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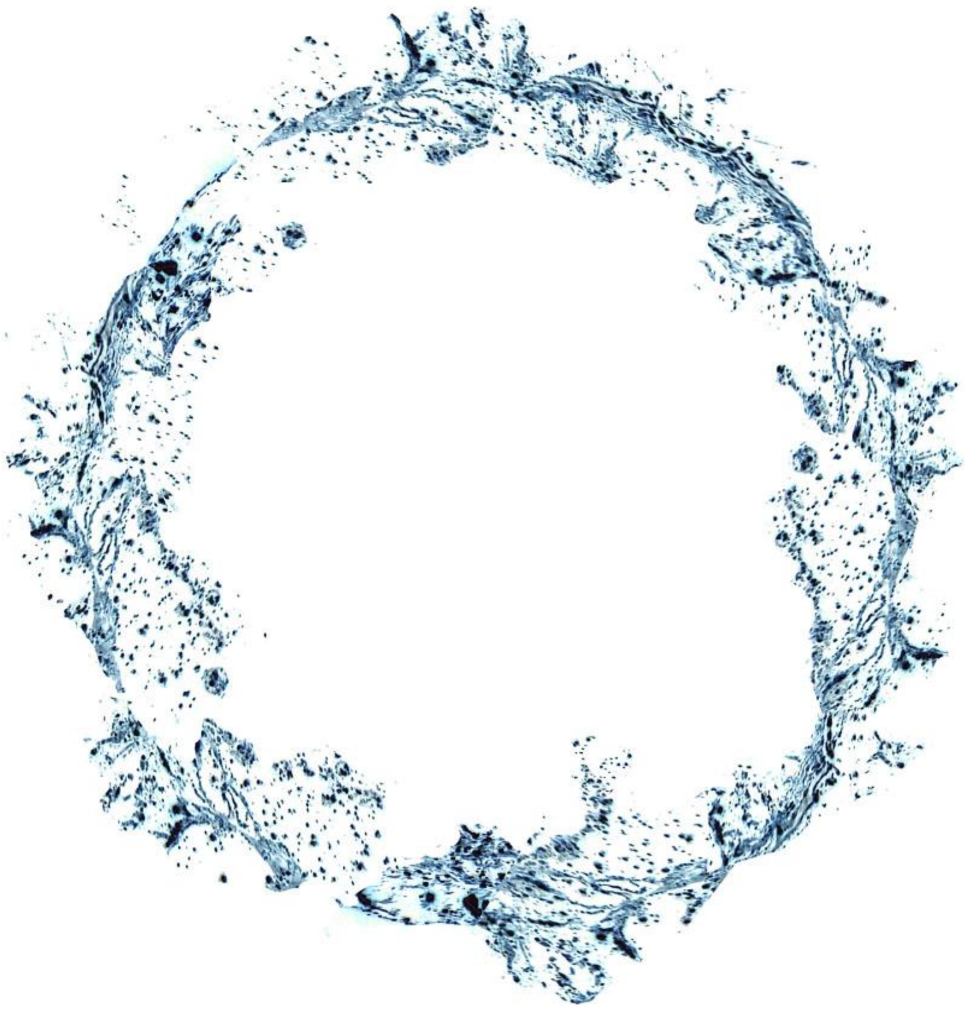


London Borough of Hammersmith & Fulham Pension Fund

Investment Performance Report to 31 December 2021

Deloitte Total Reward and Benefits Limited
February 2022

Contents

1 Market Background

Global Equities

Global equities posted positive returns over the final quarter of 2021, with investors focusing on economic resilience and strong corporate earnings. The emergence of the Omicron variant triggered a reasonable degree of market volatility from late November onwards. By quarter end, investor fears had largely subsided with data suggesting that the rate of hospitalisations was meaningfully lower. With further lockdown provisions looking less likely, investor attention returned to high inflation and falling unemployment with a tightening of monetary policy appearing all but inevitable. As expected, the Bank of England raised the UK base rate whilst the Federal Reserve agreed an accelerated programme of tapering during December.

Over the fourth quarter of 2021, global equity markets performed positively with the FTSE All World Index returning 7.0% in local currency terms. Performance across most global regions was positive with the exception of Japan, which delivered the lowest return of -1.4% (local terms), the Asia Pacific region (excluding Japan), and Emerging Market equities. China accounted for much of the weakness in the Asia Pacific region with the government in Beijing pressing ahead with its interventionist approach despite obvious signs of economic weakness and the distress caused by Evergrande and other property developers.

UK equities delivered a positive return of 4.2% over the quarter, underperforming the US and other European markets. Negative relative performance was largely due to the emergence of Omicron and the flow of investor funds away from the economically sensitive sectors which dominate the UK index. However, encouraging news around Omicron meant that, during December, a number of sectors were able to recoup the sharp losses sustained in the initial sell-off in late November.

Government bonds

UK nominal gilt yields finished the quarter higher at shorter maturities as investors priced in a faster pace of rate rises with the Bank of England forced to take action to combat high inflation. UK consumer price inflation increased to 5.1% over the year to November 2021, its highest level since 2012. In contrast, nominal gilt yields at maturities in excess of 8 years fell with investors seemingly fearing the economically dampening effects of higher interest rates in the short term. The All Stocks Gilts Index delivered a return of 2.4% over the quarter, whilst the longer-dated Over 15-year Index delivered a return of 5.6%.

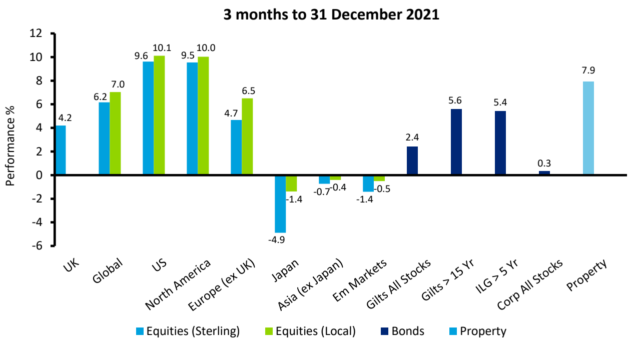
Real yields on index-linked gilts moved in a similar fashion to their nominal equivalents falling by up to 20 bps for all but the shorter maturities. The All Stocks Index-Linked Gilts Index delivered a return of 4.9% over the fourth quarter.

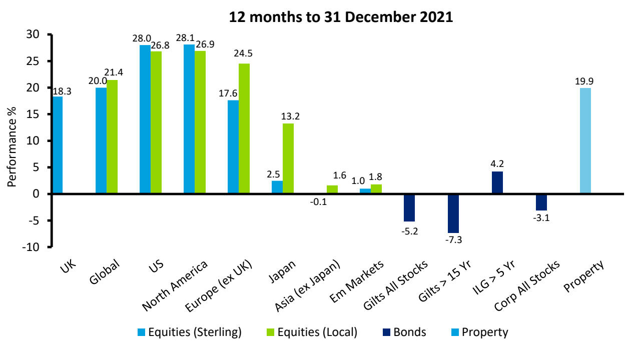
Corporate bonds

Credit spreads on sterling denominated corporate bonds increased slightly over the fourth quarter. Whilst corporate earnings remain strong, tighter monetary policy is expected to prove detrimental to corporate issuers. The iBoxx All Stocks Non-Gilt Index returned 0.3% over the three months to 31 December 2021, underperforming gilts of equivalent duration.

Property

The MSCI UK All Property Index delivered a return of 7.9% over the fourth quarter, and a return of 19.9% over the 12 months to 31 December 2021. The industrial sector continues to lead the way with a quarterly return of 13.5%, benefitting from trends including the switch to online shopping. The retail sector was, however, the second-highest performing sector over 2021, delivering a return of 14.6%. Investors appear to have taken advantage of low valuations across the sector with the retail warehouse and supermarket sub-sectors outperforming.





2 Performance Overview

2.1 Investment Performance to 31 December 2021

Breakdown of Fund Performance by Manager as at 31 December 2021 Fund	Manager	3 month	1 year	3 year p.a.	5 year p.a.
Equity Mandate					
	LCIV Global Equity Core Fund	9.0	20.3	n/a	n/a
MSCI AC World Index		6.2	19.6	n/a	n/a
Difference		2.8	0.6	n/a	n/a
	LGIM Low Carbon Mandate	7.4	23.1	20.1	n/a
MSCI World Low Carbon Target Index		7.4	23.2	20.2	n/a
Difference		0.0	-0.1	-0.1	n/a
Dynamic Asset Allocation					
	LCIV Absolute Return Fund	1.5	10.3	9.7	4.6
3 Month Sterling LIBOR + 4% p.a.		1.0	4.1	4.4	4.5
Difference		0.4	6.2	5.3	0.1
Global Bonds					
	LCIV Global Bond Fund	-0.2	-0.5	n/a	n/a
Barclays Credit Index (Hedged)		-0.1	-1.1	n/a	n/a
Difference		-0.1	0.6	n/a	n/a
Secure Income					
	Partners Group MAC[2]	7.2	33.4	7.3	6.5
3 Month Sterling LIBOR + 4% p.a.		1.0	4.1	4.4	4.5
Difference		6.2	29.3	2.9	2.1
	Oak Hill Advisors	0.6	5.2	5.5	3.6
3 Month Sterling LIBOR + 4% p.a.		1.0	4.1	4.4	4.5
Difference		-0.5	1.1	1.1	-0.8
	abrdn MSPC Fund[4]	n/a	n/a	n/a	n/a
Blended benchmark[5]		n/a	n/a	n/a	n/a
Difference		n/a	n/a	n/a	n/a
	Partners Group Infra[2]	4.1	12.8	13.2	9.1
	Aviva Infra Income[3]	3.6	3.4	2.2	n/a
Inflation *Protection*					
	abrdn Long Lease Property Fund	0.8	9.1	6.2	7.5
FT British Government All Stocks		3.2	-2.7	5.3	4.5
Difference		-2.4	11.8	0.8	3.0
Affordable Housing					
	Man GPM	4.4	n/a	n/a	n/a
3 Month Sterling LIBOR + 4% p.a.		1.0	n/a	n/a	n/a
Difference		3.4	n/a	n/a	n/a
Total Fund		**4.4**	**14.0**	**11.6**	**7.7**
Benchmark[1]		**3.7**	**11.0**	**11.1**	**8.5**
Difference		**0.7**	**3.0**	**0.5**	**-0.8**

Source: Northern Trust (Custodian). Figures are quoted net of fees. Differences may not tie due to rounding.
Please note that there also exists a residual private equity allocation to Invesco and Unicapital – this allocation makes up less than 0.1% of the Fund's total invested assets.
[1] The Total Assets benchmark is calculated using the fixed weight target asset allocation.
[2] Partners Group Multi Asset Credit and Direct Infrastructure Fund performance provided to 30 November 2021.
[3] Aviva Investors performance figures provided by Northern Trust take into account a c. 1.4% income distribution from the Infrastructure Income Fund towards the end of each quarter.
[4] abrdn MSPC Fund Q4 2021 performance data not provided by Northern Trust at the time of writing. We are working with Northern Trust to ensure all performance data is available going forward.
[5]abrdnI MSPC Fund is measured against a blended benchmark of 3 Month Sterling LIBOR and the ICE ML Sterling BBB Corporate Bond Index while the strategy is in the process of deploying invested capital. The weight of the benchmark allocated to the ICE ML Sterling BBB Corporate Bond Index reflects the proportion of the Fund's investment in the MSPC Fund which has been deployed by abrdn. Once the Fund's investment has been fully deployed, the MSPC Fund will be measured against a benchmark consisting 100% of the ICE ML Sterling BBB Corporate Bond Index. Over the quarter to 31 December 2021, the MSPC Fund was measured against a blended benchmark of 33% 3 Month Sterling LIBOR and 67% ICE ML Sterling BBB Corporate Bond Index.

