London Borough of Hammersmith & Fulham

# Pension Fund Committee

## Agenda

**Tuesday 25 November 2025 at 7.00 pm**
**145 King Street (Ground Floor), Hammersmith, W6 9XY**

### MEMBERSHIP

| Administration | Opposition |
|---|---|
| Councillor Ross Melton (Chair)<br>Councillor Lisa Homan<br>Councillor Adam Peter Lang<br>Councillor Lydia Paynter | Councillor Adrian Pascu-Tulbure |
| **Co-optee** | |
| Michael Adam<br>Peter Parkin | |


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Committee Coordinator
Governance and Scrutiny
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**Members of the public are welcome to attend and the building has disabled access.**

Date Issued: 14 November 2025

London Borough of Hammersmith & Fulham

# Pension Fund Committee
## Agenda

**9. PENSION FUND QUARTERLY UPDATE Q3 2025** 100 - 148

This paper provides the Pension Fund Committee with a summary of the Pension Fund's overall performance for the quarter ended 30 September 2025.

*This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.*

**10. INVESTMENT PROPOSALS** 149 - 152

This report sets out proposed adjustments to the Fund's investment portfolio.

*This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.*

**11. EXCLUSION OF THE PUBLIC AND PRESS**

The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

# Agenda Item 3

**London Borough of Hammersmith & Fulham**

# Pension Fund Committee

## Minutes

**Tuesday 9 September 2025**

**PRESENT**

**Committee members:** Councillors Ross Melton (Chair), Cllr Lydia Paynter and Cllr Adam Peter Lang

**Co-opted members:** Michael Adam and Peter Parkin

**Other Councillors:** Cllr Rowan Ree (Cabinet Member for Finance and Reform)

**Officers:**
Eleanor Dennis (Head of Pensions)
David Hughes (Director of Audit, Fraud, Risk and Insurance)
Phil Triggs (Director of Treasury and Pensions)
Patrick Rowe (Strategic Finance Manager)
Liam Oliff (Committee Coordinator)
Sam Gervaise-Jones (Independent Advisor)

**Isio Group:**
Andrew Singh
Jonny Moore

**Resonance Reps:**
Gary Walker
Simon Chisholm

**1. APOLOGIES FOR ABSENCE**

Apologies for Absence were submitted by Councillors Pascu-Tulbure and Janes.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

## 3. MINUTES OF THE PREVIOUS MEETING

**RESOLVED**
That the open and exempt minutes of the meeting held on 25th June 2025 were approved.

## 4. RESONANCE IMPACT EVERGREEN FUND INVESTMENT PROPOSAL

Phil Triggs (Director of Treasury and Pensions) introduced the report which sought the Pension Fund Committees decision on whether to invest in Resonance subject to further due diligence from Isio. Appendix 1 outlined the due diligence undertaken by Isio on the Resonance proposal, including a summary of the portfolio and its principal objectives.

The Committee received a verbal presentation from Gary Walker and Simon Chisholm, Resonance representatives. Resonance looked to alleviate the nationwide issue in the UK of a lack of temporary accommodation. Resonance sought returns through balance on the rental yield and appreciation on the value of the properties. Local housing allowance was linked to inflation in the long run. The investment met the objective of achieving local status, while also contributing to the wider London housing challenge by increasing local supply. The outcome aligned with the government's objective of supporting UK local investment. They provided an overview of the impact Resonance had achieved through its previous and current funds, demonstrating tenant-first design approach. The Fund aimed to deliver a 6% internal rate of return (IRR) on a rolling ten-year basis, alongside a targeted 3% distribution yield, thereby generating secure income for the pension fund.

The Chair opened the discussion by enquiring whether Resonance had any properties in Hammersmith & Fulham (H&F). Gary Walker (Resonance) confirmed that two properties were held within H&F, with several more located in neighbouring boroughs.

The Chair asked if investment from the H&F Pension Fund (H&FPF) could enable further investment within the borough. Simon Chisholm (Resonance) confirmed this to be the case and suggested agreeing a geographical distance from the borough, targeting equivalent investment in that area. The aim was for 60% of investment to be in adjacent boroughs, 10% within H&F, and the remainder within a 45-minute travel radius. The Chair wondered whether other areas investing locally, would benefit H&F indirectly. Simon Chisholm agreed with this assessment.

Councillor Adam Peter Lang raised the importance of ethical investment and achieving the best possible returns and asked whether there was anything that could be deemed to be sensitive included in the fund. Simon Chisholm stated that there were no known sensitivities within the fund and emphasised the need to work with appropriate housing partners, as issues could arise from working with unsuitable ones. Councillor Lang asked whether there were any restrictions regarding housing certain individuals. Simon Chisholm clarified that tenants were referred by the Local Authority. Gary Walker added that the fund operated as a social enterprise and was not-for-profit.

Michael Adam (Co-Optee) asked whether closed discussions would be held on the matter. The Chair confirmed that this was possible. Michael Adam queried whether the proposal had been discussed with London CIV (LCIV). Phil Triggs responded that officers had engaged with LCIV, who had expressed initial concerns in the investment, while still conducting due diligence. LCIV had expressed doubt regarding the initial projected return of 3%, and were continuing to assess the proposal.

Michael Adam asked whether it was a good time to increase exposure to UK real estate, with movements in UK Gilt yields. Andrew Singh (Isio) explained that the composition included various types of property investment. Isio's preference was for investments with strong inflation linkage. Over the long term, returns were expected to be linked to inflation. Andrew Singh noted that volatility in interest rates had affected commercial real estate and that Environmental, Social and Governance (ESG) considerations were a key driver, although returns remained modest.

Sam Gervaise-Jones commented on the strategic trade-off between impact and return, which was relatively poorly defined and left to individual investment committees to determine. He expressed support for the commitment and shared his experience with Resonance, suggesting that the yield/impact trade-off should be considered in the medium term. He queried the shift from close-ended to evergreen funds. Simon Chisholm explained that the fund had started with short-term investments in 2013 but had since recognised a long-term need. The evergreen structure was deemed more appropriate, allowing indefinite holding and flexible entry and exit based on market norms. Simon Chisholm noted that issues had arisen when mixing long and short-term investors.

Sam Gervaise-Jones referred to Isio's mention of a £200 million fundraising target and asked how likely this was to be achieved. Gary Walker confirmed that they were confident in reaching this target, with presentations being made to multiple Local Government Pension Schemes (LGPS) and insurance companies. Gary Walker added that £100–£120 million was expected to be invested by current investors at the end of the year.

Councillor Lydia Paynter asked how many LGPS funds had invested and whether a specific target was in place. Gary Walker explained that Croydon had been the first LGPS investor in 2013. Between 2020 and 2025, four LGPS funds had participated: Greater Manchester, South Yorkshire, Gloucestershire, and Hackney. The GLA had also invested. Gary Walker stated that the target was to secure four to six LGPS funds over the next year and that discussions with LCIV were ongoing to resolve outstanding issues.

Michael Adam asked where liquidity would be sourced to go ahead with this investment and whether relative value had been explored against other affordable housing schemes. Andrew Singh explained that at the moment, looking at how the investment could be funded was not part of the due diligence that had taken place. Given the way asset allocation was structured, the fund would be a suitable fit in the inflation protection or secure income group of investments. Andrew Singh noted that the fund was due to launch later in the year, allowing time for further decision-making.

The Chair concluded by proposing that the matter be revisited in an exempt session.

**RESOLVED:**
That the Pension Fund Committee agreed to defer this decision to a future meeting, where they would receive an updated report which would include due diligence from Isio with all stages complete.

## 5. RESPONSIBLE INVESTMENT STRATEGY UPDATE

The Chair invited speakers from the Hammersmith and Fulham Unison branch to speak to the Committee about concerns they had regarding certain investments in the Hammersmith and Fulham Pension Fund.

Rana Aria (Unison Branch Chair) spoke to the committee and thanked them for the opportunity to speak at the meeting. A call for divestment had been raised the previous year. The response received at the time was disappointing, particularly as the justification given was financial return, which was considered an unacceptable reason. While there was not necessarily agreement with the overall investment figure, there were specific concerns that required attention, including investment in Elbit Systems and allegations of genocide within the Middle East conflict zone under international law. It was acknowledged that the Pension Fund Committee had a fiduciary duty to its beneficiaries, but also a responsibility to comply with international law and uphold human rights. UNISON's position was that profiting from genocide was unacceptable. Reference was made to previous divestments, including from climate-related investments, demonstrating precedent.
The Palestine Solidarity Campaign had written to all Councils requesting divestment. Appreciation was expressed for the fact that LCIV would be taking over management from April 2026. There was a desire to work more closely with the Council, and concern was expressed that the committee had not fully investigated the matter. Councillor Melton had issued an apology and committed to reviewing the investment policy to include considerations of international law.

Simon Norbury (Unison Steward) raised concerns that the pension fund to which members had contributed was being used to support unethical investments. Specific reference was made to the use of armed drones and white phosphorus, deployed against children in Gaza. He expressed shame at having unknowingly contributed to such a pension scheme with these investments. A question was raised regarding the ethical scrutiny applied to housing schemes, and why similar ethical considerations had not been applied to investments involving military technologies. The steward called for divestment, citing the International Criminal Court's position that there is a duty to divest under international law. It was noted with surprise that such a discussion was still necessary, given the seriousness of the concerns raised.

Phil Triggs confirmed that the investment strategy had been revisited, and a revised version was included in the agenda. As part of the update, consideration had been given to enhancing the section on conflict and human rights. The revised approach aimed to disclose any material conflicts where there was exposure to ongoing events.
A new framework had been introduced, categorising investments into three tiers:

- Tier 1 Green: No grounds for divestment
- Tier 2 Amber: Requires further debate
- Tier 3 Red: Grounds for divestment

Under section 4.6 of the report, one investment had been classified as Tier 3 (red), amounting to £1,500 out of a total fund value of £1.5 billion. It was noted that this investment formed part of a global tracker index, and as such, the fund could not dictate the terms of the stock's inclusion. The only options available were to divest from the entire index or remain fully invested. In relation to BAE Systems, it was confirmed that there was no direct exposure.

The Chair outlined a three-stage approach to the discussion: a review of the investment portfolio, consideration of the strategy, and the issue of divestment.

Councillor Adam Peter Lang thanked UNISON for their contribution and reflected on the importance of rights and ethics in a rapidly changing geopolitical landscape. He noted that the matter had been discussed in November 2024 and that all members present were committed to upholding responsible investment standards. He acknowledged that discussions had taken place and that the Chair had met with various stakeholders. He welcomed the introduction of the three-tier classification framework as a constructive way forward and stressed the importance of keeping all matters under review. He expressed his concern at recent news reports but emphasised that this did not diminish the committee's responsibility to residents and officers. He also noted discrepancies between the figures presented by Unison and those he had seen.

Councillor Lydia Paynter raised concerns regarding Elbit Systems and asked how other London Councils, which were part of LCIV, had committed to divestment. She queried how the committee could engage with LCIV to apply the new responsible investment framework. The Chair responded that from 1st April 2026, investment pooling would commence, reducing the Council's direct influence as one of 32 London Boroughs within the pool. He emphasised the importance of reflecting the values of the local community and stated that the Council should take the opportunity, while it retained more control, to set a precedent and take meaningful action. Phil Triggs confirmed that the handover to LCIV was scheduled for 1 April 2026. He reported that LCIV had been engaged and was under considerable pressure from stakeholders regarding the investment in question. He expressed hope that LCIV would approve an investment policy that clearly set out expectations and confirmed that engagement with index compilers was ongoing to assess the inclusion of specific firms. He stated that the Council would continue to engage with LCIV.

Sam Gervaise-Jones viewed the situation as an opportunity to shape future policy and prompt LCIV to adopt a more proactive approach. He stressed the importance of having a framework in place to address emerging issues.

Peter Parkin (Co-Optee) asked about the complications that might arise between now and the LCIV takeover, and how the Council could influence divestment within the available timeframe. Phil Triggs explained that the main challenge was identifying a suitable portfolio with no links to the stocks in question. He noted that switching to a bespoke portfolio and appointing a dedicated segregated manager would be costly. He added that while some adjustments could be made within six months, divesting from specific parts of investments would require closing the investment fully.

The Chair expressed satisfaction with the traffic light classification system.

Councillor Rowan Ree (Cabinet Member for Finance and Reform) commented that while everyone was appalled by the current situation, the £54 million figure included companies such as Airbnb, Sony and McDonald's, which were not directly involved in the conflict. He asserted that no decision made by the committee had contributed to conflict. He argued that the defence sector should not be excluded on ethical grounds, noting that governments across Europe were investing in defence equipment in response to the war in Ukraine. He cited a European Union report recommending investment in the defence sector and cautioned against any action that might hinder defence capabilities.

The Chair explained that the updated policy aimed to distinguish between responsible investments in the defence sector and those of concern. He acknowledged that divestment mechanisms were complex and required careful consideration. He outlined the choice between maintaining the current investment approach or establishing a bespoke managed fund, which would be both costly and time-intensive. However, he noted that creating such a fund could set a precedent and lead to future committees divesting from stocks that the current committee felt were ethical. He expressed support for the committee requesting officers to revisit the issue, explore lessons learned, engage with LCIV, and consider alternative approaches.

Councillor Lydia Paynter cautioned against industry-wide divestment, noting the serious challenges it posed. She highlighted the risk of conflating defence with conflict and warned against setting a precedent that could lead to divestment from entire industries. She cited the pharmaceutical sector as an example, where companies had been criticised for unethical practices but also produced life-saving drugs. She drew a parallel with Ukraine's need for UK defence support and urged the committee to focus specifically on conflict-related investments rather than the broader defence sector.

The Chair concluded by stating that the strategy should be about setting the correct precedent.

**RESOLVED:**

1. That the Pension Fund Committee agreed to an addendum to the Pension Fund's Responsible Investment statement to set out the Fund's approach to conflict linked investments, clarify expectations for investment managers, and establish a transparent framework for decision-making, as highlighted in Appendix 1.

2. That officers looked at suitable options for divesting, without setting an unwanted precedent, for the companies that were given a red rating in the three-tier system.

## 6. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) introduced the report which set out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Pension Fund. The Key Performance Indicators (KPIs) were for the period quarter 1 April – June 2025 inclusive and were detailed in Appendix 1 of the paper. There had been a continuous improvement in the KPI pension administration service delivery provided by LPPA in the start of the new scheme year.

Councillor Adam Peter Lang noted the overall good performance of the team and noted improvements in processing retirements. He thanked officers for their hard work.

The Chair highlighted that the improvement had been achieved in a time of great strain on the team and he commended officers for that.

**RESOLVED:**
That the Pension Fund Committee noted the contents of this report.

## 7. PENSION ADMINISTRATION UPDATE

Eleanor Dennis introduced the report which provided a summary of activity in key areas of pension administration for the H&FPF. There had been an increase in the number of complaints received by the LPPA, but these were being dealt with more efficiently. Member satisfaction survey responses remained low but most of those responding were satisfied. The consultation on inheritance tax on pensions closed in January 2025. The outcome was that from April 2027, only death in service pension benefits including spouses benefits from registered pension schemes would be exempt from inheritance tax. This would involve considerably more work for administrators.

The Chair reported that there were currently 13 complaints being dealt with by the LPPA, an increase from the previously reported single-digit figures. Eleanor Dennis confirmed the rise and noted that although the number had increased, cases were now being processed more efficiently.

The Chair enquired whether the committee would be able to view performance data via the new dashboard and requested a demonstration at a future meeting. Eleanor Dennis responded that there was no reason why this could not be arranged, although she had not yet seen how the public-facing version of the dashboard would look. She added that the 2027 timeline was ambitious, given the current lack of visibility.

The Chair raised the issue of diversity within the Pension Fund Committee, noting that the gender and ethnic composition of the committee did not reflect that of the wider membership. He confirmed that this would remain on the agenda.

Councillor Adam Peter Lang noted that the dashboard had been referenced in the notes but queried whether a specific date had been set for its release. Eleanor Dennis confirmed that no date had been confirmed but expressed hope that more information would be provided soon.

Councillor Adam Peter Lang emphasised the importance of communications. He asked whether LPPA would continue to support individuals approaching retirement. Eleanor Dennis confirmed that they worked with a third-party provider called Affinity Connect to host pre-retirement courses on their behalf. She added that individuals planning to retire within the next 18 months would continue to receive appropriate support.

**RESOLVED**

That the Pension Fund Committee noted the contents of the report.

## 8. ANNUAL BENEFIT STATEMENTS AND MCCLOUD IMPLEMENTATION

David Hughes (Director of Audit, Fraud, Risk and Insurance) introduced the report which outlined that many of the software providers including Civica, which are used by LPPA, have had delays in implementing the required updates to systems to enable LPPA to deliver the annual benefit statements with the McCloud underpin by 31 August 2025 for all membership groups. For the Hammersmith & Fulham Fund there is a total of 309 (11.2%) members affected by McCloud that LPPA are unable/or may be unable to receive an accurate annual benefit statement by the 31 August 2025. The recommendation was that the Hammersmith & Fulham Fund used its discretion to delay the provision of an annual benefit statement to 31 August 2026.

The Chair explained that a draft copy of the McCloud notification letter for Members of the pension fund had been shared with him. He added that the approach was aligned with their LGPS peers and that no pension fund members would be negatively affected by this.

**RESOLVED:**

That the Hammersmith & Fulham Fund deferred detailing the McCloud underpin until 31 August 2026 for the detailed groups for whom the calculation cannot be included in their 2024/25 annual benefit statement as a retrospective decision.

## 9. DRAFT ANNUAL PENSION FUND REPORT 2024/25

Phil Triggs introduced the item which outlined the Pension Fund Annual Report 2024/25, which included the draft Pension Fund Accounts 2024/25, this was a regulatory requirement and was required to be approved by the Pension Fund Committee. The draft Pension Fund Annual Report for 2024/25 was attached as Appendix 1. The ‘Preparing the Pension Fund Annual Report Guidance for Local Government Pension Scheme Funds’ was updated in April 2024. As part of the new guidance, links to the full text versions of the funding strategy statement, the investment strategy statement, the governance compliance statement and the communication policy had been included in the Annual report, rather than including the full policies in the report.

Councillor Adam Peter Lang commented that the report was comprehensive and accessible and thanked officers for this.

Sam Gervaise Jones referred to the scheme management and advisors section, and asked if there should be mention of the independent advisor. Phil Triggs said he would ensure that this was included in the final version.

**RESOLVED:**
That the Pension Fund Committee approved the draft Pension Fund Annual Report for 2024/25 and delegated the approval of the final version to the Director of Treasury and Pensions in consultation with the Chair.

## 10. PENSION FUND QUARTERLY UPDATE Q2 2025

Phil Triggs introduced the report which included an overview of the Pension Fund’s performance which was provided in Appendix 1. This included administrative, investment, and cash management performance for Q2. Appendix 2 provided information regarding the Pension Fund’s investments and performance. The highlights from the quarter were that the investment performance report showed that, over the quarter to 31 March 2025, the market value of the assets increased by £30m to £1.439m, the Fund had underperformed its benchmark net of fees by 1.0%, delivering an absolute return of 2.4% over the quarter, the total Fund delivered a positive return of 5.4% on a net of fees basis over the year to 30 June 2025. The Pension Fund’s cashflow monitor was provided in Appendix 3. This showed both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 31 March 2026. An analysis of the differences between the actuals and the forecast for the quarter was also included. The breaches of the law log was not included in this quarter as there had been no breaches to report.

**RESOLVED**
That the Pension Fund Committee noted the report.

## 11. EXCLUSION OF THE PUBLIC AND PRESS

The Committee agreed, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Meeting started: 7:05pm
Meeting ended: 9:09pm

Chair ...........................................................

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**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

| | |
|---|---|
| **Report to:** | **Pension Fund Committee** |
| **Date:** | 25/11/2025 |
| **Subject:** | Key Performance indicators |
| **Report author:** | Eleanor Dennis, Head of Pensions |
| **Responsible Director:** | Sukvinder Kalsi, Director of Finance |

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**SUMMARY**

This paper sets out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Pension Fund. The Key Performance Indicators (KPIs) for the period quarter 1 July – September 2025 inclusive, are detailed in Appendix 1. The reviewing of KPI's is line with The Pension Regulator's guidance in the general code, for governing bodies to regularly assess performance.

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**RECOMMENDATIONS**

The Pension Fund Committee is asked to consider and note the contents of this report.

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**Wards Affected:** None

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| Our Values | Summary of how this report aligns to the H&F Values |
|---|---|
| Being ruthlessly financially efficient | Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer. |

## Finance Impact

There are no direct financial implications as a result of this report. Costs of the pensions administration service, including costs of additional commissioned work provided by LPPA are met from the Pension Fund.

Sukvinder Kalsi, Director of Finance, 10th November 2025

## Legal Implications

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date. The Service Levels are set out in the Addendum to Schedule 1 of the contract with Lancashire County Council. This report asks that the Pension Fund Committee notes the performance against those Service levels.

Joginder Bola, Senior Solicitor (Contracts and Procurement) 4 November 2025

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## Background Papers Used in Preparing This Report

None

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**DETAILED ANALYSIS**

## Analysis of Performance

1. The KPIs have been set out in the discharge agreement between the LPPA (Local Pension Partnership Administration) and the London Borough of Hammersmith & Fulham (LBHF). The Head of Pensions ensures performance measures are discussed and reviewed between both parties both a monthly basis as well as in Pension Board and Pension Fund Committee meetings in accordance with the Pension Regulator’s General Code of Practice that states that governing bodies should consider reports regularly and challenge when required to monitor performance.

2. This report covers the performance of our administration partner LPPA over quarter 2 for the pension fund scheme year 2025/26. The KPI’s detailed in Appendix 1 of the pension administration report covers the period 01 July to 30 September 2025 inclusive.

3. During the period July to September 2025 inclusive, LPPA processed 1366, compared with 1379 cases in Q1 of 2025/26, a fall of 13 cases for the Hammersmith & Fulham Pension Fund over the last 3 months. Highest volume case types continue to consist of deferred retirements, deferred benefits and death cases.

## Performance in key areas

4. Retirements – Performance on this task area continues to improve with 218 cases processed in Q2 by LPPA, mostly within the 10 working day SLA compared with 202 in Q1. Active retirements saw a reduction in KPI performance as Q2 saw 97.5% achieved compared with 95.5% in Q1. The processing of deferred retirements saw 97.1% in Q2 compared with 99.3% in Q1.

5. Deaths – There were 172 cases processed by LPPA in Q2, where 96.5% were processed on time, compared with 97.8% in Q1, with 12 more cases processed.

6. Transfers – There were 119 transfer out cases processed in Q2 with 96.6% processed on time, compared with 99.2% of transfer outs processed on time in Q1. Transfer in's saw 95.9% in Q2 processed on time compared to 98.6% in Q1.

7. Refunds – There were more cases to process in Q2 (likely due to auto enrolment) with 98.6% cases processed on time, compared with 97.6% in Q1.

8. The Head of Pensions continues to collaborate with LPPA to try to ensure they are able to sustain their improved SLA performance as well as to mitigate any operational risks the Fund is exposed to and to increase the quality of the delivery of this service to all stakeholders.

## Summary

9. We have seen a continuous improvement in the KPI pension administration service delivery provided by LPPA in the start to the new scheme year. We are hopeful that this will remain consistent, and that the quality of service experienced by members, beneficiaries and the LBHF pension team will also improve.

10. None

## Risk Management Implications

11. None

## Climate and Ecological Emergency Implications

12. None

## Consultation

13. None

**LIST OF APPENDICES**

**Appendix 1 – LPPA Q2 KPI report – Hammersmith & Fulham Pension Fund**

LPP
Local Pensions Partnership
Administration

# Quarterly Administration Report

## Hammersmith & Fulham Pension Fund

1 July - 30 September 2025



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Forward thinking

Doing the right thing

Working together

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lppapensions.co.uk

# CONTENTS

# DEFINITIONS



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**Total Fund Membership**

Total Fund Membership is the number of member records held on the LPPA pensions administration system that are contributing to, awaiting, or receiving benefits from the pension fund.

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**Casework Performance - All Cases**

Performance is measured once all information is made available to LPPA to enable them to complete the process.

Relevant processes are assigned a target timescale for completion, and the performance is measured as the percentage of processes that have been completed within that timescale.

**Page 10**

**Casework Performance - Standard**

The category of 'Other' on this page covers processes including, but not limited to:

APC/AVC Queries
Cessation of Additional Contribution
Change of Hours
Change of Personal Details
Under Three Month Opt-Out

Please note that this page includes cases that have met the SLA target, but the stop trigger may also have been actioned before the process has been completed.

**Page 11**

**Ongoing Casework at the end of the Reporting Quarter**

Please note the number of processes brought forward, does not match the corresponding number of outstanding processes reported in the previous quarter (due to various reasons which can include but are not limited to, the deletion of a process, or changes to the process category that a case is assigned to).

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**Contact Centre Performance**

Average wait time measures the time taken from the caller being placed into the queue, to them speaking with a Contact Centre adviser.

**Page 20**

**Contact Centre Call Satisfaction**

Members are given the option to answer two questions, following a call with the LPPA Contact Centre (these relate to general satisfaction with LPPA, and satisfaction with the adviser they have spoken to – both responses follow a three-point rating scale).

**Page 22**

**Retirement Satisfaction**

Graphs show a breakdown of quarterly retirement surveys (emails issued and responses received).

- Retirements processed / completed - members can have multiple process counts.
- Surveys issued - does not equal retirement processes for several reasons; ill health retirements do not receive a survey; not all members provide an email address; members with multiple retirement processes only receive one survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid).

Satisfaction / Dissatisfaction is included as a % of email surveys issued. This demonstrates that a significant number of surveys are not completed (work is ongoing to encourage an increase in the number of responses to email surveys issued).
The Satisfaction Scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total survey responses - this is the true measure of member satisfaction.
Satisfied responses include satisfied (with the service) and very satisfied.
Dissatisfied responses include dissatisfied and very dissatisfied.

**Page 25**

**Member Online Portal**

The number of member records by status, that are registered for LPPA's member self-service portal, PensionPoint.

**Page 26**

**Member Log Ins**

The number of unique log ins and total log ins by period on PensionPoint, these are only successful log ins where the password and one-time-pin has been successfully entered.

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**Common/Scheme Specific Data Fails**

The Pensions Regulator requires administrators to keep member data up to date to ensure benefits are accurately paid. This is split by Common Data (basic details that are specific to the Member) and Scheme Specific Data (data that is related to a member's data and specific circumstances surrounding their record).

Individual Fails shows the total number of unique members that have a single or multiple number of Common Data or Scheme Specific Data fails. On both charts, the Accuracy Rate (%) then compares the number of Individual Fails to the total number of Scheme Members.

For more detail on the Data Items / Error types presented in these charts, please visit either the **TPR** (The Pensions Regulator) or **PASA** (The Pension Administration Standards Association) websites.

# EXECUTIVE SUMMARY

Forward thinking…
Working together…
Doing the right thing…
Committed to excellence…

**This performance report covers the reporting period of Q2 2025/26 (July – September 2025)**

## Casework SLA performance

Overall operational casework performance was **98.1%** against overall Service Level Agreements (SLAs) for the quarter. Focus continues to be on driving further improvements to the member experience.

## Contact Centre

Contact Centre wait times have been consistently under the targeted 4-minute wait time with an average wait time over the quarter of **3** minutes **11** seconds.



## Satisfaction scores

The majority of those surveyed about their retirement experience do not respond. Of those that responded to the survey, customer satisfaction was **18.2%** for Actives into Retirement and **64.7%** for Deferred into payment. Low survey responses can lead to high volatility in the satisfaction scores.

Contact Centre satisfaction includes both overall satisfaction and satisfaction with the individual call handler that the member spoke to. Satisfaction with the individual call handler is typically higher than overall satisfaction, with satisfaction rates for the quarter at **93.3%** and **79.6%** respectively.

## Statutory deadlines

Regulatory and statutory deadlines for the reporting period:

**Annual Benefit Statements (ABS)**

LPPA is one of a small number of administrators that delivered 24/25 ABSs with McCloud underpin included. Many LGPS Funds have not attempted to do this. Active and deferred members will receive an ABS with the underpin each year, regardless of whether they benefit from the underpin or not, until they retire, die or transfer their benefits - they will be remedied at the point their benefits crystallise, which could be in many years time. Despite these challenges, we're pleased to confirm that by the 31 August deadline, we managed to produce statements for over **97.7%** of your fund membership (**97.4%** for active members and **97.9%** for deferred members).

All published ABS documents have been made available for members to access in PensionPoint, with paper copies issued to any members who have opted out of digital communications.

Members were signposted to their ABS via their annual member newsletter. This was available online at lppapensions.co.uk from the beginning of August and also emailed to every member for whom we held an email address. The lead article in the newsletter included a link to our dedicated ABS web page and a reminder that the statements would be available to view by the end of August.

LPPA will continue to work to resolve data and other challenges that have prevented some ABSs from being produced and issue ABSs to members as they are resolved.

## Outlook

Activity levels are high, and expected to remain high, due to:

- Significant regulatory change including McCloud remedy and the Pensions Dashboard
- Efficiency and Service Improvement Programme (ESIP) of work
- Activity to continue to improve the member experience in key areas.

# LPPA PROJECTS - UPDATE

## McCloud Remedy

Following the McCloud judgment, changes to all public service pension schemes that provided transitional protections to older members, including the LGPS, came into force on 1 October 2023. The changes were designed to rectify unlawful discrimination against younger scheme members. In the LGPS, the impact is an extension of the underpin to all eligible members.

Good progress has been made on remedy for LGPS members and LPPA is well positioned compared to other public sector administrators in delivering McCloud remedy. **12.4%** of your LGPS members are McCloud eligible (**24.2%** actives, **13.4%** deferred, **8.6%** retrospective cases*).

LPPA has successfully delivered ABS statements with the remedy underpin to over **88.8%** of remedy eligible active members and **72.5%** of remedy eligible deferred members. There are several cohorts of McCloud eligible members where LPPA is unable to produce the underpin – this may be due to gaps in guidance, systems functionality and/or data. In those cases, the member will have received a standard ABS with a paragraph noting that we believe they are remedy eligible and the underpin will be included on next year's statement.

LPPA has initially assessed over **71%** of the **1,484** retrospective cases and we are developing payment journeys to be able to make remedy payments to those where the underpin is beneficial. Market intelligence supports the position that LPPA is ahead in delivering remedy for LGPS compared to many LGPS Funds and other third-party administrators.

## Pensions Dashboard

The Pensions Dashboard will enable individuals to access their pensions information online, securely and all in one place. The connection date for public sector schemes to connect to the Pensions Dashboard is 31 October 2025. It is worth noting that the Dashboard will not be available to individuals at this point; it is estimated they will be able to access in early 2027.

Civica development is ongoing (Civica are LPPA's Integrated Service Provider for connection to the dashboard ecosystem), and whilst we have recently been made aware of a short delay regarding connection to the Dashboard (which we have communicated to all our clients), this does not present a material risk and will not impact members.

** Retrospective cases include pensioners, pensioners deferred, deceased, transfers out and trivial commutations*

Forward thinking…
Working together…
Doing the right thing…
Committed to excellence…

Project communications and engagement plans are continuing, including client round tables every two months, AVC provider meetings and TPR sessions every two months.

The project continues to focus on business readiness in addition to the technical connection to the dashboard, including consideration on the unknown demand into LPPA and how to manage this. One of the project aims is to drive member self-service as much as possible.

## Efficiency and Service Improvement Programme

LPPA's Service Improvement Programme (ESIP) is designed to leverage the investment in UPM, delivering automation and improved self-service capability and member experience.

Previously delivered improvements continue to provide benefit:

- Automated deferred quotes have been live for over a year, with 50% now going through automation.
- With the addition of the Automated Deferred Retirement Payment (ADRP) process, we are now seeing cases go through full end to end automation.
- With the online retirement form, we are seeing a response rate of 70% with online forms, compared to 40% for paper forms, and average return times of 6 days with online compared to 33 days with paper.

LPPA is currenly focused on developing a new online leaver form, which will provide benefits to the majority of LGPS employers including real time validations and a simplified submission process . Once the process is fully tested and live, it will reduce queries and ultimately improve retirement processing timescales

Improvements have been implemented for our Employer Portal users, including use of employee payroll number when undertaking a member search, reassigning processes to another employer portal user within the same organisation and using 'filters' and in users' work feeds.

Planning is underway for other projects including Automated Active Retirement Payment (AARP) process, employer monthly return real-time validations, member contact form and remaining bank account verification processes.

