

For illustrative purposes only

Quarterly Performance Report

Period ending December 2025

XX XXXXX 2026

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Past performance is not a reliable indicator of future results. Returns are shown net of investment management fees



Executive Summary



Executive Summary

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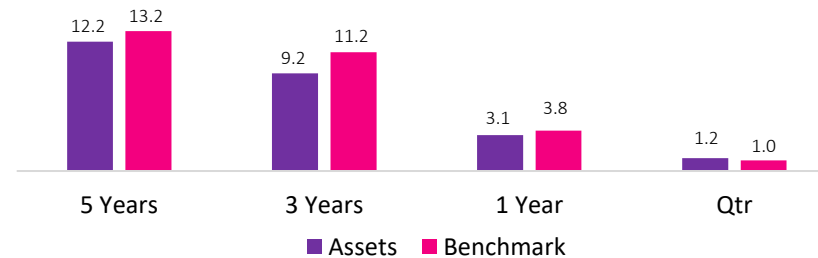
Investment Performance

Objective

3.4% ▼

The portfolio returned +3.4% to end December 2025 compared to the strategic asset allocation expected return of 6.7%

Performance

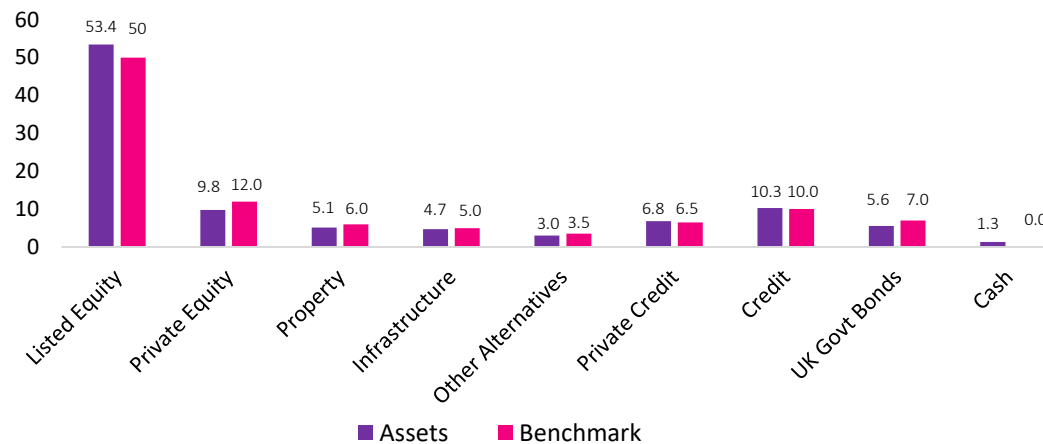


Over the quarter the Fund's absolute performance was positive (+1.2%), resulting in £36m gain, primarily driven by a rise in global equity markets, which saw the MSCI ACWI generate a return of 2.0% in sterling terms. The Fund's outperformance is due to the outperformance of the equity component of the fund, with the LCIV Global Alpha Growth and the Blackrock Global Equity outperforming their respective benchmarks.

Strategic Positioning

£1,170m ▲

Assets increased by £36m (3.2%) from **£1,134m** over the quarter



As at quarter end, the Fund is underweighted to Private Equity, which is compensated with an overweight to Listed Equity. Commitments to private debt, global private equity and infrastructure were made on 1 June. This should ensure the allocation to those asset classes gets closer to target over the medium term.



Executive Summary (*continued*)

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Over the quarter the key themes were continued strength in equities, a depreciation in the US \$ and growing expectation of interest rate cuts in 2026. Geopolitics also continues to create “noise” but the TACO (Trump always chickens out) seems to be a theme that markets have bought into.

- Within assets classes the common theme of the quarter and year is dispersion of returns. The market is distinguishing between styles, sectors and those investments that are perceived to have enduring revenue growth prospects.
- The LB of XXX portfolio had portfolio value of £1.17bn at the quarter end of which 53% is invested in global equities.
- The Scheme’s Strategic Asset Allocation plan for the latest triennial valuation was agreed during the quarter and steps have already been taken to implement this with £15m being invested into UK gilts. This money came from the equity allocation.
- Over the last 3 and 5 years the portfolio has provide returns of 9.2% an 12.6% respectively which are higher than the return target of 6.7%. However, over the last 12 months the Scheme has only returned 3.4%. This can be attributed to the Equities book and also the under-performance of the private markets as a whole.
- London CIV’s key activity over the quarter has been working on the RI Matrix solution with Partner Funds and engagement. Positive engagement has included Nestle’s Plastic reduction and a major technology firm revising its client take on due diligence with respect to human rights. A “thought” piece on flooding has also been included which emphasises a shift in insurers about how are companies and insures able to demonstrate resilience and adaptation to flooding.
- Looking ahead, the key initiatives that will be worked upon are:
 - The continued implementation of the SAA Allocation plan;
 - A deep dive into the JP Morgan Infrastructure Fund; and
 - Working with you to fine tune your Local Allocation particular in the context of your existing exposure



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Markets Update



Markets Update

Macro

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The final quarter of 2025 unfolded against a backdrop of persistent geopolitical strain and ongoing policy uncertainty.

Hopes for diplomatic progress faded as the conflict in Ukraine remained unresolved and external tensions deepened, while developments in the Middle East added fresh concerns over broader regional instability.

These geopolitical pressures—combined with shifting global trade dynamics, evolving central bank policy, and mounting government debt and deficit worries—ranked among investors’ leading anxieties throughout the year.

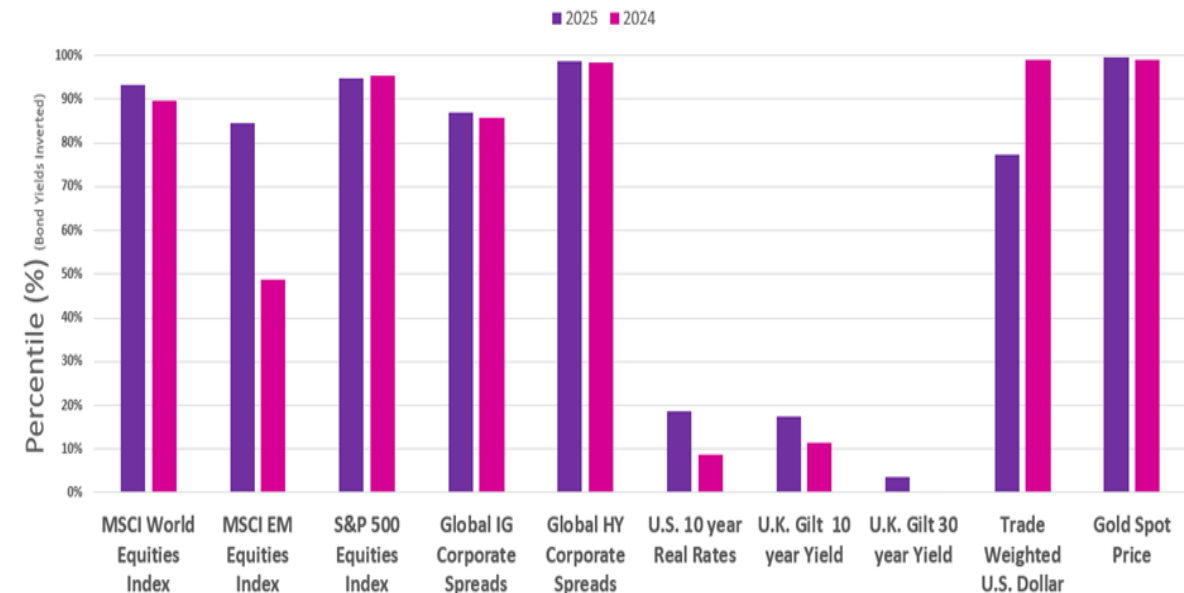
Yet despite this challenging environment, financial markets remained relatively composed compared with earlier periods, as investors grew increasingly accustomed to navigating these key risks.

