

Leicestershire County Council Pension Fund LGPS Central Limited – Public Markets Update

27 June 2025



Agenda

Leicestershire County Council Pension Fund



- 1 Welcome and introductions
- 2 Investment Overview
- 3 Fit for the Future
- 4 Closing Comments





Investment Overview

Leicestershire County Council Pension Fund

Investments with LGPS Central



Fund Name and Benchmark	Valuation 31/03/2025 (£m)	Date of First Investment	Performance (% p.a.)							
			Since First Investment		5 Years		3 Years		1 Year	
			Fund	B'mark	Fund	B'mark	Fund	B'mark	Fund	B'mark
LGPS Central Limited Global Equity Active Multi Manager Fund	783	February 2019	11.97	11.27	16.56	14.76	8.79	8.14	3.92	5.46
LGPS Central Limited All World Equity Climate Multi Factor Fund	843	December 2020	9.41	9.20	13.96	13.76	7.50	7.32	3.90	3.73
LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund	167	April 2020	0.46	-0.05	1.36	0.86	0.50	0.15	4.89	3.82
LGPS Central Global Multi Asset Credit Multi Manager Fund	426	April 2021	1.16	3.32	-	-	2.75	4.32	5.80	4.97
Under Pool Management	Valuation as at 31 March 2025 (£m)	-	-	-	-	-	-	-	-	-
LGPS Central LGIM Passive Funds Oversight and Stewardship Services	1,123	-	-	-	-	-	-	-	-	-
Total Public Markets Under Pool Management	3,342	-	-	-	-	-	-	-	-	-

Source: LGPS Central, figures subject to rounding

Total
Proportion
Pooled:
c. 58%

166

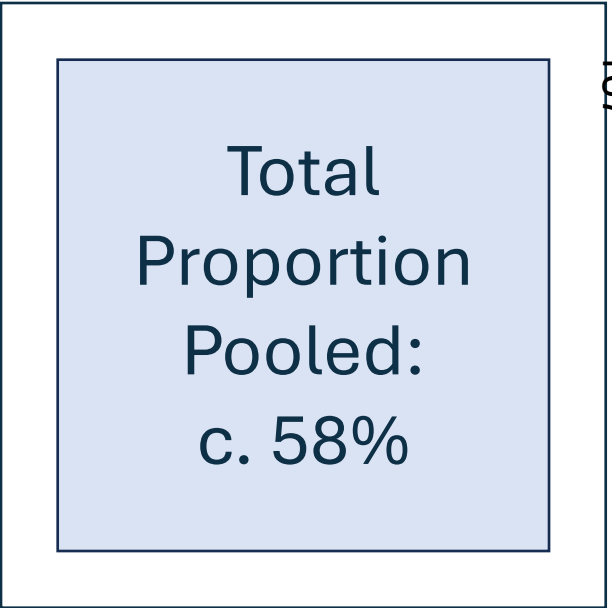
Leicestershire County Council Pension Fund

