



# Q1 2026 Portfolio Review

London Borough of Camden

18<sup>th</sup> June 2026

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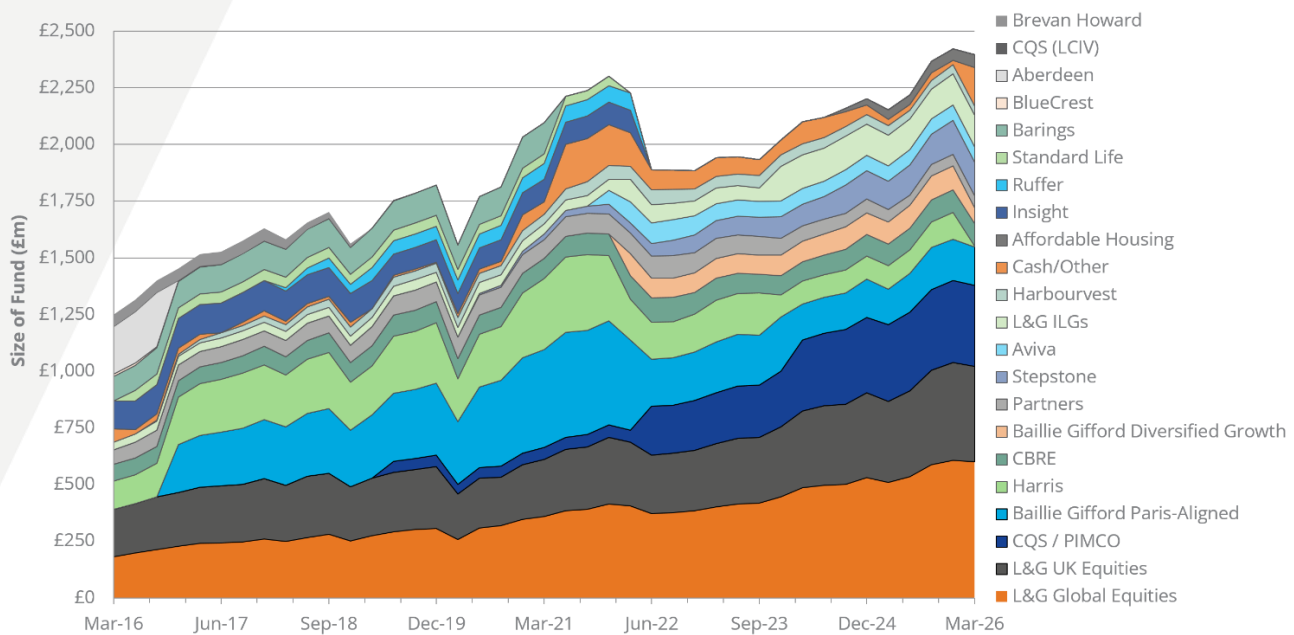
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## Total Fund Valuation

Chart 1 shows the total value of the pension fund over time. Each segment shows the value of the assets with each underlying investment manager.

**CHART 1: VALUE OF LONDON BOROUGH OF CAMDEN PENSION FUND (£M) OVER 10 YEARS**



Source: London Borough of Camden; Apex

## Independent Advisor Market Review

### The Global Economy

Global markets experienced a decisive shift in regime at the start of 2026, driven by the escalation of geopolitical tensions between the US (under President Donald Trump) and Iran, and the resulting disruption to energy flows through the Strait of Hormuz. As a key artery for global energy supply, the shock triggered a rapid and broad-based repricing across inflation expectations, monetary policy expectations, and global risk premia. Equity, fixed income and credit markets all softened during the quarter, as markets rapidly reassessed the outlook for monetary policy, shifting away from expectations of near-term rate cuts toward a more prolonged “higher-for-longer” interest rate environment. Central banks responded by maintaining policy rates and emphasising data dependence, reflecting increased uncertainty around second-round inflation effects and the balance between inflation and growth risks.

Energy markets were at the centre of this adjustment, with Brent crude rising approximately +94.9% over the quarter, from \$61 per barrel to \$118 per barrel. This move represented not only

a supply shock but also the reintroduction of a meaningful geopolitical risk premium into commodity markets. The magnitude and speed of the increase materially altered inflation expectations, reversing the prevailing narrative of steady disinflation and reintroducing upside risks to headline inflation across major economies.

The US remained at the centre of market volatility and repricing. Equity markets declined, with the S&P 500 falling by -4.3%, as higher energy costs, rising bond yields, and increased macro uncertainty weighed on valuations. Importantly, the quarter exposed the sensitivity of US equities—particularly growth and technology sectors to changes in discount rates and inflation expectations. This resulted in a pronounced rotation away from long-duration growth assets toward value-oriented and cash-generative sectors. Energy equities were the standout performers, with the S&P 500 Energy sector rising over +37%, benefitting directly from higher oil prices and improved earnings expectations. In contrast, rate-sensitive sectors such as technology underperformed, with the NASDAQ-100 Technology declining -6.1%, highlighting the divergence in performance driven by macro conditions rather than broad-based earnings deterioration. Tariffs also hit the headlines again as the US Supreme Court struck down the US administration’s use of emergency powers to impose tariffs.

Across asset classes, performance was highly divergent and underscored the changing nature of diversification in an inflation-driven environment. Commodities (+35.9%) were the dominant outperformer, reflecting both direct exposure to the supply shock and their role as an effective hedge against rising inflation expectations. Real assets more broadly also performed well, with listed infrastructure (+7.6%) delivering positive returns supported by inflation-linked cash flows. In contrast, global equities declined, with the MSCI World Index down -3.6%, while fixed income markets also came under pressure as sovereign yields rose across major regions. This challenged the traditional diversification benefits of duration, as movements between equities and bonds became more correlated during the quarter. Credit markets were more resilient but still reflected a repricing of macro risk rather than a deterioration in underlying fundamentals.

