London Borough of Brent Pension Fund

Q1 2023 Investment Monitoring Report

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HYMANS ROBERTSON

Executive Summary

Performance Summary
The assets combined to return 2.7% over the quarter to 31 March 2023.

Global equities rose 4.3% in Sterling terms over the first quarter of 2023, due to resilient labour markets and falling energy prices. UK equities also produced positive returns (up 3.1%) although they lagged global markets.

A fall in yields over the quarter saw positive returns from the UK government bond market. Also, investment grade credit, emerging market debt and asset backed securities also delivered positive returns.

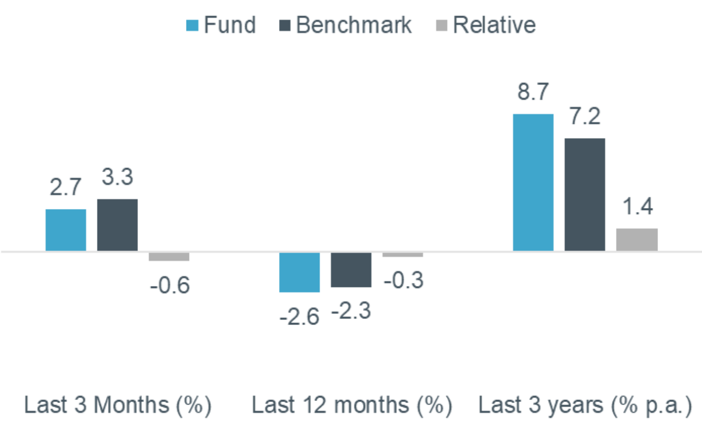
The collapse of Silicon Valley Bank and the acquisition of Credit Suisse by UBS saw a significant decline in the financial sector.

These stresses in the banking sector did not deter major central banks from tightening monetary policy further as interest rates rose in line with expectations.

Key points to note

- The Fund has posted positive returns over the quarter, ending the period with a valuation of £1,116.4m up from £1,072.1m at the end of Q4 2022.
- The Fund's Growth holdings were again the main drivers of returns, with LGIM's global equity mandate the primary contributor in monetary terms.
- The Fund's protection assets experienced positive performance over the quarter, due to gilt yields falling and hence saw their value rise in monetary terms, although the allocations are significantly underweight.
- The cash held by the Fund increased over the period to £27.7m.

Fund performance vs benchmark/target



High Level Asset Allocation

	Actual	Benchmark	Relative
Growth	58.6%	58.0%	0.6%
Income	30.3%	25.0%	5.3%
Protection	8.6%	15.0%	-6.4%
Cash	2.5%	2.0%	0.5%

Whilst on the journey to its interim and long term targets for Property, Infrastructure and Private Debt, the current agreement is that the Fund will hold a higher allocation to DGF's.

Following the results of the 2023 investment strategy review, the following target allocations were agreed:

Interim
Growth – 58%
Income/Diversifiers – 25%
Protection plus cash – 17%

Long-term
Growth – 50%
Income/Diversifiers – 35%
Protection – 15%

The Fund is broadly in line with the interim target allocations for growth assets, overweight to income assets and similarly underweight to protection assets.

The LCIV infrastructure and private debt funds remain in their ramp up phase. We expect the Fund's commitments to continue to be drawn down over 2023.

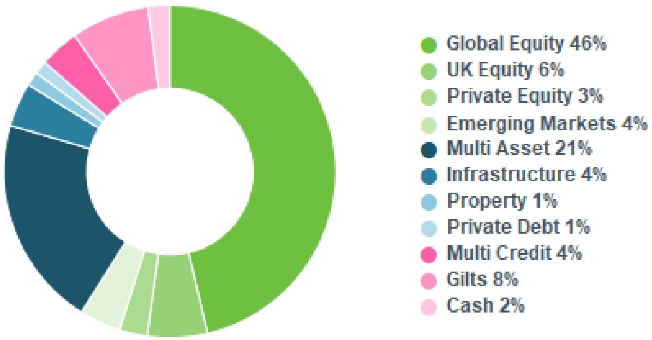
2023 investment strategy review
The 2023 investment strategy review supported the 50% long-term allocation to Growth assets. The Fund is overweight to this long-term target and the review recommended rebalancing into Protection assets (among other recommendations). Changes to the benchmark allocations will be reflected in future reports.

Asset allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q4 2022	Q1 2023			
LGIM Global Equity	465.5	488.2	43.7%	40.0%	3.7%
LGIM UK Equity	67.7	69.8	6.3%	5.0%	1.3%
Capital Dynamics Private Equity	27.1	24.4	2.2%	5.0%	-2.8%
LCIV JP Morgan Emerging Markets	42.1	43.3	3.9%	5.0%	-1.1%
Blackrock Acs World Low Crbn	27.2	28.1	2.5%	3.0%	-0.5%
Total Growth	**629.7**	**653.9**	**58.6%**	**58.0%**	**0.6%**
LCIV Baillie Gifford Multi Asset	121.0	123.7	11.1%	6.0%	5.1%
LCIV Ruffer Multi Asset	99.7	98.6	8.8%	6.0%	2.8%
Alinda Infrastructure	17.4	17.2	1.5%	0.0%	1.5%
Capital Dynamics Infrastructure	2.1	2.6	0.2%	0.0%	0.2%
LCIV Infrastructure	36.8	36.8	3.3%	5.0%	-1.7%
Fidelity UK Real Estate	14.4	13.7	1.2%	1.5%	-0.3%
UBS Triton Property Fund	11.3	11.4	1.0%	1.5%	-0.5%
LCIV Private Debt Fund	33.4	34.8	3.1%	5.0%	-1.9%
Total Income	**336.3**	**338.8**	**30.3%**	**25.0%**	**5.3%**
LCIV MAC	41.0	41.9	3.7%	5.0%	-1.3%
BlackRock UK Gilts Over 15 yrs	52.8	54.2	4.9%	10.0%	-5.1%
Total Protection	**93.8**	**96.1**	**8.6%**	**15.0%**	**-6.4%**
Cash	12.4	27.7	2.5%	2.0%	0.5%
Total Scheme	**1072.1**	**1116.4**	**100.0%**	**100.0%**	

Figures may not add up due to rounding. The benchmark currently shown as the interim-target allocation as the first step in the journey towards the long-term target. As the Fund's allocations and commitments to private markets increase over time, we will move towards comparison against the long-term target.

Asset class exposures



Source: Investment Managers

Total Fund return was positive during the period on an absolute basis but underperformed on a relative basis. Performance over the past 12 months remain slightly behind benchmark; however longer term performance over the past 3 years is ahead of target.

Global equities fared better than UK equities due to the UK's higher weighting to cyclical sectors such as financials, industrials, energy and basic materials, which underperformed over the period.

Capital Dynamics' private equity mandate was he most significant underperformer over the quarter, returning -4.8% against a benchmark of 5.2%. However, we note that private equity valuations tend to lag those of listed markets.

The property market continued to struggle, as the Fidelity real estate fund underperformed its benchmark by 5.1%.

Despite a volatile 3 months, gilt yields fell slightly over the period resulting in a slight increase to the gilts portfolio.

Manager performance

	Last 3 Months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	4.9	4.9	**0.0**	-0.9	-0.8	**-0.1**	16.9	16.9	**-0.1**
LGIM UK Equity	3.1	3.1	**0.0**	3.0	2.9	**0.1**	13.9	13.8	**0.1**
Capital Dynamics Private Equity	-4.8	5.2	**-9.5**	-1.0	0.6	**-1.6**	7.5	18.1	**-9.0**
LCIV JP Morgan Emerging Markets	2.8	1.1	**1.7**	-1.2	-4.9	**3.9**	10.8	7.9	**2.7**
Blackrock Acs World Low Crbn	3.2	4.8	**-1.6**	-4.1	-1.0	**-3.2**	-	-	**-**
Income									
LCIV Baillie Gifford Multi Asset	2.2	1.5	**0.8**	-8.5	4.4	**-12.3**	3.8	2.9	**0.8**
LCIV Ruffer Multi Asset	-1.1	1.5	**-2.5**	1.3	4.4	**-3.0**	9.4	2.9	**6.4**
Alinda Infrastructure	-	-	**-**	26.6	12.1	**13.0**	10.0	7.9	**2.0**
Capital Dynamics Infrastructure	-	-	**-**	12.2	12.1	**0.1**	-11.0	7.9	**-17.5**
LCIV Infrastructure	-	-	**-**	15.7	12.1	**3.2**	4.6	7.9	**-3.0**
Fidelity UK Real Estate	-5.3	-0.2	**-5.1**	-13.2	-14.1	**1.0**	-	-	**-**
UBS Triton Property Fund	0.4	-0.2	**0.6**	-	-	**-**	-	-	**-**
LCIV Private Debt Fund	-2.3	1.5	**-3.7**	12.9	6.0	**6.5**	-	-	**-**
Protection									
LCIV MAC	2.1	1.4	**0.6**	-4.1	4.3	**-8.1**	5.8	2.9	**2.8**
BlackRock UK Gilts Over 15 yrs	2.8	2.8	**0.0**	-29.7	-29.7	**0.0**	-16.3	-16.4	**0.1**
Total	2.7	3.3	**-0.6**	-2.6	-2.3	**-0.3**	8.7	7.2	**1.4**

This table shows the new performance target measures, implemented from 2020. Please note the 3-year return is on the old benchmark basis.

