

LONDON BOROUGH OF CAMDEN		WARD: All
REPORT TITLE: Pension Committee Update Report		
REPORT OF: Director of Finance		
FOR SUBMISSION TO: Pension Board		DATE: 05 November 2025
SUMMARY OF REPORT: <p>The Pension Board has responsibility for assisting the Pension Committee in ensuring compliance with the Scheme Regulations, other legislation relating to governance and administration, and the requirements of the Pension Regulator. The Pension Board must also ensure the effective and efficient governance and administration of the scheme. This report summarises the items presented, and decisions made at the Pension Committee meetings on 17 July 2025 and 22 October 2025.</p>		
Local Government Act 1972 – Access to Information No documents required to be listed were used in the preparation of this report. Contact Officer: Saul Omuco Head of Finance Treasury and Pension Fund Finance Corporate Services 5 Pancras Square London. N1C 4DG Telephone: 0207 974 7116 Email: Saul.Omuco@camden.gov.uk		
RECOMMENDATIONS: The Pension Board is requested to note the contents of this report.		
Signed by Director of Finance Agreed Date 16/10/2025		

1. INTRODUCTION

- 1.1. The Pension Board has responsibility for assisting the Pension Committee (known as the 'Scheme Manager') to ensure the effective and efficient governance and administration of the scheme. The role is one of providing oversight of assurance in and governance of the scheme administration and not decision making.
- 1.2. This report aims to summarise the reports and decisions made at the preceding Pension Committee meetings. Individual reports and the web pages on which they are published can be accessed through the links included in this report.

[PENSION COMMITTEE 17 JULY 2025](#)

2. Performance Report

- 2.10 This report presented the performance of the Pension Fund investments up to 31 March 2025. The portfolio had a market value of £2.2bn on 31 March as shown in Table 1. This was a decrease from 31 December 2024 of 2.27% or £50m.

TABLE 1: PORTFOLIO SUMMARY

Manager	Mandate	Target	Year Appointed	31/12/24 £m	31/03/25 £m	31/12/24 %	31/03/25 %
Baillie Gifford (LCIV)	Global equity	+2-3%	2016	168	156	8%	7%
Harris	Global equity	+2-3%	2015	103	105	5%	5%
L&G	Global equity	0.0%	2011	530	509	24%	24%
L&G	Future World global equity	0%	2021	374	358	17%	17%
CQS (LCIV)	Multi asset credit	4-5%	2019	333	338	15%	16%
L&G	Index linked gilts	0%	2009	137	134	6%	6%
Stepstone	Infrastructure	8-10%	2019	124	124	6%	6%
Partners	Global property	15%	2010	62	55	3%	3%
CBRE	UK property	+1%	2010	94	95	4%	4%
Aviva (LCIV)	UK property	1.5-2%	2021	69	69	3%	3%
Affordable Housing (LCIV)	UK Property	5-7%	2024	29	42	1%	2%
HarbourVest	Private equity	+8%	2016	43	42	2%	2%
Baillie Gifford (LCIV)	Diversified growth	+3%	2022	95	97	4%	5%
Cash & other				41	28	2%	1%
Fund				2,202	2,152	100%	100%

- 2.11 **UK Economic Conditions:** The UK economy remained stagnant in Q1 2025, with no significant pick-up in Gross Domestic Product (GDP) growth. Business investment was subdued, and consumer confidence remained fragile amid ongoing speculation about tax increases in the government's forthcoming fiscal statement. While the Bank of England's prior rate cut offered some support to housing and credit markets, the broader economy showed limited reaction. Inflation, as measured by the Retail Price Index (RPI), rose by 0.8% over the quarter, bringing the annual rate to 3.2%. The continued inflationary pressure, though moderated from previous highs, remained a key constraint on real wage growth and household spending.
- 2.12 **Global Economic Overview:** In the first quarter of 2025, global economic momentum softened, with investor sentiment weighed down by geopolitical tensions, divergent monetary policy paths, and concerns over slowing growth in key regions. In the United States, economic activity moderated slightly from the strong pace seen in late 2024, as the effects of earlier monetary tightening began

to materialise. Consumer spending remained resilient, but corporate investment slowed amid growing fiscal uncertainty following the U.S. budget negotiations. In the Eurozone, tentative signs of recovery emerged, particularly in peripheral economies, although core economies such as Germany and France continued to grapple with weak industrial production. Meanwhile, China's economy remained subdued, with persistent weakness in the property sector and dampened consumer sentiment despite modest fiscal support.

- 2.6 The Fund remained overweight to equities at 52% compared to the strategic allocation of 45%. This is slightly lower than the previous quarter (54%) but continues to reflect strong equity market allocations, particularly in the global passive mandates managed by Legal & General.
- 2.7 The Fund's multi-asset credit allocation, managed by CQS, stands at 16%, unchanged in proportion and slightly above the strategic benchmark. The overall bond allocation, which includes index-linked gilts, totals 22%, broadly in line with the 23% target.
- 2.8 Infrastructure now represents 6% of total assets, consistent with the prior quarter and still below the revised strategic target of 9%. As reported previously, a second infrastructure commitment of £76 million was approved at the March 2024 Committee. As this capital continues to be drawn down over the coming years, the allocation is expected to move closer to target

TABLE 2: ASSET CLASS ALLOCATIONS

	Value (£m)	Current Weight	Target Weight
Baillie Gifford (LCIV)	£156m	7%	
Harris	£105m	5%	
Active Equities	£261m	12%	10%
L&G global passive	£509m	24%	
L&G passive equities	£358m	17%	
Passive Equities	£867m	41%	35%
Equity	£1,128m	52%	45%
CQS (LCIV)	£338m	16%	
Fixed Income/Multi Asset Credit	£338m	16%	15%
L&G Ind.Lkd Gilts	£134m	6%	
Passive Index Linked Gilts	£134m	6%	8%
Bonds	£472m	22%	23%
CBRE	£95m	4%	
Partners Group	£55m	3%	
Aviva (LCIV)	£69m	3%	
Property	£219m	10%	11%
HarbourVest	£42m	2%	
Private Equity	£42m	2%	2%
Stepstone (LCIV)	£124m	6%	
Infrastructure	£124m	6%	9%
Baillie Gifford (LCIV)	£97m	5%	
DGF	£97m	5%	5%
Affordable Housing	£42m	2%	5%
Cash & other	£28m	1%	0%
Fund	£2,152m	100%	100%

- The Fund remains overweight to equities at 52% compared to the strategic allocation of 45%. This is slightly lower than the previous quarter (54%) but continues to reflect strong equity market allocations, particularly in the global passive mandates managed by Legal & General.

