Appendix A

Q3 2024 Portfolio Review

London Borough of Camden

30 September 2024

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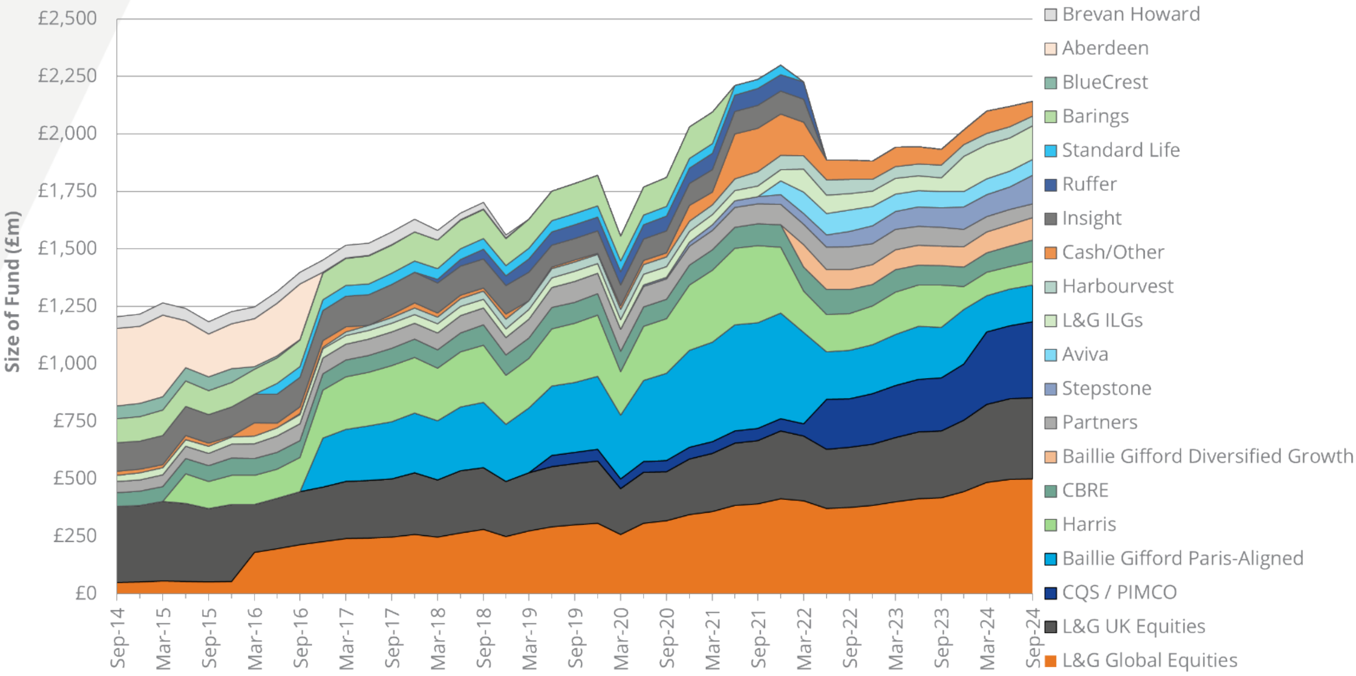
Total Fund Valuation

Chart 1 shows the total value of the pension fund over time. Each segment shows the value of the assets with each underlying investment manager.

CHART 1: VALUE OF LONDON BOROUGH OF CAMDEN PENSION FUND (£M) OVER 10 YEARS



Source: London Borough of Camden; Apex

Independent Advisor Market Review

The Global Economy

Q3 2024 saw cooling inflation and the subsequent easing of monetary policy across developed markets, most notably the Federal Reserve's 50bps rate cut in September. The Bank of Japan was the only major central bank to buck this trend, and the surprise rate increase in August saw a sharp rise in the JPY which combined with weaker US employment data and concerns over AI valuations, leading to a sharp selloff. Markets recovered quickly however, as reassuring growth data (quarterly real GDP growth of 0.5%, 0.2% and 0.7% across the UK, Eurozone and US) combined with easing inflation to reduce fears of a recession and raise the prospect of further rate cuts. Leading economic indicators remain generally positive, while manufacturing purchasing mangers' indices (PMIs) weakened through the quarter, showing slight contractions except in the UK, services PMIs remain in positive territory in most regions, notably in the US (55.4).

Global markets delivered strong positive returns for most major asset classes in Q3, as interest rates decreased and expectations for further cuts grew. Global equities gained 6.4%, with all developed regions positive except Japan, though the strengthening yen meant positive returns in GBP terms. EM equities rallied into the end of the quarter, led by China following a raft of stimulus measures announced in September, ultimately delivering 8.7% returns. The US continued to outperform Europe with the S&P500 up 5.9%. UK and Eurozone returns were more muted, posting 2.3% and 2.4% gains respectively. Value outperformed growth by 7%, with small-cap stocks also advancing. Fixed income also benefitted from rate cuts and was led by emerging markets. Corporate debt saw healthy returns with regional performance between the US, Eurozone and UK broadly on par with the performance of respective equities markets. Commodities were mixed, with Brent Crude falling -17% on increased output expectations and lower demand despite geopolitical tension in the Middle East. Natural Gas continued to outperform (+12.4%) and Gold rallied 12.7% to all-time highs. The Pound strengthened 5.8% on the dollar and 1.8% on the Euro. The Yen appreciated 10.7% versus the Dollar.