# Fund Membership

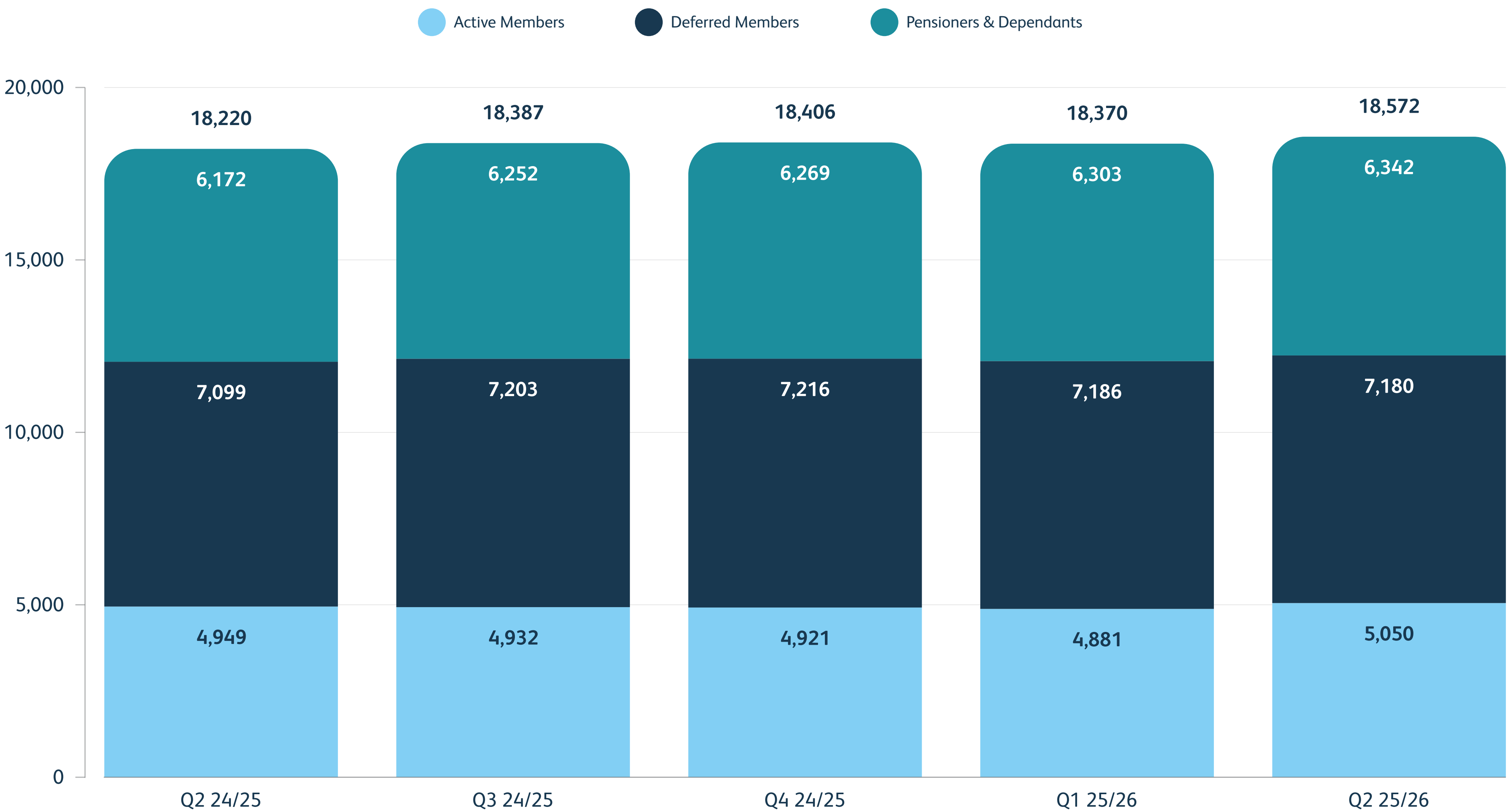
**In this section…**

- Total fund membership

# TOTAL FUND MEMBERSHIP

CLIENT SPECIFIC

## TOTAL FUND MEMBERSHIP

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# Casework Performance



**In this section…**

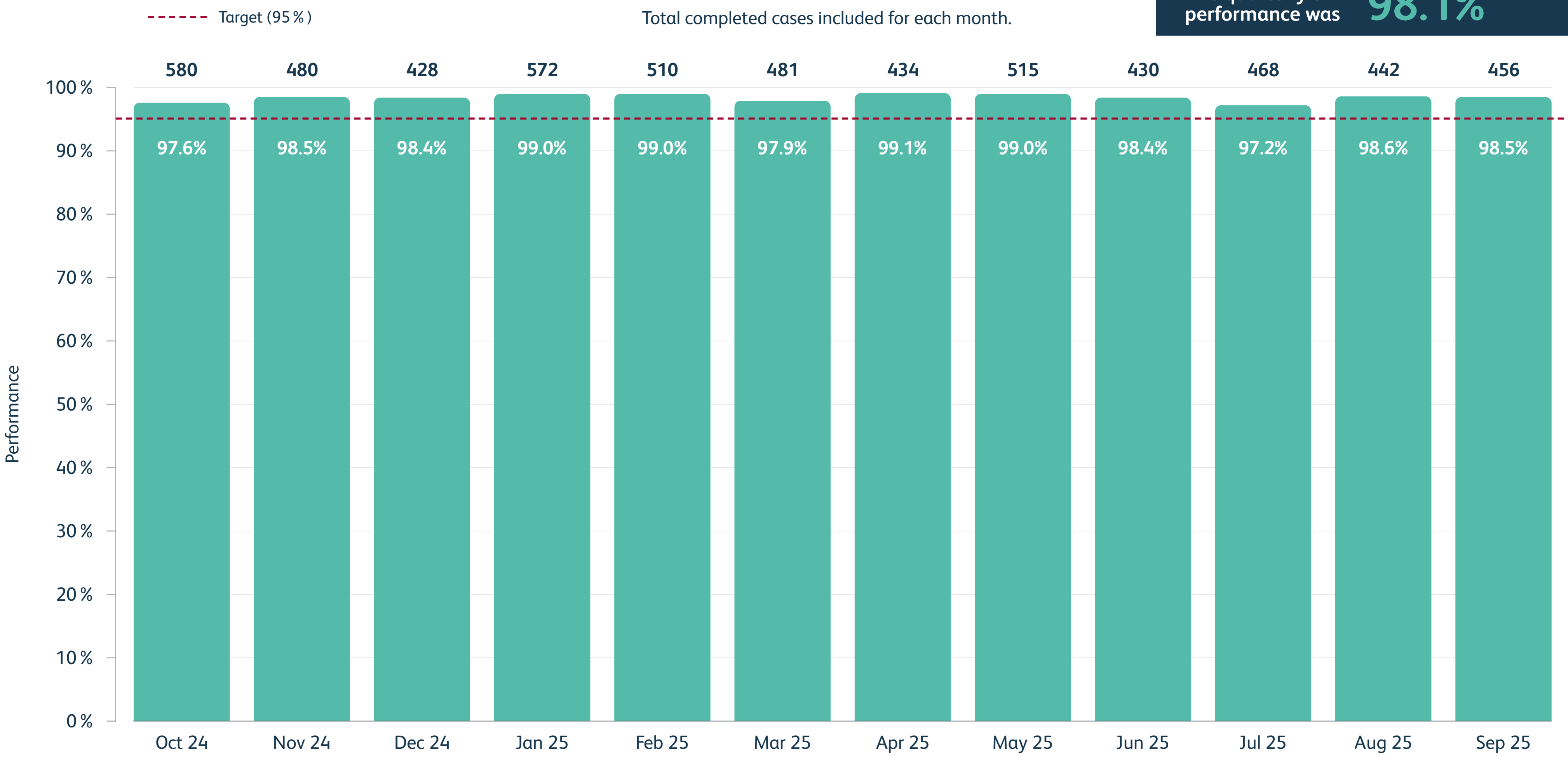
- Performance – all cases
- Performance standard
- Ongoing casework at the end of the reporting quarter

# CASEWORK PERFORMANCE

CLIENT SPECIFIC

## PERFORMANCE – ALL CASES

The quarterly SLA performance was **98.1%**



# CASEWORK PERFORMANCE

CLIENT SPECIFIC

## PERFORMANCE STANDARD

Target (95 %)

| | SLA Target (working days) | Total Processed | |
|---|---|---|---|
| New Starters | 10 | 20 | 100.0% |
| Transfers In | 10 | 74 | 95.9% |
| Transfers Out | 10 | 119 | 96.6% |
| Estimates | 10 | 50 | 98.0% |
| Deferred Benefits | 15 | 145 | 97.9% |
| Retirements - Deferred | 5 | 137 | 97.1% |
| Retirements - Active | 5 | 81 | 97.5% |
| Refunds | 5 | 72 | 98.6% |
| Deaths | 5 | 172 | 96.5% |
| Correspondence | 10 | 58 | 100.0% |
| Aggregation | 10 | 29 | 93.1% |
| Other (see Definitions - page 3) | | 409 | 100.0% |
| Total | | 1,366 | |

# CASEWORK PERFORMANCE

CLIENT SPECIFIC

## ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

The following table is created by identifying all reportable casework within UPM, and includes those that have subsequently Completed / Aborted / Remain Outstanding within the quarter. The figures in this table cannot be compared to those in the previous slide for a number of reasons including: the table includes aborted cases, but the horizontal bar graph does not; the SLA 'stop trigger' can be actioned before the process has been completed.

| | Brought forward at 01/07/25 | Received (Inbound) | Completed (Outbound) | Work in Flight as of 30/09/25 |
|---|---|---|---|---|
| New Starters | 0 | 25 | 25 | 0 |
| Transfers In | 324 | 124 | 106 | 342 |
| Transfers Out | 291 | 143 | 167 | 267 |
| Estimates | 23 | 42 | 56 | 9 |
| Deferred Benefits | 328 | 248 | 236 | 340 |
| Retirements - Deferred | 100 | 146 | 152 | 94 |
| Retirements - Active | 111 | 138 | 150 | 99 |
| Refunds | 88 | 107 | 113 | 82 |
| Deaths | 332 | 191 | 225 | 298 |
| Correspondence | 79 | 122 | 117 | 84 |
| Aggregation | 208 | 192 | 177 | 223 |
| Other | 35 | 434 | 425 | 44 |
| Total | 1,919 | 1,912 | 1,949 | 1,882 |

# Active to Retirement Process - First Payment Within 30 Days



**In this section…**

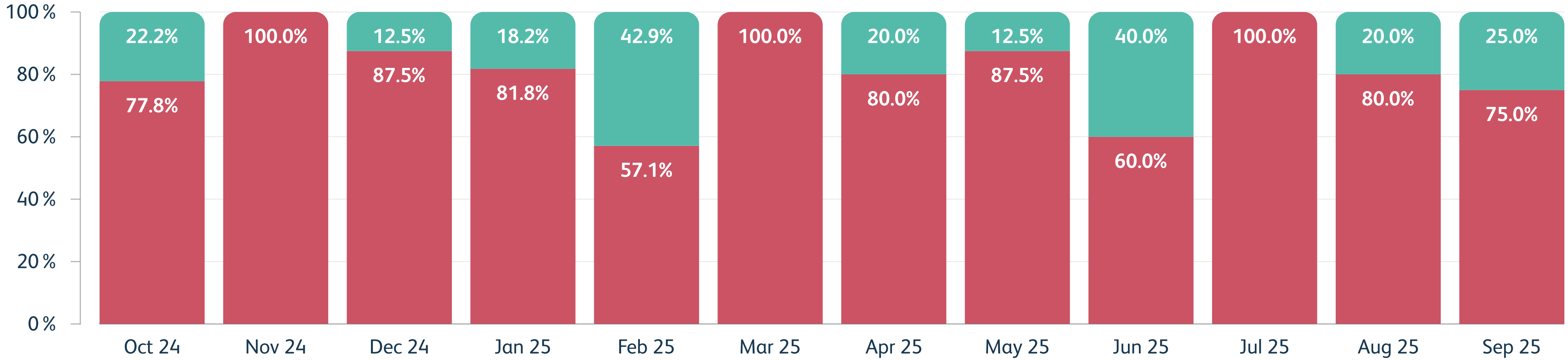
- Employer retirement notifications - notified on-time vs. late
- On-time notification - first payment
- Late notification - first payment

# ACTIVE TO RETIREMENT

## EMPLOYER RETIREMENT NOTIFICATIONS

CLIENT SPECIFIC

**Please note:**
LPPA require at least 30 days notice prior to an active member retirement date, to be able to pay a member their first payment within 30 days of their retirement date. The chart below shows the number / % of on-time notifications vs. the number / % of late notifications from employers in the month (late being received within 30 days or after the retirement date).




| | Oct 24 | Nov 24 | Dec 24 | Jan 25 | Feb 25 | Mar 25 | Apr 25 | May 25 | Jun 25 | Jul 25 | Aug 25 | Sep 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Retirement Notifications | 9 | 11 | 8 | 11 | 7 | 6 | 5 | 8 | 5 | 5 | 5 | 4 |
| Received On-Time (Number) | 2 | 0 | 1 | 2 | 3 | 0 | 1 | 1 | 2 | 0 | 1 | 1 |
| Received On-Time ( % ) | 22.2 % | 0.0 % | 12.5 % | 18.2 % | 42.9 % | 0.0 % | 20.0 % | 12.5 % | 40.0 % | 0.0 % | 20.0 % | 25.0 % |
| Received Late (Number) | 7 | 11 | 7 | 9 | 4 | 6 | 4 | 7 | 3 | 5 | 4 | 3 |
| Received Late ( % ) | 77.8 % | 100.0 % | 87.5 % | 81.8 % | 57.1 % | 100.0 % | 80.0 % | 87.5 % | 60.0 % | 100.0 % | 80.0 % | 75.0 % |

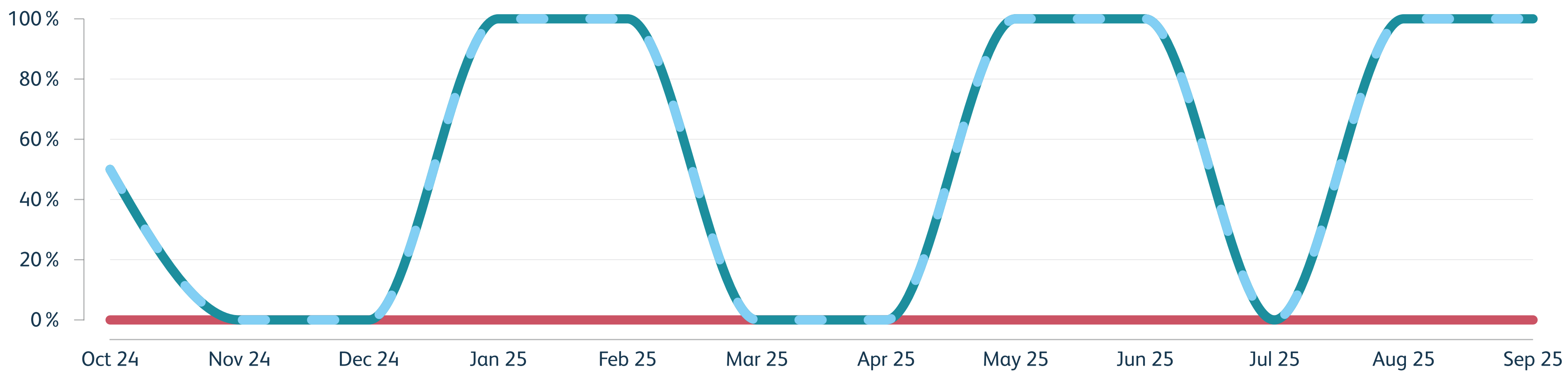
Data based on retirement notifications received from employers in the month.

# ACTIVE TO RETIREMENT

## ON-TIME NOTIFICATION - FIRST PAYMENTS

**CLIENT SPECIFIC**

**Please note:**
Alongside the timeliness of when LPPA are notified of a members intention to retire, there are also other areas impacting the timeliness of when payments are made. The accuracy of retirement information received (typically the calculation of pensionable and/or CARE pay) often result in subsequent queries being raised with an employer. There may also be delays with members returning their retirement forms.




| | Oct 24 | Nov 24 | Dec 24 | Jan 25 | Feb 25 | Mar 25 | Apr 25 | May 25 | Jun 25 | Jul 25 | Aug 25 | Sep 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of payments made where member has an AVC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| No. of payments made with **no** AVC | 2 | 0 | 1 | 2 | 3 | 0 | 1 | 1 | 2 | 0 | 1 | 1 |
| % of payments made within 30 days – with AVC | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| % of payments made within 30 days – **no** AVC | 50.0 % | N/A | 0.0 % | 100.0 % | 100.0 % | N/A | 0.0 % | 100.0 % | 100.0 % | N/A | 100.0 % | 100.0 % |
| % of payments made within 30 days – combined | 50.0 % | N/A | 0.0 % | 100.0 % | 100.0 % | N/A | 0.0 % | 100.0 % | 100.0 % | N/A | 100.0 % | 100.0 % |

Data based on processes completed in the month.
Measurement is based on the earliest payment made, i.e. earliest of first pension payment or lump sum.

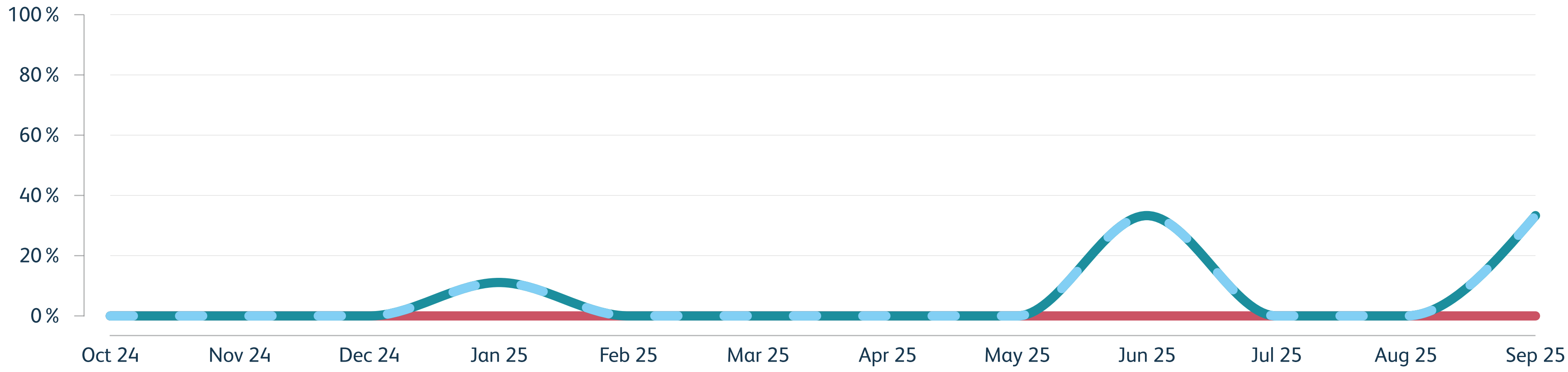
# ACTIVE TO RETIREMENT

## LATE NOTIFICATION - FIRST PAYMENTS

CLIENT SPECIFIC

**Please note:**
% of first payments made within 30 days of retirement date – where LPPA receives the leaver notification from the employer with less than 30 days notice, or after the actual retirement date.






| | Oct 24 | Nov 24 | Dec 24 | Jan 25 | Feb 25 | Mar 25 | Apr 25 | May 25 | Jun 25 | Jul 25 | Aug 25 | Sep 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of payments made where member has an AVC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| No. of payments made with **no** AVC | 7 | 11 | 7 | 9 | 4 | 6 | 4 | 7 | 3 | 5 | 3 | 3 |
| % of payments made within 30 days – with AVC | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.0 % | N/A |
| % of payments made within 30 days – **no** AVC | 0.0 % | 0.0 % | 0.0 % | 11.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 33.3 % | 0.0 % | 0.0 % | 33.3 % |
| % of payments made within 30 days – combined | 0.0 % | 0.0 % | 0.0 % | 11.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 33.3 % | 0.0 % | 0.0 % | 33.3 % |

Data based on processes completed in the month.
Measurement is based on the earliest payment made, i.e. earliest of first pension payment or lump sum.

# Contact Centre Calls Performance



The Contact Centre deals with all online enquiries and calls from members for all funds that LPPA provides administration services for.

**In this section…**

- Wait time range
- Calls answered

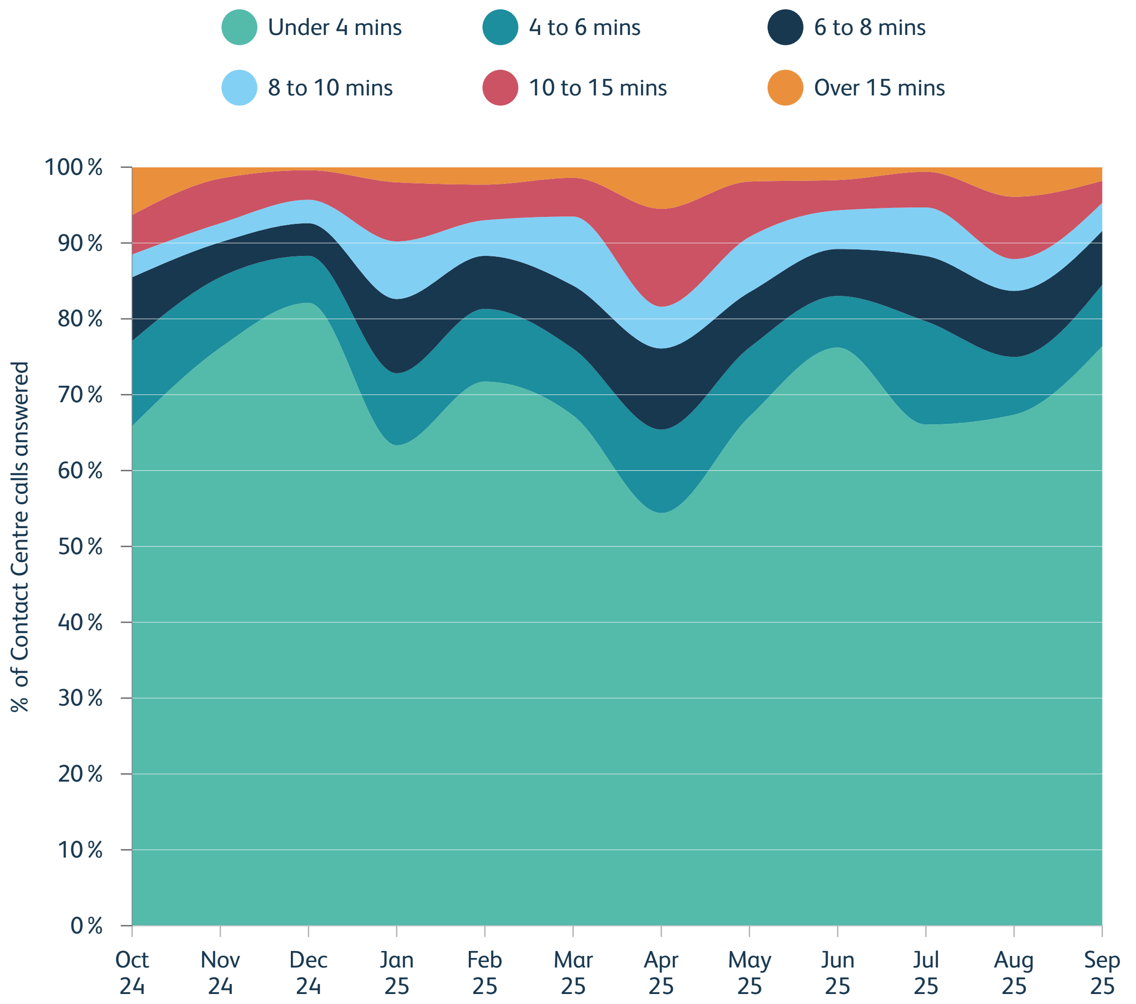
# CONTACT CENTRE CALLS PERFORMANCE

CLIENT SPECIFIC

## WAIT TIME RANGE

Page 34

| | Under 4 mins | 4 to 6 mins | 6 to 8 mins | 8 to 10 mins | 10 to 15 mins | Over 15 mins |
|---|---|---|---|---|---|---|
| Oct 24 | 65.8% | 11.2% | 8.4% | 3.0% | 5.2% | 6.3% |
| Nov 24 | 76.2% | 9.3% | 4.6% | 2.5% | 5.9% | 1.5% |
| Dec 24 | 82.2% | 6.2% | 4.3% | 3.1% | 3.9% | 0.4% |
| Jan 25 | 63.4% | 9.5% | 9.8% | 7.6% | 7.8% | 2.0% |
| Feb 25 | 71.8% | 9.6% | 7.0% | 4.7% | 4.7% | 2.3% |
| Mar 25 | 67.2% | 8.8% | 8.3% | 9.1% | 5.1% | 1.4% |
| Apr 25 | 54.4% | 11.0% | 10.7% | 5.5% | 12.9% | 5.5% |
| May 25 | 67.2% | 9.1% | 7.3% | 7.3% | 7.3% | 1.9% |
| Jun 25 | 76.3% | 6.8% | 6.2% | 5.1% | 4.0% | 1.7% |
| Jul 25 | 66.0% | 13.6% | 8.6% | 6.4% | 4.7% | 0.6% |
| Aug 25 | 67.3% | 7.6% | 8.7% | 4.2% | 8.2% | 3.9% |
| Sep 25 | 76.4% | 8.1% | 7.1% | 3.7% | 2.9% | 1.8% |

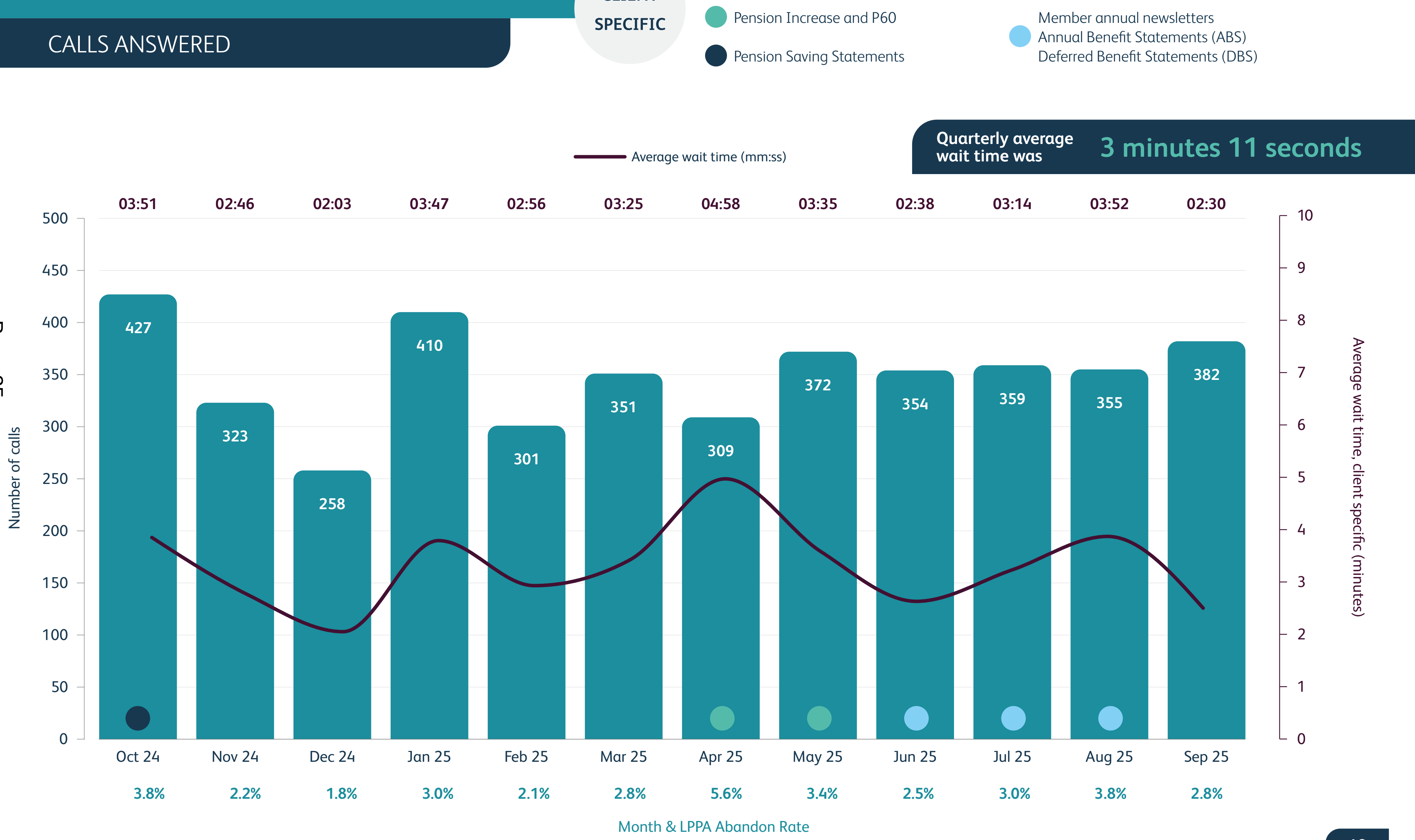


# CONTACT CENTRE CALLS PERFORMANCE

CLIENT SPECIFIC

## CALLS ANSWERED

**Please note:**
The graph highlights seasonal activities which deliver higher volumes of in-bound enquiries from members into the Contact Centre.



# Customer Satisfaction Scores



**In this section…**

- Contact Centre calls satisfaction
- Contact Centre calls satisfaction - Agent
- Retirements - Active
- Retirements - Deferred

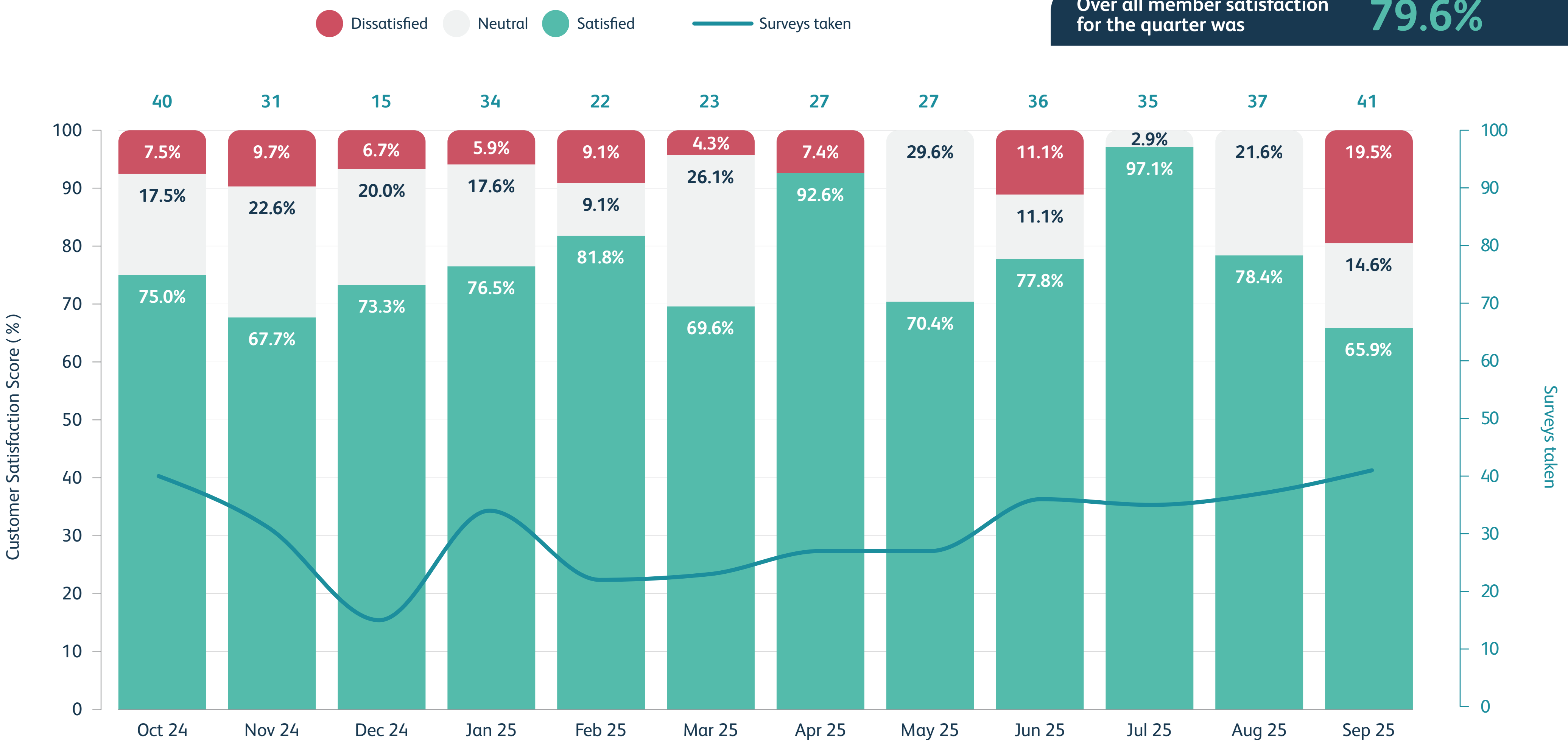
# CUSTOMER SATISFACTION SCORES

CLIENT SPECIFIC

## CONTACT CENTRE CALLS SATISFACTION - OVERALL

**Please note:**
The graph measures monthly member satisfaction with LPPA (“How satisfied are you with the overall service you have received from LPPA?”).

Over all member satisfaction for the quarter was **79.6%**



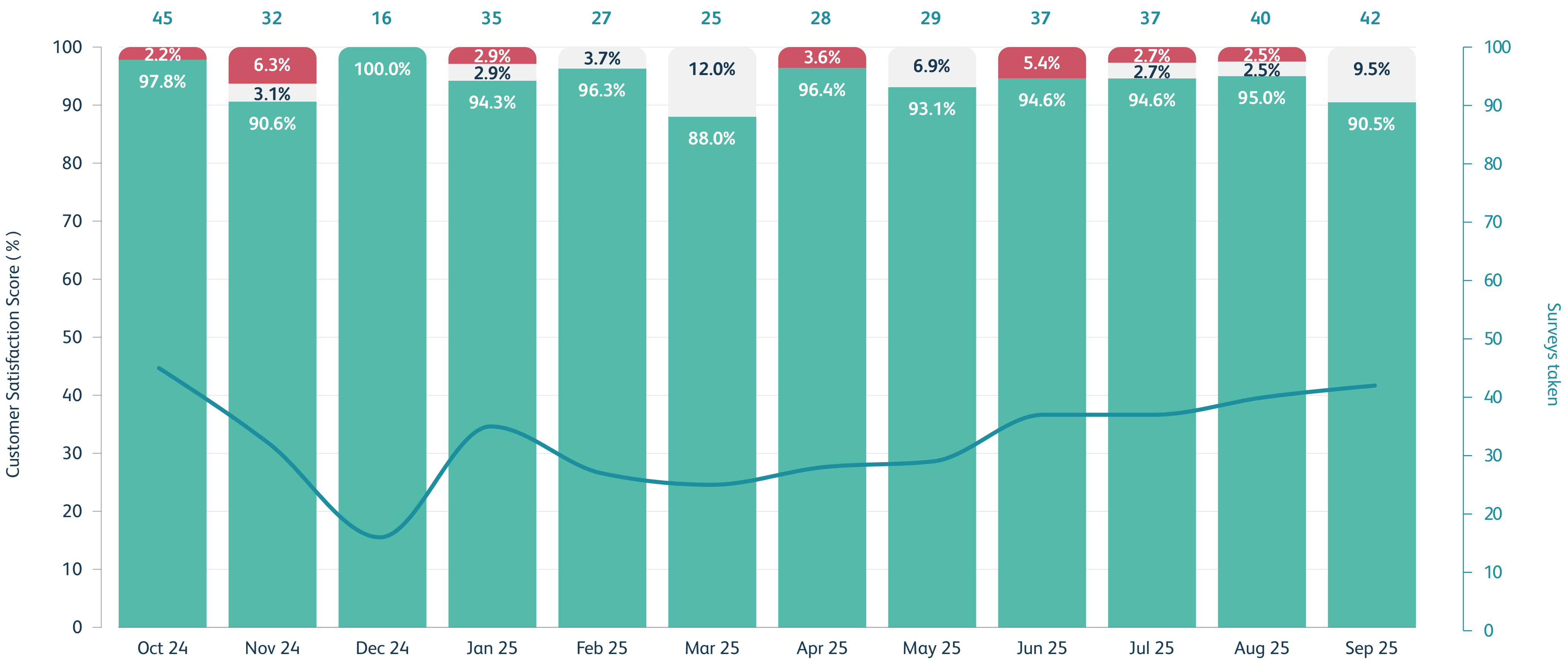
# CUSTOMER SATISFACTION SCORES

## CONTACT CENTRE CALLS SATISFACTION - AGENT

CLIENT SPECIFIC

**Please note:**
The graph measures monthly member satisfaction with the Contact Centre adviser ("In connection with the adviser you have just spoken to, how satisfied are you with the service they provided"?)

Agent specific member satisfaction for the quarter was **93.3%**



# CUSTOMER SATISFACTION SCORES

## RETIREMENTS - ACTIVE

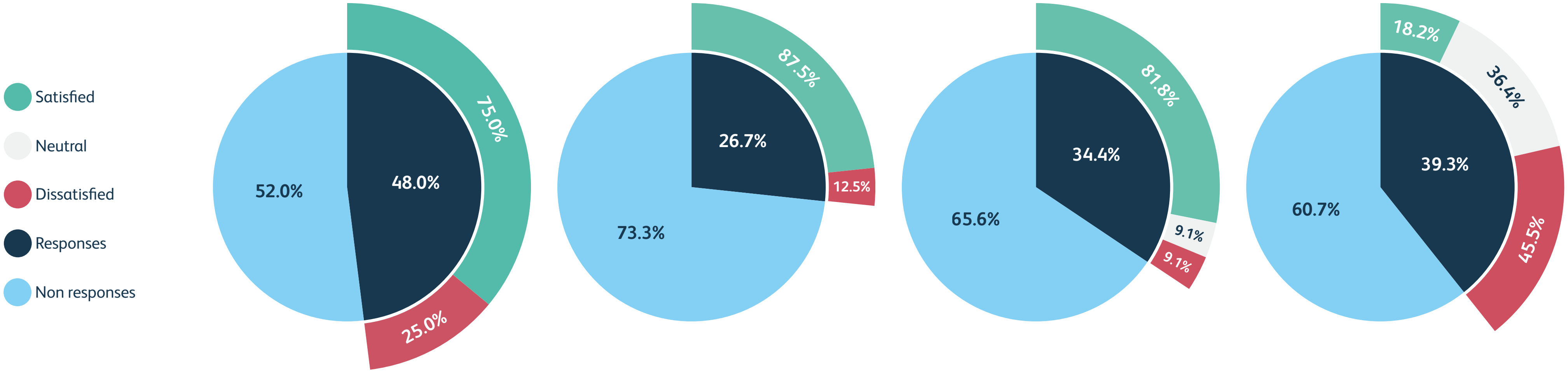
CLIENT SPECIFIC

**Please note:**

Graphs show a breakdown of quarterly retirement surveys:

- Retirements processed / completed (members can have multiple process counts)
- Surveys issued (does not equal retirement processes as not all members provide an email address; members with multiple retirement processes only receive one survey email; ill health retirements do not receive a survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid). We extended this period in Q4, which explains the drop in the number of email surveys issued.
- The satisfaction scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total responses (the true measure of member satisfaction).*






| | Q3 24/25 | | Q4 24/25 | | Q1 25/26 | | Q2 25/26 | |
|---|---|---|---|---|---|---|---|---|
| **Retirements** processed, completed | 30 | | 33 | | 24 | | 25 | |
| **Surveys issued** and as a % of retirements | 25 | 83.3% | 30 | 90.9% | 32 | 133.3% | 28 | 112.0% |
| Satisfied Responses (as a % of surveys issued) | 9 | 36.0% | 7 | 23.3% | 9 | 28.1% | 2 | 7.1% |
| Dissatisfied Response (as a % of surveys issued) | 3 | 12.0% | 1 | 3.3% | 1 | 3.1% | 5 | 17.9% |
| **Non responses** and as a % of surveys issued | 13 | 52.0% | 22 | 73.3% | 21 | 65.6% | 17 | 60.7% |
| **Responses** and as a % of surveys issued | 12 | 48.0% | 8 | 26.7% | 11 | 34.4% | 11 | 39.3% |
| **Satisfied responses** and as a % of responses | 9 | 75.0% | 7 | 87.5% | 9 | 81.8% | 2 | 18.2% |
| **Neutral responses** and as a % of responses | 0 | 0.0% | 0 | 0.0% | 1 | 9.1% | 4 | 36.4% |
| **Dissatisfied Responses** and as a % of responses | 3 | 25.0% | 1 | 12.5% | 1 | 9.1% | 5 | 45.5% |

*More information on data / results are included in the Definitions page earlier in this report.

