

LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Performance Report	
REPORT OF: Executive Director Corporate Services Interim	
FOR SUBMISSION TO: Pension Committee	DATE: 18 March 2026
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 31 December 2025.	
<p>Local Government Act 1972 – Access to Information</p> <p>No documents required to be listed were used in the preparation of this report.</p> <p>Contact Officer: Saul Omuco Head of Finance Treasury & Pensions Finance Corporate Services 5 Pancras Square London N1C 4AG</p> <p>Telephone 0207 974 7116 Email saul.omuco@camden.gov.uk</p>	
RECOMMENDATION: The Committee is requested to note the contents of this report.	
<p>Signed by</p> <p>Director of Finance: Agreed</p> <p>Date: 6 March 2026</p>	

1. INTRODUCTION

- 1.1. This report presents the performance of the Pension Fund investments up to 31 December 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 31 December 2025 is shown in Table 1 below, in percentages.

TABLE 1: FINANCIAL MARKET RETURNS Q4 2025

Market Returns		Quarter	1 Year	3 Years (annualised)
EQUITIES	FTSE all world	3.5	14.7	16.7
	UK FTSE All Share	6.4	24.0	13.6
	Europe (ex UK)	6.5	27.9	15.1
	North America	2.7	10.5	18.7
	Japan	3.1	17.1	13.4
	Asia (ex-Japan)	9.8	29.6	14.8
	Emerging Markets	1.9	17.8	11.6
UK gilts	3.1	5.0	1.7	
ILGs	3.3	1.3	-2.1	
Corp bonds	2.7	6.9	5.7	
UK Property	1.4	7.1	4.6	
Commodities (approx.)	5.9	15.8	4.0	
RPI (UK) Inflation	0.6	4.2	4.3	
US CPI (Inflation)	0.9	-4.1	-0.7	

1.3. Global & Regional Equities

Global equities posted strong gains in Q4 2025, extending the positive trend seen through 2025. Markets rallied on broadly resilient corporate earnings, supportive macroeconomic data, and growing investor confidence around potential central bank rate cuts in 2026. The return dispersion across regions was notable:

- North America continued to lead developed markets, driven by robust earnings and optimism around policy easing.
- Asia-ex-Japan and Emerging Markets outperformed, supported by improving economic momentum and easing policy conditions in key markets.
- European equities delivered positive returns, though more moderate compared with other regions.
- UK equities participated in the global rally as sterling stabilised and domestic financials and resources sectors strengthened.

1.4. Fixed Income

Fixed income markets also contributed positively:

- UK gilts delivered solid returns over the quarter as yields moderated on expectations of lower policy rates in 2026.
- Index-linked gilts showed continued recovery after the sell-off earlier in the year.
- Corporate bonds maintained steady gains, with credit spreads tightening as investor confidence improved.

1.5. Commodities & Real Assets

Commodities ended Q4 in positive territory, supported by commodity-specific supply dynamics and continued demand strength in industrial metals and energy markets.

Property and real asset segments showed mixed performance, reflecting ongoing structural pressures in some sub-sectors even as overall sentiment improved.

1.6. Inflation & Cash

Inflation measures softened further over Q4 2025, with both UK and US inflation indicators showing downward momentum. Money market and cash returns remained low but elevated relative to earlier periods, reflecting stable short-term rate expectations.

1.7. Key Themes & Outlook

Schroders' Q4 review highlighted:

- A broadening of performance drivers beyond narrow leadership groups, with cyclicals and value sectors participating more fully.
- Monetary policy expectations shifting towards rate cuts in 2026, underpinning risk asset performance.
- Near-term cautions around elevated equity valuations and the potential for volatility as markets await clearer economic signals into 2026.

Market commentary draws on [Schroders' Q4 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 £2.42bn as of 31 December 2025, with an increase of 2.3%, or £55m, over the quarter.