- The Fund's **multi-asset credit** allocation, managed by CQS, stands at 16%, unchanged in proportion and slightly above the strategic benchmark. The overall bond allocation, which includes index-linked gilts, totals 22%, broadly in line with the 23% target.
- **Infrastructure** now represents 6% of total assets, consistent with the prior quarter and still below the revised strategic target of 9%. As reported previously, a second infrastructure commitment of £76 million was approved at the March 2024 Committee. As this capital continues to be drawn down over the coming years, the allocation is expected to move closer to target.
- The **Affordable Housing** allocation has increased to 2% from 1% last quarter, reflecting further drawdowns. The remaining undrawn commitment stands at £67.5 million. Although the proportion is still below the 5% target, the increase represents progress toward strategic alignment.
- **Property** holdings across CBRE, Partners Group, and Aviva collectively account for 10% of the Fund, slightly below the 11% target but consistent with prior positioning. Private Equity, through HarbourVest, remains stable at 2%, in line with target.
- **Cash** and other balances account for 1% of Fund assets, slightly above the target of 0%. This cash buffer is required to meet near-term drawdowns and ongoing revenue commitments. The Fund received a distribution of approximately £5.75 million from HarbourVest during the quarter, although there were no new drawdowns.
- As shown in Table 2, most asset classes remain close to their strategic targets. The Fund continues to be overweight in equities (both active and passive) and in multi-asset credit. Underweights persist in infrastructure, affordable housing, and to a lesser extent, index-linked gilts and property. Overall, the Fund's asset allocation remains broadly aligned with strategic intentions, with progress continuing in the illiquid asset categories.

ASSET PERFORMANCE

- 2.9 Comparative benchmarking data from the Pensions Investment Research Consultants (PIRC) universe, which comprises 63 local authority pension funds valued at approximately £266 billion, indicates that the average Local Government Pension Scheme (LGPS) fund return was -1.1% for the quarter ending March 2025. The Camden Fund achieved a return of -2.1% for the quarter, underperforming this benchmark.
- 2.10 Over the 12-month period, the PIRC universe delivered an average return of 3.7%, with the Camden Fund at 3.4%. For the three-year period, the PIRC universe average was below 3.7% per annum, while the Camden Fund returned 3.2%, underperforming the benchmark over this medium-term timeframe.
- 2.11 As of Q1 2025, the Fund underperformed its composite benchmark by -3.1% over the quarter and -5.6% over the year, marking a continued trend of short-term underperformance relative to target. While longer-term results remain positive in absolute terms, the Fund has now underperformed its benchmark over every time horizon shown—most notably by -5.0% over three years and -2.3% since inception.

2.12 The key contributors to underperformance over the year include:

- Partners Group private equity funds, with excess returns of -13.9% to -39.6%, remain the most significant detractors over all periods, particularly the 2013 and 2017 vintage USD funds.
- Harris and Baillie Gifford Global Alpha underperformed their respective equity targets by -4.9% and -9.0% over the year, reflecting continued challenges in active global equity strategies.
- CQS & PIMCO (MAC) lagged its absolute return target by -1.7%, while HarbourVest and Affordable Housing (LCIV) also contributed negatively with respective excess returns of -6.8% and -6.5%.
- CBRE, while positive in absolute terms over the year (+5.6%), underperformed its property benchmark by -1.8%.

2.13 On a more positive note, passive strategies generally fared better:

- L&G Future World equity posted a small outperformance of +0.3%, and L&G Index-Linked Gilts marginally exceeded its benchmark over all periods.
- Stepstone infrastructure delivered a solid +9.6% annual return and outperformed its benchmark by +0.6% over one year.
- The Baillie Gifford Diversified Growth Fund (DGF) returned +2.2% in the quarter and +7.0% over one year, modestly underperforming its target but showing encouraging relative recovery from prior quarters.

2.14 Over the two- and three-year periods, the Fund has underperformed its composite target by -4.3% and -5.0%, respectively. This persistent lag is driven primarily by negative performance in private markets (notably Partners Group funds), select active equity strategies, and alternative income assets. The ongoing underperformance of multi-asset credit and parts of the property portfolio suggest continued pressure on income-generating strategies in a higher-rate environment.

2.15 Despite recent challenges, the Fund has delivered a compound return of 8.4% since inception, comfortably ahead of the actuary's assumed rate of 4.5%. This underscores the longer-term strength of the strategy, though the growing dispersion in performance across managers and asset classes highlights the need for close monitoring. In particular, continued underperformance in legacy private equity funds and certain active strategies warrants attention, and may support further consideration of manager rotation, drawdown pacing, or rebalancing.

2.16 Looking forward, with markets adjusting to slower global growth, persistent inflation, and evolving monetary policy, the Fund may benefit from maintaining a diversified allocation and reviewing the balance between active and passive exposures—particularly in areas where active managers have consistently failed to add value net of fees