# CUSTOMER SATISFACTION SCORES

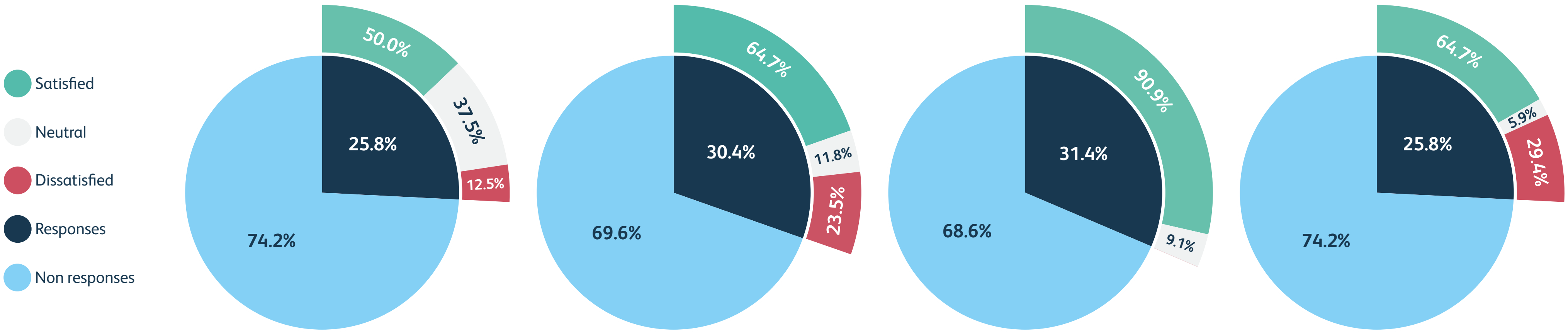
## RETIREMENTS - DEFERRED

CLIENT SPECIFIC

**Please note:**

Graphs show a breakdown of quarterly retirement surveys:

- Retirements processed / completed (members can have multiple process counts)
- Surveys issued (does not equal retirement processes as not all members provide an email address; members with multiple retirement processes only receive one survey email; ill health retirements do not receive a survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid). We extended this period in Q4, which explains the drop in the number of email surveys issued.
- The satisfaction scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total responses (the true measure of member satisfaction).*




| | Q3 24/25 | | Q4 24/25 | | Q1 25/26 | | Q2 25/26 | |
|---|---|---|---|---|---|---|---|---|
| **Retirements** processed, completed | 75 | | 60 | | 38 | | 67 | |
| **Surveys issued** and as a % of retirements | 62 | 82.7% | 56 | 93.3% | 35 | 92.1% | 66 | 98.5% |
| Satisfied Responses (as a % of surveys issued) | 8 | 12.9% | 11 | 19.6% | 10 | 28.6% | 11 | 16.7% |
| Dissatisfied Response (as a % of surveys issued) | 2 | 3.2% | 4 | 7.1% | 0 | 0.0% | 5 | 7.6% |
| **Non responses** and as a % of surveys issued | 46 | 74.2% | 39 | 69.6% | 24 | 68.6% | 49 | 74.2% |
| **Responses** and as a % of surveys issued | 16 | 25.8% | 17 | 30.4% | 11 | 31.4% | 17 | 25.8% |
| **Satisfied responses** and as a % of responses | 8 | 50.0% | 11 | 64.7% | 10 | 90.9% | 11 | 64.7% |
| **Neutral responses** and as a % of responses | 6 | 37.5% | 2 | 11.8% | 1 | 9.1% | 1 | 5.9% |
| **Dissatisfied Responses** and as a % of responses | 2 | 12.5% | 4 | 23.5% | 0 | 0.0% | 5 | 29.4% |

*More information on data / results are included in the Definitions page earlier in this report.

PensionPoint

# Member Online Portal

**In this section…**

- Total members registered
- Member Log Ins

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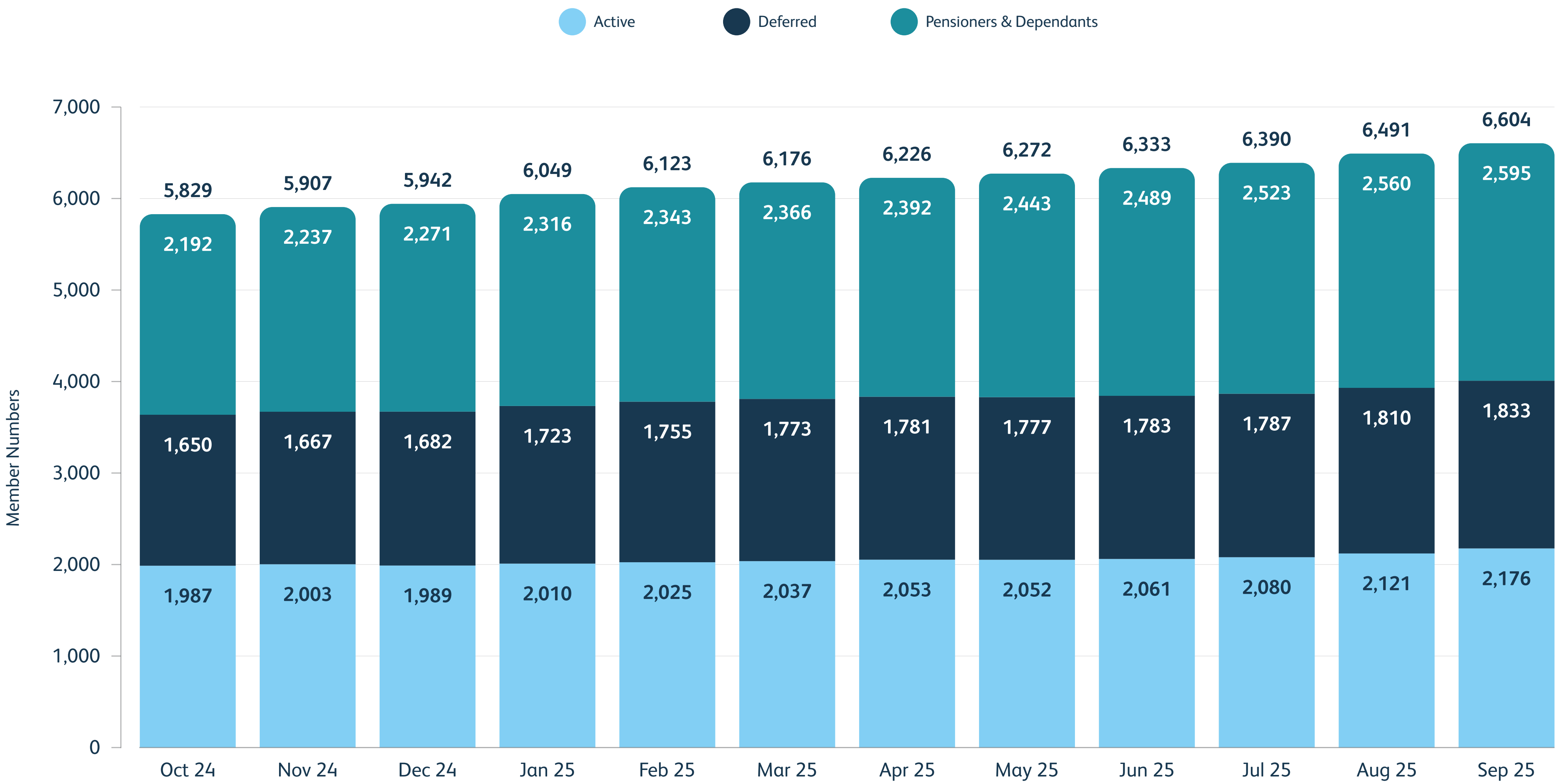
# MEMBER ONLINE PORTAL

CLIENT SPECIFIC

## TOTAL MEMBERS REGISTERED

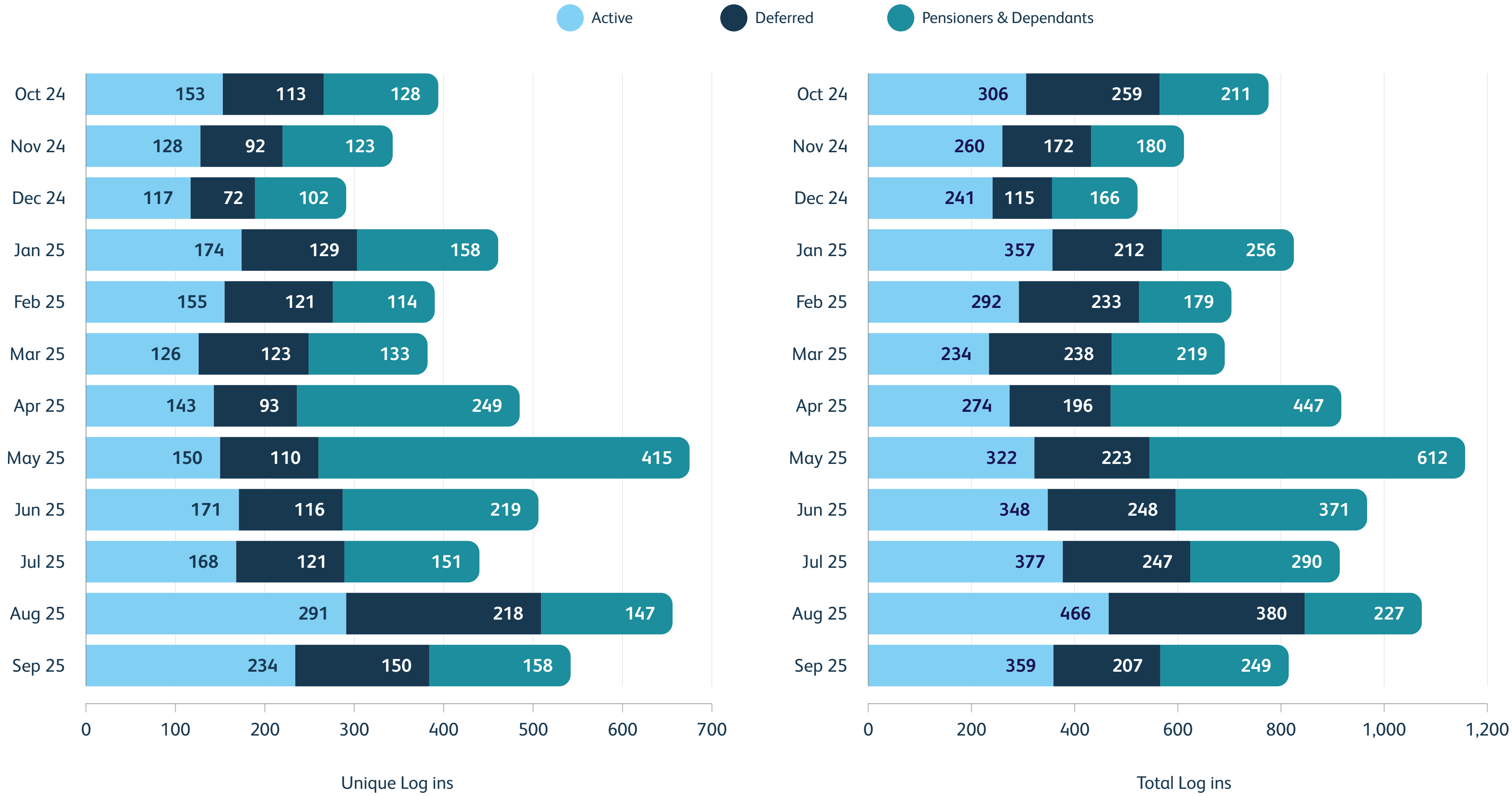


# MEMBER ONLINE PORTAL

CLIENT SPECIFIC

## MEMBER LOG INS





# Employer Engagement & Member Communication Activity



**In this section…**

- Delivered
- Scheduled
- Engagement communications (employers & members)

# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

ALL LG CLIENTS

## Delivered

- LPPA won the Pension Administration Award (2 October) at the 2025 LAPF Investment Awards. The award acknowledged LPPA's operational service performance across the previous 12 months and recognised the positive impact of AI and automation within the business. Other nominees were Essex pension fund, Greater Manchester pension fund, NE Scotland pension fund, Surrey pension fund and West Yorkshire pension fund.
- Member training sessions were delivered, including Making Sense of Your (LGPS) Pension (to support new joiners in understanding their LGPS pension), and Making Sense of Your Retirement (to prepare members in their plans for retirement).

  Training sessions were successfully delivered to support employers including:
  - Monthly Returns (successfully submitting files and resolving data queries).
  - LGPS Scheme Essentials (including support with calculating final pay, CARE pay and assumed pensionable pay).
  - Employer Responsibilities (support with ongoing pension administration responsibilities).
  - Absence and Ill Health (support with managing different types of absence in the LGPS).
- The 2025 active and deferred online member newsletter was emailed to members and also published on the LPPA website. The content covered the following topics:
  1. Understanding your ABS
  2. Pension increases/CARE revaluation
  3. The extra benefits of your workplace pension
  4. Popular pension topics (tax on your pension, retirement tips and registering for PensionPoint)
  5. Age discrimination remedy (McCloud)
  6. How life events impact your pension (link to new web section)
- ABS documents were produced and uploaded to members online PensionPoint accounts (documents were issued in the post to members who requested a paper copy, and if no email address was available).
- Information on the McCloud Remedy was updated on the LPPA website for LGPS members.
- The LPPA website was updated in Q2 to include information on UPM Employer Portal improvements (including simpler leaver form; data validation checks; real-time member quotes)
- Pension Pulse (employer newsletter) was issued in Q2 with features on:
  a. Employer portal updates – summary of delivered and planned improvements.
  b. ABS toolkit - reminder of ready-made communications on topics including nominating beneficiaries, annual benefit statements and retirement.
  c. Access and fairness consultation – details of the Government's consultation on changes to the Local Government Pension Scheme (LGPS) to improve scheme fairness and access.
- A 'Pension Awareness Week' email campaign was issued to members in September, promoting the benefits of registering for PensionPoint, which generated a significant number of new registrations.
- A 'key employer strategy' was launched to larger employers (over 1,000 active members), with a focus on improving the timeliness and accuracy of monthly returns, and the submission of retirement notifications at least 30 days before the employees' retirement date.
- A number of new surveys were piloted in Q2, including an employer satisfaction survey and a new joiner survey (targeted at members who joined the scheme in the previous six months).
- Two new member panel surveys were sent out in Q2. A general survey to all new panel members (sent in July) and a PensionPoint survey (sent in August) – both providing valuable feedback, which we are using to improve LPPA communications.

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# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

ALL LG CLIENTS

## Scheduled

October to December 2025

- McCloud activity will be ongoing in Q3, including making remedy payments to members.
- Further improvements will be made to the LPPA pensions website.
- Pension Pulse (employer newsletter) communications will be issued in Q3.

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# EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

CLIENT SPECIFIC

## Employers

| Date | Activity | Employer | Number in attendance |
|---|---|---|---|
| 30 Sep | Scheme Leavers | London Borough of Hammersmith & Fulham | 1 |

## Members

| Date | Activity | Employer | Number in attendance |
|---|---|---|---|
| 14 Jul | Making Sense of Your Pension | HFPF Members | 3 |
| 15 Jul | Making Sense of Retirement | HFPF Members | 3 |
| 08 Sep | Making Sense of Your Pension | HFPF Members | 2 |
| 09 Sep | Making Sense of Retirement | HFPF Members | 3 |

# Data Quality

**In this section…**

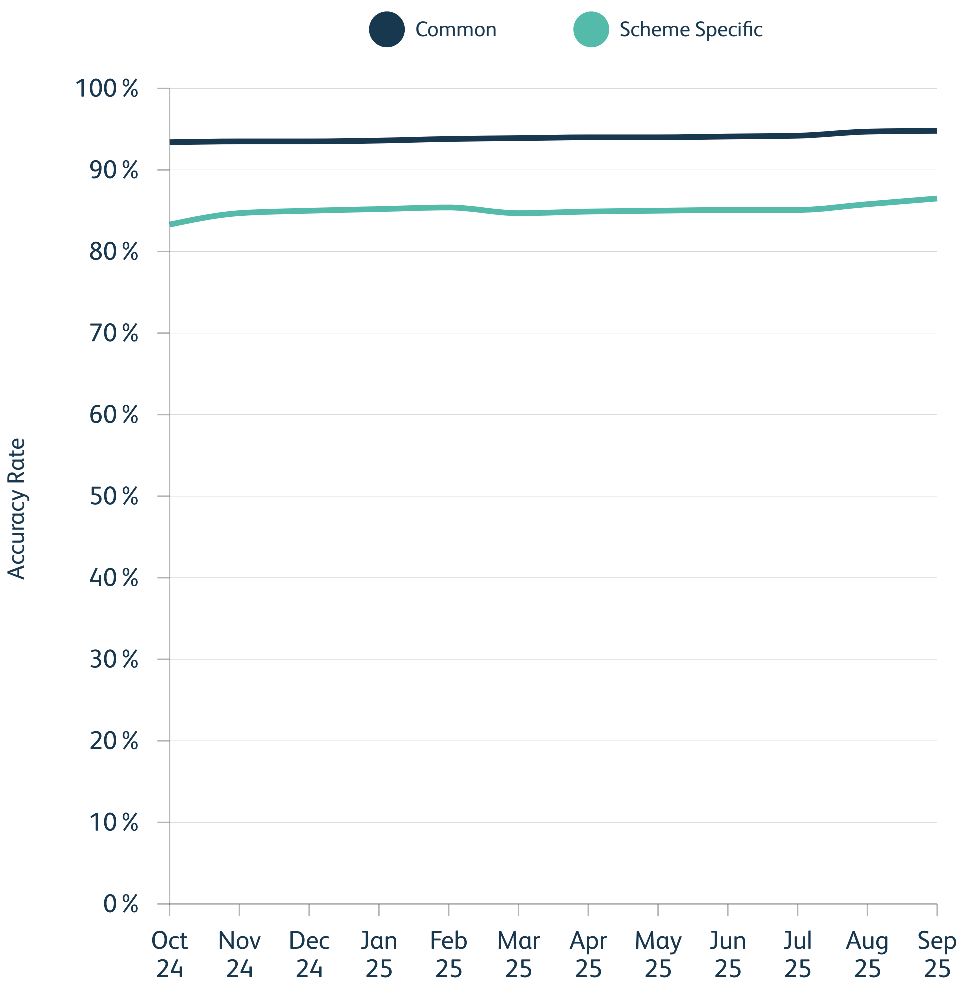
- TPR data scores
- Common data
- Scheme specific data

# DATA QUALITY

CLIENT SPECIFIC

## TPR DATA SCORES






| | Common (Target 95 % ) | Scheme Specific (Target 90 % ) |
|---|---|---|
| Oct 24 | 93.4% | 83.3% |
| Nov 24 | 93.5% | 84.7% |
| Dec 24 | 93.5% | 85.0% |
| Jan 25 | 93.6% | 85.2% |
| Feb 25 | 93.8% | 85.4% |
| Mar 25 | 93.9% | 84.7% |
| Apr 25 | 94.0% | 84.9% |
| May 25 | 94.0% | 85.0% |
| Jun 25 | 94.1% | 85.1% |
| Jul 25 | 94.2% | 85.1% |
| Aug 25 | 94.7% | 85.8% |
| Sep 25 | 94.8% | 86.5% |

# END OF QUARTER DATA QUALITY
## (TPR SCORES)

CLIENT SPECIFIC



## COMMON DATA

CLIENT SPECIFIC

| Data Item | Active | Deferred | Pensioner / Dependant |
|---|---|---|---|
| Invalid or Temporary NI Number | 3 | 22 | 20 |
| Duplicate effective date in status history | 0 | 6 | 3 |
| Gender is not Male or Female | 0 | 1 | 0 |
| Duplicate entries in status history | 22 | 32 | 5 |
| Missing (or known false) Date of Birth | 0 | 0 | 0 |
| Date Joined Scheme greater than first status entry | 0 | 3 | 1 |
| Missing Surname | 0 | 0 | 0 |
| Incorrect Gender for members title | 0 | 0 | 0 |
| Invalid Date of Birth | 4 | 0 | 0 |
| No entry in the status history | 0 | 0 | 0 |
| Last entry in status history does not match current status | 43 | 8 | 1 |
| Member has no address | 56 | 632 | 87 |
| Missing Forename(s) | 0 | 0 | 0 |
| Missing State Retirement Date | 0 | 1 | 0 |
| Missing postcode | 51 | 644 | 111 |
| Missing Date Joined Pensionable Service | 0 | 1 | 0 |
| Total Fails | 179 | 1,350 | 228 |
| Individual Fails | 128 | 706 | 141 |
| Total Members | 5,050 | 7,180 | 6,342 |
| Accuracy Rate | 97.5% | 90.2% | 97.8% |
| Total Accuracy Rate | | | 94.8% |

## SCHEME SPECIFIC DATA

CLIENT SPECIFIC

| Data Item | Fails |
|---|---|
| Divorce Records | 0 |
| Transfer In | 42 |
| AVCs/Additional Contributions | 38 |
| Deferred Benefits | 4 |
| Tranches (DB) | 30 |
| Gross Pension (Pensioners) | 29 |
| Tranches (Pensioners) | 204 |
| Gross Pension (Dependants) | 4 |
| Tranches (Dependants) | 20 |
| Date of Leaving | 86 |
| Date Joined Scheme | 87 |
| Employer Details | 2 |
| Salary | 516 |
| Crystallisation | 110 |
| CARE Data | 51 |
| CARE Revaluation | 1 |
| Annual Allowance | 541 |
| LTA Factors | 231 |
| Date Contracted Out | 87 |
| Pre-88 GMP | 548 |
| Post-88 GMP | 586 |
| Total Fails | 3,217 |
| Individual Fails | 2,514 |
| Total Members | 18,572 |
| Accuracy Rate | 86.5% |

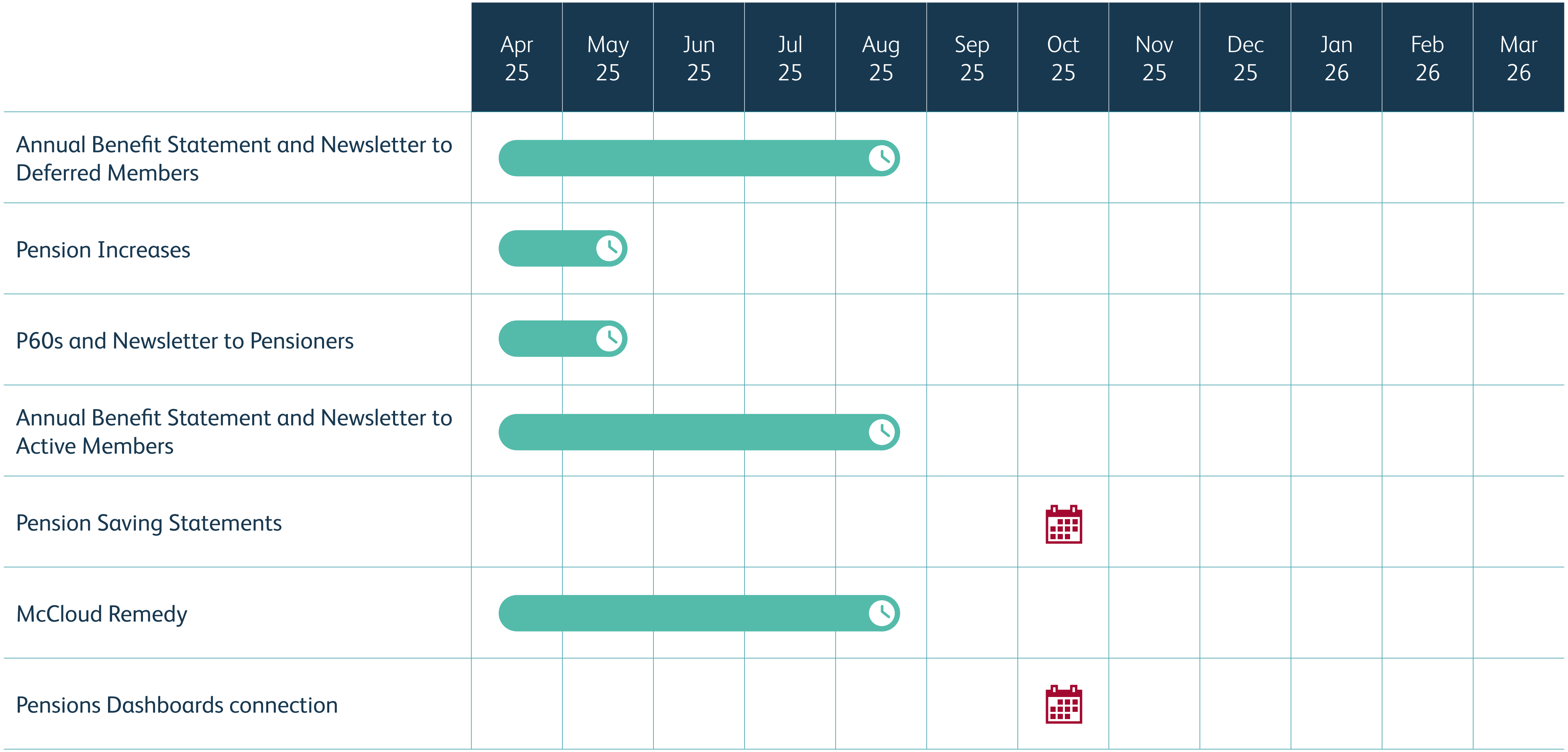
# Appendices



**In this section…**

- Appendix A - Annual Activity

# APPENDIX A
# LPPA ANNUAL ACTIVITY

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# LPP

Local Pensions Partnership
Administration

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

**Report to: Pension Fund Committee**

**Date:** 25/11/2025

**Subject:** Pension Administration Update

**Report author:** **Eleanor Dennis, Head of Pensions**

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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## SUMMARY

One of the key priorities for the Hammersmith & Fulham LGPS Fund is to pay and administer the pensions of its members and their beneficiaries. The Hammersmith & Fulham Pension Fund (HFPF) delegates its administration duties to Local Pension Partnership Administration (LPPA). The Fund continues to strive to deliver an efficient and effective service to its stakeholders against a growing trend of an increasing numbers of tasks and challenges. Challenges include increasing complex legislation, managing data, limited resources and difficulty in engaging with employers, which mean some issues will take months or years to resolve fully. This paper provides a summary of activity in key areas of pension administration for the HFPF.

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## RECOMMENDATIONS

The Pension Fund Committee is asked to consider and note the contents of this report.

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**Wards Affected: None**

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| Our Values | Summary of how this report aligns to the H&F Values |
|---|---|
| Being ruthlessly financially efficient | Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for pension fund members, the Council and the council tax payer. |

## Finance Impact

The costs of the contract for the pensions administration service, including costs of additional work commissioned and provided by LPPA are met from the Pension Fund. The expenditure for this service in 2024/25 is estimated at £620,000.

Sukvinder Kalsi, Director of Finance 6th November 2025

## Legal Implications

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund "is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations". Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date.

Joginder Singh Bola, Senior Solicitor (Contracts and Procurement) 6 November 2025

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## Background Papers Used in Preparing This Report

**None**

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**DETAILED ANALYSIS**

## Analysis of Pension Administration

The Hammersmith & Fulham Pension Fund began its partnership with the Local Pension Partnership Administration (LPPA) on 28 January 2022.

1. The service delivered by LPPA has improved but remains closely monitored by the LBHF Head of Pensions to ensure the best interests of the members and beneficiaries are met. LPPA are committed to continually improving the service going forward with more automation, higher staff retention, regular training for their staff and better engagement via an annual client and employer forum.

**Update on key areas**

2. Employers – Engagement from employers on monthly files being submitted remain very good. The LBHF pension team has collaborated with LPPA to increase the engagement with employers, to ensure that this does not lead to a backlog of unsubmitted monthly files and is enforcing fines in line with the pension administration strategy to maximise compliance from employers. Employer will be asked for their views on the funding strategy statement which will be considered prior to the publishing of the final draft presented to Committee.

3. Member – Member satisfaction survey responses remain low and dissatisfaction has increased. Surveys from deferred retirements in Q2 saw 11 members satisfied and 5 dissatisfied compared with Q1 which saw 10 satisfied members 0 dissatisfied. Active retirements in Q2 saw 2 satisfied responses with 5 dissatisfied and 60.7% not responding, Q1 saw 9 satisfied with 1 response dissatisfied with 65.6% not responding.

4. Complaints – LPPA dealt with 9 complaints in Q2 for the Hammersmith & Fulham compared with 12 in Q1. These were mainly around lack of communication in transfers and AVC's. In addition, there were 2 formal complaints dealt with by LPPA regarding delays and communication in processing transfers. LPPA continue to review complaint trends and implement training courses where appropriate i.e. to the helpdesk.

5. Helpdesk – The number of calls to the LPPA Helpdesk continued to fall as Q2 saw 1096 calls received compared 1035 in Q1. The average call waiting time also fell in Q2 to 3 minutes 11 secs from 3 mins 40 secs in Q1. The call abandonment rate increased to 2.8% at the end of Q2 across all calls. with most people satisfied with their engagement with the helpdesk.

6. Communications – LPPA have issued a newsletter to active and deferred members. This year's newsletter highlights understanding your pension and tax, planning for retirement and explaining the impact of the McCloud remedy. The Head of Pensions continues to receive positive feedback for those attending the pre retirement sessions run by Affinity Connect and attendance numbers have increased. LPPA won "Best Pension Administrator" at this year's UK Pensions Awards and Hackney has joined as LPPA's 19th client.

7. Member engagement – The end of Q2 saw 6,604 increasing number of members engaging with pension portal up from 6333 at the end of Q1. There were 124 opt outs during Q2.

8. Pension savings statements – LPPA have issued pension saving statements to just 5 members of the LBHF pension fund who breached the £60,000 annual allowance limit.

9. Auto Enrolment – Re-enrolment for the fund took place in August 2025 where 2935 employees were assessed, from this exercise 130 opted out and 47 rejoined the 50/50. A declaration on our duties will be made to The Pension Regulator ahead of the December 2025 deadline.

10. Valuation – All fund employers have been sent their reports with their draft contribution rates, which have all fallen. We await any feedback on these. In the past the response rate has been low. In the future we may wish to present these more formally to our fund employers to increase engagement and understanding.

11. Regulatory – There are a number of regulatory issues impacting the Hammersmith & Fulham pension fund the key ones are below ;

    **McCloud** - LPPA have confirmed that they have started to make their first underpin payments to members who are due a McCloud remedy. Members will have the option to receive payment in respect of the McCloud underpin as a lump sum on request.

    **Pensions Dashboard** – The connection deadline date for the Fund is 31 October 2025, there is no date yet set for public access, 2027 is a possible go live date. The Pension Regulator is expected to reach out to funds via a survey to check in on readiness. It was disappointing to hear that LPPA advised that their software provider Civica did not meet the October 2025 deadline and instead will work towards completion by mid December 2025. The pension regulator has been advised. Our AVC provider Scottish Widows has confirmed they are still working through aspects of compliance and connectivity of AVC provider is proving problematic across the board.

    **Pension Consultation** – Open pension consultations relevant to the LGPS include Local Government Pension Scheme (LGPS) in England and Wales: Access and Fairness this closes on 22 December 2025. This focuses on allowing for a protected minimum retirement age for those who joined the LGPS prior to November 2021, opening access to the LGPS to councillors and mayors. Consolidation of Multi-academy trusts employers in the fund and members working for fair deal employer protecting their LGPS pension rights and less costs for the employer as a bond may no longer be a mandatory required to be in place for the fair deal employer.

    **The Pension Regulator –** Closed it's enforcement strategy consultation in November 2025. Recognising the need to align with the changing pensions landscape sought views on how they will regulate and it's revised enforcement approach.

    **The Pensions Bill** – Aside from focus on the mandatory introduction of investment pooling and the asset management for LGPS funds. The Bill also highlights the needs for regular independent governance reviews with particularly focus on administration performance and effectiveness, the ability to mandate on compulsory merger of funds and the requirement of a single senior LGPS officer responsible for the management, business planning, strategy, training and administration of the Fund. As well as ensuring that the budget setting of the

Fund is separate to that of the administering authority. LBHF will create this new role next year.

12. Audit – All enquiries of the 2024/25 audit are complete, however there was an additional charge made to LPPA of £1,943 (excluding VAT) for the time spent with auditors. Grant Thornton are reviewing if the independent audit report on LPPA is sufficient assurance for future audits.

13. The LBHF inhouse team saw 3 new permanent team members join and continue to work through a backlog over 114 outstanding queries. The Head of Pensions continues with ongoing recruitment to increase the teams resilience and improve service delivery. Facing the challenges of colleagues in other LGPS funds of scarce experienced resource and an increasing fast paced legislative change.

14. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds. The Fund has had to write off approx. £2,391 in Q2 due to overpaid pensions from deceased members.

15. Scheme management planning – The next schedule meeting is a full pension committee on 24th March 2026, which will include full valuation results and the funding strategy statement.

### Conclusion

The pension administration service delivered by LPPA shows signs of continuous improvement. LPPA do however to take onboard constructive feedback and are keen to improve.

## Equality Implications

12. None

## Consultation

15. None

### Appendices

**None**

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

**Report to:** **Pension Fund Committee**

**Date:** **25/11/2025**

**Subject:** **Pension Fund Cessations**

**Report author:** **Eleanor Dennis, Head of Pensions**

**Responsible Director:** Sukvinder Kalsi, Director of Finance

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**SUMMARY**

This paper sets out the pension fund cessations for the Hammersmith & Fulham Pension Fund. The Pension Fund Committee is asked to consider and note the contents of this report.

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**RECOMMENDATIONS**

1. To agree that this report Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

2. The Pension Fund Committee is asked to approve the payment of a surplus to Morgan Sindall Group in respect of both Lot 1 and Lot 2.

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**Wards Affected: None**

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| **Our Values** | **Summary of how this report aligns to the H&F Values** |
|---|---|
| Being ruthlessly financially efficient | Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer. |

## Financial Impact

There are no direct financial implications as a result of this report. The refund of employer contributions made to the employer are met from the Pension Fund.

Sukvinder Kalsi, Director of Finance, 30th October 2025

## Legal Implications

## None

## Background Papers Used in Preparing This Report

**None**

**DETAILED ANALYSIS**

## Proposals and Analysis of Options

1. There are 2 employer cessations due from the Hammersmith & Fulham Pension Fund both have a recommendation for an exit credit to be paid for consideration by the Committee.

2. The Recommendation is made after consultation with both the Fund actuary and fund employer and after reviewing our Funding strategy.

## Reasons for Decision

1. The decisions taken are in accordance with the actuarial advice provided to the pension Fund in line with the Fund's funding strategy.

**LIST OF APPENDICES**

Exempt Appendix 1 – Hammersmith & Fulham Pension Fund Cessations
Exempt Appendix 2 – Cessation valuation Report for Morgan Sindall Group (Lot 1)
Exempt Appendix 3 - Cessation valuation Report for Morgan Sindall Group (Lot 2)

**Z**

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

**Report to:** Pension Fund Committee

**Date:** 25 November 2025

**Subject:** Responsible Investment Update

**Report author:** Siân Cogley, Pension Fund Manager

**Director:** Phil Triggs, Tri-Borough Director of Treasury and Pensions

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**SUMMARY**

The Pension Fund's Responsible Investment Policy is founded on ESG integration, stewardship and alignment with the long-term interests of beneficiaries. While climate change remains the Fund's most material ESG challenge, recent geopolitical conflicts have raised new questions around responsible ownership, particularly in relation to the Middle East conflict and exposure to the defence sector.

The purpose of this paper is to finalise the addendum to the Pension Fund's Responsible Investment Statement to set out the Fund's approach to conflict linked investments, clarify expectations for investment managers, and establish a transparent framework for decision-making.

**Recommendations**

1. That the Pension Fund Committee approve the Responsible Investment Statement 2025 with the Addendum on Conflict and Human Rights for publication and, should there be any changes requested, delegate the approval of the final versation to the Director of Treasury and Pensions in consultation with the Chair.

**Wards Affected:** None

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| **Our Values** | **Summary of how this report aligns to the H&F Values** |
| --- | --- |
| Being ruthlessly financially efficient | Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer. |

**Financial Impact**

None

## DETAILED ANALYSIS

### 1. Background

1.1 At the 9 September 2025 meeting, the Committee reviewed the Fund's Responsible Investment Policy in the context of recent geopolitical developments and the Fund's exposure to defence-related holdings. The existing Responsible Investment approach remains grounded in ESG integration, effective stewardship, and alignment with the long-term interests of scheme members, with climate change continuing to represent the most significant systemic risk to the portfolio.

1.2 The Committee acknowledged that recent global conflicts have raised new questions regarding responsible ownership, particularly in relation to investments linked to defence and security sectors. In considering these issues, the Committee emphasised the need to balance humanitarian considerations, fiduciary responsibility, and the importance of a consistent, transparent decision-making framework.

1.3 To support this approach, a three-tier investment classification methodology was proposed to distinguish between holdings with:

(1) no grounds for divestment;
(2) exposure that requires further scrutiny and engagement; and
(3) reasonable grounds for divestment where links to controversial activities are evidenced.

