

LONDON BOROUGH OF CAMDEN		WARD: All
REPORT TITLE: Performance Report		
REPORT OF: Executive Director Corporate Services		
FOR SUBMISSION TO: Pension Committee		DATE: 16 July 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 March 2026.		
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 xx/06/2026	

1. INTRODUCTION

- 1.1. This report presents the performance of the Pension Fund investments up to 31 March 2026 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 March 2026 is shown in Table 1 below, in percentages.

TABLE 1: FINANCIAL MARKET RETURNS Q1 2026

Market Returns		Quarter	1 Year	3 Years (annualised)
EQUITIES	FTSE all world	-1.2	18.0	14.6
	UK FTSE All Share	2.4	21.5	13.3
	Europe (ex UK)	-1.9	16.5	11.2
	North America	-2.5	15.7	16.0
	Japan	3.8	24.1	13.6
	Asia (ex-Japan)	10.5	54.0	17.6
	Emerging Markets	-0.8	17.8	11.3
UK gilts	3.1	-1.9	2.5	
ILGs	3.3	-1.3	4.09	
Corp bonds	2.7	-1.6	4.43	
UK Property	1.4	1.4	6.5	
Commodities (approx.)	5.9	24.4	32.3	
RPI (UK) Inflation	0.6	1.0	4.7	
US CPI (Inflation)	0.9	0.7	4.1	

1.3. Global & Regional Equities

Global equity markets weakened during the quarter, with the FTSE All World Index returning -1.2%. Market performance was driven by a notable divergence between regions. North American equities declined by 2.5% as investors became increasingly concerned about slowing economic growth and elevated valuations within parts of the US technology sector. European equities also generated negative returns, falling 1.9%.

In contrast, Japanese equities delivered a strong return of 3.8%, supported by improving corporate profitability and ongoing governance reforms. Asia ex-Japan was the strongest-performing equity region, returning 10.5%, reflecting improving sentiment towards Asian markets and supportive policy measures in several economies. UK equities also outperformed broader global markets, returning 2.4% over the quarter.

Despite weaker quarterly performance in some developed markets, longer-term equity returns remain robust, with all major equity regions continuing to generate double-digit annualised returns over the three-year period.

1.4. Fixed Income

Bond markets performed positively during the quarter as government bond yields declined and investors increasingly anticipated further monetary policy easing by major central banks.

UK gilts returned 3.1% during the quarter, while index-linked gilts and corporate bonds returned 3.3% and 2.7% respectively. Although one-year returns remain negative across most fixed income sectors due to the impact of higher interest rates in recent years, three-year annualised returns have returned to positive territory.

The quarter demonstrated the diversification benefits of fixed income holdings, with bond markets providing positive returns during a period of weaker equity market performance.

1.5. Commodities & Real Assets

Commodity markets were among the strongest-performing asset classes during the quarter, returning 5.9%. Performance was supported by ongoing geopolitical uncertainty and supply-side constraints across several commodity markets.

UK property delivered a positive return of 1.4% during the quarter, reflecting improving market stability following the repricing experienced during the recent period of higher interest rates. Longer-term returns from UK property remain positive, with annualised returns of 6.5% over the three-year period.

1.6. Inflation & Cash

Inflation remained relatively subdued during the quarter. UK Retail Price Inflation (RPI) increased by 0.6%, while US Consumer Price Inflation increased by 0.9%.

Although inflationary pressures have moderated significantly from the peaks experienced in recent years, investors continue to monitor inflation developments closely given their implications for monetary policy and interest rate expectations.

Cash returns continued to benefit from higher policy interest rates, although expectations of future monetary policy easing may place downward pressure on cash yields over time.

1.7. Key Themes & Outlook

Schroders' Q1 review highlighted:

- A broadening of market leadership away from US equities, with Asian markets, Japan and other non-US regions outperforming amid changing growth expectations.
- Growing expectations of further monetary policy easing, supporting bond market returns and reinforcing the diversification benefits of fixed income assets.
- Continued uncertainty surrounding global trade policy, economic growth prospects and the pace of the transition to lower-carbon technologies, particularly within sectors such as aviation where sustainable fuel supply remains constrained.
- Increasing investor focus on physical climate risks, supply chain resilience and climate adaptation as companies assess the long-term impacts of extreme weather, water scarcity and food security challenges.

Market commentary draws on [Schroders' Q1 2026 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 £2.40bn as of 31 March 2026, with a decrease of 1.03%, or £25m, over the quarter.

