatility was modest and there was a slowdown in new issuance, which was a slight tailwind for this market segment. U.S. high yield posted stronger returns due to higher spread compression, particularly in the CCC-rated basket of borrowers. Overall, the high yield market saw returns driven primarily by gains in capital values at the start of the year, whereas after a volatile third quarter, returns were predominantly driven by income.

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: 3m LIBOR +4.5%*

The Sub-fund's asset backed securities (ABS) allocation returned 0.8% over the quarter. In CLOs, strong issuance along with volatility around the Omicron variant affected performance early in the quarter, but this was offset by good performance in December as the outlook improved. Despite regaining ground after a dip on the emergence of the Omicron variant, debt issued by financial services companies ultimately performed relatively poorly during the fourth quarter. Portfolio holdings outperformed the ICE BoA Contingent Convertible Capital Index (COCO).

LCIV MAC Fund

Positioning

Senior secured loans remain the largest allocation within the portfolio. The investment manager took advantage of the relative strength and low volatility of European loans to shifting some of the allocation to European financials.

Within ABS, European CLO exposure was trimmed as the investment manager took profits on certain holdings, principally at the BBB rated level, and reallocated this capital to European regulatory capital, with an expectation that it will provide high income with lower market beta.

Capitalising on mark-to-market volatility, exposure to European high yield bonds was initially increased and then reduced in December to lock in profits. The investment manager continues to see opportunities in both secondary and primary markets within European high yield.

Exposure to financials was increased over the quarter. The Sub-fund holds a selection of short duration bonds offering high spreads to capitalise on growth and longer-dated securities issued by high-quality issuers to guard against the risk of a reversal in growth expectations.

Convertible bonds remain at near 4% allocation of the portfolio, whereas cash was increased to 5.4% through profit taking on loans and ABS.

Overall, the investment manager continues to favour European markets due to attractive relative valuations and better fundamentals.

Market views

The momentum of fixed income markets slowed somewhat in the fourth quarter as investors had to digest rising inflation and potentially less quantitative easing from central banks. In addition, the emergence of the highly infectious Omicron Covid-19 variant led to substantial mark-to-market losses at the end of November.

However, markets recovered quickly in December, with data indicating a lower risk of severe illness. This proved particularly beneficial for the energy sector, and borrowers reliant on freedom of movement, such as travel, hospitality and retail companies. Interestingly, sentiment was not materially affected by the U.S. Fed's indication in December that it could accelerate the pace of tapering and increase interest rates more quickly than was discounted by the market.

Looking ahead, the investment manager expects a bumpier ride through bouts of volatility, with short duration strategies continuing to outperform. The investment manager is looking for low beta credit opportunities, with a focus on quality and liquidity.

Fund monitoring

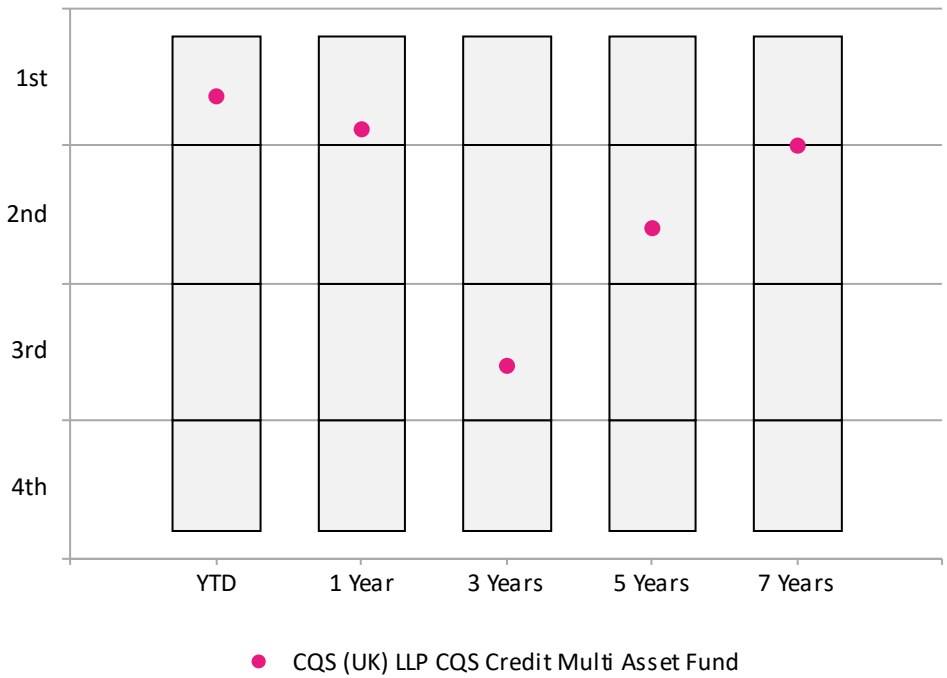
The investment manager was put on 'watch' status in July 2019 after concerns were raised across several categories in the course of our monitoring. In February 2020, this status was lowered to 'enhanced monitoring' due to improving backdrop. Since then, the investment manager has improved further across most monitoring factors, including resourcing, business risk, performance and ESG. The investment manager's monitoring status was moved to 'normal monitoring' in December 2021.