1.4 This framework is intended to provide clarity and support structured, evidence-based discussion.

1.5 The Committee also discussed incorporating a new Conflict and Human Rights section into the Responsible Investment Strategy. This would formally reference international humanitarian law, UN Global Compact principles and LAPFF guidance, and would introduce clearer expectations around investment manager disclosure and engagement reporting.

1.6 Appendix 1 sets out the Responsible Investment Statement with the Addendum on Conflict and Human rights, which has been revised following the discussion of the Pension Fund Committee on 9 September 2025.

1.7 The policy will be updated again after the final enactment of the Pensions Schemes Bill and the results of the 2025 triennial valuation.

### 2. The Role of the London Collective Investment Vehicle (LCIV)

2.1 On the 17 September 2025, the London CIV updated its position with regard to the Responsible Investment policies of their partner funds in a statement made to London local authority pension committee chairs, S151 officers and officers.

2.2 London CIV has reaffirmed that the responsibility for determining Responsible Investment policies lies with individual Partner Funds through their pension committees. These policies are likely to remain in effect for some time after the reforms under the proposed Pension Schemes Bill are enacted and the London CIV's role is to support the implementation of these policies by managing pooled investment vehicles, overseeing fund managers, and coordinating stewardship and engagement activity.

2.3 Where Partner Funds make changes to their RI policies, including decisions relating to exclusions or divestment, London CIV will work to ensure that portfolios are adjusted accordingly. London CIV emphasised that its fiduciary duty is to ensure the sustainable delivery of pension benefits, while engagement is employed to promote improved governance, human rights due diligence, and responsible corporate conduct.

2.4 The Pool is developing a Responsible Investment matrix to help Partner Funds align policy decisions with investment options in a clear and structured manner.

**APPENDIX**

Appendix 1: Responsible Investment Statement 2025 and Addendum

# Responsible Investment Statement

London Borough of Hammersmith and Fulham Pension Fund ● 2025

# Table of Contents

# Introduction

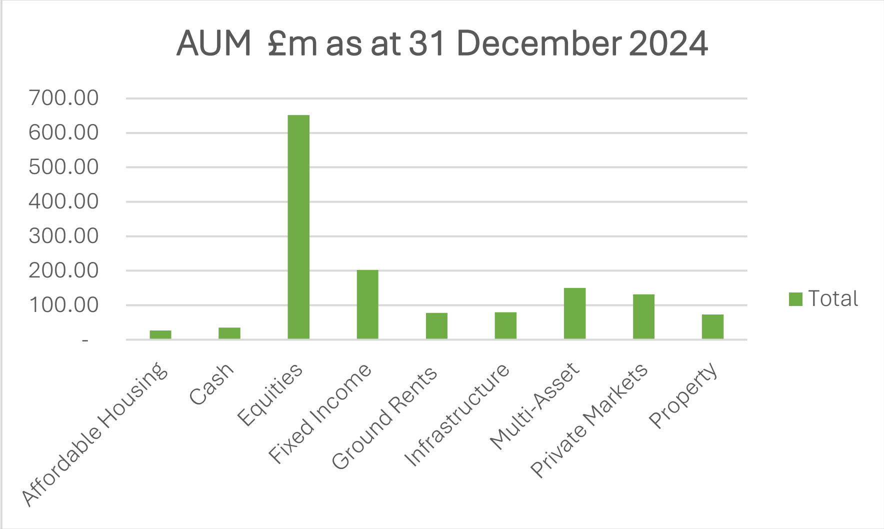
**What is the Pension Fund?**

The London Borough of Hammersmith and Fulham Pension Fund, part of the national Local Government Pension Scheme (LGPS), is administered by London Borough of Hammersmith and Fulham Council. This contributory defined benefit scheme provides benefits to current and former employees of the Council and affiliated bodies.

The Fund is financed through employee and employer contributions, including those from the Council and affiliated bodies, as well as investment returns. Contribution rates are set every three years by the Fund's actuary during the actuarial valuation. The latest valuation showed an increase in the Fund's funding level from 97% in 2019 to 105% in 2022. The key factors for this improvement were strong investment returns and additional deficit recovery payments from the Council.

**What is the Pension Fund Invested in?**

The London Borough of Hammersmith and Fulham Pension Fund is invested across various asset classes, including equities, bonds, property, infrastructure, private markets, and renewables. This diversified approach helps balance expected returns with volatility while ensuring pension liabilities are met as they become due. As at 31 December 2024, the market value of the Pension Fund was £1.4bn



# Responsible Investment Policy

## Introduction

Responsible Investment is defined by the United Nation's 'Principles for Responsible Investment' document as an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long-term returns.

The London Borough of Hammersmith and Fulham Pension Fund is committed to being a responsible investor and a long-term steward of the assets in which it invests. The Fund has a fiduciary duty to act in the best interests of its beneficiaries and this extends to making a positive contribution to the long-term sustainability of the global environment.

There are a wide range of ESG issues, with none greater currently than climate change and carbon reduction. The Pension Fund recognises climate change as the biggest threat to global sustainability alongside its administering authority employer, Hammersmith and Fulham, which has committed itself to achieving carbon neutrality by 2030.

The Pension Fund acknowledges that the neglect of corporate social responsibility and poor attention paid to environmental, social and governance issues is more likely to lead to poor or reduced shareholder returns. Therefore, the ESG approach has become integral to the Fund's overall investment strategy and recognises ESG factors as central themes in measuring the sustainability and impact of the Fund's investments

## Policy Implementation

The Pension Fund Committee delegates investment selection decisions to its investment managers, maintaining a policy of non-interference in their day-to-day processes. However, the Committee evaluates managers' ability to integrate Environmental, Social, and Governance (ESG) factors into investment decisions during their appointment.

This assessment includes verifying the presence of a Responsible Investment policy, ESG integration in investment processes, adherence to responsible investment frameworks (e.g., UN PRI), compliance with the Financial Reporting Council's Stewardship Code, active engagement with global companies to promote best practices, and transparent ESG reporting.

The Committee seeks advice from internal and external advisors with relevant expertise. Investment advisors assess ESG considerations during due diligence, evaluating active managers on how ESG factors influence selection, retention, and divestment decisions. For passive managers, the focus is on index construction and responsible investment policies, ensuring ESG concerns are addressed through engagement with companies. Additionally, the assessment considers the effectiveness of voting rights in line with ESG policies, the presence of specialist ESG teams, and the integration of ESG risk assessment into portfolio selection.

Investment managers are expected to follow best practices and use their influence to promote responsible investment. Investee companies must comply with all relevant laws and regulations at a minimum.

Investment Beliefs

The London Borough of Hammersmith and Fulham Pension Fund Investment Strategy Statement (ISS) sets out the Fund's policy on investment, risk management, LGPS pooling and environmental, social and governance issues. Alongside this, governing all investment decisions are the Committee's core investment beliefs, which have been established based on the views of the members. The Fund formally reviewed their Investment Beliefs in March 2023. These beliefs will form the foundation of discussions, and assist decisions regarding the Fund's structure, its strategic asset allocation and selecting investment managers.

### Investment Governance

a) The Fund has access to the necessary skills, expertise and resources to manage the whole Fund, as well as internally managing a small proportion of the Fund's assets, such as cash management.

b) Investment consultants, independent advisors and officers are a source of expertise and research to inform and assist the Pension Fund Committee's decisions.

c) The ultimate aim of the Fund's investments is to pay pension liabilities when they become due. The Committee will therefore take account of liquidity, cashflow generation and the long-term ability of the Fund to meet these obligations.

d) The Fund is continuously improving its governance structure through bespoke training to implement tactical views more promptly, but acknowledges that it is not possible to achieve optimum market timing.

### Long Term Approach

a) The strength of the employers' covenant allows a long-term deficit recovery period and enables the Fund to take a longer-term view of investment strategy than most investors.

b) The most important aspect of risk is not the volatility of returns, but the risk of absolute loss over the medium and long term. This would in turn impact the ability of the employers to make adequate contributions to meet the Fund's liabilities.

c) Illiquidity and volatility are shorter term risks which offer potential sources of additional compensation to the long-term investor. Moreover, it is important to avoid being a forced seller in short term market setbacks.

d) Over the long term, equities are expected to outperform other liquid assets, particularly government bonds and cash.

### Asset allocation

a) Allocations to asset classes other than equities and government bonds (e.g., corporate bonds, private markets, property, infrastructure and renewable infrastructure) offer the Fund other forms of risk premia (e.g., additional solvency risk/illiquidity risk).

b) Diversification across asset classes and asset types that have low correlation with each other will tend to reduce the volatility of the overall Fund return.

c) In general, allocations to bonds are made to achieve additional diversification. When the Fund approaches full funding level, it may also use bond based strategies to mitigate liability risks and thus dampen the volatility of the Fund's actuarial funding level.

## Environmental, Social and Governance (ESG) factors

a) Certain ESG factors are financially material and may therefore influence the risk and return characteristics of the Fund's investments and the likelihood that the Fund's objectives will be achieved.

b) Well governed companies that manage their business in a responsible manner are less vulnerable to downside risk and may therefore produce higher returns over the long term.

c) In order to improve corporate governance, where possible, investment managers should exercise the voting rights attached to the shares they own, as well as engage with management of the companies they invest in.

d) Environmental, social and governance considerations form a part of the Pension Fund Committee's decision-making process when making investment allocations. Allocations to alternative investment asset classes, such as renewable infrastructure, offer the Fund opportunity to undertake a best practice approach to ESG investment considerations.

e) Where the Fund invests in passively-managed funds which replicate benchmark indices, where possible the Pension Fund Committee will explore ESG-tilted indices.

f) If an investment manager fails to adequately consider ESG issues, the Committee is prepared to disinvest assets from that manager.

## Management Strategies

a) A well-balanced portfolio has an appropriate mix of passive and active investments.

b) Passive, index-tracker style management can provide low-cost exposure to equities and bonds and can be especially attractive in efficient markets.

c) Active management can be expensive but can provide additional performance and diversification. Fees should be aligned to the interests of the Fund rather than performance of the market.

d) Active management performance should be monitored over multi-year rolling cycles and assessed to confirm that the original investment process on appointment is being delivered, and that continued appointment is appropriate.

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# Investment Milestones

2017

Commitment to ESG

Jun

London Borough of Hammersmith and Fulham Pension Fund formalises their strong focus on ESG topics in its first Investment Strategy Statement, published in 2017.

2018

ESG-tilted Equities

Sep

The LBHF PF transitioned into ESG-titled equities, whereby an Environmental, Social and Governance screening of companies takes place to remove those companies which do not meet the required ESG criteria.

Climate Emergency

Oct

London Borough of Hammersmith and Fulham Council declared a climate emergency.

2021

Affordable Housing

Mar

Committed to investing in affordable housing, selecting Man Group to manage 2.5%, with a long-term goal of providing 13,000 new homes that cost no more than 35% of a households gross income.

Renewable Infrastructure

Jul

Commitments to renewable infrastructure, selecting Quinbrook with assets targeted to solar power, windfarms, and supporting infrastructure such as battery storage and connection assets.

2024

Fund Top-ups

Nov

Further 2.5% commitment to renewable infrastructure.

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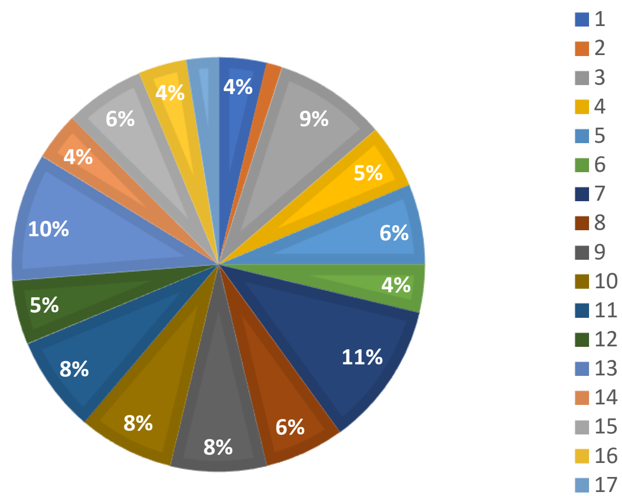
# United Nations Sustainable Development Goals (SDGs)

In 2016, all United Nations (UN) members adopted the 2030 Agenda for Sustainable Development which centred on 17 Sustainable Development Goals (SDGs). These goals urge both developed and developing countries to take immediate action to end poverty and hunger, improve health and education, reduce inequality, combat climate change, and drive global economic growth.[1]


The London Borough of Hammersmith and Fulham Pension Fund's asset managers align with several United Nations Sustainable Development Goals (SDGs). The chart below highlights the key goals they have effectively addressed, including efforts to close the gender pay gap, reduce air pollution-related deaths and illnesses, develop reliable renewable infrastructure, promote efficient resource use, and enhance climate change mitigation.

**How are SDGs integrated into the Fund Assets?**

**Proportion of Assets Linked to SDGs**




[1] https://sdgs.un.org/goals

SDG 3: Good Health & Wellbeing

- London CIV (Global Equity Quality, Buy and Maintain Bonds & Absolute Return Fund):
    - London CIV expect companies to provide good quality employment that protects employees' physical and mental health, including payment of living wages across direct operations and supply chains.
- MAN Group Community Housing:
    - Increasing the percentage of homes that meet the Decent Home standards.
- Quinbrook Renewable Impact Funds I & II
    - Better environmental justice to avoid pollution and fossil fuel emissions for communities.
- Partners Group
    - Create long-term value by both investing in the low carbon economy and leading assets on their path to net zero improving life for communities.

SDG 7: Affordable and Clean Energy

- London CIV (Global Equity Quality, Buy and Maintain Bonds & Absolute Return Fund):
    - As part of their work on climate change, the London CIV implement decarbonisation, transition and physical risk and adaption measures.
- Man Group Community Housing:
    - Increasing the number of homes with a valid energy performance certificate, reducing the CO2 emissions and electric charging points on housing developments.
- Quinbrook Renewable Impact Fund
    - Providing renewable energy, in particular in community settings and disadvantaged areas.
- Abrdn Long Lease Property
    - The fund provides on-site renewable energy generation for their assets.

# ESG Case Studies

**Environmental**

**Social**

**Governance**

Environmental, Social and Governance factors are key indicators in measuring the sustainability and suitability of an investment. There is growing research which suggests, when integrated into business decisions and portfolio construction, these can offer stability in future returns.

The Fund expects managers to integrate ESG factors into investment analysis and decision making. Monitoring these effectively can assist with resolving issues at early stages through effective engagement with companies and board members. The Fund expects asset managers where possible to engage and collaborate with other institutional investors, as permitted by relevant legal codes to ensure the greatest impact.

The measurement of ESG performance is still developing and benefitting from significant improvements. There are several performance benchmarks and disclosure frameworks that exist to measure the different aspects of available ESG data which include carbon emissions and a variety of social impact scores.

## Environmental: Project Fortress

Project Fortress, a 373 MW solar and 350 MW battery storage project in Cleeve Hill, Kent, is under construction within the Quinbrook Renewables Impact Fund. It is the UK's largest consented solar and storage project at acquisition and is set to be fully operational by early 2025. The project will generate enough renewable energy to power over 100,000 UK homes, reducing carbon emissions by 142,000 tonnes annually. It is expected to create over 2,000 construction jobs and deliver £143 million in local socio-economic benefits. Additionally, it aims for a 65% biodiversity net gain, dedicating 138 acres to habitat management and planting 3.5 km of native hedgerows. Quinbrook has secured long-term agreements with Tesco and Shell Energy Europe for 100% of the solar power output, marking the largest deal of its kind. The project supports the UK's net-zero goals while enhancing local environmental sustainability.

quinbrook infrastructure PARTNERS

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## Social: KinderCare - Partners Group

KinderCare Education, part of the Partners Group portfolio since 2018, is the largest for-profit early childhood education provider in the U.S. It offers education, employer-sponsored care, and after-school programs.

The company prioritizes employee engagement, with an 89% participation rate in its 2022 survey, the highest in seven years. It has won the Gallup Exceptional Workplace Award for six consecutive years. Since 2021, KinderCare has implemented a three-year Diversity & Inclusion strategy, hiring key personnel and launching five employee resource groups with 800 members.

KinderCare earned the WELL Health-Safety Rating for its COVID-19 response and launched a living wage program, making its largest-ever wage investment in 2022, benefiting 21,000 teachers. This led to teacher retention exceeding targets by 20%. These efforts reinforce its commitment to employee well-being and high-quality early childhood education.

## Governance: Huntington Bancshares case study

Huntington Bancshares, held within the Morgan Stanley Global Quality Equity fund via the London CIV, is a bank holding company offering financial services, including banking, mortgages, and investment management.

In 2022, London CIV's engagement provider, EOS Hermes, encouraged the bank to establish a workforce diversity strategy with targets for underrepresented groups. In 2023, EOS met with Huntington to discuss diversity, inclusion, and talent development, urging greater transparency in promotions and LGBTQ+ representation on the Board. While the bank incorporates diversity in annual pay awards, ESG metrics are not explicitly included.

In 2023, Huntington set comprehensive diversity targets, focusing on racial and ethnic representation in hiring and promotions. EOS continues to push for increased transparency in diversity programs, reinforcing the company's commitment amid regulatory challenges.

# Carbon Emissions

### What are carbon emissions?

Gases which trap heat within the earth's atmosphere are known as greenhouse gases, with human activities contributing towards the greenhouse gas effect and global temperature rises. Carbon dioxide is the largest contributor toward greenhouse gases, largely as a by-product from the burning of fossil fuels including coal, oil and natural gas. The Greenhouse Gas (GHG) emissions of the Pension Fund are reported in tonnes of $CO_2$ ($tCO_2e$). One tonne[2] of $CO_2$ is the equivalent of:[3]

- 2,500 miles in an average car
- 120,000 smartphones charged
- 500 $CO_2$ fire extinguishers

### What are scope 1, 2 and 3 carbon emissions?

Carbon emissions can be broken down into three reporting categories to demonstrate how a company's operations and wider value chain feed into their emissions.

- Scope 1: emissions directly attributed to a company
- Scope 2: emissions indirectly attributed to a company
- Scope 3: emissions further up/down the supply chain



[2] https://www.edenseven.co.uk/what-does-a-tonne-of-co2-look-like
[3] https://www.anthesisgroup.com/insights/what-exactly-is-1-tonne-of-co2/

# LCIV Climate Analytics

In Spring 2024, the London Borough of Hammersmith and Fulham Pension Fund signed up to the LCIV's Climate Analytic Service. The Climate Risk Dashboard provides an overview of key forward and backward-looking climate performance metrics calculated by London CIV.

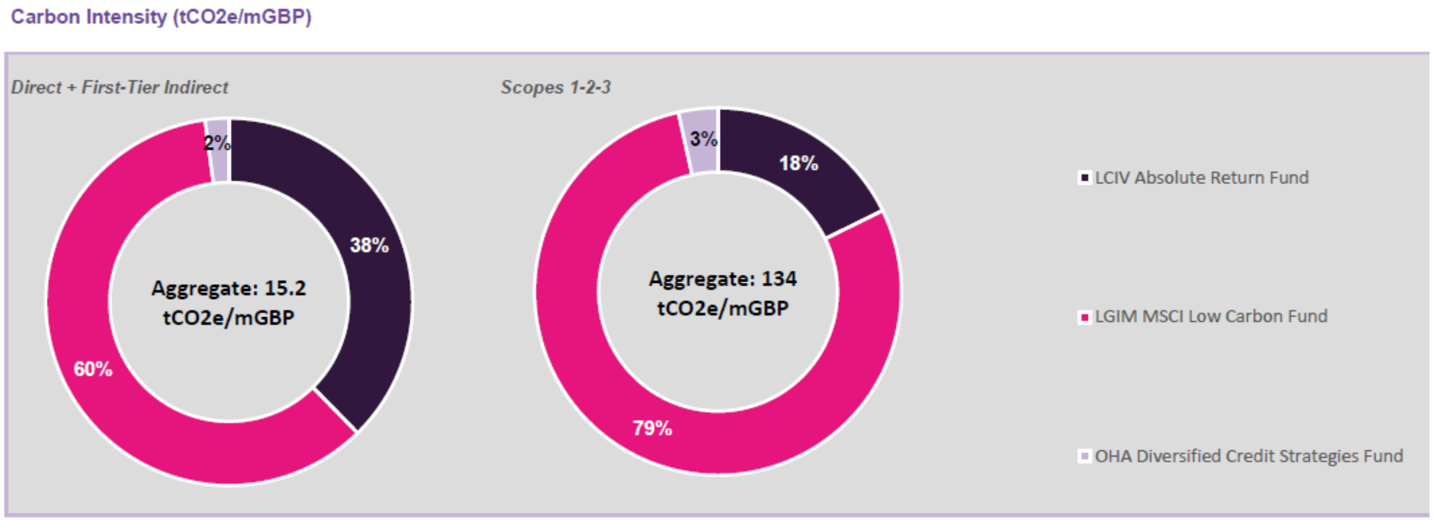


*Figure 1 - 2019*

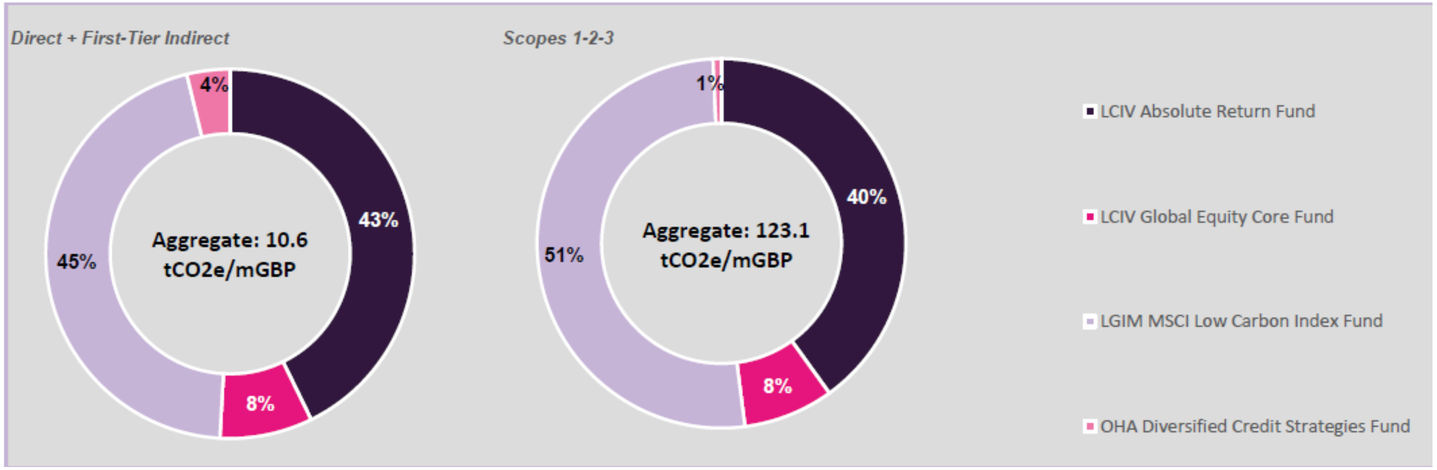


*Figure 2 - 2022*

The analytic service is currently only backwards looking, with figure 1 and figure 2 showing extracts from the reports provided by the LCIV for 2019 and 2022.

The diagrams show that there has been a reduction of 4.6 tCO2e/mGBP in the direct & first tier indirect carbon intensity between 2019 and 2022 on aggregate. There has also been a reduction of 10.9 tCO2e/mGBP in scope 1-2-3 emissions between 2019 and 2022.

The Pension Fund will continue to work alongside the LCIV in improving the quality of climate analytic work.

# Voting & Engagement

The Committee has delegated the Fund's voting rights to the investment managers, who are required, where practical, to make considered use of voting in the interests of the Fund. The Committee expects the investment managers to vote in the best interests of the Fund. In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund will continue to collaborate with the London CIV on maintaining a shared voting policy for the equity managers on the London CIV platform and actively seek to align these policies with manager insights. Lobbying with other London CIV clients will give the Pension Fund greater control and impact over our voting choices and a centralised process will ensure our voting remains consistent and has the greatest impact.

The Pension Fund views engagement with companies as an essential activity and encourages companies to take positive action towards reversing climate change. The London Borough of Hammersmith and Fulham Pension Fund is a responsible owner of companies and cannot exert that positive influence if it has completely divested from all carbon intensive producing companies. The Pension Fund will continue to encourage positive change whilst officers will continue to engage with the investment managers on an ongoing basis to monitor overall investment performance, including carbon and other ESG considerations.

## Engagement: Colgate-Palmolive case study

LGIM have been engaging with Colgate-Palmolive since November 2022, focusing on, strengthening its deforestation approach, ensuring supplier compliance, improving traceability, and enhancing board oversight. The company, which sources forest-risk commodities like palm oil, paper, cattle, and soy, was chosen due to its potential to drive sector-wide change.

Discussions with the Chief Sustainability Officer explored supplier accountability, grievance mechanisms, and key escalations for non-compliance. As a result, Colgate-Palmolive meets minimum deforestation expectations and has made progress by strengthening supplier relationships, cutting ties with non-compliant partners, and introducing satellite monitoring and palm oil mapping. Board-level oversight on deforestation has also increased.

In the next engagement in 2025, discussions will focus on traceability improvements, collaboration with industry peers, and further risk mitigation in its supply chain.

LGIM

## London CIV

**2,832**
Total Management Meetings

### ESG Engagements by Topic:

**680** Environment

**623** Social

**1,133** Governance

### Of which, engagements on:

**22%** Climate Change

**22%** Diversity

**8%** Cyber Security

**48%** Other

## Legal and General

**1,951**
Total number of engagements over a 12-month period

**1,256**
Unique companies engaged

### ESG Engagements by Topic:

**1,461** Environment

**215** Social

**376** Governance

**174** Other

### Top 4 engagement topics:

1. Climate impact pledge
2. Climate Change
3. Corporate Strategy
4. Remuneration

# Connected Organisations

The Pension Fund recognises that significant value can be achieved through collaboration with other stakeholders. The Pension Fund works closely with its LGPS pool company, other LGPS funds and member groups such as the Local Authority Pension Fund Forum (LAPFF), to ensure corporate interests are aligned with the Pension Fund's values.

The Pension Fund actively contributes to the engagement efforts of pressure groups, such as LAPFF and requires investment managers to vote in accordance with the LAPPF's governance policies. In exceptional cases, investment managers will be required to explain their reason for not doing so, preferably in advance of the AGM.

The Local Authority Pension Fund Forum are a collection of 84 local authority pension funds and 7 asset pool companies, with assets under management of over £350bn, promoting the highest standard of governance with the aim of protecting the long-term value of pension funds. The LAPFF engage directly with companies, on behalf of all asset owners and pension fund trustee members, on issues such as executive pay, reliable accounting and a transition to a net carbon zero economy.

Local Authority Pension Fund Forum

## LAPFF Case Study

The Local Authority Pension Fund Forum (LAPFF) publishes an annual report detailing its engagements, governance, and collaborations. In 2023/24, LAPFF addressed key issues such as climate change, biodiversity, systemic risks, governance, and social factors.

For over a decade, LAPFF has engaged with National Grid on decarbonisation, advocating for greater transparency in capital expenditure and lobbying activities. In May 2024, National Grid announced a £60bn capital investment plan through 2029, with 51% designated for green investment, alongside a £7bn share issuance. LAPFF welcomed this expansion, recognizing the need for capital raising to support decarbonisation. The company also released its Climate Transition Plan (CTP), Responsible Business Report (RBR), and Fair Transition statement. The CTP outlines emission reduction targets, a roadmap to net zero by 2050, climate scenario analysis, and the integration of emission targets into business processes.

# Addendum: Conflict and Human Rights Policy

## Purpose and Scope

This addendum forms part of the Fund's Responsible Investment Statement and sets out the Fund's approach to managing investments that may be linked to armed conflict or human rights concerns. The policy ensures a clear, transparent and evidence-based framework for managing financial, reputational and ethical risks associated with such investments. This policy applies to all assets held by the Fund, whether directly invested or accessed through pooled investment vehicles.

## Policy Principles

The Fund recognises that armed conflict and human rights abuses can create material risks. In fulfilling its fiduciary duty to secure long-term returns for scheme members, the Fund commits to incorporating these risks into investment decision-making and stewardship activity. The Fund aligns its approach with the following internationally recognised frameworks:

- International Humanitarian Law
  Including obligations to protect civilians in conflict.

- United Nations Global Compact
  Principles on human rights, labour, environment, and anti-corruption.

- Local Authority Pension Fund Forum (LAPFF) guidance
  On human rights due diligence, governance practices, and responsible corporate conduct.

## Stewardship and Implementation (Including LCIV Role)

The Fund's stewardship expectations apply to both investment managers and pooled vehicles. The Fund expects managers to conduct robust due diligence on conflict and human rights risks, disclose relevant exposures, and engage with companies where concerns are identified. Under the London LGPS pooling framework, the London Collective Investment Vehicle (LCIV) plays a central role in implementing the Fund's stewardship approach. The Fund therefore expects LCIV to:

- Embed conflict and human rights considerations
  In fund mandate design, manager selection, and oversight.
- Ensure stewardship and engagement activity
  Targets companies operating in high-risk sectors or regions.
- Provide transparent reporting
  On exposures, engagement activity, and escalation outcomes.

The Fund will work collaboratively with other Partner Funds through LCIV governance structures to strengthen collective influence and ensure consistent application of stewardship standards across pooled holdings.

## Escalation and Divestment

Where credible evidence indicates that a company has breached international humanitarian law, contravened the UN Global Compact principles, or has failed to respond adequately to engagement activity led by LAPFF or LCIV, the Fund may escalate its response. Escalation measures may include collaborative engagement, voting action, public statements of concern, or, where necessary, consideration of divestment.

## Investment Classification Framework

To support consistent and evidence-based decision-making, the Fund will adopt a three-tier classification of holdings related to conflict and defense, distinguishing between holdings with no grounds for divestment, holdings requiring further assessment and engagement, and those where reasonable grounds for divestment exist. Such categorisation will guide the Committee's deliberations and ensure that any divestment or engagement decisions are evidence based and transparent.



**1 — No Grounds for Divestment**

companies where defence exposure is minimal, secondary, or aligned with international humanitarian law.

**2 — Require Further Debate**

companies with material defence exposure or indirect risks that require further engagement and monitoring

**3 — Reasonable Grounds for Divestment**

companies where evidence shows a direct link to controversial weapons or activities deemed inconsistent with international standards and the Fund's RI beliefs.

## Review and Reporting

This policy will be reviewed triennially or sooner if material geopolitical developments occur. Reporting from LCIV and investment managers will be integrated into the Fund's existing reporting cycle.

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

| | |
|---|---|
| **Report to:** | Pension Fund Committee |
| **Date:** | 25 November 2025 |
| **Subject:** | Pension Fund Business Plan Outturn 2024/25 |
| **Report author:** | Siân Cogley, Pension Fund Manager |
| **Director:** | Phil Triggs, Tri-Borough Director of Treasury and Pensions |

**SUMMARY**

This report provides the outturn for the 2024-25 against the forecast Business Plan.

**RECOMMENDATIONS**

1. That the Pension Fund Committee note the 2024/25 business plan outturn, shown as Appendix 1.

**Wards Affected:** None

| Our Values | Summary of how this report aligns to the H&F Values |
|---|---|
| Being ruthlessly financially efficient | Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer. |

## Financial Impact

None

## Legal Implications

None

**DETAILED ANALYSIS**

## Background

1. The Myners Report to HM Treasury, compiled by Lord Myners, and published in March 2001, recommended that local authority pension funds should approve an annual business plan in respect of the objectives required for the next one to three years.

2. The third business plan was presented to the Pension Fund Committee on 20 February 2023 and set out the short-term objectives and a financial forecast for 2023/24 and 2024/25.

3. This report compares the outturn against the forecast made at that time, and comments on each objective outlined.

4. The Business Plan for 2025/26 and 2026/27 is due to be updated in the March 2026 meeting of the Pension Fund Committee.

## Explanations for Key Variances in the 2024/25 Outturn shown in Appendix 1

| **Line** | **£ Variance** | **Explanation** |
|---|---|---|
| External Audit Fees | (47) | *Additional fees processed from the audit initial estimate* |
| Actuarial Fees | 80 | *Estimate was based on average of previous years which is distorted by the triennial valuation. This was discussed when the 2023/24 outturn was presented to the committee and will be corrected in future forecasts. It is still listed as the budget to maintain consistency with Annex 1's presentation.* |
| Aviva Fees | 136 | *There were no Aviva fees for the year. When the budget was set, officers were unsure when the investment would be fully divested. The investment fully divested in the year and management fees were refunded for 2024/25 by the fund manager.* |
| Oakhill Fees | (352) | *Investment met the threshold for performance fees which were not forecast.* |
| Alpha Real Capital Fees | (313) | *Top Up investments made since budget estimated resulted in higher fees than forecast.* |
| Allspring Fees | 615 | *Initial budget % calculation had a typo; this was discussed when the 23/24 outturn was presented to the committee and will be corrected in future forecasts. It is still listed as the budget to maintain consistency with Annex 1's presentation.* |

## APPENDIX

Appendix 1: LBHF Pension Fund Business Plan Outturn 2024/25

Annex 1: LBHF Pension Fund Business Plan 2022-2025

**Appendix 1**

# London Borough of Hammersmith and Fulham Fund

# Pension Fund Business Plan Outturn 2024/25

## Background

At the Pension Fund Committee meeting on the 20th February 2024, the Committee approved a business plan for 2024/25, identifying the key issues affecting the Pension Fund over the medium term and a timetable of activities needed to help achieve the strategic objectives. The business plan listed the investment process and pension administration tasks to be carried out during 2023/24 and 2024/25 and the target date when these should be achieved.

The 2022-2025 business plan is shown as Annex 1.

## Outturn 2024/25

This report sets out the outturn results of the pension fund business plan implementation, setting out each individual action required (in line with the original approved business plan shown as Annex 1) and the commentary where necessary of the outcome results of the year's work of the Pension Fund investment and administration staff.

## 2024/25 Budget Outturn

| | Company Name (If Applicable) | Budget £000 | *Outturn* £'000 | *Var* £'000 |
|---|---|---|---|---|
| Contract Fees | | 511 | 569 | (58) |
| Other costs | | 5 | | 5 |
| **Administration** | | **516** | **569** | **(53)** |
| Employees | | 444 | 459 | (15) |
| Investment advisory services | Isio | 146 | 72 | 74 |
| Governance and compliance | | 160 | 157 | 3 |
| External audit | Grant Thornton | 104 | 151 | (47) |
| Actuarial fees | Hymans Robertson | 95 | 15 | 80 |
| **Governance and Oversight** | | **949** | **855** | **94** |
| Management, Performance and Transaction fees | | | | |
| | Legal & General | 405 | 489 | (84) |
| | LCIV Absolute Return | 2,672 | 1,376 | 1,296 |
| | Standard Life Property | 253 | 259 | (6) |
| | Oak Hill Advisors | 524 | 876 | (352) |
| | Partners Group | 601 | 635 | (34) |
| | Aviva | 136 | 0 | 136 |
| | Abrdn MSPC | 136 | 144 | (8) |
| | Morgan Stanley | 927 | 945 | (18) |
| | Man Group | 392 | 168 | 224 |
| | Alpha Real Capital | 211 | 524 | (313) |
| | Darwin Alternatives | 219 | 184 | 35 |
| | Quinbrook Renewable Infrastructure | 679 | 692 | (13) |
| | Allspring Global | 851 | 236 | 615 |
| | LCIV Insight B&M Bonds (Short Duration) | 139 | 116 | 23 |
| | LCIV Insight B&M Bonds (Long Duration) | 139 | 24 | 115 |
| | Northern Trust | 136 | 72 | 64 |
| | LCIV DFC & Service Charge | 115 | 98 | 18 |
| **Investment Management** | | **8,535** | **6,836** | **1,699** |
| **Total Fees** | | **10,000** | **8,260** | **1,740** |

**Outturn: Administration and Communication**

Action 1: Annual review and publication of the Pensions Administration strategy

Outcome: **Achieved**

Comments: The strategy was approved by the Committee in 15 November 2022. Next review is scheduled for December 2025.

Action 2: Compliance and reporting of key service performance indicators (KPIs)

Outcome: **Achieved**

Comments: These are reported quarterly at Committee meetings.

Action 3: Review and publication of communication policy

Outcome: **Achieved**

Comments: The strategy was approved in the 15 November 2023.

Action 4: Annual report and accounts published on website.

Outcome: **Achieved**

Comments: The 2024-25 account and annual reports were approved at the audit committee of the 27/10/25 and have since been published online.

Action 5: Freedom of information (FOI) requests responded to within statutory deadline.

Outcome: **Partially Achieved**

Comments: All requests have been responded to, although some have fallen outside of the statutory deadline due to the complexity of the request and the dependence on external parties to provide information. Where this occurred, it was never significantly delayed.