TABLE 2: PORTFOLIO SUMMARY

Manager	Mandate	Target	Year Appointed	30/09/25 £m	31/12/25 £m	30/09/25 %	31/12/25 %
Baillie Gifford (LCIV)	Global equity	+2-3%	2016	186	183	8%	8%
Harris	Global equity	+2-3%	2015	112	118	5%	5%
L&G	Global equity	0.0%	2011	587	606	25%	25%
L&G	Future World global equity	0%	2021	416	431	18%	18%
CQS (LCIV)	Multi asset credit	4-5%	2019	356	362	15%	15%
L&G	Index linked gilts	0%	2009	132	138	6%	6%
Stepstone	Infrastructure	8-10%	2019	133	149	6%	6%
Partners	Global property	15%	2010	52	51	2%	2%
CBRE	UK property	+1%	2010	98	100	4%	4%
Aviva (LCIV)	UK property	1.5-2%	2021	67	68	3%	3%
Affordable Housing (LCIV)	UK Property	5-7%	2024	52	52	2%	2%
HarbourVest	Private equity	+8%	2016	38	39	2%	2%
Baillie Gifford (LCIV)	Diversified growth	+3%	2022	105	106	4%	4%
Cash & other				33	19	1%	1%
Fund				2,367	2,422	100%	100%