LCIV MAC Fund

Peer Analysis

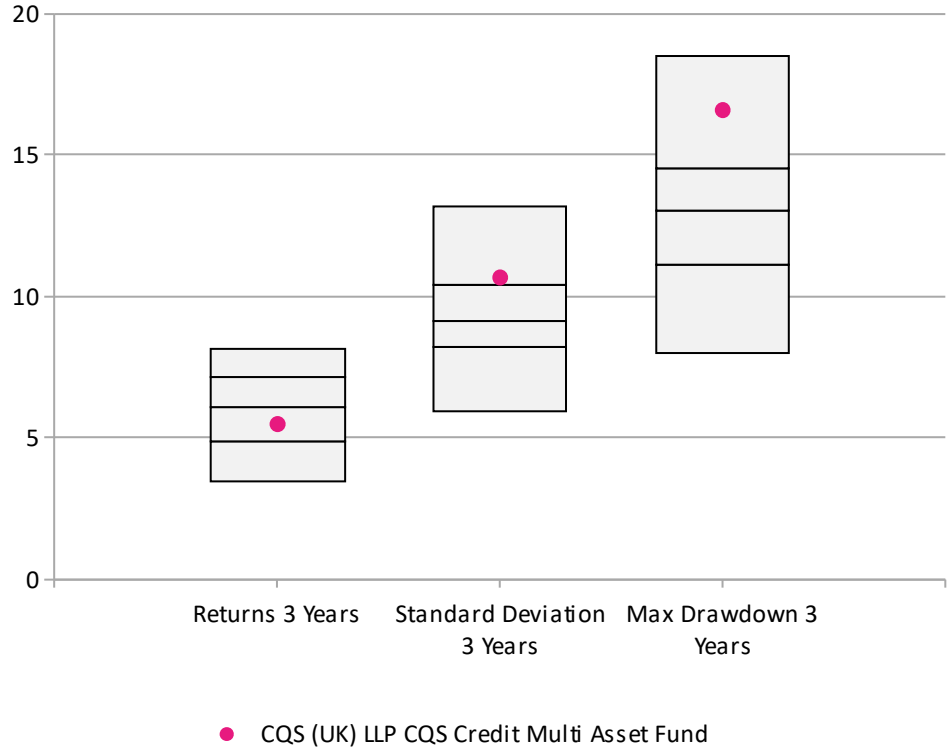
Year to date (September 2021) and 1-year returns have been strong, putting the Sub-fund in the top quartile compared to its peers. Over three years, returns are in the third quartile, but the CQS Credit Multi Asset Fund has performed well over longer periods. The level of risk the investment manager is taking is in the top quartile over 3 years and it also has exhibited larger drawdowns than its peers. We emphasise, however, that the decline in capital values was based on changes in mark to market prices, and not realised losses on the loans, bonds and other credit instruments owned by the Sub-fund.