TABLE 1: QUARTERLY GDP GROWTH RATE

	US GDP	UK GDP	Eurozone GDP	Japan GDP
Q3 2024*	N/A	N/A	N/A	N/A
Q2 2024	0.7%	0.5%	0.2%	0.7%
Q1 2024	2.9%	0.3%	0.5%	-0.7%
Q4 2023	0.8%	-0.3%	-0.1%	0.0%

*Source: Bloomberg. *Forecast based on leading indicators. N/A not available at time of publication.*
Notes: UK Real GDP (Ticker: UKGRABIQ Index), US Real GDP (Ticker: GDP CQOQ Index) de-annualised, Eurozone Real GDP (Ticker: EUGNEMUQ Index), Japan Real GDP (Ticker: JGDPQGDP)

Global equities rose 6.4% in Q3 (YTD: +18.9%) largely on the back of easing monetary policy and revised forward rate expectations. There was heightened volatility midway through the quarter due to a surprise rate hike from the BoJ and mixed US economic data. Ultimately the Fed's decision to cut interest rates by 50bps in September led US stocks to rally, delivering a positive return for the quarter (S&P 500: +5.9%). We note value stocks outperformed growth, although the 'Magnificent 7' continued to deliver positive returns (+4.0%) despite the strong performance YTD (+60.4%), and still represent more than 30% of the US stock market. The VIX increased to 17 from the 12-13 range we have seen over the past 12 months as a result of the August selloff and uncertainty heading into a more close-run US election following Joe Biden's withdrawal.

In the US, the total return of the S&P500 was 5.9% (YTD: +22.1%). IT stocks posted minor growth, with utilities and real estate posting the strongest sectoral gains. Energy was the only sector to post a negative return. Early August saw a sharp selloff led by tech due to a confluence of factors including a rate hike by the BoJ, an unwind of the yen carry trade, a weak jobs report, recession fears, and concerns over AI valuations. Equities recovered quickly thereafter. Joe Biden announced he would withdraw from the 2024 presidential election, which is now finely poised between Harris and Trump. Composite PMI was stable through the quarter, finishing at 54.4, again held up by services (55.4) versus weakening manufacturing (47.3 in September vs 51.6 in June).

The EuroStoxx 50 total return was 2.4% (YTD: +13.1%), with Eurozone stock returns led by real estate, utilities and healthcare. Both energy and IT delivered negative returns for the quarter. Composite PMI weakened through the quarter to 48.9 (vs 50.9 in June) again held back by a Manufacturing PMI that remains well below 50 (45.0) however Services also fell, moving from 52.8 in June to 50.5 by quarter-end. The French parliamentary elections in July resulted in no group achieving a majority, with the centre-right Michel Barnier appointed as prime minister in September.

In the UK, the FTSE all-share total return was 2.3% (YTD: +9.9%) and alongside the FTSE100 reached all-time highs. Equities were caught up in the global August volatility but generally traded sideways. Consumer staples, financials and consumer discretionary were the top performing sectors, with energy underperforming. PMIs remain above 50, notably with manufacturing rising from 50.9 in June to 51.5 in September. Services finished up on Q2 as well at 52.8. Labour won a landslide in the general election.

The Nikkei 225 total return was -3.5% (YTD: +15.2%), with Japan the only major developed region to see negative returns amid historically high volatility, driven by heightened volatility of the yen. As such, exporters were hit, and small cap stocks outperformed large cap. Markets stabilised towards the end of the quarter as concerns of a US slowdown reduced, however a surprise result in the leadership race for the Liberal Democratic Party led to late declines. Corporate earnings however remain strong, and composite PMI ended at 52.5 for the quarter, with services (53.9) again outperforming manufacturing (49.7).

Emerging markets equities total return was 8.7% (YTD: +16.9%), led by Asia (ex-Japan), notably Thailand and China (where the Shanghai Composite index rose 23% in the final 2 weeks of the quarter, following a raft of government stimulus measures). By contrast Korea and Taiwan underperformed due to sector rotation away from tech. South Africa was also strong on the back of the smooth formation of the new government and rate cuts. India, Brazil, Colombia, Mexico and Turkey all underperformed.

Yields fell as the rate cutting cycle began across many major economies, the most notable of which being the Fed's 50bps cut, in-part motivated by rising unemployment. The Eurozone and UK both cut rates by 25bps amid lower inflation. Short-term data drove heightened volatility in developed market bonds through the quarter. US investment grade led corporate bonds, closely followed by US High Yield, with Europe and the UK behind but still positive and supported by strong / stable economic performance. The 2s – 10s spread (the difference in yields between 2-year and 10-year U.S. Treasury bonds) turned positive for the first time in over 2 years, supportive of a growing consensus of a soft landing.

The US 10-year yield fell from 4.4% to 3.8% following a 50bps cut led by rising unemployment and falling inflation.

The Euro 10-year composite yield fell from 2.5% to 2.1%, with a 25bps cut in September and amid concerns over sluggish growth. Notably, France's borrowing costs now exceed those of Spain due to concerns over its fiscal position.

The UK 10-year Gilt yield fell from 4.2% to 4.0%, reflective of hawkish commentary on the prospect of future easing. However, commentary late in the quarter contrasted with this by hinting at the potential for faster rate cuts.

US bonds (both government and corporate) outperformed their European counterparts, while emerging market debt was the strongest performer (+6.2% in Dollar terms).

Energy varied, with US natural gas up +12.4% and Brent Crude -16.9%. The Goldman Sachs Commodity Index declined 7.9%, with Energy the weakest component and agriculture, industrial metals and precious metals the strongest components.

US gas prices rallied +12.4%, continuing strong momentum from Q2, driven by high demand from AI-related consumption and the energy transition, geopolitical tension in the Middle East, lower US production and supply disruptions in Norway.

Brent Crude Oil prices declined sharply during the quarter (-16.9%). Despite supply fears due to heightened tension in the Middle East, sentiment was overshadowed by global demand concerns relating to manufacturing, particularly from China.

Industrials and precious metals performed well. Gold posted a gain of 12.7%, reaching all-time highs in large part due to market uncertainty / volatility. Aluminium, zinc, and copper achieved modest gains, while the price of lead declined.

In agriculture, the prices of coffee and sugar experienced noticeable increases, while soybeans and wheat saw slight declines.