Performance from Alinda, Capital Dynamics and the LCIV Infrastructure funds is based on information provided by Northern Trust. For such investments, we focus on longer term performance. There are also alternative measures to assess performance detailed in the individual manager pages. This is also the case for Private Equity and Private Debt (see below) as asset classes.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream

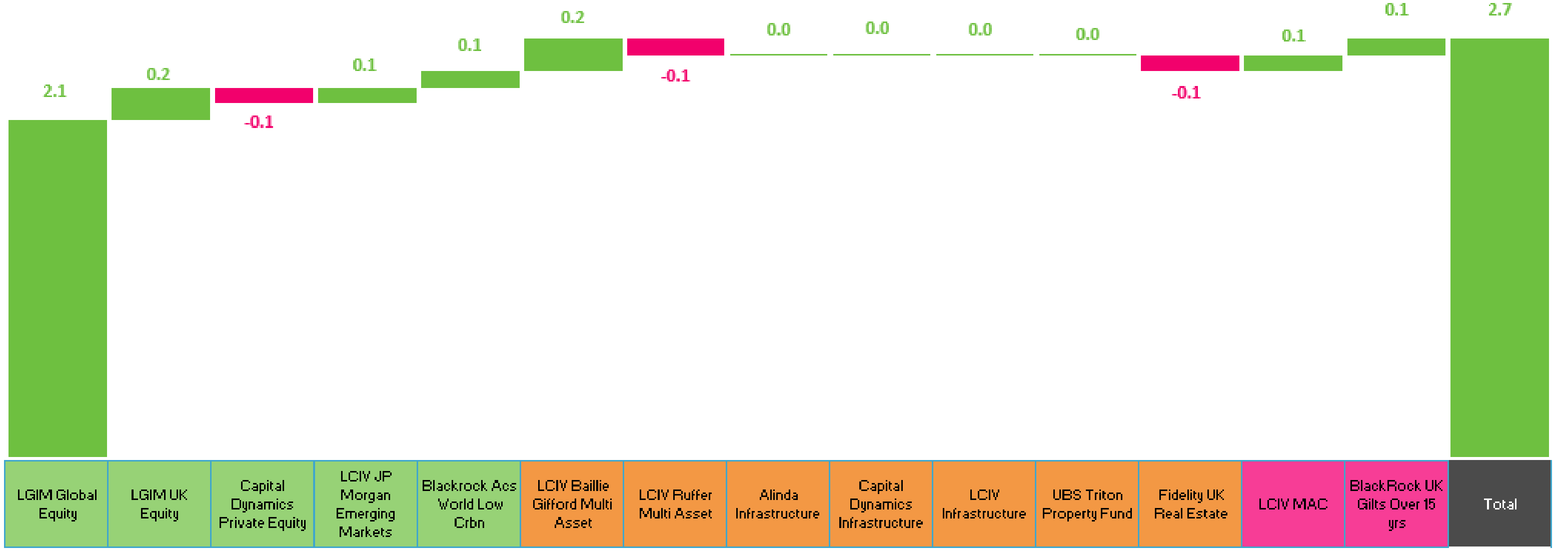
This chart highlights each mandate's contribution to the Fund's absolute performance over the quarter according to their allocation.

The largest contributor to performance over the period was LGIM's Global Equity fund, given its positive performance and its sizeable allocation of c.44%.

The LCIV Ruffer multi-asset fund's underperformance was offset by the LCIV Ballie Gifford multi-asset fund, due to their contrasting investment approaches.

Despite large negative returns posted by the Capital Dynamics Infrastructure and Fidelity UK Real Estate Funds, these mandates have allocations of c2% and c1% respectively, of the total Fund, hence did not detract materially from the Fund's overall performance.

Fund performance by manager



Please note that due to rounding, the total performance shown above may not add to the total quarterly performance shown on page 3 of this report.

Source: Fund performance provided by Investment Managers and is net of fees.

There were no manager rating changes to existing managers over the period.

There have been no changes to RI ratings over the period.

Information on the rating categories can be found in the appendix.

RAG status reflects the long term performance of each mandate. Manager developments reflect any key changes over the quarter and how this may affect the mandate.

RAG Status Key (assessment of longer term relative performance):
- Red: Significant underperformance
- Amber: Moderate underperformance
- Green: Performance in line / above benchmark

The pages that follow cover in further detail managers who have an amber/red performance rating.

Manager ratings

Manager/Mandate	Asset Class	Hymans Rating	RI Rating	Performance	Manager Developments
LGIM	Global Equity	Preferred	Strong	Green	Green
LGIM	UK Equity	Preferred	Strong	Green	Green
Capital Dynamics	Private Equity	Suitable	Not Rated	Red	Green
LCIV JP Morgan	Emerging Markets	Suitable	Adequate	Green	Green
BlackRock	Acs World Low Crbn	Preferred	Adequate	N/A	Green
LCIV Baillie Gifford	Multi Asset	Positive	Good	Amber	Amber
LCIV Ruffer	Multi Asset	Positive	Adequate	Green	Green
Alinda	Infrastructure	Not Rated	Not Rated	Green	Green
Capital Dynamics	Infrastructure	Not Rated	Not Rated	Red	Green
LCIV	Infrastructure	Not Rated	Not Rated	Amber	Green
LCIV	Private Debt	Not Rated	Not Rated	N/A	Green
Fidelity	UK Real Estate	Preferred	Good	N/A	Green
UBS	UK Property	Preferred	Good	N/A	Green
LCIV	Multi Credit	Suitable	Not Rated	Green	Green
BlackRock	UK Gilts Over 15Yrs	Preferred	Not Rated	Green	Green

Fidelity business update

Fidelity paid out £24m of redemptions at the beginning of April and still have c.£100m to meet. They have received some competitive bids on a couple of properties up for sale. The initial focus has been to sell out of some of the fund's smaller properties where Fidelity has already maximised value (these assets have typically been in the portfolio since its early days so they are using it as a good excuse to clean up the portfolio).
Fidelity do not expect a new wave of redemption requests since half of the existing investor base are LGPS and a significant portion of remaining corporate DB investors are open pension funds. They also believe the fund remains high quality.
The investment team had revised the long-term expected total return to 8-10% at the end of Q4 from 6-8% in Q3.

Baillie Gifford business update

During the quarter we downgraded the Baillie Gifford DGF from 'Preferred' to 'Positive'. Key reasons for the downgrade revolved around the lowering of conviction relative to peers in relation to: macro resource, risk management, and concerns of style drift. We maintain conviction in their ability to meet their long-term performance objective which is why we remain 'Positive' on the strategy.

Source: Investment Managers

LGIM Global Equity

The LGIM global equity mandate returned 4.9% over the quarter. Performance in global equity markets remains strong over longer periods.

As a passively managed fund, it has matched its benchmark over all periods.

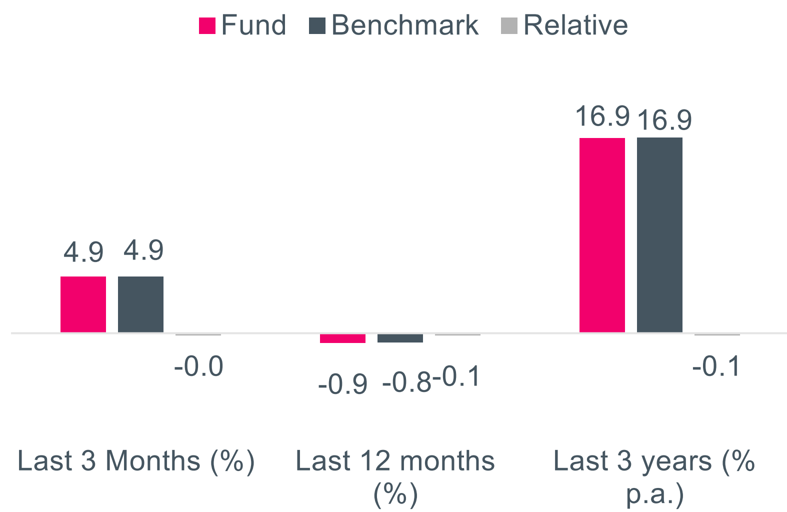
Performance over the quarter was positive despite high inflation and higher interest rates. Lower energy prices, the reopening of China and improved business sentiment outweighed concerns of sustained elevated core inflation and interest rates.