Returns



Source: eVestment as at 30 September 2021

Key Risk Statistics



Source: eVestment as at 30 September 2021

LCIV MAC Fund

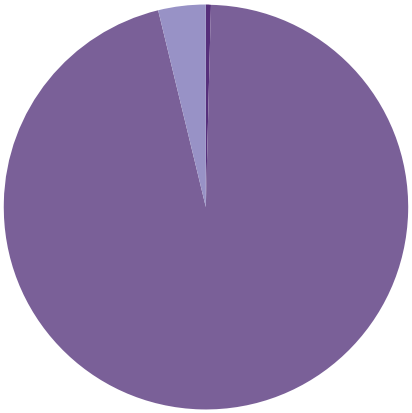
Conclusion

The Sub-fund underperformed its objective by a small margin over the last quarter. However, performance was strong in 2021, continuing the positive trend since credit markets recovered from the surge in volatility and sharp falls in capital values experienced in March 2020. The investment manager has performed well from an underwriting and credit selection perspective. The portfolio remains biased towards European credit due to better fundamentals and attractive valuations. With major central banks expected to tighten policy in the coming months, the focus of the Sub-fund on floating rate and short duration fixed rate debt should be beneficial.

LCIV MAC Fund: Portfolio Characteristics

Risk Highlights	
Weighted Average rating	B+
% Long BEE with Public Rating	87.19%
% of Investment with Public Rating	87.77%
Yield to Expected Maturity GBP	5.45%
Spread Duration	3.63
Interest Rate Duration	1.19

Liquidity Management



Level 1	0.4%
Level 2	95.8%
Level 3	3.8%

Stress Test

Asset Class	Equities -10%	Equities +10%	Credit -25%	Credit +25%	IR -100bps	ABS -10%	ABS +10%
ABS			0.02%	(0.02)%	0.01%	(1.65)%	1.65%
Convertibles	(0.20)%	0.22%	0.02%	(0.02)%	0.05%		
Corporate Credit			0.01%	(0.01)%	(0.01)%		
Financials			0.46%	(0.42)%	0.41%		
High Yield			0.82%	(0.77)%	0.73%		
Loans	(0.08)%	0.08%	2.28%	(2.12)%			
Uncomitted Capital							

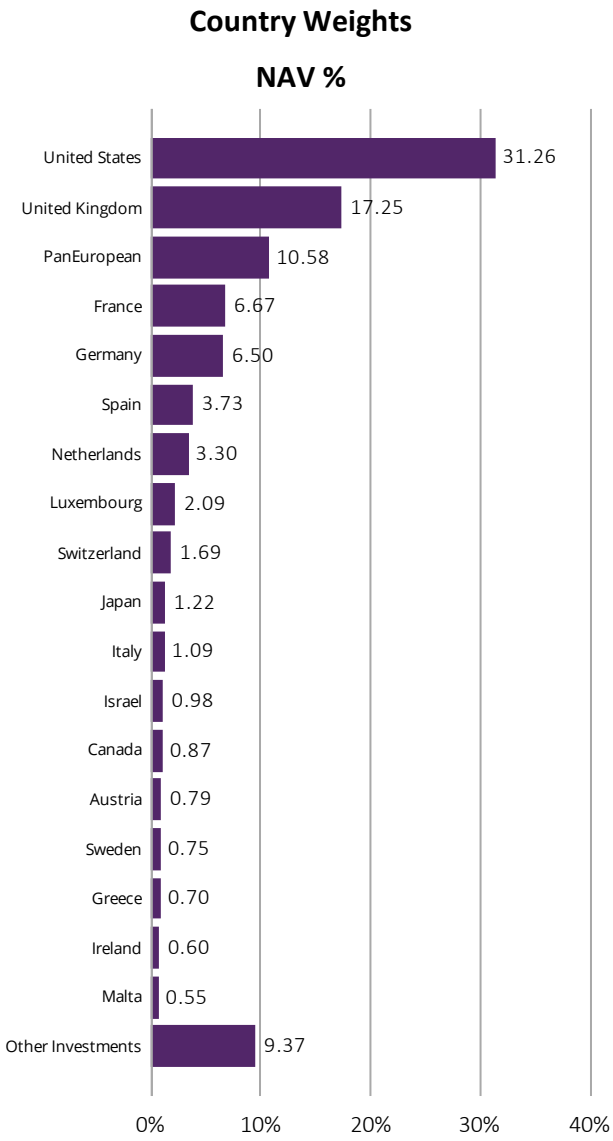
Source: CQS for definitions of Risk Highlights please see the Glossary