As shown in the chart below market valuations for risk assets such as equities ended the year at elevated levels relative to history, with many risk-asset classes trading near the top of their valuation ranges over the past two decades.

By contrast, bond yields closed 2025 at comparatively high levels versus their long-term history, resulting in much lower valuations across fixed income rates markets.

Asset class valuations - YE 2024/25 compared to history

Market data from 2005-2025



Source: MSCI, S&P, Bloomberg, 31/12/2025.

Equities - Bloomberg Earnings Yield - a high percentile indicates a relatively low earning yield compared to history. Spreads - a high percentile indicates relatively low spreads compared to history. Yields/Rates - a low percentile indicates a relatively high yield compared to history.



Markets Update *(continued)*

Macro

For illustrative purposes only

U.S. exceptionalism and market concentration remained prominent themes in Q4 2025. By year end, the ten largest U.S. companies accounted for roughly 39% of the S&P 500's market capitalisation, with a combined valuation exceeding \$23 trillion.

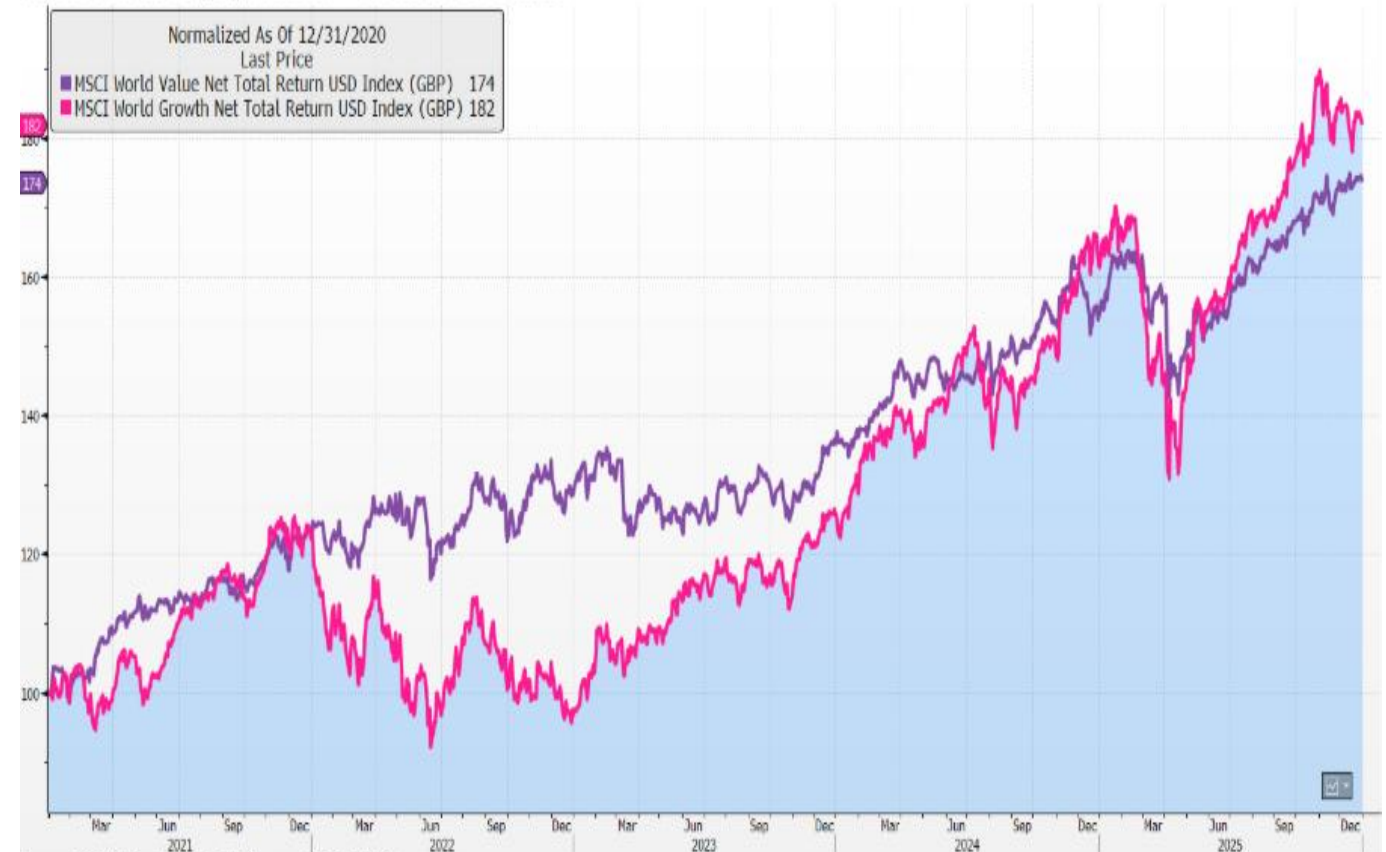
For perspective, this figure is broadly equivalent to the total market value of all large cap equities across Canada, France, Germany, Japan, Switzerland, and the U.K. combined.

The rapid expansion of AI related investment remained a key driver of equity markets—and at times a source of volatility. Major technology firms continued to ramp up spending on advanced hardware, data centre capacity, and next generation AI models.

This sustained capex cycle supported equities with a growth tilt over recent years, with AI aligned companies outperforming.

Growth stocks rebounded strongly from April, outpacing value, though the gap has narrowed in Q4 2025. This can be seen in the chart opposite.

MSCI World Equity Index - Growth vs Value



Source: MSCI, Bloomberg (G-1695), as at 31/12/2025



Markets Update *(continued)*

Macro

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On the monetary policy front, nine of the G-10 Central Banks reduced their respective policy rates in 2025 (the exception being Japan – who raised rates twice to levels last seen in 1995).