Business sentiment softened but remained marginally expansionary, with PMIs across major economies hovering around the 50 level. While this indicates slowing momentum, it suggests the transmission of the energy shock into real economic activity remains in its early stages. Labour markets also remained relatively resilient, supporting near-term growth despite rising uncertainty.

Overall, Q1 2026 marked a transition to a more complex and inflation-sensitive macro regime, characterised by heightened geopolitical risk, supply-side shocks, and increased dispersion across asset classes. In this environment, performance was increasingly driven by inflation sensitivity, sector positioning, and exposure to real assets, rather than broad market beta.

## Regional Commentary

US equities declined, with the S&P 500 down -4.3%, reflecting heightened volatility and sensitivity to rising yields and inflation expectations. Sector dispersion was pronounced, with energy (+37.2%) outperforming while technology (-6.1%) lagged. Labour markets remained resilient (unemployment 4.3%–4.4%), though job openings declined to 6.9 million, and wage growth moderated to ~3.5%. Core inflation remained stable at 2.5%. Business sentiment softened, with the composite PMI at 50.3, driven by weaker services (49.8) despite manufacturing resilience (52.3). The Federal Reserve held rates at 3.5%–3.8%. US fixed income markets outperformed other government bond markets, reflecting the US economy's stronger position as an energy exporter, in contrast to European and Asian economies.

European equities declined (-3.6%), reflecting rising energy costs, weaker growth momentum, and increased macro uncertainty. Inflation remained contained at 2.3%, while labour markets were stable (unemployment 6.2%). Business sentiment remained marginally expansionary, with PMI at 50.7, supported by manufacturing (51.6) while services softened (50.2), highlighting uneven sector dynamics. The ECB held rates (deposit rate 2.0%), emphasising the inflation-growth trade-off and heightened uncertainty.

UK equities were more resilient, with the FTSE 100 +3.4% and FTSE All-Share +2.4%, supported by energy and value exposure. Inflation remained elevated (3.2%), while wage growth moderated (3.9%). Unemployment remained at ~5.2%. Business sentiment remained just above expansionary levels (PMI 50.3), reflecting slower services and modest manufacturing resilience. The Bank of England held rates at 3.8%. UK gilts fell, and sterling also declined against most major currencies.

Japan outperformed, with equities rising +2.2%, supported by stronger domestic activity. Positive performance was supported by a weaker currency and a decisive election victory by the ruling LDP party and its new leader Sanae Takaichi. Labour markets remained tight (unemployment 2.6%), while inflation was modest (1.4%). Business sentiment remained robust (PMI 53.0), supported by both manufacturing and services. The Bank of Japan held rates at 0.8%.

Emerging markets were broadly flat (+0.2%), though performance was highly dispersed. Commodity-exporting regions, particularly in Latin America, benefited from higher energy prices, while energy-importing economies lagged, reflecting the uneven impact of the energy shock across regions.

In commodities, performance in Q1 2026 was exceptionally strong and highly concentrated, reflecting the direct impact of the energy shock and associated supply disruptions. Energy markets led the rally, with Brent crude rising +94.5%, driven by supply constraints and heightened geopolitical risk premia. In contrast, natural gas declined -21.9% driven by supply constraints and heightened geopolitical risk premia. The broader S&P GSCI index rose +35.9%, underscoring the dominant contribution of energy within the commodity complex. Industrial metals delivered mixed performance, with copper (-1.2%) declining modestly, while precious metals were stronger, with gold rising +7.1% to +8.1%, reflecting its role as both an inflation hedge and defensive asset amid

heightened uncertainty. Gold continued to demonstrate its role as a defensive asset amid heightened uncertainty. Agricultural commodities were weaker, with Arabica coffee (-14.5%) declining materially, highlighting divergence within the broader commodity complex.

Global real estate shares delivered modestly positive returns, with the FTSE EPRA NAREIT Global Index up +2.9%, supported by stable income characteristics but still sensitive to elevated bond yields. The asset class continues to reflect a balance between improving inflation dynamics and the headwind of higher financing costs.

Volatility increased meaningfully during the quarter, with the VIX spiking to a recent new high of 68.9%, reflecting heightened uncertainty and risk-off conditions. Unlike Q4 2025, where volatility remained subdued and supportive of risk assets, Q1 saw more persistent and structurally higher volatility levels. This contributed to wider dispersion across asset classes and reduced the effectiveness of traditional carry strategies, particularly as equity and bond correlations shifted in response to the inflation shock.

**TABLE 1: QUARTERLY GDP GROWTH RATE**

	US GDP	UK GDP	Eurozone GDP	Japan GDP
Q1 2026	-	-	-	-
Q4 2025	0.2%	0.1%	0.2%	0.3%
Q3 2025	1.1%	0.1%	0.3%	-0.6%
Q2 2025	0.6%	0.3%	0.1%	0.5%

Source: Bloomberg. \*Forecast based on leading indicators. N/A not available at time of publication.

Notes: UK Real GDP (Ticker: UKGRABIQ Index), US Real GDP (Ticker: GDP CQOQ Index) de-annualised, Eurozone Real GDP (Ticker: EUGNEMUQ Index), Japan Real GDP (Ticker: JGDPQGDP)

## Individual Manager Performance Review

### London CIV – Baillie Gifford

The London CIV – Baillie Gifford sub-fund delivered a return of -7.3% in Q1, underperforming Harris by -12.9% for the quarter as the market rotated sharply from growth to value. The portfolio also underperformed the Growth Index, which returned -6.8%. Over the 12-month period, the Baillie Gifford sub-fund underperformed Harris by -9.4%. The Q1 return was also below that of the MSCI ACWI Index (GBP), which returned -1.5%. The manager is underperforming its performance target over 12 months, delivering an absolute return of +9.1%

compared with the target return of +20.9%. The manager is also behind its target over the three-year period by -9.4% per annum.