TABLE 2: PORTFOLIO SUMMARY

Manager	Mandate	Target	Year Appointed	31/12/25 £m	31/03/26 £m	31/12/25 %	31/03/26 %
Baillie Gifford (LCIV)	Global equity	+2-3%	2016	183	170	8%	7%
Harris	Global equity	+2-3%	2015	118	3	5%	0%
L&G	Global equity	0.0%	2011	606	600	25%	25%
L&G	Future World global equity	0%	2021	431	420	18%	18%
CQS (LCIV)	Multi asset credit	4-5%	2019	362	358	15%	15%
L&G	Index linked gilts	0%	2009	138	139	6%	6%
Stepstone	Infrastructure	8-10%	2019	149	149	6%	6%
Partners	Global property	15%	2010	51	51	2%	2%
CBRE	UK property	+1%	2010	100	101	4%	4%
Aviva (LCIV)	UK property	1.5-2%	2021	68	68	3%	3%
Affordable Housing (LCIV)	UK Property	5-7%	2024	52	59	2%	2%
HarbourVest	Private equity	+8%	2016	39	40	2%	2%
Baillie Gifford (LCIV)	Diversified growth	0%	2022	106	-	4%	-
Wellington (LCIV)	Global Equity Value		2026	-	70	-	3
Cash & other				19	169	1%	1%
Fund				2,422	2,397	100%	100%

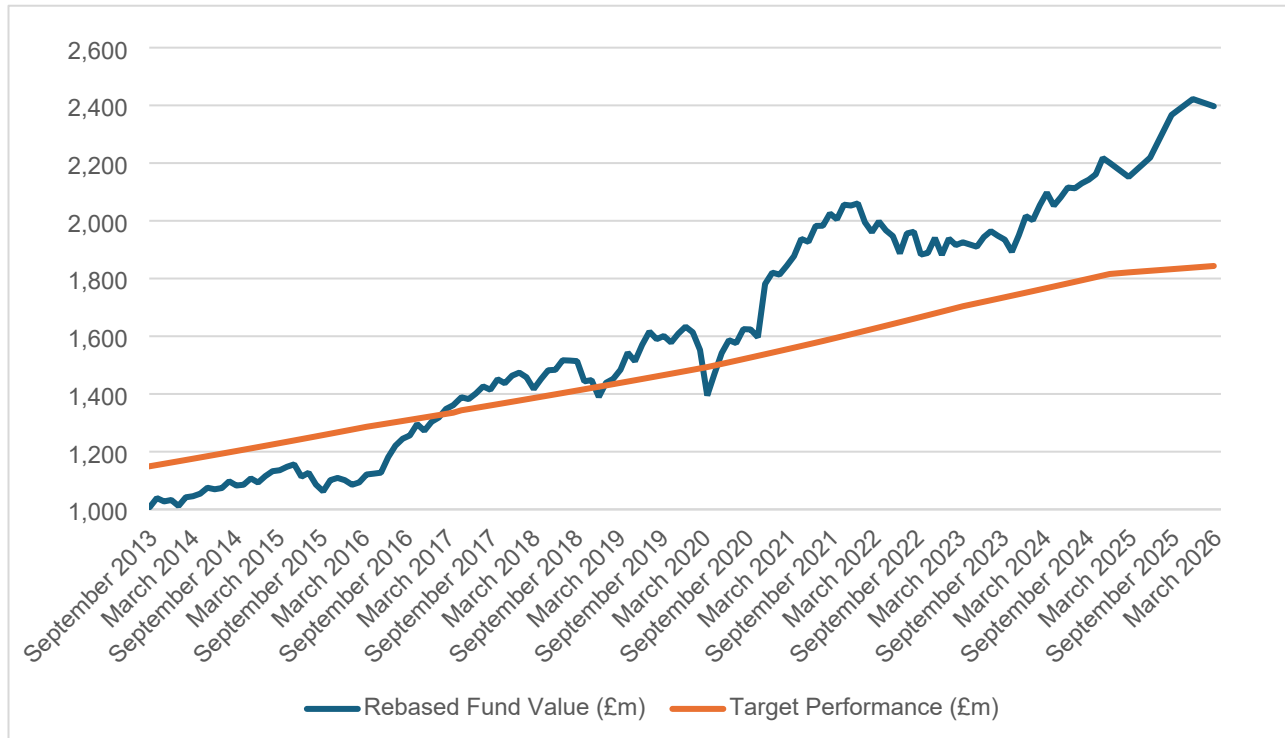
TABLE 3: ASSET CLASS ALLOCATIONS

	Value (£m)	Current Weight	Target Weight
Baillie Gifford (LCIV)	£170m	7%	
Harris	£3m	0%	
Wellington (LCIV)	£70m		
Active Equities	£243m	10%	10%
L&G global passive	£600m	25%	
L&G passive equities	£420m	18%	
Passive Equities	£1,020m	43%	35%
Equity	£1,263m	53%	45%
CQS (LCIV)	£358m	15%	
Fixed Income/Multi Asset Credit	£358m	15%	15%
L&G Index Linked Gilts	£139m	6%	
Passive Index Linked Gilts	£139m	6%	8%
Bonds	£497m	21%	23%
CBRE	£101m	4%	
Partners Group	£51m	2%	
Aviva (LCIV)	£68m	3%	
Property	£220m	9%	11%
HarbourVest	£40m	2%	
Private Equity	£40m	2%	2%
Stepstone (LCIV)	£149m	6%	
Infrastructure	£149m	6%	9%
Affordable Housing	£59m	2%	5%
Cash & other	£169m	7%	0%
Fund	£2,397m	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	-1.1%	10.0%	7.0%
Camden	-1.0%	10.9%	8.0%
Comparative	+0.1%	+0.9%	+1.0%

2.3. The fund has outperformed the PIRC universe over all 3 time periods. Sustained outperformance has been an issue over the shorter time periods. However, the 3-year performance is still above the PIRC benchmark.