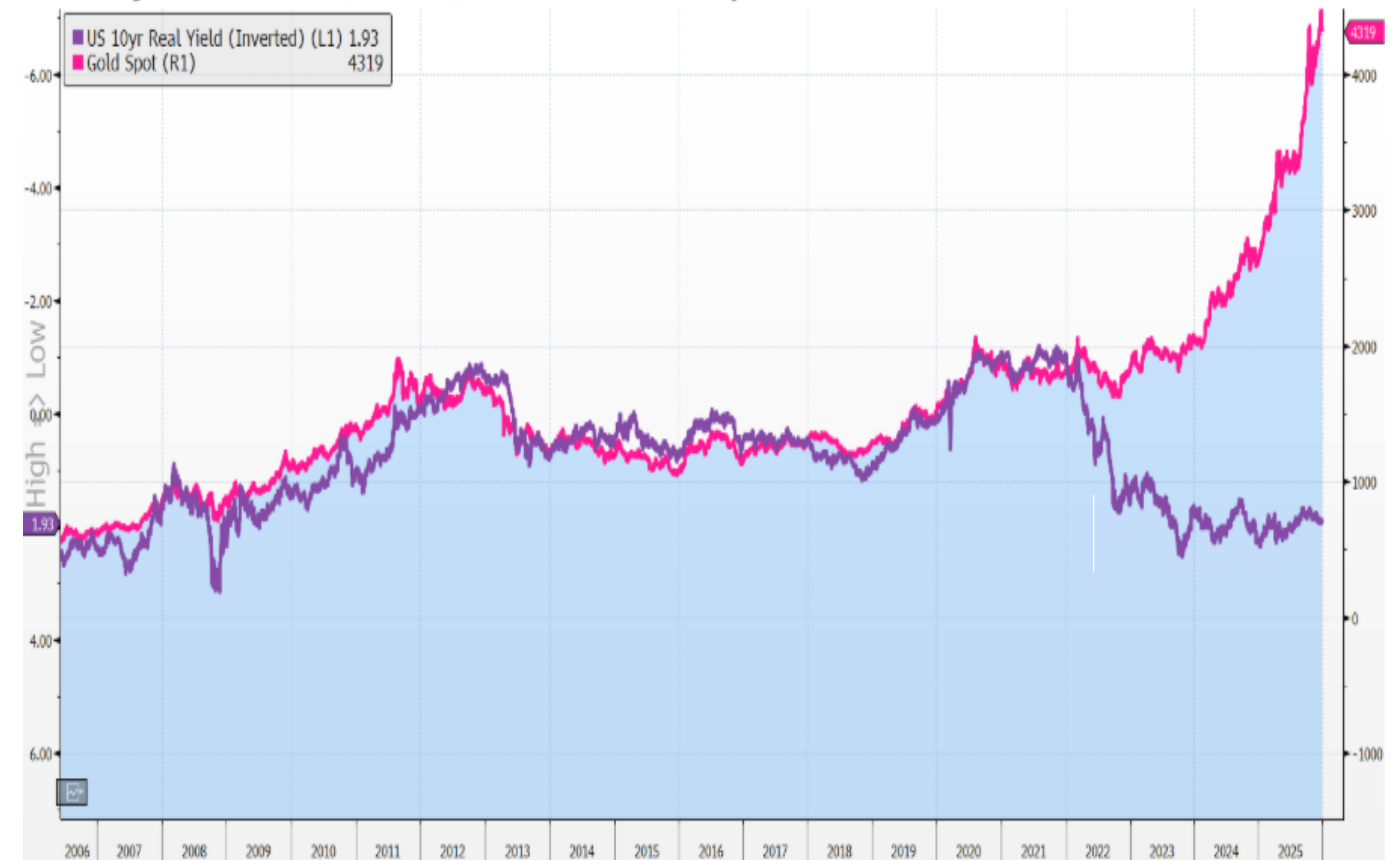
Fiscally speaking, taxation policies varied greatly from one nation to the next, however, the themes of trade, tariffs, government deficits and debt burdens were ubiquitous. Globally, total government debt surpassed \$100 trillion mark for the first time.

Gold's rally despite higher U.S. real rates reflects a structural break from its traditional rate sensitivity, driven instead by fiscal and geopolitical stress.

Mounting concerns over unsustainable government debt, heavy central bank buying, and investor rotation away from sovereign bonds have strengthened demand for safe haven assets.

Combined with policy uncertainty, a softer dollar outlook, and expectations of future easing, have pushed gold to new records and persistently elevated levels. This divergence can be seen in the chart opposite.

U.S. 10-year Real Rates (inverted) and Gold have decoupled



Source: Bloomberg (G-1508), as at 31/12/2025



Markets Update

Asset Class Update

For illustrative purposes only

Equity:

Equity markets finished 2025 on a firm footing, with Q4 returns underpinned by solid corporate earnings, easing inflation and growing confidence that policy rates may fall further in 2026. Market leadership, which had been narrowly concentrated earlier in the year, began to broaden late in the quarter, with improved performance across non-US regions and a wider range of sectors. The weakening of the US dollar provided additional support to overseas equity returns for UK-based investors, while relative valuations outside the US remained attractive. Overall, the quarter reinforced a constructive backdrop for global equities, albeit with valuations and geopolitical risks continuing to warrant close monitoring.

We have an appendix – do we want to reference that here

UK Government Bonds:

UK government bonds generated positive returns over the period as inflation continued to moderate and the Bank of England adopted a more accommodative policy stance. Falling policy rates and improved confidence around the inflation outlook supported gilt prices across much of the yield curve, despite ongoing concerns around fiscal sustainability and elevated public debt levels. Volatility remained higher at longer maturities, reflecting sensitivity to supply dynamics and changes in interest-rate expectations. Overall, gilts continued to play an important defensive role within portfolios, providing diversification benefits alongside stabilising returns as market conditions eased.

Credit:

Public credit markets delivered positive returns over the period, supported by stable economic conditions, easing inflation and expectations of further monetary policy easing in 2026. Credit spreads remained relatively tight, reflecting resilient corporate balance sheets and a continued low default environment, while higher starting yields contributed meaningfully to total returns. Performance was broadly supported across both investment grade and high yield segments, although valuations left less margin for error in riskier parts of the market. mature.

Private Equity:

Private equity markets showed signs of stabilisation during the period, with transaction activity improving as financing conditions became more supportive and valuation expectations began to converge. While deal volumes remained below longer-term averages, there was increased focus on high-quality assets and conservative underwriting, particularly in the small and mid-market. Exit activity gradually recovered through a combination of trade sales, secondary transactions and continuation vehicles, supporting a modest improvement in sentiment. Overall, the period reflected a gradual transition from recovery towards more normalised market conditions, although distributions remained an area of focus for investors.



Markets Update (*continued*)

Asset Class Update

For illustrative purposes only

Private Credit:

Private credit markets remained resilient over the period, supported by stable economic conditions, easing base rates and continued demand for bespoke financing solutions. Direct lending activity showed gradual improvement as M&A and refinancing volumes recovered, while tighter underwriting standards and conservative deal structures helped support credit quality. Returns continued to benefit from elevated all-in yields, although performance remained more mixed across sectors, with weaker conditions persisting in selected consumer-exposed areas. Overall, private credit continued to offer an attractive income profile and diversification benefits, while careful manager and asset selection remained important as the cycle matured.

UK Property:

The UK property markets showed further signs of stabilisation, supported by easing inflation and improved visibility on interest rates. Performance continued to be driven mainly by income, with rental growth holding up in sectors with constrained supply. Market conditions remained uneven, reflecting a clear divergence between high-quality, well-located assets and weaker secondary stock facing structural and sustainability challenges. Transaction activity picked up modestly as pricing expectations aligned, although investors remained selective.

Infrastructure:

Infrastructure assets continued to deliver stable, income-led returns, supported by inflation-linked revenues and largely defensive demand characteristics. Performance remained resilient across core sectors, reflecting regulated or contracted cashflows and limited sensitivity to the broader economic slowdown. Asset fundamentals were supported by long-term investment needs across energy transition, transport and utilities, although rising financing costs and construction pressures remained a consideration for new projects.