The London Borough of Camden has been invested in the Global Alpha Paris-Aligned Fund since September 2021. This fund aligns more closely with the Pension Fund's investment beliefs regarding climate change. The objective of the Paris-Aligned sub-fund is to exceed the return of the MSCI All Country World Index by 2–3% per annum, on a gross-of-fees basis, over rolling five-year periods. The sub-fund also aims to maintain a weighted average greenhouse gas intensity that is lower than that of the MSCI ACWI Climate Paris Aligned Index.

Taiwan Semiconductor Manufacturing Company, Samsung Electronics Co. Ltd and Royalty Pharma Plc were the strongest contributors to performance during the quarter, collectively contributing +1.6% to the quarterly return. Microsoft, AppLovin Corp and DoorDash Inc were the largest detractors, reducing performance by a combined -2.4%. The Fund initiated nine new positions and exited ten holdings during the quarter. London CIV noted that the new holdings were not consistent with the strategy's growth focus over the past ten years, particularly in Energy, Financials and Materials. This is something to monitor.

Scope 1 and 2 weighted average carbon intensity (WACI) increased by 27% over the period. Ryanair, CRH, Martin Marietta Materials and Taiwan Semiconductor Manufacturing Company remained the largest contributors to WACI, accounting for approximately 55% of the total. Combined Scope 1–3 WACI and carbon-to-value intensity increased by approximately 8%.

The Fund continued to meet its climate objective, with total Scope 1–3 carbon-to-value intensity remaining approximately 18% below that of the MSCI ACWI EU Paris Aligned Requirements Index.

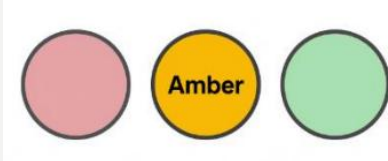
The beta of the Paris-Aligned portfolio at quarter end was 1.03, implying that if the market were to decline by 10%, the portfolio would be expected to decline by approximately 10.3%.

Baillie Gifford's 12-month performance remained weak on a relative basis, underperforming the performance target by -11.9%. The manager has also underperformed its performance target since inception by -4.6% per annum. This is disappointing given that Baillie Gifford were outperforming since inception by +2.6% per annum, only five years ago.

The Paris-Aligned Fund held 80 companies across 18 countries at quarter end and had an active risk (tracking error) of 5.0%, which measures the extent to which portfolio returns may deviate from the benchmark. Geographically, North America remained the largest regional exposure at 63.7% as at the end of March 2026. At the sector level, Information Technology was the largest allocation at 26.4%, followed by Financials at 15.4% and Consumer Discretionary at 14.4%. Assets

under management for the London CIV Paris-Aligned sub-fund stood at £1.999 billion at quarter end, with the London Borough of Camden representing 8.5% of the fund.

**Apex rating:**



**Legal & General**

The observed tracking errors on the pooled index funds were within expected ranges during the quarter. LGIM reports that withholding tax, paid on dividends from Swiss and Belgian holdings, is no longer expected to be recoverable. As a result, they have taken the decision to make an adjustment to the fund value by removing the tax accruals in these markets and reducing others in relation to European countries where there is a significant risk to recovery in the near term. They note that this accounts for the higher deviation from the benchmark which may also feed into longer performance periods spanning this adjustment.

The tracking is shown in Table 2. Apart from the withholding tax issue, mentioned above, there are no concerns.

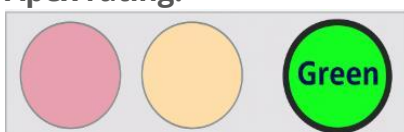
**TABLE 2: TRACKING ERROR**

	Three-Month Tracking	One-Year Tracking	Three-Year Tracking
World – Future World	0.11%	0.32%	0.32%
World – Market Capitalisation	0.06%	-0.07%	-0.19%
Gilts	0.01%	0.01%	0.00%

Source: Legal & General; Apex

In Q1, the sustainable Solactive Index, against which the Future World global equity index fund is benchmarked, delivered a return of -2.6% compared with the full global equity market capitalisation index – MSCI World (GBP) - which returned -1.9%.

**Apex rating:**



## London CIV - CBRE

Chart 3 shows the contribution to performance from each of the underlying funds making up CBRE's portfolio over the past four quarters. This quarter shows a mixture of mostly positive but some negative returns. The key detractors from performance during the quarter were Schroder Capital UK Real Estate Fund (-0.1%), Nuveen UK Retail Warehouse Fund (-0.1%), and Curlew Student Trust (-0.01%).

Fiera Real Estate Logistics Development Fund was the strongest contributor during the quarter, adding +0.3% to portfolio returns. The Fund generated a 5.0% return, driven by valuation uplifts reflecting construction progress across a number of development assets. Performance was supported by continued progress at key sites, including Watford and Stevenage, while planning approval was secured for the Borehamwood asset, resulting in all eleven assets within the Fund now benefiting from planning consent.

Industrial Property Investment Fund contributed +0.2% over the period, delivering a 1.9% return. Performance was underpinned by stable rental growth, ongoing asset management initiatives and continued development activity across the portfolio. Occupational markets remained resilient, with leasing activity and rental growth continuing to support asset values despite a more subdued macroeconomic backdrop.

