

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 25 June 2025

Subject: Aberdeen Multi Sector Private Credit

Report author: Siân Cogley, Pension Fund Manager

Responsible Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

This item provides the Pension Fund Committee with an opportunity to discuss the London Borough of Hammersmith and Fulham Pension Fund's allocation to Aberdeen Multi Sector Private Credit portfolio with representatives from the Fund manager.

RECOMMENDATIONS

The Pension Fund Committee is recommended to discuss the allocation to the Aberdeen Multi Sector Private Credit Portfolio with a view deciding whether to continue with the investment.

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.

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OVERVIEW

- 1.1 The Aberdeen MSPC Fund is a diversified private credit vehicle that invests across three core areas: infrastructure debt, real estate debt, and corporate debt, including leveraged loans and private placements.
- 1.2 The fund primarily targets Investment Grade credit (with an average rating around BBB) and includes a mix of fixed and floating rate instruments, with an expected duration of approximately four years. It operates as an evergreen fund, allowing for quarterly subscriptions and redemptions, with redemptions requiring 185 days notice.
- 1.3 Recently, the fund was gated in advance of the 1 October 2025 dealing date, triggered by redemptions exceeding 10% of NAV over the prior 12 months. This gating followed the full withdrawal of investments by three corporate DB pension schemes. Aberdeen has clarified that these redemptions were driven by changes in the investors' strategies, not due to concerns about the fund's performance or Aberdeen's overall health.
- 1.4 Following the gating of the fund, Aberdeen has proposed revisions to the fund's investment guidelines, as detailed in the Fund Manager's presentation provided in Appendix 2. Please note this appendix is restricted and not for discussion in the public session.
- 1.5 Based on assessments by both fund officers and Isio, the proposed changes constitute a shift from the original investment mandate. In the current market environment, raising capital for a strategy of this nature remains challenging. Additionally, officers are mindful of the regulatory momentum toward transitioning LGPS assets into pools in the short to medium term.
- 1.6 Isio's advice is set out in Appendix 1, and officers concur with the recommendation provided. Both the appendix and the discussion regarding the future of this investment within the LBHF portfolio are to be addressed during the exempt session of the Pension Fund committee meeting.

List of Appendices

Appendix 1: Aberdeen MSPC Fund Guideline Change (May 2025) [EXEMPT]

Appendix 2: Update on the Multi-Sector Private Credit Fund from Aberdeen Investments June 2025 [EXEMPT]