Other Alternatives:

XXX To be discussed in meeting



Portfolio Statement and Asset Class Allocation

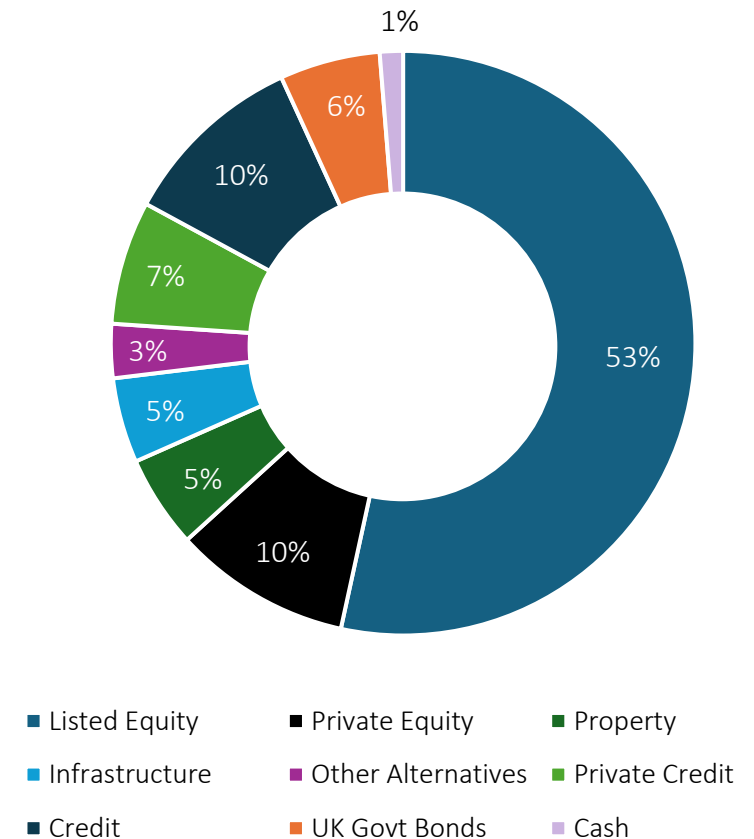


Portfolio Statement

Asset Class Allocation

For illustrative purposes only

Asset Class	As at 30.9.25 (£m)	As at 31.12.25 (£m)	As at 30.09.25 (%)	As at 31.12.25 (%)	Cashflow (£m)
Listed Equity	600	625	53	53	+10
Private Equity	120	115	11	10	-
Property	58	60	5	5	-
Infrastructure	56	55	5	5	-
Other Alternatives	32	35	3	3	-
Private Credit	78	80	7	7	-
Credit	115	120	10	10	-
UK Govt Bonds	65	65	6	6	-
Cash	10	15	1	1	-
Total	1134	1170	100	100	



Source: Northern Trust

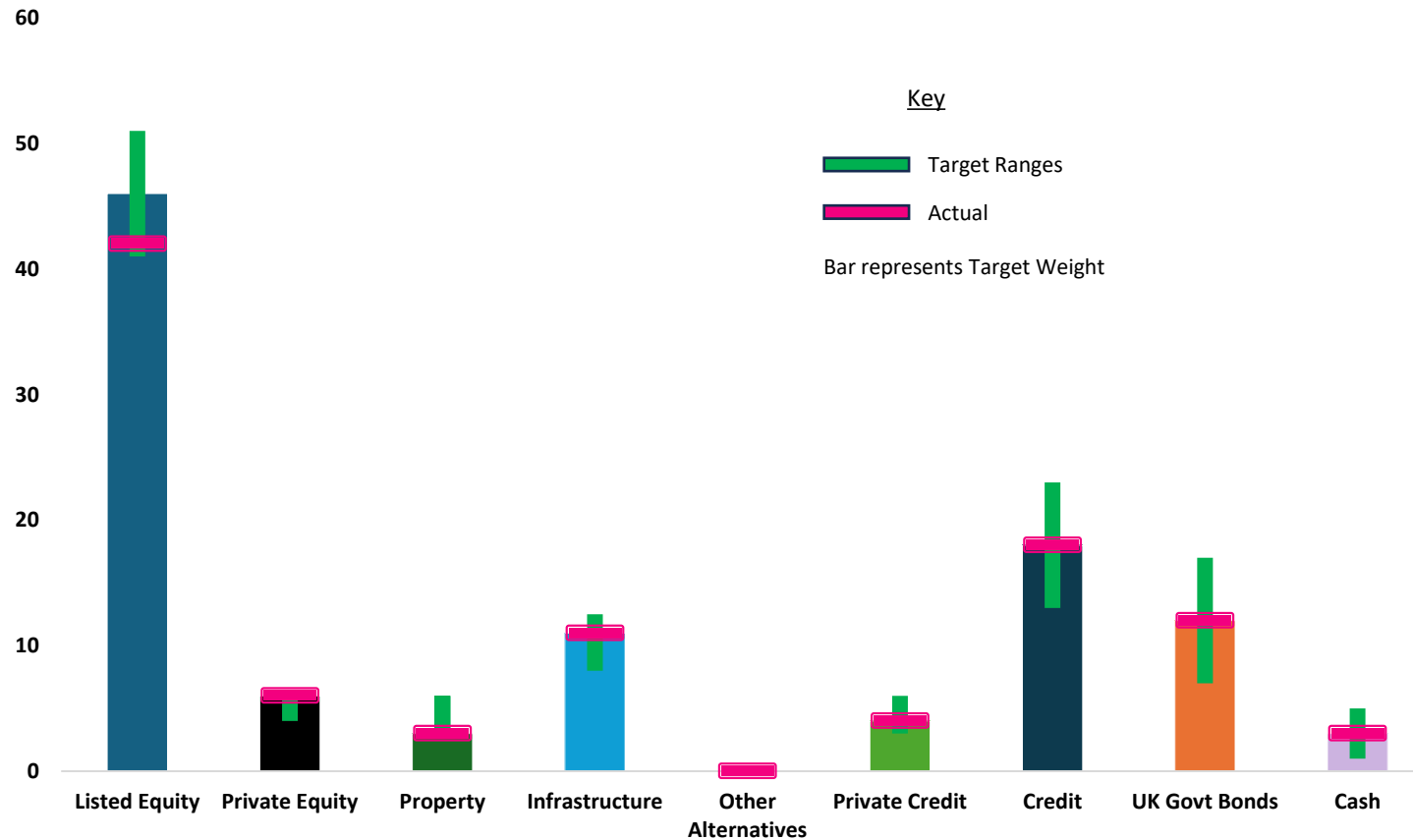
See Appendix for a more detailed portfolio statement



Portfolio Statement

Asset Class Weight vs Target Asset Allocation

For illustrative purposes only



Asset Class	Target ranges (%)	Actual (%)	Target (%)	Difference
Listed Equity	41 – 51	42	45	-3
Private Equity	4 – 6	6	5	+1
Property	4 – 6	3	5	-2
Infrastructure	9 – 12	11	5	+6
Other Alternatives	0 - 10	0	10	0
Private Credit	4 – 6	4	0	+4
Credit	11 – 21	18	16	+2
UK Govt Bonds	6 – 16	12	11	+1
Cash	0 – 4	3	2	+1

Total Undrawn Commitment = £82m

See Appendix 4 for further Commitment details



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Update to Investment Strategy Statement (ISS) Implementation Plan

Proposed transactions are indicative and subject to change at the discretion of the portfolio manager, including in response to market conditions. Investments and strategies referenced involve risks, as outlined in the risk disclosures available on the client portal ([here](#)). Estimated transaction costs include, as relevant, both explicit costs (broker commissions, taxes and levies, custody and settlement charges, and transition manager fees) and implicit costs (bid-offer spreads, market impact, and FX conversion costs). Figures are estimates and actual costs may differ.



