LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: London Collective Investment Vehicle Progress Report	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 22 October 2025

SUMMARY OF REPORT:

This report provides a quarterly update on developments at the London Collective Investment Vehicle (CIV) in creating sub-funds for the spectrum of asset classes, on-boarding of assets and development of the CIV's staff resource. Progress with the London CIV contributes to the Government's pooling agenda and drive to reduce costs in the Local Government Pension Scheme (LGPS).

Local Government Act 1972 – Access to Information
No documents requiring to be listed were used in the preparation of this report:

Contact Officer: Saul Omuco
Head of Finance Treasury and Pensions
Finance
Corporate Services
5 Pancras Square
London N1C 4AG

Telephone 0207 974 7116
Email saul.omuco@camden.gov.uk

RECOMMENDATIONS:

The Committee is requested to delegate authority to the Director of Finance to oversee the finalisation, to approve and to sign the Investment Management Agreement (IMA) and associated asset transition plans, in order to comply with the Government-mandated pooling objective.

Signed by

Director of Finance ……………**Agreed**…………………

Date: …………**10/10/2025**………….……

1. INTRODUCTION

1.1. All Local Government Pension Scheme (LGPS) Pension Funds in England and Wales are participating in the Government's pooling agenda aimed at reducing investment costs, gaining economies of scale, improving governance, and investing in infrastructure in the LGPS. There are now six out of the original eight pools for LGPS funds, and the Government has agreed that these should all be established and regulated by the Financial Conduct Authority (FCA).

1.2. In London all 32 of the London Borough Funds and the City of London have joined the London Collective Investment Vehicle (LCIV) including this Fund. Committee receives quarterly reports on the establishment and progress of the London CIV and transfer of assets into it. This report covers establishment and procurement of new sub-classes, launches of new sub-funds, assets under management and resource build-out at the CIV.

1.3. This will assist the Committee in its responsibility of asset allocation whilst future procurement of funds and day to day management is now the responsibility of the London CIV. In June 2025 our Pension Committee chair, Cllr Madlani, was appointed chair of the Shareholder Committee.

1.4. As of 30 June 2025, the Camden Fund currently had 80% of its assets pooled, of which 33% is invested in London CIV directly managed sub-funds and 47% is under pool management with LGIM.

2. CIV QUARTERLY UPDATE

The total value of Camden's pooled assets with London CIV stood at £860m at quarter end, spread across six sub-funds:

Fund	Camden Value	Q1 Return	1-Year Return
LCIV Global Alpha Growth Paris Aligned	£171m	+9.60%	+7.10%
LCIV Diversified Growth Fund	£100m	+2.30%	+7.70%
LCIV MAC Fund	£346m	+2.50%	+8.70%
LCIV Infrastructure Fund	£133m	+2.90%	+9.10%
LCIV Inflation Plus Fund	£68m	+0.02%	+4.70%
LCIV UK Housing Fund	£42m	+0.10%	-0.5%

2.1. LCIV Global Alpha Growth Paris Aligned Fund (Baillie Gifford): The sub-fund delivered a strong quarterly return of +9.6%, outperforming the MSCI All Country World Index by +4.5%, driven by technology and communication-services holdings such as NVIDIA, Meta and Microsoft. The Fund benefited from renewed investor appetite for growth and AI-themed companies. Long-term performance remains below target, though recent improvements indicate a potential recovery. London CIV completed its in-depth review in June 2025, assigning a strong "Skills Proposition" rating (2 on a scale of 1–4) but a weaker "Value Proposition" (4) due to continuing benchmark underperformance.

2.2. LCIV Diversified Growth Fund: The fund returned +2.3% for Q2 2025 and +7.8% over one year, slightly trailing its UK Base Rate + 3.5% target. Performance was supported by infrastructure, rare-earth metals and income-generating assets such as property, structured finance and insurance-linked securities. The manager dynamically adjusted allocations during market volatility, trimming infrastructure and insurance-linked exposures while increasing high-yield credit and emerging-market debt. The fund protected capital well during the April sell-off and remains positioned for steady growth with improved risk controls.