3 Total Fund

3.1 Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Total Fund - Net of fees	4.4	14.0	11.6	7.7
Benchmark(1)	3.7	11.0	11.1	8.5
Net performance relative to benchmark	0.7	3.0	0.5	-0.8

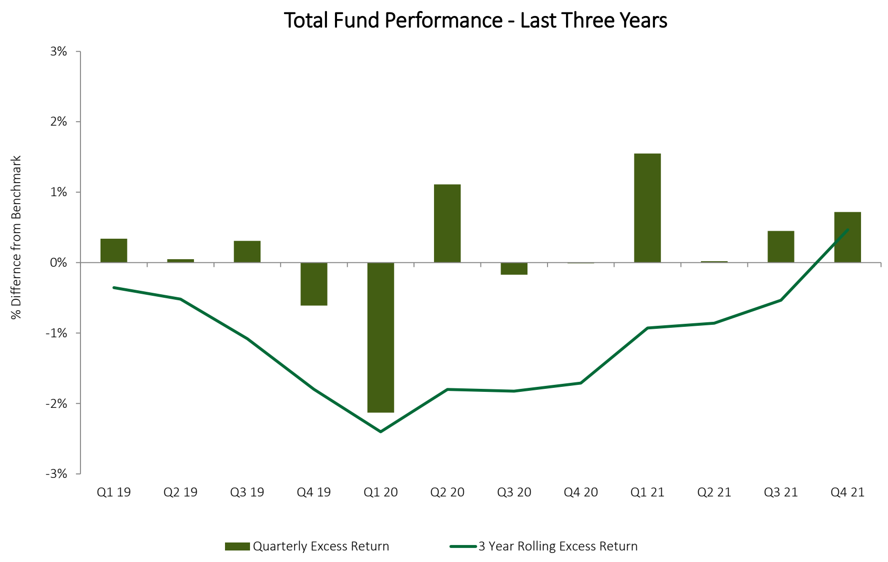
Source: Northern Trust. Relative performance may not sum due to rounding.

(1) Fixed weight benchmark

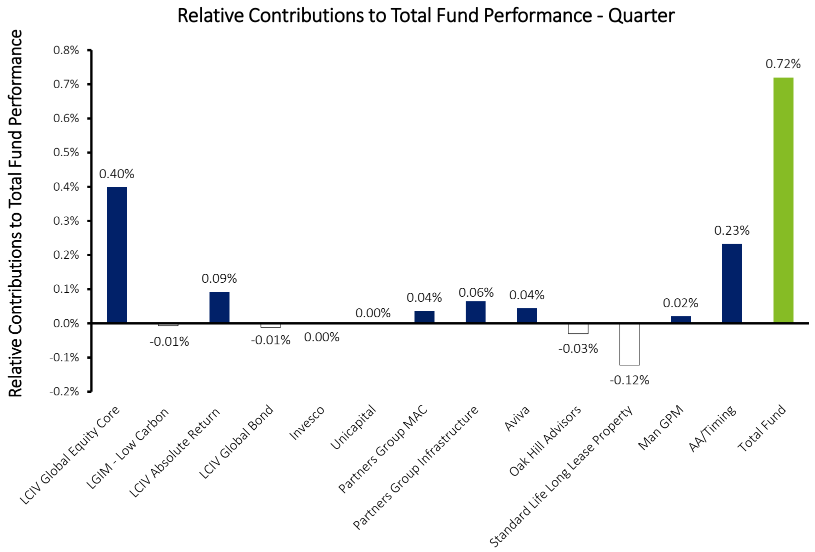
The Total Fund delivered a positive absolute return of 4.4% on a net of fees basis over the quarter to 31 December 2021, outperforming the fixed weight benchmark by 0.7%.

Over the year to 31 December 2021, the Total Fund delivered a positive absolute return of 14.0% on a net of fees basis, outperforming its fixed weight benchmark by 3.0%. The Total Fund delivered positive absolute returns of 11.6% p.a. and 7.7% p.a. on a net of fees basis over the longer three and five year periods to 31 December 2021 respectively, outperforming the fixed weight benchmark by 0.5% p.a. over the three year period and underperforming the fixed weight benchmark by 0.8% p.a. over the five years to 31 December 2021.

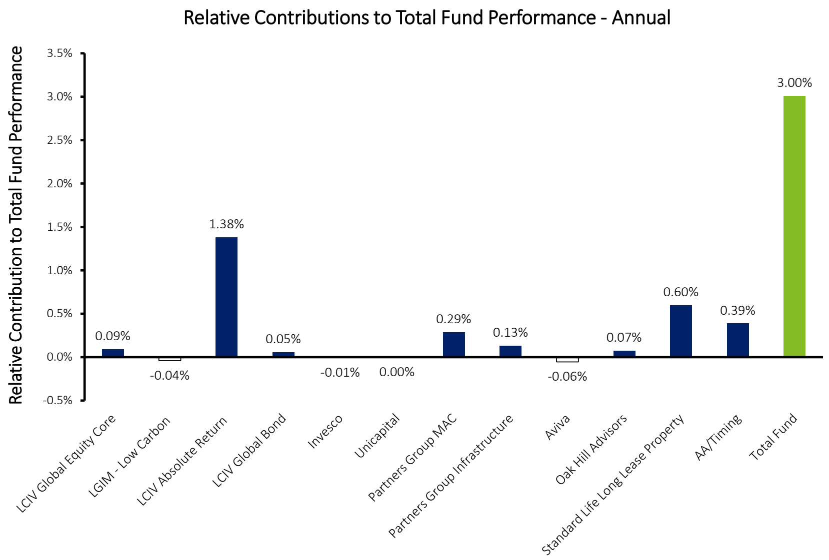
The chart below compares the net performance of the Fund relative to the fixed weight benchmark over the three years to 31 December 2021. The 3-year rolling excess return moved from negative to positive over the fourth quarter of 2021.



3.2 Attribution of Performance to 31 December 2021



Over the quarter to 31 December 2021, the Fund outperformed its fixed weight benchmark by c. 0.7%. Outperformance was primarily driven by the LCIV Global Equity Core Fund, having outperformed its benchmark over the fourth quarter of 2021 with the strategy's bias to high quality stocks proving beneficial for the second quarter in succession. Outperformance can also be partially attributed to the LCIV Absolute Return Fund which outperformed its cash-plus target over the quarter with the manager's strategic allocations proving beneficial. Outperformance was partially offset by the Standard Life Long Lease Property Fund having underperformed its gilts-based benchmark over the quarter. The positive attribution represented by the "AA/Timing" bar primarily reflects the impact of the Fund's overweight equity allocation with the Fund's equity mandates delivering positive absolute returns over the quarter, alongside the impact of the significant overweight position to the LCIV Absolute Return Fund.



The Fund outperformed its fixed weight benchmark by c. 3.0% over the year to 31 December 2021 with outperformance over the twelve month period primarily driven by the LCIV Absolute Return Fund, having delivered large levels of outperformance over three out of the four quarters of the year owing to the strategy's equity and inflation-linked bonds positioning, with equity markets delivering strong returns over the year and real bond yields falling across the curve. Partners Group MAC fund has also delivered strong performance over the year with a strong rebound of the strategy's tail investments.

3.3 Asset Allocation

The table below shows the value of assets held by each manager as at 31 December 2021 alongside the Target Benchmark Allocation.

Manager	Asset Class	Actual Asset Allocation				Benchmark Allocation (%)
		30 Sept 2021 (£m)	31 Dec 2021 (£m)	30 Sept 2021 (%)	31 Dec 2021 (%)	
LCIV	Global Equity Core	185.1	201.3	14.5	15.2	15.0
LGIM	Low Carbon Equity (passive)	421.0	448.1	33.0	33.9	30.0
	Total Equity	**606.0**	**649.4**	**47.5**	**49.1**	**45.0**
LCIV	Absolute Return	272.8	261.7	21.4	19.8	10.0
LCIV	Global Bond	109.0	108.1	8.5	8.2	10.0
	Total Dynamic Asset Allocation	**381.8**	**369.8**	**29.9**	**28.0**	**20.0**
Partners Group[1]	Multi Asset Credit	7.4	8.0	0.6	0.6	0.0
Oak Hill Advisors	Diversified Credit Strategies	82.2	82.6	6.4	6.3	5.0
Partners Group[1]	Direct Infrastructure	38.4	42.7	3.0	3.2	5.0
Aviva	Infrastructure Income	25.7	25.9	2.0	2.0	2.5
abrdn	Multi Sector Private Credit	56.3	56.0[4]	4.4	4.2	5.0
Darwin Alternatives	Leisure Development Fund	-	-	-	-	2.5
	Secure Income	**210.1**	**215.2**	**16.5**	**16.3**	**20.0**
abrdn	Long Lease Property	65.3	65.9	5.1	5.0	5.0
Alpha Real Capital	Ground Rents	-	-	-	-	5.0
Man GPM	Affordable Housing	7.6	19.7	0.6	1.5	2.5
	Total Inflation Protection	**72.9**	**85.6**	**5.7**	**6.5**	**15.0[2]**
Northern Trust	Trustee Bank Account	5.8	0.3	0.5	0.0	0.0
	Total[3]	**1,276.8**	**1,320.5**	**100.0**	**100.0**	**100.0**

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 August 2021 and 31 November 2021).
[2] Includes 2.5% yet to be reallocated following the disinvestment from M&G. Funds currently held in Ruffer.
[3] Total Fund valuation includes £0.1m which is invested in private equity allocations with Invesco and Unicapital, with these investments currently in wind down.
[4] abrdn MSPC Fund valuation as at 31 December 2021 was not available at the time of writing. The figure in the table above reflects the valuation of the Fund's investment in the MSPC Fund as at 30 September 2021, adjusted for cashflows over Q4 2021.

At the 23 November 2021 Pension Fund Committee Meeting, the Committee agreed to invest 2.5% of the Fund's total allocation in the Darwin Leisure Development Fund as part of the secure income portfolio, reducing the Oak Hill Advisors allocation by 2.5% to 5.0%. As the Oak Hill Advisors Diversified Credit Strategies Fund is c. 1.3% overweight its updated benchmark, the Darwin allocation will be funded from Oak Hill Advisors and equities.

There remains 2.5% of the Fund's strategic benchmark to be allocated to inflation protection (from the M&G Inflation Opportunities disinvestment). This is currently being held in the LCIV Absolute Return Fund.

The Fund's commitment with ARC was closed on 17 May 2021 with the full £60m expected to be drawn and deployed by April 2022. The Fund's commitment with Man GPM was closed on 2 June 2021 with the full £30m expected to be drawn over the next 6 years across quarterly and deal-specific requests. Over the fourth quarter of 2021, Man GPM issued two further draw down requests for a total of £11.4m, with the Fund's commitment c. 67% drawn for investment as at 31 December 2021. The Man GPM drawdown requests have been funded from the LCIV Absolute Return Fund.

3.4 Yield Analysis as at 31 December 2021

The following table shows the running yield on the Fund's investments:

Manager	Asset Class	Yield as at 31 Dec 2021
LCIV	Global Equity Core	1.18%
LGIM	Low Carbon Equity	1.83%
LCIV	Absolute Return	1.50%
LCIV	Global Bond	2.58%
Partners Group	Multi-Asset Credit	5.80%
Oak Hill Advisors	Diversified Credit Strategy	5.60%
Aviva Investors	Infrastructure	5.80%[1]
abrdn	Long Lease Property	3.85%
	Total	**2.00%**

[1] Represents yield to 30 September 2021.

4 Summary of Manager Ratings

The table below summarises Deloitte's ratings of the managers employed by the Fund and triggers against which managers should be reviewed.

Manager	Mandate	Triggers for Review	Rating
Morgan Stanley Investment Management	LCIV Global Equity Core	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
LGIM	Low Carbon Equity	Major deviation from the benchmark return Significant loss of assets under management	1
Ruffer	LCIV Absolute Return	Departure of either of the co-portfolio managers from the business Any significant change in ownership structure	1
PIMCO	LCIV Global Bond	A significant increase or decrease to the assets under management Significant changes to the investment team responsible for the Fund	1
Partners Group	Multi Asset Credit	Significant changes to the investment team responsible for the Fund *Note the mandate is subject to a 7 year lock-up period	1
	Direct Infrastructure	Significant changes to the investment team responsible for the Fund *Note the mandate is subject to a 10 year lock-up period	1
Oak Hill Partners	Diversified Credit Strategy	Significant changes to the investment team responsible for the Fund Significant changes to the liquidity of underlying holdings within the Fund	1
Aviva Investors	Infrastructure Income	Significant changes to the investment team responsible for the Fund	2
abrdn	Long Lease Property	Les Ross leaving the business or ceasing to be actively involved in the Fund without having gone through an appropriate hand-over A build up within the Fund of holdings with remaining lease lengths around 10 years Investment in lower yielding or poorer quality assets than expected	1
	Multi Sector Private Credit	Significant changes to the investment team responsible for the Fund	1
Alpha Real Capital	Ground Rents	Significant changes to the investment team responsible for the Fund	1
Man GPM	Affordable Housing	Significant changes to the investment team responsible for the Fund *Note the mandate is subject to a 10 year lock-up period	1

4.1 London CIV

Business

The London CIV had assets under management of £13,877m within the 15 sub-funds (not including commitments to the primate markets strategies) as at 31 December 2021 an increase of £1,302m over the quarter primarily as a result of two investors seeding the Passive Equity Progressive Paris Aligned (PEPPA) Sub Fund in early December and new investors into the LCIV Global Bond Sub Fund, LCIV Diversified Growth Sub Fund and LCIV MAC Sub Fund

As at 31 December 2021, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £29.6bn, an increase of c. £3.7bn over the quarter. Cumulative additional commitments to the London CIV's private market funds totaled £250.0m over the fourth quarter of 2021, with total commitments raised by the private market funds standing at £2.0bn of which £744m had been drawn as at 31 December 2021.

