LONDON BOROUGH OF CAMDEN	**WARD:** All
REPORT TITLE: Performance Report	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 2 December 2025

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 2025.

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

Contact Officer: Saul Omuco
Head of Finance Treasury & Pensions
Finance
Corporate Services
5 Pancras Square
London N1C 4AG

Telephone 0207 974 7116
Email saul.omuco@camden.gov.uk

RECOMMENDATIONS:

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

Signed by

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

Date ………………**xx/11/2025**……………………….………

1. **INTRODUCTION**

1.1. This report presents the performance of the Pension Fund investments up to 30 September 2025 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 2025 is shown in Table 1 below, in percentages.

TABLE 1: FINANCIAL MARKET RETURNS Q3 2025

Market Returns		**Quarter**	**1 Year**	**3 Years (annualised)**
EQUITIES	FTSE all world	9.7	17.4	16.2
	UK FTSE All Share	6.9	16.2	14.5
	Europe (ex UK)	5.1	15.5	17.1
	North America	10.1	18.2	17.5
	Japan	10.5	16.7	14.1
	Asia (ex-Japan)	12.2	16.9	13.7
	Emerging Markets	12.6	15.7	11.2
UK gilts		1.9	-0.6	-1.3
ILGs		0.9	-1.3	-7.80
Corp bonds		2.5	2.6	4.90
UK Property		1.7	1.8	8.6
Commodities (approx.)		2.4	3.7	8.9
Cash - 3m LIBOR		0.0	0.0	0.0
RPI (UK) Inflation		2.3	0.4	4.5
US CPI (Inflation)		-5.3	2.7	2.7

1.3. Global & Regional Equities: Equity markets delivered strong, broad-based gains in Q3, extending the rally that began in the prior quarter. Global equities rose by 9.7%, driven by resilient corporate earnings and a growing conviction that major central banks were nearing the end of their tightening cycles.

Regional dispersion narrowed compared with earlier in the year:

- North America (+10.1%) and Japan (+10.5%) led developed markets, buoyed by robust corporate results and improving investor sentiment around potential rate cuts in 2026.
- Asia ex-Japan (+12.2%) and Emerging Markets (+12.6%) outperformed, supported by policy easing in China and stabilisation in global trade flows.
- European equities (+5.1%) delivered positive but more moderate gains amid weaker economic momentum and political uncertainty in several member states.
- UK equities (+6.9%) participated in the global rally, aided by strengthening domestic earnings and renewed foreign investor inflows as sterling stabilised.

Schroders’ Q3 Market Review highlighted that equity performance was increasingly broad-based, with cyclicals and technology both contributing, reflecting a more balanced risk appetite across global markets.

1.4. Fixed Income: Bond markets saw a more mixed quarter. UK gilts returned +1.9%, with yields fluctuating as investors weighed slowing inflation against persistent fiscal pressures. Index-linked gilts (ILGs) were slightly positive (+0.9%) but continued to lag on a 12-month basis (-1.3%), reflecting the sharp repricing of real yields over the past year.

Corporate bonds (+2.5%) maintained steady gains, supported by resilient credit spreads and improving confidence in corporate balance sheets. Schroders noted that corporate credit remains a constructive segment, benefiting from higher carry and falling default expectations. Their Q3 commentary retained a neutral-to-positive stance on investment-grade credit, citing attractive yields and robust issuer fundamentals.

1.5. Commodities & Real Assets: Commodities (+3.7%) advanced further in Q3, with energy and industrial metals both strengthening amid supply constraints and geopolitical tension in commodity-producing regions. The sector benefited from both demand recovery and inventory drawdowns, which Schroders described as "late-cycle reflation dynamics."

UK Property (+1.8%) continued its gradual improvement, consistent with the previous quarter, as investor sentiment stabilised and capital values showed tentative signs of bottoming. Schroders highlighted that while structural headwinds remain - particularly in office and retail segments - industrial and logistics assets continued to attract steady demand.

1.6. Inflation & Cash: Inflation indicators softened meaningfully. UK RPI rose just 0.4% over the quarter, compared with 2.3% in Q2, reflecting easing energy and food prices. In the US, CPI increased by 2.7%, a modest rise largely attributable to base effects after a period of disinflation.

Short-term cash rates remained unchanged, with 3-month LIBOR steady at 0%, as markets priced in rate cuts during the first half of 2026. Schroders noted that the global disinflation trend remains intact, though the pace of moderation varies by region.