Investments with LGPS Central



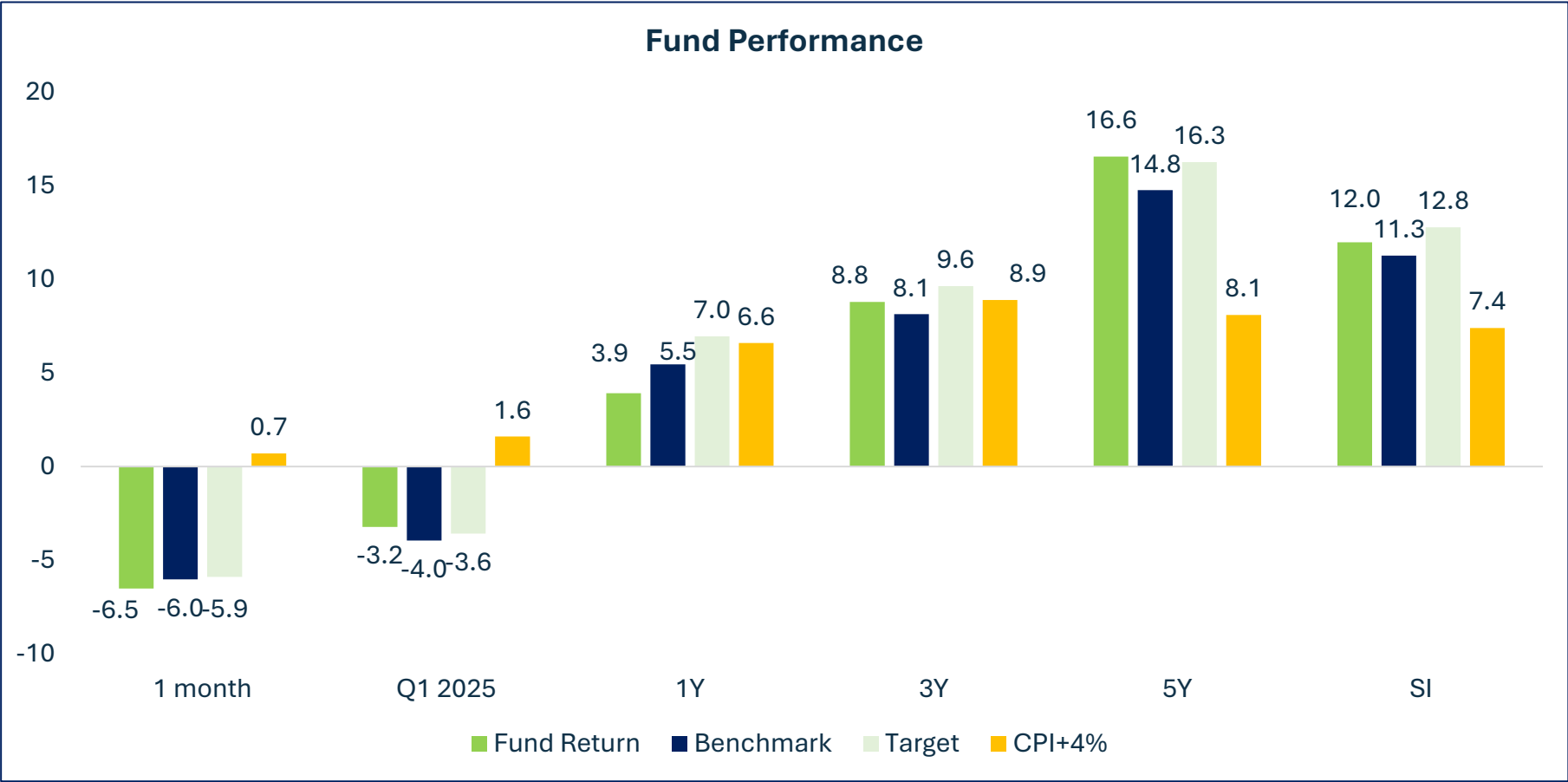
Private Markets	Closing Value 31/12/2024 (£m)	Leicestershire Commitment (£m)	Total PF Commitments (£m)	Drawn	IRR	B'mark	Target
Direct Property	67	120	130	61%	4.9%	MSCI +0.5%	
LGPS Central PE Primary Partnership 2018 LP	9	10	150	90%	11.4%	12.2%	16.2%
LGPS Central Core/Core Plus Infrastructure Partnership LP	143	235	1,104	68%	6.3%	5.8%	9.3%
LGPS Central Value Add/Opportunistic Infrastructure Partnership LP	2	30	266	26%	3.8%	5.8%	10.8%
Private Credit I	36	60	305	69%	8.7%	12% - 14%	
Private Credit II	163	240	1,165	76%	9.8%	6% -8%	
Private Credit IV	65	117	587	66%	1.2%	4.5% - 6%	
LGPS Central PE Primary Partnership 2021 LP	10	30	365	31%	14.0%	13.6%	17.6%
LGPS Central PE Primary Partnership 2023 LP	6	80	315	7.8%	Not meaningful		
LGPS Central Private Credit Direct Lending Partnership 2024 LP	-	180	460	-	-	-	-
LGPS Central Private Credit Real Asset Partnership 2024 LP	-	100	198	-	-	-	-
Total Private Markets	501	1,202	5,045	-	-	-	-