2.17 The performance of the Fund is set out below:

TABLE 3: MANAGER PERFORMANCE VS TARGET

Investment Manager	Trailing 3 Months	Trailing 1 Year	Trailing 2 Years	Trailing 3 Years	Since Inception
Harris	1.4	3.1	7.0	5.4	9.7
Global Equities (Gross) + 2.5%	-3.6	8.0	15.8	10.8	14.0
Excess Return	5.0	-4.9	-8.8	-5.4	-4.3
Baillie Gifford GAG PAF (London CIV)	-6.9	-1.0	7.7	3.5	9.7
Global Equities (Gross) +2.5%	-3.6	8.0	15.8	10.8	13.5
Excess Return	-3.3	-9.0	-8.1	-7.3	-3.8
L&G Future World global equity	-4.6	5.3	13.1	8.2	9.5
Solactive L&G ESG Global Markets	-4.5	5.0	12.8	7.9	9.5
Excess Return	0.1	5.3	13.1	8.2	9.5
L&G global equity	-4.0	4.9	12.6	8.0	12.2
FTSE All-World + 0%	-3.9	5.5	13.0	8.1	12.2
Excess Return	-0.0	-0.6	-0.3	-0.2	-0.0
CQS & PIMCO (LCIV)	1.6	7.8	9.4	4.7	3.8
3 Month SONIA +4.50%	2.2	9.5	9.7	8.9	6.9
Excess Return	-0.6	-1.7	-0.3	-4.2	-3.1
L&G passive ILG	-2.0	-10.4	-9.0	-16.8	2.7
FTSE > 5yr Index Linked Gilts + 0%	-2.2	-11.1	-9.3	-17.1	2.5
Excess Return	0.2	0.6	0.3	0.3	0.2
CBRE	1.7	5.6	1.5	-3.5	5.5
All Balanced Property Funds + 1%	1.8	7.4	3.8	-2.4	6.6
Excess Return	-0.1	-1.8	-2.3	-1.1	-1.0
Partners 2009 Euro fund	0.2	1.1	-14.8	-8.1	4.1
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-3.3	-13.9	-29.8	-23.1	-10.9
Partners 2013 USD fund	-13.7	-24.6	-27.2	-18.6	3.2
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-17.2	-39.6	-42.2	-33.6	-11.8
Partners 2017 USD fund	-4.8	-13.6	-17.4	-9.6	0.4
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-8.3	-28.6	-32.4	-24.6	-14.6
HarbourVest	-3.2	1.2	1.5	2.7	18.2
Absolute 8%	1.9	8.0	8.0	8.0	7.9
Excess Return	-5.1	-6.8	-6.5	-5.3	10.3
Stepstone (London CIV)	0.8	9.6	7.5	10.1	5.3
9% p.a net	2.2	9.0	9.0	9.0	8.9
Excess Return	-1.3	0.6	-1.5	1.1	-3.6
Aviva (London CIV)	0.6	5.9	0.5	-5.1	-5.6
RPI + 1.75%	1.3	5.0	5.6	8.8	9.0
Excess Return	-0.7	0.9	-5.0	-13.8	-14.6
Affordable Housing (London CIV)	0.0	-0.5	-	-	-1.1
RPI + 1.75%	1.5	6.0	-	-	6.0
Excess Return	-1.5	-6.5	-	-	-7.1
Baillie Gifford Diversified Growth Fund (LCIV)	2.2	7.0	5.1	0.8	0.8
SONIA +3.5%	2.0	8.6	8.6	7.7	7.7
Excess Return	0.2	-1.6	-3.5	-6.8	-6.8

Total Fund	-2.1	3.4	6.7	3.2	8.4
Total Fund Composite Target	1.0	9.0	11.0	8.2	10.7
Excess Return	-3.1	-5.6	-4.3	-5.0	-2.3

- 2.16 The risk: reward ratio of individual mandates over the preceding year is represented in Table 6 below. The graph plots absolute returns in the year to March 2025 against the volatility (risk) of returns relative to the benchmark assessed in terms of annualised standard deviation. This approach measures the volatility in respect of the 12 end-of-month valuations for the entire portfolio; the maximum number made available by the custodian carrying out independent valuations. The greater the number of observations in the data set, the more comprehensive the measure of volatility.
- 2.17 Table 4 shows that the best performing funds this quarter were CBRE, the Inflation Plus Fund, the Infrastructure Fund and Baillie Gifford's DGF. At the other end of the scale, some of the poorest performers in the portfolio are L&G's ILG and Partners Group funds (mainly due to increases in interest rates).

TABLE 4: RISK VS REWARD

Manager	Risk	Reward	Risk Reward Ratio	Rank
CBRE	1.5	5.6	3.8	1
LCIV Inflation plus	2.5	5.9	2.4	2
LCIV Infrastructure	5.0	9.6	1.9	3
LCIV Baillie Gifford DGF	5.0	7.0	1.4	4
LCIV MAC	8.0	7.8	1.0	5
L&G Future World Global Equity	10.9	5.3	0.5	6
L&G Global Passive	10.5	4.9	0.5	7
Harris	10.1	3.1	0.3	8
HarbourVest	7.4	1.2	0.2	9
LCIV Baillie Gifford GAGPA	15.0	-1.0	-0.1	10
LCIV UK Housing Fund	1.7	-0.5	-0.3	11
L&G Passive ILG	8.3	-10.4	-1.3	12
Partners	9.8	-14.2	-1.5	13
Total Fund			0.5	

3. FOSSIL FUEL EXPOSURE

- 3.1. All Investment managers were asked about the Fund's exposure to fossil fuels in general. The results for all our investment managers, at 31 March 2025, are as shown in Table 5 below.
- 3.2. It is important to remember that all companies have slightly different definitions of fossil fuel companies and so this is only an estimate. In 2012 the Fund had 7.2% of its equity assets invested in fossil fuels. In the report to the March 2024 Committee the fossil fuel proportion of all assets was 2.09%. This has decreased to 0.62% as at March 2025.

TABLE 5: FOSSIL FUEL EXPOSURE

Mandate		Total Fund £m	Fossil Fuel Holdings (£m)	Fossil Fuel Holding
Legal & General	Global equity	£509	£0.40	
	Future World global equity	£358	£0.02	

	Index-linked gilts	£134	£0.00	
Harris		£105	£7.11	
Baillie Gifford	Global equity	£156	£0.00	
CBRE		£95	£0.18	
HarbourVest		£42	£0.27	
Partners Group		£55	£0.00	
Aviva		£69	£0.00	
Affordable Housing		£42	£0.00	
Stepstone		£124	£0.00	
CQS		£338	£4.93	
BG DGF		£97	£0.38	
Cash - JPM		£28	£0.00	
Total (as at 31 March 2025)		£2,152	£13	0.62%

3.3. MINUTES

3.4. The Committee noted the performance of the Camden Pension Fund investment portfolio and the individual investment managers for the quarter ended 31 March 2025

3.5. The Committee noted the report.

4. Engagement Report

At the July 2025 Pension Committee meeting, the Engagement Report outlined activities undertaken by the Fund and through LAPFF to promote responsible investment and ESG considerations. Key updates included:

- Energy utilities: Dialogues with SSE plc and Iberdrola covered transition plans, carbon capture technologies and 'just transition' considerations. Both companies reaffirmed renewable build out targets but highlighted regulatory clarity as critical to pace of delivery.
- Housebuilders: Persimmon is finalising a Paris-aligned net-zero transition plan while Barratt Redrow (post-merger) reiterated its commitment to net-zero homes notwithstanding Future Homes Standard uncertainty. Both engagements emphasised Scope 3 measurement and supply-chain decarbonisation
- Water Stewardship in mining: Initial meeting with Fortescue Metals Group and follow-up with Rio Tinto examined independent water-risk assessments at key sites and community impacts. Progress remains uneven and LAPFF will continue to press for robust disclosure and remediation.
- Letters to the FTSE 100 and separate outreach to companies facing Conflict Affected High Risk Areas (CAHRA) related shareholder resolutions yielded 28 written responses and meetings with NEXT, Aviva, JPMorgan Chase, Texas Instruments, Bank Leumi and Bezeq. Discussions centred on 'heightened human-rights due diligence' and transparent governance of geopolitical risk.