**Outturn: Actuarial / Funding**

Action 1: Provide employers with IAS19/FRS102 funding statements in line with employer year end.

Outcome: **Achieved**

Comments: We are limited in how quickly we can produce these reports as we need to first finalise the investment values and payment figures. However, we have still been able to provide our employers with the reports in a timely manner suitable to them.

Action 2: Funding level to be reported to Pension Fund Committee quarterly.

Outcome: **Achieved**

Comments: This is provided as part of the quarterly update and reported at every opportunity.

Action 3: Monitor and reconcile employer contributions remittances with the pension fund bank statement.

Outcome: **Achieved**

Comments: This is carried out on a monthly basis and always achieved.

Action 4: Member training to cover actuarial funding issues.

Outcome: **Achieved**

Comments: Hymans Robertson delivered training to all Tri-Borough boards and committees on 31/01/22. There was also a training session presented by Hymans Roberston and hosted by Tri-Borough officers on 30/10/2025. There will be a refresher of key points when the results of the for the 2025 Valuation are presented.

Action 5: Funding strategy reviewed and updated.

Outcome: **Achieved**

Comments: The strategy is subject to constant review, with new asset classes introduced. It was formally reviewed following the post triennial valuation targets in the meeting of the 28 February 2023 and will be formally reviewed again after the 2025 valuation.

**Outturn: Pension Fund Committee**

Action 1: Train and develop all members to enable them to perform their duties effectively.

Outcome: **Achieved**

Comments: The latest officers hosted training event took place on the 30 October 2025: these sessions were recorded to allow members to refer back to them later.

Action 2: Committee papers to be issued to members five working days prior to meeting, and minutes to be circulated in a timely manner.

Outcome: **Achieved**

Comments: In line with statutory duties, the Council publishes papers for all public committees on its website at least five clear working days in advance of the meetings. Minutes are circulated to members and officers following the meeting and published on the Council's website.

Action 3: Committee meetings should include the investment advisor as appropriate.

Outcome: **Achieved**

Comments: All Committee meetings included our investment advisor. A new investment advisor has been appointed in January 2025.

Action 4: Manager monitoring reports to be presented to Pension Fund Committee members.

Outcome: **Achieved**

Comments: These are included as part of the quarterly update pack.

Action 5: Pension Fund Committee to receive quarterly investment monitoring reports.

Outcome: **Achieved**

Comments: These are included as part of the quarterly update pack.

Action 6: Review and implement asset allocation, rebalancing where necessary.

Outcome: **Partially Achieved**

Comments: Investment allocations and variances to investment allocation policy are reported quarterly to the Pension Fund Committee. The Pension Fund does not have a specific rebalancing policy so rebalancing cannot take place without specific Committee approval.

Action 7: Review, implement and publish the Investment Strategy Statement.

Outcome: **Achieved**

Comments: The Investment strategy statement has been reviewed and published following the completion of the 2022 triennial valuation. It will be updated following the completion of the 2025 triennial valuation.

Action 8: Respond to all government consultations and report to the Pension Fund Committee as necessary.

Outcome: **Achieved**

Comments: All consultations were answered and reported.

**Outturn: Local Pension Board**

Action 1: Provide Pensions Board members with access to training offered to Pension Fund Committee members.

Outcome: **Achieved**

Training arranged by officers is available to both Board and Committee members and is recorded.

Action 2: Comply with any requests from the Pensions Board with regard to any aspect of the Scheme Manager function.

Outcome: **Achieved**

Comments: All requests were followed up.

Action 3: Pass on recommendations made by the Pension Fund Committee to the Pensions Board within a reasonable period of time.

Outcome: **Achieved**

Comments: All recommendations were passed on.

**Outturn: Risk Management**

Action 1: Monitor Pension Fund expenses for the year against the agreed forecast.

Outcome: **Achieved**

Comments: Breakdowns of outturn against budget is provided above.

Action 2: Produce an Annual Statement of Accounts and achieve an unqualified audit.

Outcome: **Achieved**

Comments: The 2024-25 account and annual reports have been published online.

Action 3: Ensure ongoing risk assessments of the management of the Fund.

Outcome: **Achieved**

Comments: these are included as part of the quarterly update pack and are reviewed by committee and board on that basis.

Action 4: Review MiFID documentation to ensure the Fund retains its professional investor status.

Outcome: **Achieved**

Comments: Documentation is updated as and when required.

Action 5: Obtain independent internal controls assurance reports for investment managers and fund global custodian.

Outcome: **Achieved**

Comments: This is carried out and compiled as part of the year-end close down process.

Action 6: Approve the Risk Register

Outcome: **Achieved**

Comments: This is carried out as part of the quarterly review and approved each quarter.

**Outturn: Further Information**

Action 1: Review the performance of the Fund's investment advisor against its stated aims and objectives.

Outcome: **Achieved**

Comments: This was taken to Committee on 20 February 2024 and will be reviewed again when the next new business plan is presented.

**Appendix 1**

# London Borough of Hammersmith and Fulham Fund

## Pension Fund Business Plan 2024/25

### Introduction

The Myners Report to HM Treasury, published in March 2001, recommends that local authority pension funds should approve an annual business plan in respect of the objectives required for the next one to three years.

Estimates are based on current investment allocations and expected expenses based on historic information and available forecasts. Investment allocations are subject to change, impacting management expenses.

Strategic medium-term objectives are grouped under the following headings:

- Administration and Communication;
- Actuarial / Funding;
- Pension Fund Committee;
- Pensions Board;
- Risk Management.

In order to meet objectives, a timetable of performance indicators has been agreed and an outturn report will be presented to the Pension Fund Committee to update members on progress.

**2024/25 Forecast Expenditure**

| | Company Name (If Applicable) | 2022/23 Actual £000 | *2023/24 Estimate* £000* | *2024/25 Estimate* £'000 |
|---|---|---|---|---|
| **Administration** | | | | |
| Contract Fees | | 448 | 468 | 511 |
| Other costs | | 2 | 5 | 5 |
| | | **450** | **473** | **516** |
| **Governance and oversight** | | | | |
| Employees | | 553 | 423 | 444 |
| Investment advisory services | Isio | 96 | 117 | 146 |
| Governance and compliance | | 85 | 160 | 160 |
| External audit | Grant Thornton | 45 | 87 | 104 |
| Actuarial fees | Hymans Robertson | 40 | 95 | 95 |
| | | **819** | **882** | **949** |
| **Investment Management** | | | | |
| Management, Performance and Transaction fees | | | | |
| | Legal & General | 367 | 386 | 405 |
| | LCIV Absolute Return | 2,736 | 2,545 | 2,672 |
| | Standard Life Property | 219 | 241 | 253 |
| | Oak Hill Advisors | 481 | 499 | 524 |
| | Partners Group | 939 | 751 | 601 |
| | Aviva | 149 | 130 | 136 |
| | LCIV Global Bond Fund | 171 | - | - |
| | Abrdn MSPC | 172 | 129 | 136 |
| | Morgan Stanley | 860 | 883 | 927 |
| | Man Group | 301 | 373 | 392 |
| | Alpha Real Capital | 69 | 201 | 211 |
| | Darwin Alternatives | 331 | 208 | 219 |
| | Quinbrook | | 495 | 679 |
| | Allspring Global Investments | | 710 | 851 |
| | LCIV Buy and Maintain Short | | 116 | 139 |
| | LCIV Buy and Maintain Long | | 116 | 139 |
| | Northern Trust | 112 | 123 | 136 |
| | LCIV | 105 | 110 | 115 |
| | | **7,014** | **8,016** | **8,535** |
| **Total** | | **8,283** | **9,371** | **10,001** |

*** Estimate is currently based on charges made as at period 9 and approximate adjustments made**

**Administration and Communication**

The LBHF Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with secondary legislation.

The administration of the Fund is currently undertaken by the Local Pension Partnership Administration and has been in effect from 28 January 2022.

**Objectives**

1. Ensure the scheme is run in accordance with agreed service standards and in compliance with Regulations;
2. Deliver a high-quality, cost-effective pension administration service;
3. Collaborative working with outsourced parties;
4. Consistent monitoring of the performance of the LPPA team.

| | **Actions** | **Timeline** | **Responsibility** |
|---|---|---|---|
| A | Annual review and publication of the Pensions Administration strategy | 31/3/24 | Eleanor Dennis<br>Sukvinder Kalsi |
| B | Compliance and reporting of key service performance indicators (KPIs) | 31/3/24 | Eleanor Dennis,<br>Sukvinder Kalsi |
| C | Review and publication of communication policy | 31/3/24 | Eleanor Dennis,<br>Sukvinder Kalsi |
| D | Annual report and accounts published on website | 1/12/2024 | Siân Cogley<br>Mat Dawson |
| E | Freedom of information (FOI) requests responded to within statutory deadline | Ongoing | Eleanor Dennis,<br>Siân Cogley<br>Mat Dawson |

**Actuarial / Funding**

The Fund is responsible for commissioning triennial actuarial valuations of the Pension Fund regarding the funding status and level of employers' contributions necessary to fully fund the Pension Fund. Actuarial services are currently provided by Hymans Robertson LLP and will next be subject to tender from 1 April 2026.

**Objectives:**

1. Monitor the funding level of the Scheme, including a formal actuarial valuation every three years (next valuation as at 31 March 2025);
2. Monitor and reconcile contribution payments to the Scheme by the employers and scheme members;
3. Understand legislative changes which will impact on funding.

| | **Actions** | **Timeline** | **Responsibility** | **Overseen by** |
|---|---|---|---|---|
| A | Provide employers with IAS19/FRS102 funding statements in line with employer year end. | March 24<br>July 24<br>August 24 | Siân Cogley | Mat Dawson |
| B | Funding level to be reported to Pension Fund Committee quarterly. | Quarterly | Siân Cogley | Mat Dawson |
| C | Monitor and reconcile employer contributions remittances with the pension fund bank statement. | Monthly | Alastair Paton | Mat Dawson |
| D | Member training to cover actuarial funding issues. | Ongoing | Patrick Rowe | Phil Triggs |
| E | Funding strategy reviewed and updated | March 25 | Mat Dawson /Phil Triggs | Pension Fund Committee |

**Pension Fund Committee**

Investment allocation decisions are delegated to the Pension Fund Committee who oversees the management of the Fund's assets. The Pension Fund Committee appoints fund managers and advisors to assist in reviewing the overall strategic asset allocation, ensuring its suitability and the diversification of assets.

**Objectives**

1. Members should be equipped with the correct training and experience to make investment decisions;
2. Members should be provided with timely information on investment performance against agreed benchmarks;
3. Meetings should be run efficiently to ensure decisions are made clearly and effectively;
4. Suitability and diversification of the overall investment strategy and strategic asset allocation of the pension fund should be ensured, reporting to Council as necessary.

| | **Actions** | **Timeline** | **Responsibility** | **Overseen by** |
|---|---|---|---|---|
| A | Train and develop all members to enable them to perform their duties effectively. | Ongoing | Patrick Rowe | Phil Triggs |
| B | Committee papers to be issued to members five working days prior to meeting, and minutes to be circulated in a timely manner. | Quarterly | Amrita White | David Abbot |
| C | Committee meetings should include the investment advisor as appropriate | Ongoing | Siân Cogley | Mat Dawson |
| D | Manager monitoring reports to be presented to Pension Fund Committee members. | Quarterly | Siân Cogley | Mat Dawson |
| E | Pension Fund Committee to receive quarterly investment monitoring reports. | Quarterly | Siân Cogley | Mat Dawson |
| F | Review and implement asset allocation, rebalancing where necessary. | Quarterly | Phil Triggs | Pension Fund Committee |
| G | Review, implement and publish the Investment Strategy Statement. | Annually | Phil Triggs | Pension Fund Committee |
| H | Respond to all government consultations and report to the Pension Fund Committee as necessary. | As appropriate | Phil Triggs | Pension Fund Committee |

**Pensions Board**

Under Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the LGPS Regulations 2013, a Pensions Board must be established. The Pensions Board meets twice a year and assists in the governance and administration of the Fund.

**Objectives**

1. Ensure the Pensions Board is constituted and functions within the Regulations;
2. Help facilitate the effective operation of the Pensions Board.

| | Actions | Timeline | Responsibility | Overseen by |
|---|---|---|---|---|
| A | Provide Pensions Board members with access to training offered to Pension Fund Committee members. | Ongoing | Patrick Rowe | Phil Triggs |
| B | Comply with any requests from the Pensions Board with regard to any aspect of the Scheme Manager function. | Ongoing | Phil Triggs | Pension Fund Committee |
| C | Pass on recommendations made by the Pension Fund Committee to the Pensions Board within a reasonable period of time. | Ongoing | Eleanor Dennis<br>Phil Triggs | Pension Fund Committee |

**Risk Management**

In line with the best practice and the Pension Regulator's (tPR's) Code of Practice, the Pension Fund maintains a risk register to identify and monitor short and long-term risks to the Fund.

Investment assets are managed by external investment managers, with segregated assets held by an independent global custodian.

**Objectives**

1. Properly record financial transactions and produce an annual report and accounts within six months of the year end.
2. Monitor and report fees against an agreed budget.
3. Assess the risk associated with the management of the Scheme.

| | Actions | Timeline | Responsibility | Overseen by |
|---|---|---|---|---|
| A | Monitor Pension Fund expenses for the year against the agreed forecast. | March 24 | Siân Cogley | Mat Dawson |
| B | Produce an Annual Statement of Accounts and achieve an unqualified audit. | September 24 | Siân Cogley | Mat Dawson |
| C | Ensure ongoing risk assessments of the management of the Fund. | Ongoing | Siân Cogley | Mat Dawson |
| D | Review MiFID documentation to ensure the Fund retains its professional investor status. | Ongoing | Siân Cogley | Mat Dawson |
| E | Obtain independent internal controls assurance reports for investment managers and fund global custodian. | March 24 | Siân Cogley | Mat Dawson |
| F | Approve the Risk Register | Quarterly | Phil Triggs | Pensions Board |

**Further Information**

As per the requirements of the Competition Markets Authority (CMA), the Pension Fund must establish aims and objectives for its investment consultant. A set of consultant objectives were drawn up for the investment advisor, Deloitte (now Isio), and approved by the Pension Fund Committee in February 2022.

In line with best practice, the performance of the investment consultant against the objectives should be reviewed on an annual basis and the objectives updated at least every three years, or when there has been a material change in the investment approach. Annex 1 details these objectives and assessed performance as at January 2024.

**Timetable**

| **PENSIONS BOARD** | |
|---|---|
| Meeting Date | Report Deadline |
| 6th Feb 2024 | 26th Jan 2024 |
| 5th Jun 2024 | 27th May 2024 |
| 12th Feb 2025 | 3rd Feb 2025 |

| **Pension Fund Committee** | |
|---|---|
| Meeting Date | Report Deadline |
| 20th Feb 2024 | 5th Feb 2024 |
| 11th June 2024 | 30th May 2024 |
| 10th Sep 2024 | 29th Aug 2024 |
| 26th Nov 2024 | 14th Nov 2024 |
| 5th Mar 2025 | 21st Feb 2025 |

# Agenda Item 9

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

| | |
|---|---|
| **Report to:** | Pension Fund Committee |
| **Date:** | 25 November 2025 |
| **Subject:** | Pension Fund Quarterly Update Q3 2025 |
| **Report author:** | Siân Cogley, Pension Fund Manager |
| **Director:** | Phil Triggs, Director of Treasury and Pensions |

**SUMMARY**

This paper provides the Pension Fund Committee with a summary of the Pension Fund's:

- overall performance for the quarter ended 30 September 2025;
- cashflow update and forecast;
- assessment of risks and actions taken to mitigate these.

**RECOMMENDATIONS**

1. The Pension Fund Committee is recommended to note the update.

**Wards Affected:** None.

| Our Values | Summary of how this report aligns to the H&F Values |
|---|---|
| Being ruthlessly financially efficient | Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer. |

**Financial Impact**

None.

**Legal Implications**

None.

## DETAILED ANALYSIS

### LBHF Pension Fund Quarterly Update: Q2 2025/26

1. This report and attached appendices make up the pack for the quarter ended 30 September 2025. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.

2. Appendix 2 provides information regarding the Pension Fund's investments and performance. The highlights from the quarter are shown below:

   - Overall, the investment performance report shows that, over the quarter to 30 September 2025, the market value of the assets increased by £43m to £1.482m

   - The Fund has underperformed its benchmark net of fees by 0.76%, delivering an absolute return of 3.33% over the quarter.

   - The total Fund delivered a positive return of 7.59% on a net of fees basis over the year to 30 September 2025.

3. The Pension Fund's cashflow monitor is provided in Appendix 3. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 30 June 2026. An analysis of the differences between the actuals and the forecast for the quarter is also included.

4. The breaches of the law log has not been included in this quarter as there have been no breaches to report.

5. The audit of the Pension Fund Accounts has now concluded and the annual report containing the accounts document is published on our page.

6. Appendix 5 contains the initial results of the 2025 triennial valuation. These results form part of the exempt appendices because the initial results report is in draft form and likely to change before the final version is produced (as a result of changes to individual employers), so making it public could be misleading if later reports show different positions. Restricting these documents allows committee members to review and refine them before public or employer circulation, ensuring accuracy and avoiding potential misunderstandings.

### Risk Management Implications

1. These are included in the risk registers.

   i. Last quarter officers trialled the new approach to risk reporting.

   ii. As mentioned in that report, the full Risk Register would be brought to the committee in the Q2 meeting of each financial year, with the other meetings (Q1, Q3 and Q4) receiving a focused review for discussion. To this end, the full Risk Register has been brought to this committee.

iii. The reason for the Q2 cycle regarding the full register is to align with likely date for external audit completion, which has been the case this year.

2. There have been changes in the mitigation actions of the below risks:

| Risk Ref. | Risk Area | Nature of Improvement Made |
|---|---|---|
| **3 – LCIV Governance** | Dependence on LCIV to deliver investment pooling | Changed from Tolerate to Treat/Share. Strengthened description of oversight processes. |
| **7 – LCIV Capacity** | Operational capacity and resourcing | Clarifies ongoing assurance activity, feedback mechanisms and contingency planning. |
| **60 – Non-compliance with the Pension Investment Review** | Governance and compliance | Introduces more specific actions in legislative compliance reviews. |

3. There have been no other changes to the risk register.

**London CIV (LCIV) Update**

Fit for the Future

The LCIV is progressing the implementation of the Government's *Fit for the Future* pooling reforms. A key focus in recent months has been finalising the contractual framework that will underpin the new operating model and clarify roles and responsibilities between Partner Funds and the Pool. This is being set out across three core documents:

- Investment Management Agreement (IMA): defines the legal terms under which LCIV manages assets on behalf of each Partner Fund.

- Letter of Engagement (LoE): describes the services LCIV will provide and respective duties and obligations.

- Service Level Description (SLD): sets out performance standards, service metrics and reporting requirements for operational delivery.

At the LCIV workshop held on 30 October 2025, Partner Funds discussed the practicality and phasing of implementation. While there was broad agreement on the optimal future state pooling model, it was recognised that operational changes, particularly around custody and cash management, must be introduced gradually to avoid disruption to pension payments and day-to-day fund administration.

LCIV will now hold one-to-one sessions with each Partner Fund over the coming months to refine transition timelines and ensure local needs are reflected.

Expansion of the Pool

Buckinghamshire County Council has confirmed its decision to join LCIV as its new pooling shareholder partner, following the national decision regarding the dissolution of the Brunel pool. This will:

- Increase the LCIV total pool size.
- Strengthen collective influence in cost savings and manager access.
- Require integration planning, governance alignment and shared service coordination.

Work is underway to sequence the transition of Buckinghamshire's assets and define its service and oversight arrangements in line with the LCIV's IMA / LoE / SLD framework.

Responsible Investment (RI) Streams

CIV is developing a more structured Responsible Investment (RI) streams model to improve coordination and clarity across Partner Funds. LBHF provided feedback on the proposals on 4 November, which LCIV is now reviewing.

The purpose of the RI Streams model is to ensure that RI activity is transparent, consistent and auditable, while still enabling each Fund to reflect its own local priorities within investment strategy.

**List of Appendices:**

| | |
|---|---|
| Appendix 1: | Scorecard as at 30 September 2025 |
| Appendix 2a: | Isio Quarterly Performance Report for Quarter Ended 30 September 2025 (public) |
| Appendix 2b: | Isio Investment Performance Report 30 September 2025 (EXEMPT) |
| Appendix 3: | Cashflow Monitoring Report |
| Appendix 4: | Risk Register |
| Appendix 5: | LBHF PF triennial valuation initial whole fund results 2025 (EXEMPT) |

**Appendix 1**

**Scorecard at 30 Sep 2025**
**London Borough of Hammersmith and Fulham Pension Fund Quarterly Monitoring Report**

| | Dec 24 £000 | Mar 25 £000 | Jun 25 £000 | Sep 25 £000 | Report reference/Comments |
|---|---|---|---|---|---|
| | | | | | |
| Value (£m) | 1,428 | 1,409 | 1,439 | 1,482 | IRAS reports. |
| % return quarter | 2.95% | -1.27% | 2.4% | 3.3% | |
| % Return one year | 9.86% | 3.73% | 5.4% | 7.59% | |
| **LIABILITIES** | | | | | |
| Value (£m) | 988 | 1,178 | 959 | ** | Hymans Robertson LLP Estimated Funding Update. **Now that the 2025 valuation assumptions have been agreed and initial results discussed the actuary believes that providing an updated funding report based on a roll forward of the 2022 valuation with those assumptions might lead to confusion and so will not provide a funding update this quarter. |
| Surplus/(Deficit) (£m) | 440 | 231 | 480 | ** | |
| Funding Level | 145% | 120% | 150% | ** | |
| **CASHFLOW** | | | | | |
| Cash balance | 6,291 | 3,616 | 6,566 | 6,288 | Appendix 3 |
| Variance from forecast | 2,334 | (1,980) | (351) | (278) | |
| **MEMBERSHIP** | | | | | |
| Active members | 4,932 | 4,921 | 4,881 | 5,050 | Reports from Pension Fund Administrator |
| Deferred beneficiaries | 7,203 | 7,216 | 7,186 | 7,180 | |
| Pensioners | 6,252 | 6,266 | 6,300 | 6,342 | |
| **RISK** | | | | | |
| No. of new risks | | 1 | 0 | 0 | Appendix 4: Risk Register |
| No. of ratings changed | | 0 | 0 | 0 | |
| **LGPS REGULATIONS** | | | | | |
| New consultations | 1 | 0 | 1 | 1 | Dec 24 – Fit for the Future<br>May 25 – Access and Fairness (Admin)<br>Sep 25 – CIPFA Code Consultation<br>*Pension Schemes Bill in Committee Stage |
| New sets of regulations | None | None | Pending* | Pending | |

# London Borough of Hammersmith & Fulham Pension Fund



Investment Performance Report to 30 September 2025

October 2025

isio.

# Contents






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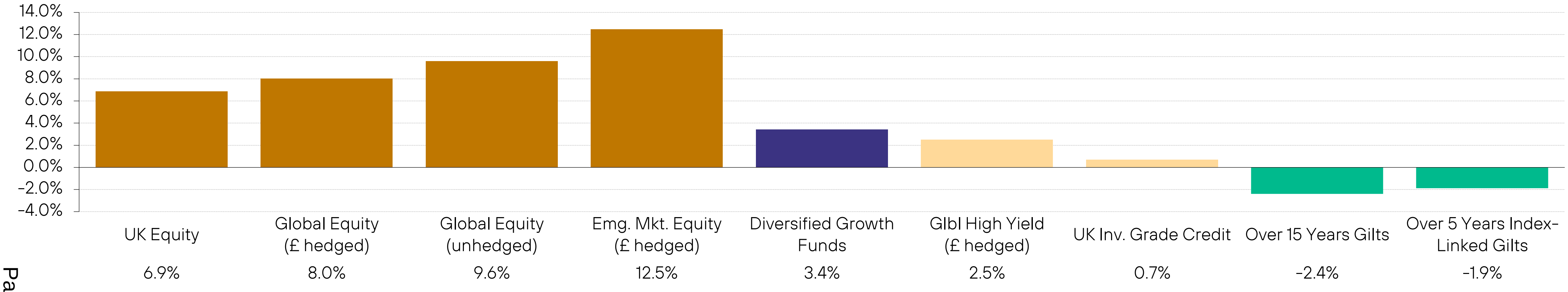
# Market Summary – Overview Q3 2025

## Market movements over the quarter






## Key Upcoming Events

**Notable events**

- UK: Autumn Budget – 26 November 2025

**Q4 2025 Base rate publications**

- UK: The dates for the Bank of England's Monetary Policy Committee ("MPC") announcements are 6 November and 18 December.
- US: The dates for the US Federal Reserve's Federal Open Market Committee ("FOMC") meetings are 28-29 October and 9-10 December.

**Q4 2025 Inflation publications**

- UK: 22 October, 19 November, 17 December
- US: 15 October, 13 November, 10 December

## Commentary

- Global equities delivered strong returns over Q3, driven by continued AI enthusiasm supporting tech-focused growth stocks and strong corporate earnings publications. Additionally, US equities benefitted following the Federal Reserve's decision to cut interest rates by 0.25%. Emerging market equities outperformed developed markets, benefitting from a weaker US dollar, improved US-China trade relations, and tech-heavy regional indices (e.g. Taiwan, Korea) contributing positively. Despite a strong Q3, geopolitical tensions, trade policy uncertainty and persistent inflation remains.
- Fixed income markets delivered positive returns as spreads continued to tighten. Global high yield ("HY") outperformed UK investment grade ("IG") credit, reflective of the "risk on" sentiment in the face of resilient corporate earnings and IG's greater sensitivity to rising government bond yields, which detracted from returns.
- Gilt yields were volatile over the quarter amid conflicting sentiment over easing monetary policy and fiscal concerns. Yields increased sharply in early-July and continued rising over August, peaking in early-September at their highest level since 1997. This was driven by a combination of global and domestic factors, with the latter influenced by waning gilt demand, higher than forecast net borrowing, and speculation over the Autumn Budget (26 November). Yields did fall back from their peak, but ended Q3 higher overall..

Sources: Refinitiv, DGF investment managers, L&G, Isio calculations.

# Executive Summary – Q3 2025

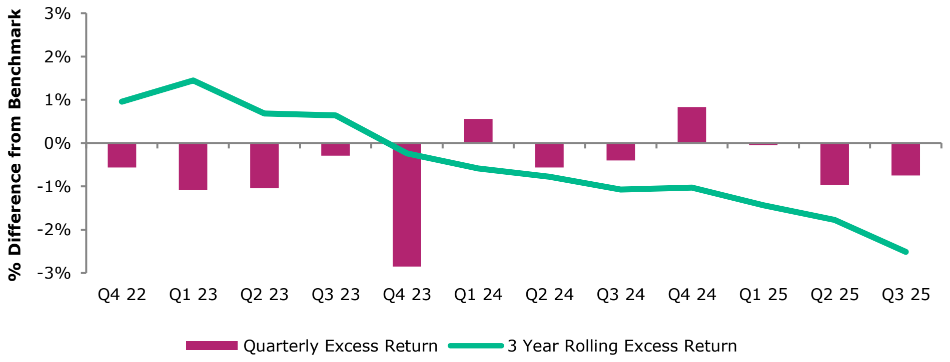
| Fund Performance to 30 September 2025 | | 3 months (%) | | | 1 year (%) | | | 3 years (% p.a.) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fund | Benchmark | Relative | Fund | Benchmark | Relative | Fund | Benchmark | Relative |
| Equity | LCIV Global Equity Quality | (0.4) | 9.6 | (10.0) | 1.1 | 16.8 | (15.8) | 9.8 | 15.7 | (5.9) |
| | L&G Low Carbon Mandate | 9.1 | 9.1 | (0.1) | 17.4 | 17.6 | (0.2) | 16.9 | 17.1 | (0.2) |
| Dynamic Asset Allocation | LCIV Absolute Return Fund | 2.9 | 2.0 | 0.9 | 5.1 | 8.6 | (3.5) | 1.4 | 8.7 | (7.3) |
| | LCIV Long Duration B&M | 0.1 | (0.3) | 0.4 | (0.8) | (0.3) | (0.5) | n/a | n/a | n/a |
| | LCIV Short Duration B&M | 1.2 | 1.2 | 0.0 | 5.3 | 5.6 | (0.3) | n/a | n/a | n/a |
| | Allspring Climate Transition Global B&M | 1.0 | (0.4) | 1.3 | 3.8 | (0.4) | 4.2 | n/a | n/a | n/a |
| Secure Income | Oak Hill Advisors | 2.0 | 2.0 | 0.1 | 6.1 | 8.6 | (2.5) | 10.1 | 8.7 | 1.4 |
| | Aberdeen MSPC Fund[3] | 4.4 | 1.0 | 3.4 | 10.1 | 4.9 | 5.2 | 6.6 | 8.8 | (2.2) |
| | Darwin Alternatives | (5.3) | 2.5 | (7.8) | (5.1) | 10.6 | (15.7) | (15.4) | 10.7 | (26.1) |
| | Partners Group Infra[2] | 1.6 | 2.9 | (1.3) | 17.1 | 12.6 | 4.5 | 11.8 | 12.7 | (1.0) |
| | Quinbrook Renewables Impact[4] | 0.3 | 3.7 | (3.5) | 7.2 | 13.9 | (6.8) | n/a | n/a | n/a |
| Inflation Protection | Aberdeen Long Lease Property Fund | 2.1 | (0.1) | 2.2 | 6.2 | 0.7 | 5.5 | (8.4) | 3.3 | (11.7) |
| | Alpha Real Capital | (2.7) | (3.9) | 1.1 | (5.9) | (18.2) | 12.3 | (9.5) | (16.1) | 6.6 |
| | Man Group | (1.4) | 2.0 | (3.4) | (5.3) | 8.6 | (13.9) | 0.0 | 8.7 | (8.7) |
| Total Fund[1] | | 3.3 | 4.1 | (0.8) | 7.6 | 8.6 | (1.0) | 7.0 | 9.5 | (2.5) |



## Commentary

- The Total Fund delivered a positive return of 3.3% on a net of fees basis in absolute terms over the quarter to 30 September 2025, underperforming the fixed weight benchmark by 0.8%. The Fund delivered positive absolute returns of 7.6% and 7.0% p.a. on a net of fees basis over the year and annualised three years respectively to 30 September 2025, underperforming its fixed weight benchmark by 1.0% over the year and 2.5% p.a. over the annualised three years.
- Short term deviations from benchmark can be expected where the underlying fund is measured against a target that does not move in line with the respective asset class, for example a number of the private markets funds are measured against a cash-plus target. Details of the benchmarks used for each fund can be found in the Appendix. In addition, there are instances where Northern Trust do not fully take into account cashflows in and out of a fund over the reporting period, impacting quoted returns.
- The chart to the right compares the net performance of the Fund relative to the fixed weight benchmark over the three years to 30 September 2025. The 3-year rolling excess return remained negative over the third quarter of 2025 with the Fund having underperformed the fixed weight benchmark over ten of the last twelve quarters to end September 2025. Longer-term underperformance has been driven primarily by weak performance from the LCIV Global Equity Quality Fund relative to the wider global equity market, and to a lesser degree by Darwin Alternatives and Man Group.

## Total Fund Performance – Last Three Years







Source: Northern Trust (Custodian). Figures are quoted net of fees. Differences may not tie due to rounding. [1]The Total Assets benchmark is calculated using the fixed weight target asset allocation. [2]Partners Group Direct Infrastructure Fund performance provided by Northern Trust with one month lag. [3]Aberdeen MSPC Fund performance provided by Northern Trust with quarter lag. [4]Quinbrook performance provided by Northern Trust with quarter lag. Northern Trust do not take into account cashflows in and out of the fund; and as such we anticipate that performance over longer time periods may differ to that quoted in the table above

# Asset Allocation as at 30 September 2025

| Fund | Actual Asset Allocation | | | | |
|---|---|---|---|---|---|
| | 30 June 2025 (£m) | 30 Sept 2025 (£m) | 30 June 2025 (%) | 30 Sept 2025 (%) | Benchmark Allocation (%) |
| LCIV Global Equity Quality | 186.5 | 185.1 | 13.0 | 12.4 | 13.0 |
| L&G Low Carbon Mandate | 459.8 | 501.5 | 31.9 | 33.7 | 27.0 |
| **Total Equity** | **646.3** | **686.6** | **44.9** | **46.2** | **40.0** |
| LCIV Absolute Return Fund | 142.1 | 146.1 | 9.9 | 9.8 | 10.0 |
| Allspring Buy & Maintain (Climate Transition) | 142.3 | 143.7 | 9.9 | 9.7 | 10.0 |
| LCIV Buy & Maintain (Long Duration) | 31.2 | 30.8 | 2.2 | 2.1 | 2.5 |
| LCIV Buy & Maintain (Short Duration) | 33.3 | 33.4 | 2.3 | 2.2 | 2.5 |
| **Total Dynamic Asset Allocation** | **349.0** | **354.0** | **24.2** | **23.8** | **25.0** |
| Partners Group MAC[1] | 2.6 | 2.1 | 0.2 | 0.1 | - |
| Oak Hill Advisors Diversified Credit Strategies | 79.8 | 81.4 | 5.6 | 5.5 | 5.0 |
| Partners Group Direct Infrastructure[1] | 28.9 | 22.8 | 2.0 | 1.5 | 5.0 |
| Quinbrook Renewables Impact | 57.0 | 57.2 | 4.0 | 3.8 | 3.5 |
| Aberdeen Multi Sector Private Credit | 51.3 | 53.1 | 3.6 | 3.6 | 4.0 |
| Darwin Alternatives Leisure Development Fund | 21.7 | 20.5 | 1.5 | 1.4 | 2.5 |
| **Secure Income** | **241.3** | **237.0** | **16.8** | **15.9** | **20.0** |
| Aberdeen Long Lease Property | 52.5 | 53.6 | 3.7 | 3.6 | 5.0 |
| Alpha Real Capital Inflation Linked Income Fund | 103.2 | 100.3 | 7.2 | 6.7 | 7.5 |
| Man Group | 27.0 | 26.6 | 1.9 | 1.8 | 2.5 |
| **Total Inflation Protection** | **182.6** | **180.6** | **12.7** | **12.1** | **15.0** |
| Bank Balance | 20.5 | 28.7 | 1.4 | 1.9 | - |
| **Total Assets** | **1,439.6** | **1,486.9** | **100.0** | **100.0** | **100.0** |

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Source: Northern Trust (Custodian) and have not been independently verified. Figures may not sum to total due to rounding. [1]Partners Group Multi Asset Credit and Direct Infrastructure valuations provided by Northern Trust with a month's lag (i.e. as at 31 May 2025 and as at 31 August 2025).

# Fund Activity (1)

| Item | Action points / Considerations | Status |
|---|---|---|
| Infrastructure and Renewable Infrastructure | **Quinbrook**<br>• Renewables Impact Fund I ("QRIF I"): Quinbrook issued no further drawdown requests or capital distributions over the quarter. Resultantly, as at 30 September 2025, the Fund's remaining unfunded commitment stands at c.£2.0m, with the Fund's £45m commitment c. 95% drawn.<br>• Renewables Impact Fund II ("QRIF II"): Over the quarter, Quinbrook issued no further drawdown requests or capital distributions. Resultantly, as at 30 September 2025, the Fund's £35m commitment is c. 17% drawn.<br>**Partners Group**<br>• Over the quarter, Partners Group issued two capital distributions on 23 July 2025 (c.€2.2m) and 8 August 2025 (c.€5.3m). Following quarter end, Partners Group issued two further capital distributions on 9 October 2025 (c.€2.8m) and 16 October 2025 (c.€3.0m). | |
| Affordable Housing | **Man Group Community Housing**<br>• Over the quarter, Man Group issued no new drawdown or distribution notices. As such, the Fund's total commitment is c. 92% for investment at 30 September 2025.<br>• An update on the Community Housing Fund's investments in Grantham, Wellingborough and Saltdean can be found in the Private Appendix to this report. | |
| Multi Sector Private Credit | **Aberdeen**<br>• In March 2025, Aberdeen provided notice to investors that the MSPC Fund has been gated. Aberdeen presented to the Committee at the 25 June 2025 Pension Fund Committee Meeting to discuss the rationale for gating the fund, alongside proposed changes to the MSPC Fund strategy.<br>• Subsequently, the Committee agreed to disinvest from the MSPC Fund and submitted a formal redemption request ahead of the 30 June 2025 deadline.<br>• During July 2025, Aberdeen informed all investors that the Fund's gating mechanism remained in place due to the significant amount of withdrawal requests it has received (75% of NAV). Aberdeen are considering options for the MSPC Fund, including potential new inflows, voluntary termination of the fund and secondary market transactions.<br>• We will continue to monitor the progress of this development. | |

## Summary

This page sets out the key Fund activity updates over the quarter and following quarter end.

Any updates that require action or discussion are flagged accordingly with the key below.