Technology stocks topped the sector rankings, as falling yields lent support to the sector. Consumer discretionary also outperformed, with improving market sentiment, positive earnings surprises and China's economic reopening benefitting the sector.

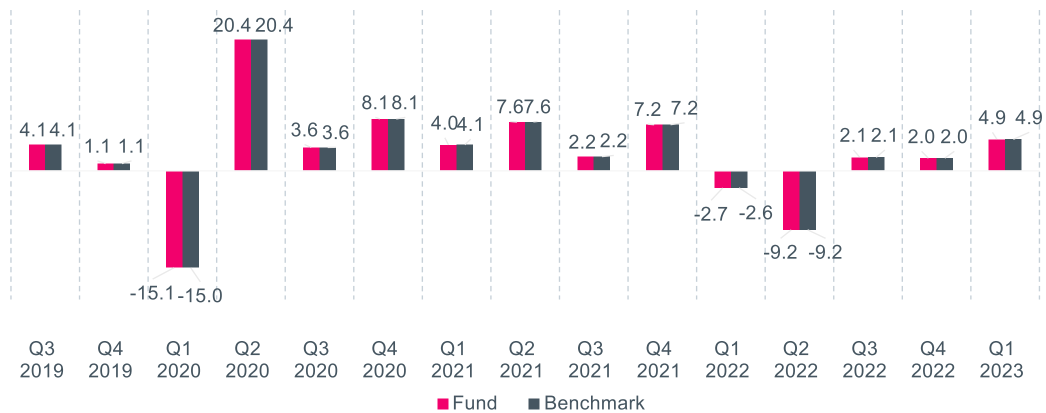
Europe (ex-UK) was the best performing region, with lower energy costs improving business and consumer sentiment and easing inflation reducing the risk of a deep recession.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund performance vs benchmark



Historical performance/benchmark



Source: Investment Manager

LGIM UK Equity

The LGIM UK equity mandate returned 3.1% over the quarter. Performance over 12 months and 3 years is strong, albeit the UK market continues to lag its global counterparts at the longer end as a result of the higher weightings within the UK market to financials, industrials and materials.

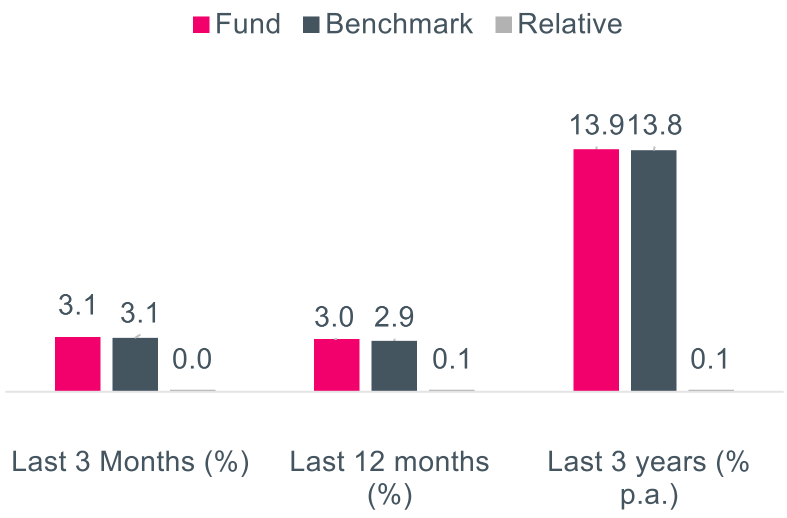
Over the period the fund has performed in line with its benchmark as we would expect for a passively managed portfolio.

In Q1 2023, the UK underperformed wider equity markets due to its higher than average exposure to energy companies which were negatively impacted by falling oil and gas prices. A strengthening Sterling also detracted from returns from overseas revenue.

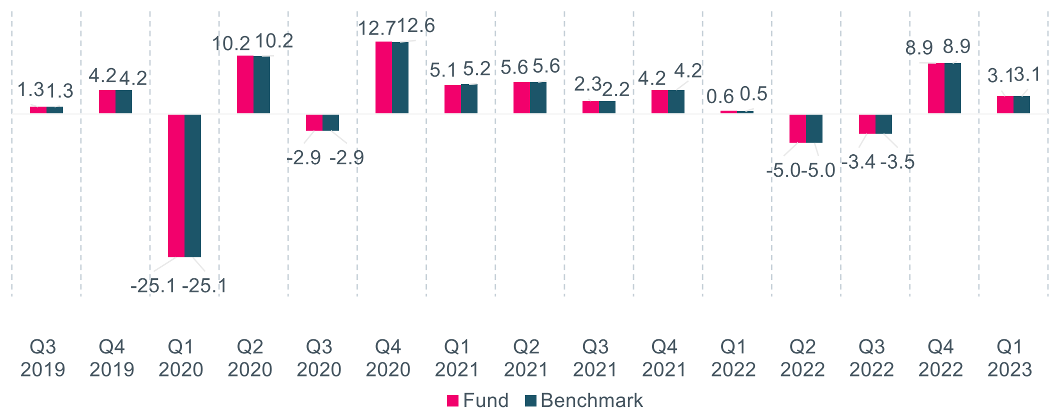
However, over the quarter, the UK market also proved resilient delivering strong positive returns but did lag global markets as the rotation away from cyclicals and back towards sectors like technology favoured the US in particular.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund performance vs benchmark



Historical performance/benchmark



Source: Investment Manager

LCIV JP Morgan Emerging Markets

The JP Morgan Emerging Markets fund returned 2.8% over Q1, against its benchmark of 1.1%. Over 12 months the fund has returned -1.2%, outperforming the benchmark by 3.9%.

Emerging market equities lagged developed markets over the period.

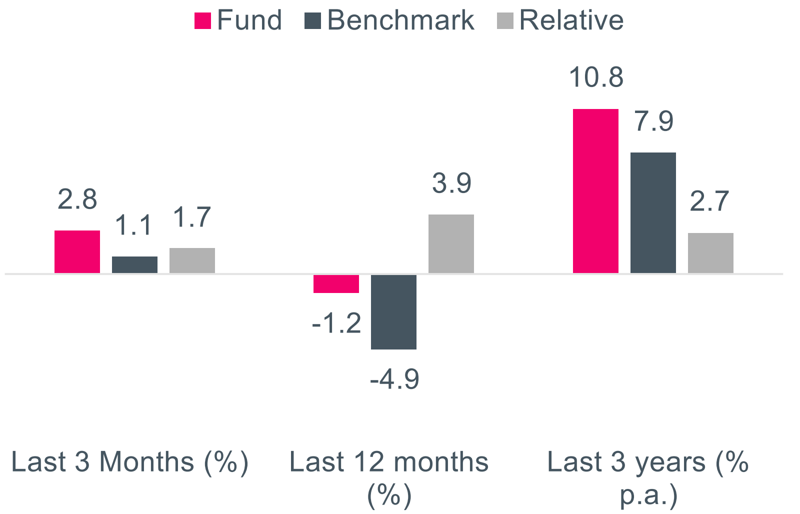
Both sector allocation and stock selection detracted from the fund's performance. The fund's underweight positions to utilities and energy and overweight position to information technology resulted in outperformance against the benchmark.

On the other hand, the fund's overweight to financials negatively impacted performance, due to news relating to the performance of insurance companies in China, regulations in India and political uncertainty in South Africa.

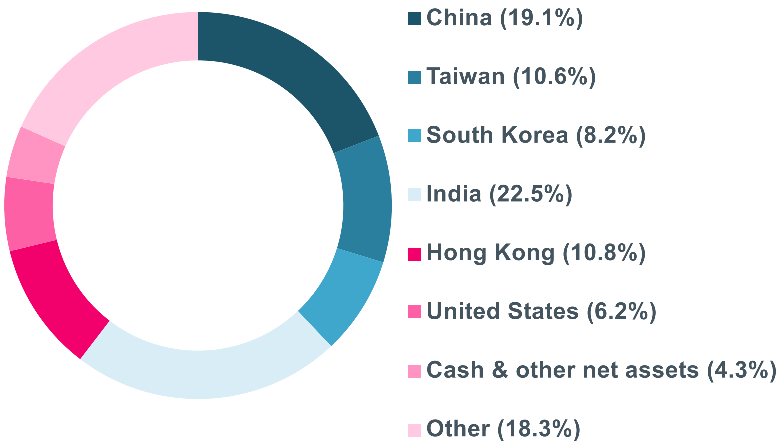
The fund's overweight position to India slightly detracted from performance as investors shifted towards Chinese equities instead since its reopening.