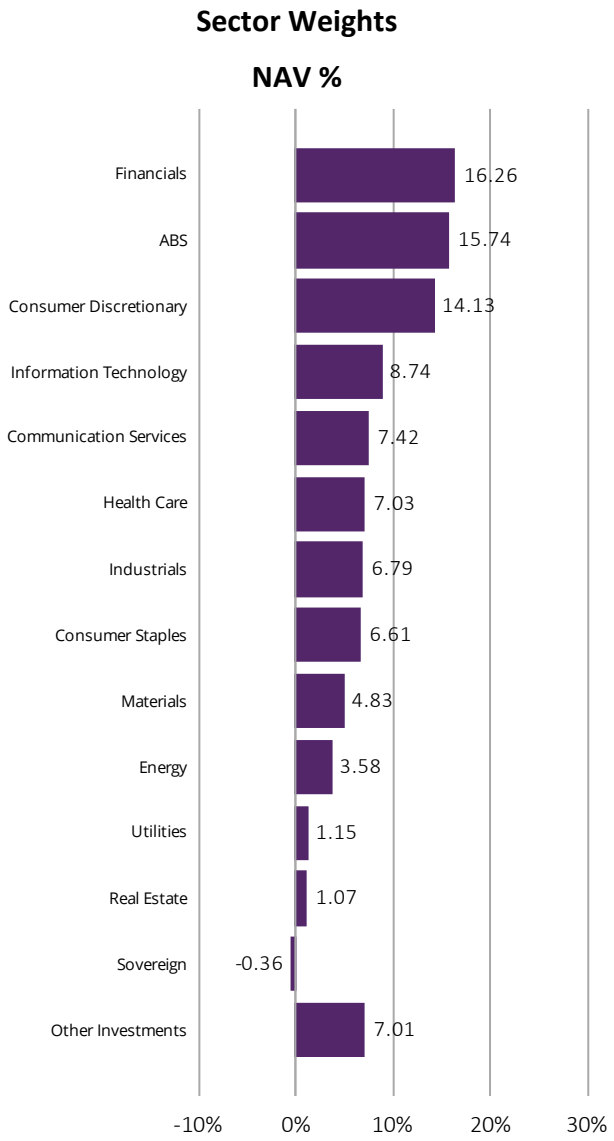
LCIV MAC Fund: Portfolio Characteristics

Asset Classification		
Classification	**Nominal Exposure %**	**Contribution to Return %**
IG Corporate Bonds	43.47	0.00
Loans	21.19	0.50
ABS	17.81	0.13
HY Corporate Bonds	9.80	0.16
Convertibles	4.00	0.20
Financial Bonds	0.32	0.00

Top Contributors to Performance		
Security Name	**Nominal Exposure %**	**Contribution to Return %**
Allen Media Llc / Al 10.5% 15Feb28 144A	0.52	0.02
Intralot Capital Lux 5.25% 15Sep24 REGS	0.40	0.02
MLN US HoldCo -Term Loan (Sec:3081_P	0.23	0.07
Sika CB 0.15% 5 June 25	0.19	0.04
Teradyne Inc CB 1.25% 15Dec23	0.11	0.04

Bottom Contributors to Performance		
Security Name	**Nominal Exposure %**	**Contribution to Return %**
Eg Global Finance GBP 6.25% 30Mar26	0.00	(0.01)
Square Inc 0.125% 01Mar25	0.04	(0.01)
Umicore 0% 23Jun25	0.06	(0.01)
Ambac Assurance (ABK) 5.1% 07JUN20	0.22	(0.01)
Safari Verwaltungs 5.375% 30Nov22	0.25	(0.01)





Source: CQS

LCIV MAC Fund: ESG Summary

Summary of ESG Activity for the Quarter

We are pleased to learn that on 11 October 2021, the CQS CMA Fund was classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). Under SFDR, an Article 8 Fund promotes environmental, social and governance characteristics. Furthermore, on 1 November 2021, CQS became a signatory to the Net Zero Asset Managers' Initiative. The investment manager is in the process of setting interim targets to achieve net zero by 2050 (or sooner).

Regarding engagement CQS engaged with Adler Real Estate and provided the company with an ESG Outlook score 'negative'. The investment manager discussed the recent short seller allegation and with governance being the key concern, the company showed proactive steps by tasking KPMG to audit these allegations. The firm has committed to publish the full findings and to address any failings. CQS said they have gained confidence in the company through its actions and willingness to create transparency.