LCIV Passive Equity Progressive Paris Aligned ("PEPPA") Sub Fund

The Passive Equity Progressive Paris Aligned ("PEPPA") Sub Fund launched on 1 December 2021, having received FCA approval and having agreed the terms of the IMA with the investment manager, State Street Global Advisors (SSGA). Two London Borough investors provided seed capital to the PEPPA Sub Fund, with the Sub Fund's assets under management standing at £533m as at 31 December 2021. The London CIV expects demand for the passive low carbon equity strategy to total between £0.9bn and £1.1bn.

The PEPPA Sub Fund's investment objective is to track the performance of the S&P Developed Ex-Korea LargeMidCap Paris-Aligned Climate Index with a tracking error of less than 0.5% p.a. The Index has c. 800 holdings with no exposure to Korea or Emerging Markets. The Sub Fund implements a low carbon factor-based investment approach, targeting the following factors: carbon intensity; climate alignment; green revenues; and ESG scoring, omitting coal, oil and gas, and all UN exclusions from the portfolio.

Personnel

Over the quarter, Chris Osborne joined London CIV as a Senior Portfolio Manager, focusing on property. Chris joins the London CIV from Partners Group where he was Assistant Vice President in Real Estate, having spent 9 years at the firm.

Following quarter end, two investment analysts have accepted offers to join the London CIV, starting in February 2022.

Deloitte view – We are continuing to monitor developments on the business side as well as the new fund launches.

4.2 Morgan Stanley Investment Management

Business

The LCIV Global Equity Core Fund held assets under management of c. £601m as at 31 December 2021, an increase of c. £49m over the quarter.

As at 31 December 2021, the Morgan Stanley Global Sustain Fund, which the LCIV Global Equity Core Fund is based upon, held assets under management of c. $5.1bn, representing an increase of c. $0.6bn over the fourth quarter of 2021 as a result of positive market movements.

Personnel

Over the fourth quarter of 2021, the International Equity team announced the hire of Marte Borhaug as an Executive Director, Portfolio Manager and the team's Head of Sustainable Outcomes. Marte joins from Aviva Investors where she was Global Head of Sustainable Outcomes. Marte has 12 years of experience within the sustainability industry in both private and public sector initiatives and will help drive Morgan Stanley's sustainability strategy.

Deloitte View - We continue to rate Morgan Stanley Investment Management positively for its active equity capabilities.

4.3 LGIM

Business

As at 30 June 2021, Legal & General Investment Management ("LGIM") had assets under management ("AuM") of c. £1,327bn, an increase of c. £48bn since 31 December 2020. Note, LGIM provides AuM updates biannually. LGIM's AuM as at 31 December 2021 will not be available until later in the quarter.

Personnel

During December 2021, Howie Li was appointed as Global Head of Index and ETFs to lead the next phase of growth of LGIM's Index business. Howie will be responsible for the global development of LGIM's Index and ETF businesses going forward. Meanwhile, Fadi Zaher has been appointed as Head of Index Solutions.

In addition, over the fourth quarter of 2021 David Barron has returned to Chicago as Head of US Index Solutions and will be reporting directly to John Bender who will be taking on the new role of Chief Investment Officer, LGIM America. The remaining members of the US Index team will report to Dave Barron. LGIM believes these changes will allow LGIM to work more collaboratively across its investment teams in all locations, particularly aligning LGIM's investment teams in Chicago and London to strengthen the firm's ambition of being an industry leading provider of investment solutions.

Deloitte View - We continue to rate Legal & General positively for its passive capabilities.

4.4 Ruffer

Business

As at 31 December 2021, Ruffer held c. £24.0bn in assets under management, an increase of c. £0.8bn over the quarter.

Personnel

Over the quarter, Ruffer's CEO, Clemmie Vaughan, decided not to return to her role following maternity leave. Clemmie officially stepped down as CEO on 15 October 2021 and will remain a partner at Ruffer until March 2022 to support a full handover. From January 2021, Chris Bacon has been appointed as CEO and Miranda Best has been appointed as Deputy CEO, pending regulatory approval. Both Chris and Miranda are joining the board of Ruffer LLP having jointly lead the firm as interim co-CEOs during Clemmie's maternity leave. Chris joined Ruffer from Rothschild in 2017 and has been a Senior Adviser at the firm. Miranda joined Ruffer in 2005 as Head of Investments.

As reported last quarter, David Ballance, co-manager of the Absolute Return Fund since 2006 and leading member of Ruffer's institutional client team, has announced his intention to retire on 31 March 2022. Jos North, who joined Steve Russell and David in managing the Absolute Return Fund in 2019 and sits on Ruffer's asset allocation committee, will continue to co-manage the strategy, while Henry Maxey and Jonathan Ruffer will continue to lead the investment process. David's individual client relationships have been transitioned across Ruffer's institutional team.

Deloitte view – The Ruffer product is distinctive within the universe of diversified growth managers with the manager willing to take contrarian, long term positions, where necessary drawing on the expertise of external funds. We will continue to monitor the Absolute Return Fund and the portfolio management team going forward following David Ballance's departure, but we are comfortable that the portfolio management team, supported by Henry Maxey and Jonathan Ruffer, continues to be appropriate.

4.5 PIMCO

Business

PIMCO held c. $2.2tn in assets under management as at 31 December 2021, remaining relatively unchanged over the quarter. The LCIV Global Bond Fund had assets under management of c. £689m as at 31 December 2021, an increase of £193m over the fourth quarter of 2021 with two new London Boroughs investing in the Sub Fund over the fourth quarter of 2021.

Personnel

There were no significant personnel changes to the Global Bond Fund over the fourth quarter of 2021.

Deloitte View – We continue to rate PIMCO highly for its global bond capabilities.

4.6 Partners Group

Business

Partners Group held total assets under management of c. $127bn as at 31 December 2021, representing an increase of c. $8bn since 30 June 2021. Note, Partners Group provides AuM updates biannually.

Multi Asset Credit

The Partners Group MAC Fund's net asset value stood at c. £41.8m as at 31 December 2021, an increase of c. £1.4m since the previous quarter end valuation at 30 September 2021 as a result of positive portfolio returns over the quarter.

The investment period for the 2014 MAC vintage finished at the end of July 2017, and the Fund continues to make distributions back to investors. Partners Group issued one further distribution of £0.1m over the quarter, split across all investors. The Partners Group MAC Fund issued a further distribution following quarter end with £1.5m distributed on 31 January 2022, split across all investors.

Direct Infrastructure

As at 31 December 2021, the Direct Infrastructure Fund had drawn down c. 72% of its total €1,081m commitment value for investment, with c. 99% of the total Direct Infrastructure Fund's portfolio committed to investment opportunities as at 31 December 2021.

Personnel

There were no significant team or personnel changes to the Multi Asset Credit or Direct Infrastructure Fund teams over the quarter.

Deloitte View - We continue to rate Partners Group for its private market capabilities.

4.7 abrdn – Multi-Sector Private Credit ("MSPC")

Business

The abrdn Multi-Sector Private Credit Fund ("MSPC") commitment value stood at £176m as at 10 February 2022, remaining unchanged over the period since 25 October 2021 with an additional £18m commitment expected in the coming months.

The MSPC Fund has a robust indicative pipeline of private credit assets and has closed on one healthcare REIT private placement debt asset over the fourth quarter of 2021 with 75% of the MSPC Fund portfolio now invested in assets that will make up the long term portfolio as at 10 February 2022.

Personnel

There were no significant team or personnel changes to the Multi-Sector Private Credit Fund over the fourth quarter of 2021.

Deloitte View – We continue to rate abrdn for its private credit capabilities.

4.8 Oak Hill Advisors – Diversified Credit Strategies ("DCS")

Business

Oak Hill Advisors ("OHA") held assets under management of c. $55bn as at 31 December 2021, an increase of c. $2bn since 1 August 2021.

The Diversified Credit Strategies Fund's net asset value stood at c. $5.0bn as at 31 December 2021, remaining relatively unchanged over the quarter. The Diversified Credit Strategies Fund saw approximately $121m of net cash inflows during the fourth quarter of 2021.

As reported last quarter, on 28 October 2021, OHA announced that the firm had entered into an agreement to be acquired by T. Rowe Price, Inc. ("T. Rowe Price"), a global asset management firm with c. $1.6tn in assets under management, with the transaction closing on 29 December 2021. OHA has confirmed that the transaction will not change OHA's day-to-day operations, and that OHA will operate as a standalone business within T. Rowe Price, remaining under the OHA brand. There will also be no change to the team managing the Diversified Credit Strategies Fund and there will be no redundancies as part of the transaction. Glen August will remain as CEO of OHA and will join the Board of T. Rowe Price and all OHA partners will sign 5-year employment agreements.

Personnel

At Managing Director level and above, OHA saw no investment professional joiners or departures over the fourth quarter of 2021. OHA expanded its partnership at year-end, with Adam Nankervis, Portfolio Manager, and Natalie Harvard, Head of Investor Relations, being promoted to Partner.

Deloitte view – We are comfortable with how the strategy is being managed and the level of risk within the strategy. We held a meeting with OHA in November 2021 to discuss the recent acquisition. We currently foresee no impacts on the DCS Fund's investment as a result of the acquisition but we will continue to monitor developments closely.

4.9 Aviva Investors

Business

The Aviva Investors Infrastructure Income Fund (the "AIIIF") had a total subscription value of c. £1,308m as at 31 December 2021, an increase of c. £16m over the fourth quarter of 2021.

Following quarter end, as at 15 February 2022, the undrawn amount for the AIIIF was £179m, following additional commitments from one existing investor and a UK pension fund which has been involved in the onboarding process since the beginning of the soft close discussions over the fourth quarter of 2021 totaling £40m, and a further £139m of commitments received from 6 existing investors following quarter end in early 2022.

As such, Aviva expects to imminently advise all current investors that the minimum £175m funding requirement has been reached and the soft close therefore completed. Aviva drew £25m from an existing investor over the fourth quarter of 2021, and expects to draw £72m in Q1 2022, £33m in Q2 2022 and £45m from Q3 2022 onwards in order to meet the targeted funding schedule.

Personnel

A new Director, Charlotte Frost, joined the team over the three-month period to 31 December 2021.

***Deloitte View* –** We have removed the AIIIF from our preferred list of funds. This means we no longer consider AIIIF as a preferred or suitable fund in its asset class and would not put it forward to our clients. We provide the rationale for this change in view within a separate note entitled "Aviva Investors Infrastructure Income Fund – Rating Change" which also outlines potential next steps.

4.10 abrdn – Long Lease Property

Business

The Standard Life Long Lease Property Fund, managed by abrdn, had a total fund value of c. £3.4bn as at 31 December 2021, an increase of c. £0.1bn since 30 September 2021.

COVID-19 Impact:

abrdn continues to work with its tenants to discuss deferment arrangements where necessary. As at 14 February 2022, the Long Lease Property Fund had collected 99.8% of its Q4 2021 rent with none of the Long Lease Property Fund's rental income subject to deferment arrangements.

Personnel

There were no significant team or personnel changes over the quarter to 31 December 2021.

***Deloitte View* –** We continue to rate abrdn positively for its long lease property capabilities.

4.11 Alpha Real Capital

Business

As at 31 December 2021, Alpha Real Capital's total assets under management stood at £4.5bn, an increase of £0.1bn over the quarter.

The Alpha Real Capital Index Linked Income Fund's net asset value stood at £1,879m as at 31 December 2021, an increase of £112m since 30 June 2021. Alpha Real Capital expects to be able to draw down the London Borough of Hammersmith & Fulham Pension Fund's commitment by the end of April 2022.