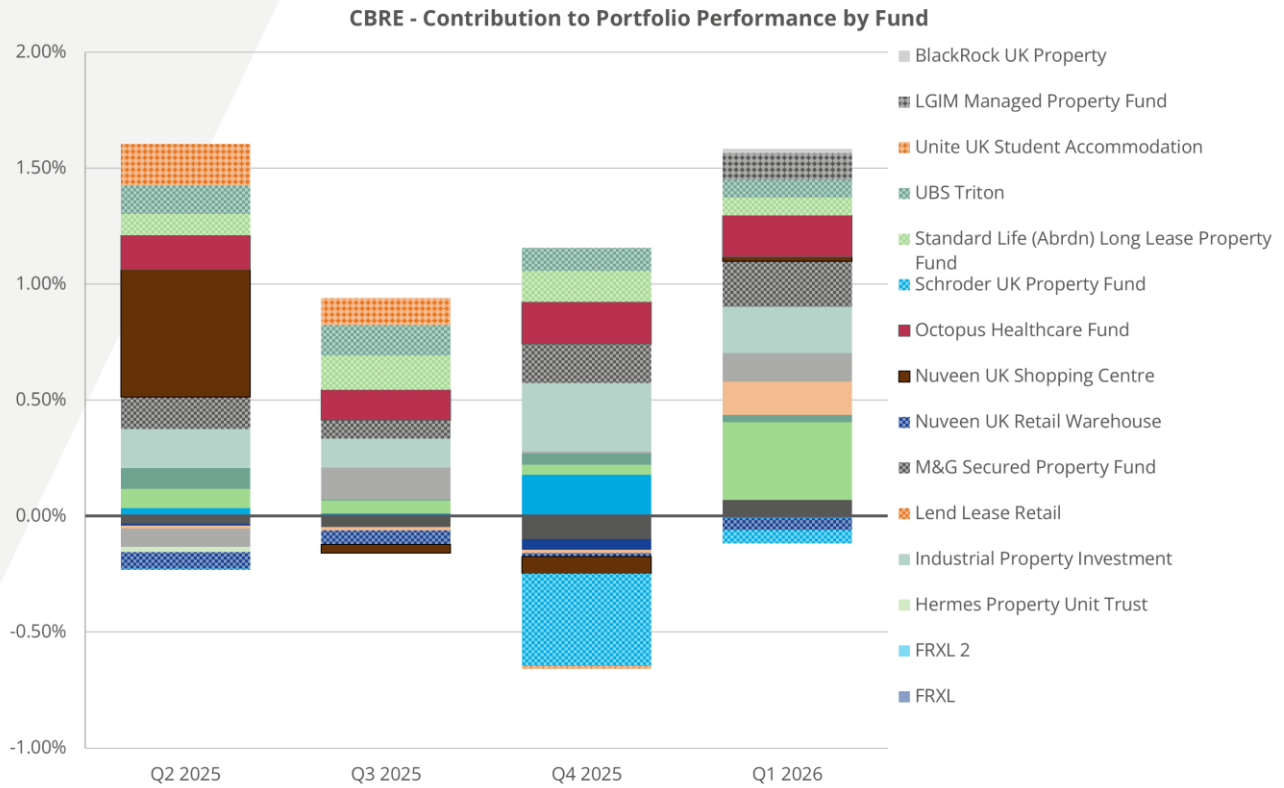
Tritax London Logistics Unit Trust also contributed +0.2% during the quarter, generating a 1.7% return. Returns were supported by rental growth and the positive impact of gearing, although these gains were partly offset by modest valuation weakness and acquisition-related costs. The portfolio continued to benefit from exposure to well-located logistics assets, with income growth remaining the primary driver of performance.

The principal detractors from performance during the quarter were Schrodgers Capital UK Real Estate Fund (-0.1%) and Nuveen UK Retail Warehouse Fund (-0.1%). Schrodgers Capital UK Real Estate Fund returned -1.0% in the quarter, reflecting ongoing challenges within the UK office sector. Performance was impacted by softer valuation assumptions, increased capital expenditure expectations and continued asset management headwinds across several properties.

Meanwhile, Nuveen UK Retail Warehouse Fund declined by -4.5%, primarily due to yield movement across the portfolio and continued uncertainty surrounding the disposal of the Fund's remaining assets.

Portfolio activity remained focused on capital deployment and the return of capital from maturing investments. During the quarter, approximately £0.9 million was invested into BlackRock UK Property Fund via a secondary market acquisition at a 2.75% discount to the November 2025 NAV, while a further £0.2 million capital call was funded for Fiera Real Estate Logistics Development Fund. The portfolio also received approximately £0.7 million of capital distributions from Fiera Real Estate Long Income Fund, Cordatus Property Trust and Nuveen UK Shopping Centre Fund as part of their respective wind-down programmes.

### CHART 3: CBRE PERFORMANCE ATTRIBUTION



Source: CBRE; Apex

As at quarter end the portfolio had 22 investments and leverage on the portfolio stood at 12.3%.

#### Apex rating:



## Partners

Camden has committed capital to the PG Real Estate Secondary 2009 (EUR) SICAR Fund, with 95.31% of the commitment drawn as at 31 December 2025. To date, the Fund has distributed 142.11% of contributed capital, maintaining its strong distribution profile. The net multiple remained stable at 1.48x, while the net asset value declined modestly as the vehicle continued through the final stages of liquidation. The manager noted that the winding-up process remains ongoing, with residual value linked to contingent liabilities associated with the liquidation process. The liquidation is currently expected to conclude by the fourth quarter of 2026, subject to the resolution of outstanding matters. No fees continue to be payable on the remaining holding.