TABLE 5: MANAGER PERFORMANCE VS TARGET

Investment Manager	Trailing 3 Months	Trailing 1 Year	Trailing 2 Years	Trailing 3 Years	Since Inception
Harris	5.5	18.4	10.5	10.7	10.5
Global Equities (Gross) + 2.5%	-0.6	20.9	14.3	17.5	14.7
Excess Return	6.1	-2.5	-3.8	-6.8	-4.1
Baillie Gifford GAG PAF (London CIV)	-7.3	9.0	3.9	8.1	9.6
Global Equities (Gross) +2.5%	-0.6	20.9	14.3	17.5	14.3
Excess Return	-6.7	-11.9	-10.4	-9.4	-4.6
L&G Future World global equity	-2.5	17.4	11.2	14.5	10.0
Solactive L&G ESG Global Markets	3.5	14.8	17.5	17.0	11.7
Excess Return	-6.0	2.6	-6.3	-2.5	-1.7
L&G global equity	-1.1	17.8	11.2	14.4	12.6
FTSE All-World + 0%	-1.2	18.0	11.5	14.6	12.6
Excess Return	0.1	-0.1	-0.4	-0.2	-0.1
CQS & PIMCO (LCIV)	-1.2	5.9	6.9	8.2	4.1
3 Month SONIA +4.50%	2.0	8.6	9.1	9.3	7.2
Excess Return	-3.2	-2.7	-2.2	-1.1	-3.0
L&G passive ILG	1.0	3.9	-3.6	-4.9	2.8
FTSE > 5yr Index Linked Gilts + 0%	0.8	3.0	-4.3	-5.4	2.6
Excess Return	0.2	0.9	0.8	0.5	0.2
CBRE	1.5	5.1	5.4	2.7	5.5
All Balanced Property Funds + 1%	0.2	4.6	6.0	4.1	6.4
Excess Return	1.2	0.6	-0.6	-1.3	-0.9
Partners 2009 Euro fund	-0.3	0.7	0.9	-9.9	3.9
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-3.8	-14.3	-14.1	-24.9	-11.1
Partners 2013 USD fund	3.0	-6.4	-16.0	-20.9	2.4
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-0.5	-21.4	-31.0	-35.9	-12.6
Partners 2017 USD fund	0.9	-9.9	-11.8	-15.0	-0.9
Absolute 15%	3.6	15.0	15.0	15.0	15.0
Excess Return	-2.6	-24.9	-26.8	-30.0	-15.9
HarbourVest	1.8	3.4	2.3	2.1	16.6
Absolute 8%	1.9	8.0	8.0	8.0	7.9
Excess Return	-0.1	-4.6	-5.7	-5.9	8.7
Stepstone (London CIV)	0.8	6.7	8.1	7.2	5.5
9% p.a net	2.2	9.0	9.0	9.0	8.9
Excess Return	-1.3	-2.3	-0.9	-1.8	-3.4
Aviva (London CIV)	1.4	4.6	5.3	1.9	-3.3
RPI + 1.75%	1.1	5.9	5.4	5.7	8.3
Excess Return	0.3	-1.3	-0.2	-3.8	-11.6
Affordable Housing (London CIV)	0.0	0.7	0.1	-	-0.2
RPI + 1.75%	1.5	6.0	6.0	-	6.0
Excess Return	-1.5	-5.3	-5.9	-	-6.2
Baillie Gifford Diversified Growth Fund (LCIV)	-0.6	7.9	6.7	6.1	3.8
SONIA +3.5%	1.8	7.7	8.1	8.3	5.4
Excess Return	-2.4	0.3	-1.4	-2.2	-1.6
Wellington GEV (LCIV)	-1.2	-	-	-	-
MSCI All Country World Index	-1.3	-	-	-	-
Excess Return	0.1	-	-	-	-
Total Fund	-1.0	10.9	7.1	8.0	8.6
Total Fund Composite Target	1.4	15.6	12.2	12.5	11.0
Excess Return	-2.3	-4.7	-5.2	-4.5	-2.4

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**

The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026/544 which came into force on 30th June 2026 place an obligation on the relevant asset pool company (LCIV) to take all reasonable steps to implement an authority's investment strategy. There is an ongoing obligation on the authority to review and revise the investment strategy which inherently requires monitoring of investment performance to assess whether objectives are being met. This report presents the performance of the Pension Fund investment portfolio and that of the individual investment managers for the quarter ended 31 March 2026.

6. **APPENDICES**

APPENDIX A – Detailed Market and Manager Performance Review

APPENDIX B – Camden Client ranking by Manager