2.3. LCIV MAC Fund: The fund rose +2.5% in Q2, outperforming its SONIA + 4.5% target by 0.3%. Gains were driven by high-yield and emerging-market bonds, supported by strong corporate fundamentals and narrowing spreads. Defaults remain limited, with only one small borrower defaulting during the quarter. Portfolio yield declined slightly to 6.6%, reflecting price appreciation. The fund continues to generate robust income, and both managers have maintained a cautious stance on credit risk amid tight spreads and global tariff uncertainty.

3. STRATEGIC DEVELOPMENTS AND POOLING UPDATE

3.1. London CIV continues to make progress against its Fit for the Future strategic plan, with steady advancement in the transition of Partner Fund assets and finalisation of the core Investment Management Agreement (IMA). The second round of asset transition meetings is complete, with asset transition plans expected to be finalised by December 2025.

3.2. As at 31 August 2025:

- Total London LGPS pooled and under-pooled AUM: £37 billion
- Actively pooled assets: £21 billion
- Assets under pooled management: £16 billion

3.3. While overall asset transition remains below strategic plan targets, London CIV has confirmed this delay is impacting projected revenues and is assessing associated costs for communication to Partner Funds

3.4. In line with the Government’s pooling directive requiring all actively managed LGPS assets to be transferred to the relevant pool by March 2026, it is proposed that authority to monitor, engage on, approve and sign the final Investment Management Agreement (IMA) and associated transition plans be delegated to the Director of Finance Corporate Services. This will enable timely execution of the required pooling arrangements while maintaining appropriate governance oversight.

4. INVESTMENT STRATEGY AND PRODUCT DEVELOPMENT

4.1. The pool’s investment strategy continues to expand, supported by a defined product pipeline and engagement with London Councils and the Greater London Authority (GLA).

4.2. Recent fund activity includes fee modifications across key sub-funds:

- Emerging Markets Equity Fund – Acadian appointed as additional manager (launch Q4 2025).
- Global Equity Fund – 2.6 bps manager fee reduction backdated to April 2025.
- Global Alpha Growth and Paris-Aligned Funds – revised performance-linked fee schedule (pending FCA approval).
- Sustainable Equity and Exclusion Funds – £300,000 annual fee discount (2025–2027).

4.3. Private Markets activity includes new commitments of $60 million (Churchill) and £27.3 million (Arcmont) under Private Debt Fund II.

5. RESPONSIBLE INVESTMENT AND PUBLIC ENGAGEMENT

5.1. London CIV published a public statement addressing recent activist claims concerning holdings linked to the Israel-Palestine conflict. The pool clarified that its direct exposure to companies alleged to be complicit in human-rights violations was approximately £713 million (4% of AUM)—not £7 billion as publicly reported —and that around 85% of this exposure related to major technology firms (Alphabet, Meta, and Microsoft).

5.2. London CIV reiterated its commitment to engagement over divestment, stressing that collaboration across 32 Partner Funds amplifies London’s collective voice to influence global corporate behaviour, while maintaining fiduciary duty and alignment with Partner Funds’ responsible investment policies.

6. NEXT STEPS AND RECOMMENDATIONS

6.1. Monitor completion of the IMA and transition plans by December 2025.

6.2. Engage with London CIV on upcoming fund modifications and private market developments.

6.3. Continue coordination on responsible investment policy alignment and communications in response to divestment pressures.

7. RESPONSIBLE INVESTOR COMMENT

7.1 The Fund’s engagement with, and commitment to, the London CIV is an important part of how the Fund can act as a responsible investor. Pooling increases the leverage and influence that any individual LGPS fund may have with fund managers, creating more opportunities for Responsible Investment (RI) to be both discussed and practised. The Fund will need to think carefully about how to incorporate Task Force on Nature Related Financial Disclosure (TNFD) requirements in the future.

8. ENVIRONMENTAL IMPLICATIONS

8.1 This report highlights a number of actions undertaken by London CIV to strengthen its responsible investment approach, reflecting ongoing engagement and input from London boroughs – including Camden – on the integration of environmental, social and governance considerations across pooled funds.

9. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

9.1 There are no finance comments to add.

10. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

10.1 The Local Government Pension Scheme (Management and Investment Funds) Regulations 2016 requires all Local Authorities to commit to a suitable pool to achieve benefits of scale. This report demonstrates the adherence to the Regulations by providing details of the approach to pooling, the structure and the governance arrangements and the mechanism by which the CIV can be held to account.