## Status key

- Action
- Decision
- Discussion
- Information only

# Fund Activity (2)

| Item | Action points / Considerations | Status |
|---|---|---|
| Multi Asset Credit | **Partners Group**<br>• The Partners Group Multi Asset Credit Fund had made 54 investments, of which 51 have been fully realised as at 30 September 2025. The Fund's three-year investment period ended in July 2017 and therefore, any investments realised have subsequently been repaid to investors.<br>• Over the quarter, Partners Group issued no further capital distributions.<br>• The MAC fund represents 0.1% (£2.1m) of the Fund's total investment portfolio. Partners Group anticipates that the majority of remaining portfolio asset exits will complete by the end of 2025. | ● (green) |

### Summary

This page sets out the key Fund activity updates over the quarter and following quarter end.

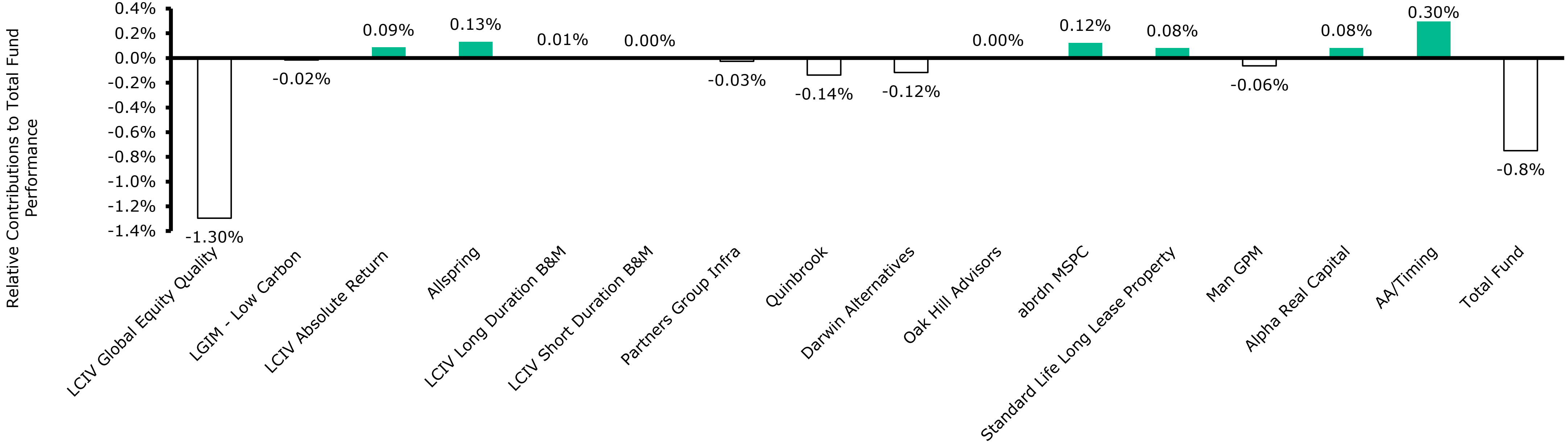
Any updates that require action or discussion are flagged accordingly with the key below.

### Status key

- ● (pink) Action
- ● (orange) Decision
- ● (yellow) Discussion
- ● (green) Information only

# Attribution of Performance to 30 September 2025

## Relative Contributions to Total Fund Performance - Quarter



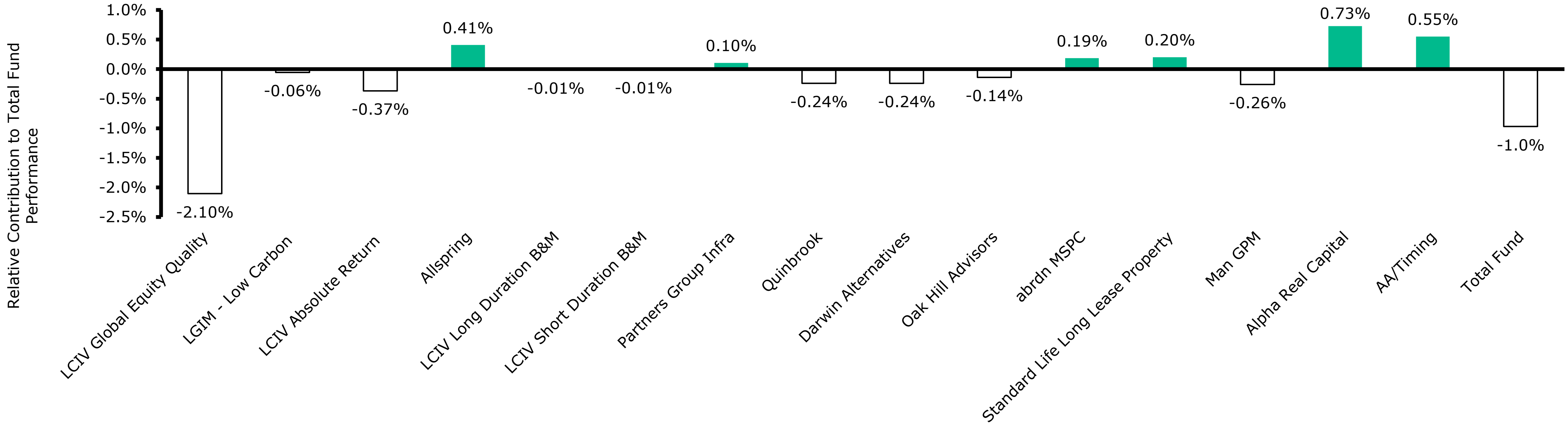



| Key area | Comments |
|---|---|
| Commentary | • The Fund underperformed its fixed weight benchmark by c. 0.8% over the quarter to 30 September 2025.<br>• The vast majority of underperformance can be attributed to the LCIV Global Equity Quality Fund, having delivered a negative return on an absolute basis and underperformed its MSCI ACWI benchmark by 10% over the quarter. While we acknowledge it is a difficult market environment for quality-focused equity managers, we highlight that the strategy has significantly underperformed its quality peer group since inception, ranking in the 89th percentile over 5 years and 99th percentile year-to-date. Material underperformance more recently has been driven by an underweight allocation to technology, alongside poor selection within the technology and healthcare sectors.<br>• Total Fund relative underperformance over the quarter has also been driven by Darwin Alternatives, following the closure of Bentley Rowe and the sale of Rosetta at a loss.<br>• Underperformance was offset primarily by the Fund's overweight exposure to equities, with the L&G low carbon fund delivering strong returns on an absolute basis (as reflected in the "AA/Timing" bar); and by Allspring and the Aberdeen MSPC Fund, having both outperformed their corporate bond-based benchmarks over the period. |

Sources: Investment managers, Isio calculations.

# Attribution of Performance to 30 September 2025

## Relative Contributions to Total Fund Performance - Annual






| Key area | Comments |
|---|---|
| Commentary | • Over the year to 30 September 2025, the Fund underperformed its fixed weight benchmark by c. 1.0%.<br>• As overleaf, underperformance over the year can primarily be attributed to the LCIV Global Equity Quality Fund – driven by the strategy's quality bias (and corresponding underweight position to outperforming sectors) alongside poor stock selection within technology and healthcare.<br>• Underperformance over the year can also be attributed to Darwin Alternatives, with the Leisure Development Fund crystallising further losses over Q3 2025 (having recognised an asset write down by c.23% over Q3 2024); and the LCIV Absolute Return Fund, owing to the negative impact of rising yields on its defensively-positioned portfolio.<br>• In addition, a number of the Fund's private markets investments have underperformed their cash-plus targets over the year – with valuations impacted by wider uncertainty in traditional real assets markets alongside the positive impact of heightened interest rates on the target SONIA level.<br>• Underperformance has been offset to some extent by the Fund's overweight exposure to equities; Alpha Real Capital, having outperformed its long-dated inflation-linked gilts benchmark, with rising yields over the year acting to reduce the value of the benchmark measure; and Allspring, having outperformed the wider corporate bond market owing to the portfolio's shorter duration alongside positive impact from the strategy's climate transition-tilted portfolio. |

# Investment Manager Updates

# London CIV (1)

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| Sub-fund | Asset Class | Manager | Total AuM as at 30 Jun 2025 (£m) | Total AuM as at 30 Sep 2025 (£m) | Number of London CIV clients | Inception Date |
|---|---|---|---|---|---|---|
| LCIV Global Alpha Growth | Global Equity | Baillie Gifford | 1,523 | 1,651 | 5 | 11/04/16 |
| LCIV Global Alpha Growth Paris Aligned | Global Equity | Baillie Gifford | 2,471 | 2,692 | 11 | 13/04/21 |
| LCIV Global Equity | Global Equity | Newton | 642 | 677 | 3 | 22/05/17 |
| LCIV Global Equity Quality | Global Equity | Morgan Stanley Investment Management | 734 | 730 | 3 | 21/08/20 |
| LCIV Global Equity Focus | Global Equity | Longview Partners | 1,199 | 1,214 | 6 | 17/07/17 |
| LCIV Global Equity Value | Global Equity | Wellington Management International Limited | 334 | 363 | 3 | 28/10/24 |
| LCIV Emerging Market Equity | Global Equity | Henderson Global Investors | 566 | 630 | 8 | 11/01/18 |
| LCIV Sustainable Equity | Global Equity | RBC Global Asset Management (UK) | 1,524 | 1,421 | 7 | 18/04/18 |
| LCIV Sustainable Equity Exclusion | Global Equity | RBC Global Asset Management (UK) | 772 | 1,059 | 6 | 11/03/20 |
| LCIV PEPPA | Global Equity | State Street Global Advisors | 1,133 | 1,228 | 5 | 01/12/2021 |
| LCIV Global Total Return | Diversified Growth Fund | Pyrford | 108 | 110 | 1 | 17/06/16 |
| LCIV Diversified Growth | Diversified Growth Fund | Baillie Gifford | 259 | 264 | 3 | 15/02/16 |
| LCIV Absolute Return | Diversified Growth Fund | Ruffer | 1,043 | 1,073 | 10 | 21/06/16 |
| LCIV Real Return | Diversified Growth Fund | Newton | 42 | 43 | 1 | 16/12/16 |
| LCIV Global Bond | Fixed Income | PIMCO | 958 | 976 | 10 | 30/11/18 |
| LCIV Short Duration B&M Credit Fund | Fixed Income | Insight Investment Management | 167 | 185 | 4 | 06/12/23 |
| LCIV Long Duration B&M Credit Fund | Fixed Income | Insight Investment Management | 809 | 805 | 7 | 06/12/23 |
| LCIV All Maturities B&M Fund | Fixed Income | Insight Investment Management | 496 | 495 | 3 | 09/10/24 |
| LCIV MAC | Fixed Income | CQS & PIMCO | 2,289 | 2,375 | 18 | 31/05/18 |
| LCIV Alternative Credit | Fixed Income | CQS | 743 | 755 | 5 | 31/01/22 |
| Total | | | 17,812 | 18,747 | | |

## Investment Performance to 30 Sep 2025

### Business

As at 30 September 2025, the London CIV had assets under management of £18.7bn within the 20 sub-funds (not including private markets strategies), an increase of £0.9bn over the quarter owing to positive investment returns across the equity-based sub-funds available on the platform.

As at 30 September 2025, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £37.5bn, an increase of c. £2.0bn over the quarter. Total commitments raised by the private market funds stood at c. £4.1bn of which c. £2.2bn had been drawn as at 30 September 2025.

The table to the left provides an overview of the public market sub-funds currently available on the London CIV platform.



Source: London CIV.

# London CIV (2)

| Sub-fund | Total Commitment as at 30 June 2025 (£'000) | Called to Date (£'000) | Fund Value as at 30 June 2025 (£'000) | Number of London CIV clients | Inception Date |
|---|---|---|---|---|---|
| LCIV Infrastructure Fund | 475,000 | 388,691 | 467,086 | 6 | 31/10/2019 |
| LCIV Real Estate Long Income Fund | 213,000 | 213,000 | 152,997 | 3 | 11/06/2020 |
| LCIV Renewable Infrastructure Fund | 1,108,500 | 610,035 | 637,025 | 16 | 29/03/2021 |
| LCIV Private Debt Fund | 625,000 | 420,091 | 509,622 | 8 | 29/03/2021 |
| LCIV UK Housing Fund | 530,000 | 207,373 | 209,472 | 9 | 31/03/2023 |
| LCIV Private Debt Fund II | 388,000 | 103,537 | 110,668 | 5 | 28/05/2024 |
| LCIV Nature Based Solutions Fund | 344,000 | 158,651 | 148,560 | 5 | 12/07/2024 |
| The London Fund | 250,000 | 119,249 | 119,893 | 4 | 15/12/2020 |

Source: London CIV.

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### Investment Performance to 30 June 2025

The table to the left provides an overview of the London CIV's private markets investments as at 30 June 2025. Data as at 30 September 2025 is not available as at the time of writing.

# LCIV – Global Equity Quality

| Key area | Performance commentary |
|---|---|
| Commentary | • The LCIV Global Equity Quality delivered a negative absolute return of -0.4% on a net of fees basis over the quarter, significantly underperforming the MSCI-based benchmark by 10.0% over the period.<br>• The Fund's poor return was driven by the structural focus of the quality portfolio, and further exacerbated by weak stock selection, where several technology holdings that were chosen (Accenture, SAP) lagged relative to their counterparts by large margins. Additionally, financials and healthcare stock selection contributed to negative absolute returns.<br>• The Sub-Fund has materially underperformed its MSCI ACWI benchmark since inception into the Fund's investment portfolio. While we acknowledge that the investment market environment has been more supportive of growth-oriented stocks and the wider index has been driven predominantly by large cap technology stocks which the quality-focused fund characteristically holds a low allocation to – it is the strategy's poor stock selection within the technology and healthcare sectors which have driven poor returns. Concerningly, healthcare is a sector where we would expect a quality-focused manager to add value.<br>• The strategy's performance ranks in the 89th percentile over 5 years and 99th percentile year-to-date relative to its quality-focused peers. |

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**Investment Performance to 30 September 2025**

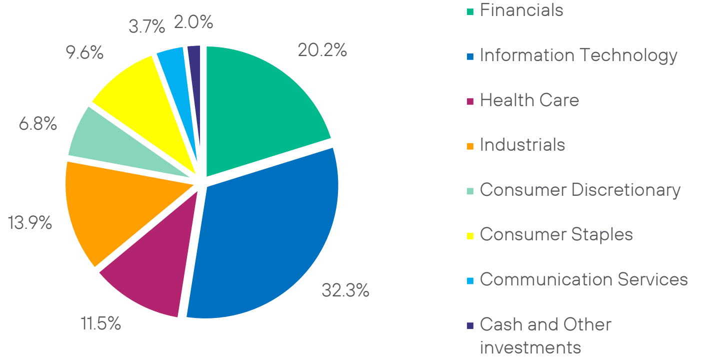
| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | -0.4 | 1.1 | 9.8 | 7.0 |
| Benchmark (MSCI World Net Index) | 9.6 | 16.8 | 15.7 | 12.6 |
| Net Performance relative to Benchmark | -10.0 | -15.8 | -5.9 | -5.7 |

Relative performance may not tie due to rounding

**Fund Overview**

Morgan Stanley Investment Management was appointed to manage an active equity portfolio with a focus on sustainability when selecting investment opportunities, held as a sub-fund on the London CIV platform from 30 September 2020. The aim of the fund is to outperform the MSCI AC World Index.

**Portfolio Sector Breakdown**




**Key Statistics**

| | LCIV Global Equity Quality Fund |
|---|---|
| No. of Holdings | 38 |
| No. of Countries | 9 |
| No. of Sectors | 7 |
| No. of Industries | 19 |

**Holdings**

| | % of NAV |
|---|---|
| Microsoft | 6.2 |
| Sap Se | 6.0 |
| RELX Plc | 4.0 |
| Visa Inc | 3.9 |
| Taiwan Semiconductor Manufacturing | 3.8 |
| Alphabet Inc (Class A) | 3.7 |
| Gallagher Arthur J & Co | 3.5 |
| Procter & Gamble | 3.5 |
| Coca-Cola | 3.2 |
| Keyence Corp | 3.1 |
| Total | 41.0 |


Note: Returns net of fees.
Sources: Northern Trust, Morgan Stanley and London CIV. Totals may not sum due to rounding.

# L&G – World Low Carbon Equity

| Key area | Performance Commentary |
|---|---|
| Commentary | • The L&G MSCI World Low Carbon Index Fund delivered a positive absolute return of 9.1% on a net of basis over the quarter to 30 September 2025 with global equities continuing to rally, particularly AI-driven technology stocks. The US market, which increasingly makes up a large majority of the market-capitalisation index, increased in value driven by robust corporate earnings and interest rate cuts. The fund marginally underperformed its benchmark.<br><br>• The L&G MSCI World Low Carbon Index Fund delivered an absolute return of 17.4% on a net of fees basis over the one-year-period to 30 September 2025, underperforming its benchmark by 0.2%. Over the longer three-year and five-year periods, the strategy delivered positive absolute returns of 16.9% p.a. and 13.8% p.a. on a net of fees basis, underperforming its benchmark by 0.2% p.a. over both periods. |



**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | 9.1 | 17.4 | 16.9 | 13.8 |
| Benchmark (MSCI World Low Carbon Target) | 9.1 | 17.6 | 17.1 | 14.0 |
| Net Performance relative to Benchmark | -0.1 | -0.2 | -0.2 | -0.2 |

Relative performance may not tie due to rounding

## Fund Overview

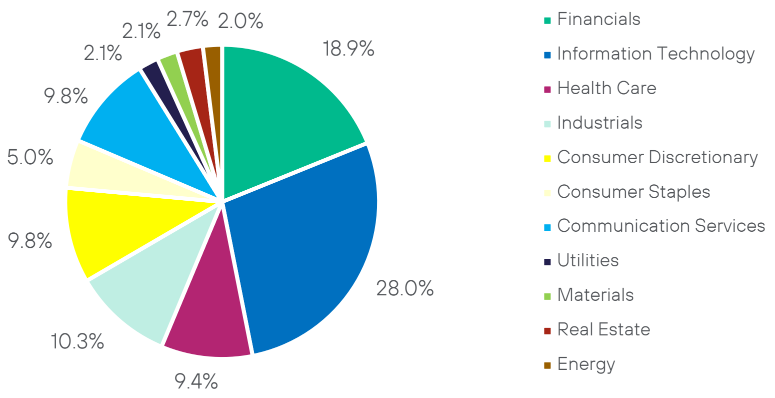
Legal and General Investment Management ("L&G") was appointed on 18 December 2018 to manage a low carbon portfolio with the aim of replicating the performance of the MSCI World Low Carbon Target Index. The manager has an annual management fee, in addition to On Fund Costs.

The bottom left charts compare the relative weightings of the sectors in the L&G MSCI World Low Carbon Index Fund and the MSCI World Equity Index as at 30 September 2025.

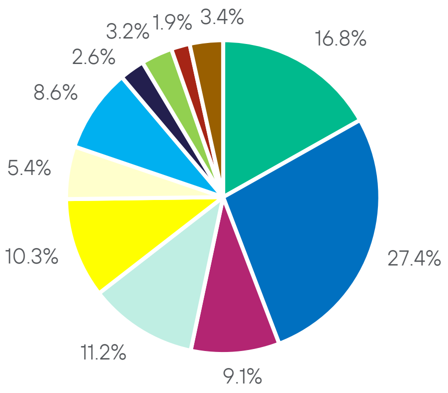
The L&G MSCI Low Carbon Index Fund has a larger allocation to financials than the MSCI World Equity Index, whilst the relatively lower allocation to materials, industrials and energy reflect the 'low carbon' nature of the Fund.

**Portfolio Sector Breakdown at 30 September 2025**

LGIM MSCI World Low Carbon Fund




MSCI World Equity Index




Note: Returns net of fees.
Sources: Northern Trust and L&G.

# LCIV – Absolute Return

| Key area | Performance Commentary |
|---|---|
| Commentary | • The LCIV Absolute Return Fund delivered a positive return of 2.9% over the quarter on an absolute basis, outperforming its SONIA + 4% p.a. target by 0.9%. The Sub-Fund benefitted from its investments in gold (and gold-related equities), which surged amid ongoing economic uncertainty. Additionally, the Sub-Fund's allocations to equities (US and EM) further enhanced performance, driven by rising optimism around AI-related stocks.<br><br>• The Sub-Fund has delivered positive returns over longer time periods, but underperformed the cash-based benchmark. Ruffer attributes its underperformance to the portfolio's defensive bias and tilt to downside protection strategies, which have an ongoing cost if markets rise (across credit, equity and volatility). |

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### Investment Performance to 30 September 2025

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | 2.9 | 5.1 | 1.4 | 3.9 |
| Target | 2.0 | 8.6 | 8.7 | 7.0 |
| Net performance relative to Target | 0.9 | -3.5 | -7.3 | -3.0 |

Relative performance may not tie due to rounding

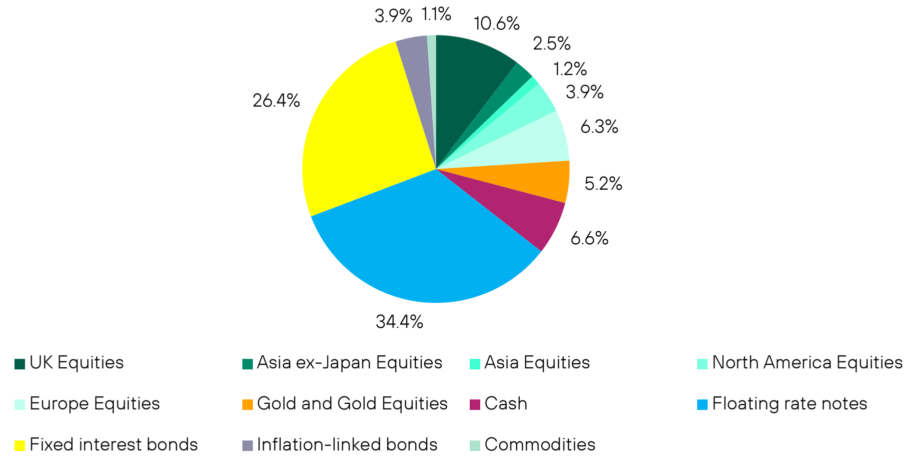
### Fund Overview

Ruffer was appointed to manage an absolute return mandate, held as a sub-fund under the London CIV platform from 21 June 2016, with the aim of outperforming the 3-month Sterling SONIA benchmark by 4% p.a. The manager has a fixed fee based on the value of assets.

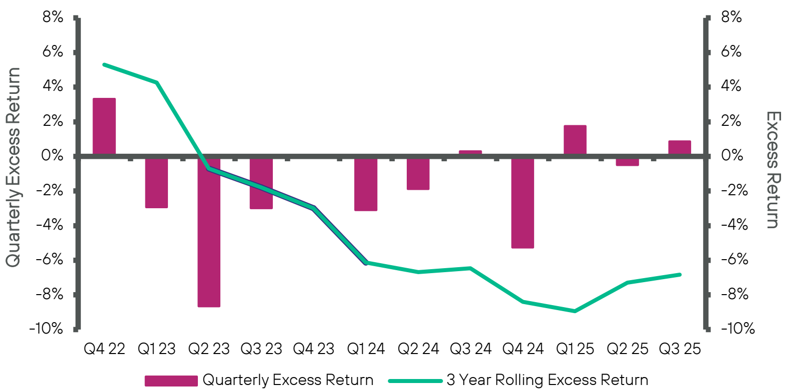
The LCIV Absolute Return Fund aims to deliver growth throughout the investment cycle and acts as a return-seeking diversifier from equities through a relatively defensively positioned portfolio. The manager has the ability to regularly alter the underlying asset allocation in response to market conditions.

While the manager, Ruffer, maintains its view that investors are too bullish on equity markets and are not pricing in downside risks, the manager has opted to retain some level of risk-on assets that will help capture upside if growth asset returns remain consistently positive.

### Portfolio Sector Breakdown




### Investment Performance to 30 September 2025




Total exceeds 100% as a result of negative derivative exposures not included in the chart.



Sources: Northern Trust, London CIV and Ruffer.

# LCIV – Short and Long Duration Buy & Maintain (1)

| Key area | Performance Commentary |
|---|---|
| Commentary | • The Short Duration Sub-Fund delivered a positive return of 1.2% over the quarter, despite rising short-term nominal yields. The adverse effects of rising yields were mitigated by tightening credit spreads, driven by the shift towards risk-on market behaviour over the quarter. The Sub-Fund broadly matched its iBoxx 0-5 Years credit index target.<br><br>• The Long Duration Sub-Fund delivered a positive return of 0.1% over the quarter, despite a rise in nominal yields – to a steeper extent at longer maturities). Similar to the short-dated Sub-Fund, tightening credit spreads have managed to offset the negative impacts of rising yields. The Sub-Fund's sector and issuer positioning have also contributed positively to the overall return (i.e. banking, insurance sectors), driving outperformance against its benchmark. |

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**Key Statistics**

| | Short Duration | | Long Duration | |
|---|---|---|---|---|
| | 30 Jun 2025 | 30 Sep 2025 | 30 Jun 2025 | 30 Sep 2025 |
| Weighted Average Credit Rating | A | A | A- | A- |
| Yield to Maturity | 4.75 | 4.61 | 5.77 | 5.96 |
| Current Yield | 3.95 | 3.83 | 5.43 | 5.50 |
| Interest Rate Duration (Years) | 2.21 | 2.15 | 11.03 | 10.83 |
| Spread Duration (Years) | 2.04 | 1.90 | 9.93 | 10.05 |

**Investment Performance to 30 September 2025**

| Short Duration | Last Quarter (%) | One Year (%) |
|---|---|---|
| Net of fees | 1.2 | 5.3 |
| Benchmark / Target | 1.2 | 5.6 |
| Net performance relative to Benchmark | 0.0 | -0.3 |

| Long Duration | Last Quarter (%) | One Year (%) |
|---|---|---|
| Net of fees | 0.1 | -0.8 |
| Benchmark / Target | -0.3 | -0.3 |
| Net performance relative to Benchmark | 0.4 | -0.5 |

Relative performance may not tie due to rounding

**Fund Overview**

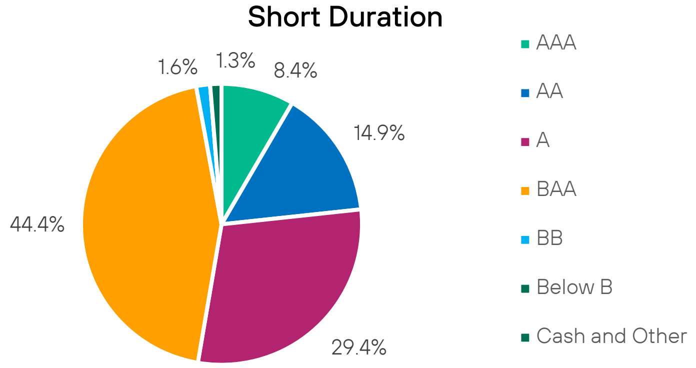
Insight Investment Management was appointed to manage a buy & maintain credit mandate across both a short and long duration strategy, held as sub-funds under the London CIV platform from 6 December 2023.

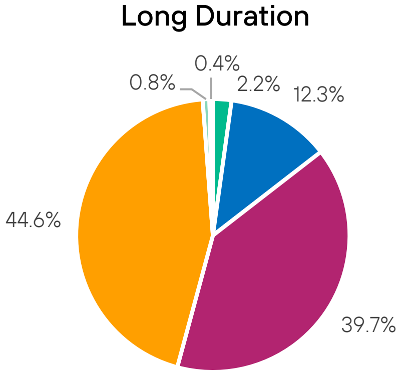
The aim of the short and long duration sub-funds is to achieve a portfolio yield to maturity in line with the iBoxx GBP Collateralized & Corporates 0-5 Index and the iBoxx £ Collateralized & Corporates 10+ Index respectively while limiting turnover. The manager has a fixed fee based on the value of assets.


Sources: Northern Trust and London CIV.

# LCIV – Short and Long Duration Buy & Maintain (2)

## Portfolio Credit Rating Breakdown

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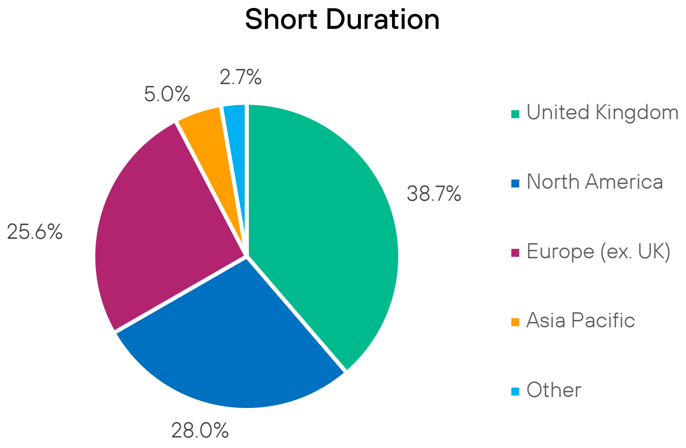
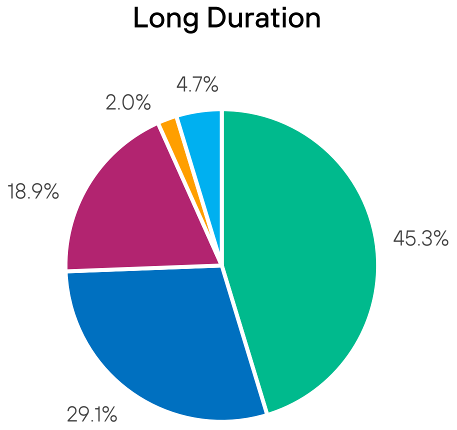
## Portfolio Regional Breakdown




## Fund Overview

The charts to the left represent the split of the Short and Long duration portfolios by credit rating and by region as at 30 September 2025.


Sources: Northern Trust and London CIV.
Note that figures may not sum to 100% due to rounding and due to the potential for the manager to use short holdings in cash and currency forwards.

# Allspring – Climate Transition Global Buy & Maintain (1)

| Key area | Performance Commentary |
|---|---|
| Commentary | • The Allspring Climate Transition Global Buy and Maintain Fund has delivered a positive return of 1.0% over the quarter to 30 September 2025 on a net of fees basis, outperforming its target by 1.3%.<br>• The Fund is mostly comprised of IG-rated loans, which are more sensitive to changes in interest rates. However, the effects of rising UK gilt yields on the underlying valuations over the quarter was offset by narrowing credit spreads, particularly at the riskier end of the credit spectrum. Additionally, the Fund also benefitted from its carry element which increased during the higher interest rate environment.<br>• Outperformance against the Sterling denominated index was mainly driven by the strategy's higher duration and positive security selection (particularly within cyclical consumer space). |



**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) |
|---|---|---|
| Net of fees | 1.0 | 3.8 |
| Target | -0.4 | -0.4 |
| Net performance relative to Target | 1.3 | 4.2 |

Relative performance may not tie due to rounding

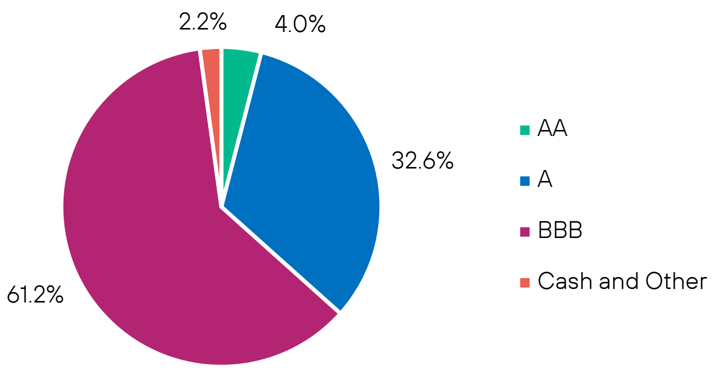
**Fund Overview**

Allspring was appointed on 7 November 2023 to manage a global climate transition buy and maintain credit mandate.

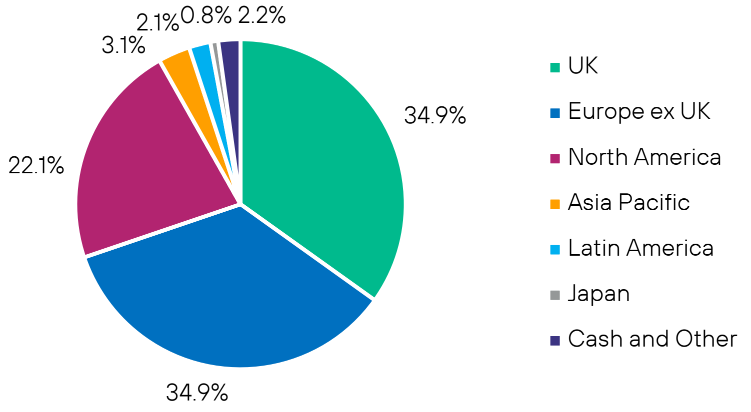
The aim of the Fund is to broadly track the performance of the ICE BofA Sterling Corporate Index, while simultaneously achieving various climate transition related targets. The manager has a fixed fee based on the value of assets.

The charts to the bottom left represent the split of the Allspring Climate Transition Global Buy & Maintain Fund by credit rating and by region as at 30 September 2025.

**Portfolio Credit Rating Breakdown as at 30 September 2025**




**Portfolio Regional Breakdown as at 30 September 2025**





Sources: Northern Trust and Allspring.

# Allspring – Climate Transition Global Buy & Maintain (2)

**ESG Metrics as at 30 September 2025**

| | Allspring Climate Transition Global Buy & Maintain | | Benchmark | |
|---|---|---|---|---|
| | Value | Coverage | Value | Coverage |
| MSCI ESG Score | 7.6 | 95% | 7.2 | 91% |
| Sustainalytics ESG Risk Score | 16 | 96% | 18 | 95% |
| Carbon to Value Invested (metric tons $CO_2$e/$1m invested)* | 22 | 97% | 26 | 93% |
| Weighted Average Carbon Intensity (metric tons $CO_2$e/$1m revenues)* | 59 | 97% | 67 | 93% |
| Coal Emissions (metric tons $CO_2$e/$1m invested) | 0 | N/A | 4,261 | N/A |
| Gas Emissions (metric tons $CO_2$e/$1m invested) | 4,320 | N/A | 4,069 | N/A |
| Oil Emissions (metric tons $CO_2$e/$1m invested) | 7,030 | N/A | 5,736 | N/A |

MSCI ESG Score: scale of 0-10 (10-best)
Sustainalytics ESG Risk Score: scaled of 0-100 (0-no ESG Risk, >40-severe ESG Risk)
*Operational and Tier 1 supply chain emissions



## ESG Metrics

Allspring integrates the objectives of the EU Climate Transition Benchmark pathway into its investment approach but targets a carbon intensity reduction trajectory that is more ambitious than the prescribed 1.5°C pathway to net zero by 2050.

Allspring, however, does not automatically exclude industries with high historical carbon emissions and instead focuses on firms' forward transition performance. For example, where many ESG strategies exclude fossil fuels on the view that historical carbon intensity will continue indefinitely, Allspring takes a prospective view on firms' climate and financial performance with the outlook that some of today's heaviest emitters may be tomorrow's decarbonisation outperformers. As such, we would expect the strategy's carbon intensity metrics and ESG scores to improve over time.

The table to the left compares the ESG metrics of the Climate Transition Global Buy & Maintain Fund with those of the reference benchmark as at 30 September 2025.

Please note that we have included definitions of each of the metrics in the Appendix to this report.


Source: Allspring.

# Aberdeen – Multi-Sector Private Credit Fund

| Key area | Performance Commentary |
|---|---|
| Commentary | • The MSPC Fund has delivered a positive return of 4.4% on a net of fees basis over the quarter. Aberdeen have not provided information covering Q3 2025, however we anticipate positive returns have been driven primarily by the strategy's allocation to corporate private debt. The strategy has outperformed its corporate bond-based target by 3.4% over the quarter, owing to the index' greater sensitivity to movements at the short-end of the yield curve. The strategy has outperformed over longer periods owing to the illiquidity premium attached to the Fund's assets. |
| Portfolio Composition | • As at 30 June 2025, the MSPC Fund portfolio has reached target allocation and consists of 18 private assets:<br>• 4 infrastructure debt investments;<br>• 5 senior commercial real estate debts investments; and<br>• 9 private corporate debt investments.<br>• The MSPC Fund has also made investments in syndicated loans, structured credit and public bonds. |



### Investment Performance to 30 September 2025

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | 4.4 | 10.1 | 6.6 | 2.6 |
| Benchmark / Target | 1.0 | 4.9 | 8.8 | 0.6 |
| Net performance relative to Benchmark | 3.4 | 5.2 | -2.2 | 1.9 |

Relative performance may not tie due to rounding. Please note that Aberdeen MSPC Fund performance is provided by Northern Trust with a quarter lag.

### Fund Overview

Aberdeen was appointed to manage a multi sector private credit mandate, with the Fund drawing down capital for investment on 8 April 2020.