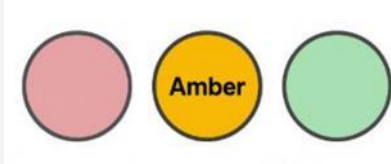
The pension fund has committed capital to the PG Real Estate Secondary 2013 (USD) Fund, with 71.97% of the commitment drawn as at 31 December 2025. The Fund has now distributed 101.66% of contributed capital, further increasing distributions from the prior quarter and confirming that investors have fully recovered their invested capital. The net multiple remained stable at 1.18x, while the net asset value declined following the disposal of Sveafastigheter Fersen II, the final asset within the Solaris Centre portfolio in Tallinn, Estonia. The manager noted that the asset was sold following an extended sales process in a challenging liquidity environment, with final proceeds expected to be distributed over the next twelve months as the structure is liquidated. During the quarter, the Fund distributed approximately USD 12.5 million to investors. The largest positive valuation movement was recorded within Explorer Real Estate Fund I, supported by the successful sale of a shopping centre in Portugal.

The pension fund has committed capital to the PG Real Estate Secondary 2017 (USD) Fund, with 70.52% of the commitment drawn as at 31 December 2025. To date, the Fund has distributed 1.76% of contributed capital, indicating that it remains in the value creation phase. The net multiple remained broadly unchanged at 0.87x, while the net IRR improved modestly to -2.0% from -2.5% in the prior quarter. The Fund generated meaningful realisation activity during the period, receiving proceeds from EQT Exeter's sale of a multi-family residential portfolio in Houston, Texas, and from the disposal of a US manufactured housing portfolio. Positive valuation contributions were led by the Asian Logistics Platform and New East Education China Logistics Platform, while valuation headwinds persisted within parts of the office portfolio and selected logistics investments. The manager continued to note pressure across certain office-related assets, although valuation declines moderated compared with recent periods. Several assets remain in active sales processes, including the US Logistics Portfolio and selected European holdings, with further realisations expected over the coming years.

Overall, the programme continues to demonstrate a clear distinction between the mature 2009 and 2013 vintages, which remain firmly in the value realisation phase and continue to return capital to investors, and the 2017 vintage, which remains focused on value creation and asset optimisation. While the 2017 Fund continues to face challenges associated with legacy office exposures and a higher interest rate environment, recent realisation activity and stabilising

valuation trends provide some encouragement that underlying asset values are beginning to recover.

**Apex rating:**



**HarbourVest**

The Independent Advisor notes that the London Borough of Camden Pension Fund has committed \$86.3 million to HarbourVest Global Fund 2016, with approximately 90% of the commitment drawn as at 31 March 2026. To date, the Fund has distributed \$94.6 million to investors, equivalent to 1.22x paid-in capital, reflecting continued realisation activity and strong cash distributions.

As at 31 December 2025, 69% of the Fund’s active investments were performing above expectations, 18% were in line with expectations, and 13% were below expectations, based on the NAV of active underlying portfolio investments. The underperforming investments are primarily concentrated in a small number of direct investments that were adversely affected by the COVID-19 pandemic and elevated market volatility experienced over the past several years. Notably, approximately 91% of the Fund’s remaining active investments comprise primary and secondary fund interests, of which 90% are performing at or above expectations. As a result, HarbourVest remains positive on the outlook for the Fund, supported by ongoing value creation initiatives, operational improvements across portfolio companies, and the continued execution of exit strategies.

**Apex rating:**



**London CIV – MAC fund (blended fund - CQS/Pimco)**

The Independent Advisor comments that London CIV’s Multi-Asset Credit (MAC) sub-fund returned -1.2% in Q1 2026, underperforming its quarterly performance objective of +2.0%. Over the 12-month period, the sub-fund delivered a return of +5.9%, below the target return of +8.9%, while over three years it generated an annualised return of +8.2%, compared with the objective of +9.3% per annum. The sub-fund remains well diversified across a broad range of borrowers, bonds and loans. Asset-backed securities, including CLOs, continue to provide an additional layer

of credit diversification. The overall portfolio credit rating declined marginally from BBB at the end of December 2025 to BBB- at the end of March 2026, reflecting a modest increase in credit risk within the portfolio.

The portfolio remains primarily invested in income-generating asset classes, with allocations to high yield (38.3%), structured credit (19.6%) and loans (15.0%). Exposure to government-related instruments decreased from 5.6% at the end of December 2025 to 2.3% at the end of March 2026. These exposures are balanced by allocations to investment grade credit (10.1%) and emerging market debt (10.3%), which provide additional diversification benefits despite their greater sensitivity to interest rate movements. As at 31 March 2026, Camden’s investment in the CQS and PIMCO mandates was valued at £358.0 million, representing 14.4% of the London CIV sub-fund, which had total assets under management of £2.49 billion.

Both underlying managers remain cautious on valuations, noting that credit spreads across many markets remain close to multi-year lows. As a result, the managers continue to focus on issuer selection, diversification and default avoidance to preserve capital and generate attractive risk-adjusted returns. London CIV remains confident in the managers’ ability to deliver the long-term performance objective. From an ESG perspective, the portfolio’s Weighted Average Carbon Intensity (WACI) was 40.4% of the benchmark based on Scope 1 and 2 emissions and 58.9% of the benchmark when Scope 1, 2 and 3 emissions are included. Fossil fuel exposure remained low at 1.8% as at 31 March 2026.

**Apex rating:**



**London CIV – Infrastructure Fund - Stepstone**

The London Borough of Camden pension fund had committed £182.0 million of capital to London CIV’s infrastructure fund, as at end December 2025 (report for March 2026 not available at the time of writing this report). The total fund value was £505.6 million. London Borough of Camden’s investment represents 29.5% of the Fund (valued at £149.1 million as at end December 2025). The Fund has invested in nine primary funds, three secondary funds and three co-investments. As at end December, the fund was 88% drawn, in line with Stepstone’s expectations.

Long-term, the fund will aim to achieve a net return of 8% to 10% p.a. over rolling four-years, and a cash yield of 4% to 6% p.a.