Update to Investment Strategy Statement (ISS) Implementation Plan As at 31 December 2025

For illustrative purposes only

Investment	Amount	Trade method	Target Implementation date
Sell Equities	-£15m	Transition	Q2 2026
Buy Gilts	+£15m	Cash	Q2 2026
Sell MAC	-£55m	Cash	Q2 2026
Buy MAC	+£55m	Cash	Q2 2026
Commitment to Private Credit	+£20m		Q3 2026, subject to markets
Commitment to Private Equity	+£10m		Q4 2026
Commitment to Infrastructure	+£30m		Q3 2026

- Since the last update the implementation plan has been agreed.
- The reduction in equities and the investment into gilts was completed on 11 April.
- The multi asset credit transition is scheduled for Q2 2026. This should save annual fees of c. £80,000.
- Commitments to private credit, global private equity and infrastructure were made in Q2 2026. This should ensure the allocation to those asset classes gets closer to target over the medium term.
- Liquidity is currently provided through equities and bonds. Any drawdowns will be funded out of those allocations.
- RI Policy – LCIV are aware that xxx has preference for Pillar 3 products and are working to get these launched so that RI preferences can be more readily adopted.



Investment Performance



Investment Performance By Asset Class

For illustrative purposes only

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Asset Class	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
Listed Equity	625	2.2	2.0	0.2	5.5	5.0	0.5	5.5	5.0	0.5	12.8	14.8	-2.0	14.0	18.0	-4.0
Private Equity	115	-0.5	2.4	-2.9	-1.3	6.0	-7.3	2.3	6.0	-3.8	18.2	16.0	2.2	22.0	17.1	4.9
Property	60	1.0	1.1	-0.1	2.5	2.8	-0.3	2.5	2.8	-0.3	9.0	7.5	1.5	12.2	8.0	4.2
Infrastructure	55	-2.0	1.6	-3.6	-5.0	2.5	-0.3	-5.0	2.5	-7.5	n/a	n/a	n/a	n/a	n/a	n/a
Other Alternatives	35	1.0	1.0	0.0	3.1	3.0	0.1	3.1	3.0	0.1	11.2	7.0	4.2	12.0	9.0	3.0
Private Credit	80	0.6	0.8	-0.2	1.5	2.0	-0.5	1.5	2.0	-0.5	6.4	4.5	1.9	8.4	7.2	1.2
Credit	120	0.7	0.9	-0.2	1.8	2.3	-0.5	1.8	2.3	-0.5	7.0	4.0	3.0	6.5	8.0	-1.5
UK Govt Bonds	65	0.6	0.5	0.1	1.5	1.3	0.3	1.5	1.3	0.3	3.8	4.0	-0.2	3.9	4.0	-0.1
Cash	15	0.7	0.9	-0.2	1.8	2.1	-0.4	1.8	2.1	-0.4	3.1	3.0	0.1	2.8	2.9	-0.1
Total Scheme	1170	1.2	1.0	0.2	3.4	3.8	-0.4	3.4	3.8	-0.4	9.2	11.2	-2.0	12.6	12.7	-0.1
Total Scheme inc. FX overlay	1170	1.4			3.0			3.0			8.0			10.6		

Source: Northern Trust



Investment Performance Commentary

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The scheme returned 1.2% over the quarter, and 3.4% for the 12 months to end December 2025.

- The scheme's IMA objective is a return of 6.7%.
- Over the last 3 and 5 years this target has been achieved. However, over the last year the fund has not achieved this due to subdued returns from all asset classes In particular the portfolio's allocation to xx and xx under-performed their relative market benchmarks. This is commented further upon in the pages that follow.
- The FX overlay has been accretive over the last quarter but not over the longer term.



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Portfolio Update



Portfolio Update

Listed Equities

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Investment Strategy Summary

As reported previously the current strategy is to split the equity allocation between equity managers to be two thirds to passive managers and one third to active managers.

Portfolio Activity

As the beginning of the quarter, the team topped up the LCIV Global Alpha Growth mandate by £50m to bring overall equity exposure in line with the strategic asset allocation weights. LCIV Emerging markets had a distribution which has been re-invested back into the fund.

Investment Performance

- Performance was positive in absolute terms over the quarter. Total equities outperformed the benchmark by 0.2% in the three months to end of December. This was driven by strong performance by the LCIV Global Alpha Growth fund.
- The equities portfolio also outperformed over the last year with both the LCIV Global Alpha Growth fund and the LCIV Emerging market fund being accretive to performance.
- Over the longer-term performance has been weaker with total equities underperforming by 2.0% over three years and 4.0% over five years. This has been caused by poor performance of LCIV Emerging markets fund which has underperformed by 8% over five years.
- The under-performance of the LCIV Emerging Market fund has been addressed by the 100% sale out of the JP Morgan fund and the conversion of the fund to a multi-manager fund in December 2025.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
LCIV Global Alpha Growth	190	2.2	2.0	0.2	5.5	5.5	0.0	5.5	14.8	-2.0	12.8	14.8	-2.0	14.0	18.0	-4.0
LCIV Emerging Markets	90	2.8	3.5	-0.7	7.0	7.0	0.0	9.0	16.8	-7.8	9.0	16.8	-7.8	15.0	23.0	-8.0
Blackrock Global Equity	345	1.6	1.5	0.1	4.9	4.9	0.0	4.9	4.9	0.0	14.0	14.0	0.0	17.1	16.9	0.2
Total	625	2.2	2.0	0.2	5.5	5.0	0.5	5.5	5.0	0.5	12.8	14.8	-2.0	14.0	18.0	-4.0

Source: Northern Trust



Portfolio Update

Private Equity

For illustrative purposes only

Investment Strategy Summary

The Private equity portfolio is currently outside of the SAA range. As reported last quarter, commitments have been made to two new venture funds, and we expect these to be funded during 2026. Also, outstanding commitments currently stand at £65m.

Portfolio Activity

There were two calls during the quarter where a further \$10M was invested in Pantheon Asia fund and \$5m into the Expedition Growth fund.