Global listed property rose, with the FTSE EPRA Nareit Global Index increasing by +9.6%.

The Nationwide House Price Index in the UK posted modest gains in July / August and rose 3.2% year on year in September.

In currencies, the Japanese yen had its strongest rally since 2008 as policymakers hiked rates alongside weaker US data with the dollar index weakening -4.8%. The Pound posted gains on the euro (+1.8%) and dollar (+5.8%). Bitcoin (+5.6%) performed well however the broader crypto ecosystem was more mixed with Ethereum falling -24% (YTD: +14%).

Asset Allocation

With the US election looming, and the very strong performance of the 'Magnificent 7' over the past 12 months, concerns around the expected performance of the US remain. The fund's exposure to the US is through global equity mandates, but in the event that the US market falls, the underlying manager performance will depend heavily on their allocation to the US and the performance of the individual holdings in that market. The fund's previous decision to de-risk from equities will help protect any falls in equities at the total fund level.

Globally, with Value delivering stronger returns than Growth in the quarter, this has favoured the allocation to the value equity manager, Harris.

Individual Manager Performance Review

London CIV – Baillie Gifford

The Independent Advisor comments that, the London CIV – Baillie Gifford sub-fund delivered a return of +0.67% in Q3, underperforming Harris by -1.15% for the quarter but outperforming the Growth Index which returned -2.40%. Over a 12-month period, the Baillie Gifford sub-fund outperformed Harris by +14.47%. The return in Q3 was behind the MSCI ACWI Index (GBP), which delivered +1.20%. The manager is underperforming its performance target over 12 months, with an absolute return of +20.96% vs the target of +23.45%. The manager is also behind the target over 3 years by -11.80% per annum.

London Borough of Camden has been invested in the Global Alpha Paris-Aligned Fund since September 2021. This fund aligns more closely with the pension fund's investment beliefs around climate change. The objective of the Paris Aligned sub-fund is to exceed the rate of return of the MSCI All Country World Index by 2-3% per annum on a gross fee basis over rolling five-year periods. The sub-fund also aims to have a weighted average greenhouse gas intensity that is lower than that of the MSCI ACWI Climate Paris Aligned Index.

Doordash, Contemporary Amperex Technology, and Prosus were Baillie Gifford's best-performing positions in the Paris-Aligned fund during the quarter, contributing +1.29% to the quarterly return. Microsoft, Novo Nordisk, and Amazon were the largest detractors. The Fund added four new positions to the portfolio during the quarter including: Ryanair (Irish airline), Builders Firstsource (supplier of building products) and Dutch Bros (US drive-through coffee chain), and Soitec (French semiconductor material manufacturer. Although an airline is not an obvious choice for a Paris-Aligned equity strategy, Baillie Gifford argues that this is a leader in the sector, with a Net Zero 20250 target and a willingness to lead on sustainability. That having been said, this is a holding to monitor carefully. Not holding Ryanair would reduce the Weighted Average Carbon Intensity (WACI) of the portfolio by 9.45%. CRH Plc remains the highest WACI holding contributing 28% of the portfolio's total WACI.

Ten sales were completed during the quarter: Adobe, Advanced Micro Devices, Certara, HDFC Bank, Hoshizaki, Pernod Ricard, Pool Corp, Sands China, Staar Surgical, Sysmex.

The beta on the Paris Aligned portfolio as at the quarter end stood at 1.12. This means that if the market falls 10%, the portfolio is expected to fall by 11.2%.

Baillie Gifford's 12-month performance has produced weak returns on a relative basis, underperforming the performance target by -2.48%. The manager is also underperforming the performance target since inception by -3.18% per annum.

LCIV notes the Manager's diversification efforts have yielded positive results, and they consider the portfolio to be well positioned to outperform over the long term, if the positive market trends from Q3 continue.

The Paris Aligned fund held 83 companies at quarter end, across 18 different countries, and had an active risk of 4.57% (active risk, or tracking error, is a measure of how much risk the manager is tracking away from the benchmark index. A passive manager would have a 0.25% tracking error). LCIV have noted that the active risk is marginally lower than the median active risk in a group of peers. The fund is overweight in consumer discretionary, communication services, healthcare, industrials, materials and cash. It was underweight in information technology, consumer staples, financials and other investments.