Source: LGPS Central, figures subject to rounding



Global Equity Active Multi Manager Fund

Performance Overview



Source: Northern Trust as at 31 March 2025 Returns in GBP/ Returns % post total fees
* Inception Date: 12/3/19.

Portfolio	3m Quartile vs Peers	12m Quartile vs Peers	3 year Quartile vs Peers	5 year Quartile vs Peers
GEAMMF*	2 (All)	2 (All)	1 (All)	1 (All)

Source: Northern Trust/eVestment, data as at 31 March 2025 taken on 17 April 2025; using % Returns in GBP net of total fees; returns annualised except for first quarter.

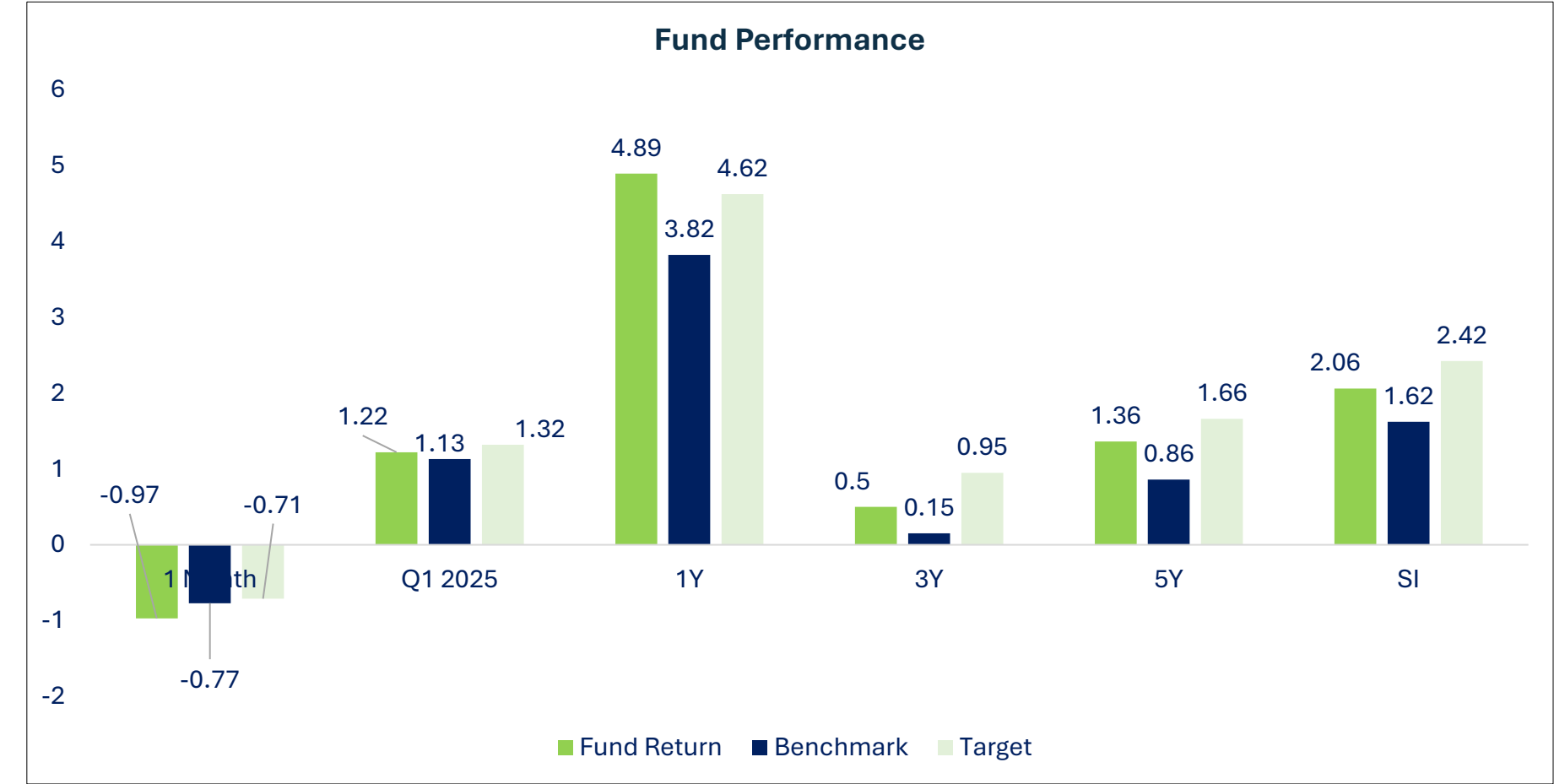
Quarterly Commentary

- The Fund returned -3.23% over the quarter, outperforming the benchmark return of -3.95% by 72bps.
- January** - President Trump kicked off his second term in office with the introduction of trade policies. His administration signalled tariff increases on Canada, Mexico and China, which unnerved investors, particular in emerging markets, and created potential for counter-tariffs.
- February** – In the US, investor sentiment remained cautious due to persistent uncertainty regarding President Trump's tariff policies, exacerbating inflation concerns and growth risks. The "Magnificent 7" group of leading tech stocks recorded its weakest monthly performance since December 2022. There were clear signs of sector rotation within the market as Consumer Staples, Energy and Real Estate saw strong demand.
- March** – The Federal Reserve held interest rates steady throughout the quarter. However, at the March meeting, Fed Chair Powell signalled a potential shift in policy, indicating a greater focus on downside risks to growth than on inflationary pressures.

Global Active IG Corporate Bond MM Fund



Performance Overview



Source: Northern Trust as at 31 March 2025 Returns in GBP/ Returns % post total fees
* Inception Date: 23/3/2020

Portfolio	3m Quartile vs Peers	12m Quartile vs Peers	3 year Quartile vs Peers	5 year Quartile vs Peers
GAIG*	4	4	4	3

Source: Northern Trust/eVestment, data as at 31 March 2025 taken on 17 April 2025; using % Returns in GBP net of total fees; returns annualised except for first quarter.

