LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Performance Report	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 02 December 2024

SUMMARY OF REPORT:

This report presents the performance of the Pension Fund investment portfolio and that of the individual investment managers for the quarter ended 30 September 2024.

Local Government Act 1972 – Access to Information
No documents required to be listed were used in the preparation of this report.

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RECOMMENDATIONS:

The Committee is requested to note the contents of this report.

Signed by

Director of Finance ………………**Agreed**…………………………………...

Date ………………**18/11/2024**……………………….………

1. INTRODUCTION

1.1. This report presents the performance of the Pension Fund investments up to 30 September 2024 and since manager inception. More detailed information on the financial markets and individual managers can be found in **Appendices A and B.**

FINANCIAL MARKET DATA

1.2. A summary of financial market returns to 30 September 2024 is shown in Table 1 below, in percentages.

TABLE 1: FINANCIAL MARKET RETURNS Q3 2024

Market Returns		Quarter	1 Year	3 Years (annualised)
EQUITIES	FTSE all world	0.8	20.2	8.8
	UK FTSE All Share	2.3	13.4	7.4
	Europe (ex UK)	0.0	15.3	5.6
	North America	0.1	23.7	11.3
	Japan	0.7	10.7	3.2
	Asia (ex-Japan)	0.3	18.1	4.5
	Emerging Markets	4.8	17.0	2.8
UK gilts		-0.9	2.3	2.0
ILGs		-2.1	1.4	1.55
Corp bonds		-0.1	2.3	2.7
UK Property		1.7	1.8	2.9
Commodities (approx.)		-0.7	-7.9	-12.6
Cash - 3m LIBOR		1.3	0.0	0.0
RPI (UK) Inflation		1.1	0.3	2.7
US CPI (Inflation)		0.2	-5.3	-6.9

1.3. Global Economic Overview: In the third quarter of 2024, global economic activity exhibited mixed signals. The United States experienced stronger-than-anticipated Gross Domestic Product (GDP) growth, bolstered by resilient consumer spending and a robust labour market. Conversely, China's economy showed signs of deceleration, with GDP growth falling short of expectations, largely due to challenges in the property sector and subdued domestic demand. In the Eurozone, Germany's economy remained stagnant, with manufacturing output declining, contributing to a broader regional slowdown. Central banks worldwide continued to adjust monetary policies in response to evolving economic conditions. The Federal Reserve implemented a 50-basis point rate cut in September, aiming to support economic growth amid concerns of a potential slowdown. Similarly, the European Central Bank reduced rates by 25 basis points in September, responding to softening inflation and economic activity indicators. In the UK, the Bank of England enacted its first rate cut in four years in August, reflecting efforts to stimulate the economy amid flat GDP growth and persistent inflationary pressures.

1.4. UK Economic Conditions: The UK economy remained subdued in Q3 2024, with GDP growth stagnating. The Bank of England's monetary tightening policies, including the August rate cut, aimed to balance stimulating growth while controlling inflation. However, the new Prime Minister's warning of a "painful" autumn budget, indicating potential tax increases and spending cuts, added to economic uncertainties. Inflation ticked up slightly to 2.2% in September, surpassing the Bank's 2.0% target, prompting cautious optimism about future rate cuts.

1.5. Equity Market Performance:

- Global Equities: The FTSE All-World Index rose by 0.8% over the quarter, reflecting modest gains amid global economic uncertainties.
- UK Equities: The FTSE All-Share Index increased by 2.3%, supported by declining inflation and a weaker pound, which benefited exporters.
- Europe (ex-UK): European equities remained flat, with the MSCI EMU Index showing no change, as economic data, particularly in manufacturing, remained disappointing.
- North America: US equities saw a marginal increase of 0.1%, with sector performances mixed. Utilities and real estate sectors outperformed, while information technology posted only a small advance.
- Japan: Japanese equities rose by 0.7%, benefiting from a weaker yen, which supported exporters, despite domestic economic challenges.
- Asia (ex-Japan): Equities in this region gained 0.3%, with markets like China performing strongly due to announced stimulus measures, while South Korea lagged due to a sell-off in technology stocks.
- Emerging Markets: Emerging market equities advanced by 4.8%, outperforming developed markets, driven by monetary policy easing in the US and China, and strong performances in markets like Thailand and China.

1.6. Fixed Income and Commodities

- UK Gilts: UK gilts faced headwinds, declining by 0.9% over the quarter, as the Bank of England's rate cut in August influenced yields.
- Index-Linked Gilts (ILGs): ILGs decreased by 2.1%, reflecting inflation dynamics and monetary policy adjustments.
- Corporate Bonds: Corporate bonds experienced a slight decline of 0.1%, with yields influenced by global economic data and central bank policies.
- Commodities: Commodity prices declined by 0.7% in Q3. Notably, oil prices fell by 17%, influenced by global economic conditions and supply dynamics.