The report also highlighted that a total of 2,684 resolutions were voted upon across 219 meetings in the quarter. The Committee reaffirmed its commitment to responsible investment, ensuring alignment with Camden's investment beliefs and ESG principles.

5. LCIV Report

In its July 2025 meeting, the Pension Committee received a progress report on the London Collective Investment Vehicle (LCIV), highlighting developments in fund pooling and responsible investment. Key updates included:

- Fund Pooling Progress: As of March 2025, £33.9bn of client fund assets were pooled, including £17bn in public market funds, £14.9bn in passive equity funds, and £2bn in private market funds. Camden's pooled assets represent 84% of its portfolio.
- Performance Update: The total value of Camden's directly pooled assets with London CIV stood at £591.3m at quarter end, spread across three active sub-funds:
 - LCIV Global Alpha Growth Paris Aligned Fund (Baillie Gifford) underperformed due to pro-growth bias and tech sector exposure. The sub-fund returned -6.87% in Q1 vs -4.2% for the benchmark. Ongoing review is scheduled for Q2 2025.
 - LCIV Diversified Growth Fund posted a +2.2% return, driven by commodities, structured finance, and insurance-linked securities. However, it still underperforms its long-term target over 3 and 5 years.
 - LCIV MAC Fund returned +1.61% in Q1, under its SONIA+4.5% target. The income stream remains robust with high sub-investment grade exposure, albeit with heightened sensitivity to market volatility.
- LGPS PASS Launch: In May 2025, London CIV launched the Pension Advisory and Support Service (LGPS PASS), which Camden has already adopted. The service addresses rising consultancy costs and staff retention challenges by offering:
 - Investment advisory services include strategic asset allocation, cash flow monitoring support and investment strategy statement preparation.
 - Strategy and Policy support include training policy and risk register solutions, as well as responsible investment support. Benefits include:
 - Up to 50% cost savings on consultancy fees.
 - Tailored support aligned to LGPS governance and regulatory requirements.
 - Improved consistency and resilience in policy and funding approaches across London boroughs.
 - Camden's early participation positions the Fund well to navigate resourcing constraints while enhancing governance standards

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 RI to be both discussed and practised.

6. **Risk Register**

Consideration was given to the Pension Fund risk register (Appendix C) which highlighted that the risk score on Risk number 18 - Fraud risk (investment operations) increased due to the increased likelihood of it happening as result of rising cyber threats.

RESOLVED THAT the report be noted.

PENSION COMMITTEE 22 OCTOBER 2025

No minutes available at this point. They will be received and agreed at the December 2025 meeting.

7. Performance Report

This report presents the performance of the Pension Fund investments up to 30 June 2025 and since manager inception. As shown in Table 1, the portfolio had a market value of £2.2bn as at 30 June 2025, with a slight increase of 3%, or £67m, over the quarter.

TABLE 1: PORTFOLIO SUMMARY

Manager	Mandate	Target	Year Appointed	31/03/25 £m	30/06/25 £m	31/03/25 %	30/06/25 %
Baillie Gifford (LCIV)	Global equity	+2-3%	2016	156	171	7%	8%
Harris	Global equity	+2-3%	2015	105	105	5%	5%
L&G	Global equity	0.0%	2011	509	535	24%	24%
L&G	Future World global equity	0%	2021	358	379	17%	17%
CQS (LCIV)	Multi asset credit	4-5%	2019	338	346	16%	16%
L&G	Index linked gilts	0%	2009	134	135	6%	6%
Stepstone	Infrastructure	8-10%	2019	124	133	6%	6%
Partners	Global property	15%	2010	55	46	3%	2%
CBRE	UK property	+1%	2010	95	95	4%	4%
Aviva (LCIV)	UK property	1.5-2%	2021	69	68	3%	3%
Affordable Housing (LCIV)	UK Property	5-7%	2024	42	42	2%	2%
HarbourVest	Private equity	+8%	2016	42	38	2%	2%
Baillie Gifford (LCIV)	Diversified growth	+3%	2022	97	100	5%	5%
Cash & other				28	26	1%	1%
Fund				2,152	2,219	100%	100%

- 7.1 Global & Regional Equities: Equity markets across regions delivered solid gains in Q2, led by a sharp rebound in Asia ex-Japan (+13.1%) and strong performance in European markets (+6.2%). The recovery was sparked by the suspension of tariff escalations and improved investor confidence—both closely noted by Schrodgers in their Q2 market review.

UK equities underperformed developed peers with a 4.4% gain, supported by attractive valuation levels. Fund managers continued to highlight the UK's relative cheapness and renewed investor interest.

- 7.2 Fixed Income: A broadly constructive environment for bonds continued in Q2. Corporate bonds rallied by approximately 2.5%, benefitting from stabilized growth and improving sentiment. In fact, Schrodgers upgraded their outlook on global corporate bonds from negative to neutral, citing rising consumer demand and contained recession risks.

UK Gilts also posted modest gains (1.9%) driven by a repricing of inflation and softening rate expectations. Inflation expectations, as captured by ILGs, were more modest (0.9% return), highlighting the still-constrained upside in real yield compensation.

- 7.3 **Commodities & Real Assets:** Commodities (GBP-hedged) produced a 2.4% return—buoyed primarily by industrial metals and energy, which rallied on easing geopolitical fears and supply tightening. UK Property rose modestly by 1.7%, supported by improving investor interest but tempered by ongoing financing concerns.
- 7.4 **Inflation & Cash:** RPI inflation rose by 2.3% over the quarter, signalling continuing price pressures year-on-year. In contrast, US CPI dropped by 5.3%, reflecting base-effects and sharp energy price declines in 2024. Cash remained flat, with 3-month LIBOR still yielding effectively zero.
- 7.5 **Key Themes & Forward Outlook:** Schroders emphasized that tariff uncertainty, which triggered volatility earlier in the year, calmed in Q2, restoring investor confidence and driving equity and credit rebounds. Their upgrade of corporate bond outlook reinforces the view of a more stable macro backdrop and contained recession risk.

Still, risks remain. Schroders' CIO cautioned that higher bond yields could increasingly pressure equity valuations—particularly in concentrated, mega-cap indices—and that this risk needs monitoring.

Market commentary draws on Schroders' Q2 2025 Quarterly Markets Review, alongside data from FTSE, MSCI, and Bloomberg indices.