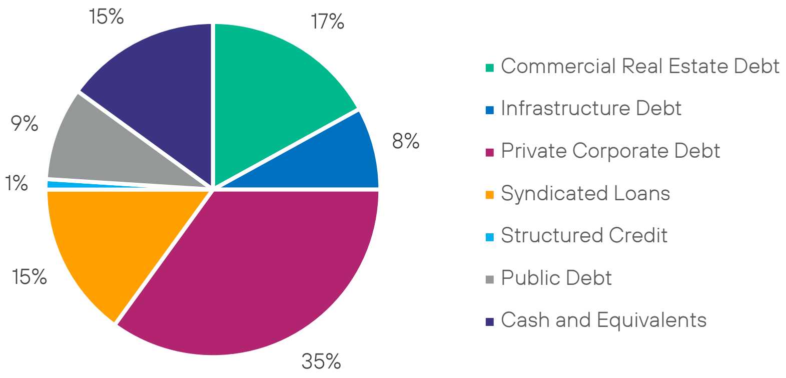
The Multi Sector Private Credit Fund aims to outperform the ICE ML Sterling BBB Corporate Bond Index once it has been fully deployed. The manager has a fixed annual management fee based on the value of investments.

As at 30 June 2025, c. 76% of the MSPC Fund portfolio has been invested in illiquid assets that will make up the long-term portfolio, while the remaining c. 24% of the portfolio remains invested in a liquid transition portfolio in order to avoid a cash drag for liquidity purposes.

The asset allocation as at 30 June 2025 is provided in the chart to the left.

Data as at 30 September 2025 is not available as at the time of writing.

### Portfolio Asset Type Breakdown at 30 June 2025




### Investment Metrics

| | 31 Mar 2025 | 30 Jun 2025 |
|---|---|---|
| Duration (years) | 3.57 | 2.79 |
| Average rating | BBB | BBB |
| Average portfolio spread | 256bps | 239bps |
| Average illiquidity premium | 114bps | 119bps |
| Average yield to maturity | 6.34% | 5.42% |





Source: Northern Trust and Aberdeen.

# Darwin Alternatives – Leisure Development Fund (1)

| Key area | Performance Commentary |
|---|---|
| Commentary | • The Leisure Development Fund delivered a negative return of -5.3% on an absolute basis over the quarter to 30 September 2025, underperforming its cash +6% p.a. target by 7.8%.<br><br>• Significant underperformance over the quarter was due to lower rental revenues, with July's rental revenue being 17% behind budget and 20% behind this point last year. Dundonald was a significant detractor in terms of performance, especially in July. In August there were significant improvements in the rental income as it was a strong month for golf.<br><br>• In September 2025, the fund's NAV was reduced by a further c.2.4%. Darwin has attributed this to two factors:<br>  • The Bentley Rowe lodge manufacturing business, in which the fund held a 30% shareholding, has been closed following a sustained reduction in demand for new lodge sales across the sector (outside of Darwin). Therefore, the Group has recognised a full write-off of investment in the business amounting to c.£2m.<br>  • The fund is due to complete the sale of Rosetta, Peebles, with an agreed sale price of £2.95m – representing a realised loss of £0.8m against the total capital initially invested owing to the impacts of rising development costs and shifting consumer demand. |



**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) | Three Years (%) |
|---|---|---|---|
| Net of fees | -5.3 | -5.1 | -15.4 |
| Benchmark / Target | 2.5 | 10.6 | 10.7 |
| Net performance relative to Benchmark | -7.8 | -15.7 | -26.1 |

Relative performance may not tie due to rounding

## Fund Overview

Darwin Alternatives was appointed to manage a leisure property development mandate, with the Fund drawing down capital for investment on 1 January 2022.

The Leisure Development Fund aims to outperform the 3-month Sterling SONIA target by 6% p.a. The manager has an annual management fee and performance fee.

Details of the Fund's underlying assets can be found overleaf.

**Activity**

- Blenheim Palace performed well contrary to the other sites over the summer which were behind budget.
- Blenheim Palace Lodge Retreat has proven to be successful, and development strategies for the Fund going forward will be to replicate this partnership with other stately home landed estates around the UK. This partnership allowed Darwin to further expand the portfolio, whilst also boosting its marketing and profile by allowing Darwin to open parks in areas outside the usual holiday park locations.
- The Manager of Darwin Leisure Property Fund (DLPF), Darwin Property Investment (Guernsey) Limited was sold in August. Prior to this the portfolios of both DLPF and DLDF were managed together by the management company. From 1 December there will be a complete separation between the two funds and their portfolios.
- Planning permission has now been granted at Kilnwick Percy for a further 28 lodges at the site, which would be located within a new woodland setting.
- The project at Blenheim is progressing well with Darwin now proceeding with the pre-application for Phase 2 at Blenheim Palace. This is due to be submitted to the Local Planning Authority in mid to late November. The concert is for a low cost experience with new gardens and other spaces for wellness, relaxation and engagement. Unfortunately, due to the requirement for seasonal bat surveys the earliest a full application can be made is in May 2026.





Source: Northern Trust and Darwin Alternatives.

# Darwin Alternatives – Leisure Development Fund (2)

**Portfolio Holdings**

| Park | Purchase Rationale | Size (Acres) | Purchase Date |
|---|---|---|---|
| Stratford Armouries, Warwickshire | Develop site into luxury lodge retreat | 9 | June 2017 |
| Norfolk Woods, Norfolk | Redevelop to holiday resort with leisure facilities | 15 | June 2017 |
| The Springs, Oxfordshire | Upgrade golf facilities and add lodges to create small lodge resort | 133 | July 2017 |
| Rivendale, Derbyshire | Redevelop to holiday resort with leisure facilities | 35 | January 2018 |
| Dundonald Links, Ayrshire | Add lodges and central facilities to create lodge resort | 268 | March 2019 |
| Kilnwick Percy, East Yorkshire | Add additional lodges to existing golf resort | 150 | March 2020 |
| Rosetta, Peeblesshire | Redevelop to holiday resort with leisure facilities | 47 | May 2020 |
| Plas Isaf, North Wales | Add additional lodges utilising existing planning | 39 | June 2020 |
| Bleathwood, Shropshire | Develop site into luxury lodge retreat | 12 | December 2020 |
| Blenheim Palace, Oxfordshire | Develop site into luxury lodge retreat | 10 | December 2021 |

Portfolio

The table to the left shows details of the parks underlying the Darwin Alternatives Leisure Development Fund portfolio as at 30 September 2025.

Source: Darwin Alternatives.

# Oak Hill Advisors – Diversified Credit Strategies

| Key area | Performance Commentary |
|---|---|
| Commentary | • The strategy delivered a positive return of 2.0% on a net of fees basis over the quarter to 30 September 2025, slightly outperforming the benchmark. As the strategy is measured against a Sterling cash-plus benchmark, we would expect relative performance differences over shorter time horizons.<br><br>• The fund performed positively across Q3 2025 primarily due to strong credit selection in its core asset classes of high yield bonds and leveraged loans.<br><br>• The strategy's opportunistic nature means that the fund can take on restructuring opportunities for issuers. There were no defaults over the third quarter of 2025 within the Diversified Credit Strategies portfolio, while six positions representing c. 0.7% of the total portfolio were downgraded. |

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### Investment Performance to 30 September 2025

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | 2.0 | 6.1 | 10.1 | 6.1 |
| Benchmark / Target | 2.0 | 8.6 | 8.7 | 7.0 |
| Net Performance relative to Benchmark | 0.1 | -2.5 | 1.4 | -0.9 |

Relative performance may not tie due to rounding

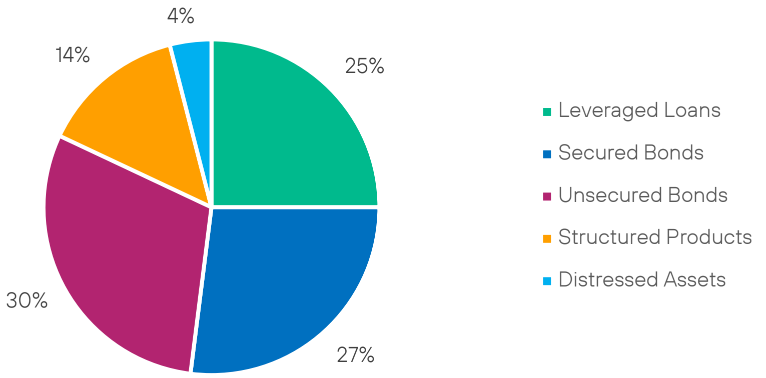
### Fund Overview

Oak Hill Advisors was appointed to manage a multi asset credit mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 4% p.a. The manager has an annual management fee and performance fee.

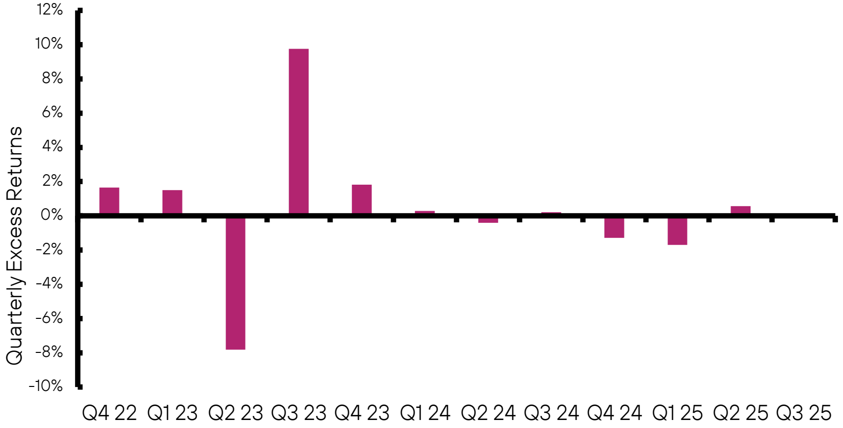
It should be noted, however, that the DCS Fund is denominated in US Dollars. There is no hedging in place in respect of this investment and therefore short-term returns are impacted by exchange rate fluctuations. Oak Hill Advisors highlights that the strategy has delivered 6.3% on a net of fees basis over the year to 30 September 2025 once currency fluctuations have been stripped out. Oak Hill Advisors compares the performance of the Diversified Credit Strategies Fund against a blended index of high yield credit and leveraged loans, which delivered a return of 7.2% over the year to 30 September 2025.

The chart to the bottom left shows the composition of the Diversified Credit Strategies Fund's portfolio as at 30 September 2025.

### Portfolio Sector Breakdown at 30 September 2025




### Quarterly Excess Returns






Source: Northern Trust and Oak Hill Advisors.

# Partners Group – Direct Infrastructure

| Key area | Performance Commentary |
|---|---|
| Activity | • The Direct Infrastructure Fund's investment period ended on 30 September 2021 and the Fund will therefore make no further investments going forward, having made 22 investments.<br>• As at 30 June 2025, the Partners Group Direct Infrastructure Fund was in its realisation phase with an active portfolio of 12 investments having realised 10 positions to date.<br>• As at 30 June 2025, the Fund has delivered a net IRR of 14.0% since inception. The Fund's net multiple remained stable over the period, Telepass, a pan-European provider of electronic tolling, was written up reflecting strong financial performance, whilst CapeOmega a leading energy transition platform was written down due to adverse change in the NOK/USD exchange rate. |

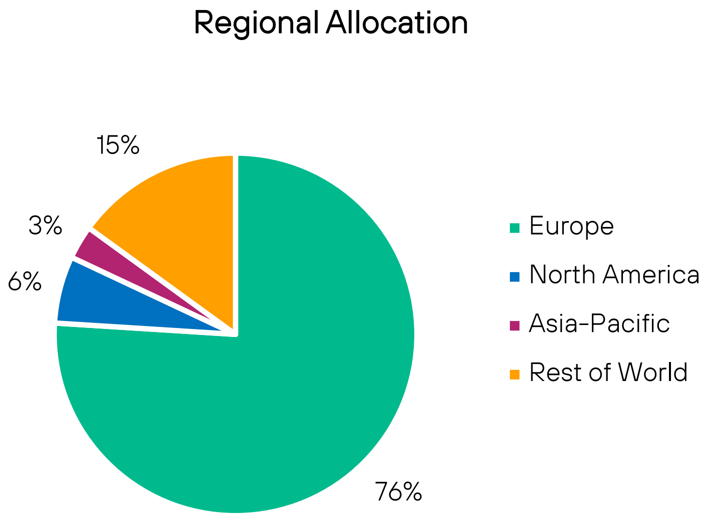


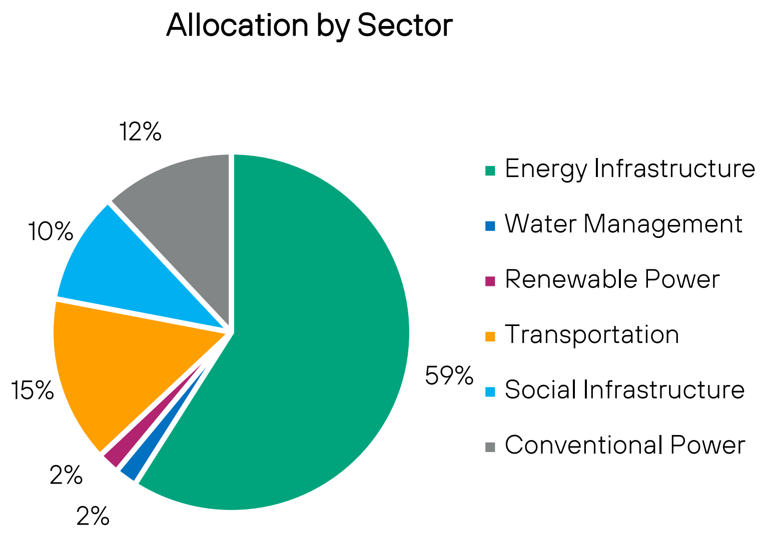
**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | 1.6 | 17.1 | 11.8 | 15.1 |
| Benchmark / Target | 2.9 | 12.6 | 12.7 | 11.0 |
| Net Performance relative to Benchmark | -1.3 | 4.5 | -1.0 | 4.1 |

Relative performance may not tie due to rounding

**Portfolio Breakdown by Region and Sector as at 30 June 2025**




Source: Northern Trust and Partners Group.

## Fund Overview

Partners Group was appointed to manage a global infrastructure mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 8% p.a. The manager has an annual management fee and performance fee.

The charts to the bottom left show the regional split of the Direct Infrastructure Fund and a breakdown of the Fund by infrastructure sector as at 30 June 2025.

## Capital Calls and Distributions

Partners Group have confirmed that the Direct Infrastructure Fund is unlikely to draw any further capital into the strategy. Remaining capital is held back for the purposes of meeting potential future currency hedging calls or follow-on capital for portfolio companies.

Over the quarter, Partners Group issued two capital distributions on 23 July 2025 (c.€2.2m) and 8 August 2025 (c.€5.3m).

Following quarter end, Partners Group issued two further capital distributions on 9 October 2025 (c.€2.8m) and 16 October 2025 (c.€3.0m).

# Quinbrook – Renewables Impact Fund (1)

| Key area | Performance Commentary |
|---|---|
| Capital Calls and Distributions | • The London Borough of Hammersmith & Fulham Pension Fund committed £45m to the Quinbrook Renewables Impact Fund ("QRIF I") in August 2023 and £35m to the Quinbrook Renewables Impact Fund II ("QRIF II") in November 2024.<br>• Over the third quarter of 2025, Quinbrook issued no further capital call notices or distributions in respect of QRIF I and QRIF II.<br>• Resultantly, the Fund's £45m commitment to QRIF I remained at c.95% drawn for investment as at 30 September 2025 and the Fund's £35m commitment to QRIF II is c.17% drawn as at 30 September 2025. |

**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) |
|---|---|---|
| Net of fees | 0.3 | 7.2 |
| Benchmark / Target | 3.7 | 13.9 |
| Net performance relative to Benchmark | -3.5 | -6.8 |

Relative performance may not tie due to rounding

## Fund Overview

Quinbrook was appointed to manage a UK renewable infrastructure mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 6% p.a. The manager has a base annual management fee and a performance fee.

The Renewables Impact Fund I achieved final close on 29 September 2023 having raised £620m in commitments, exceeding the initial £500m target.

As at 30 June 2025, the Renewables Impact Fund I has delivered a net IRR of 8.7% since inception and QRIF II's MOIC (Multiple on Invested Capital) was 1.0x.



**Activity over the quarter to 30 June 2025**

QRIF I

- Rothienorman continued to perform well, earning GBP 1.65 million in availability revenue during the quarter.
- Rassau also continued to deliver strong performance, operating at 100% availability and generating total revenues of £2.6m (£10.3 million on an annualised basis). The asset also finalised its first bid into NESO's (National Energy System Operator) Y-1 tender, targeting a six-month delivery window across Q2 and Q3 2027.
- The quarter also marked significant progress across the broader Thistle program. The final utilisation of the Rothienorman and Thurso debt facilities was completed, and the availability periods for the Gretna and Neilston facilities were extended to align with updated COD (Commercial Operation Date) timelines.
- With respect to Cleve Hill, commissioning of the Fortress solar project progressed as planned, with the asset achieving commercial operations during the quarter. Fortress successfully exported 100% of its capacity, making it the largest operational solar asset in the UK. At peak output in May, the project accounted for 0.7% of total UK power demand. The EPC (Engineering, Procurement, and Construction) contractor is expected to issue the Provisional Acceptance Certificate in Q3 2025. The project offers strong price stability and protection against inflation.
- Furthermore, Habitat Energy continued to expand its optimisation platform, growing its customer base from 3.6 GW / 5.7 GWh to 3.9 GW / 6.3 GWh, representing a 9% increase in capacity and 12% in energy over the quarter. The business's trailing 12-month revenue increased by 16.9% quarter-on-quarter to £4.5m.

QRIF II

- As at 30 June 2025, the Fund had invested £72.9m into several core thematics: standalone electricity storage, decarbonisation of transport, co-located renewable electricity generation and storage, and standalone renewable electricity generation.
- The Fund had closed on five investments to date (as at Q2 2025: (i) Project Kamino (battery energy storage system); (ii) Aegis Energy (company building a platform of dedicated multi-fuel stations); (iii) Fern Portfolio (Norton and Talbot Green) - solar PV and BESS project; and (iv) Mallard Pass (standalone solar PV project).
- The Manager progressed several new investment opportunities over Q2 2025 in both solar PV modules and power transformers for Mallard Pass.





Source: Northern Trust and Quinbrook.

# Quinbrook – Renewables Impact Fund (2)

| QRIF I: Project Name | Fund Ownership | Investment Date | Technology | Location |
|---|---|---|---|---|
| Pathfinder - Operational | | | | |
| Rassau | 100% | Dec-20 | Synchronous Condenser | UK |
| Pathfinder – Under construction | | | | |
| Thurso South | 100% | Jul-21 | Synchronous Condenser | Scotland |
| Rothienorman | 100% | Jul-21 | Synchronous Condenser | Scotland |
| Gretna | 100% | Jul-22 | Synchronous Condenser | Scotland |
| Neilston Grid Services | 100% | Jul-22 | Synchronous Condenser | Scotland |
| Pathfinder – Other | | | | |
| Reggie Development Loan | 100% | Dec-20 | Synchronous Condenser | UK |
| Solar and Battery Storage – Under construction | | | | |
| Cleve Hill | 100% | Oct-21 | Solar and Battery Storage | UK |
| Battery Storage – Under-construction | | | | |
| Uskmouth | 100% | May-22 | Battery Storage | Wales |
| Other | | | | |
| Habitat | 100% | Jul-21 | Trading Platform | UK |
| Held at cost | | | | |
| Dawn | 100% | Mar-22 | Battery Storage | UK |
| Teffont | 100% | Apr-23 | Battery Storage | UK |

| QRIF II: Project Name | Fund Ownership | Investment Date | Technology | Location |
|---|---|---|---|---|
| Fern (Norton) | 100% | Dec-24 | Solar and Battery Storage | UK |
| Mallard Pass | 100% | Dec-24 | Solar | UK |
| Fern (Talbot Green) | 100% | Dec-24 | Solar | UK |
| Kamino | 100% | Dec-24 | Battery Storage | UK |
| Aegis | 100% | Dec-24 | Vehicle recharging | UK |

Portfolio

The table to the left shows a list of the investments held by the Quinbrook Renewables Impact Fund I & II as at 30 June 2025. Data as at 30 September 2025 is not available as at the time of writing.

Source: Quinbrook.

# Aberdeen – Long Lease Property

| Key area | Performance Comments |
|---|---|
| Commentary | • The Long Lease Property Fund has delivered a positive return of 2.1% over the quarter to 30 September 2025, outperforming its gilts-based benchmark by 2.2% with longer dated gilt yields rising over the period.<br>• The Fund has outperformed the wider property market over the year, while underperforming over the longer periods owing to property market and long income decline at the end of 2022 and early 2023, asset sales at depressed pricing, and a lack of exposure to outperforming sectors.<br>• Aberdeen has realised collection rates of 100% for 2020, 2021, 2022, 2023, and 2024 rent, with the manager stating that rent collection levels are back to pre-COVID levels. None of the Long Lease Property Fund's rental income is subject to deferment arrangements. |



**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) | Five Years (% p.a.) |
|---|---|---|---|---|
| Net of fees | 2.1 | 6.2 | -8.4 | -2.2 |
| Benchmark / Target | -0.1 | 0.7 | 3.3 | -3.7 |
| Net Performance relative to Benchmark | 2.2 | 5.5 | -11.7 | 1.6 |

Relative performance may not tie due to rounding

## Fund Overview (lagged by one quarter)

Aberdeen was appointed to manage a long lease property mandate with the aim of outperforming the FT British Government All Stocks Index benchmark by 2.0% p.a. The manager has an annual management fee.

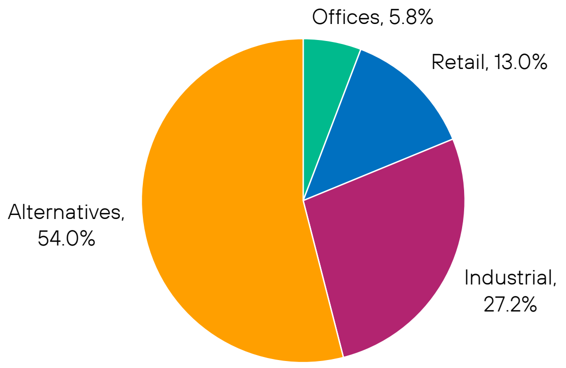
Aberdeen acknowledges that further asset sales will be required to meet redemption requests. The manager will monitor the portfolio with a focus on selling weaker credits or those with poor ESG scores, and further reducing its office exposure where possible.

As at 30 September 2025, 1.4% of the Fund's NAV is invested in ground rents via an indirect holding in the Aberdeen Ground Rent Fund, with 18.6% of the Fund invested in income strip assets.

The top 10 tenants contributed c.75.0% of the total net income of the Fund as at 30 September 2025.

The unexpired lease term as at 30 September 2025 stood at 25.6 years, a decrease of 1.5 years over the third quarter of 2025. The proportion of income with fixed, CPI or RPI rental increases decreased by 1.0% over the third quarter of 2025 to 92.5% as at 30 September 2025.

**Portfolio Sector Breakdown at 30 September 2025**




**Top 10 Tenants (% of net rental income) as of 30 September 2025**

| Tenant | % Net Income | Credit Rating |
|---|---|---|
| Amazon UK Services Limited | 10.1 | AA |
| Marston's plc | 9.2 | BB |
| Viapath Services LLP | 8.9 | A |
| J Sainsbury plc | 8.6 | BBB |
| Salford Villages Limited | 7.6 | A |
| Poundland | 6.5 | B |
| Next Group plc | 6.3 | BBB |
| Premier Inn Hotels Limited | 6.2 | BBB |
| Lloyds Bank plc | 5.9 | Not available |
| (The) Court of Edinburgh Napier University | 5.6 | Not available |
| Total | 75.0* | |



Source: Northern Trust and Aberdeen.
Note that figures may not sum to 100% due to rounding.

# Alpha Real Capital – Index Linked Income

| Key area | Comments |
|---|---|
| Commentary | • The Index Linked Income Fund has delivered a negative return of -2.7% on a net of fees basis over the quarter to 30 September 2025, primarily attributed to the impact of rising long-dated index linked gilt yields on the estimated NAV, rather than any asset-specific issues.<br>• The strategy outperformed its long-dated inflation-linked gilts benchmark by 1.1% over the three-month period.<br>• Alpha Real Capital have not provided any updates related to the underlying portfolio over Q3 2025 as at the time of writing. |

**Investment Performance to 30 September 2025**

| | Last Quarter (%) | One Year (%) | Three Years (% p.a.) |
|---|---|---|---|
| Net of fees | -2.7 | -5.9 | -9.5 |
| Benchmark / Target | -3.9 | -18.2 | -16.1 |
| Net performance relative to Benchmark | 1.1 | 12,3 | 6.6 |

Relative performance may not tie due to rounding

Alpha Real Capital was appointed to manage a ground rents mandate with the aim of outperforming the BoAML Long-Dated UK Inflation-Linked Gilts Index benchmark by 2.0% p.a. over a 5-year period. The manager has an annual management fee.

The average lease length stood at c. 141 years as at 30 September 2025, remaining unchanged over the quarter. The Index Linked Income Fund's portfolio is 100% linked to RPI (or CPI) with no fixed rent reviews in the portfolio.

The sector allocation in the Index Linked Income Fund as at 30 June 2025 is shown in the chart to the left.

The table shows details of the top ten holdings in the Fund measured by value as at 30 September 2025. The top 10 holdings in the Index Linked Income Fund accounted for c. 82% of the Fund as at 30 September 2025.

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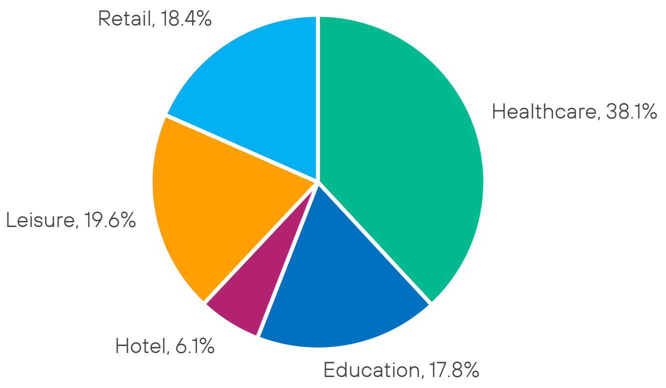
**Portfolio Sector Breakdown at 30 June 2025 – data as at 30 September 2025 not available**




**Top Ten Holdings by Value as 30 September 2025**

| Tenant | Value (%) | Credit Rating |
|---|---|---|
| Elysium Healthcare | 15.0 | A1 |
| Dobbies | 13.0 | Baa1 |
| Parkdean | 11.8 | A2 |
| HC One | 11.0 | A2 |
| Away Resorts | 7.0 | A2 |
| PGL | 6.9 | Baa2 |
| Busy Bees | 6.0 | A2 |
| CareTech II | 4.6 | A3 |
| Grange Hotels | 3.9 | Not available |
| Booths | 2.8 | Aa3 |
| Total | 82.0 | |


Source: Northern Trust and Alpha Real Capital.

# Man Group – Affordable Housing

| Key area | Comments |
|---|---|
| Commentary | Capital Calls and Distributions<br>• The Fund committed £30m to Man Group in February 2021.<br>• Over the quarter, Man Group issued no further drawdown or distribution notices.<br>• As such, the Fund's total commitment is c. 92% for investment at 30 September 2025.<br>Activity<br>• Having completed the strategy's eleventh investment, Man Group has confirmed that no further investments will be added to the Community Housing Fund portfolio.<br>• As at 30 June 2025, the Fund has contracted 1,403 homes and delivered 331 homes.<br>• An update on the Fund's investments in Grantham, Wellingborough and Saltdean can be found in the Private Appendix to this report. |



Investments Held

| Investment | Number of Homes | Affordable Homes (%) | Gross Cost (£m) | Unlevered Net Income Yield (%) |
|---|---|---|---|---|
| Atelier, Lewes | 41 | 95 | 13 | 3.6 |
| Alconbury, Cambridgeshire | 95 | 100 | 22 | 4.4 |
| Grantham, Lincolnshire | 227 | 85 | 51 | 3.8 |
| Campbell Wharf, Milton Keynes | 79 | 100 | 21 | 4.3 |
| Towergate, Milton Keynes | 55 | 100 | 18 | 4.2 |
| Coombe Farm, Saltdean | 71 | 83 | 28 | 5.8 |
| Chilmington, Ashford | 225 | TBC | 73 | N/A |
| Tattenhoe, Milton Keynes | 34 | 100 | 6 | 4.6 |
| Glenvale Park, Wellingborough | 146 | 100 | 35 | 5.5 |
| Old Malling Farm, Lewes | 226 | 100 | 84 | 5.2 |
| Stanhope Gardens, Aldershot | 96 | 100 | 39 | 4.3 |
| Wantage Grove | 108 | 100 | 35. | 4.8 |
| Total | 1,403 | 96 | 426 | 4.7 |

Man Group was appointed to manage an affordable housing mandate following the manager selection exercise in February 2021. The manager has an annual management fee.

The table to the left shows a list of the projects currently undertaken by the Man Group Community Housing Fund as at 30 June 2025.

As at 30 June 2025, the Man Group Community Housing Fund has a weighted average unlevered income yield of 4.7%.

At the time of writing, Man Group data as at 30 September 2025 is not available.



Source: Man Group.

# Appendices

A1: Fund and Manager Benchmarks

A2: Yield Analysis

A3: Explanation of Market Background

A4: Allspring – ESG Metrics

A5: Disclaimers

# Fund and Manager Benchmarks

| Manager | Asset Class | Allocation | Benchmark | Inception Date |
|---|---|---|---|---|
| LCIV | Global Equity Quality | 13.0% | MSCI AC World Index | 30/09/20 |
| L&G | Low Carbon Target | 27.0% | MSCI World Low Carbon Target Index | 18/12/18 |
| Ruffer | Dynamic Asset Allocation | 10.0% | 3 Month Sterling SONIA +4% p.a. | 31/07/08 |
| LCIV | Short Duration Buy & Maintain Credit | 2.5% | iBoxx £ Collateralized & Corporates 0-5 | 06/12/23 |
| LCIV | Long Duration Buy & Maintain Credit | 2.5% | iBoxx £ Collateralized & Corporates 10+ | 06/12/23 |
| Allspring | Climate Transition Global Buy & Maintain | 10.0% | ICE BofA Sterling Corp Bond | 07/11/23 |
| Partners Group | Multi Asset Credit | 0.0% | 3 Month Sterling SONIA +4% p.a. | 28/01/15 |
| Oak Hill Advisors | Multi Asset Credit | 5.0% | 3 Month Sterling SONIA +4% p.a. | 01/05/15 |
| Aberdeen | Multi Sector Private Credit | 4.0% | 3 Month Sterling SONIA / ICE ML Sterling BBB Corporate Bond Index | 08/04/20 |
| Partners Group | Infrastructure Fund | 5.0% | 3 Month Sterling SONIA +8% p.a. | 31/08/15 |
| Quinbrook | Renewables Impact Fund | 3.5% | 3 Month Sterling SONIA +6% p.a. | 24/08/23 |
| Darwin Alternatives | Leisure Development Fund | 2.5% | 3 Month Sterling SONIA +6% p.a. | 01/01/22 |
| Aberdeen | Long Lease Property | 5.0% | FT British Government All Stocks Index +2.0% | 09/04/15 |
| Alpha Real Capital | Ground Rents | 7.5% | BoAML >5 Year UK Inflation-Linked Gilt Index +2.0% | 17/05/21 |
| Man Group | Affordable / Supported Housing | 2.5% | 3 Month Sterling SONIA +4% p.a. (Target) | 02/06/21 |
| | Total | 100.0% | | |

Appendix 2

# Yield Analysis

| Manager | Asset Class | Yield as at end September 2025 |
|---|---|---|
| LCIV Global Sustain | Global Equity | 1.32% |
| L&G MSCI Low Carbon | Global Equity | 1.70% |
| LCIV Absolute Return | Dynamic Asset Allocation | 0.63% |
| Allspring Climate Transition B&M | Dynamic Asset Allocation | 5.44% |
| LCIV Short B&M | Dynamic Asset Allocation | 3.83% |
| LCIV Long B&M | Dynamic Asset Allocation | 5.50% |
| Partners Group MAC | Secure Income | 5.10%[1] |
| Partners Group Infrastructure | Secure Income | 1.50%[1] |
| Aberdeen MSPC Fund | Secure Income | 5.42%[1] |
| Oak Hill Advisors | Secure Income | 6.50% |
| Standard Life Long Lease Property | Inflation Protection | 5.25% |
| Alpha Real Capital | Inflation Protection | 4.67% |
| | Total | 2.61% |



Note: [1]30 June 2025.

# Explanation of Market Background

This glossary explains the components of the Market Background charts at the beginning of this report.

All returns are in Sterling terms, unhedged, unless otherwise stated. Where "hedged" returns are quoted, these are local currency returns (i.e. any costs and imprecisions in hedging are assumed to be negligible).



**Market Background Overview**

- Returns by Asset Class – The market indices underlying this chart are as follows:
  - UK Equity: FTSE All-Share
  - Global Equity: FTSE World (Unhedged and Hedged)
  - Emerging Market Equity: MSCI Emerging Markets
  - Diversified Growth Funds: mean of a sample of DGF managers
  - Property: IPD Monthly UK
  - Global High Yield: BoAML Global High Yield (GBP Hedged)
  - UK Inv. Grade Credit: BoAML Sterling Non-Gilt
  - Over 15 Years Gilts: FTSE Over 15 Year Gilt
  - Over 5 Years Index-Linked Gilts: FTSE Over 5 Year Index-Linked Gilt
  - Example Liabilities: a simplified calculation illustrating how a typical pension scheme's past-service liabilities may have moved

# Allspring – ESG Metrics (1)

| Data Source | Metric | Scoring | Description |
|---|---|---|---|
| MSCI | MSCI ESG Scores | Scores range from 10 (best) to 0 (worst) | MSCI measures and analyses companies' risk and opportunities arising from environmental, social and governance issues. By assessing indicators typically not identified by traditional securities analysis, ESG Ratings uncover hidden risks and value potential for investors. Ratings range from AAA (best) to CCC (worst). Scores range from 10 (best) to 0 (worst). |
| Sustainalytics | ESG Risk Score | ESG Risk assessment ranging from Negligible (best) to Severe (worst) | ESG Risk assessment consisting of Negligible (best), Low, Medium, High, and Severe (worst). |
| Trucost | Carbon Intensity-Direct+First Tier Indirect (tonnes CO2e/$MM) | GHG emissions over which the company has control, or derive from direct suppliers, divided by revenue | Greenhouse gases emitted by the direct operations of and suppliers to a company (scope 1, 2, and upstream scope 3) divided by revenue. |
| Trucost | Carbon-Direct+First Tier Indirect (tonnes CO2e) | GHG emissions over which the company has control (Direct + First Tier indirect) | Greenhouse gases emitted by the direct operations of and suppliers to a company (scope 1, 2, and upstream scope 3). |
| Trucost | Carbon-Scope 1 (tonnes CO2e) | GHG emissions from operations that are owned or controlled by the company | Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company (reference: GHG Protocol). |
| Trucost | Carbon-Scope 2 (tonnes CO2e) | GHG emissions from consumption of purchased electricity, heat or steam by the company | Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company (reference: GHG Protocol). |
| Trucost | Carbon-Scope 3 (tonnes CO2e) | Other indirect GHG emissions not covered in Scope 2 | Other upstream indirect greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (in line with GHG Protocol standards) (reference: GHG Protocol). |

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Source: Allspring.

# Allspring – ESG Metrics (2)

| Data Source | Metric | Scoring | Description |
|---|---|---|---|
| Trucost | Reserves CO2 emissions from Coal (tonnes) | GHG emissions embedded in coal reserves in tonnes CO2 | GHG emissions embedded in coal reserves in tonnes CO2. |
| Trucost | Reserves CO2 emissions from Gas (tonnes) | GHG emissions embedded in gas reserves in tonnes CO2 | GHG emissions embedded in gas reserves in tonnes CO2. |
| Trucost | Reserves CO2 emissions from Oil (tonnes) | GHG emissions embedded in oil reserves in tonnes CO2 | GHG emissions embedded in oil reserves in tonnes CO2. |
| Trucost | tCO2e (under)/over 2°C carbon budget base year-horizon year | tCO2e (under)/over 2°C carbon budget base year-horizon year | This indicates the difference between a company's projected emissions pathway and the required pathway to reach 2°C alignment over the time horizon assessed, measured in tonnes of carbon dioxide equivalent. A negative value indicates a company's transition pathway is aligned with a 2°C outcome, while a positive value indicates a company's transition pathway is misaligned with a 2°C outcome. |





Source: Allspring.