The investment manager engaged with Urban One to discuss their annual Proxy Statement and how they have made some ESG efforts on disclosures. The investment manager believes this is a positive response as they have previously suggested to Urban One to increase ESG disclosures.

CQS engaged with First Energy through Climate Action 100+. The company has set carbon neutral targets by 2050 and the investment manager continues to engage and to understand their plans to expand the scope of their decarbonisation targets.

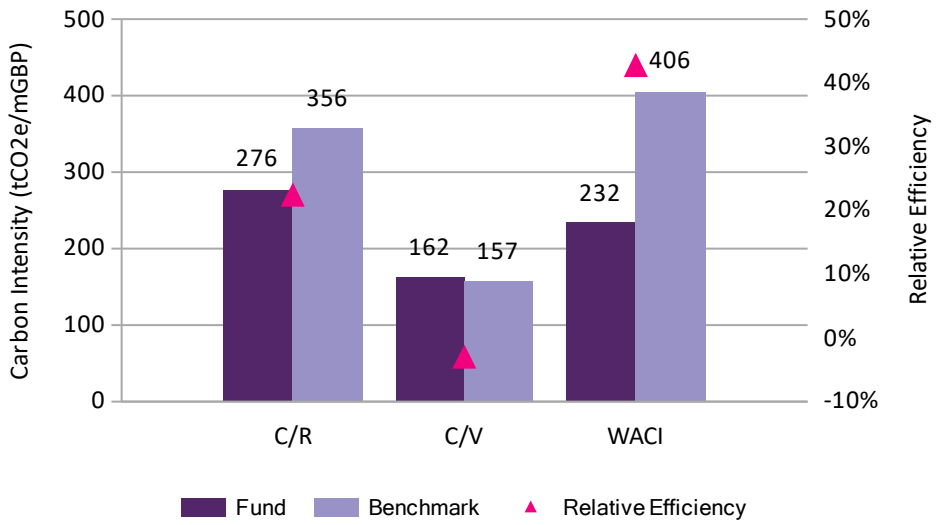
LCIV MAC Fund: ESG Summary

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 climaterelated disclosures in line with TCFD recommendations and inform internal processes for risk management and strategy development.

Carbon Performance

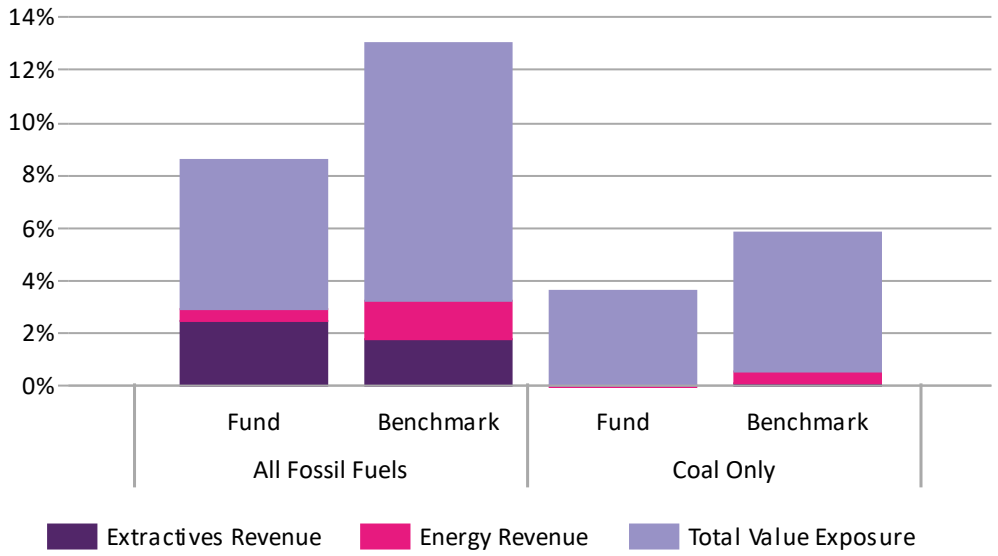
The chart shows the carbon intensity using the three main methodologies, carbon-to-revenue (C/R), carbon-to-value (C/V) and weighted-average carbon intensity (WACI). The scopes used were Direct and First Tier Indirect emissions. For more information, please consult the Appendix.