Investment Performance

- Performance was negative in the quarter and underperformed the benchmark by 1.5%. Over the one year there was underperformance of 3.8%, with the longer term numbers showing both strong absolute and relative performance.
- The performance in the quarter was driven by the OTA Offshore fund. This fund fell by over 15% due the write-down in one of its fund's investments. In November 2025 OTA wrote down the value of its holding in Park Energy, a Mexican gas pipeline operator. The investment team are meeting with the manager shortly to understand the causes and plans to protect and recover value.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
Pantheon Asia Fund V LP	30	-0.2	2.2	-2.4	4.2	4.2	0.0	7.0	6.8	0.2	7.7	6.2	1.5	11.2	8.0	3.2
Expedition Growth LP	25	3.1	1.0	2.1	4.6	4.6	0.0	4.0	3.8	0.2	6.0	6.0	0.0	n/a	n/a	n/a
OTA Offshore – 2003 US Fund	15	-15.2	2.0	-17.2	3.3	3.3	0.0	-8.0	8.0	-16.0	8.0	7.8	0.2	20.0	8.1	11.9
Summit EUR Growth EQ III	20	4.6	2.6	2.0	2.0	2.0	0.0	7.0	9.1	-2.1	12.0	8.1	3.9	n/a	n/a	n/a
Vespa Capital III	25	5.2	1.8	3.4	3.3	3.3	0.0	8.2	4.0	4.2	7.8	6.5	1.3	7.0	6.5	0.5
Total	115	-0.5	2.4	-2.9	-1.3	6.0	-7.3	2.3	6.0	-3.8	18.2	16.0	2.2	22.0	17.1	4.9

Source: Northern Trust



Portfolio Update

Property

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UK Property Market

The UK property market in 2025 is exhibiting early signs of recovery following a period of repricing and subdued transaction activity. A stabilising macroeconomic environment, easing inflationary pressures and expectations of gradual interest-rate cuts are supporting improved investor sentiment. While capital deployment remains selective, pricing clarity is improving, particularly for prime assets.

Occupational fundamentals are underpinned by structural supply shortages, supporting resilient demand across living, logistics and high-quality office sectors. Rental growth has moderated but remains positive, aligned with income growth and constrained new supply. For long-term institutional investors, UK property continues to offer defensible income and medium-term recovery potential.

Portfolio Activity

None.

Investment Performance

Property underperformed the benchmark by 0.1% over the quarter and 0.3% over the one year. Over the longer term the portfolio continues to show outperformance, 1.5% over three years and 4.2% over five years.

The Fidelity UK real estate fund fell by 1% during the quarter due to a write down on it's shopping centre exposure which continues to suffer from lower footfall and the failure of a tenant in one of its centres. Long term performance of both the Fidelity and Hermes has been positive with strong outperformance.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
Fidelity UK Real Estate Fund	35	-1.0	0.8	-1.8	2.0	2.0	0.0	4.8	5.1	-0.3	9.0	6.0	3.0	n/a	n/a	n/a
Hermes Property Unit Trust	25	0.5	0.8	-0.3	1.5	1.5	0.0	7.5	8.0	-0.5	8.0	7.8	0.2	20.0	8.1	11.9
Total	60	1.0	1.1	-0.1	2.5	2.8	-0.3	2.5	2.8	-0.3	9.0	7.5	1.5	12.2	8.0	4.2

Source: Northern Trust



Portfolio Update Infrastructure

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Infrastructure Opportunities

Infrastructure continues to present attractive medium-term opportunities for investors. Falling interest rates have improved valuations and financing conditions, while many assets benefit from inflation-linked or regulated revenues, supporting stable cash flows. Structural growth themes, including electrification, energy security, digital infrastructure and data-centre expansion, are driving increased capital expenditure and earnings visibility across the sector.

Opportunities remain particularly strong in regulated utilities, transport assets and digital networks, where demand is supported by long-term contracts and essential service provision. With valuations having stabilised following recent market adjustments, infrastructure offers the potential for resilient returns, income generation and diversification within the Fund's long-term portfolio.

Portfolio Activity

- None, although £22m was called down from commitments
- This leaves outstanding commitments at £38m

Investment Performance

Performance has continued to struggle this quarter with the strategy underperforming by 3.6%, and 7.5% over the one year. The underperformance has come from the JP Morgan Infrastructure fund and it's investment in the Tata Infrastructure fund.

The Tata fund underperformed due to a combination of sector rotation away from cyclical capex-linked stocks and high exposure to mid and small cap infrastructure names.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
JP Morgan Infra Invest Fund	55	-2.0	1.6	-3.6	-5.0	2.5	-0.3	-5.0	2.5	-7.5	n/a	n/a	n/a	n/a	n/a	n/a
Total	55	-2.0	1.6	-3.6	-5.0	2.5	-0.3	-5.0	2.5	-7.5	n/a	n/a	n/a	n/a	n/a	n/a

Source: Northern Trust



Portfolio Update

Other Alternatives

For illustrative purposes only

Investment Strategy Summary

As reported previously the current strategy is still behind allocation. The team are continuing to seek opportunities and have a number of interesting potential investments that are currently being investigated.

Portfolio Activity

- Commitments were made in the quarter to Quinbrook Low Carbon Power LP fund.
- LCIV is developing its own Local product and over the quarter has looked at various investment opportunities. It is planning to launch a solution before the end of the year

Investment Performance

- Performance over the quarter and the one year has been in line with the benchmark.
- Over the longer term the asset class continues to show strong outperformance coming from both the Quinbrook Low Carbon power fund and the LCIV Nature Based Solutions fund. The Quinbrook Low Carbon fund has outperformed strongly over the longer term as it is positioned in assets that directly address UK grid constraints – including battery storage, grid-stability assets and flexible power solutions – rather than relying solely on subsidy-backed renewables. These assets have benefited from growing demand for system stability and flexibility as renewable penetration increases.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
Quinbrook Low Carbon Fund	15	1.0	1.0	0.0	2.0	2.0	0.0	4.9	5.0	-0.1	12.8	6.0	6.8	9.0	7.0	2.0
LCIV NBS Fund	20	1.0	0.8	0.2	1.5	1.5	0.0	1.5	1.0	0.5	9.0	8.0	1.0	15.0	12.0	3.0
Total	35	1.0	1.0	0.0	3.1	3.0	0.1	3.1	3.0	0.1	11.2	7.0	4.2	12.0	9.0	3.0

Source: Northern Trust



Portfolio Update

Private Credit

For illustrative purposes only

Investment Strategy Summary

- Private credit has grown rapidly in recent years, with a significant share of lending directed toward private equity-backed software and business services companies. The accelerating pace of artificial intelligence adoption is introducing a new and potentially disruptive risk to these borrowers, particularly where business models rely on legacy software pricing, billable hours or perceived revenue stickiness.
- Recent market commentary has highlighted rising stress indicators, including increased use of payment-in-kind structures, valuation uncertainty and growing dispersion across portfolios. While default rates remain contained, LCIV are concerned that a rapid AI-driven disruption could lead to materially higher defaults in a tail-risk scenario, with private credit more exposed than public markets. LCIV is also questioning how this may affect the private equity market.
- All that said, LCIV does see difference to the GFC where short term deposits were used to fund longer term loans. Further, much of the current distress appears to have arisen in “evergreen” funds where structures have offered too “aggressive” liquidity solutions.

Portfolio Activity

Against this backdrop, we are slowing deployment particularly into seeded funds. This slowdown allows time for greater clarity on borrower fundamentals, valuation adjustments and underwriting discipline as the implications of AI disruption become clearer.