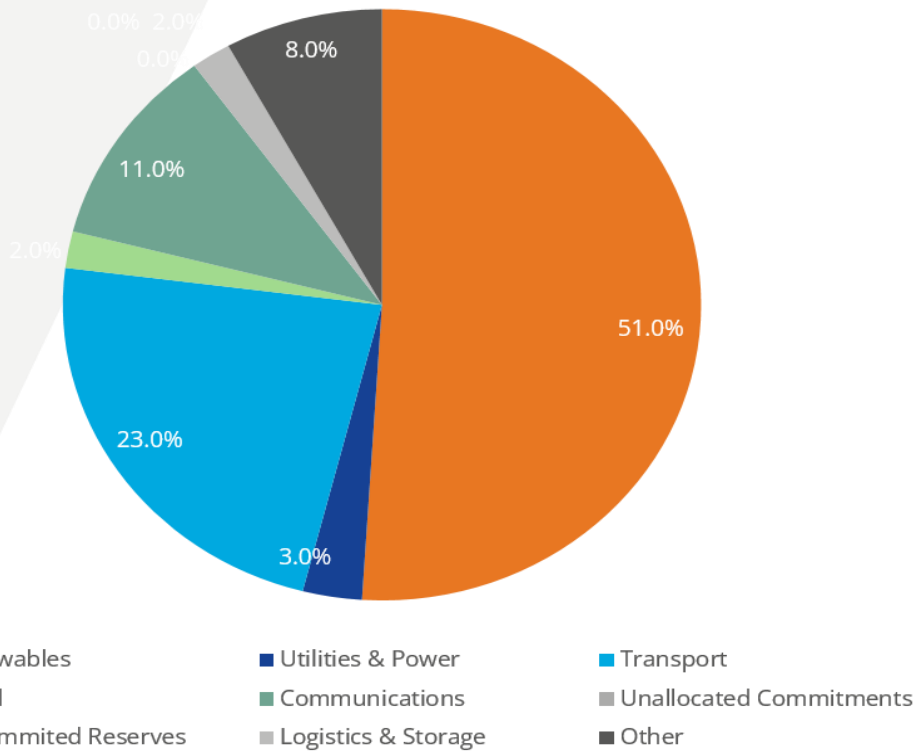
The London CIV Infrastructure Fund made no capital calls to investors during the quarter. Existing cash reserves and distributions received were utilised to fund drawdowns from underlying investments, with total capital calls of £29.6 million received across eight investments. The Fund also distributed £3.9 million to investors during the quarter, of which Camden received £1.1 million. The Fund's NAV increased to £505.6 million as at 31 December 2025, up from £474.4 million at the previous quarter end. The increase was primarily driven by capital call activity and a Fund-level unrealised gain of £5.5 million. Positive valuation movements were generated by several underlying investments, including New Zealand Diversified Infrastructure Fund, Calisen and NextEnergy Capital, while contributions from earlier fund commitments such as Macquarie, Basalt and Equitix remained more subdued.

The Fund has generated a net IRR of 8.0% per annum since inception, in line with its long-term investment objective of 8–10% per annum. However, shorter-term performance remains below target, with one-year and three-year returns continuing to lag the investment objective. London CIV attributes this primarily to limited valuation growth from some of the earlier primary fund commitments, together with the impact of higher discount rates, foreign exchange movements and the J-curve effect associated with more recent investments.

During the quarter, the Fund formally closed on two co-investments that had been committed earlier in the year, namely Pattern Energy and Global Technical Realty. In addition, the Fund remains fully committed to quarter-end, inclusive of an FX buffer, and completed its third closing during the period, bringing total fund commitments to approximately £510 million.

The Fund remains diversified across a range of infrastructure sectors and geographies, with newer investments expected to contribute increasingly to portfolio performance as they mature and progress through their value creation plans.

**CHART 4: SECTOR ALLOCATION BY FUND COMMITMENTS**



Source: LCIV

**TABLE 3: INFRASTRUCTURE INFORMATION**

Underlying Fund	Current Net IRR	Target IRR	Comments
Macquarie GIG Renewable Energy Fund 2 (MGREF 2)	+4.7%	8.5%	97% invested across 9 investments.
Arcus European Infrastructure Fund 2 (AEIF 2)	+25.0%	13.0%	96% invested across 9 investments, with 4 realised.
Equitix VI (EF VI)	+2.4%	8.5%	99% invested across 34 investments
Basalt Infrastructure Partners III (BIP III)	+6.4%	11.5%	89% invested across 8 investments
European Diversified Infrastructure Fund III (EDIF III)	+10.2%	8.5%	Fully committed across 10 investments
Capital Dynamics Clean Energy and Infrastructure VIII (CE VIII)	+6.1%	11.0%	99% drawn
Brookfield Global Transition Fund (BGTF)	+8.5%	10.0%	86% committed and 62% invested across 9 platforms.
NextPower UK (NP UK LP)	+5.0%	8.0%	96% committed across 19 investments
Australia New Zealand Diversified Infrastructure Fund (ADIF)	-	+11.0%	Diversified infrastructure
Italo (GIP Pegasus)	+16.3%	14.5%	Secondary. 1 investment (Italo)
Meridiam Infrastructure North America II (MINA II)	+2.5%	10.1%	Secondary. 13 investments.
KKR Global Infrastructure Investors IV (KKR)	+15.1%	14.0%	Secondary. 13 investments.
Calisen	+8.5%	+11.2%	Direct co-investment
Peregrine	-	+14.3%	Direct co-investment
Oakhill	-	+24.5%	Direct co-investment

**Apex rating:**



**London CIV – Real Estate Long Income Fund - Aviva**

The London Borough of Camden pension fund committed £95 million of capital to London CIV's Real Estate Long Income Fund in August 2021. The total fund value as at end December 2025 (latest LCIV report available) was £154.7 million, with total fund commitments of £213 million. London Borough of Camden's valuation as of 31 December 2025 was £68.1 million, representing 44.1% of the fund.