Source: London CIV based on Trucost data as at 31 December 2021

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 31 December 2021

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+
Danaos Corporation	1,630.61	-6.23%	No
Delek Group Ltd.	983.52	-5.73%	No
Drax Group plc	4,181.38	-5.48%	No
Cheniere Energy Partners, L.P.	1,481.69	-4.34%	No
Electricite de France	614.00	-4.29%	Yes
Deutsche Lufthansa AG	1,501.27	-3.09%	No
Veolia Environnement S.A.	1,984.42	-2.82%	No
Carnival Corporation & Plc	1,567.09	-2.66%	No
Cleveland-Cliffs Inc.	3,167.50	-1.76%	No
International Consolidated Airlines Group, S.A.	1,724.34	-1.69%	No

Top Contributors - Fossil Fuel Revenues

The table below shows the companies with the most significant weighted average fossil fuel revenues. The degree towhich 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+
Delek Group Ltd.	52.21%	0.910%	No
Pioneer Natural Resources Company	100.00%	0.617%	No
TechnipFMC plc	49.96%	0.503%	No
Occidental Petroleum Corporation	79.89%	0.169%	Yes
Electricite de France	6.51%	0.166%	Yes
Tullow Oil plc	100.00%	0.132%	No
EQT Corporation	99.78%	0.129%	No
Veolia Environnement S.A.	13.71%	0.051%	No
MEG Energy Corp.	100.00%	0.047%	No
Antero Resources Corporation	92.47%	0.047%	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 September 2021	31 December 2021
Blackrock	**£**	**£**
ACS WORLD LOW CARBON EQ TKR FD X2	245,987,999	262,807,427
AQ LIFE UP TO 5YR UK GILT IDX S1	54,723,774	56,000,221
AQUILA LIFE ALL STK UK ILG IDX S1	38,947,748	39,253,631
Total	**339,659,521**	**358,061,278**

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).

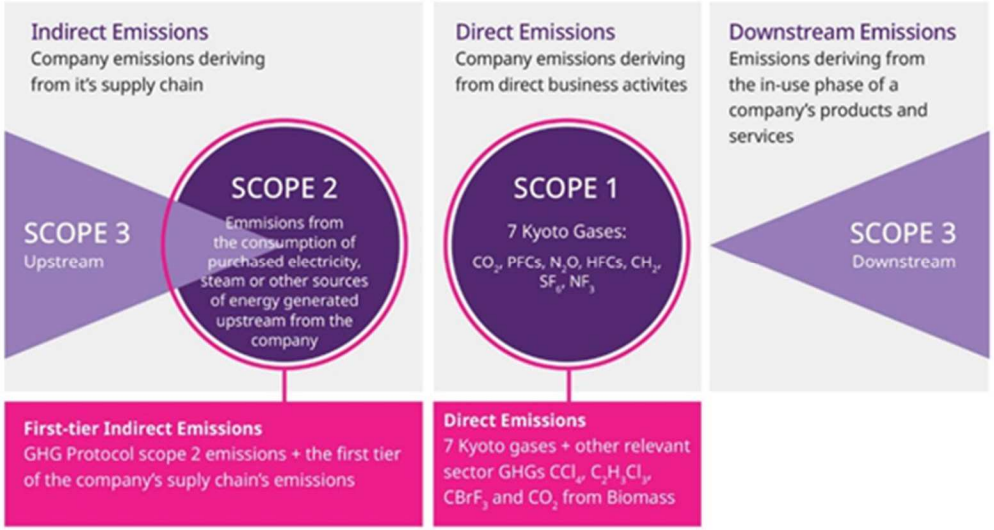
  C/R gives an indication of carbon efficiency with respect to output (as revenues are closely linked to productivity). C/V gives an indication of efficiency with respect to shareholder value creation. The WACI approach circumvents the need for apportioning ownership of carbon or revenues to individual 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 incorporated in tax havens 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

Glossary of Terms

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.

- **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, which is 31st March 2021. 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.

Glossary of Terms

- **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. 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 Core 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 MAC Fund

Glossary of Terms

- **Volatility Risk** A measure of the total risk in an investment portfolio. This is shown in percentage 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

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