Investment Performance

- Performance has remained muted over the last quarter and year with absolute returns of 0.6% and 1.5% respectively. This is behind our long term return expectation for the asset class and reflects in part the current market dislocation as described in the previous paragraphs, but also the depreciation of the US\$ over the quarter as most private credit funds are \$ denominated.
- Over the last three and five years there has been positive absolute returns of 6.4% and 8.4% giving outperformance of 1.9% and 1.2% compared to what demonstrating the managers ability to pick good companies whilst avoiding defaults.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
CIV Credit Partners Euro Direct	80	0.6	0.8	-0.2	1.5	2.0	-0.5	1.5	2.0	-0.5	6.4	4.5	1.9	8.4	7.2	1.2
Total	80	0.6	0.8	-0.2	1.5	2.0	-0.5	1.5	2.0	-0.5	6.4	4.5	1.9	8.4	7.2	1.2

Source: Northern Trust



Portfolio Update

Credit

For illustrative purposes only

Investment Strategy Summary

The credit portfolio is currently outside of the SAA range. We have begun detailed manager selection analysis with plans to add a new credit portfolio in the second half of the year.

Portfolio Activity

In line with SAA implementation plan, £0m was invested into this asset class over the quarter:

- £30m invested into the BNYM Return Bond portfolio; and
- £20m into the existing Fidelity product.

Investment Performance

- Performance in the quarter was positive in absolute terms but underperformed the benchmark by 0.2%. This was caused by the Fidelity mandate which suffered underperformance due to its underweight to emerging market credit.
- Over the one year both funds underperformed, but both show outperformance over the three-year period.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
BNY Mellon RTN Bond HDG	65	0.9	0.8	0.1	0.5	0.5	0.0	1.8	2.4	-0.6	7.0	4.2	2.8	9.0	8.0	1.0
Fidelity Instil LIQ Global Multi Asset Cred HGD	55	0.5	0.8	-0.3	0.5	0.5	0.0	2.0	2.3	-0.3	9.0	3.9	5.1	5.0	8.1	-3.1
Total	120	0.7	0.9	-0.2	1.8	2.3	-0.5	1.8	2.3	-0.5	7.0	4.0	3.0	6.5	8.0	-1.5

Source: Northern Trust



Portfolio Update

UK Govt Bonds

For illustrative purposes only

Investment Strategy Summary

Gilts rallied in Q4 2025 as UK inflation eased and markets priced further Bank of England rate cuts. Falling yields supported positive total returns, particularly at the front end. The rally occurred despite ongoing quantitative tightening, with BoE gilt sales proceeding smoothly and fiscal credibility reinforced by a stable Autumn Budget.

Portfolio Activity

There were no changes to the portfolio during the quarter

Investment Performance

- The Blackrock Life Over 15 Years fund is a passive long-dated UK government bonds, aiming to track the performance of gilts with maturities over 15 years.
- Performance in the quarter was influenced primarily by interest-rate movements and asset allocation positioning. Long-duration fixed income assets were sensitive to changes in yield expectations, while diversified growth assets benefited from improved market conditions.

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Fund	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
Blackrock Life LTD Aquila Life Over 15 Yr	65	0.6	0.5	0.1	1.5	1.3	0.3	1.5	1.3	0.3	3.8	4.0	-0.2	3.9	4.0	-0.1
Total	65	0.6	0.5	0.1	1.5	1.3	0.3	1.5	1.3	0.3	3.8	4.0	-0.2	3.9	4.0	-0.1

Source: Northern Trust



Responsible Investment



Responsible Investment

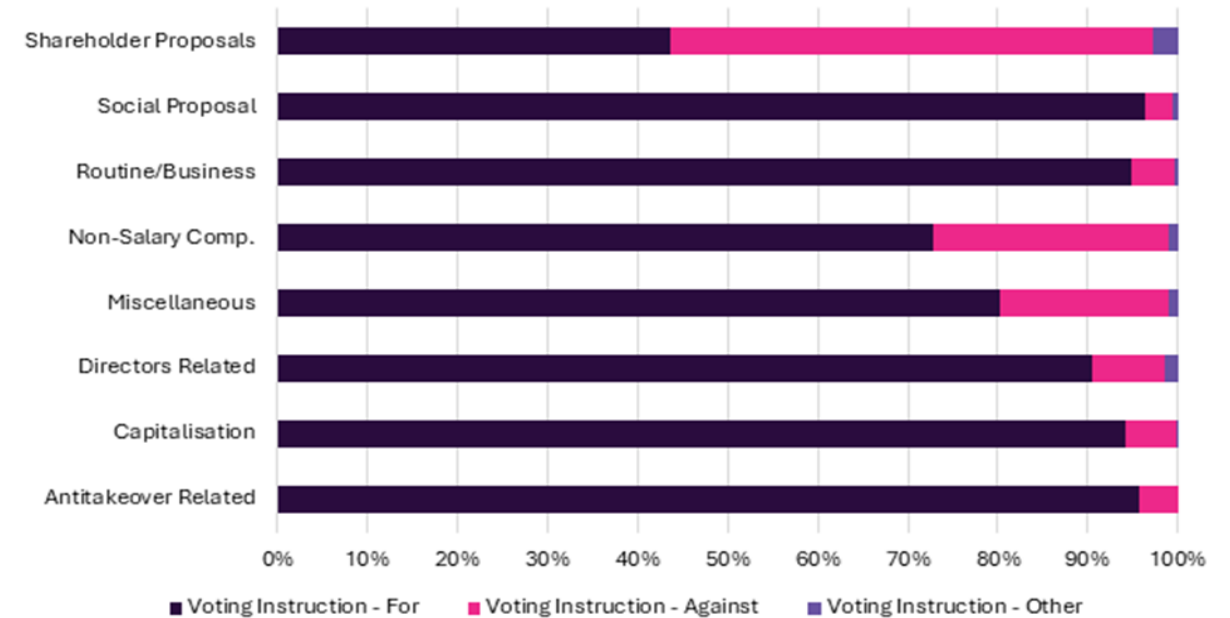
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COP25 – Key Takeaways

- Expectation of future action: COP25 reinforced expectations that countries would submit more ambitious climate targets at subsequent COPs, recognising the growing gap between current policies and global temperature goal.
- Carbon markets unresolved: Negotiations on international carbon markets (Paris Agreement Article 6) did not reach agreement and were deferred to a later COP.
- Focus on loss and damage: Increased attention was given to climate-related loss and damage, though without major new funding commitments.

Voting

- Voting remains a core stewardship tool. In 2025, investment managers and EOS voted on 23,312 proposals, representing 98.9% voting execution.
- Votes against management numbered 2,113, with director elections and non-salary remuneration accounting for the highest levels of dissent.



Other Activity

- RI Matrix – this is currently being finalised as we are waiting on some legal clarifications.
- Please see Appendix where a thought piece on Flood Risk is included.