Personnel

There were no significant personnel changes over the fourth quarter of 2021.

Deloitte view – We continue to rate Alpha Real Capital for its ground rent property capabilities.

4.12 Man GPM

Business

Man GPM held a total of c. $3.6bn in assets under management as at 31 December 2021 including commitments, an increase of c. $0.1bn over the quarter. The Community Housing Fund's NAV stood at c. £37.5m as at 30 September 2021, an increase of £22.6m over the third quarter of 2021, with the Fund's NAV at 31 December 2021 not yet available.

Following a second close during January 2022 where one new investor committed to the Fund and one existing client topped up their commitment, commitments to the Community Housing Fund now total £190m. The Fund's total capacity is £400m.

Man GPM issued a £1.1m capital call to the London Borough of Hammersmith & Fulham Pension Fund on 26 October 2021 and a £10.3m capital call on 9 December 2021. As such, as at 31 December 2021 the Fund's total commitment is c. 67% drawn for investment.

Personnel

In October 2021, Poly Bradshaw joined Man GPM as a dedicated Project Manager, reflecting Man GPM's commitment to building out the team over time. Poly has joined from London & Quadrant and will be immediately involved in the ongoing delivery of all sites in contract.

Deloitte view – We continue to rate Man GPM for its affordable housing capabilities.

5 London CIV

5.1 Investment Performance to 31 December 2021

At 31 December 2021, the assets under management within the 15 sub-funds of the London CIV stood at £13,877m, with a further combined £2.0m committed to the London CIV's private market funds. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased by c. £3.7bn to c. £29.6bn over the quarter. The table below provides an overview of the sub-funds currently available on the London CIV platform.

Sub-fund	Asset Class	Manager	Total AuM as at 30 Sept 2021 (£m)	Total AuM as at 31 Dec 2021 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	2,730	2,642	11	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	1,377	1,375	6	13/04/21
LCIV Global Equity	Global Equity	Newton	787	782	3	22/05/17
LCIV Global Equity Core	Global Equity	Morgan Stanley Investment Management	552	601	2	21/08/20
LCIV Global Equity Focus	Global Equity	Longview Partners	964	1,001	5	17/07/17
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	582	557	7	11/01/18
LCIV Sustainable Equity	Global Equity	RBC Global Asset Management (UK)	1,246	1,468	8	18/04/18
LCIV Sustainable Equity Exclusion	Global Equity	RBC Global Asset Management (UK)	430	481	3	11/03/20
LCIV PEPPA	Global Equity	State Street Global Advisors	n/a	533	2	01/12/2021
LCIV Global Total Return	Diversified Growth Fund	Pyrford	244	230	3	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	695	912	8	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	1,117	1,205	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	181	187	2	16/12/16
LCIV MAC	Fixed Income	CQS	1,174	1,215	13	31/05/18
LCIV Global Bond	Fixed Income	PIMCO	496	689	7	30/11/18
Total			**12,575**	**13,877**		

Source: London CIV

Over the quarter to 31 December 2021, there were two seed investors into the Passive Equity Progressive Paris Aligned (PEPPA) Sub Fund, totaling £533m, whilst one new investor was added to the LCIV Diversified Growth Sub Fund, one new investor was added to the LCIV Multi Asset Credit Sub Fund and two new investors were added to the LCIV Global Bond Sub Fund, alongside positive net flows into the LCIV Sustainable Equity Sub Fund from an existing investor.

5.2 Private Markets

The table below provides an overview of the London CIV's private markets investments as at 30 September 2021.

Sub-fund	Total Commitment as at 30 Sept 2021 (£'000)	Called to Date (£'000)	Undrawn Commitments (£'000)	Fund Value as at 30 Sept 2021 (£'000)	Number of London CIV clients	Inception Date
LCIV Infrastructure Fund	399,000	122,061	276,939	124,154	6	31/10/2019
LCIV Inflation Plus Fund	202,000	35,772	166,228	35,393	3	11/06/2020
LCIV Renewable Infrastructure Fund	682,500	51,606	630,894	48,442	10	29/03/2021
LCIV Private Debt Fund	290,000	91,552	198,448	94,435	3	29/03/2021
The London Fund	195,000	22,917	172,083	21,662	2	15/12/2020

Source: London CIV

6 LCIV – Global Equity Core

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.

6.1 Global Equity Core – Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)
Net of fees	9.0	20.3
Benchmark (MSCI World Net Index)	6.2	19.6
Global Franchise Fund (net of fees)	9.4	24.0
Net Performance relative to Benchmark	2.8	0.6

Source: Morgan Stanley and Northern Trust. Relative performance may not tie due to rounding.

The LCIV Global Equity Core Fund delivered a positive return of 9.0% on a net of fees basis over the quarter to 31 December 2021, outperforming the MSCI World Net Index by 2.8%. Over the longer twelve-month period to 31 December 2021, the strategy has outperformed its benchmark by 0.6%, delivering a positive absolute return of 20.3% on a net of fees basis.

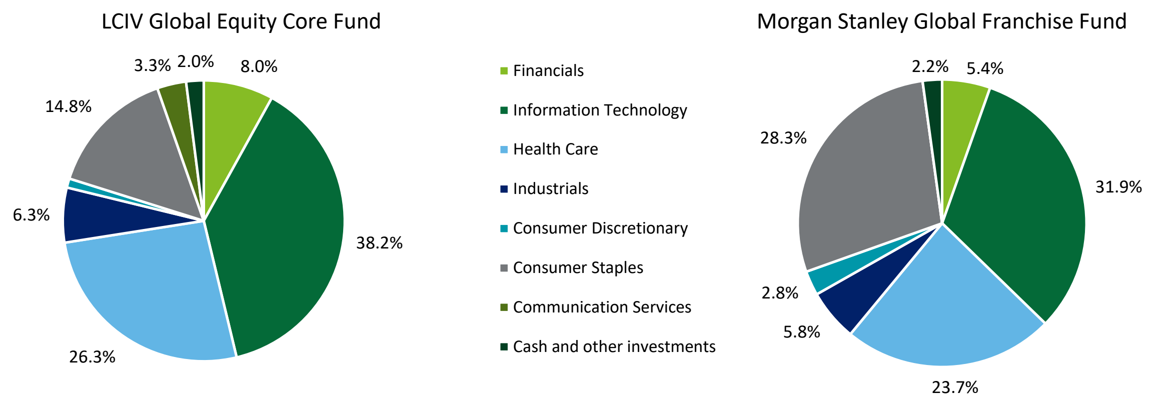
The LCIV Global Equity Core Fund's portfolio is predominantly comprised of quality franchises with strong recurring cash flows, and the strategy therefore has a low allocation to cyclical stocks. The LCIV Global Equity Core Fund has outperformed the wider market over the fourth quarter of 2021 with the stable earnings profile and high-quality characteristics of the underlying stocks proving favourable, relative to cyclical companies.

Outperformance was boosted by the strategy's sector allocation, with the LCIV Global Equity Core Fund's overweight information technology and underweight communication services and financials positions proving beneficial. The strategy's stock selection also contributed to outperformance over the quarter, with Microsoft and Accenture in particular posting positive earnings as both companies continued to expand their businesses ahead of anticipated future trends.

The LCIV Global Equity Core Fund follows the same strategy and, in general, has the same investment principles as the Morgan Stanley Global Franchise Fund, but is subject to a greater number of restrictions, owing to its key focus on sustainability. As such, there exists a number of small differences in the characteristics of the two funds. The LCIV Global Equity Core Fund underperformed the Global Franchise Fund by 0.4% over the quarter, with underperformance largely attributed to a lower allocation to consumer staples companies, with beverage and tobacco companies benefitting from increased global social activity, having been adversely impacted by previous social distancing measures.

6.2 Portfolio Sector Breakdown at 31 December 2021

The charts below compare the relative weightings of the sectors in the LCIV Global Equity Core Fund and the Morgan Stanley Global Franchise Fund as at 31 December 2021.



Source: London CIV and Morgan Stanley

The Global Equity Core strategy has a higher allocation to information technology, healthcare and financials, and a lower allocation to consumer staples due to its intentional tilt towards sustainable investments.

The Global Franchise Fund portfolio held an allocation of c. 9% to tobacco stocks as at 31 December 2021. The Global Equity Core Fund is restricted from investing in tobacco, and hence holds a substantially smaller allocation to consumer staples.

6.3 Performance Analysis

The table below summarises the Global Equity Core Fund portfolio's key characteristics as at 31 December 2021, compared with the Morgan Stanley Global Franchise Fund.

	LCIV Global Equity Core Fund	Global Franchise Fund
No. of Holdings	38	31
No. of Countries	7	5
No. of Sectors*	6	6
No. of Industries*	18	13

*Not including cash

Source: London CIV and Morgan Stanley

Holdings

The top 10 holdings in the Global Equity Core Fund account for c. 47.7% of the strategy and are detailed below.

Global Equity Core Fund Holding	% of NAV
Microsoft	7.3
Accenture	5.5
Visa	5.0
Sap	5.0
Reckitt Benckiser	4.9
Abbott Laboratories	4.1
Baxter International	4.1
Thermo Fisher Scientific	4.1
Danaher	3.9
Becton Dickinson	3.9
Total	**47.7***

Global Franchise Fund Holding	% of NAV
Microsoft	9.2
Philip Morris	7.6
Reckitt Benckiser	6.4
Accenture	5.6
Visa	5.1
Thermo Fisher Scientific	5.0
Sap	4.8
Procter & Gamble	4.8
Danaher	4.7
Abbott Laboratories	4.6
Total	**57.6***

*Note figures may not sum due to rounding

Source: London CIV and Morgan Stanley

Eight stocks are consistently accounted for in the top ten holdings of both strategies.

7 Legal and General – World Low Carbon Equity

Legal and General Investment Management ("LGIM") 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.

7.1 World Low Carbon Equity – Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (%)
Net of fees	7.4	23.1	20.1
Benchmark (MSCI World Low Carbon Target)	7.4	23.2	20.2
MSCI World Equity Index	7.4	23.4	19.8
Net Performance relative to Benchmark	0.0	-0.1	-0.1

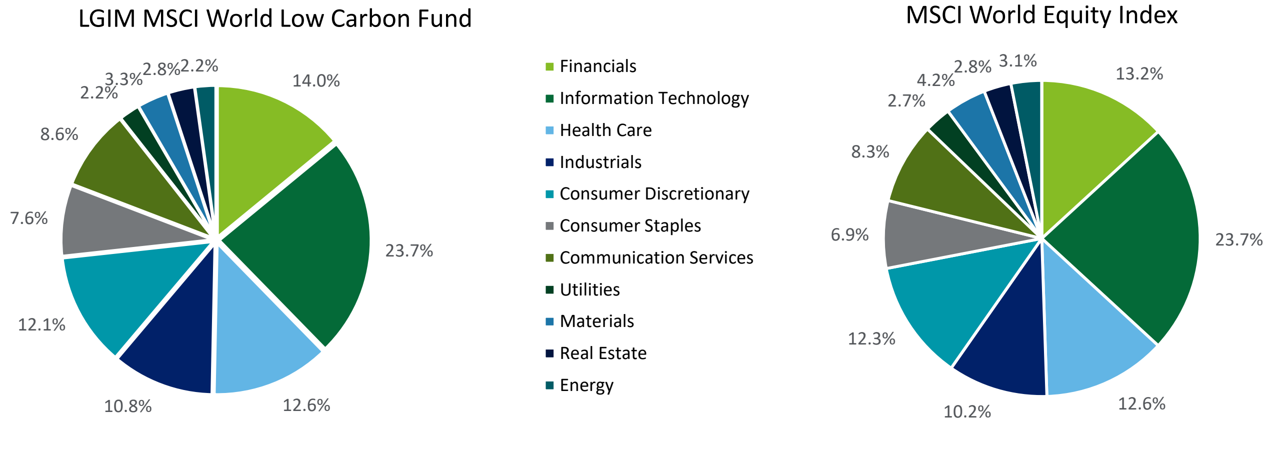
Source: LGIM and Northern Trust. Relative performance may not tie due to rounding.

The LGIM MSCI World Low Carbon Index Fund delivered a positive absolute return of 7.4% on a net of fees basis over the quarter to 31 December 2021, performing broadly in line its MSCI World Low Carbon Target benchmark and the MSCI World Equity Index.