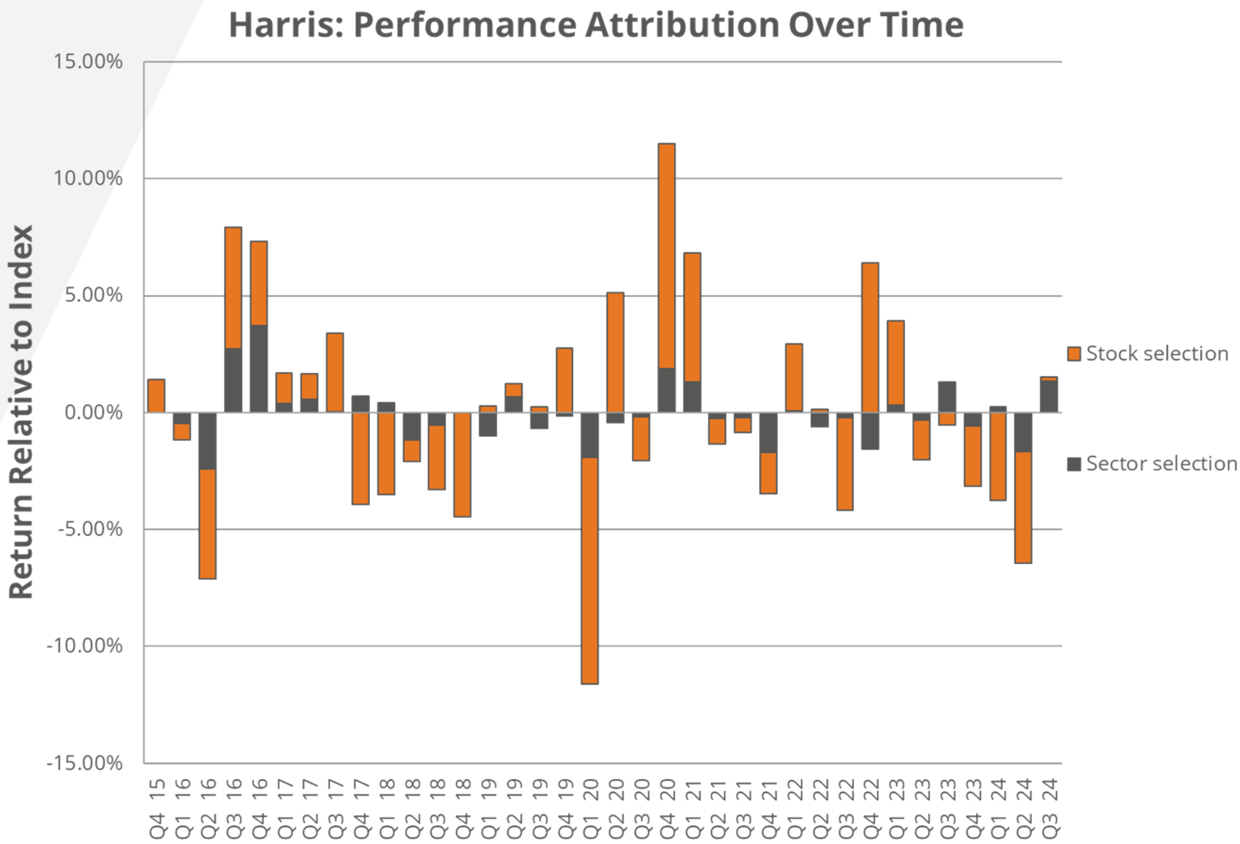
The Paris Aligned Baillie Gifford sub-fund aims to have a weighted average greenhouse gas intensity that is lower than that of the MSCI ACWI Climate Paris Aligned Index. However, London CIV compares the portfolio against the full market capitalisation index for carbon intensity purposes. As at end September 2024, the weighted average carbon intensity of this portfolio was roughly 82% of the intensity of the MSCI All Country World Index. The fund had a 0% exposure to fossil fuel companies (compared with the MSCI All Country World benchmark which had 4% in fossil fuels).

In terms of assets under management, the LCIV Paris Aligned sub-fund stood at £2,347.3 million as at end September. London Borough of Camden's investment represents 6.85% of the fund.

Harris

Chart 2 shows the contribution to performance, relative to the index, from asset allocation and stock selection. Chart 2 shows that sector selection was a more significant contributor to the relative return of the fund during Q3 2024, with +1.34% attributed to sector selection, while +0.19% was attributed to stock selection.

CHART 2: HARRIS PERFORMANCE ATTRIBUTION



Source: Harris; Apex

The Independent Advisor comments that, Value outperformed Growth in Q3. The MSCI World Growth Index (GBP) returned -2.40% whereas the MSCI World Value Index (GBP) delivered +3.35%. Harris has underperformed the Value Index by -1.53% but outperformed the MSCI World Index (GBP) by +1.49%. Positive contributions from sector selection came mainly from Information Technology (+1.03%), Financials (+0.51%) and Consumer Discretionary (+0.21). Utilities (-0.23%) as a sector was the main negative contributor. Stock selection in Consumer Discretionary (-1.45%) and Financials (-0.41%) negatively contributed, while stock selection in Healthcare (+1.83%), and Industrials (+0.34%) positively contributed. Harris is underperforming the performance target for the past 12 months by -16.95% and underperforming the target by -6.36% p.a. over three years.

The top contributor during Q3 was Alibaba Group which added +0.60% to the total return. Kering was the worst performing stock, detracting -0.86% from the portfolio. Despite the poor performance of Kering (the total return was -25.5% during Q3), Harris believe its management is making the correct decision for the long-term health of their brands, and consider that there remains an attractive upside for the investment.

As at quarter end, the fund had a 38.5% allocation to Europe, 56.7% to the US, and the balance of 4.7% in Asia/Emerging markets.

Legal & General

The Independent Advisor comments that, the observed tracking errors on the pooled index funds were within expected ranges during the quarter. LGIM reports that withholding tax, paid on dividends from Swiss and Belgian holdings, is no longer expected to be recoverable. As a result, they have taken the decision to make an adjustment to the fund value by removing the tax accruals in these markets and reducing others in relation to European countries where there is a significant risk to recovery in the near term. They note that this accounts for the higher deviation from the benchmark which may also feed into longer performance periods spanning this adjustment. At a recent meeting with the manager, they indicated that this has had a 2.5% impact on values.

The tracking is shown in Table 2. Apart from the withholding tax issue, mentioned above, there are no concerns.

TABLE 2: TRACKING ERROR

	Three-Month Tracking	One-Year Tracking	Three-Year Tracking
World – Future World	-0.05%	0.36%	0.27%
World – Market Capitalisation	0.08%	0.42%	-0.11%
Gilts	0.00%	0.00%	0.00%

Source: Legal & General; Apex

The manager no longer allocates to the UK Equity Index Fund, with the £65m investment being switched into the Future World global equity index fund. This is a sustainable passive fund which is more closely aligned to the pension fund's investment beliefs.

In Q3, the sustainable Solactive Index, against which the Future World global equity index fund is benchmarked, delivered a return of +0.74% compared with the full global equity market capitalisation index – MSCI World (GBP) - which returned +0.33%.