1.7. Property and Inflation

- UK Property: The UK property market showed resilience, with a 1.7% increase over the quarter, indicating a potential stabilization after previous declines.
- Inflation: The Retail Price Index (RPI) in the UK rose by 1.1% in Q3, while the US Consumer Price Index (CPI) increased by 0.2%, reflecting ongoing inflationary pressures in both economies.

In summary, Q3 2024 presented a complex economic landscape, with regional disparities in growth and market performance. Central banks' monetary policy adjustments played a crucial role in shaping financial markets, while geopolitical developments and domestic policies added layers of uncertainty. Investors remained cautious, balancing opportunities against potential risks in a dynamically evolving global economy.

FUND VALUATION & ASSET ALLOCATION

1.8. Table 2 sets out the value of the assets held by each investment manager, the asset classes held, and the targets for each mandate. The portfolio had a market value of £2.145bn as at 30 September 2024, which represents an increase of 1.18%, or £25m, over the quarter. The final changes to the asset allocation were implemented in Q4 2023 and Q1 2024.

TABLE 2: PORTFOLIO SUMMARY

Manager	Mandate	Target	Year Appointed	30/06/24 £m	30/09/24 £m	30/06/24 %	30/09/24 %
Baillie Gifford (LCIV)	Global equity	+2-3%	2016	160	161	8%	8%
Harris	Global equity	+2-3%	2015	98	101	5%	5%
L&G	Global equity	0.%	2011	497	500	23%	23%
L&G	Future World global equity	0%	2021	351	353	17%	16%
CQS (LCIV)	Multi asset credit	4-5%	2019	319	331	15%	15%
L&G	Index linked gilts	0%	2009	145	148	7%	7%
Stepstone	Infrastructure	8-10%	2019	99	124	5%	6%
Partners	Global property	15%	2010	66	61	3%	3%
CBRE	UK property	+1%	2010	88	93	4%	4%
Aviva (LCIV)	UK property	1.5-2%	2021	68	68	3%	3%
Affordable Housing (LCIV)	UK Property	5-7%	2024	16	16	1%	1%
HarbourVest	Private equity	+8%	2016	48	42	2%	2%
Baillie Gifford (LCIV)	Diversified growth	+3%	2022	92	98	4%	5%
Cash & other				73	49	3%	2%
Fund				**2,120**	**2,145**	**100%**	**100%**

TABLE 3: ASSET CLASS ALLOCATIONS

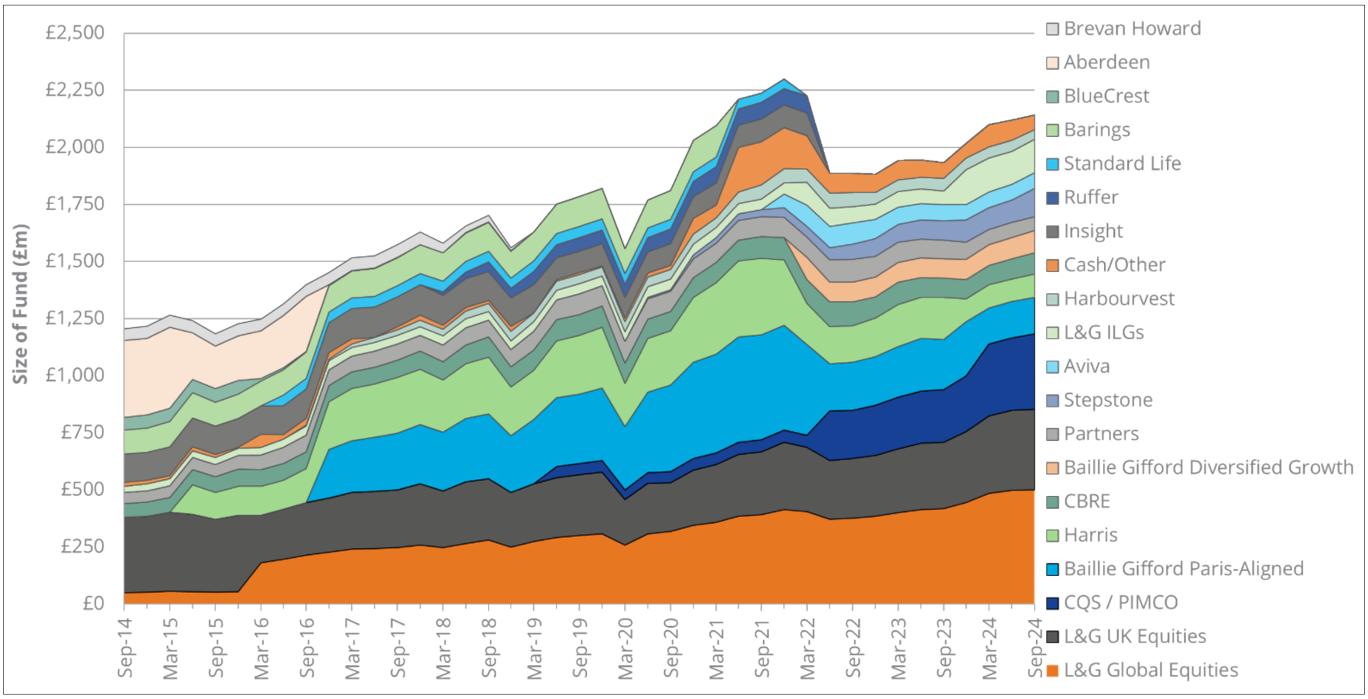
	Value (£m)	Current Weight	Target Weight
Baillie Gifford (LCIV)	161	8%	
Harris	101	5%	
L&G global passive	500	23%	
L&G passive equities	353	16%	
Equity	**1,115**	**52%**	**45%**
CQS (LCIV)	331	15%	
L&G Ind.Lkd Gilts	148	7%	
Bonds	**479**	**22%**	**23%**
CBRE	93	4%	
Partners Group	61	3%	
Aviva (LCIV)	68	3%	
Property	**222**	**10%**	**11%**
HarbourVest	42	2%	
Private Equity	**42**	**2%**	**2%**
Stepstone (LCIV)	124	6%	
Infrastructure	**124**	**6%**	**9%**
Baillie Gifford (LCIV)	98	5%	
DGF	**98**	**5%**	**5%**
Affordable Housing	**16**	**1%**	**5%**
Cash & other	**49**	**2%**	**0%**
Fund	**2,145**	**100%**	**100%**