1.7. Key Themes & Forward Outlook: Schroders' strategists observed that the "soft landing" narrative gained traction through Q3 as growth indicators stabilised without a resurgence in inflation. The combination of moderating inflation, resilient labour markets, and an approaching policy pivot underpinned both equity and credit gains.

Nonetheless, Schroders cautioned that valuations - particularly in US equities - remain elevated, leaving markets sensitive to earnings disappointments or policy missteps. They expect a gradual broadening of performance toward undervalued regions, including the UK and parts of Asia, as global liquidity conditions improve.

In fixed income, Schroders reiterated that "carry remains king," with investment-grade bonds continuing to offer compelling risk-adjusted returns, while gilts and linkers may remain range-bound pending greater clarity on the Bank of England's rate path.

Market commentary draws on Schroders' Q2 2025 Quarterly Markets Review, alongside data from FTSE, MSCI, and Bloomberg indices.

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 £2.4bn as at 30 September 2025, with an increase of 6.67%, or £148m, over the quarter.

TABLE 2: PORTFOLIO SUMMARY

Manager	Mandate	Target	Year Appointed	30/06/25 £m	30/09/25 £m	30/06/25 %	30/06/25 %
Baillie Gifford (LCIV)	Global equity	+2-3%	2016	171	186	8%	8%
Harris	Global equity	+2-3%	2015	105	112	5%	5%
L&G	Global equity	0.%	2011	535	587	24%	25%
L&G	Future World global equity	0%	2021	379	416	17%	18%
CQS (LCIV)	Multi asset credit	4-5%	2019	346	356	16%	15%
L&G	Index linked gilts	0%	2009	135	132	6%	6%
Stepstone	Infrastructure	8-10%	2019	133	133	6%	6%
Partners	Global property	15%	2010	46	52	2%	2%
CBRE	UK property	+1%	2010	95	98	4%	4%
Aviva (LCIV)	UK property	1.5-2%	2021	68	67	3%	3%
Affordable Housing (LCIV)	UK Property	5-7%	2024	42	52	2%	2%
HarbourVest	Private equity	+8%	2016	38	38	2%	2%
Baillie Gifford (LCIV)	Diversified growth	+3%	2022	100	105	5%	4%
Cash & other				26	33	1%	1%
Fund				**2,219**	**2,367**	**100%**	**100%**