The manager believes the war in Ukraine and tensions between US and China are the main headwinds the emerging market faces, but remain increasingly optimistic.

Fund performance vs benchmark



Fund regional allocation



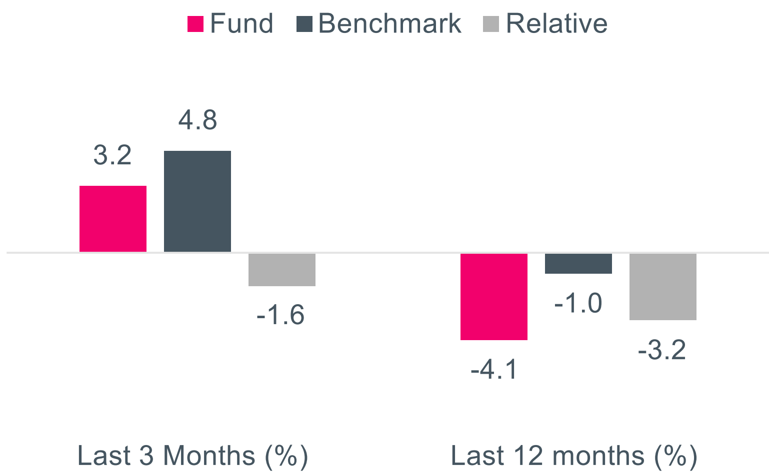
Source: Investment Manager

Blackrock ACS World Low Carbon

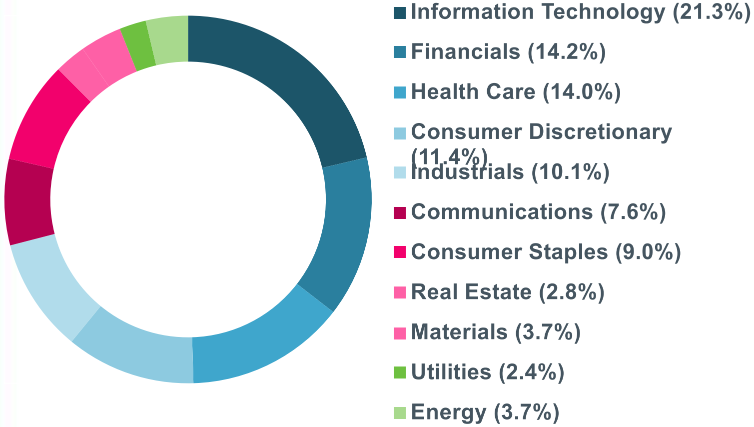
Over the quarter, the BlackRock World Low Carbon fund returned 3.2%, underperforming its global equity market benchmark by 1.6%. Over the past 12 months, the fund's performance also lags this benchmark by 3.2%.

The Fund aims to closely track the performance of the MSCI World Low Carbon Target Reduced Fossil Fuel Index.

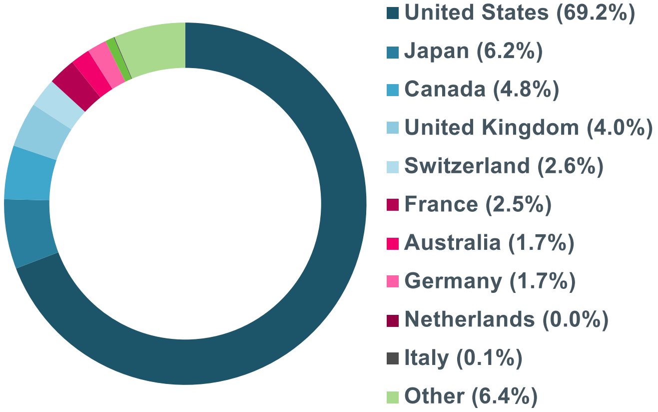
Fund performance vs benchmark



Sector allocation



Geographical breakdown



Source: Investment Manager

Capital Dynamics Private Equity

The Capital Dynamics Private Equity fund is invested across a range of sub-funds.

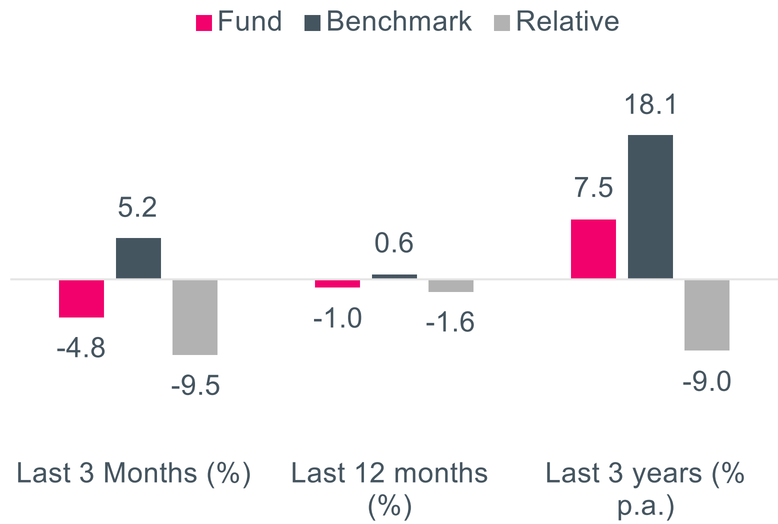
Based on information provided by Northern Trust, the fund returned -4.8% over the period lagging its benchmark of 5.2%% by 9.5%.

Over the more meaningful 3 year time period, the fund has returned a positive absolute performance of 7.5% per annum. However, this remains significantly behind the benchmark of MSCI All World +1% p.a.

In practice, there are two key metrics to assess performance for private equity investments; Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

Note that these figures are not yet available as at 31 December 2022.

Fund performance vs benchmark



Source: Investment Manager

LCIV Baillie Gifford Multi-asset

Over the quarter, the fund outperformed its target of 1.5%. returning 2.2% net of fees. Performance over the past 12 months lags its benchmark by 12.3%; however over 3 years remains strong, delivering 3.8%.

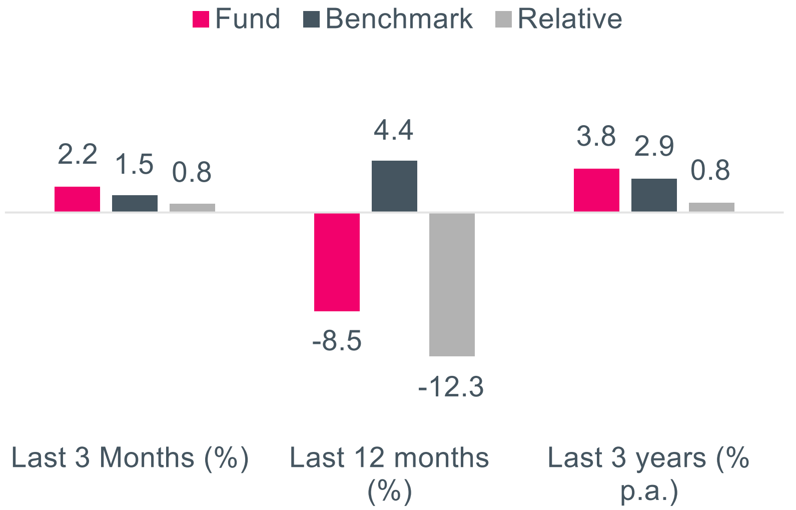
The fund's performance early in Q1 was positive despite changes to the portfolio in Q4 of last year. Despite the reduced exposure to equities, this segment of the portfolio contributed to performance due to exposure to growth stocks and the recovering Chinese equity market.

Another key contributor to performance was the fund's exposure to government bonds, credit and emerging market debt.

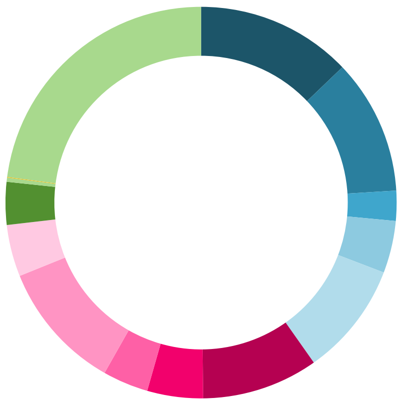
Positive returns were partially offset by falls in the absolute return asset class, which was a theme throughout 2022. This was mainly due to negative performance when bond prices reversed sharply in March and reduced allocation to futures contracts which track S&P 500 volatility.