CBRE

Chart 3 shows the contribution to performance from each of the underlying funds making up CBRE's portfolio over the past four quarters. This quarter shows a mixture of both positive and negative returns. The main detractors from performance in Q3 were Fiera Real Estate Long Income Fund (total fund return -1.5%), Nuveen UK Shopping Centre Fund (total fund return -

31.7%), and Federated Hermes Property Unit Trust (total fund return -1.6%) contributing -0.2% between them.

Fiera Real Estate Lond Income Fund returned -1.5% for the quarter. Poor performance was driven by a reduction in portfolio valuations, reflecting a lack of liquidity.

Nuveen UK Shopping Centre Fund returned -31.7% over the quarter, which was largely caused by a decrease in value of one asset (Princesshay, Exeter).

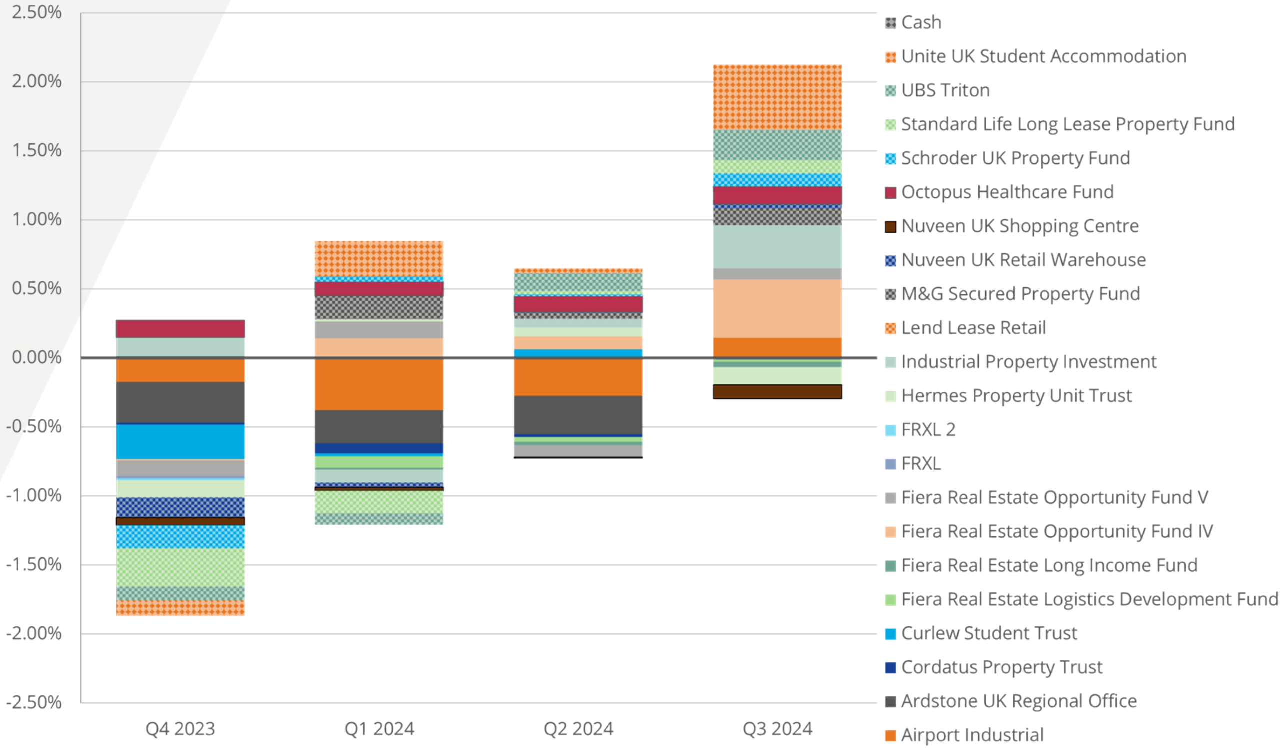
Federated Hermes Property Unit Trust returned -1.6% for the quarter. The main driver of this was the independent valuer's determination of the valuation impact on the underlying property assets due to the significant redemption requests that were received during the period.

Meanwhile, the top contributors to returns for the quarter came from the investments in UNITE UK Student Accommodation Fund, Fiera Real Estate Opportunity Fund IV, and Industrial Property Investment Fund, which delivered returns of +5.9%, +32.6% and +3.0% respectively, contributing +1.1% to the fund's return in Q3.

For the 12 months to September 2024, Industrial Property Investment Fund, UNITE UK Student Accommodation Fund, and Octopus Healthcare Fund, were the strongest contributors to returns, contributing +1.13%, +0.80% and +0.51% respectively to the one-year portfolio return. Most other contributions were small or negative. Airport Industrial (the solid orange bar in chart 3) and Standard Life Long Lease Property Fund (the checkered light green bar in chart 3) were the biggest detractors over the last year (both -0.49% each).

CHART 3: CBRE PERFORMANCE ATTRIBUTION

CBRE - Contribution to Portfolio Performance by Fund



Source: CBRE; Apex

As at quarter end the portfolio had 21 investments and leverage on the portfolio stood at 11.1%, a slight increase from last quarter at 10.5%.

Partners

PG Real Estate Secondary 2009 (EUR) SICAR fund, which Camden has committed capital to, has invested in a total of 61 investments, with two unrealized investments remaining. During the second quarter of 2024, Partners Group established a liquidating trust to hold the Program's remaining illiquid investments. The Program's investors were designated as beneficiaries of the liquidating trust. Proceeds from the illiquid investments will be distributed from the liquidating trust to the beneficiaries, upon the realization of the investments. This action facilitated the Program to move forward in its liquidation procedures.

The pension fund has committed capital to PG Real Estate Secondary 2013 (USD). The Fund had made 42 investments, with 23 having been realized. The Fund was 72.0% contributed and has distributed 91.9% of the invested money since inception. Investment activity is focused on the existing portfolio assets while evaluating divestment opportunities for the mature assets. Of the 19 remaining assets, eight are outperforming or above plan, while eleven are below plan. The portfolio's allocation is split as follows: 60% Europe, 37% North America and 3% Asia-Pacific.