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L&G passive equities	£379m	17%	
Passive Equities	£914m	41%	35%
Equity	£1,190m	54%	45%
CQS (LCIV)	£346m	16%	
Fixed Income/Multi Asset Credit	£346m	16%	15%
L&G Ind.Lkd Gilts	£135m	6%	
Passive Index Linked Gilts	£135m	6%	8%
Bonds	£481m	22%	23%
CBRE	£95m	4%	
Partners Group	£46m	2%	
Aviva (LCIV)	£68m	3%	
Property	£209m	9%	11%
HarbourVest	£38m	2%	
Private Equity	£38m	2%	2%
Stepstone (LCIV)	£133m	6%	
Infrastructure	£133m	6%	9%
Baillie Gifford (LCIV)	£100m	5%	
DGF	£100m	5%	5%
Affordable Housing	£42m	2%	5%
Cash & other	£26m	1%	0%
Fund	£2,219m	100%	100%

- Asset allocation remained broadly stable in Q2.

- Equities increased slightly to 54% (from 52% last quarter) and remain above the 45% strategic target, reflecting gains in both active and passive mandates.
- Property holdings edged down to 9% of Fund assets, compared to the 11% target, while infrastructure stayed at 6% pending further drawdowns.
- Affordable housing also remains below target at 2%, though commitments are expected to be drawn gradually.
- Overall, the Fund remains broadly aligned to its strategic benchmark, with overweight positions in equities and multi-asset credit balanced against underweights in property, infrastructure and affordable housing.

ASSET PERFORMANCE

7.6 Comparative benchmarking data from the Pensions Investment Research Consultants (PIRC) universe (62 funds with combined value ~£275bn):

	Qtr	1-year	3-year
PIRC Universe	3.0%	5.4%	6.3%
Camden	3.3%	5.4%	6.4%

- 7.7 On a weighted contribution basis, the main positive drivers for Q2 were:
- L&G Global Passive Equity, which tracked global markets closely and provided the single largest uplift to Fund returns.
 - L&G Future World Equity, which delivered benchmark-beating returns (+5.9% in the quarter) and added further contribution to performance.
 - LCIV Multi-Asset Credit (CQS & PIMCO), which gained +2.5% and outperformed its target, making a meaningful contribution to overall returns

7.8 The performance of the Fund is set out below

TABLE 3: MANAGER PERFORMANCE VS TARGET

Investment Manager	Trailing 3 Months	Trailing 1 Year	Trailing 2 Years	Trailing 3 Years	Since Inception
Harris	0.1	6.7	6.4	8.7	9.5
Global Equities (Gross) + 2.5%	5.9	10.3	16.8	16.1	14.3
Excess Return	-5.7	-3.6	-10.4	-7.4	-4.8
Baillie Gifford GAG PAF (London CIV)	9.6	7.1	11.0	11.0	10.6
Global Equities (Gross) +2.5%	5.9	10.3	16.8	16.1	13.8
Excess Return	3.8	-3.2	-5.8	-5.1	-3.2
L&G Future World global equity	5.9	7.9	14.3	13.5	9.8
Solactive L&G ESG Global Markets	5.8	7.6	14.0	13.2	10.2
Excess Return	0.1	0.3	0.3	0.3	-0.5
L&G global equity	5.1	7.6	13.6	13.0	12.3
FTSE All-World + 0%	5.2	7.8	13.9	13.2	12.4
Excess Return	-0.1	-0.3	-0.4	-0.2	-0.1
CQS & PIMCO (LCIV)	2.5	8.7	9.7	8.3	4.1
3 Month SONIA +4.50%	2.1	9.3	9.6	9.2	7.0
Excess Return	0.3	-0.6	0.0	-0.8	-2.9
L&G passive ILG	0.7	-7.2	-4.9	-10.2	2.7
FTSE > 5yr Index Linked Gilts + 0%	0.5	-7.9	-5.3	-10.6	2.5
Excess Return	0.2	0.7	0.3	0.4	0.2
CBRE	1.4	6.9	2.2	-4.4	5.5

All Balanced Property Funds + 1%	1.7	7.8	4.4	-3.1	6.6
Excess Return	-0.3	-0.9	-2.2	-1.3	-1.0
Partners 2009 Euro fund	1.9	2.7	-9.8	-7.7	4.2
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-1.7	-12.3	-24.8	-22.7	-10.8
Partners 2013 USD fund	-5.6	-26.8	-26.6	-22.0	2.6
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-9.2	-41.8	-41.6	-37.0	-12.4
Partners 2017 USD fund	-9.7	-20.0	-19.7	-15.7	-0.9
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-13.2	-35.0	-34.7	-30.7	-15.9
HarbourVest	-8.0	-8.5	-2.1	-5.5	16.6
Absolute 8%	1.9	8.0	8.0	8.0	7.9
Excess Return	-10.0	-16.5	-10.1	-13.5	8.6
Stepstone (London CIV)	2.9	9.1	8.8	8.4	5.6
9% p.a net	2.2	9.0	9.0	9.0	8.9
Excess Return	0.7	0.1	-0.2	-0.6	-3.3
Aviva (London CIV)	0.0	4.7	2.2	-4.8	-5.2
RPI + 1.75%	2.8	6.3	5.5	7.8	9.2
Excess Return	-2.8	-1.5	-3.2	-12.6	-14.4
Affordable Housing (London CIV)	0.1	-0.5	-	-	-0.8
RPI + 1.75%	1.5	6.0	-	-	6.0
Excess Return	-1.4	-6.5	-	-	-6.8
Baillie Gifford Diversified Growth Fund (LCIV)	2.3	7.7	7.4	4.3	1.5
SONIA +3.5%	1.9	8.3	8.6	8.0	7.7
Excess Return	0.3	-0.7	-1.2	-3.7	-6.2
Total Fund	3.3	5.4	7.8	6.4	8.5
Total Fund Composite Target	3.9	10.0	12.1	10.8	10.8
Excess Return	-0.5	-4.6	-4.3	-4.4	-2.3

7.9 The risk: reward ratio of individual mandates over the preceding year is represented in Table 6 below. The graph plots absolute returns in the year to June 2025 against the volatility (risk) of returns relative to the benchmark assessed in terms of annualised standard deviation. This approach measures the volatility in respect of the 12 end-of-month valuations for the entire portfolio; the maximum number made available by the custodian carrying out independent valuations. The greater the number of observations in the data set, the more comprehensive the measure of volatility.

The Committee noted the performance of the Camden Pension Fund investment portfolio and the individual investment managers for the quarter ended 30 June 2025.