1.9. The Fund continues to be overweight to equity at 52% against a 45% target. Multi-asset credit (CQS) remains at 15%, and the overall allocation to bonds, including index-linked gilts, continues to be at 22% against a 23% target.

1.10. Infrastructure is 6% against a revised target of 9% (a slight increase from previous quarter's 5% as we have had drawdowns in this quarter). As noted in previous committee updates, a second tranche of £76m was agreed to infrastructure at the March 2024 committee, and so once this new commitment draws capital over the coming years this asset class will also be on target. The Affordable Housing Fund, also in its nascent phase, will gradually see its allocation increasing to target. All other asset classes are close to target except for Cash which is 3% of assets and is important to fund revenue expenditure and future drawdowns.

1.11. Table 4 shows the total value of the Pension Fund over time. Each segment shows the value of the assets with each underlying investment manager.

TABLE 4: HISTORIC FUND MANAGER VALUATIONS



Source: London Borough of Camden; Apex

1.12. Infrastructure fund managed by Stepstone had a few drawdowns in this quarter with a total of £21m drawn down by the end of September. This leaves an outstanding commitment of the fund at £77m or 42.33% of committed capital. There was also a capital call of $940k by the Partners 2017 fund leaving the outstanding commitment at $35.7m

1.13. As Table 5 shows, the Fund's Fixed Income/Multi-Credit, Property, Private Equity and Diversified Growth allocations are close to the strategic asset allocation levels. The Fund remains above the target in active and passive equities and cash, but is below target for passive index linked, infrastructure (although increasing vs last quarter), and affordable housing.

TABLE 5: ASSET CLASS OPERATING RANGES

Asset class	**Value £m**	**Actual %**	**Target %**
Active equities	262	12.2%	10%
Passive equities (ESG focused)	853	39.8%	35%
Fixed Income/Multi Asset Credit	331	15.4%	15%
Passive Index linked gilts	148	6.9%	8%
Property	222	10.3%	11%
Private equity	42	2.0%	2%
Infrastructure	124	5.8%	9%
Diversified growth fund	98	4.6%	5%
Affordable Housing	16	0.7%	5%
Cash	49	2.3%	0%
Fund	**2,145**	**100%**	**100%**