Ballie Gifford believe the main drivers of performance within the asset class will be US inflation, US growth and the recovery of the Chinese economy.

Fund performance versus benchmark



Fund asset allocation



- Listed Equities (12.9%)
- EM Government Bonds (11.2%)
- Investment Grade Bonds (2.5%)
- High Yield Credit (4.3%)
- Structured Finance (9.4%)
- Government Bonds (9.6%)
- Property (4.6%)
- Commodities (3.8%)
- Infrastructure (10.7%)
- Absolute Return (4.3%)
- Insurance Linked Securities (3.5%)
- Special Opportunities (0.3%)
- Active Currency (0.1%)
- Cash & Equivalents (22.9%)

Source: Investment Manager

LCIV Ruffer Multi-asset

The Ruffer Multi-Asset fund returned -1.1% over the quarter, underperforming the benchmark by 2.5%. Longer term performance remains strong over 3 years.

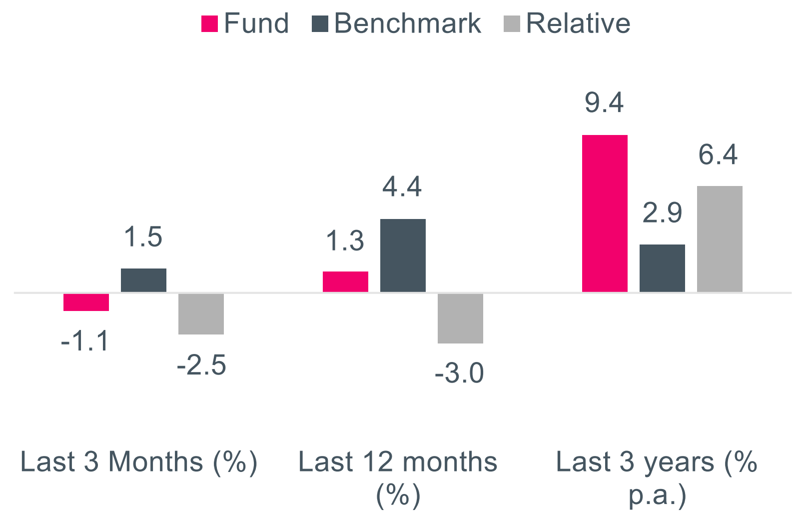
Performance was largely driven by positive performance of equities, despite its relatively small allocation. A further boost resulted from the performance of inflation linked government bonds as investors sought protection from rising inflation.

Additional positive performance came from the fund's gold allocation, which saw an increase over the quarter due to the collapse of Silicon Valley Bank and UBS's acquisition of Credit Suisse.

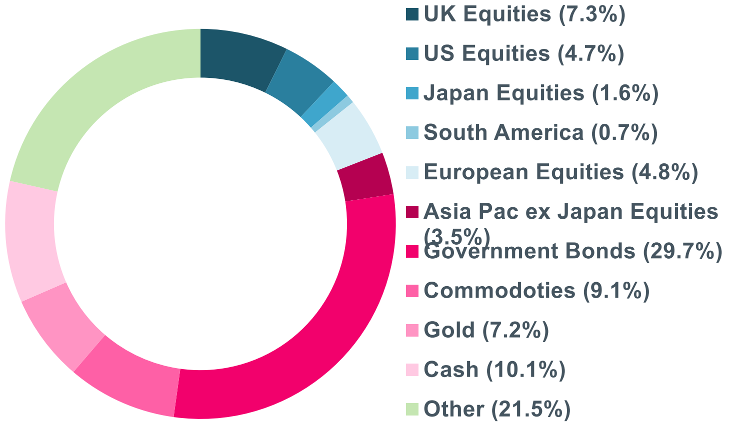
However, overall the performance of the fund was negative due to the underperformance of strategies in the fund used to protect against downside risk. Currency positions also negatively contributed as the sterling strengthened against the dollar, and yen.

Over Q1, the portfolio undertook some key strategy changes that altered the fund's risk profile. Ruffer increased its allocation to equity and added direct exposure to the reopening of the Chinese economy. These are seen as tactical opportunities, not long term strategy changes.

Fund performance versus benchmark



Fund asset allocation



Source: Investment Manager

Alinda Infrastructure

Target: Absolute return of 8.0% p.a.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date.

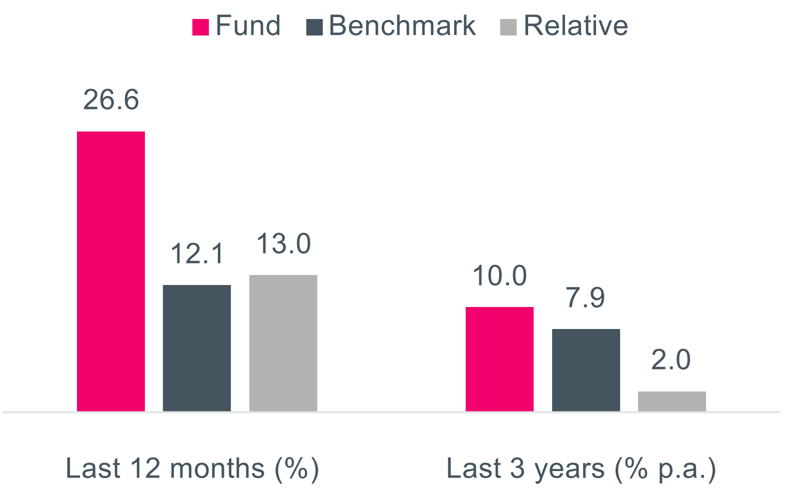
Remaining capital commitments as at 31 December are as follows:

Alinda II: $2,977,275
Alinda III: $11,197,936

The following net distributions (distributions less contributions) were made over Q4 2022:

Alinda II: $7,305,491
Alinda III: $8,334,088

Fund performance vs benchmark



Summary as at 31 December 2022 ($)

Alinda Fund II	
IRR (Gross)	5.0%
IRR (Net)	2.4%
Cash yield	6.4%
TVPI (Net)	1.1x

Alinda Fund III	
IRR (Gross)	24.8%
IRR (Net)	18.0%
Cash yield	10.1%
TVPI (Net)	1.6x

Source: Investment Manager

LCIV Infrastructure

Target: Absolute net return of 8.0-10.0% p.a.

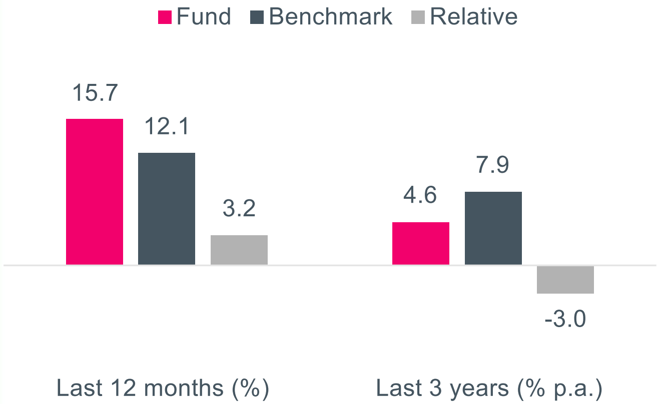
The LCIV Infrastructure fund is managed by Stepstone.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date. We will be able to provide TVPI figures in future reports.

The LCIV Infrastructure fund is in the ramp-up stage, with a further £4.0m called over Q4, bringing the NAV at 31 December 2022 to £37.3m (provided by LCIV). This NAV will be different to that provided by Northern Trust (NT) in their 31 December 2022 report due to the need for estimation by NT given the lagged reporting of actual NAV.