Over the one-year-period to 31 December 2021, the LGIM MSCI World Low Carbon Index Fund delivered a strong positive absolute return of 23.1% on a net of fees basis, slightly underperforming its MSCI World Low Carbon Target benchmark by 0.1%, while underperforming the broader MSCI World Equity Index by 0.3% on a net of fees basis over the year. The Fund's large positive absolute return over the year can be attributed to the widely sustained recovery in global equity markets following the onset of the COVID-19 pandemic over the first quarter of 2020, with global equity markets delivering positive returns over each of the four separate quarters to 31 December 2021.

7.2 Portfolio Sector Breakdown at 31 December 2021

The below charts compare the relative weightings of the sectors in the LGIM MSCI World Low Carbon Target Fund and the MSCI World Equity Index as at 31 December 2021.



Source: LGIM

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

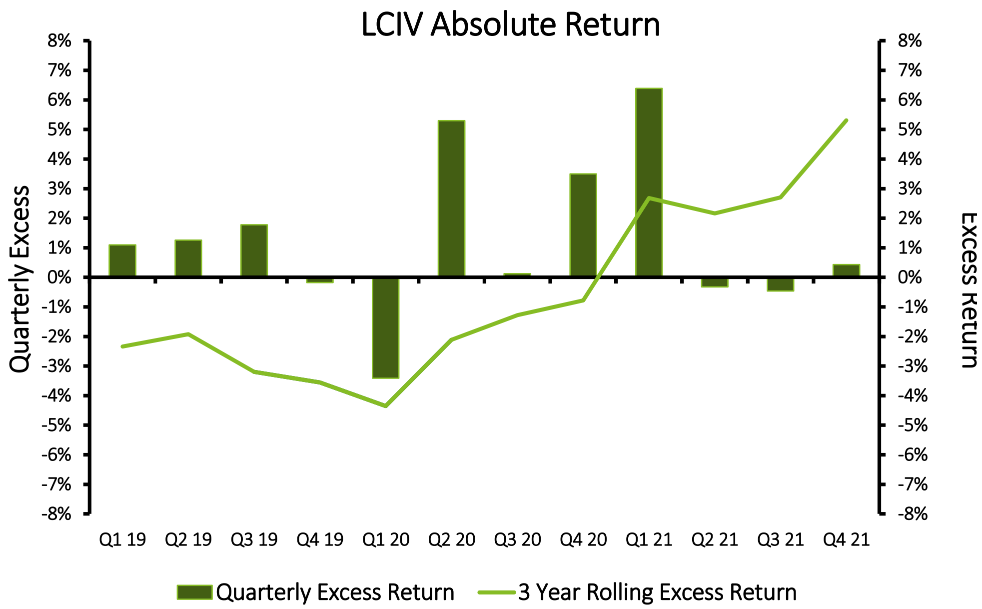
8 LCIV – Absolute Return

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 LIBOR benchmark by 4% p.a. The manager has a fixed fee based on the value of assets.

8.1 Dynamic Asset Allocation – Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	1.5	10.3	9.7	4.6
Target	1.0	4.1	4.4	4.5
Net performance relative to Target	0.4	6.2	5.3	0.1

Source: Northern Trust. Relative performance may not tie due to rounding.



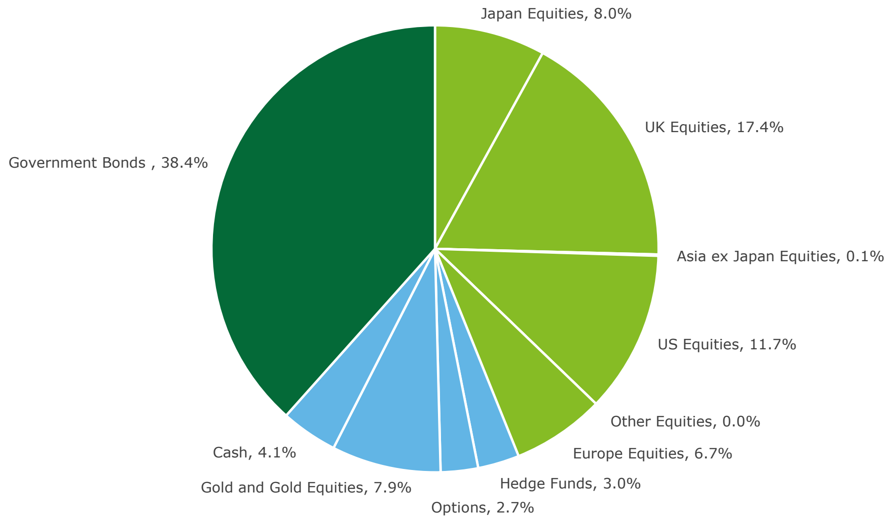
Over the quarter to 31 December 2021, the Absolute Return Fund returned 1.5% on a net of fees basis, outperforming its LIBOR+4% target by 0.4%. The strategy has delivered a strong absolute return of 10.3% on a net of fees basis over the year to 31 December 2021, outperforming its target by 6.2%. Over the longer three and five year periods to 31 December 2021, the strategy has delivered positive returns of 9.7% p.a. and 4.6% p.a. respectively on a net of fees basis, outperforming the LIBOR-based target by 5.3% p.a. and 0.1% p.a. respectively.

The Absolute Return Fund outperformed its target over the quarter with the manager's strategic positioning proving relatively successful in navigating the beginning of the withdrawal of COVID-related monetary support alongside the impacts of the Omicron variant. Positive returns were primarily driven by the strategy's UK inflation-linked bonds exposure, with the strategy's short-dated bonds benefitting from rising near-term inflation expectations while long-dated bonds benefitted from the decline in longer term yields. The LCIV Absolute Return Fund's equity allocation also contributed positively to returns over the three-month period, particularly the strategy's c. 5% allocation to global pharmaceuticals and healthcare stocks, whose defensive characteristics proved beneficial as the Omicron variant emerged over the fourth quarter.

However, the Fund's equity protection and credit protection strategies detracted from performance somewhat over the quarter. In addition, Ruffer reduced the Absolute Return Fund's exposure to gold and gold producers over the third quarter of 2021, with these sectors performing well over the fourth quarter.

8.2 Asset Allocation

The chart below represents the asset allocation of the LCIV Absolute Return Fund portfolio as at 31 December 2021.



Source: London CIV

9 LCIV – Global Bond

PIMCO was appointed on 8 May 2019 to manage a Global Bond mandate, held as a sub-fund under the London CIV platform from 30 November 2018. The aim of the Fund is to outperform the Barclays Aggregate – Credit Index Hedged (GBP) Index. The manager has a fixed fee based on the value of assets.

9.1 Global Bond – Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)
Net of fees	-0.2	-0.5
Benchmark	-0.1	-1.1
Net Performance relative to Benchmark	-0.1	0.6

Source: Northern Trust. Relative performance may not tie due to rounding.

Over the quarter to 31 December 2021, the LCIV Global Bond Fund delivered a negative absolute return of -0.2% on a net of fees basis, slightly underperforming the Barclays Aggregate – Credit Index Hedged (GBP) Index by 0.1%. Over the year to 31 December 2021, the strategy delivered a negative return of -0.5%, but has outperformed the benchmark by 0.6%.

With government bond yields rising over the fourth quarter of 2021 at shorter maturities, as investors priced in the increased pace of interest rate rises in response to record high inflation, and with credit spreads widening slightly, the global credit market fell over the quarter. Although corporate earnings remained robust, the Global Bond Fund marginally underperformed its peers owing to the strategy's spreads exposure.

The LCIV Global Bond Fund's emerging market security selection significantly detracted from performance, with the Chinese real estate sector continuing to come under pressure. The strategy's Chinese property developer securities in particular were negatively impacted as concerns grew around the potential restructuring of Kaisa Group, which proved to be the Fund's largest detractor over the quarter with the company defaulting on a $400m bond payment and subsequently downgraded by rating agencies, alongside the general health of China's economy. In addition, the strategy's underweight position to European supranational debt detracted from relative performance over the quarter.

The strategy experienced no defaults over the quarter. 40 issues, representing c. 3% of the portfolio, were downgraded however no issues were downgraded to sub-investment grade over the period. PIMCO maintains that the lowered ratings do not reflect the fundamentals of the issues, and aims to hold on to the majority of these issues. The strategy remains relatively well positioned to cope with downgrades. The Global Bond Fund has the ability to hold up to 10% in sub-investment grade credit per its mandate.

9.2 Performance Analysis

The table below summarises the Global Bond portfolio's key characteristics as at 31 December 2021.

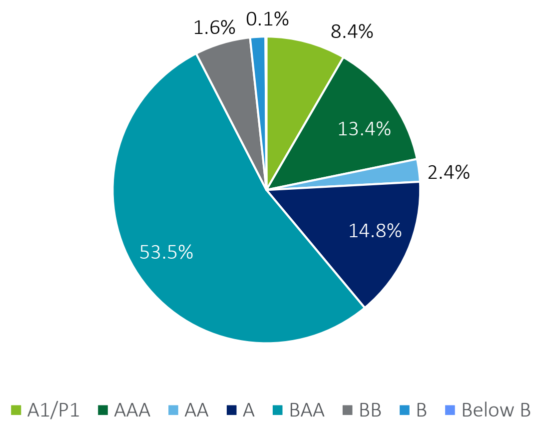
	30 Sept 2021	31 Dec 2021
No. of Holdings	1,113	1,178
No. of Countries	48	47
Coupon	2.85	2.57
Effective Duration	6.82	6.31
Rating	BAA+	A-
Yield to Maturity (%)	2.60	2.58

Source: London CIV

Over the fourth quarter of 2021, the number of holdings in the portfolio increased by 65 while the proportion of the portfolio held in cash and other net assets increased by c. 11%. We are working with the London CIV to understand the reasoning behind this significant increase in cash and other net assets over the quarter.

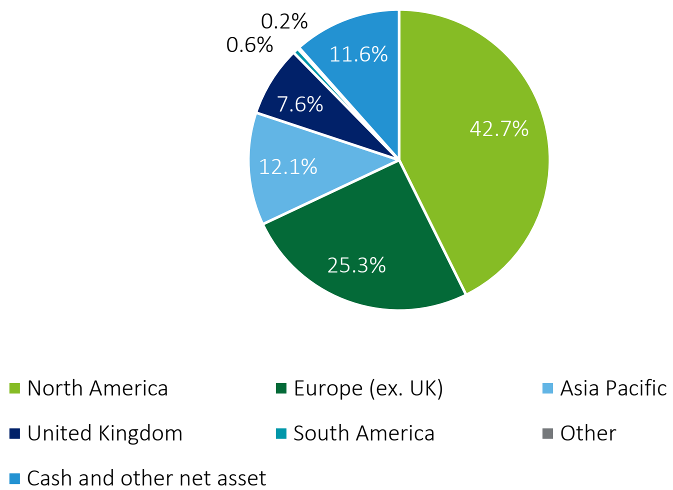
PIMCO remains highly selective at current spread levels, primarily observing cyclical but resilient opportunities with strong liquidity profiles that have potential for further spread compression. After opting to increase the strategy's overall duration positions over the second quarter of 2021, PIMCO continued to decrease the portfolio's effective duration position, reducing the portfolio's duration by a further c. 0.5 years over the fourth quarter of 2021.

The chart below represents the split of the Global Bond portfolio by credit rating. The Fund's investment grade holdings made up c. 92.5% of the portfolio as at 31 December 2021, an increase of 1.1% over the quarter, with the Fund predominantly invested in BAA and A rated bonds.



Source: London CIV

The chart below represents the regional split of the Global Bond portfolio.



Source: London CIV

Note that figures do not sum to 100% due to short holdings in cash and currency forwards.