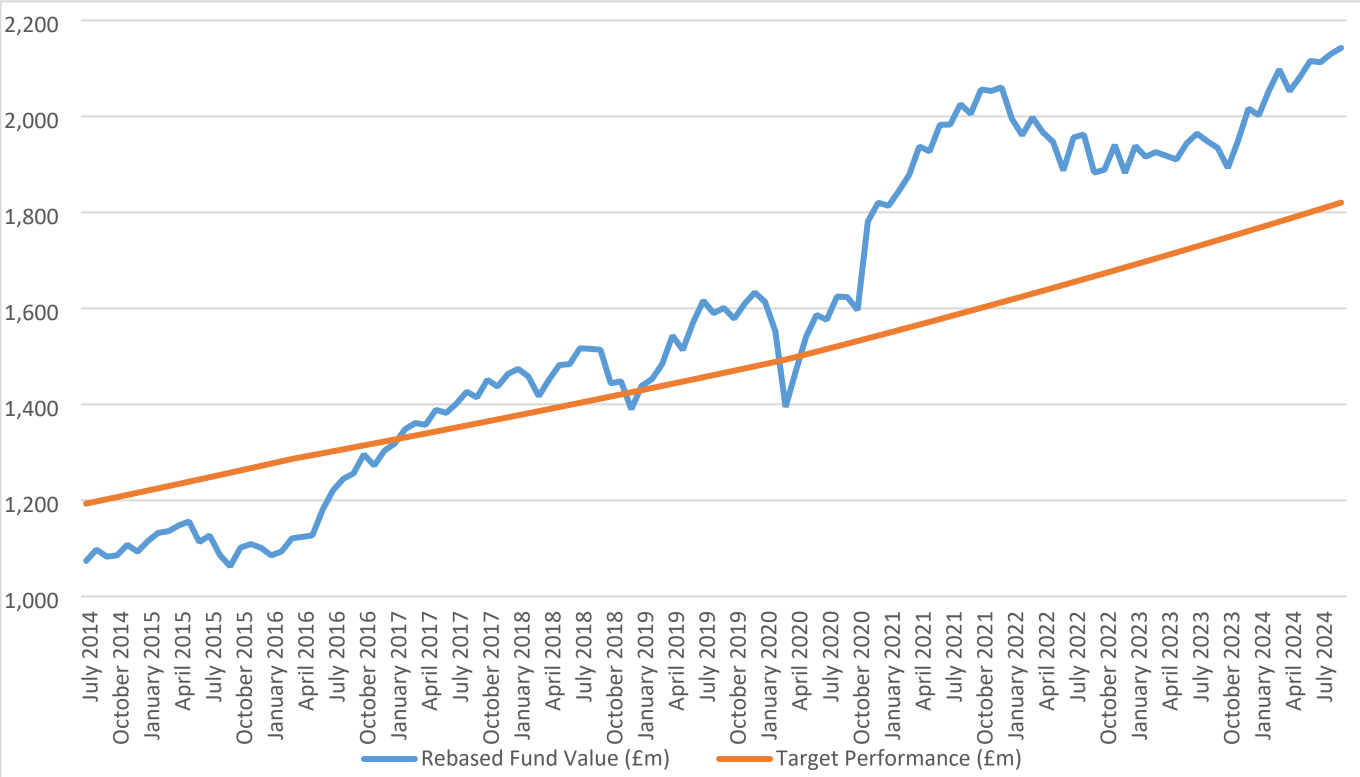
2. LIABILITY MONITORING

2.1. The actuary, Hymans Robertson, valued the liabilities at £1.741 billion as of 31 March 2022 during the last Triennial Valuation, applying a discount rate of 4.4% per annum, which corresponded to a funding level of 113%. The latest funding update as of 30 September 2024 indicates a substantial improvement in the Fund's position. Liabilities now stand at an estimated £1.43 billion, with assets growing to approximately £2.15 billion, resulting in an updated funding level of 151%, a significant increase from the last valuation

2.2. Consistent with actuarial practice, the valuation of these liabilities has been extrapolated to account for assumed quarterly asset returns, as opposed to direct movements in gilt yields. The new required return for the Fund to maintain a 100% funding level is slightly adjusted to 3.8% per annum, a small increase from the prior rate of 3.7%, reflecting updated market and financial conditions

2.3. This updated funding position incorporates recent market performance, which has remained above actuarial expectations, improving the likelihood of achieving target returns from 78% to 91% since the previous valuation. The substantial increase in the funding level (+37%) reflects strong asset performance and favourable demographic changes within the fund. Long-term asset performance remains considerably above the actuary's historic expectations, as shown below in Table 6.

TABLE 6: ASSET PERFORMANCE SUMMARY



3. **ASSET PERFORMANCE**

3.1. Comparative benchmarking data from the PIRC universe, which comprises 63 local authority pension funds valued at approximately £266 billion, indicates that the average Local Government Pension Scheme (LGPS) fund return was 1.4% for the quarter ending September 2024. The Camden Fund achieved a return of 1.3% for the quarter, slightly underperforming this benchmark.

3.2. Over the 12-month period, the PIRC universe delivered an average return of 11.2%, with the Camden Fund outperforming at 11.8%. For the three-year period, the PIRC universe average was below 4% per annum, while the Camden Fund returned 2.9%, underperforming the benchmark over this medium-term timeframe.

