

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pensions Board

Date: 04 March 2026

Subject: Pension Fund Quarterly Update Q4 2025

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Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

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

- overall performance for the quarter ended 31 December 2025;
 - cashflow update and forecast;
 - assessment of risks and actions taken to mitigate these.
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RECOMMENDATIONS

1. The Pensions Board is recommended to note the update.
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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

There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.

Legal Implications

None.

DETAILED ANALYSIS

1. LBHF Pension Fund Quarterly Update: Q3 FY 2025/26

- 1.1 This report and attached appendices make up the pack for the quarter ended 31 December 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.
- 1.2 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 31 December 2025, the market value of the assets increased by £9m to £1.491m
 - The Fund has underperformed its benchmark net of fees by 2.16%, delivering an absolute return of 1.15% over the quarter.
 - The total Fund delivered a positive return of 5.71% on a net of fees basis over the year to 31 December 2025.
- 1.3 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 September 2026. An analysis of the differences between the actuals and the forecast for the quarter is also included.
- 1.4 The breaches of the law log has not been included in this quarter as there have been no breaches to report.
- 1.5 Following the committee decision to divest from LCIV Global Equity Quality Fund, managed by Morgan Stanley in November in favour of BlackRock's ESG inclined passive equity fund, officers were notified that LCIV is planning to close the fund and needed to coordinate a unified exit strategy with all remaining investors – Westminster and City of London Pension Funds. Officers will continue to work with Isio, LCIV and Blackrock to ensure that the transition will proceed as planned.
- ### **2. London CIV Update**
- 2.1 During the quarter, London Officers met with LCIV, to finalise the core Investment Manager's Agreement (IMA) with unique accompanying schedules, as well as working on the Service Level Delivery documents which will outline the services that LCIV will provide after 31 March 2026.
- 2.2 Officers were notified that LCIV's COO, Martin Gloyne will be retiring at the end of the financial year. The pool has successfully hired Danny Firth as his replacement, who will formally take up the role from 16 March 2026, working alongside Martin to agree and implement the transition plan.

2.3 Danny Firth brings more than 30 years' experience leading operations, governance and risk across pensions, investment management and financial services, with a career spanning senior executive leadership, operational transformation and complex stakeholder environments. He joins London CIV from Tesco Pension Investment, where he led strategy, governance and culture for the c.£12.9bn UK Tesco Pension Scheme's Investment Manager, working closely with trustees, sponsors and regulators.

3. Risk Management Implications

1. These are included in the risk registers.
2. There have been no new risks identified on the risk register.
3. There have been no changes in the risk scores on the risk register.
4. One risk has had a change in trend in quarter:

Risk 60 - Non-compliance with the Pension Investment Review Outcomes may result in regulatory intervention, reputational damage, and restricted access to pooled investment efficiencies and governance improvements. The risk has moved from trending neutral to trending up because the Pension Schemes Bill — which includes heightened expectations for LGPS investment pooling and governance — is currently progressing through Parliament, having been introduced in the House of Commons in June 2025, passed second reading and report stages, and is now being considered in the House of Lords with amendments under active debate

List of Appendices:

Appendix 1:	Scorecard as at 31 December 2025
Appendix 2a:	Isio Quarterly Performance Report for Quarter Ended 31 December 2025 (public)
Appendix 2b:	Isio Investment Performance Report 31 December 2025 (EXEMPT)
Appendix 3:	Cashflow Monitoring Report
Appendix 4:	Risk Register 31 Dec 2025