Fund performance vs benchmark

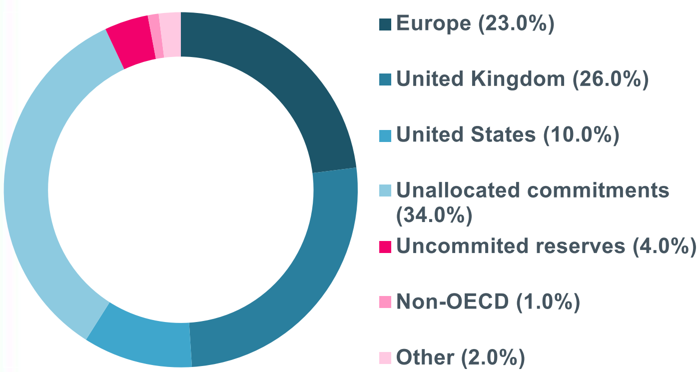


Fund statistics as at 31 December 2022 (£m)

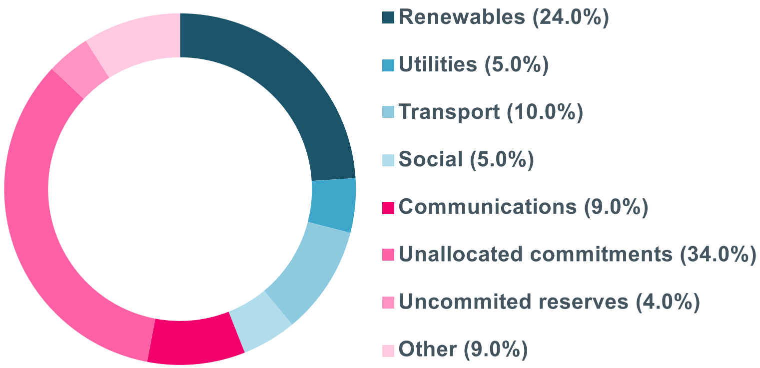
Capital committed	£50.0
Total contributed	£32.5
Distributions	£0.0
Value created	£4.8
Net asset value*	£37.3

*as provided by LCIV

Fund geographical allocation (31 December 2022)



Fund sector allocation (31 December 2022)



Source: Investment Manager

Further detail on specific manager performance is provided for funds that have performed below their relative benchmark over the longer term.

Capital Dynamics Infrastructure

Target: Absolute return of 8.0% p.a.

The Fund's holdings are currently solely held within the Capital Dynamics Clean Energy and Infrastructure fund.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio. With the fund having deployed most of the capital commitment it is appropriate to assess performance on both measures. As can be seen by both the IRR and TVPI, performance has been lower than expected to date, although running performance continues to marginally improve.

Note, reporting on underlying commitments is as at 31 December 2022 due to the lag in reporting from the manager, which is typical for funds of this nature.

This level of performance is primarily driven by challenges experienced by one project in particular which represents a material proportion of the fund. This is a Texas wind power project, which the manager has previously acknowledged.

Summary as at 31 December 2022 (figures in $m where applicable)

Capital committed	$15.0
Total contributed	$14.7
Distributions	$6.1
Value created	($5.6)
Net asset value	$3.0

Net IRR since inception	(5.4%)
Total value-to-paid-in-ratio (TVPI)	0.65x

Source: Investment Managers, London CIV

LCIV Private Debt Fund

Target: Absolute return of c6.0%

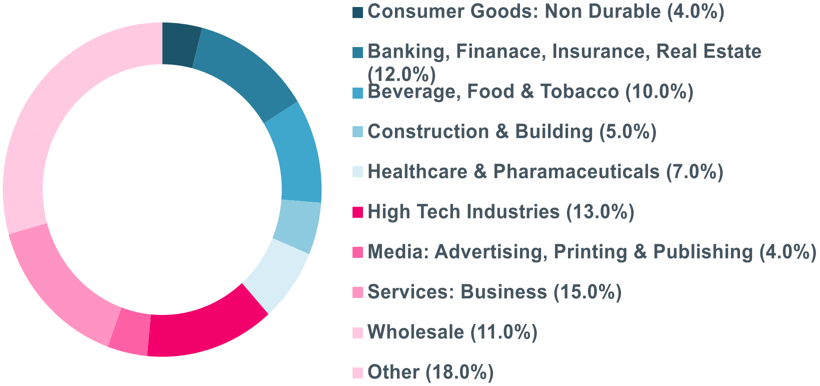
The LCIV Private Debt Fund consists of two underlying managers: Pemberton and Churchill.

The two key metrics to assess performance for private debt investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

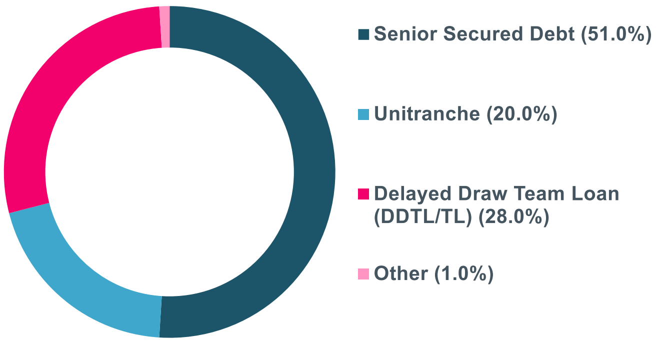
At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date. We will be able to provide TVPI figures in future reports.

The LCIV private debt fund is in the ramp-up stage, with £3.4m called over Q4, bringing the NAV at 31 December 2022 to £32.6m (provided by LCIV). This NAV will be different to that provided by Northern Trust (NT) in their 31 December 2022 report due to the need for estimation by NT given the lagged reporting of actual NAV.

Sector allocation



Portfolio investment type



Fund statistics as at 31 December 2022 (£m)

Capital committed	£50.0
Total contributed	£29.4
Distributions	£0.0
Value created	£3.4
Net asset value*	£32.6

*as provided by LCIV

LCIV Multi-Asset Credit (MAC)

Over the quarter, the fund returned 2.1%, outperforming its benchmark by 0.6%. Over the past 12 months, the fund remains behind benchmark; however over 3 years the fund is 2.8% ahead of its benchmark return.

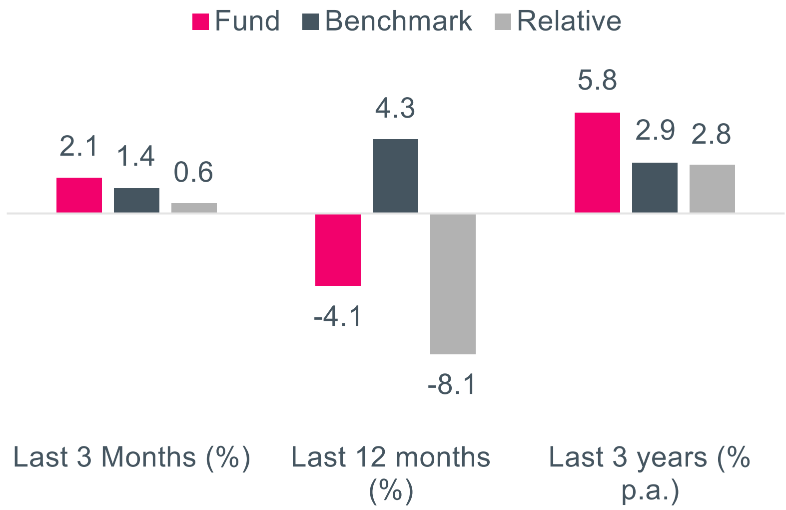
At the start of the quarter, the fund performed well as gilt yields fell and credit spreads tightened. However, the crisis in the banking industry and rising inflation concerns in March resulted in a loss of some gains made in early Q1.

Despite a strong Q4, financials were a key detractor over this quarter. This was mainly due to allocations to AT1 bonds, especially Credit Suisse bonds, which were wiped out in the takeover by UBS. Bonds issued by other European bonds also performed poorly during this period.

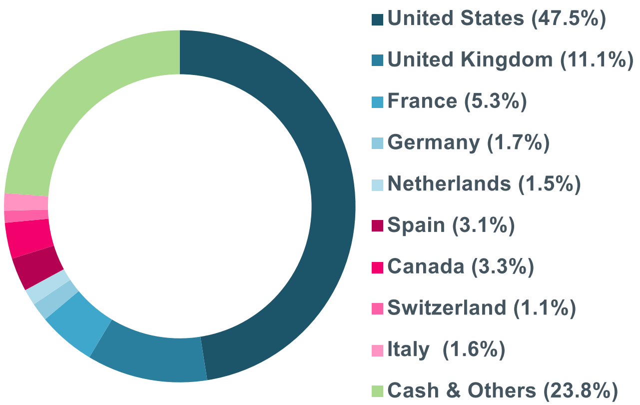
However, loans performed strongly over the quarter due to spreads tightening. Also, the portfolios allocation to investment grade credit, emerging market debt and asset backed securities were key contributors to performance.

The managers seek to focus on income through strong credit selection and despite expectations of a shallow recession and heightened volatility, expect to deliver strong risk adjusted returns.