The pension fund has committed capital to PG Real Estate Secondary 2017 (USD). The Fund had drawn 62.0% of commitments and had 55 investments, with 5 having been realized. Of the 50 investments, 10 are outperforming or above plan, 25 are on plan or recently acquired, and 15 are below plan. The portfolio's allocation is split as follows: 50% North America, 28% Asia-Pacific and 22% Europe. At the end of the period, the 2017 Fund remained in its value creation stage.

Harbourvest

The Independent Advisor comments that, the London Borough of Camden pension fund has committed $86.3 million to HarbourVest's Global Fund 2016. Around 85% had been drawn down as at 30 June 2024. A total of $78.5m has been distributed back to investors (1.07x capital paid in).

As of March 31, 2024, approximately 46% of the Global Fund 2016's investments are above expectations, around 29% are meeting expectations, and around 25% are below expectations.

The investments below expectation are primarily attributed to a handful of underperforming direct investments that were particularly impacted by the Covid-19 pandemic and the consequent higher inflationary environment. The manager reports that 87% of Global Fund 2016 comprises of primary and secondary investments, of which around 75% are above or at expectations. Because of this, they remain optimistic towards the future trajectory of the portfolio, especially as investments continue with value creation plans and company optimization.

London CIV – MAC fund (blended fund - CQS/Pimco)

The Independent Advisor comments that, London CIV's Multi-Asset Credit (MAC) sub fund returned +3.70% in Q3 2024, which was ahead of the performance target return of +2.35%. The one-year return for the fund is ahead of the target by +3.77%. However, the three-year return remained behind the target by -4.63% p.a.

The quarterly performance was boosted by longer dated holdings in investment grade credit, and emerging market debt and by high yield and loan positions.

LCIV commented that the performance gap of the sub-fund has narrowed over the last year but expects a large portion of future returns to be driven by contractual income. Therefore, LCIV expects the sub-fund to recover the three-year performance shortfall over the medium term by harvesting this income and avoiding defaults, for which both Managers have strong track records. Both managers remain on 'normal monitoring' overall.

The CQS fund aims to achieve high returns through a focus on sub-investment grade credit and floating rate products. The strategy involves sector diversification and a bottom-up approach to minimise risk. The manager's outlook for credit markets is positive due to high levels of recurring income and a focus on avoiding defaults.

The PIMCO portfolio has been dynamically pivoting between asset classes, focusing on high-quality companies in developed markets and securitised exposure. The team has been cautious with emerging markets, preferring higher-rated investment-grade names.

The value of the fund's investment in CQS and PIMCO stood at £330.5 million as of end September 2024, which represents 16.82% of the London CIV sub-fund, the total value of which stood at £1,965 million.

The carbon intensity of the sub fund was 2% above that of the benchmark as at end-September (a deterioration in the relative WACI since last quarter, when the sub-fund had a carbon intensity c.6% lower than the benchmark – the Bloomberg Global Aggregate Corporate Total Return Index). This is something to monitor – whilst this is not a sustainable mandate, the portfolio is currently less aligned to the pension scheme's climate goals than a passive investment in a global corporate bond index.

London CIV – Infrastructure Fund - Stepstone

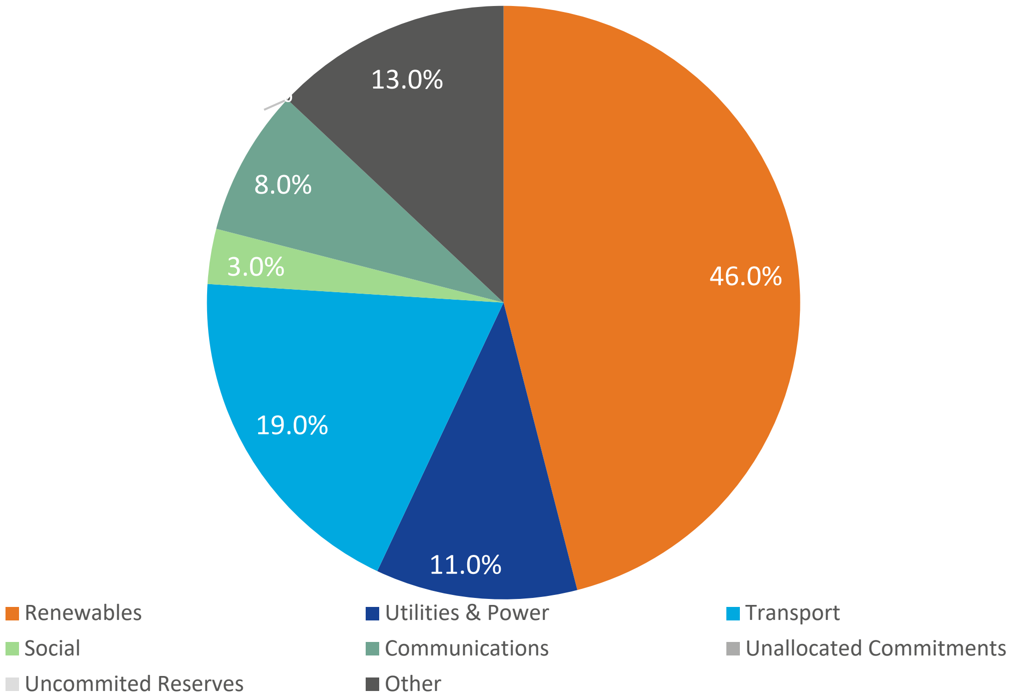
The Independent Advisor comments that, the London Borough of Camden pension fund had committed £182 million of capital to London CIV's infrastructure fund, as at end June 2024 (report for September 2024 not available at the time of writing this report). The total fund value was £383.9 million. London Borough of Camden's valuation as of June 2024 was £102.0 million and represents 26.57% of the Fund. The Fund has invested in seven primary funds and two secondary fund (Meridiam Infrastructure North America Fund II and KKR Global Infrastructure Investors IV).