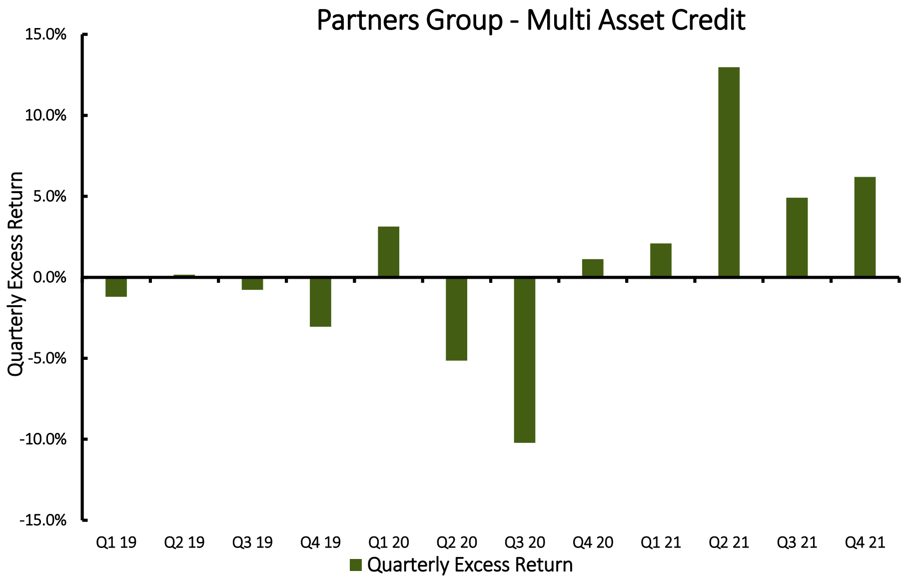
10 Partners Group – Multi Asset Credit

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

10.1 Multi Asset Credit - Investment Performance to 30 November 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	7.2	33.4	7.3	6.5
Benchmark / Target	1.0	4.1	4.4	4.5
Net performance relative to Benchmark	6.2	29.3	2.9	2.1

Source: Northern Trust. Relative performance may not tie due to rounding.



Please note, performance shown is to 30 November 2021.

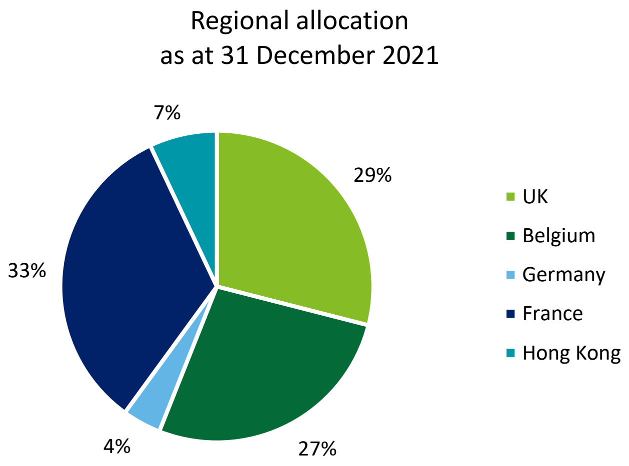
The Multi Asset Credit strategy delivered a positive return of 7.2% on a net of fees basis over the three-month period to 30 November 2021, outperforming its 3 Month LIBOR +4% benchmark by 6.2%.

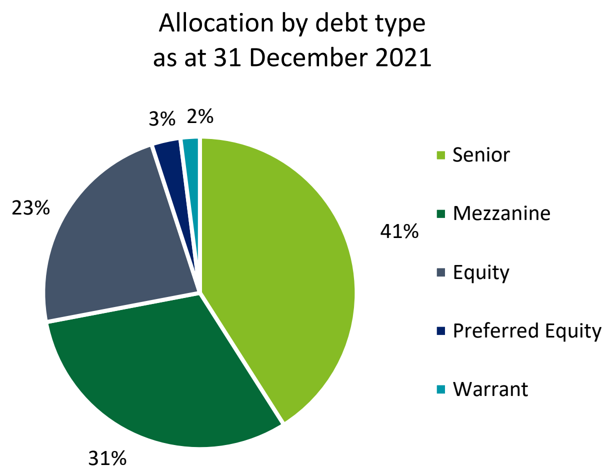
Over the quarter to 31 December 2021, we expect the MAC Fund to have delivered a return of 3.8% on a net of fees basis, based on an estimation of the strategy's time-weighted rate of return using cashflow information – with the primary difference in return due to the month of September 2021 dropping out of the calculation period, with the strategy delivering a strong return of 4.1% over September 2021.

Over the year to 30 November 2021, the strategy has delivered a strong positive return of 33.4% on a net of fees basis. The strong performance over the one-year period represents the rebound in performance of the strategy's tail investments which the Fund lifespan was extended for, which were initially particularly impacted by the economic restrictions caused by COVID-19 and have rebounded as anticipated following the reversal and easing of these restrictions gradually since summer 2021.

10.2 Asset Allocation

The charts below show the regional split and allocation by debt type of the Fund as at 31 December 2021, based on the seven loans remaining in the portfolio.





Note: Based on information provided by Partners Group.

10.3 Fund Activity

The Partners Group Multi Asset Credit Fund had made 54 investments, of which 47 have been fully realised as at 31 December 2021 with no realisations taking place over the fourth quarter of 2021.

The Fund's three-year investment period ended in July 2017 and therefore, any investments realised have subsequently been repaid to investors. In January 2021, Partners Group proposed a further three-year extension to allow more extended payback periods for a small group of (ten) tail investments whose cashflows have been particularly impacted by COVID-19 and require more time to recover to fully repay the loans extended to them.

The strategy has already returned over 90% of the capital and is expected to deliver an overall return on capital of c. 4%, in line with the 4-6% target return despite the unforeseen impact of COVID-19 – however this expected return is contingent on the tail investments above being given longer to repay.

This further three-year extension was formally approved in May 2021, and subsequent recent performance on the tail investments has been strong as these COVID-19/GDP sensitive investments have rebounded benefitting from the recent easing of economic restrictions over spring/summer 2021 as anticipated.

Over the fourth quarter of 2021, Partners Group issued one further distribution with c. £19.6k distributed to the London Borough of Hammersmith & Fulham Pension Fund on 30 December 2021. Partners Group issued a further distribution following quarter end with c. £293.8k distributed to the London Borough & Fulham Pension Fund on 31 January 2022.

11 abrdn – Multi-Sector Private Credit Fund

abrdn 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.

11.1 Multi-Sector Private Credit - Investment Performance to 30 September 2021

	Last Quarter (%)	One Year (%)
Net of fees	0.1	2.8
Benchmark / Target	-0.4	1.0
Net performance relative to Benchmark	0.4	1.8

Source: Northern Trust. Relative performance may not tie due to rounding.

At the time of writing, Northern Trust has been unable to provide details of the MSPC Fund's performance over the quarter to 31 December 2021. As such, the performance figures quoted in the table above reflect the MSPC Fund's investment return over the periods to 30 September 2021.

The strategy continues to deploy invested capital, with non-deployed capital invested in a portfolio of cash and short term bonds until full investment is achieved. Once fully committed, the strategy will be measured against the ICE ML Sterling BBB Corporate Bond Index. While the strategy is in the process of deploying invested capital, the strategy is measured against a blended benchmark of 3 Month Sterling LIBOR and the ICE ML Sterling BBB Corporate Bond Index, with the weight of the benchmark allocated to the ICE ML Sterling BBB Corporate Bond Index reflecting the proportion of the Fund's investment in the MSPC Fund which has been deployed by abrdn. Over the quarter to 31 December 2021, the MSPC Fund has been measured against a benchmark of 33% 3 Month Sterling LIBOR and 67% ICE ML Sterling BBB Corporate Bond Index.

11.2 Portfolio Composition

abrdn aims to deploy invested capital in line with its long-term target asset allocation over two phases – an initial allocation via liquid opportunities, and a second phase made up of illiquid investments.

Illiquid Investments

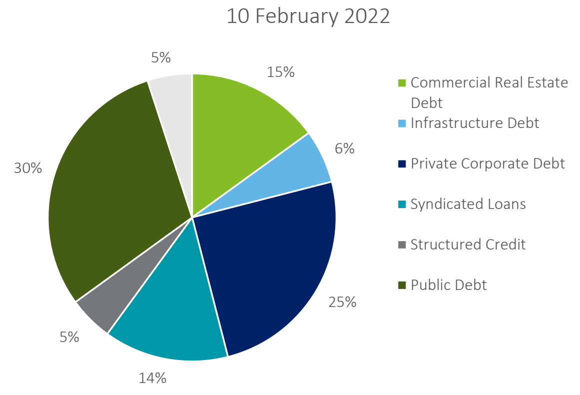
As at 31 December 2021, the MSPC Fund portfolio consists of 18 private assets:

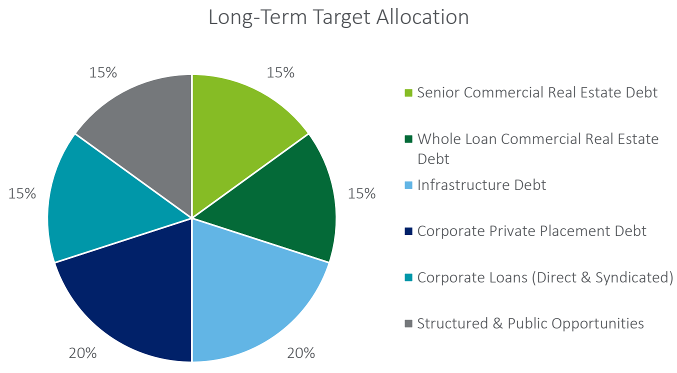
- 2 infrastructure debt investments;
- 7 senior real estate debts investments;
- 1 whole loan real estate debt investment; and
- 8 private corporate debt investments.

abrdn has a strong pipeline of opportunities with one further investment added to the portfolio during January 2022. abrdn expects the target allocation to be achieved over the first quarter of 2022.

Asset Allocation

As at 10 February 2022, 75% of the MSPC Fund portfolio has been invested in illiquid assets that will make up the long term portfolio, while the remaining 25% of the portfolio remains invested in a liquid transition portfolio in order to avoid a cash drag where the Fund has not fully deployed its committed capital. The charts below compare the asset allocation as at 10 February 2022 with that of the long-term target allocation.





Source: abrdn

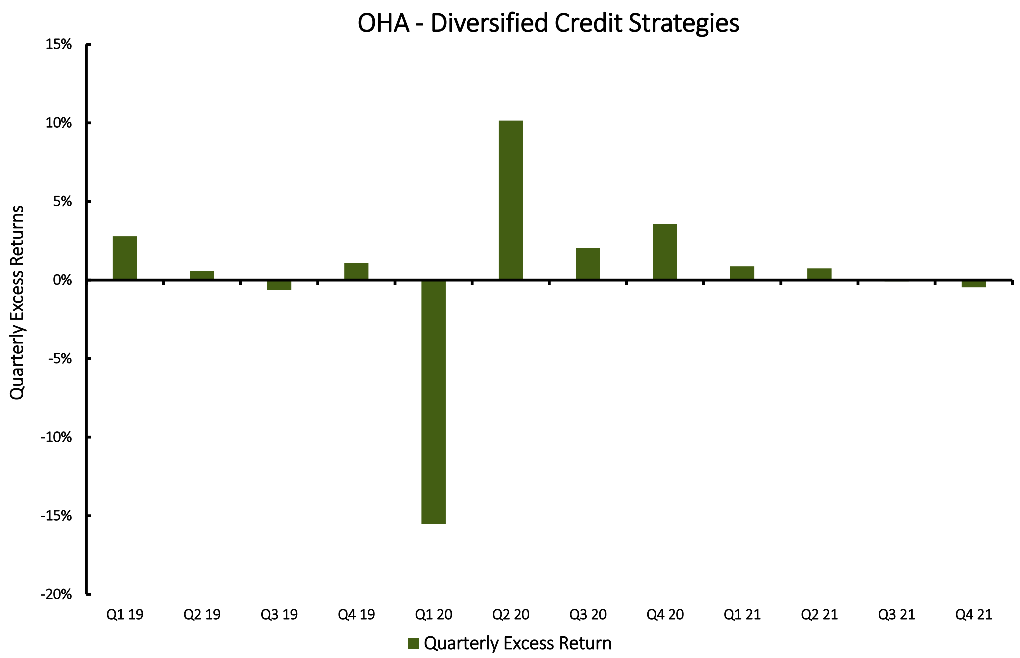
12 Oak Hill Advisors – Diversified Credit Strategies Fund

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

12.1 Diversified Credit Strategies - Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	0.6	5.2	5.5	3.6
Benchmark / Target	1.0	4.1	4.4	4.5
Net Performance relative to Benchmark	-0.5	1.1	1.1	-0.8

Source: Northern Trust. Relative performance may not tie due to rounding.



The Oak Hill Advisors Diversified Credit Strategies Fund delivered a positive absolute return of 0.6% on a net of fees basis over the quarter to 31 December 2021, underperforming its 3 Month Sterling LIBOR +4% p.a. benchmark by 0.5%. The strategy delivered a positive absolute return of 5.2% on a net of fees basis over the year to 31 December 2021, outperforming the benchmark by 1.1%. As the strategy is measured against a cash-plus benchmark, we would expect relative performance differences over shorter time horizons.