3.3. In reviewing Table 7, the Fund experienced a narrower underperformance of -0.7% against its quarterly target, reflecting more stable performance compared to prior periods. However, the Fund's performance over the 12-month period still trails the composite benchmark by -2.9%. The primary contributors to this underperformance over the year include Partners Group funds, with notable relative shortfalls from Partners 2013 (-53.0%), Partners 2017 (-41.1%), and Partners 2009 (-37.0%). Active managers such as Harris (-17.0%) and HarbourVest (-17.6%) also detracted substantially from overall Fund performance, pointing to a challenging environment for certain actively managed funds within the portfolio. Additionally, CBRE (-3.4%) and Aviva (-1.6%) contributed modestly to the underperformance, although these allocations are comparatively smaller.

3.4. Positive contributions came from CQS & PIMCO, which exceeded its target by 3.8%, and Baillie Gifford Diversified Growth Fund, outperforming by 6.8%. These managers' strategies align with the Fund's objectives for diversified growth and stability, underscoring the importance of maintaining exposure to a blend of defensive and growth-oriented strategies. The success of CQS & PIMCO may also encourage a further look at credit-focused strategies, particularly as global bond markets react to varying interest rate cuts across major economies.

3.5. Passive equity strategies, once again, have provided strong returns relative to active management. L&G's Future World and Global Equity funds posted respective returns of 21.8% and 19.6% over the year, while the active equity manager, Harris (6.5%) demonstrated more variable outcomes. This sustained outperformance from passive equity allocations supports the Fund's recent strategic move towards increased passive management, potentially reducing volatility and enhancing cost efficiency while balancing the performance drag experienced in actively managed segments.

3.6. Over two and three years, the Fund has underperformed its targets by -4.8% and -5.5%, respectively. These performance gaps may signal the need for continued monitoring of underperforming allocations, particularly in alternative and private market strategies, which are susceptible to prolonged performance lags. Given these results, a review of diversification and risk allocations across the Fund may be warranted to optimize returns without over-relying on underperforming segments.

3.7. Since inception, the Fund has achieved a return of 8.7%, well above the actuary's growth assumption of 4.5%. While the Fund's overall long-term performance remains robust, its recent challenges with specific active and alternative investments highlight the value of proactive portfolio adjustments to mitigate volatility. With shifts in market dynamics, such as rate cuts and sector rotations, reinforcing a diversified strategy with a balanced active-passive allocation could prove advantageous for sustaining returns aligned with funding objectives.

TABLE 8: MANAGER PERFORMANCE VS TARGET

Investment Manager	Trailing 3 Months	Trailing 1 Year	Trailing 2 Years	Trailing 3 Years	Since Inception
Harris	1.8	6.5	12.1	5.2	9.8
Global Equities (Gross) + 2.5%	1.2	23.4	18.5	11.5	14.5
Excess Return	**0.6**	**-17.0**	**-6.5**	**-6.4**	**-4.7**
Baillie Gifford GAG PAF (London CIV)	0.7	21.0	12.4	-0.3	10.8
Global Equities (Gross) +2.5%	1.2	23.4	18.5	11.5	14.0
Excess Return	**-0.5**	**-2.5**	**-6.1**	**-11.8**	**-3.2**
L&G Future World global equity	0.7	21.8	16.2	8.7	9.8
Solactive L&G ESG Global Markets	0.7	21.6	15.9	8.4	10.4
Excess Return	**-0.0**	**0.3**	**0.3**	**0.2**	**-0.6**
L&G global equity	0.5	19.6	15.3	8.6	12.5
FTSE All-World + 0%	0.8	20.2	15.6	8.8	12.6
Excess Return	**-0.2**	**-0.7**	**-0.3**	**-0.2**	**-0.1**
CQS & PIMCO (LCIV)	3.7	13.7	11.5	3.6	3.8
3 Month SONIA +4.50%	2.4	9.9	9.5	8.2	6.7
Excess Return	**1.3**	**3.8**	**2.0**	**-4.6**	**-2.9**
L&G passive ILG	1.5	5.6	-5.9	-14.9	3.4
FTSE > 5yr Index Linked Gilts + 0%	1.3	5.7	-6.2	-14.7	3.3
Excess Return	**0.2**	**-0.1**	**0.3**	**-0.1**	**0.2**
CBRE	1.7	-0.7	-8.8	-1.2	5.5
All Balanced Property Funds + 1%	1.5	2.7	-5.7	0.5	6.5
Excess Return	**0.3**	**-3.4**	**-3.1**	**-1.7**	**-1.0**
Partners 2009 Euro fund	-0.6	-22.0	-14.8	-3.2	4.1
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	**-4.2**	**-37.0**	**-29.8**	**-18.2**	**-10.9**
Partners 2013 USD fund	-15.6	-38.0	-28.8	-12.7	4.2
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	**-19.1**	**-53.0**	**-43.8**	**-27.7**	**-10.8**
Partners 2017 USD fund	-8.4	-26.1	-20.1	-4.9	1.0
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	**-11.9**	**-41.1**	**-35.1**	**-19.9**	**-14.0**
HarbourVest	-4.2	-9.6	-6.6	4.3	18.9
Absolute 8%	1.9	8.0	8.0	8.0	7.9
Excess Return	**-6.1**	**-17.6**	**-14.6**	**-3.7**	**10.9**
Stepstone (London CIV)	4.1	13.8	7.9	10.5	5.4
9% p.a net	2.2	9.0	9.0	9.0	8.8
Excess Return	**1.9**	**4.8**	**-1.1**	**1.5**	**-3.4**
Aviva (London CIV)	1.9	2.9	-8.3	-	-7.4
RPI + 1.75%	0.8	4.5	7.6	-	9.7
Excess Return	**1.1**	**-1.6**	**-15.8**	**-**	**-17.1**
Affordable Housing (London CIV)	0.0	-	-	-	-0.7
RPI + 1.75%	1.5	-	-	-	4.0
Excess Return	**-1.5**	**-**	**-**	**-**	**-4.7**
Baillie Gifford Diversified Growth Fund (LCIV)	5.6	15.7	7.2	-	1.1
SONIA +3.5%	2.1	8.9	8.2	-	7.5
Excess Return	**3.5**	**6.8**	**-1.0**	**-**	**-6.4**
Total Fund	**1.3**	**11.8**	**7.6**	**2.9**	**8.7**
Total Fund Composite Target	**2.0**	**14.7**	**12.4**	**8.4**	**10.8**
Excess Return	**-0.7**	**-2.9**	**-4.8**	**-5.5**	**-2.1**