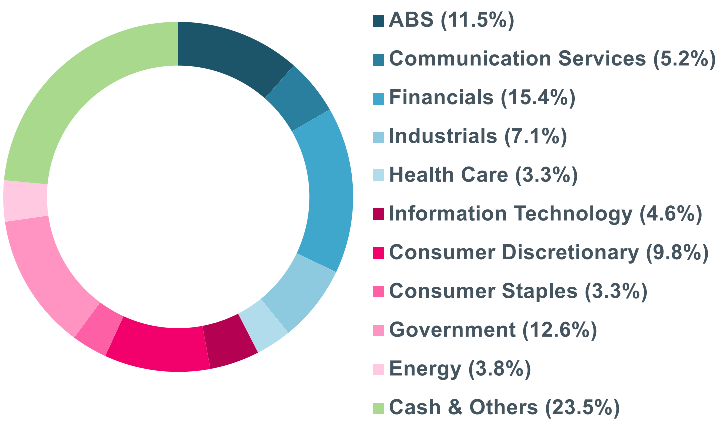
Fund performance vs benchmark



Country weights



Sector weights



Source: Investment Manager

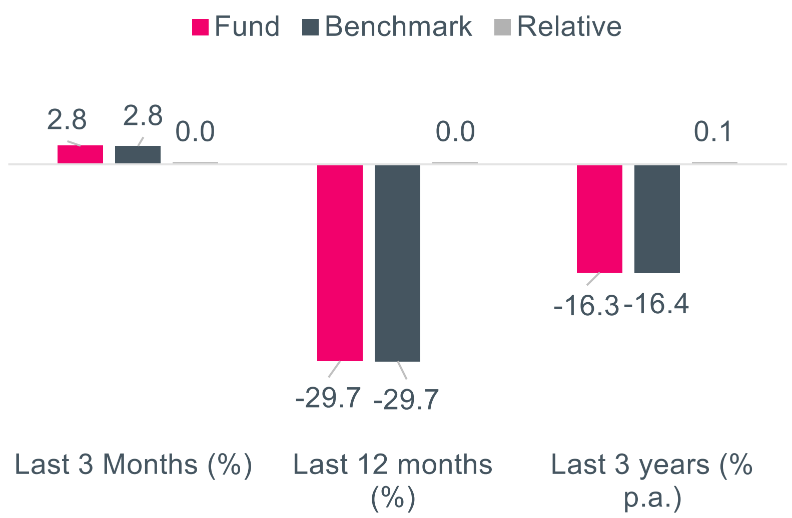
BlackRock UK Gilts

BlackRock were appointed in March 2019 to oversee the Fund's bond allocation.

It is a passively managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index. The manager seeks to track market returns from fixed interest gilts and the manager has delivered against this objective. The returns achieved are driven by market movements rather than the manager.

Over the period the fund returned 2.8% as gilt yields fell over the quarter, resulting in a slight increase in the value of the portfolio.

Fund performance vs benchmark



Source: Investment Manager

As part of the Fund's evolving Responsible Investment agenda and in recognition of climate risk, the Fund is committed to disclosing and monitoring climate metrics within its investment strategy where possible.

As a starting point, the Fund is reporting in line with information produced by its Pool, the London CIV. In time, the Fund will seek to evolve its climate risk monitoring process by monitoring against further metrics.

The information covered here captures the c80% of the Fund's assets as at 31 March 2023. It excludes investments in property, private equity, infrastructure and private debt on account of the current lack of data in these areas.

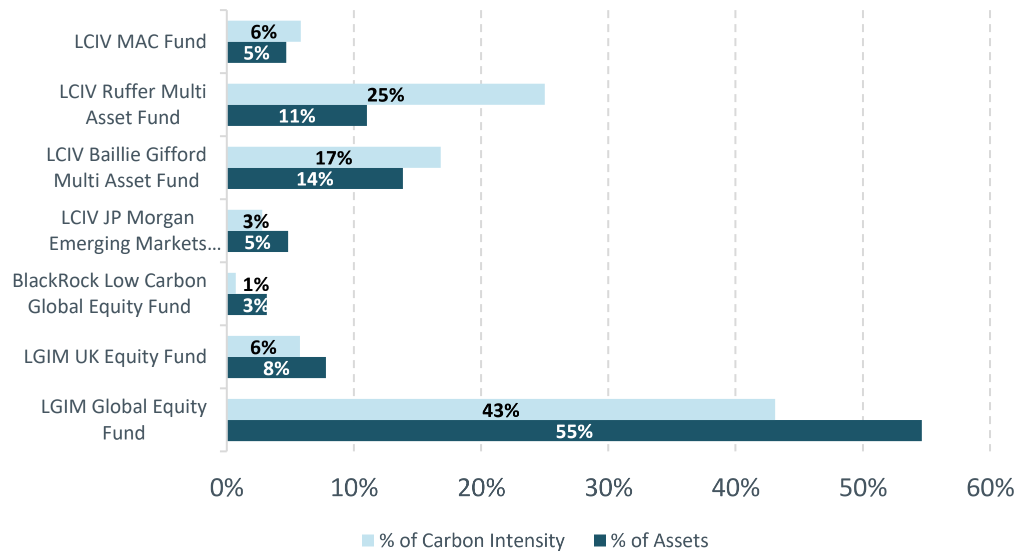
Despite only representing c.11% of assets shown here, the LCIV Ruffer multi-asset fund is responsible for c.25% of the total carbon intensity.

Climate risk overview

	Weighted Average Carbon Intensity (tCO_2/$m Sales)	Fossil Fuel exposure (any activity) (%)
Fund	**218.2**	**7.3%**
*Composite benchmark**	**265.2**	**8.2%**
Relative to benchmark	**-47.1**	**-0.9%**

*Composite benchmark reflects individual mandate benchmarks weighted by proportion invested

Carbon Intensity by Manager



Source: Investment Managers, London CIV, Benchmark for equity and multi-asset funds is MSCI ACWI
Please note: WACI figure used for the BlackRock ACS World Low Carbon Fund are as at 31 May 2023.

Global growth has surprised positively in Q1 with resilient labour market and falling energy prices, improving the outlook for consumers and businesses. Forecasted 2023 GDP growth was revised higher in most developed economies, while recession in the UK is now forecasted to be shorter and shallower than previously expected.

The European Central Bank (ECB), Bank of England (BoE) and Federal Reserve (the Fed) continued to announce rate hikes. The BoE and the Fed both raised policy rates by 0.25% p.a., to 4.25% p.a. and 5.0% p.a. respectively. The ECB raised rates by a larger 0.50% p.a., to 3.50% p.a.

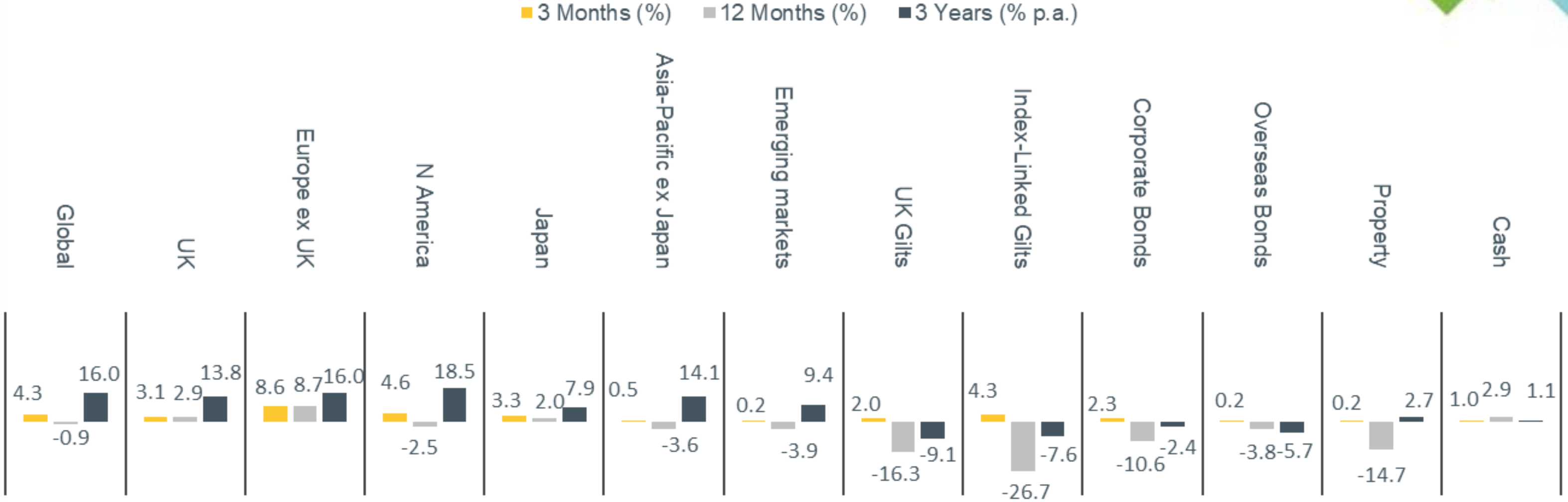
Year-on-year headline CPI inflation in the US and Eurozone fell to 6.0%, and 8.5%, respectively, as the UK measure rose to 10.4%. The equivalent core measures fell to 5.5% in the US as the UK and Eurozone measures rose to 6.2% and 5.6% respectively.