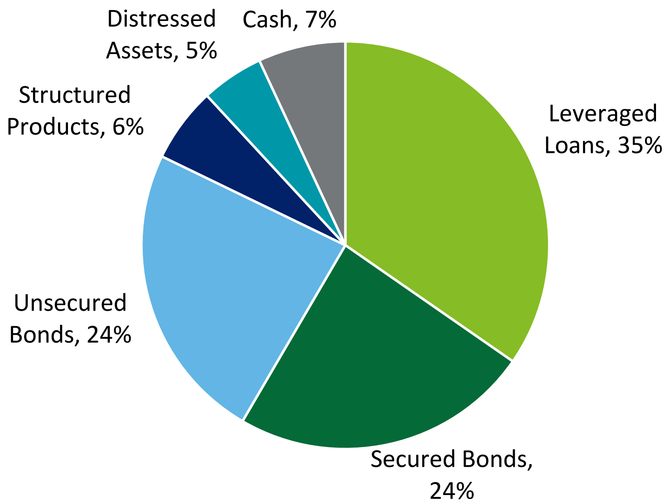
The strategy's high yield bonds and leveraged loans exposures continued to deliver positive returns over the fourth quarter of 2021, with credit spreads increasing slightly during the emergence of the Omicron variant while corporate earnings remained robust.

The strategy's distressed assets exposures, having noticeably contributed to positive performance since the beginning of the calendar year to the end of Q3 as a result of the initial anticipation and subsequent realisation of the relaxation in lockdown restrictions over the first half of 2021, performed poorly over the quarter, owing to the heightened default risk given the rapid global spread of the Omicron variant and the resulting fears surrounding the potential implementation of further lockdown restrictions.

Oak Hill Advisors does not track the number of defaults within its portfolio. The strategy's opportunistic nature means that the fund can take on restructuring opportunities for issuers. However, the manager does track when an issuer becomes "non-performing". Oak Hill Advisors has stated that no positions in the portfolio became "non-performing" over the quarter.

12.2 Asset Allocation

The below chart shows the composition of the Diversified Credit Strategies Fund's Portfolio as at 31 December 2021.



Source: Oak Hill Advisors

The Diversified Credit Strategies Fund allocation remained relatively unchanged over the quarter.

13 Partners Group – Direct Infrastructure

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

13.1 Direct Infrastructure - Investment Performance to 31 December 2021

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. As at 31 December 2021, the Partners Group Direct Infrastructure Fund has fully realised 3 investments.

The total capacity of the Partners Group Direct Infrastructure Fund is €1.08 billion. Of this, c. 99.3% has been committed to investments as at 31 December 2021, with c. 72.7% of the total capacity drawn down from investors as at 31 December 2021.

The Partners Group Direct Infrastructure Fund's portfolio is made up primarily of investments that have no direct correlation to GDP. The remaining assets have limited correlation with GDP, however these assets provide an essential service with contract-based structures and high barriers to entry. As such, Partners Group sees no immediate cause for concern regarding the Fund as a result of the COVID-19 pandemic.

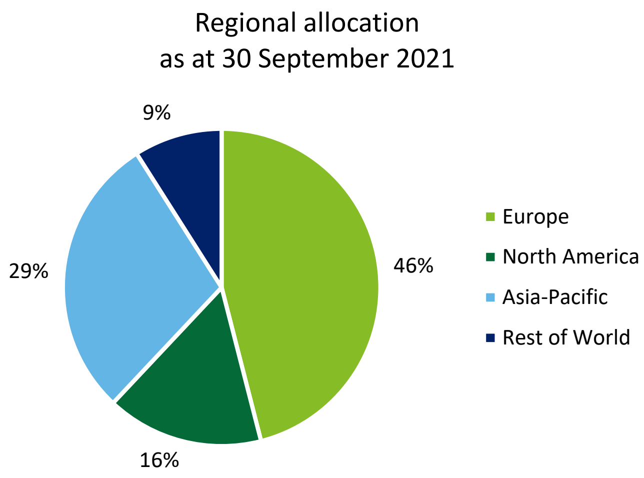
Capital Calls and Distributions

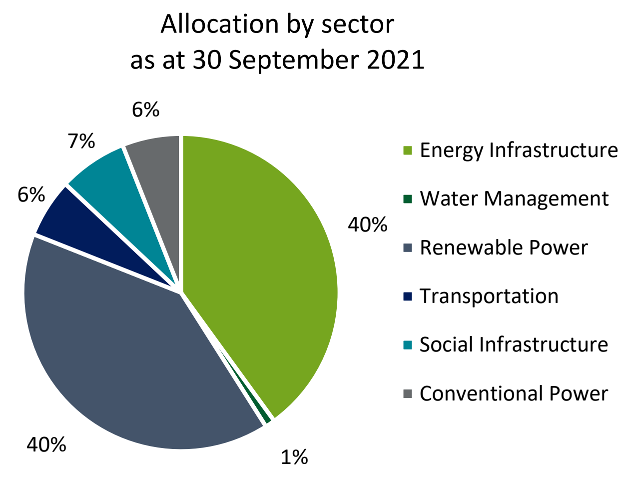
The Fund issued one net capital call over the quarter to 31 December 2021:

- On 13 December 2021, the Fund issued a capital call for €83.2m, of which the London Borough of Hammersmith & Fulham Pension Fund was entitled to pay €4.2m, partially offset by a distribution of €21.6m on the same date, of which the London Borough of Hammersmith & Fulham Pension Fund received €1.1m – resulting in a net capital call of €3.1m paid by the Fund.

13.2 Investments Held

The charts below show the regional split of the Direct Infrastructure Fund and a breakdown of the Fund by infrastructure sector as at 30 June 2021.





Note: Based on information provided by Partners Group.

14 Aviva Investors – Infrastructure Income

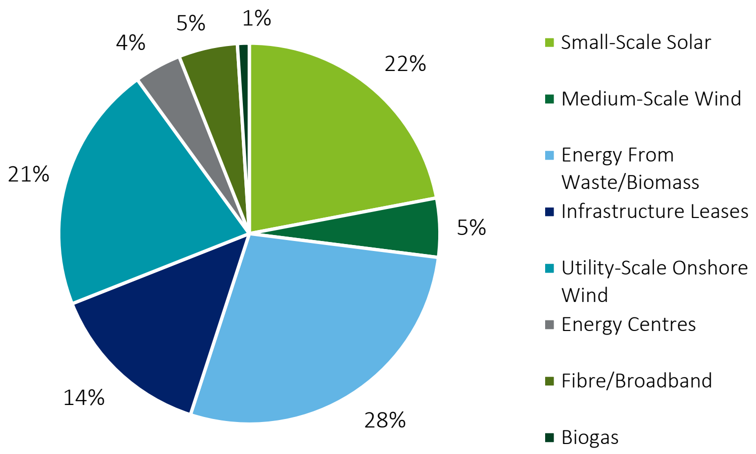
Aviva Investors was appointed to manage an infrastructure income mandate with the aim of outperforming the 3 month Sterling LIBOR benchmark by 6% p.a. The manager has an annual management fee and performance fee.

14.1 Infrastructure Income - Investment Performance to 30 September 2021

Over the year to 30 September 2021, the income distribution of the Fund was 5.8% p.a., which sits below the 7-8% p.a. range targeted by Aviva, with the decrease in yield attributed to identified commissioning defects in the Fund's Biomass assets and these assets therefore not currently operating at full capacity. Aviva has confirmed that a rectification programme is in place in respect of these assets.

Sector Breakdown

The chart below shows the split of the portfolio by sector as at 30 September 2021.



Source: Aviva Investors.

The Biomass and Energy from Waste assets make up c. 28% of the portfolio.

Transactions and Pipeline

Over the fourth quarter of 2021, the Infrastructure Income Fund received an additional £40m of commitments, from one existing investor and one UK pension fund, with a further £139m of commitments received from 6 existing investors following quarter end in early 2022.

As such, Aviva expects to imminently advise all current investors that the minimum £175m funding requirement has been reached and the soft close therefore completed. Aviva drew £25m from an existing investor over the fourth quarter of 2021, and expects to draw £72m in Q1 2022, £33m in Q2 2022 and £45m from Q3 2022 onwards in order to meet the targeted funding schedule.

Aviva did not complete any transactions over the fourth quarter of 2021 but there exists c. £175m of existing contractual commitments and obligations within the Fund, across three energy from waste assets, two infrastructure leases, one energy centre – all in the construction phase, and three operational fibre/broadband assets.

15 abrdn – Long Lease Property

abrdn 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.

15.1 Long Lease Property - Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	0.8	9.1	6.2	7.5
Benchmark / Target	3.2	-2.7	5.3	4.5
Net Performance relative to Benchmark	-2.4	11.8	0.8	3.0

Source: Northern Trust. Relative performance may not tie due to rounding.

The Standard Life Long Lease Property Fund, managed by abrdn, delivered an absolute return of 0.8% on a net of fees basis over the fourth quarter of 2021, underperforming the FT British Government All Stocks Index Benchmark by 2.4%.

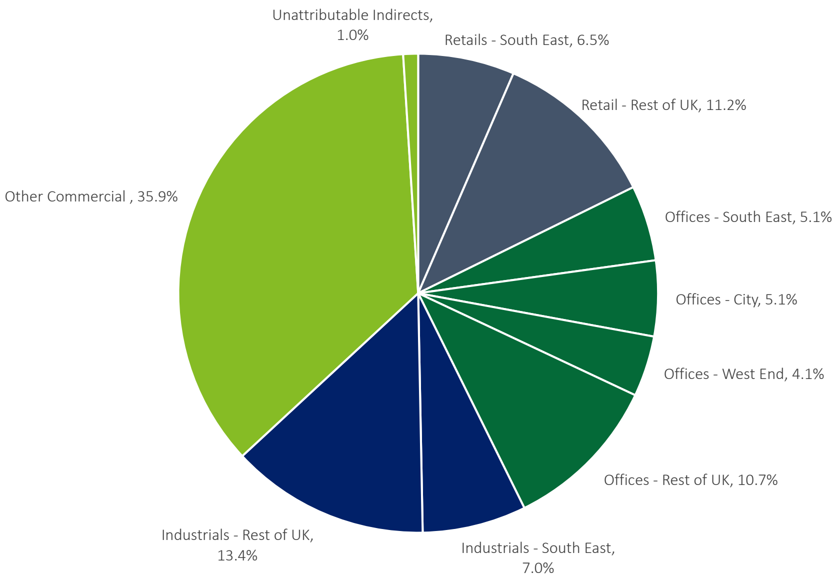
Over the fourth quarter of 2021, the Long Lease Property Fund has underperformed the wider property market, as measured by the MSCI (formerly IPD Monthly) UK All Property Index, by 7.1%, largely as a result of the strategy's underweight position to the industrial and retail warehousing sectors relative to the wider property market, with both sectors performing well over the quarter to 31 December 2021 owing to continued yield compression. The strategy has outperformed the wider property market over the longer term, with long term performance continuing to be aided by the portfolio's stronger tenant credit quality and long, inflation linked leases, and the lack of any high street or shopping centre exposure with these sectors particularly impacted by the COVID-19 outbreak.

After removing the material valuation uncertainty clause and lifting the suspension on trading during the third quarter of 2020, the Long Lease Property Fund continues to trade as normal.

Rent collection statistics improved slightly over the fourth quarter of 2021 as abrdn realised Q4 collection rates of 99.8% (as at 14 February 2022). Over the fourth quarter of 2021, none of the Long Lease Property Fund's rental income was subject to deferment arrangements, with 0.2% unpaid or subject to ongoing discussions with tenants. As at 14 February 2022, abrdn had collected 97.6% of its Q1 2022 rent, with no income subject to deferment arrangements and 2.4% of rent unpaid or subject to ongoing discussions with tenants.

15.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 31 December 2021 is shown in the graph below.



Source: abrdn.

The Long Lease Property Fund completed no further acquisitions over the fourth quarter of 2021. abrdn, however, estimates a further investment pipeline of up to £1.15bn exists with a number of off market opportunities being actively tracked and a number of openly marketed opportunities of rarely available assets coming to market. abrdn has strong conviction in its ability to deploy capital through 2022, considering the current pipeline.