The Committee to note the report

8. **Engagement Report**

The Pension Committee in its October 2025 meeting reviewed the quarterly Engagement Report, highlighting the Fund's activities and those of LAPFF in promoting responsible investment. Key points included:

- Climate and Environmental Risk:

- Asia collaboration: LAPFF participated in the Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue conference. Engagements were held with Foxconn, Vanguard International Semiconductor (VIS), and TSMC, focusing on net zero commitments, renewable sourcing, Scope 3 emissions, labour standards, and water risk management. TSMC, one of Camden's largest indirect holdings, is driving renewable deployment in Taiwan but faces challenges on grid intermittency and supplier transparency.
- Mining and water stewardship: Engagements with Glencore, Antofagasta, Anglo American, and Freeport-McMoRan tested companies' approaches to water scarcity and governance. Positive steps include Antofagasta's expansion of seawater use and Anglo American's interim water targets linked to executive pay. However, risks persist around tailings seepage (Anglo American), lack of global water metrics (Glencore), and controversial riverine tailings disposal (Freeport).
- Energy utilities: Drax remains a key UK engagement. LAPFF questioned the viability of carbon capture on dispatchable biomass operations, subsidy dependence post-2027, and transparency of feedstock sourcing.
- Human Rights & Conflict Affected / High Risk Areas (CAHRAs):
 - LAPFF engaged Lockheed Martin, Safran, Leonardo, and oil majors TotalEnergies, Eni, and Chevron on human rights risks in conflict zones. Dialogue centred on arms export compliance, LNG projects in Mozambique, and due diligence expectations.
 - A further meeting with Phoenix Group explored how the insurer is embedding CAHRA risk into its stewardship framework. LAPFF pressed Phoenix to explicitly recognise CAHRAs in policy and asset manager engagement.
- Governance & Market Integrity:
 - BP and Shell were subject to heightened scrutiny. BP's "strategy reset" towards increased fossil fuel production prompted LAPFF to issue an alert recommending a vote against the Chair; 24% of shareholders opposed reappointment. Shell faced a resolution on LNG expansion co-filed by Brunel, GMPF, and Merseyside; LAPFF recommended support (20% backing achieved). LAPFF continues to question both companies' reliance on CCS and the credibility of their transition plans.
- Social Factors & Workforce Practices:
 - Executive pay: Engagements with Standard Chartered and InterContinental Hotels Group (IHG) challenged large increases in CEO pay. LAPFF raised concerns over quantum, fairness, and the potential for sector-wide pay inflation.
 - Housebuilders: LAPFF met Taylor Wimpey, which has reduced emissions 47% since 2019 and is the first UK housebuilder to achieve the Carbon Trust's "Advancing" net zero level. Its "just transition strategy" emphasises SME supply chain support. Frustration remains over lack of clarity on the Future Homes Standard and the industry's route to zero-carbon homes.
- Collaborative Engagements:
 - Through Nature Action 100, LAPFF pressed AbbVie and Pfizer to disclose nature and biodiversity risks.
 - As part of PRI Advance, LAPFF led investor dialogue with Vale on community engagement and disclosure of stakeholder feedback mechanisms.

The Committee emphasised the importance of ongoing engagement, voting transparency, and responsible investment to align with Camden's ESG principles and investment beliefs.

9. **Progress Update on Responsible Investment Actions and Conflict-Affected and High-Risk Area (CAHRA) Review**

At its meeting in March 2025, the Pension Committee agreed a series of five actions in response to a petition concerning the ethical investment of the Camden Pension Fund. These actions were intended to strengthen the Fund's approach to responsible investment, including greater transparency of holdings, alignment with human rights principles, and an updated review of investment beliefs. This paper provides a detailed update on the work undertaken to date, including engagement with London Collective Investment Vehicle (LCIV) and Local Authority Pension Fund Forum (LAPFF), preparatory steps toward an independent review, and data collection from fund managers regarding exposure to Conflict-Affected and High-Risk Areas (CAHRAs).

Delivery Against Agreed Action Plan

Action Area	What Was Agreed (March 2025)	Progress / Delivery to Date
1. Independent Fund Review	To inform Action 4 below, we will commission an independent review of fund holdings to determine the extent to which the fund is exposed to defence companies which derive revenues from activities in conflict zones around the world, including the OPT. Officers will prepare precise terms of reference for such a review and bring these back to a future meeting of the Committee.	<p>July 25 Committee: Terms of Reference document was drafted and following consultation with Committee, was approved. It defined the scope, objectives, and governance of the proposed review.</p> <p>October 2025 Committee: Proposals were received from several independent providers; however, most were either unable to offer a suitably analytical, recommendation-based approach to inform future policy, or their proposals were not aligned with Camden's budget and delivery timetable. Following review and discussion with the Chair, it was agreed that Camden will subscribe to a market intelligence and analytics platform to support detailed exposure analysis and strengthen the Fund's reporting capability. This will, in turn, inform the ongoing development of the Fund's Responsible Investment Policy and wider ESG work programme.</p>
2. Annual Stewardship Review & Human Rights Policy	Ensure that the upcoming annual stewardship review prioritises engagement on conflict zone exposures. Additionally, officers will explore advancing the development and implementation of a comprehensive human rights policy, building on current efforts	<p>July 25 Committee: LAPFF had already embedded human rights and CAHRA-related risks into its engagement programme, as reported to the March 2025 Committee. Officers are in ongoing contact with LAPFF to monitor developments and</p>

	that have already been agreed upon to strengthen our approach.	<p>will incorporate outputs into future policy work.</p> <p>October 25 Committee: The annual stewardship review has been completed, and LAPFF has now fully embedded human rights considerations within its engagement framework. Appendix 1 extracts LAPFF's engagement activities in respect to Conflict Affected zones. Officers continue to monitor LAPFF's ongoing work in this area and review outcomes from key engagements to ensure Camden's approach remains aligned with best practice and the Fund's Responsible Investment objectives.</p>
3. Further Enhancement of Responsible Investment Approach	Further enhance our award-winning Responsible Investment strategy by taking steps with a view to integrating SDG 16, focused on Peace, Justice, and Strong Institutions, into our core investment beliefs at the next investment strategy review. This will complement our ongoing commitments to addressing climate change and reducing inequalities, reinforcing our holistic approach to responsible investing.	<p>July 25 Committee: Integration of CAHRA considerations had begun. Camden shared a proposed scope for a Responsible Investment Policy Project with LCIV, outlining key priorities including CAHRA considerations. Officers were awaiting LCIV's response on next steps. This workstream was expected to complement the fund review and align with the upcoming Investment Beliefs update.</p> <p>October 25 Committee: Investment Beliefs Workshop completed. Officers are now working with the London CIV to strengthen Camden's Responsible Investment Policy, ensuring it reflects evolving best practice and provides clearer guidance on the Fund's stewardship and ESG integration approach. The revised policy will consolidate key elements of Camden's responsible investment principles and enhance alignment with the CIV's framework.</p>
4. Taking steps to introduce a Conflict Zone Exposure Policy within the ESG framework	While direct exclusions may pose legal and financial challenges, alongside Action 2 above, Camden will give consideration to strengthening its Responsible Investment framework by introducing a Conflict Zone Exposure Policy within its ESG framework, similar to climate and fair labour policies at the next Investment Strategy Review. This could ensure that investments in conflict-affected regions undergo	<p>July 25 Committee: Officers began preparatory work on a potential Conflict Zone Exposure Policy, in line with the Fund's ESG framework. Camden has shared a scope for a Responsible Investment Policy Project with LCIV, which included this element. Further development was to follow once LCIV provided input on next steps.</p> <p>October 25 Committee: Following discussions with the London CIV,</p>