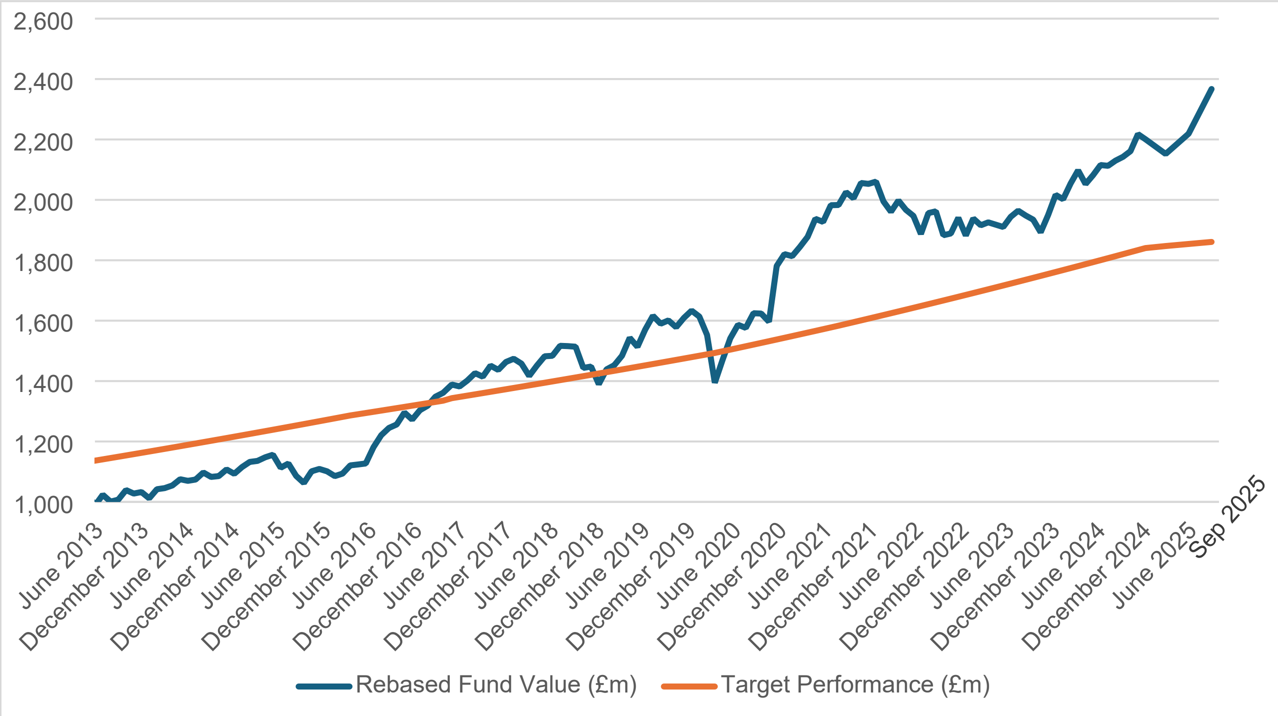
TABLE 3: ASSET CLASS ALLOCATIONS

	Value (£m)	Current Weight	Target Weight
Baillie Gifford (LCIV)	£186m	8%	
Harris	£112m	5%	
Active Equities	*£298m*	*13%*	*10%*
L&G global passive	£587m	25%	
L&G passive equities	£416m	18%	
Passive Equities	*£1,003m*	*42%*	*35%*
Equity	**£1,301m**	**55%**	**45%**
CQS (LCIV)	£356m	15%	
Fixed Income/Multi Asset Credit	*£356m*	*15%*	*15%*
L&G Ind.Lkd Gilts	£132m	6%	
Passive Index Linked Gilts	*£132m*	*6%*	*8%*
Bonds	**£488m**	**21%**	**23%**
CBRE	£98m	4%	
Partners Group	£52m	2%	
Aviva (LCIV)	£67m	3%	
Property	**£217m**	**9%**	**11%**
HarbourVest	£38m	2%	
Private Equity	**£38m**	**2%**	**2%**
Stepstone (LCIV)	£133m	6%	
Infrastructure	**£133m**	**6%**	**9%**
Baillie Gifford (LCIV)	£105m	4%	
DGF	**£105m**	**4%**	**5%**
Affordable Housing	**£52m**	**2%**	**5%**
Cash & other	**£33m**	**1%**	**0%**
Fund	**£2,367m**	**100%**	**100%**

2. **ASSET PERFORMANCE**

2.1. Long-term asset performance remains considerably above the actuary's historic expectations, as shown below in Table 4

TABLE 4: ASSET PERFORMANCE SUMMARY



2.2. Comparative benchmarking data from the Pensions Investment Research Consultants (PIRC) universe (62 funds with combined value ~£275bn):

	Qtr	**1-year**	**3-year**
PIRC Universe	5.2%	9.4%	8.4%
Camden	5.7%	10.0%	8.4%

2.3. Looking at Table 5, the Fund delivered a +5.7% return for the quarter, outperforming the PIRC universe performance of +5.2% by 0.5 percentage points. Over the one-year period, the Fund achieved a +10.0% gain, also ahead of the PIRC universe average of +9.4%.

2.4. Performance over the three-year period matched the PIRC universe at +8.4% p.a., marking the first reporting period in several years in which the Fund has shown no relative underperformance over any timeframe relative to PIRC universe.

2.5. On a weighted contribution basis, the main positive drivers for Q3 were:

- L&G Global Passive Equity mandate
- L&G Future World Equity mandate
- Baillie Gifford Global Alpha Growth Paris-aligned mandate