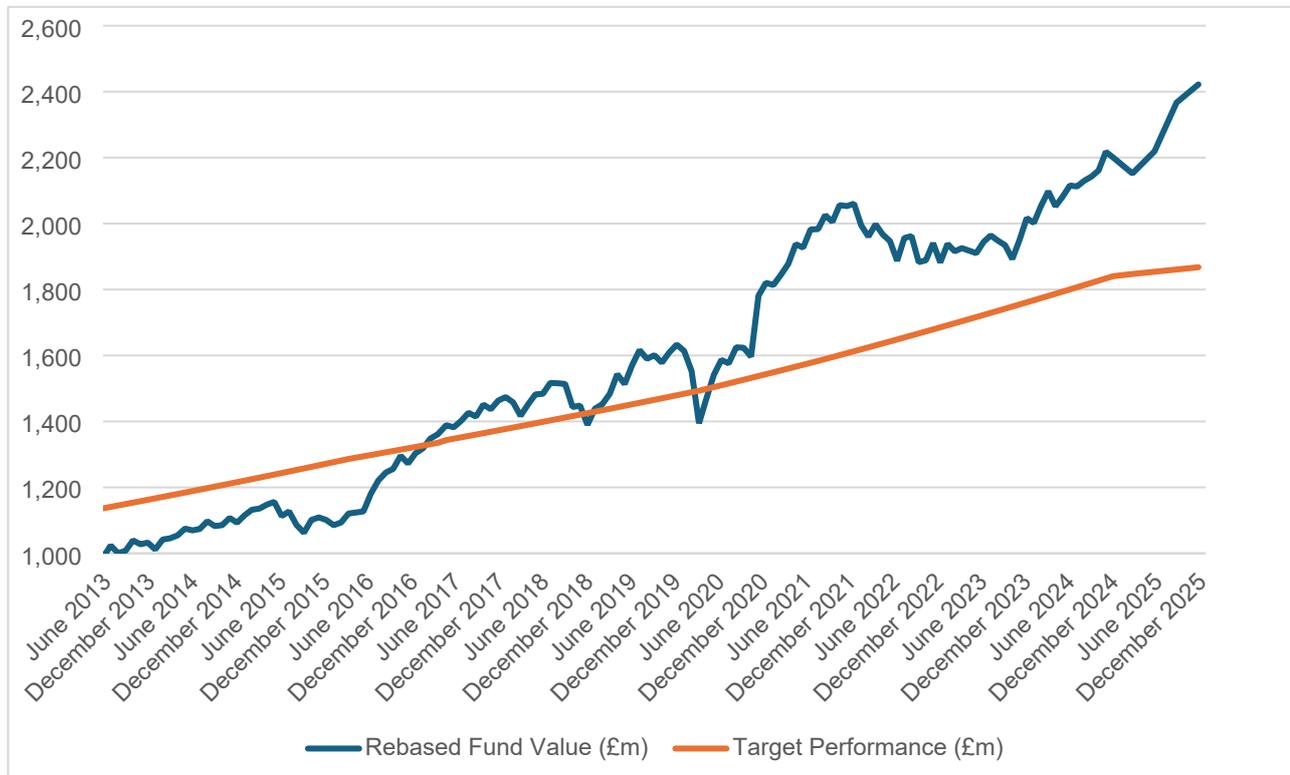
TABLE 3: ASSET CLASS ALLOCATIONS

	Value (£m)	Current Weight	Target Weight
Baillie Gifford (LCIV)	£183m	8%	
Harris	£118m	5%	
Active Equities	£301m	12%	10%
L&G global passive	£606m	25%	
L&G passive equities	£431m	18%	
Passive Equities	£1,037m	43%	35%
Equity	£1,338m	55%	45%
CQS (LCIV)	£362m	15%	
Fixed Income/Multi Asset Credit	£362m	15%	15%
L&G Ind.Lkd Gilts	£138m	6%	
Passive Index Linked Gilts	£138m	6%	8%
Bonds	£500m	21%	23%
CBRE	£100m	4%	
Partners Group	£51m	2%	
Aviva (LCIV)	£68m	3%	
Property	£219m	9%	11%
HarbourVest	£39m	2%	
Private Equity	£39m	2%	2%
Stepstone (LCIV)	£149m	6%	
Infrastructure	£149m	6%	9%
Baillie Gifford (LCIV)	£106m	4%	
DGF	£106m	4%	5%
Affordable Housing	£52m	2%	5%
Cash & other	£19m	1%	0%
Fund	£2,422m	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	2.7%	10.0%	8.7%
Camden	2.5%	9.6%	9.3%
Comparative	-0.2%	-0.4%	+0.6%

2.3. Following last quarter where we saw the fund outperforming the PIRC universe for the first time in many years, this quarter, the Fund underperformed the PIRC universe performance of by 0.2 percentage points (and for the year, underperformed by 0.4 percentage points). However, the 3-year performance is still above the PIRC benchmark.

2.4. On a weighted contribution basis, the main positive drivers for Q4 were:

- L&G Global Passive Equity mandate
- L&G Future World Equity mandate
- LCIV MAC Fund

TABLE 5: MANAGER PERFORMANCE VS TARGET

Investment Manager	Trailing 3 Months	Trailing 1 Year	Trailing 2 Years	Trailing 3 Years	Since Inception
Harris	5.1	13.8	10.5	11.5	10.2
Global Equities (Gross) + 2.5%	4.1	17.3	20.2	19.7	15.1
Excess Return	1.0	-3.5	-9.7	-8.2	-4.9
Baillie Gifford GAG PAF (London CIV)	-1.5	9.5	13.1	12.6	10.8
Global Equities (Gross) +2.5%	4.1	17.3	20.2	19.7	14.7
Excess Return	-5.6	-7.8	-7.1	-7.1	-3.9
L&G Future World global equity	3.6	15.0	17.7	17.3	10.3
Solactive L&G ESG Global Markets	3.5	14.8	17.5	17.0	11.7
Excess Return	0.0	0.3	0.3	0.3	-1.4
L&G global equity	3.5	14.5	16.8	16.4	12.9
FTSE All-World + 0%	3.5	14.7	17.2	16.7	12.9
Excess Return	0.0	-0.2	-0.4	-0.3	-0.1
CQS & PIMCO (LCIV)	2.0	8.9	8.5	9.4	4.5
3 Month SONIA +4.50%	2.1	8.8	9.3	9.4	7.1
Excess Return	-0.1	0.1	-0.8	0.0	-2.6
L&G passive ILG	4.1	0.8	-5.2	-3.7	2.8
FTSE > 5yr Index Linked Gilts + 0%	3.9	-0.1	-5.9	-4.1	2.6
Excess Return	0.2	0.9	0.7	0.5	0.2
CBRE	1.1	5.3	4.3	-0.5	5.5
All Balanced Property Funds + 1%	1.1	6.1	6.3	4.0	6.5
Excess Return	0.1	-0.8	-1.9	-4.5	-1.0
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	4.9	-1.7	1.7	0.5	16.8
Absolute 8%	1.9	8.0	8.0	8.0	7.9
Excess Return	3.0	-9.7	-6.3	-7.5	8.9
Stepstone (London CIV)	2.3	6.7	7.9	6.9	5.6
9% p.a net	2.2	9.0	9.0	9.0	8.9
Excess Return	0.2	-2.3	-1.1	-2.1	-3.3
Aviva (London CIV)	2.0	3.7	5.0	-0.8	-3.9
RPI + 1.75%	1.0	6.0	5.6	6.1	8.5
Excess Return	1.0	-2.3	-0.7	-6.9	-12.3
Affordable Housing (London CIV)	-0.4	0.7	-	-	-0.3
RPI + 1.75%	1.5	6.0	-	-	6.0
Excess Return	-1.8	-5.3	-	-	-6.3
Baillie Gifford Diversified Growth Fund (LCIV)	0.4	10.9	8.2	7.0	2.9
SONIA +3.5%	1.9	7.9	8.3	8.3	7.7
Excess Return	-1.4	3.0	-0.1	-1.3	-4.8
Total Fund	2.5	9.6	9.9	9.3	8.8
Total Fund Composite Target	3.9	15.1	14.1	13.2	11.0
Excess Return	-1.4	-5.5	-4.3	-4.0	-2.3