3.8. **Harris** slightly outperformed its target this quarter with a positive return of 1.8%, exceeding its quarterly benchmark by 0.6%. However, on a one-year basis, it continues to underperform, lagging the target by -17.0%. Top detractors included holdings in sectors facing cyclical headwinds, while top performers benefited from stabilization in core holdings. Despite improvement this quarter, Harris remains below targets over longer periods, highlighting persistent challenges in capturing sector gains compared to benchmarks. Top contributors to this performance included Alibaba Group, whose stock rallied due to a stimulus package from the Chinese government, and Fresenius, bolstered by strong results in its healthcare services division. However, Kering detracted from returns following weak guidance for the remainder of 2024, while Mercedes-Benz saw a decline due to soft volumes and a challenging market in China

3.9. **Baillie Gifford (CIV) Global Alpha Growth Paris-Aligned Fund** posted a return of 0.7% for the quarter, underperforming its investment objective by -0.5%. Over the year, it returned 21%, underperforming the benchmark by -2.5%. Key contributors were CATL (Chinese lithium battery manufacturer) and DoorDash, benefiting from robust revenue growth. Detractors included Novo Nordisk and Moderna, with the latter impacted by declining vaccine revenues. This performance reflects a diversified strategy with a balanced exposure to both growth sectors and cyclicals

3.10. **L&G Future World Global Equity fund** aligned closely with its benchmark, delivering a return of 0.7% for the quarter and outperforming over one year at 21.8%, exceeding its benchmark by 0.3%. This sustainable passive fund holds substantial positions in financials and healthcare sectors. AstraZeneca remains a top holding, underpinning stability within the portfolio’s sustainable investment strategy

3.11. **L&G Global Passive Equities** fund returned 0.5% for the quarter, underperforming its benchmark, the FTSE All-World Index, which returned 0.8%. Although US tech stocks like Apple and Microsoft contributed positively, the fund's overall return was impacted by modest underperformance in European equities and emerging markets, leading to a slight lag against the benchmark.

3.12. The **CQS and PIMCO Fund** delivered an absolute return of 3.7% for the quarter, outperforming its target by 1.3%. This credit-focused strategy benefitted from tightened spreads and strong income generation within credit markets. Following the acquisition of CQS by Manulife Financial (1 April 2024), the IDD in June confirms that integration continues to align with the fund’s investment objectives and in fact led to an upgrade in business risk from amber to green, as no significant risks were identified, and the management stability is expected to improve under Manulife.

3.13. The **L&G passive Index Linked Gilts Fund** posted a return of 1.5% for the quarter, slightly outperforming its benchmark, which returned 1.3%. This performance reflects stability in UK gilts, with the fund benefitting from moderate inflation trends. The fund’s exposure to inflation-linked securities continues to provide resilience against inflationary pressures, aligning well with its long-term objectives.

3.14. **CBRE** recorded a quarterly return of 1.7%, outperforming its benchmark by 0.3%. Performance was supported by its core real estate holdings, with stability seen across UK commercial properties. Although headwinds persist in the broader real estate sector, CBRE’s exposure to resilient assets like logistics and infrastructure provided positive gains.