TABLE 5: MANAGER PERFORMANCE VS TARGET

Investment Manager	Trailing 3 Months	Trailing 1 Year	Trailing 2 Years	Trailing 3 Years	Since Inception
Harris	6.6	11.7	9.1	12.0	9.9
Global Equities (Gross) + 2.5%	10.3	20.3	21.9	19.1	15.0
Excess Return	**-3.8**	**-8.6**	**-12.8**	**-7.2**	**-5.1**
Baillie Gifford GAG PAF (London CIV)	9.0	16.0	18.4	13.6	11.4
Global Equities (Gross) +2.5%	10.3	20.3	21.9	19.1	14.7
Excess Return	**-1.4**	**-4.3**	**-3.4**	**-5.5**	**-3.3**
L&G Future World global equity	9.8	17.6	19.7	16.7	10.2
Solactive L&G ESG Global Markets	9.7	17.2	19.4	16.4	11.6
Excess Return	**0.1**	**0.4**	**0.3**	**0.3**	**-1.3**
L&G global equity	9.6	17.3	18.4	15.9	12.8
FTSE All-World + 0%	9.7	17.4	18.8	16.2	12.9
Excess Return	**-0.1**	**-0.1**	**-0.4**	**-0.3**	**-0.1**
CQS & PIMCO (LCIV)	2.6	7.6	10.6	10.2	4.4
3 Month SONIA +4.50%	2.1	9.0	9.5	9.3	7.1
Excess Return	**0.5**	**-1.5**	**1.1**	**0.8**	**-2.7**
L&G passive ILG	-1.9	-10.3	-2.7	-7.4	2.5
FTSE > 5yr Index Linked Gilts + 0%	-2.1	-11.1	-3.0	-7.8	2.4
Excess Return	**0.3**	**0.8**	**0.4**	**0.4**	**0.2**
CBRE	1.0	6.1	2.7	-4.1	5.5
All Balanced Property Funds + 1%	1.4	7.8	5.2	-1.4	6.6
Excess Return	**-0.5**	**-1.7**	**-2.5**	**-2.7**	**-1.1**
Partners 2009 Euro fund	1.9	2.7	-9.8	-7.7	4.2
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	**-1.7**	**-12.3**	**-24.8**	**-22.7**	**-10.8**
Partners 2013 USD fund	-5.6	-26.8	-26.6	-22.0	2.6
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	**-9.2**	**-41.8**	**-41.6**	**-37.0**	**-12.4**
Partners 2017 USD fund	-9.7	-20.0	-19.7	-15.7	-0.9
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	**-13.2**	**-35.0**	**-34.7**	**-30.7**	**-15.9**
HarbourVest	5.2	0.5	-4.7	-4.3	16.7
Absolute 8%	1.9	8.0	8.0	8.0	7.9
Excess Return	**3.3**	**-7.5**	**-12.7**	**-12.3**	**8.8**
Stepstone (London CIV)	0.5	5.4	9.5	7.0	5.4
9% p.a net	2.2	9.0	9.0	9.0	8.9
Excess Return	**-1.7**	**-3.6**	**0.5**	**-2.0**	**-3.5**
Aviva (London CIV)	1.1	3.9	3.4	-4.4	-4.6
RPI + 1.75%	0.8	6.3	5.4	7.2	8.8
Excess Return	**0.2**	**-2.4**	**-2.0**	**-11.5**	**-13.4**
Affordable Housing (London CIV)	1.0	0.6	-	-	-0.1
RPI + 1.75%	1.5	6.0	-	-	6.0
Excess Return	**-0.4**	**-5.4**	**-**	**-**	**-6.1**
Baillie Gifford Diversified Growth Fund (LCIV)	5.7	7.8	11.7	7.4	3.0
SONIA +3.5%	1.9	8.1	8.5	8.2	7.7
Excess Return	**3.8**	**-0.3**	**3.2**	**-0.8**	**-4.7**
Total Fund	**5.7**	**10.0**	**10.9**	**8.4**	**8.7**
Total Fund Composite Target	**5.7**	**13.9**	**14.3**	**12.9**	**11.0**
Excess Return	**0.1**	**-3.9**	**-3.4**	**-4.5**	**-2.2**

2.6. The risk: reward ratio of individual mandates over the preceding year is represented in Table 6 below. The graph plots absolute returns in the year to September 2025 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.

2.7. Table 6 shows that the best performing funds this quarter were CBRE, the Infrastructure Fund, and Baillie Gifford's DGF. At the other end of the scale, some of the poorest performers in the portfolio are L&G's ILG, Harbourvest and Partners Group funds.

TABLE 6: RISK VS REWARD

Manager	Risk	Reward	Risk Reward Ratio	Rank
CBRE	1.4	6.1	4.5	1
LCIV Infrastructure	2.3	5.4	2.4	2
LCIV Baillie Gifford DGF	5.3	7.8	1.5	3
L&G Global Passive	12.3	17.3	1.4	4
L&G Future World Global Equity	12.6	17.6	1.4	5
LCIV Inflation plus	3.2	3.9	1.2	6
Harris	11.3	11.7	1.0	7
LCIV MAC	7.7	7.6	1.0	8
LCIV Baillie Gifford GAGPA	17.6	16.0	0.9	9
LCIV UK Housing Fund	2.0	0.6	0.3	10
HarbourVest	9.0	0.5	0.1	11
Partners	10.0	-11.3	-1.1	12
L&G Passive ILG	8.3	-10.3	-1.2	13
Total Fund	**7.1**	**10**	1.4	

3. RESPONSIBLE INVESTOR COMMENT

This report highlights the Fund's financial performance and the effectiveness of its responsible investment approach. ESG considerations are embedded in manager selection, monitoring, and engagement activities, ensuring that long-term investment outcomes are aligned with the Fund's fiduciary duties and responsible investment beliefs

4. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

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

5. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

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.

6. APPENDICES

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