Q4 2021 and Q1 2022 rent collection, split by sector, as at 14 February 2022 is reflected in the table below:

Sector	Proportion of Fund as at 31 December 2021 (%)	Q4 2021 collection rate (%)	Q1 2022 collection rate (%)
Alternatives	6.0	100.0	93.0
Car Parks	3.7	100.0	100.0
Car Showrooms	3.2	100.0	100.0
Hotels	7.8	100.0	100.0
Industrial	14.7	100.0	92.0
Leisure	3.3	94.0	95.0
Public Houses	5.5	100.0	100.0
Offices	29.6	100.0	98.0
Student Accommodation	8.1	100.0	100.0
Supermarkets	18.2	100.0	100.0
Total	**100.0**	**99.8**	**97.6**

As at 31 December 2021, 0.9% of the Fund's NAV is invested in ground rents via an indirect holding in the abrdn Ground Rent Fund, with 17.3% of the Fund invested in income strip assets.

The leisure sector has expressed the poorest rental collection statistics over the fourth quarter of 2021 and the first quarter of 2022 as at 14 February 2022, with the industrial sector also expressing poor rental collection statistics over Q1 2022 as at 14 February 2022.

abrdn has stated that the majority of the Long Lease Property Fund's underlying tenants have reverted to paying rent as per their lease terms, with no Q4 2021 or Q1 2022 rental income subject to deferment arrangements as at 14 February 2022.

abrdn has now collected 99.8% of 2020 rents and 99.1% of 2021 rents, with the majority of outstanding rent in 2021 reduced to a small number of tenants. There has been no write-off of any outstanding rent, or rent-free periods agreed.

The table below shows details of the top ten tenants in the fund measured by percentage of net rental income as a 31 December 2021:

Tenant	% Net Income	Credit Rating
Whitbread	5.6	BBB
Viapath	5.0	AA
Tesco	5.0	BBB
Sainsbury's	4.6	BB
Marston's	4.4	BB
Asda	3.8	BBB
Salford University	3.6	A
Secretary of State for Communities	3.5	AA
QVC	3.4	BB
Lloyds Bank	3.3	AA
Total	**42.2***	

*Total may not equal sum of values due to rounding

The top 10 tenants contributed 42.2% of the total net income of the Fund as at 31 December 2021. Of which 13.4% of the net income came from the supermarket sector, with Tesco, Sainsbury's and Asda continuing to make up a significant proportion of the Fund at quarter end.

The unexpired lease term decreased from 25.7 years as at 30 September 2021 to 25.5 years as at 31 December 2021. The proportion of income with fixed, CPI or RPI rental increases increased by c. 0.8% over the quarter to 91.9%.

16 Alpha Real Capital

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.

16.1 Index Linked Income – Illustrative Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)
Net of fees	2.7	7.2	5.3
Benchmark / Target	5.8	6.1	9.4
Net Performance relative to Benchmark	-3.1	1.1	-4.1

Source: Alpha Real Capital. Relative performance may not tie due to rounding.

Note, Scheme investment not yet drawn – performance figures for illustrative purposes only.

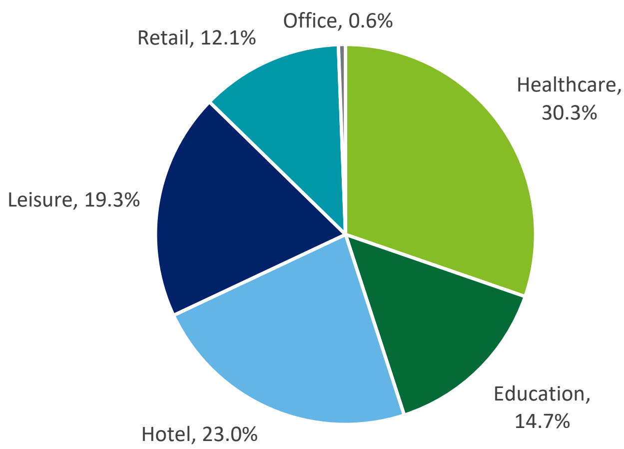
The London Borough of Hammersmith & Fulham Pension Fund's commitment has not yet been drawn for investment by Alpha Real Capital. The Fund's full £60m commitment is expected to be drawn and deployed before the end of April 2022. As such, please note that the performance of the Alpha Real Capital Index Linked Income Fund displayed in the table above is for illustration purposes only.

The Index Linked Income Fund has delivered a positive return of 2.7% on a net of fees basis over the quarter to 31 December 2021, but has underperformed its BoAML Long-Dated UK Inflation-Linked Gilts Index +2% by 3.1% with real yields at the longer end of the curve falling over the fourth quarter of 2021.

Alpha Real Capital has collected c. 94% of the Fund's Q4 2021 rental income, representing an increase from the c. 88% collection rate over the third quarter of 2022, having agreed deferrals or holding active discussions with tenants concerning overdue rent. Where deferrals are agreed, extended credit charges are applied to the rents with an expectation that this income will be received in the short to medium term.

16.2 Portfolio Holdings

The sector allocation in the Index Linked Income Fund as at 31 December 2021 is shown in the graph below.



Source: Alpha Real Capital. Totals may not sum to 100% due to rounding.

Alpha Real Capital completed one transaction over the fourth quarter of 2021 – a ground rent top-up transaction with South Africa Lodge, a specialist care facility for a net purchase price of £1.7m. As at 10 February 2022, Alpha Real Capital is in the process of executing two further investments, a £49m top-up investment on a portfolio of garden centres and a £75m portfolio of 99 UK pubs, with a further £2.6bn of opportunities under consideration across an extensive pipeline, diversified by sector and location.

The table below shows details of the top ten holdings in the Fund measured by value as at 31 December 2021.

Tenant	Value (%)	Credit Rating
Leonardo Hotels	15.9	A1
Elysium Healthcare	11.5	A3
Parkdean	10.0	A3
HC One	8.3	A3
Dobbies Garden Centres	8.3	Baa1
PGL	5.9	Baa3
Away Resorts	5.4	Baa1
Busy Bees	5.0	A3
Kingsway Hall	4.0	A3
CareTech	3.8	Baa1
Total	78.1	

Source: Alpha Real Capital. Totals may not sum due to rounding.

The top 10 holdings in the Index Linked Income Fund accounted for c. 78.1% of the Fund as at 31 December 2021.

The average lease length stood at 139 years as at 31 December 2021, remaining relatively unchanged over the quarter while the Index Linked Income Fund's portfolio continues to be 100% linked to RPI with no fixed rent reviews in the portfolio.

17 Man GPM

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

17.1 Community Housing Fund - Investment Performance to 31 December 2021

Capital Calls and Distributions

The Fund issued two capital calls over the quarter to 31 December 2021:

- Man GPM issued a £1.1m capital call to the London Borough of Hammersmith & Fulham Pension Fund on 26 October 2021. The request consisted entirely of capital drawn for investments into the portfolio.

- Man GPM issued a £10.3m capital call to the London Borough of Hammersmith & Fulham Pension Fund on 9 December 2021. The request consisted of c. £10.1m for investments and c. £0.2m for expenses.

As such, as at 31 December 2021, the London Borough of Hammersmith & Fulham Pension Fund's commitment was c. 67% drawn for investment.

Man GPM expects to draw further capital into the Fund once the next investment has been made into the portfolio.

Activity

Man GPM agreed terms on one project over the fourth quarter of 2021:

- Chilmington, Ashford – a forward fund of 225 homes compromised of 132 houses and 93 flats in a well-connected market town with 85% affordable rent targeted at key worker and shared ownership households. The investment has been completed and Man GPM is holding discussions on a 10 year operating lease to a local Housing Association. Gross project cost of £71m.

In addition to the Campbell Wharf project, where terms were agreed over the third quarter of 2021, Man GPM also agreed terms on two projects over the third quarter of 2021 with the deals announced by Man GPM later in Q4:

- Towergate, Milton Keynes – a forward fund of 55 homes embedded within a larger development scheme totaling 150 homes. The development targets 100% shared ownership affordable rent targeted at key worker and median income households. The investment has been completed and Man GPM is holding discussions on a 10 year operating lease to a local Housing Association. Gross project cost of £18m.

- Coombe Farm, Saltdean – a forward fund of 71 homes comprised of a mixture of new houses and bungalows with 83% of homes being made available for discounted rental or affordable home ownership. The deal is a repeat investment with a developer already known to the Fund. The investment has been completed and Man GPM is in advanced discussions on a 10 year operating lease to a local Housing Association. Gross project cost of £25m.

Man GPM has stated that all projects are proceeding broadly in-line with expectations.

Pipeline

As at 31 January 2022, Man GPM's pipeline investment opportunities included four late-stage investment opportunities with an estimated gross cost of £103m in which negotiations are in place with the vendor, alongside two favourable investment opportunities with an estimated combined gross project cost of £82m where Man GPM holds a positive view on returns and investment thesis, having completed initial due diligence, with an offer not yet accepted by the vendor.

17.2 Investments Held

The table below shows a list of the projects currently undertaken by the Man GPM Community Housing Fund as at 31 December 2021.

Investment	Number of Homes	Number of Affordable Homes	Expected Total Commitment – Gross (£m)	Expected Total Commitment – Net (£m)	Total Capital Drawn and Invested to Date (£m)
Alconbury Weald	95	95 (100%)	22.4	12.0	4.8
Grantham	227	186 (82%)	38.0	17.0	4.8
Lewes	41	39 (95%)	12.9	10.5	1.2
Campbell Wharf	79	79 (100%)	21.5	10.1	TBC
Towergate	55	55 (100%)	18.1	6.5	TBC
Saltdean	71	59 (83%)	24.8	9.6	TBC
Chilmington	225	192 (85%)	70.8	30.6	TBC
Total	**793**	**705 (89%)**	**208.5**	**96.3**	**TBC**

Source: Man GPM

Appendix 1 – Fund and Manager Benchmarks

The tables in this Appendix detail the benchmarks and outperformance targets, for the Total Fund and each individual manager.

Total Fund

Inception: 31 December 1999.

Manager	Asset Class	Allocation	Benchmark	Inception Date
LCIV	Global Equity Core	15.0%	MSCI AC World Index	30/09/20
LGIM	Low Carbon Target	30.0%	MSCI World Low Carbon Target Index	18/12/18
Ruffer	Dynamic Asset Allocation	10.0%	3 Month Sterling LIBOR +4% p.a.	31/07/08
PIMCO	Global Bond	10.0%	Barclays Global Aggregate – Credit Index Hedged (GBP)	09/05/19
Partners Group	Multi Asset Credit	0.0%	3 Month Sterling LIBOR +4% p.a.	28/01/15
Oak Hill Advisors	Multi Asset Credit	5.0%	3 Month Sterling LIBOR +4% p.a.	01/05/15
abrdn	Multi Sector Private Credit	5.0%	3 Month Sterling LIBOR / ICE ML Sterling BBB Corporate Bond Index	08/04/2020
Partners Group	Infrastructure Fund	5.0%	3 Month Sterling LIBOR +8% p.a.	31/08/15
Aviva Investors	Infrastructure Income Fund	2.5%	3 Month Sterling LIBOR +6% p.a.	23/05/18
Darwin Alternatives	Leisure Development Fund	2.5%	TBC	TBC
abrdn	Long Lease Property	5.0%	FT British Government All Stocks Index +2.0%	09/04/15
Alpha Real Capital	Ground Rents	5.0%	BoAML >5 Year UK Inflation-Linked Gilt Index +2.0%	17/05/21
Man GPM	Affordable / Supported Housing	2.5%	3 Month Sterling LIBOR +4% p.a. (Target)	02/06/21
TBC	TBC	2.5%	TBC	TBC
	Total	**100.0%**		

Appendix 2 – Manager Ratings

Based on our manager research process, we assign ratings to the investment managers for specific products or services. The ratings are based on a combination of quantitative and qualitative factors, where the inputs for the qualitative factors come from a series of focused meetings with the investment managers. The ratings reflect our expectations of the future performance of the particular product or service, based on an assessment of:

- The manager's business management;
- The sources of ideas that go to form the portfolio ("alpha generation");
- The process for including the ideas into the portfolio ("alpha harnessing"); and
- How the performance is delivered to the clients.

On the basis of the research and analysis, managers are rated from 1 (most positive) to 4 (most negative), where managers rated 1 are considered most likely to deliver outperformance, net of fees, on a reasonably consistent basis. Managers rated 1 will typically form the basis of any manager selection short-lists.

Where there are developments with an investment manager that cause an element of uncertainty we will make the rating provisional for a short period of time, while we carry out further assessment of the situation.

Appendix 3 – Risk Warnings & Disclosures

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

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