3.15. **Partners Group*** funds have faced performance challenges due to several factors:

   i. **The 2009 Euro fund** underperformed its target by 4.2% for the quarter, with a cumulative underperformance of 10.9% since inception. The underperformance is attributed to the fund's exposure to sectors adversely affected by rising interest rates and economic uncertainties.

   ii. **The 2013 Dollar fund** experienced a significant quarterly loss of 15.6%, leading to a 53.0% underperformance over the past year. A major contributor was Project Whetstone, a U.S. office portfolio facing refinancing challenges amid tightening credit conditions and a softening commercial real estate market. The broader decline in U.S. office property valuations, influenced by increased remote work trends and higher vacancy rates, also impacted performance.

   iii. **The 2017 Dollar fund** reported an 8.4% decline for the quarter, with a cumulative underperformance of 14.0% since inception. The downturn reflects ongoing pressures in commercial real estate, particularly in office and retail sectors, where valuations have been affected by changing work patterns and consumer behaviours.

   **(valuations lag by three months due to the nature of the fund of fund arrangement)*

3.16. **HarbourVest** posted a quarterly loss of 4.2%, underperforming its target by 6.1%. Its one-year relative performance is also negative, at -17.6%. Despite these recent setbacks, HarbourVest maintains a positive return since inception, driven by long-term growth in private equity allocations.

3.17. **Stepstone (CIV)** outperformed the quarter target by +1.9% and has returned 4.8% above the benchmark over one year. The portfolio build-out continues.

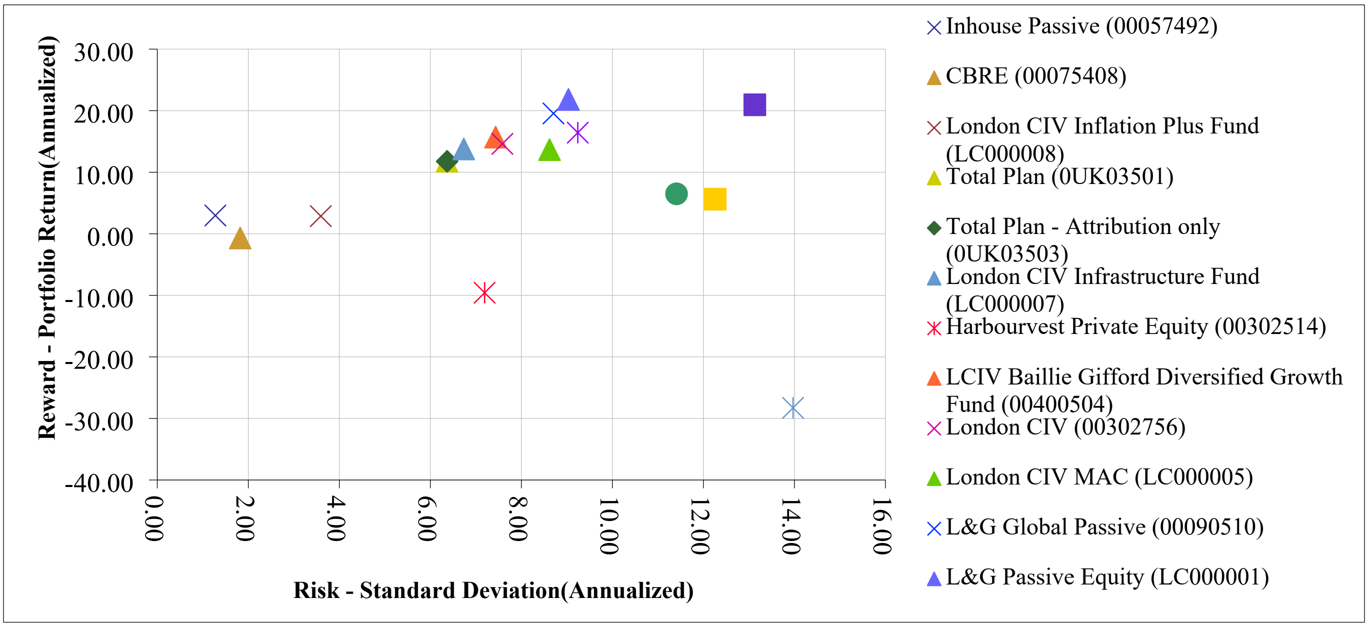
3.18. **Aviva (CIV) real estate long income fund** recorded a quarterly return of 1.9%, surpassing the target by 1.1%. However, on a one-year basis, it is behind by -1.6%. The fund's focus on long-income real estate provides steady returns, although broader real estate market pressures may affect future stability.