Long-term, the fund aims to achieve a net return of RPI + 1.5 - 2% p.a. over a rolling five-year period. The expected yield is 3% p.a. from the end of the four-year period after the first closing date.

As of end of December 2025, the fund is fully deployed.

The Fund invests in properties with long leases and strong tenants, with returns driven by secure, long-term, contractual inflation-linked cashflows. At the end of Q4 2025, the Fund reported a NAV of £154.7 million, with total drawn commitments of £213.0 million and current commitments fully allocated. The portfolio remains strongly aligned with the long-income objective, with an average unexpired lease term of 21.3 years, above the minimum 20-year requirement, and approximately 98% of income inflation-linked. The indexation profile remains robust, with 49% CPI-linked, 35% RPI-linked, 14% CPI +1%, and only 2% linked to open-market rent reviews.

The net IRR since inception to the end of December remained negative at -3.9%, falling short of the investment objective of 8.2%, largely reflecting the sector-wide re-rating of real estate values in a higher-rate environment. The IRR for the quarter was +1.8%, ahead of the quarterly objective, while the one-year IRR was +4.7%, behind the one-year objective of 5.7%. Over three years, the Fund returned +2.6% p.a. versus the objective of 5.8% p.a. The Fund's performance remains supported by the quality of the income stream, with a weighted average tenant credit rating of BBB+, an average lease term of 21.3 years, and high inflation linkage across the portfolio.

The Fund aims to make regular quarterly distributions yielding 3% per annum. This remains on track, with a net income yield for the 12 months to the end of December of 5.5%, ahead of the 3.0% target. The quarterly yield was 1.4%, also ahead of the quarterly income objective of 0.8%.

Income generation therefore remains a key strength of the Fund, particularly while capital values remain sensitive to movements in gilt yields and broader risk-free rates.

During the quarter, underlying property valuations increased by 0.38% across the portfolio, supported by yield compression on selected Premier Inn assets, the Waitrose supermarket asset at Faringdon, and the income strip assets. However, this was partly offset by a -4.84% reduction in the valuation of the student accommodation debt investment at St Mary Bredin, Canterbury, following the application of a risk premium by the valuer after missed interest payments. The investment represents approximately 11% of current income and remains a key monitoring item. London CIV remains actively engaged with Aviva Investors on this issue, with a more detailed update expected in H1 2026.

Diversification remains an area to monitor. The Fund continues to have a meaningful allocation to hotels, with hotel exposure representing approximately 42% of income, including 35% from hotel private counterparties. Whitbread Group remains the largest counterparty, accounting for 35% of current income. The top asset exposure is Orwell Terrace, Edinburgh, at 14% of value, while St Mary Bredin, Canterbury and Premier Inn Castleford each represent around 10%. Although the portfolio benefits from long leases, strong contractual income and investment-grade credit quality, the concentration in hotels and selected counterparties remains a constraint. London CIV's continued engagement with the manager over a review of broader long-income holdings should help assess opportunities to improve diversification over time.

**Apex rating:**



**London CIV – UK Housing Fund**

The London Borough of Camden pension fund committed £97 million of capital to London CIV's UK Housing Fund in January 2024. The total fund commitments stand at £530 million and the fund value as at end December 2025 (latest available LCIV report) was £261.7 million, of which Camden's portion was valued at £51.5 million.

The Fund's objective is to achieve a net IRR of 5-7%, and a target yield of 3-4% per annum, by investing in strategies that increase the supply of good quality, affordable housing in the UK. Investments will include different types of social and affordable housing funds allocated across general needs social and affordable housing (minimum 50% allocation; specialist housing (0% – 25% allocation), and transitional supported housing (0% – 25% allocation).

By the quarter end, the Fund had received a total of £530m of commitments from nine investors since launching in March 2023 and was 49% drawn. Commitments to date include: CBRE UK Affordable Housing Fund (£100 million), Octopus Affordable Housing Fund (£108 million), Savills IM's Simply Affordable Homes Fund (£75 million), a £44.8m secondary fund commitment into CBRE UK Affordable Housing Fund, a £100m primary fund commitment into Man RI Community Housing Fund III and a £100m primary fund commitment into Legal & General Affordable Housing Fund.

The net IRR for the quarter, reported by London CIV, was +0.9%, compared with the quarterly investment objective of +1.2%. Over one year, the Fund returned +2.8%, compared with the objective of +5.0%. Since inception, the Fund has returned +1.4% against the objective of +5.0%. The quarterly return was driven by a £1.1m valuation increase at the underlying investment level, together with £1.3m of income distributions received by the Fund during the quarter. London CIV noted that Fund performance will not be formally reported until the end of the ramp-up period, which is four years from the first closing date (i.e. March 2027).

**TABLE 4: HOUSING INFORMATION**

Underlying Fund	Current Net IRR	Target IRR	Comments
CBRE UK Affordable Housing Fund (CBRE)	-6.6%	+6.0%	£100m primary fund commitment
Octopus Affordable Housing Fund I (OAHF)	+5.5%	+7.0%	£108m primary fund commitment
Simply Affordable Homes 1 (SAH)	-2.0%	+8.0%	£75m primary fund commitment
Man RI Community Housing Fund 3 (MAN RI)	-20.1%	+7.0%	£100m primary fund commitment
L&G Affordable Housing (L&G)	+5.8%	+7.4%	£100m primary fund commitment
CBRE UK Affordable Housing Fund-Secondary	+2.8%	+6.0%	£44.8m secondary fund commitment

One concern is that the Fund remains entirely allocated to general needs social and affordable housing. Whilst the target is to have a minimum of 50% allocated to this type of housing, the mandate also allows for 0–25% in specialist housing and 0–25% in supported

transitional housing. At the end of Q4 2025, the Fund remained 100% allocated to general needs social and affordable housing strategies. This remains something to monitor from a diversification perspective.