Long-term, the fund will aim to achieve a net return of 8% to 10% p.a. over rolling four-years, and a cash yield of 4% to 6% p.a.

The sub-fund had no capital calls to investors during the quarter and had total distributions to investors of £1.4 million.

There have been no additions to the portfolio since Q3 2022, although due diligence on a new secondary opportunity was in progress. Chart 4 shows the current split by sector of underlying allocations, including funds committed but not yet allocated to an underlying investment and uncommitted reserves.

CHART 4: SECTOR ALLOCATION BY FUND COMMITMENTS



Source: LCIV

London CIV continues to monitor deployment speed. The Manager reported that it is now seeking to deploy the uncommitted capital with a focus on minimising deployment dilution and yield. The Manager also confirmed a fourth distribution, which is due to be paid to investors at the end of September.

TABLE 3: INFRASTRUCTURE INFORMATION

Underlying Fund	Current Net IRR	Comments
Macquarie GIG Renewable Energy Fund 2 (MGREF 2)	+7.5%	84% committed across 8 investments.

Arcus European Infrastructure Fund 2 (AEIF 2)	+27.7%	94% committed across 9 investments.
Equitix VI (EF VI)	+3.8%	99% invested across 51 assets.
Basalt Infrastructure Partners III (BIP III)	+8.7%	93% committed (88% invested) across 8 investments.
European Diversified Infrastructure Fund III (EDIF III)	+10.7%	65% invested across 5 investments.
Capital Dynamics Clean Energy and Infrastructure VIII (CE VIII)	+6.0%	91% invested.
Brookfield Global Transition Fund (BGTF)	+5.4%	77% committed.
Meridiam Infrastructure North America II (MINA II)	+0.6%	13 investments.
KKR	-	The Fund formally closed on this investment subsequent to quarter end and hence reporting will commence from next quarter

London CIV – Real Estate Long Income Fund - Aviva

The Independent Advisor comments that, the London Borough of Camden pension fund committed £95 million of capital to London CIV's Real Estate Long Income Fund in August 2021. The total fund value as at end June 2024 was £155.5 million, with total fund commitments of £213 million. London Borough of Camden's valuation as of 30 June 2024 was £68.5 million, representing 44.1% of the fund.

Long-term, the fund aims to achieve a net return of RPI + 1.5 - 2% p.a. over a rolling five-year period. The expected yield is 3% p.a. from the end of the four-year period after the first closing date.

As of end of June 2024 (latest report available), the percentage deployed is 100%.

The Fund invests in properties with long leases and strong tenants, with returns driven by the focus on secure, long-term, contractual inflation-linked cashflows, which are reflected in the key fund terms: 20yr+ cashflows, minimum 80% inflation-linked, and minimum 80% investment grade. Currently, 98% of these leases have rents that are linked to inflation (66% CPI-indexed, 32% RPI-indexed, 2% open-market rents).

The portfolio of loans remains high quality, with an improved weighted average credit rating of BBB+, an average term of 22.7 years and 98% inflation linkage. As at the end of Q2 2024, the ramp-up period has now passed. The Fund's net income yield over the past 12 months of 5.4%

outperformed the target of 3%. However, the net IRR since inception is -8.1% versus an investment objective of 9.1%. The negative performance since inception has been underpinned by a challenging macro – economic backdrop and a real estate sector wide rerating of real estate values.

The Fund made its first distribution to investors in March 2023 with the intention to make regular quarterly distributions yielding 3% per annum (currently well on track). During Q2 2024 it made a further quarterly distribution of £2.0 million.

In Q2 2024, market stabilization continued as interest rates remained flat, despite inflation trending downward but still exceeding expectations. Consequently, financial markets adjusted their outlook for interest rates, delaying the anticipated first cut and causing a 30bps increase in the 15-year gilt.

The Fund Manager formally notified investors of the proposal to extend the period during which the single counterparty industry sector limit (40% of Portfolio Income) and the single creditor limit (25% of Portfolio Income) do not apply, from 11 June 2024 to 1 July 2027. LCIV does not consider it practicable to remedy the industry sector and creditor limits through “forced” sales. Therefore, LCIV has extended the period during which exposure limits do not apply for by a further three years to 1 July 2027.

London CIV – UK Housing Fund

The Independent Advisor comments that, the London Borough of Camden pension fund committed £97 million of capital to London CIV's UK Housing Fund in January 2024. The total fund value as at end June 2024 was £71.9 million, with total fund commitments of £450 million.

The Funds objective is to achieve a net IRR of 5-7%, and a yield of 3-4% per annum, by investing in strategies that increase the supply of good quality, affordable housing in the UK.

The Fund has made £270m of commitments since launching in March 2023; CBRE UK Affordable Housing Fund (£100 million), Octopus Affordable Housing Fund (£50 million), and Savills IM's Simply Affordable Homes Fund (£75 million). It has also committed an additional £44.8 million in a secondary purchase of CBRE's UK Affordable Housing Fund. Just after the end of the quarter, LCIV announced that a fourth fund manager, Man Group, had been approved for the UK Housing Fund.

London CIV – Diversified Growth Fund – Baillie Gifford

The Independent Advisor comments that, London CIV's Diversified Growth sub fund returned +5.60% in Q3 2024, which was ahead of the target of +2.13%. The London Borough of Camden invested £96.3 million into this fund on the 23 March 2022.

The Sub-fund is managed by Baillie Gifford. The objective is to achieve long term capital growth at lower risk than equity markets, targeting an annualised return over rolling 5-year periods that is at least 3.5% above the UK base rate, whilst maintaining annualised volatility below 10% over the same period.