	<p>heightened due diligence and engagement and would be developed in step with our investment partners and advisors.</p>	<p>officers have agreed the scope of work for Camden's Responsible Investment (RI) Policy review under the CIV's Responsible Investment PASS Service. The scope includes a structured review of Camden's existing RI framework, training on RI policy good practice, and workshops to define the Fund's priorities and objectives.</p> <p>As part of this engagement, officers have requested the inclusion of a Conflict Zone Exposure Policy, which will form an integral section of the revised RI Policy. This policy will focus on identifying relevant holdings and strengthening Camden's stewardship approach — ensuring that the Fund engages with companies operating in or linked to conflict-affected areas to promote responsible conduct and alignment with international standards.</p> <p>A general outline of the LCIV scope is provided in Appendix 2, while the detailed engagement terms form part of the formal agreement with LCIV and are therefore not publicly disclosed. The first workshop is being scheduled and will cover RI policy best practice and the discussion of Camden's strategic aims in this area.</p>
5. Fund Manager Engagement on Risk Management	<p>Continue to proactively engage with our fund managers to ensure they are actively identifying, managing, and mitigating risks and exposures related to conflict zones, human rights, and other critical ESG factors. This will guarantee that our investments align with our ethical and responsible investment principles.</p>	<p>July 25 Committee: Managers were engaged across all listed holdings. Responses have been analysed and summarised in this paper (Appendix 3). Officers will continue to monitor developments and review practices at the aggregate LCIV level.</p> <p>October 25 Committee: Officers have undertaken a detailed review of manager-level exposures and held discussions with the Fund's passive equities manager regarding their stewardship approach, with a focus on prioritising human rights considerations. Given the passive nature of certain mandates, engagement has been identified as the more effective route. In parallel, an active manager with a material exposure has been identified, and a proposal to divest from this mandate is being presented to this Committee for consideration.</p>

10. London Collective Investment Vehicle Progress Report

At the October 2025 Pensions Committee meeting, the CIV Progress Report provided updates on developments at the London CIV, including fund launches, asset pooling progress, and responsible investment initiatives. Key points included:

- **Asset Pooling Progress:**
 - Total pooled assets reached £37 billion as of August 2025, with £21 billion managed directly by LCIV.
 - Camden has 84% of its assets pooled, with 37% through LCIV and 47% under pool management with LGIM.
- **Fit for the Future Governance:**
 - 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.
- **Fund Performance:**
 - **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.
 - **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.
 - **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.

11. Active Global Equity (Value) Transition Proposal

At the October 2025 meeting, the Pensions Committee, considered a report which presented recommendations to (1) approve the full disinvestment from the Harris

Associates Global Equity mandate, and (2) approve reinvestment of the proceeds into the LCIV Global Equity Value Fund, managed by Wellington Management, noting that this fund provides a value-oriented exposure within LCIV's active equity range, aligned to Camden's long-term strategic allocation following separate independent investment reviews by ISIO's and LCIV of the Fund's active global equity value manager, Harris Associates. Key points included:

- **Background:**

- The Fund has been invested with Harris Associates since 2015 as part of the Global Equity (Active) Fund, representing approximately £105 million (c. 5% of total Fund assets) as of 30 June 2025.
- The mandate was established to deliver long-term outperformance through a high-conviction, value-biased strategy, with a benchmark of MSCI ACWI (Morgan Stanley Capital International All Country World Index) (gross of fees).
- Over recent periods, Harris has persistently underperformed both benchmark and peer group comparators, as outlined in the attached Isio report. Despite recovery in certain sectors, the manager's style has not translated into consistent value-added returns since inception.
- The LCIV has undertaken a comprehensive review of the value sector active managers. Following this review, LCIV launched a Global Equity Value (LCIV GEV) Fund, and appointed Wellington investment manager for the sub-fund. LCIV GEV is designed to retain exposure to the value factor while addressing style concentration and risk diversification concerns identified in the Harris mandate.

- **RATIONALE FOR RECOMMENDATION:**

- **Performance Concerns:**
- Harris has underperformed the MSCI ACWI benchmark over 1-, 3- and 5-year periods, driven by sectoral concentration and stock selection in financials and consumer discretionary holdings.
- Rolling three-year excess returns have remained negative, with limited evidence of near-term recovery relative to peers.
- **Manager Review Outcomes:**
- Isio's independent analysis (**Appendix A**) concludes that despite strong research culture and team stability, Harris's investment process remains narrowly focused and susceptible to prolonged drawdowns during market rotations.
- LCIV's due diligence (**Appendix B**) concurs, highlighting that the strategy's risk-adjusted return profile is below expectations for Camden's active global equity allocation.

- **Alternative Solution – Wellington Global Value:**

- The LCIV Global Value Fund (Wellington) offers a disciplined value approach that is diversified across regions and sectors, mitigating the style drift and concentration issues evident in the Harris portfolio.
- Wellington's track record demonstrates more consistent outperformance versus benchmark, particularly through balanced factor exposure and robust risk management.

- The fund aligns with Camden's ESG and stewardship principles, maintaining active engagement processes and strong integration of sustainability metrics within its research framework.
- **Strategic Fit:**
 - The proposed transition supports Camden's objective to maintain a balanced equity structure across growth and value styles, while retaining full compliance with pooling arrangements under the London CIV.
 - Moving to Wellington allows Camden to remain within the LCIV platform, benefiting from operational efficiency and shared oversight.

The outcome of the Committees decision was not known at the time of this reporting but will be contained in the minutes that follow.