UK 10-year implied inflation is 3.8% p.a., 0.2% above end-December levels.

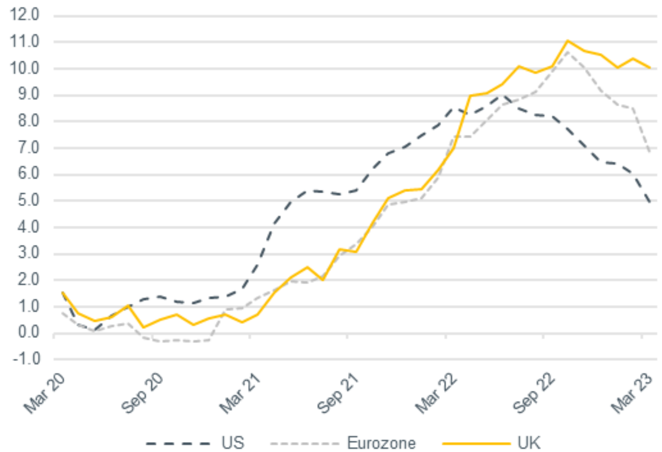
The US dollar gave back some of its February gains, falling 0.9% in trade-weighted terms over the quarter. Equivalent sterling, euro and yen measures rose 1.8%, 0.6% and 0.1%, respectively.

The MSCI UK Monthly Property Total Return Index ended consecutive falls and returned to positive territory in March, despite still declining -14.7% year-on-year. Capital values have also fallen 19% over the last 12 months, with the most pronounced declines being in the industrial sector.

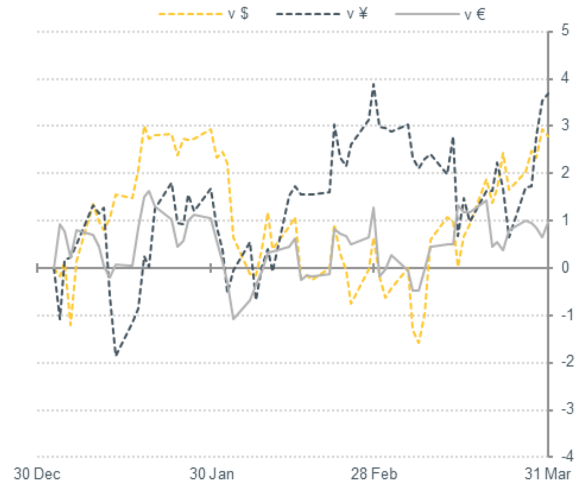
Historic returns for world markets [1]



Annual CPI Inflation (% p.a.)



Sterling trend chart (% change)



Source: DataStream. [1] Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, ICE BofA Global Government Index, MSCI UK Monthly Property; UK Interbank 7 Day

Market Background

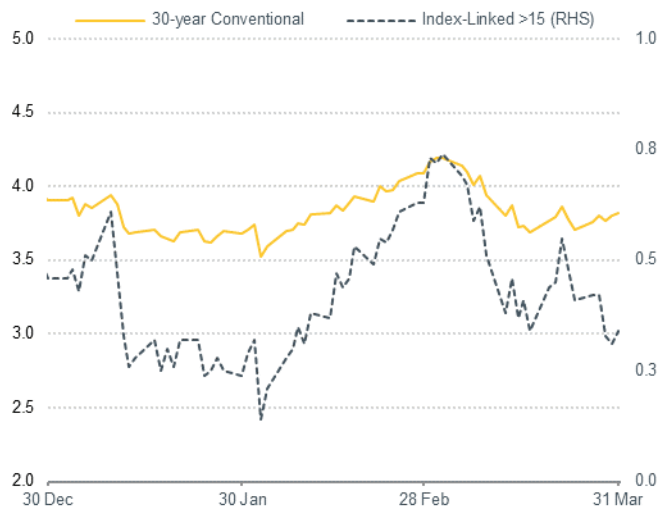
The S&P GSCI Commodity Spot Price Index ended March 5.9% below end-December levels, primarily driven by a decline in energy prices.

Bonds have been volatile over the quarter, rallying in January, posting losses in February and rallying again in March after investor flight to safety due to stresses in the banking sector. As a result, UK 10-year gilt yields ended the period at 3.5% p.a., 0.2% p.a. below end-December levels. Equivalent US yields fell 0.4% p.a., to 3.5% p.a., and Germans yields fell 0.3% p.a. to 2.3% p.a.

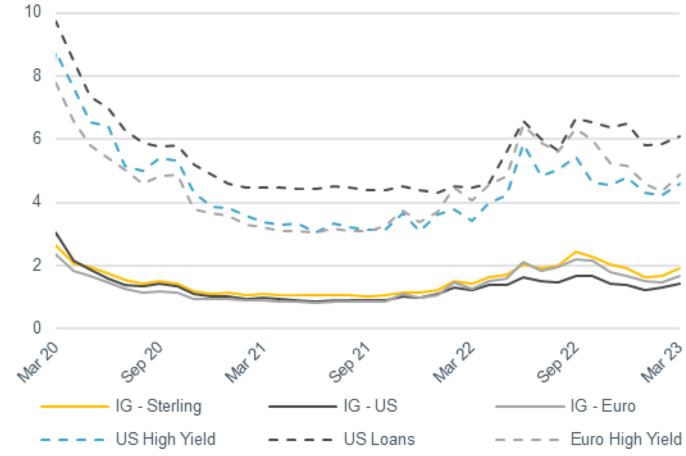
Credit had positive returns due to falling sovereign bond yields. Global investment-grade credit spreads widened 0.1% p.a. to 1.5% p.a. while speculative-grade credit spreads narrowed 0.1% p.a. to 5.0% p.a.

The FTSE All World Total Return Index rose 7.0%, buoyed by the support lent to stocks from resilient economic data which, together with high core inflation, led to investors reassessing interest rate expectations in higher for longer. The improvement in consumer and business sentiment in Europe, on the back of lower gas prices, led European equities to outperform. Growth stocks outperformed value stocks over the quarter, as falling bond yields supported the former while the latter were weighed down by stresses in the banking sector. By sector, energy, healthcare and financials were the worst underperformers.

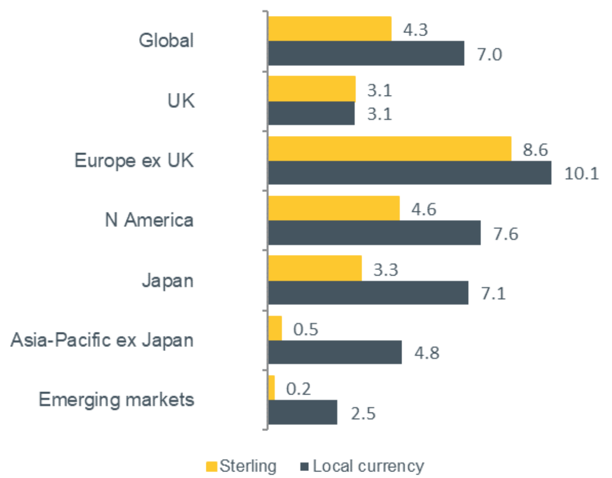
Gilt yields chart (% p.a.)



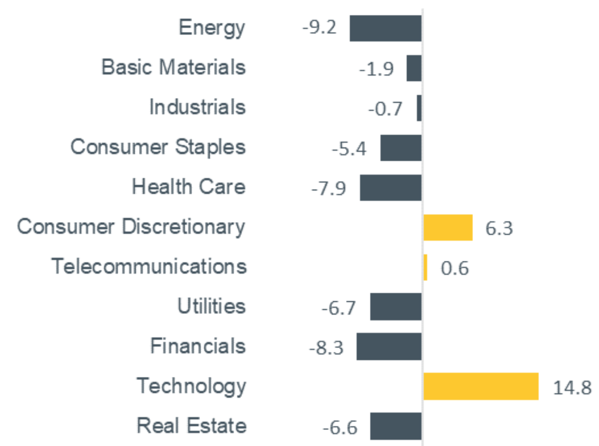
Investment and speculative grade credit spreads (% p.a.)



Regional equity returns [1]



Global equity sector returns (%) [2]



Source: DataStream, Barings, ICE [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World.

Hymans Rating

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Investment

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + Fund\ Performance)}{(1 + Benchmark\ Performance)} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.