# Disclaimers

### Performance, Opinions, and Estimated Liabilities

- This report sets out the past performance of various asset classes and fund managers. It should be noted that past performance is not a guide to the future.
- Our opinions (and comparison vs criteria) of the investment managers stated in this report are based on Isio's research and are not a guarantee of future performance. These are valid at the time of this report but may change over time.
- Our opinions of investment products are based on information provided by the investment management firms and other sources. This report does not imply any guarantee as to the accuracy of that information and Isio cannot be held responsible for any inaccuracies therein. The opinions contained in this report do not constitute any guarantees as to the future stability of investment managers which may have an effect on the performance of funds.
- Funds that make use of derivatives are exposed to additional forms of risk and can result in losses greater than the amount of invested capital.



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**Pension Fund Current Account Cashflow Actuals and Forecast for period Jul - Sep-25**

| | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | F'cast Annual Total | F'cast Monthly Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | | |
| | Actual | Actual | Actual | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | | |
| **Balance b/f** | **3,279** | **3,955** | **654** | **6,288** | **4,820** | **4,048** | **2,578** | **6,108** | **5,238** | **3,768** | **1,584** | **5,476** | **£000s** | **£000s** |
| Contributions | 6,487 | 1,015 | 3,886 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 43,787 | 3,649 |
| Pensions | (3,558) | (3,578) | (3,569) | (3,568) | (3,572) | (3,570) | (3,570) | (3,570) | (3,570) | (4,284) | (3,808) | (3,887) | (44,105) | (3,675) |
| Lump Sums | (1,252) | (1,004) | (1,557) | (800) | (800) | (800) | (800) | (800) | (800) | (800) | (800) | (800) | (11,012) | (918) |
| Net TVs in/(out) | (612) | (408) | (563) | (300) | (300) | (300) | (300) | (300) | (300) | (300) | (300) | (300) | (4,284) | (357) |
| Net Expenses/other transactions | (389) | (35) | (563) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (4,588) | (382) |
| **Net Cash Surplus/(Deficit)** | **675** | **(4,010)** | **(2,367)** | **(1,468)** | **(1,472)** | **(1,470)** | **(1,470)** | **(1,470)** | **(1,470)** | **(2,184)** | **(1,708)** | **(1,787)** | **(20,201)** | **(1,683)** |
| Distributions | | 710 | | | 700 | | | 600 | | | 600 | | 2,610 | 653 |
| **Net Cash Surplus/(Deficit) including investment income** | **675** | **(3,300)** | **(2,367)** | **(1,468)** | **(772)** | **(1,470)** | **(1,470)** | **(870)** | **(1,470)** | **(2,184)** | **(1,108)** | **(1,787)** | **(17,591)** | **(1,466)** |
| Transfers (to)/from Custody Cash | | | 8,000 | | | | 5,000 | | | | 5,000 | | 18,000 | 3,600 |
| **Balance c/f** | **3,955** | **654** | **6,288** | **4,820** | **4,048** | **2,578** | **6,108** | **5,238** | **3,768** | **1,584** | **5,476** | **3,688** | **48,205** | **2,134** |

**Current account cashflow actuals compared to forecast in Jul - Sep-25**

| | Jul-25 | | Aug-25 | | Sep-25 | | Jul - Sep-25 |
|---|---|---|---|---|---|---|---|
| | Forecast | Actual | Forecast | Actual | Forecast | Actual | Variance |
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Contributions | 3,600 | 6,487 | 3,600 | 1,015 | 3,600 | 3,886 | 587 |
| Pensions | (3,531) | (3,558) | (3,531) | (3,578) | (3,533) | (3,569) | (109) |
| Lump Sums | (800) | (1,252) | (800) | (1,004) | (800) | (1,557) | (1,412) |
| Net TVs in/(out) | (300) | (612) | (300) | (408) | (300) | (563) | (684) |
| Expenses/other transactions | (400) | (389) | (400) | (35) | (400) | (563) | 212 |
| Distributions | | | 700 | 710 | | | 10 |
| Transfers (to)/from Custody Cash | | | | | 8,000 | 8,000 | |
| **Total** | **(1,431)** | **675** | **(731)** | **(3,300)** | **6,567** | **5,633** | **(1,396)** |

**Notes on variances**

- Contributions are paid one month in arrears.
- Transfers in and lump sum benefits cannot be reliably forecast given they relate to individual member decisions and take time to process

**Pension Fund Custody Invested Cashflow Actuals and Forecast for period Jul - Sep-25**

| | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | F'cast Annual Total | F'cast Monthly Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | | |
| | Actual | Actual | Actual | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | F'cast | | |
| **Balance b/f** | **24,160** | **25,297** | **30,436** | **22,466** | **23,997** | **24,018** | **24,038** | **17,562** | **17,584** | **17,606** | **11,128** | **11,150** | **£000s** | **£000s** |
| Sale of Assets | | | | | | | | | | | | | | |
| Purchase of Assets | (853) | | | | | | (3,000) | | | (3,000) | | | (6,853) | (2,284) |
| **Net Capital Cashflows** | **(853)** | | | | | | **(3,000)** | | | **(3,000)** | | | **(6,853)** | **(571)** |
| Distributions | 1,910 | 5,100 | | 1,500 | | | 1,500 | | | 1,500 | | | 11,510 | 1,644 |
| Interest | 26 | 30 | 30 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 176 | 15 |
| Management Expenses | | | | | | | | | | | | | | |
| Foreign Exchange Gains/Losses | 54 | 10 | | 21 | 10 | 11 | 14 | 12 | 12 | 13 | 12 | 12 | 180 | 15 |
| Class Actions | | | | | | | | | | | | | | |
| Other Transactions | | | | | | | | | | | | | | |
| **Net Revenue Cashflows** | **1,990** | **5,140** | **30** | **1,531** | **20** | **21** | **1,524** | **22** | **22** | **1,523** | **22** | **22** | **11,866** | **989** |
| **Net Cash Surplus/(Deficit) excluding withdrawals** | **1,137** | **5,140** | **30** | **1,531** | **20** | **21** | **(1,476)** | **22** | **22** | **(1,477)** | **22** | **22** | **5,013** | **418** |
| Contributions to Custody Cash | | | | | | | | | | | | | | |
| Withdrawals from Custody Cash | | | (8,000) | | | | (5,000) | | | (5,000) | | | (18,000) | (2,571) |
| **Balance c/f** | **25,297** | **30,436** | **22,466** | **23,997** | **24,018** | **24,038** | **17,562** | **17,584** | **17,606** | **11,128** | **11,150** | **11,173** | **(12,987)** | **(2,154)** |

## London Borough of Hammersmith and Fulham Pension Fund Risk Register

**Appendix 4**

| Risk Group | Risk Ref. | Risk Description | Impact | | | | Likelihood | Previous risk score | Current risk score | Trending | Mitigation actions | Lead Director/Risk | Reviewed on |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Fund | Employers | Reputation | Total | | | | | | | |
| Asset and Investment Risk | 1 | Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. Within this consideration is given to Covid-19, Brexit, and the invasion of Ukraine, current events in the Middle East. | 5 | 4 | 1 | 10 | 4 | 40 | 40 | ↔ | **TREAT**<br>1) Continued dialogue with investment managers regarding management of political risk in global developed markets.<br>2) Investment strategy integrates portfolio diversification and risk management.<br>3) The Fund alongside its investment consultant continually reviews its investment strategy in different asset classes. | **Phil Triggs** | 30/09/2025 |
| Liability Risk | 2 | There is insufficient cash available to the Fund to meet pension payments due to reduced income generated from underlying investments, leading to investment assets being sold at sub-optimal prices to meet pension obligations. | 5 | 4 | 3 | 12 | 3 | 36 | 36 | ↔ | **TREAT**<br>1) Cashflow forecast maintained and monitored. Cashflow position reported to Committee quarterly.<br>2) The Fund receives quarterly income distributions from some of its investments to help meet its short term pensions obligations.<br>3) The fund will review the income it receives from underlying investments and make suitable investments to meet its target income requirements. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 3 | The London Collective Investment Vehicle (LCIV) disbands or the partnership fails to produce proposals/solutions deemed sufficiently ambitious. | 4 | 3 | 3 | 10 | 2 | 20 | 20 | ↔ | **TREAT / SHARE**<br>1) The Fund receives and reviews LCIV quarterly performance, stewardship and risk monitoring reports, with key issues escalated to the LCIV Client Group.<br>2) Officers and s151 Officer participate in LCIV governance forums to influence strategy and resourcing.<br>3) LCIV KPIs on performance, costs and RI are under development and will be monitored and reported to Committee once available.<br>4) Escalation routes will be put in place for persistent concerns. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 4 | Investment managers fail to achieve benchmark/ outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.25m. | 5 | 3 | 2 | 10 | 4 | 40 | 40 | ↔ | **TREAT**<br>1) The Investment Management Agreements (IMAs)clearly state LBHF's expectations in terms of investment performance targets.<br>2) Investment manager performance is reviewed on a quarterly basis. 3) The Pension Fund Committee is positioned to move quickly if it is felt that targets will not be achieved.<br>4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee.<br>5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 5 | Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers. | 5 | 3 | 2 | 10 | 3 | 30 | 30 | ↑ | **TREAT**<br>1) Proportion of total asset allocation made up of equities, fixed income, property funds and other alternative asset funds, limiting exposure to one asset category.<br>2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation.<br>3) Actuarial valuation and strategy review take place every three years post the actuarial valuation.<br>4) IAS19 data is received annually and provides an early warning of any potential problems.<br>5) The actuarial assumption regarding asset outperformance is regarded as achievable over the long term when compared with historical data. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 6 | Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales | 3 | 2 | 1 | 6 | 3 | 18 | 18 | ↑ | **TOLERATE**<br>1) Officers consult and engage with DLUHC, LGPS Scheme Advisory Board, advisors, consultants, peers, various seminars and conferences.<br>2) Officers engage in early planning for implementation against agreed deadlines.<br>3) Uncertainty surrounding new DLUHC guidance | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 7 | London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers. | 3 | 3 | 2 | 8 | 2 | 16 | 16 | ↑ | **TREAT**<br>1) LCIV resourcing statements and business plans reviewed.<br>2) Feedback raised through Client Group / Shareholder Committee.<br>3) Monitoring of stewardship reporting and oversight delivery.<br>4) Tri-Borough Director of Treasury & Pensions is a member of the officer Investment Advisory Committee which gives the Fund influence over the work carried out by the London CIV. | **Phil Triggs** | 30/09/2025 |
| Liability Risk | 8 | Impact of economic and political decisions on the Pension Fund's employer workforce. | 5 | 2 | 1 | 8 | 2 | 16 | 16 | ↔ | **TOLERATE**<br>1) The Fund Actuary uses prudent assumptions on future of employees within workforce.<br>2) Employer responsibility to flag up potential for major bulk transfers outside of the LBHF Fund.<br>3) Officers to monitor the potential for a significant reduction in the workforce as a result of the public sector financial pressures. | **Eleanor Dennis** | 30/09/2025 |
| Asset and Investment Risk | 9 | Failure to keep up with the pace of change regarding economic, policy, market and technology trends relating to climate change | 3 | 2 | 1 | 6 | 3 | 18 | 18 | ↔ | **TREAT**<br>1) Officers regularly receive updates on the latest ESG policy developments from the fund managers.<br>2) The Pensions Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which engages with companies on a variety of ESG issues including climate change. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 10 | Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in July 2019, the full impact of this decision is uncertain.<br><br>TCFD regulations impact on LGPS schemes reporting expected to come into effect from December 2024. | 3 | 2 | 4 | 9 | 3 | 27 | 27 | ↑ | **TREAT**<br>1) Review ISS in relation to published best practice (e.g. Stewardship Code, Responsible Investment Statement)<br>2) The Fund currently holds investments all it passive equities in a low carbon tracker fund, and is invested in renewable infrastructure.<br>3) The Fund's actively invests in companies that are contributing to global sustainability through its Global Core Equity investment<br>4) The Fund has updated its ESG Policy and continues to review its Responsible Investment Policy<br>5) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 11 | Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy | 5 | 3 | 3 | 11 | 2 | 22 | 22 | ↔ | **TREAT**<br>1) Active investment strategy and asset allocation monitoring from Pension Fund Committee, officers and consultants.<br>2) Officers, alongside the Fund's advisor, set fund specific benchmarks relevant to the current position of fund liabilities.<br>3) Fund manager targets set and based on market benchmarks or absolute return measures. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 12 | Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation. | 5 | 3 | 2 | 10 | 2 | 20 | 20 | ↔ | **TREAT**<br>1) At time of appointment, the Fund ensures advisers have appropriate professional qualifications and quality assurance procedures in place.<br>2) Committee and officers scrutinise, and challenge advice provided routinely. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 13 | Financial failure of third party supplier results in service impairment and financial loss. | 5 | 4 | 1 | 10 | 2 | 20 | 20 | ↔ | **TREAT**<br>1) Performance of third party suppliers regularly monitored.<br>2) Regular meetings and conversations with global custodian (Northern Trust) take place.<br>3) Actuarial and investment consultancies are provided by two different providers. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Asset and Investment Risk | 14 | Failure of global custodian or counterparty. | 5 | 3 | 2 | 10 | 2 | 20 | 20 | | **TREAT**<br>1)At time of appointment, ensure assets are separately registered and segregated by owner.<br>2)Review of internal control reports on an annual basis.<br>3)Credit rating kept under review. | **Phil Triggs** | 30/09/2025 |
| Asset and Investment Risk | 15 | Financial failure of a fund manager leads to value reduction, increased costs and impairment. | 4 | 3 | 3 | 10 | 2 | 20 | 20 | | **TREAT**<br>1) Adequate contract management and review activities are in place.<br>2) Fund has processes in place to appoint alternative suppliers at similar price, in the event of a failure.<br>3) Fund commissions the services of Legal & General Investment Management (LGIM) as transition manager.<br>4) Fund has the services of the London CIV. | **Phil Triggs** | 30/09/2025 |
| Liability Risk | 16 | Failure to identify GMP liability leads to ongoing costs for the pension fund. | 3 | 2 | 1 | 6 | 1 | 6 | 6 | | **TREAT**<br>1) GMP to be identified as a Project as part of the Service Specification between the Fund and LPPA. | **Eleanor Dennis** | 30/09/2025 |
| Liability Risk | 17 | Rise in ill health retirements impact employer organisations. | 2 | 2 | 1 | 5 | 2 | 10 | 10 | | **TREAT**<br>1) Engage with actuary re assumptions in contribution rates. | **Eleanor Dennis** | 30/09/2025 |
| Liability Risk | 18 | Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs. | 2 | 2 | 1 | 5 | 2 | 10 | 10 | | **TREAT**<br>1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations. | **Eleanor Dennis** | 30/09/2025 |
| Liability Risk | 19 | Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 1.7%.<br><br>Inflation continues to rise in the UK and globally due to labour shortages, supply chain issues, and high energy prices. | 5 | 3 | 2 | 10 | 5 | 50 | 50 | | **TREAT**<br>1) The fund holds investments in index-linked bonds (RPI protection which is higher than CPI) and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation protection.<br>2) Officers continue to monitor the increases in CPI inflation on an ongoing basis.<br>3) Short term inflation is expected due to a number of reasons on current course. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Liability Risk | 20 | Scheme members live longer than expected leading to higher than expected liabilities. | 5 | 5 | 1 | 11 | 2 | 22 | 22 | | **TOLERATE**<br>1)The scheme's liability is reviewed at each triennial valuation and the actuary's assumptions are challenged as required.<br>2)The actuary's most recent longevity analysis has shown that the rate of increase in life expectancy is slowing down. | **Eleanor Dennis** | 30/09/2025 |
| Liability Risk | 21 | Employee pay increases are significantly more than anticipated for employers within the Fund.<br><br>Persistently high inflation will potentially lead to unexpectedly high pay awards. | 4 | 4 | 2 | 10 | 3 | 30 | 30 | | **TOLERATE**<br>1) Fund employers continue to monitor own experience.<br>2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review.<br>3) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014).<br>4) Pay rises generally remain below inflation. | **Eleanor Dennis** | 30/09/2025 |
| Liability Risk | 22 | Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers. | 4 | 2 | 1 | 7 | 2 | 14 | 14 | | **TOLERATE**<br>1) Review "budgets" at each triennial valuation and challenge actuary as required.<br>2) Charge capital cost of ill health retirements to admitted bodies at the time of occurring.<br>3) Occupational health services provided by the Council and other large employers to address potential ill health issues early. | **Eleanor Dennis** | 30/09/2025 |
| Liability Risk | 23 | Impact of increases to employer contributions following the actuarial valuation. | 5 | 5 | 3 | 13 | 2 | 26 | 26 | | **TREAT**<br>1) Officers to consult and engage with employer organisations in conjunction with the actuary.<br>2) Actuary will stabilise employer rates when valuation concludes March 2023. | **Eleanor Dennis** | 30/09/2025 |
| Regulatory and Compliance Risk | 24 | Changes to LGPS Regulations | 3 | 2 | 1 | 6 | 3 | 18 | 18 | | **TREAT**<br>1) Fundamental change to LGPS Regulations implemented from 1 April 2014 (change from final salary to CARE scheme).<br>2) Future impacts on employer contributions and cash flows will considered during the 2019 actuarial valuation process.<br>3) Fund will respond to several ongoing consultation processes.<br>4) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulations 8 (compulsory pooling) to be monitored. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Liability Risk | 25 | Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution | 5 | 3 | 2 | 10 | 1 | 10 | 10 | | **TOLERATE**<br>1) Political power required to effect the change. | **Phil Triggs** | 30/09/2025 |
| Liability Risk | 26 | Transfers out of the scheme increase significantly due to members transferring their pensions to DC funds to access cash through new pension freedoms. | 4 | 4 | 2 | 10 | 1 | 10 | 10 | | **TOLERATE**<br>1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values.<br>2) Evidence has shown that members have not been transferring out of the CARE scheme at the previously anticipated rates. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Liability Risk | 27 | Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing. | 5 | 3 | 1 | 9 | 2 | 18 | 18 | | **TREAT**<br>1) Review maturity of scheme at each triennial valuation.<br>2)Deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions.<br>3) Cashflow position monitored monthly. | **Eleanor Dennis** | 30/09/2025 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Liability Risk | 28 | The level of inflation and interest rates assumed in the valuation may be inaccurate leading to higher than expected liabilities. | 4 | 2 | 1 | 7 | 4 | 28 | 28 | ↔ | **TREAT**<br>1) Review at each triennial valuation and challenge actuary as required.<br>2) Growth assets and inflation linked assets in the portfolio should rise as inflation rises. | **Phil Triggs** | 30/09/2025 |
| Regulatory and Compliance Risk | 29 | Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration. | 4 | 2 | 1 | 7 | 2 | 14 | 14 | ↑ | **TREAT**<br>1) Maintain links with central government and national bodies to keep abreast of national issues.<br>2)Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. | **Eleanor Dennis** | 30/09/2025 |
| Employer Risk | 30 | Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement. | 5 | 3 | 1 | 9 | 3 | 27 | 27 | ↔ | **TREAT**<br>1) Administering Authority actively monitors prospective changes in membership.<br>2) Maintain knowledge of employer future plans.<br>3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant.<br>4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate.<br>5) Monitoring of gilt yields for assessment of pensions deficit on a termination basis. | **Eleanor Dennis** | 30/09/2025 |
| Employer Risk | 31 | Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.<br><br>Current economic conditions will cause strain on smaller employers. | 5 | 3 | 3 | 11 | 2 | 22 | 22 | ↔ | **TREAT**<br>1) Transferee admission bodies required to have bonds in place at time of signing the admission agreement.<br>2) Regular monitoring of employers and follow up of expiring bonds. | **Eleanor Dennis** | 30/09/2025 |
| Resource and Skill Risk | 32 | Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints. | 1 | 3 | 3 | 7 | 2 | 14 | 14 | ↔ | **TREAT**<br>1) Change to LPPA has increased resilience in the administration service<br>2) Ongoing monitoring of contract and KPIs | **Eleanor Dennis** | 30/09/2025 |
| Resource and Skill Risk | 33 | Poor reconciliation process leads to incorrect contributions. | 2 | 1 | 1 | 4 | 3 | 12 | 12 | ↔ | **TREAT**<br>1) Reconciliation is undertaken by the pension fund team. Officers to ensure that reconciliation process notes are understood and applied correctly the team.<br>2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process. | **Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 34 | Failure to detect material errors in bank reconciliation process. | 2 | 2 | 2 | 6 | 2 | 12 | 12 | ↔ | **TREAT**<br>1) Pensions team to continue to work closely with staff at HCC to smooth over any teething problems relating to the newly agreed reconciliation process. | **Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 35 | Failure to pay pension benefits accurately leading to under or over payments. | 2 | 2 | 2 | 6 | 2 | 12 | 12 | ↔ | **TREAT**<br>1) There are occasional circumstances where under/over payments are identified. Where underpayments occur, arrears are paid as soon as possible, usually in the next monthly pension payment. Where an overpayment occurs, the member is contacted, and the pension corrected in the next month. Repayment is requested and sometimes this is collected over several months. | **Eleanor Dennis** | 30/09/2025 |
| Resource and Skill Risk | 36 | Unstructured training leads to under developed workforce resulting in inefficiency. | 2 | 2 | 2 | 6 | 2 | 12 | 12 | ↔ | **TREAT**<br>1) Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and LPPA.<br>2) Officers regularly attend training seminars and conferences<br>3) Designated officer in place to record and organise training sessions for officers and members | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 37 | Lack of guidance and process notes leads to inefficiency and errors. | 2 | 2 | 1 | 5 | 2 | 10 | 10 | ↔ | **TREAT**<br>1) The team will continue to ensure process notes are updated and circulated amongst colleagues in the Pension Fund and Administration teams. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 38 | Lack of productivity leads to impaired performance. | 2 | 2 | 1 | 5 | 2 | 10 | 10 | ↔ | **TREAT**<br>1) Regular appraisals with focused objectives for pension fund and admin staff. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 39 | Failure by the audit committee to perform its governance, assurance and risk management duties | 3 | 2 | 1 | 6 | 3 | 18 | 18 | ↔ | TREAT<br>1) Audit Committee performs a statutory requirement for the Pension Fund with the Pension Fund Committee being a sub-committee of the audit committee.<br>2) Audit Committee meets regularly where governance issues are regularly tabled. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 40 | Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves. | 4 | 3 | 3 | 10 | 2 | 20 | 20 | ↔ | **TREAT**<br>1) Person specifications are used at recruitment to appoint officers with relevant skills and experience.<br>2) Training plans are in place for all officers as part of the performance appraisal arrangements.<br>3) Shared service nature of the pensions team provides resilience and sharing of knowledge.<br>4) Officers maintain their CPD by attending training events and conferences. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 41 | Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions. | 4 | 3 | 2 | 9 | 3 | 27 | 27 | ↔ | **TREAT**<br>1) External professional advice is sought where required. Knowledge and skills policy in place (subject to Committee Approval)<br>2) Comprehensive training packages will be offered to members.<br>3) Co-opted members boost resilience. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |

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| Resource and Skill Risk | 42 | Loss of 'Elective Professional Status' with any Fund managers and counterparties resulting in reclassification of fund from professional to retail client status impacting Fund's investment options and ongoing engagement with the Fund managers. | 4 | 2 | 2 | 8 | 2 | 16 | 16 | | **TREAT**<br>1)Keep quantitative and qualitative requirements under review to ensure that they continue to meet the requirements.<br>2)Training programme and log are in place to ensure knowledge and understanding is kept up to date. The latest Tri-Borough Training was held on 30th October 2025.<br>3)Existing and new Officer appointments subject to requirements for professional qualifications and CPD. | **Phil Triggs** | 30/09/2025 |
| Resource and Skill Risk | 43 | Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding | 2 | 2 | 1 | 5 | 4 | 20 | 20 | | **TREAT**<br>1) Succession planning processes are in place.<br>2) Ongoing training of Pension Fund Committee members.<br>3) Pension Fund Committee new member induction programme.<br>4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Administrative and Communicative Risk | 44 | Failure of fund manager or other service provider without notice resulting in a period of time without the service being provided or an alternative needing to be quickly identified and put in place. | 5 | 2 | 2 | 9 | 2 | 18 | 18 | | **TREAT**<br>1) Contract monitoring in place with all providers.<br>2) Procurement team send alerts whenever credit scoring for any provider changes for follow up action.<br>3). Officers to take advice from the investment advisor on fund manager ratings and monitoring investment | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Administrative and Communicative Risk | 45 | Concentration of knowledge in a small number of officers and risk of departure of key staff. | 2 | 2 | 3 | 7 | 3 | 21 | 21 | | **TREAT**<br>1) Process notes are in place.<br>2) Development of team members and succession planning improvements to be implemented.<br>3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs. | **Eleanor Dennis** | 30/09/2025 |
| Administrative and Communicative Risk | 46 | Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions. | 4 | 4 | 3 | 11 | 2 | 22 | 22 | | **TREAT**<br>1) Update and enforce admin strategy to assure employer reporting compliance.<br>**TOLERATE**<br>1) Hymans Robertson provides 3rd party validation of performance and valuation data. Admin team and members can interrogate data to ensure accuracy. | **Eleanor Dennis** | 30/09/2025 |
| Administrative and Communicative Risk | 47 | Failure of financial system leading to lump sum payments to scheme members and supplier payments not being made and Fund accounting not being possible. | 1 | 3 | 4 | 8 | 2 | 16 | 16 | | **TREAT**<br>1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments.<br>2) Process in place for LPPA to generate lump sum payments to members as they are due.<br>3) Officers undertaking additional testing and reconciliation work to verify accounting transactions. | **Eleanor Dennis** | 30/09/2025 |
| Administrative and Communicative Risk | 48 | Inability to respond to a significant event leads to prolonged service disruption and damage to reputation. | 1 | 2 | 5 | 8 | 2 | 16 | 16 | | **TREAT**<br>1) Disaster recovery plan in place as part of the service specification between the Fund and new provider LPPA<br>2) Ensure system security and data security is in place<br>3) Business continuity plans regularly reviewed, communicated and tested<br>4) Internal control mechanisms ensure safe custody and security of LGPS assets.<br>5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance. | **Eleanor Dennis** | 30/09/2025 |
| Administrative and Communicative Risk | 49 | Failure of pension payroll system resulting in pensioners not being paid in a timely manner. | 1 | 2 | 4 | 7 | 2 | 14 | 14 | | **TREAT**<br>1) In the event of a pension payroll failure, we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers. | **Eleanor Dennis** | 30/09/2025 |
| Administrative and Communicative Risk | 50 | Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment. | 1 | 1 | 1 | 3 | 3 | 9 | 9 | | **TREAT**<br>1) Pension administration records are stored on the LPPA servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue.<br>2) All files are backed up daily. | **Eleanor Dennis** | 30/09/2025 |
| Regulatory and Compliance Risk | 51 | Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation. | 3 | 3 | 5 | 11 | 2 | 22 | 22 | | **TREAT**<br>1) Data encryption technology is in place which allow the secure transmission of data to external service providers.<br>2) LBHF IT data security policy adhered to.<br>3) Implementation of GDPR<br>4) Project team in place to ensure smooth transition | **Sukvinder Kalsi** | 30/09/2025 |
| Regulatory and Compliance Risk | 52 | Failure to comply with recommendations from the Local Pensions Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator | 1 | 3 | 5 | 9 | 2 | 18 | 18 | | **TREAT**<br>1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board. | **Eleanor Dennis** | 30/09/2025 |
| Reputational Risk | 53 | Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss. | 3 | 2 | 5 | 10 | 2 | 20 | 20 | | **TREAT**<br>1) Third parties regulated by the FCA and separation of duties and independent reconciliation processes are in place.<br>2) Review of third party internal control reports.<br>3) Regular reconciliations of pensions payments undertaken by Pension Finance Team.<br>4) Periodic internal audits of Pensions Finance and HR Teams. | **Eleanor Dennis/Phil Triggs** | 30/09/2025 |
| Reputational Risk | 54 | Financial loss of cash investments from fraudulent activity | 3 | 3 | 5 | 11 | 2 | 22 | 22 | | **TREAT**<br>1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised.<br>2) Strong governance arrangements and internal control are in place in respect of the Pension Fund. Internal audit assist in the implementation of strong internal controls. Processes recently firmed up<br>3)Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls). | **Phil Triggs** | 30/09/2025 |
| Reputational Risk | 55 | Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage. | 5 | 2 | 4 | 11 | 2 | 22 | 22 | | **TREAT**<br>1) Officers maintain knowledge of legal framework for routine decisions.<br>2)Eversheds retained for consultation on non-routine matters. | **Sukvinder Kalsi** | 30/09/2025 |

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| Reputational Risk | 56 | Inaccurate information in public domain leads to damage to reputation and loss of confidence | 1 | 1 | 3 | 5 | 3 | **15** | **15** | ↔ | **TREAT**<br>1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc) are managed appropriately and that Part 2 Exempt items remain so.<br>2) Maintain constructive relationships with employer bodies to ensure that news is well managed. | **Sukvinder Kalsi** | 30/09/2025 |
| Reputational Risk | 57 | Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non-compliant process | 2 | 2 | 3 | 7 | 2 | **14** | **14** | ↔ | **TREAT**<br>1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process.<br>2) Pooled funds are not subject to OJEU rules. | **Phil Triggs** | 30/09/2025 |
| Regulatory and Compliance Risk | 58 | Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation. | 3 | 3 | 2 | 8 | 2 | **16** | **16** | ↔ | **TREAT**<br>1) The Fund has generally good internal controls regarding the management of the Fund. These controls are assessed on an annual basis by internal and external audit as well as council officers.<br>2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches. | **Phil Triggs** | 30/09/2025 |
| Regulatory and Compliance Risk | 60 | Non-compliance with the Pension Investment Review Outcomes outcomes may result in regulatory intervention, reputational damage, and restricted access to pooled investment efficiencies and governance improvements. | 3 | 2 | 4 | 9 | 2 | **18** | **18** | ↑ | **TREAT** 1. A Pension Investment Review Compliance Plan is maintained, setting out required actions, asset transition timetable, decision-making checkpoints, and responsible officers. Progress is reviewed quarterly by the Pension Fund Committee and Pension Board. 2. Officers participate in DLUHC, SAB and LCIV policy working groups, tracking policy direction and expectations. Key updates and implications are reported to the Committee in the quarterly governance update. 3. Legal and investment advisers are consulted ahead of key decisions to ensure compliance with regulations, pooling guidance and fiduciary obligations. 4. Any potential barriers to compliance (e.g., market conditions, transition costs, implementation dependencies) are documented and escalated through the Fund's | **Phil Triggs** | 30/09/2025 |
| Regulatory and Compliance Risk | 59 | Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests | 3 | 3 | 4 | 10 | 2 | **20** | **20** | ↔ | **TREAT**<br>1) Publication of all documents on external website.<br>2) Officers expected to comply with ISS and investment manager agreements.<br>3) Local Pension Board is an independent scrutiny and assistance function.<br>4) Annual audit reviews. | **Phil Triggs** | 30/09/2025 |

**LONDON BOROUGH OF HAMMERSMITH & FULHAM**

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| **Report to:** | Pension Fund Committee |
| **Date:** | 25 November 2025 |
| **Subject:** | Investment Proposals |
| **Report author:** | Siân Cogley, Pension Fund Manager |
| **Director:** | Phil Triggs, Tri-Borough Director of Treasury and Pensions |


## SUMMARY

This report sets out proposed adjustments to the Fund's investment portfolio.

It includes a recommendation not to proceed with an investment in the Resonance social impact housing fund.

It also proposes an additional commitment to the existing Quinbrook renewable infrastructure allocation in order to maintain alignment with the Fund's strategic asset allocation.

Finally, the report presents options regarding the Fund's global equity allocation, including the potential divestment from the Morgan Stanley global equity mandate and the reallocation of proceeds to alternative equity products.


## RECOMMENDATIONS

The Committee is requested to:

1. Note the decision not to proceed with an investment in the Resonance Fund following the assessment of risks and suitability.

2. Approve an additional commitment to the Quinbrook Renewables Impact Fund II to maintain the Fund's strategic allocation to renewable infrastructure.

3. Consider and determine whether to redeem the Fund's holdings in the Morgan Stanley global equity mandate and approve the reallocation of proceeds to an alternative equity product, as set out in the report.

**Wards Affected:** None

| **Our Values** | **Summary of how this report aligns to the H&F Values** |
|---|---|
| Being ruthlessly financially efficient | Ensuring that investment manager selection and portfolio adjustments are |

| | |
|---|---|
| | evidence-based and strategically aligned is intended to support stronger long-term financial outcomes for the Fund, the Council, and ultimately the council taxpayer. |

**Financial Impact**

There are no financial implications for the Council’s budget. However, the decisions set out in this report will affect the Pension Fund’s strategic asset allocation, liquidity profile and investment risk exposures, and have therefore been considered in the context of the Fund’s long-term funding and investment strategy.

**Legal Implications**

There are no direct legal implications arising from this report. The Committee must, however, continue to act in accordance with its fiduciary duties and the regulatory framework for LGPS investments, and ensure that decisions are evidence-based and supported by appropriate professional advice.

## 1. Resonance Impact “Evergreen” Fund Follow Up

1.1 At the meeting of 9 September 2025, the Pension Fund Committee considered an investment into the Resonance Impact “Evergreen” Fund, a social impact real estate strategy focused on acquiring and managing homes for individuals and families transitioning out of homelessness.

1.2 Resonance has an established track record in this niche area, having deployed over £400m into homelessness focused housing since 2013. The Fund’s model aims to provide stable accommodation through partnerships with local housing organisations, generating income linked to Local Housing Allowance rates. The strategy therefore offers strong alignment with wider social and community objectives.

1.3 However, following full due diligence conducted by Isio, the proposal received a “Significantly Fails to Meet Criteria” rating, and officers and advisers do not recommend progressing.

1.4 The principal issues identified in relation to the Resonance Fund are as follows:

- ➢ Risks relating to liquidity and the ability to meet redemptions;
- ➢ Concerns regarding the performance track record of predecessor strategies;
- ➢ A return profile which may not offer sufficient compensation for the level of risk; and
- ➢ A lack of alignment with the London Collective Investment Vehicle’s current position.

1.5 The above matters are considered in further detail in Appendix 1 to this report. The appendix is restricted due to commercial confidentiality.

1.6 For these reasons, it si recommended that the Fund should not proceed with an investment in the Resonance Evergreen Fund at this time.

## 2. Quinbrook Top-Up Opportunity

2.1 The Pension Fund Committee initially committed £45 million to the Quinbrook Renewables Impact Fund I (QRIF I) in August 2023, followed by a further £35 million commitment to QRIF II in November 2024.

2.2 QRIF I has since progressed more rapidly than initially forecast, with portfolio exits expected to return capital sooner, leading to a projected run-off by the end of 2027. As a result, the Fund's allocation to Quinbrook and UK renewable infrastructure is expected to fall below the agreed strategic target over the next two years.

2.3 With QRIF II still open to additional commitments until the end of 2025, the Fund was presented with the opportunity to top up the existing allocation, allowing the Fund to maintain strategic exposure to renewable infrastructure without initiating a new manager search.

2.4 This timing is also significant in light of the 31 March 2026 transition of implementation responsibilities to the London CIV, after which the Fund's ability to make new standalone manager commitments will be curtailed.

2.5 Given the strong performance from QRIF I, Quinbrook has an established delivery pipeline, and the strategy's alignment with both the Fund's climate objectives and the UK Government's emphasis on investment in UK and productive assets, officers and advisers recommended consideration of a £35 million top-up to QRIF II, achieving a more stable long-term allocation in line with strategy**.**

2.6 Appendix 2 to this report further examines the opportunity to top up the existing allocation to Quinbrook. The appendix is restricted due to commercial confidentiality.

## 3. LCIV Global Equity Quality Fund (Morgan Stanley)

3.1 The LCIV Global Equity Quality Fund invests predominantly in high-quality companies with strong recurring cash flows and resilient business models. As a result, the portfolio has relatively limited exposure to more cyclical sectors. The strategy is therefore expected to offer downside protection in periods of market stress but may lag broader market performance during periods of strong market growth.

3.2 Since the Fund’s initial investment, the LCIV Global Equity Quality Fund has materially underperformed its benchmark. Further detail on the drivers of this underperformance is provided in Exempt Appendix 3, which is restricted on the grounds of commercial confidentiality.

3.3 In light of the sustained underperformance, together with the comparatively high management fees associated with the mandate, officers and advisers recommend that the position be terminated.

3.4 This would allow the Fund to reduce fees through a passively managed alternative should the Committee select that option and would limit the risk of further underperformance.

3.5 Options for reinvestment are also set out in the exempt Appendix 3.

**LIST OF APPENDICES**

Appendix 1: Resonance Impact ‘Evergreen Fund’- Isio Due Diligence [EXEMPT]
Appendix 2: Quinbrook Top-Up Considerations [EXEMPT]
Appendix 3: Morgan Stanley disinvestment considerations and reinvestment options [EXEMPT]