3.19. **Baillie Gifford Diversified Growth Fund (CIV)** achieved a strong quarterly gain of 5.6%, outperforming its target by 3.5%. This fund benefitted from strategic allocations in infrastructure, specialist commercial property, and emerging markets debt. Exposure to alternative assets, including insurance-linked securities and commodities, further diversified returns. The fund's low equity exposure allowed for downside protection, aligning with its goal of low risk growth.

3.20. The **risk: reward ratio** of individual mandates over the preceding year is represented in Table 8 below. The graph plots absolute returns in the year to September 2024 against the volatility (risk) of returns relative to the benchmark assessed in terms of annualised standard deviation. This approach measures the volatility in respect of the 12 end-of-month valuations for the entire portfolio; the maximum number made available by the custodian carrying out independent valuations. The greater the number of observations in the data set, the more comprehensive the measure of volatility.

3.21. Table 8 shows that the best performing fund was the L&G Global Passive & Passive Equity Funds (similar to last quarter). At the other end of the scale, some of the poorest performers in the portfolio are the CBRE, HarbourVest and Partners Group funds (mainly due to increases in interest rates). The most volatile fund is the Partners Group fund.

TABLE 8: RISK VS REWARD GRAPH



4. FOSSIL FUEL EXPOSURE

4.1. All Investment managers were asked about the Fund’s exposure to fossil fuels in general. The results for all our investment managers, at 30 September 2024, are as shown in Table 9 below.

4.2. It is important to remember that all companies have slightly different definitions of fossil fuel companies and so this is only an estimate. In 2012 the Fund had 7.2% of its equity assets invested in fossil fuels. In the report to the December 2023 Committee the fossil fuel proportion of all assets was 2.10%. This decreased to 2.09% as at March 2024 and further to 1.99% as at June 2024 and now stands at 1.88% as at September 2024.

TABLE 9 TOTAL FUNDS INVESTED IN FOSSIL FUELS

Mandate		Total Fund (£m)	Fossil Fuel Holdings (£m)	Fossil Fuel Holding
Legal & General	Global equity	£500m	£18m	
	Future World global equity	£353m	£5m	
	Index-linked gilts	£148m	£0m	
Harris		£101m	£3m	
Baillie Gifford	Global equity	£161m	£0m	
CBRE		£93m	£0m	
HarbourVest		£42m	£1m	
Partners Group		£61m	£0m	
Aviva		£68m	£0m	
Affordable Housing		£16m	£0m	
Stepstone		£124m	£0m	
CQS		£331m	£11m	
BG DGF		£98m	£3m	
Cash - JPM		£49m	£0m	
Total (as at 30 September 2024)		**£2,145m**	**£40m**	**1.88%**

4.3. Investment managers were also asked what percentage of our portfolio was invested in the Carbon Underground 200 Index of companies at September 2024. This is a more consistent definition of fossil fuel companies, and the results are below. This has reduced from 1.42% in Dec 23, 1.09% in Mar 24, 0.98% in Jun 24 and now 0.97% in Sep 24.

TABLE 10: CARBON UNDERGROUND 200 COMPANIES

Investment manager and mandates	% invested
Legal and General Global equity	0.57%
Legal and General Future World Global equity	0.12%
Legal and General (Over 5y Index-Link Gilts)	0.00%
Harris Global equity	0.15%
Baillie Gifford - LCIV Global equity	0.00%
CBRE UK property	0.04%
HarbourVest private equity	0.00%
Aviva long lease property	0.00%
Affordable Housing	0.00%
Partners global property	0.00%
Stepstone Infrastructure (LCIV)	0.00%
CQS & PIMCO multi-asset credit (LCIV)	0.05%
Baillie Gifford DGF (LCIV)	0.05%
NAV invested as at 30 September 2024	**0.97%**

5. RESPONSIBLE INVESTOR COMMENT

6.1 This report covers performance of several kinds, not only financial performance, but also the extent to which the Fund’s assets are moving away from highly-polluting or carbon dioxide-intense holdings over time. This report also demonstrates that good financial returns are not incompatible with responsible investment.

6. ENVIRONMENTAL IMPLICATIONS

6.1. There are numerous environmental implications to the performance of the Fund; in terms of the carbon impact, these have been set out in tables 9 and 10.

7. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

7.1. The finance comments of the Executive Director Corporate Services are contained within the report.

8. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

8.1. This report demonstrates that the Camden Pension Fund adheres to the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Regulation 7 requires that the authority must invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund. In doing so the Committee must take account the requirements for the investment strategy and in particular, the need for a suitably diversified portfolio of investments considering the advice of persons properly qualified on investment matters.

9. APPENDICES

APPENDIX A – Detailed Market and Manager Performance Review
APPENDIX B – Camden Client ranking by Manager