- 2.5. The risk: reward ratio of individual mandates over the year to December 2025 is presented in Table 6 below. The chart plots absolute returns over the 12-month period against the volatility (risk) of those returns relative to benchmark, measured using annualised standard deviation. This approach assesses volatility using the 12 end of month valuations available for the full year. While the number of observations is limited to those monthly points, this remains the most comprehensive dataset available from the custodian's independently produced valuations and provides a consistent basis for comparing mandates across the portfolio.
- 2.6. Table 6 indicates that CBRE continues to demonstrate the strongest risk-adjusted performance over the year, with a risk-reward ratio of 3.3, reflecting relatively low volatility (1.6%) alongside solid absolute returns (5.3%). LCIV Infrastructure and LCIV Baillie Gifford DGF also delivered attractive risk-adjusted outcomes, combining moderate volatility with strong annual returns.
- 2.7. At the other end of the spectrum, Partners Group and HarbourVest recorded negative risk-reward ratios over the year, reflecting negative absolute returns combined with comparatively higher volatility. L&G Passive ILG also displayed a low risk-reward ratio, as modest returns were achieved with relatively elevated volatility, consistent with the broader repricing experienced in index-linked gilts over recent years.
- 2.8. The Total Fund generated a positive risk-reward ratio of 1.3, indicating that overall portfolio returns have been achieved with a proportionate level of risk and demonstrating the continued benefits of diversification across asset classes.

TABLE 6: RISK VS REWARD

Manager	Risk	Reward	Risk Reward Ratio	Rank
CBRE	1.6	5.3	3.3	1
LCIV Baillie Gifford DGF	4.6	10.9	2.4	2
LCIV Infrastructure	2.9	6.7	2.3	3
Harris	11.2	13.8	1.2	4
LCIV MAC	7.6	8.9	1.2	5
L&G Global Passive	12.3	14.5	1.2	6
LCIV Inflation plus	3.2	3.7	1.2	7
L&G Future World Global Equity	12.9	15.1	1.2	8
LCIV UK Housing Fund	1.1	0.7	0.6	9
LCIV Baillie Gifford GAGPA	17.8	9.5	0.5	10
L&G Passive ILG	8.1	0.8	0.1	11
HarbourVest	9.1	-1.7	-0.2	12
Partners	8.8	-14.5	-1.6	13
Total Fund	7.2	9.6	1.3	

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, which includes Camden Client ranking by Manager as Appendix B within the document.