The fund invests across a broad array of asset classes, and derivatives are used to help dampen the volatility of the fund. As at September-end 2024, the fund had an allocation of 55.31% to Alternatives, 30.01% to Fixed Income, and 14.68% to Equities. LCIV note that the portfolio is highly exposed to interest rate and credit risk, and has taken relatively high risk exposure within credit.

The value of Camden's investment in Baillie Gifford Diversified Growth stood at £97.7 million as of end September 2024, which represents 32.97% of the London CIV sub-fund, the total value of which was £296.2 million at September-end.

London CIV had downgraded Baillie Gifford's monitoring status to 'Enhanced Monitoring' in December 2022 and they then reviewed the fund in June and again in December 2023. As a result of this, during the quarter, they decided to maintain 'Enhanced Monitoring' of this manager. They are currently completing another in-depth review of the Manager and will update investors before the end of 2024. However, it is worth noting that the fund is now in the bottom two quartiles of its peer group over 3, 5 and 7 years for performance, but is in the top two quartiles for risk (i.e. taking higher risk than average).

As at end September 2024 the weighted average carbon intensity of the sub-fund was 218% of that of the MSCI All Country World Index (following a notable increase in the fund's WACI and a notable decrease in the benchmark's WACI over the last nine months). The fund had a higher exposure to fossil fuel companies than the benchmark (c.17% compared with the benchmark's c.8%). The calculation of carbon footprint includes only listed equity and corporate fixed income instruments within the fund. This is a concern because it means this fund is not aligned with the pension fund's climate goals.

The top contributors to the Weighted Average Carbon Intensity (WACI) were RWE Aktiengesellschaft NextEra Energy and WEC Energy Group. Without these three holdings, the WACI would fall by around 31.6%.

There were no reported team changes during the quarter.

Summary of Concerns

Date raised	Concern	Update
Q1 2022	LCIV – Global Alpha Paris Aligned (Baillie Gifford)	Some improvement in performance and LCIV reports confidence in changes to the process, but continued close monitoring recommended.
Q3 2022	LCIV – Diversified Growth – Baillie Gifford	Improved performance in recent quarters but concern over the WACI of the portfolio and the risk of the strategy is above average. LCIV have the fund on enhanced monitoring. Continued close monitoring recommended.

Karen Shackleton
Senior Advisor, Apex
4th November 2024

Appendix B

Manager	AUM (£m)	Fund or Strategy	Number of investors	Camden's Rank	Size of Camden's Portfolio (£m)	Percentage of Fund or Strategy	Comment
Baillie Gifford Paris-Aligned	2,347	Fund	11	Not provided by London CIV	160.69	6.85%	£14m increase in AUM. The number of investors have not changed.
Harris*	6,263	Strategy	17	12th	100.78	1.61%	£245m decrease in AUM and number of investors has decreased by 2.
Legal & General - UK equity (World)**	18	Fund	1	1st	18.45	99.96%	AUM and number of investors have not changed.
Legal & General - North America**	388	Fund	3	2nd	325.57	83.82%	£73m decrease in AUM and number of investors has decreased by 2.
Legal & General - Europe**	558	Fund	5	3rd	56.67	10.16%	£23m decrease in AUM and number of investors has decreased by 2.
Legal & General - Japan**	522	Fund	6	3rd	30.05	5.76%	£6m decrease in AUM and number of investors has decreased by 2.
Legal & General - Asia Pacific**	297	Fund	6	4th	19.72	6.64%	£57m decrease in AUM and number of investors has decreased by 2,
Legal & General - Middle East**	0	Fund	1	1st	0.40	99.90%	AUM and number of investors have not changed.
Legal & General - World Emerging Markets**	490	Fund	8	5th	50.04	10.21%	£130m decrease in AUM and number of investors has decreased by 2.
L&G ILGs**	3,717	Fund	11	5th	147.63	3.97%	£727m increase in AUM and number of investors has increased by 1.
Legal & General - FW Global Equity Index**	4,906	Fund	12	5th	353.91	7.21%	£76m increase in AUM. The number of investors remains unchanged.
CBRE	3,000	UK separate accounts	31	11th	92.83	3.09%	£236m decrease in AUM and number of investors has decreased by 2.
Partners 2009 fund*	93	Fund NAV	53 (EUR SICAR sleeve)	3rd	7.21	7.75%	£36m decrease in AUM (Annually updated, as at December 2023). As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
Partners 2013 fund*	239	Fund NAV	39 (in the USD C LP sleeve)	5th	13.72	5.74%	£112m decrease in AUM (Annually updated, as at December 2023). As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
Partners 2017 fund*	262	Fund NAV	11 (in the USD D LP sleeve)	3rd	45.99	17.57%	£119m decrease in AUM (Annually updated, as at December 2023). As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
Harbourvest	126	Fund NAV	8	2nd	42.11	33.48%	As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
CQS / PIMCO	1,965	Fund	18	Not provided by London CIV	330.51	16.82%	£65m increase in AUM. The number of investors increased by 1.
Stepstone	377	Fund	6	Not provided by London CIV	123.61	32.79%	£6m increase in AUM. The number of investors remains unchanged.
Aviva	155	Fund	3	Not provided by London CIV	68.48	44.18%	£1m increase in AUM. The number of investors remains unchanged.
Baillie Gifford Diversified Growth	296	Fund	4	Not provided by London CIV	97.66	32.97%	£4m decrease in AUM. The number of investors remains the same.
Cash/Other	N/A	N/A	N/A	N/A	49.36	N/A	N/A

This appendix details Camden's exposure as clients to the overall fund or strategy managed by Investment Managers. Where Camden represents more than 5% of each fund and there is a material increase, due to client outflows, this will be reported to the Committee on an exceptions basis.

**AUM and Portfolio figures given in local currency and converted using exchange rates at the date of the data.*

***LGIM changed how they report this data in Q3 2023, for details on methodology see the Q3 2023 report.*