A second concern relates to the pace of capital deployment. Although the Fund is now fully committed, only 49% of commitments had been drawn by the end of December 2025, with £282.5m of commitments still unfunded. The drawdown rate remains relatively low for a fund that is fully allocated, although this partly reflects the ramp-up nature of the underlying investments. In addition, only £74.2m of the Legal & General commitment and £58.8m of the Man RI commitment had been accepted at 31 December 2025 due to concentration limits. This is something to monitor as the Fund continues to deploy capital.

Overall, the Fund showed improved performance over the quarter, with a positive return supported by valuation gains and income distributions. However, returns remain below the stated investment objective over the quarter, one year and since inception. The main areas to monitor remain the pace of capital deployment, the ramp-up of the newer Man RI and Legal & General allocations, and the continued lack of diversification outside general needs social and affordable housing.

**Apex rating:**



## Summary of Concerns

Date raised	Concern	Update
Q1 2022	LCIV – Global Alpha Paris Aligned (Baillie Gifford)	Continued close monitoring recommended given ongoing performance issues – fund is still underperforming across all time periods.
Q1 2025	Total fund general performance	The total portfolio is showing considerable underperformance relative to target over all time periods at the total fund level. Ongoing monitoring by the committee is recommended.
Q3 2025	LCIV Housing Fund	Fund currently has 100% allocated general needs and affordable housing. This lack of diversification is something to monitor: the ideal would be to see some of the target allocation to specialist housing and transitional housing (targets of 0-25% each) reflected in the portfolio. The slow drawdown rate (49% as at end March 2026) is also something to monitor.
Q1 2026	Partners Group	Poor performance is a concern for the 2017 fund in particular, with the manager having invested in sectors which have struggled (retail and offices). Ongoing dialogue and close monitoring is recommended.

Karen Shackleton  
 Senior Advisor, Apex  
 18<sup>th</sup> June 2026

## Appendix A

Manager	AUM (£m)	Fund or Strategy	Number of investors	Camden's Rank	Size of Camden's Portfolio (£m)	Percentage of Fund or Strategy	Comment
Baillie Gifford Paris-Aligned	2,000	Fund	10	Not provided by London CIV	183.50	9.18%	£206m decrease in AUM and number of investors remains unchanged.
Legal & General - UK equity (World)**	24	Fund	1	8th	23.90	100.00%	£0.82m increase in AUM and number of investors remains unchanged.
Legal & General - North America**	460	Fund	2	2nd	385.27	83.80%	£11m decrease in AUM and number of investors remains unchanged.
Legal & General - Europe**	416	Fund	5	4th	67.44	16.22%	£10m decrease in AUM and number of investors remains unchanged.
Legal & General - Japan**	657	Fund	5	7th	37.53	5.71%	£10m decrease in AUM and number of investors remains unchanged.
Legal & General - Asia Pacific**	340	Fund	5	5th	26.66	7.84%	£21m increase in AUM and number of investors decreased by 2.
Legal & General - Middle East**	0.9	Fund	1	9th	0.91	100.00%	£0.11m increase in AUM and number of investors remains unchanged.
Legal & General - World Emerging Markets**	645	Fund	7	5th	58.34	9.04%	£2m decrease in AUM and number of investors decreased by 1.
L&G ILGs**	4,642	Fund	14	3rd	139.23	3.00%	£202m increase in AUM and investors increased by 2..
Legal & General - FW Global Equity Index**	8,337	Fund	12	1st	419.99	5.04%	£214m decrease in AUM. The number of investors increased and number of investors remains unchanged.
CBRE	5,000	UK separate accounts	31	15th	98.00	1.96%	AUM remains unchanged and number of investors remain unchanged.
Partners 2009 fund*	89	Fund NAV	53 (EUR SICAR sleeve)	3rd	6.88	7.75%	£36m decrease in AUM (Annually updated, as at December 2023). As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
Partners 2013 fund*	243	Fund NAV	39 (in the USD C LP sleeve)	5th	13.95	5.74%	£112m decrease in AUM (Annually updated, as at December 2023). As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
Partners 2017 fund*	266	Fund NAV	11 (in the USD D LP sleeve)	3rd	46.76	17.57%	£119m decrease in AUM (Annually updated, as at December 2023). As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
Harbourvest	120	Fund NAV	8	2nd	40.00	33.20%	As the fund is a closed-ended vehicle, neither the number of investors nor Camden's rank will change over time.
CQS / PIMCO	2,493	Fund	18	Not provided by London CIV	358.00	14.36%	£72m increase in AUM. The number of investors remain unchanged
Stepstone	506	Fund	6	Not provided by London CIV	149.10	29.49%	£31m increase in AUM. The number of investors remains unchanged.
Aviva	155	Fund	6	Not provided by London CIV	68.10	44.02%	£1m increase in AUM. The number of investors remain unchanged.
Cash/Other	N/A	N/A	N/A	N/A	169.00	N/A	N/A

This appendix details Camden's exposure to the overall fund or strategy managed by Investment Managers. Where Camden represents more than 5% of each fund and there is a material increase, due to client outflows, this will be reported to the Committee on an exceptions basis.

\*AUM and Portfolio figures given in local currency and converted using exchange rates at the date of the data.

\*\*LGIM changed how they report this data in Q3 2023, for details on methodology see the Q3 2023 report.