Appendices



Appendix 1: Full Valuation Statement as at end December 2025

For illustrative purposes only

31/12/2025				
Asset Class	Fund	30/09/2025 (£m)	31/12/2025 (£m)	Change
Listed Equity	LCIV Global Alpha Growth	174	190	16
	LCIV Emerging Markets	85	90	5
	Blackrock Global Equity	340	345	5
Private Equity	Pantheon Asia Fund V LP	30	30	0
	Expedition Growth LP	25	25	0
	OTA Offshore – 2003 US Fund	15	15	0
	Summit EUR Growth EQ III SCSP	24	20	-4
	Vespa Capital III	25	25	0
Property	Fidelity UK Real Estate Fund	33	35	2
	Hermes Property Unit Trust	24	25	1
Infrastructure	JP Morgan Infrastructure	50	55	5
Other Alternatives	Quinbrook Low Carbon	15	15	0
	LCIV Nature Based Solutions	20	20	0
Private Credit	CVC Credit Partners European Direct III	75	80	5
Credit	BNY Mellon RTN Bond HDG	63	65	2
	Fidelity Instil LIQ Global Multi Asseet Cred HGD	55	55	0
UK Govt Bonds	Blackrock Life Ltd Aquila Life Over 15 Yr	67	65	-2
Cash	JP Morgan Money Market Fund	14	15	1
Total		1,134	1,170	36



Appendix 2: Full Investment Performance in GBP

For illustrative purposes only

31/12/2025	AUM	Quarter			YTD			One Year			Three Years (p.a.)			Five Years (p.a.)		
Asset Class	£m	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel	Fund	Index	Rel
LCIV Global Alpha Growth	190	2.2	2.0	0.2	5.5	5.0	0.5	5.5	5.0	0.5	12.8	14.8	-2.0	14.0	18.0	-4.0
LCIV Emerging Markets	90	2.8	3.5	-0.7	-1.3	6.0	-7.3	9.0	7.0	2.0	9.0	16.8	-7.8	15.0	23.0	-8.0
Blackrock Global Equity	345	1.6	1.5	0.1	2.5	2.8	-0.3	4.9	4.9	0.0	14.0	14.0	0.0	17.1	16.9	0.2
Pantheon Asia Fund V LP	30	-0.2	2.2	-2.4	-5.0	2.5	-0.3	7.0	6.8	0.2	7.7	6.2	1.5	11.2	8.0	3.2
Expedition Growth LP	25	3.1	1.0	2.1	3.1	3.0	0.1	4.0	3.8	0.2	6.0	6.0	0.0	n/a	n/a	n/a
OTA Offshore – 2003 US Fund	15	-15.2	2.0	-17.2	1.5	2.0	-0.5	-8.0	8.0	-16.0	8.0	7.8	0.2	20.0	8.1	11.9
Summit EUR Growth EQ III SCSP	20	4.6	2.6	2.0	1.8	2.3	-0.5	7.0	9.1	-2.1	12.0	8.1	3.9	n/a	n/a	n/a
Vespa Capital III	25	5.2	1.8	3.4	1.5	1.3	0.3	8.2	4.0	4.2	7.8	6.5	1.3	7.0	6.5	0.5
Fidelity UK Real Estate Fund	35	-1.0	0.8	-1.8	1.8	2.1	-0.4	4.8	5.1	-0.3	9.0	6.0	3.0	n/a	n/a	n/a
Hermes Property Unit Trust	25	0.5	0.8	-0.3	5.5	5.0	0.5	7.5	8.0	-0.5	8.0	7.8	0.2	20.0	8.1	11.9
JP Morgan Infrastructure	55	-2.0	1.6	-3.6	-1.3	6.0	-7.3	-5.0	2.5	-7.5	n/a	n/a	n/a	n/a	n/a	n/a
Quinbrook Low Carbon	15	1.0	1.0	0.0	2.5	2.8	-0.3	4.9	5.0	-0.1	12.8	6.0	6.8	9.0	7.0	2.0
LCIV Nature Based Solutions	20	1.0	0.8	0.2	5.5	5.0	0.5	1.5	1.0	0.5	9.0	1.0	1.0	15.0	12.0	3.0
CVC Credit Partners European Direct III	80	0.6	0.8	-0.2	-1.3	6.0	-7.3	1.5	2.0	-0.5	6.4	1.9	1.9	8.4	7.2	1.2
BNY Mellon RTN Bond HDG	65	0.9	0.8	0.1	2.5	2.8	-0.3	1.8	2.4	-0.6	7.0	2.8	2.8	9.0	8.0	1.0
Fidelity Instil LIQ Global Multi Asseet Cred HGD	55	0.5	0.8	-0.3	5.5	5.0	0.5	2.0	2.3	-0.3	9.0	5.1	5.1	5.0	8.1	-3.1
Blackrock Life Ltd Aquila Life Over 15 Yr	65	0.6	0.5	0.1	-1.3	6.0	-7.3	1.5	1.3	0.3	3.8	-0.2	-0.2	3.9	4.0	-0.1
JP Morgan Money Market Fund																

Source: Northern Trust



Appendix 3: Benchmarks

For illustrative purposes only

31/12/2025		
Asset Class	Fund	Benchmark
Listed Equity	LCIV Global Alpha Growth	MSCI ACWI
	LCIV Emerging Markets	MSCI Emerging Markets
	Blackrock Global Equity	MSCI World
Private Equity	Pantheon Asia Fund V LP	Absolute Return 8%
	Expedition Growth LP	Absolute Return 8%
	OTA Offshore – 2003 US Fund	Absolute Return 8%
	Summit EUR Growth EQ III SCSP	Absolute Return 8%
	Vespa Capital III	Absolute Return 8%
Property	Fidelity UK Real Estate Fund	UK IPD
	Hermes Property Unit Trust	UK IPD
Infrastructure	JP Morgan Infrastructure	CPI +4%
Other Alternatives	Quinbrook Low Carbon	Absolute Return 6%
	LCIV Nature Based Solutions	Absolute Return 6%
Private Credit	CVC Credit Partners European Direct III	Absolute Return 8%
Credit	BNY Mellon RTN Bond HDG	Barclays Global AGG HDG TO GBP
	Fidelity Instil LIQ Global Multi Asseet Cred HGD	Barclays Global Credit HDG TO GBP
UK Govt Bonds	Blackrock Life Ltd Aquila Life Over 15 Yr	iBoxx 15+ Years
Cash	JP Morgan Money Market Fund	SONIA

Source: Northern Trust



Appendix 4: Outstanding commitments as at end December 2025

For illustrative purposes only

31/12/2025			
Asset Class	Fund	Commitment paid to date (£m)	Outstanding commitments (£m)
Private Equity	Pantheon Asia Fund V LP	25	15
	Expedition Growth LP	18	22
	OTA Offshore – 2003 US Fund	12	13
	Summit EUR Growth EQ III SCSP	22	3
	Vespa Capital III	27	13
Infrastructure	JP Morgan Infrastructure	50	0
Other Alternatives	Quinbrook Low Carbon	12	3
	LCIV Nature Based Solutions	12	13
Private Credit	CVC Credit Partners European Direct III	80	0
Total		258	82

Please note that some Private Market data may be lagged

Source: Northern Trust



Appendix 5:

Transactions over the 3 months to end December 2025

For illustrative purposes only

31/12/2025				
Asset Class	Fund	Action	Date	Value (m)
Listed Equity	LCIV Emerging Markets	BUY	03/10/2025	£20
Private Equity	Summit EUR Growth EQ III SCSP	BUY	28/11/2025	\$10
	Vespa Capital III	BUY	28/11/2025	\$15
Credit	BNY Mellon RTN Bond HDG	SELL	12/12/2025	£15

Source: Northern Trust



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