12. **Transition to LCIV Indirect Property Fund (CBRE)**

At the October 2025 meeting, the Pensions Committee, also considered another report which presented a recommendation to approve the transition of the Fund's existing CBRE UK Property mandate by entering a new contractual arrangement with the London CIV as part of the LCIV Indirect Real Estate Pooling Solution. The transition will maintain continuity of manager, mandate objectives, and investment style, while achieving full compliance with the pooling requirements under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Key points included:

- **Background:**
 - The Camden Pension Fund has been invested with CBRE Investment Management since 2010, with the property mandate representing approximately £95 million (c. 4% of total Fund assets) as at 30 June 2025.
 - The Fund's property allocation provides diversification benefits and inflation-linked income through exposure to a diversified portfolio of UK real estate assets.
 - In line with the Government's pooling requirements, London CIV has now launched the LCIV Indirect Real Estate Pooling (IREP) Solution, to consolidate London boroughs' existing property holdings under a single pooled structure.
 - CBRE Investment Management has been appointed by LCIV, as a strategic partner to manage the solution, ensuring continuity of the investment team, process, and property portfolio characteristics for the Fund.
- **RATIONALE FOR RECOMMENDATION:**
 - **Compliance with Pooling Regulations:**
 - The transition enables Camden to maintain property exposure under the same investment managers while meeting the Government's statutory requirement for LGPS assets to be pooled where appropriate and beneficial.
 - **Continuity of Management and Strategy:**
 - There is no change in underlying investment philosophy, manager, or portfolio composition. CBRE will continue to implement the same diversified property strategy with an emphasis on income generation and active asset management.
 - **Operational Efficiency:**

- Moving into the LCIV structure provides enhanced governance, streamlined reporting, and access to shared due diligence and monitoring through LCIV oversight, reducing the administrative burden on individual boroughs.
- **Cost and Scale Benefits:**
- Pooling the Fund's property allocation with other London boroughs provides access to economies of scale, improved fee terms over time, and a more efficient structure for future capital deployment.
- **IMPLEMENTATION CONSIDERATIONS:**
 - The transfer will be implemented as a like-for-like transition within CBRE, under guidance from LCIV, minimising transaction costs. Camden's portfolio is naturally being repositioned towards alignment with the UK Best Ideas portfolio, which will take place over time.
 - Transition costs are expected to be negligible, limited to minor administrative and legal setup costs borne by LCIV.
 - Officers will work with LCIV, CBRE, and JP Morgan to coordinate the transition, expected to complete in Q4 2025, subject to final legal documentation
- **RISK MANAGEMENT AND GOVERNANCE:**
 - Key risks and mitigations are summarised below:

Risk	Mitigation
Administrative / operational delays	Managed collaboratively by LCIV, CBRE and JP Morgan under a formal transition plan.
Documentation or legal delays	LCIV to provide standardised IMA documentation reviewed by Camden Officers.
Accounting / reporting changes	JP Morgan to update Fund records to reflect pooled structure.
Market valuation timing	Transition designed to minimise out-of-market exposure; CBRE to manage timing alignment.

- The Fund will continue to receive performance, ESG, and valuation reports via LCIV in line with its pooled fund reporting cycle.

The outcome of the Committees decision was not known at the time of this reporting but will be contained in the minutes that follow.

13. **Triennial Valuation – Initial Whole Fund Results**

At the October 2025 meeting, the Pensions Committee, received and considered a report which presented the initial whole fund results (**Appendix D**) of the triennial valuation from the Pension Fund's actuary (Hymans Robertson). Key points included:

- **Background:**

- Every three years the Fund's assets and liabilities must be valued by a qualified actuary as set out in the regulations which govern the Local Government Pension Scheme (LGPS). The last valuation was undertaken in 2022 by our actuaries who are Hymans Robertson (Hymans).
- The primary purpose of a valuation is to determine whether the Pension Fund has sufficient assets to meet its long-term pension liabilities. A scheme that is 100% funded would have sufficient assets (over time) to meet its current pension promises in the future, assuming the current assumptions are borne out in practice.
- The actuary is required to certify the appropriate contribution rates each employer in the Fund must make over the next three years. This involves setting rates for all employers in the Fund (not just the Council) whose employees participate in the Fund whether these are academies, community admission bodies (typically charities) or transferee admission bodies (typically contractors whose employees are entitled to public sector pensions) using the Local Government Pension Scheme (LGPS) regulations to determine benefits.
- This report builds on the report to the July Committee setting out work reviewing the appropriateness of the discount rate used (5.7% per annum), salary increases (CPI + 0.5% per annum) and the CPI inflation assumption (2.3% per annum). These assumptions build on thinking from previous valuations and give consistency whilst being prudent and realistic.

• RESULTS:

- Hymans have modelled the potential future investment returns of the Fund's current investment strategy and shown the funding level results on a range of different discount rate (investment return) assumptions. However, the Fund is required to publish one funding level position and therefore needs to choose one discount rate. At the July Committee meeting, it was noted that the Fund had chosen to use the discount rate which has an 80% chance of being achieved. The discount rate used is 5.7% per annum and assumes that over that period the investment strategy is not significantly changed or returns diluted by for example a move to a lower risk strategy (more bond type investments) which would result in lower returns.
- Table 1 below shows that the value placed on the liabilities has decreased since the last triennial valuation by £143m to £1.598bn. However, the assets have increased by £198m to £2.171bn. This means the reported surplus has increased from £233m in 2022 to £573m as at 31 March 2025.

TABLE 1 FUNDING LEVEL

	2022	2025	Change
	£m	£m	£m
Liabilities	-1,741	-1,598	-143
Assets	1,973	2,171	+198
Surplus/ (Deficit)	233	573	+340
Funding level	113%	136%	

- The reported funding level has increased from 113% to 136%.

- The implicit required investment return is now 3.8% per annum to reach 100% funding versus 3.7% per annum at the last valuation.
- The likelihood of the Fund's investment strategy meeting the required investment return has improved from 78% at the last valuation to 93% now.
- The driving force behind the stronger funding level has been a significant increase in expectations of future investment returns at the 2025 valuation, which have reduced the value of the liabilities. This is despite high inflation over the period since the last valuation.
- At the last triennial valuation, the discount rate was 4.4% per annum (used to place a value in today's terms on liabilities that stretch out over decades). The assumption used at this valuation was 5.7% per annum. Hymans estimate that there is an 80% likelihood of achieving this future investment return and represents an increase in prudence (4.4% per annum at the last valuation represented a 70% prudence level).
- Hymans also show the sensitivity of the funding level to changes in inflation (consumer price inflation or CPI) and changes to longevity (how long members live). These are two key actuarial assumptions that impact the valuation and funding level.

The Committee is requested to note the contents of the report.

APPENDICES

Appendix A – Isio Equity Portfolio Review and Recommendation

Appendix B - LCIV Active Value Allocation Review Summary

Appendix C - Camden Pension Fund Risk Register

Appendix D – PART II NOT FOR PUBLICATION Camden Pension Fund Initial Whole Fund Results

REPORT ENDS