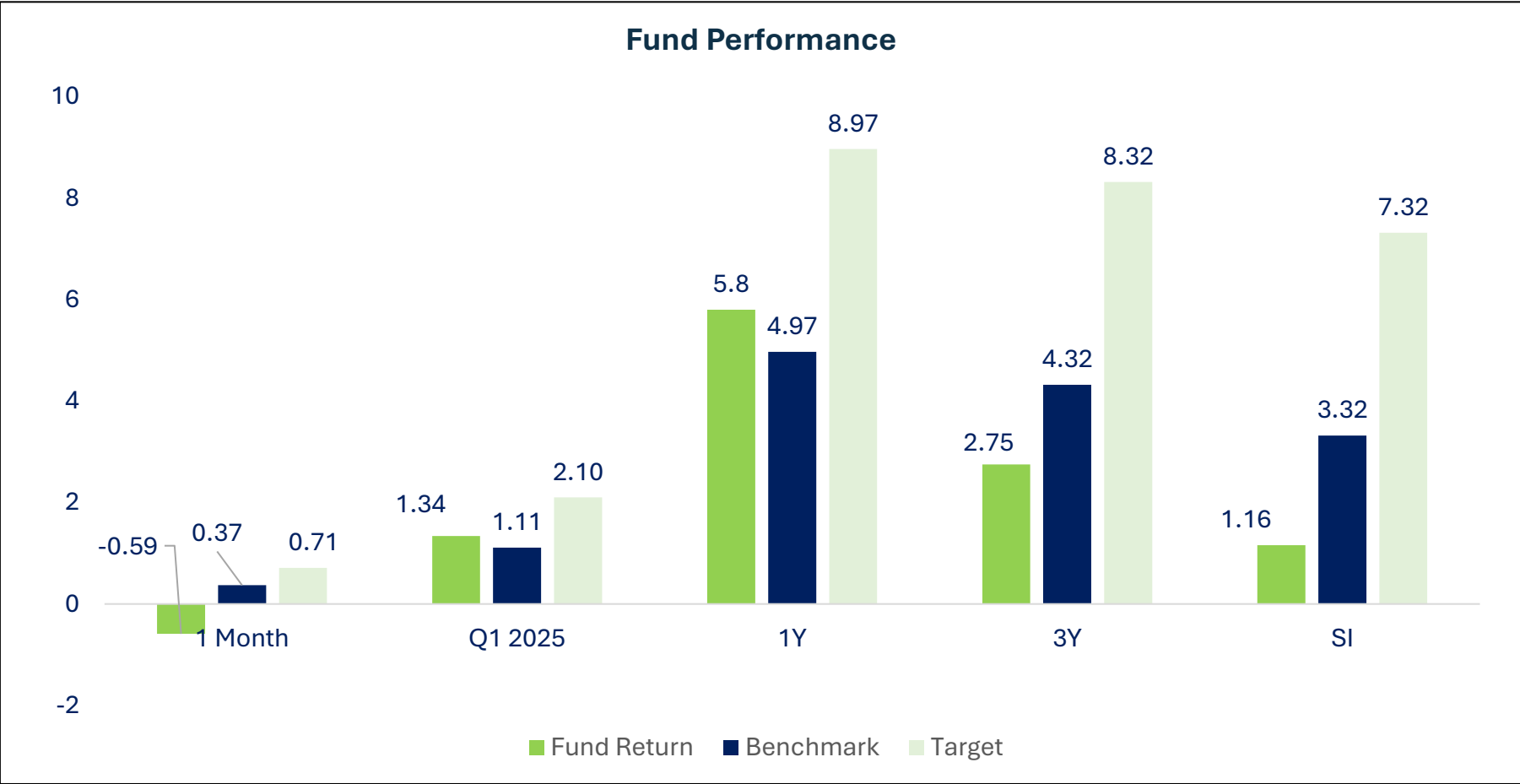
Quarterly Commentary

- The Fund returned 1.22% over the quarter, outperforming the benchmark return of 1.13% by 9bps.
- January** - US policymakers kept interest rates unchanged whilst the ECB reduced rates as inflation moved closer to the target. Tighter US policy and subsequent lower growth expectations resulted in a steepening of the yield curve. Credit spreads compressed to historically tight levels despite Trump administration signalling tariff increases on Canada, Mexico and China.
- February** - Geopolitical developments and uncertainty around Trump’s trade policies saw increased volatility across global financial markets. Global credit spreads widened, predominantly in high yield although there was still strong demand for investment grade bonds.
- March** - The Fed left interest rates unchanged but highlighted downside risks to growth as a result of increased tariffs rather than increased threat of inflation. GDP was downgraded whilst PCE inflation ticked up signalling stagflation risks. Germany announced plans to increase spending on defence and infrastructure which saw bund yields move meaningfully higher.

Global Active Multi Asset Credit MM Fund



Performance Overview



Source: Northern Trust as at 31 March 2025 Returns in GBP/ Returns % post total fees
* Inception Date: 15/4/2021.

Portfolio	3m Quartile vs Peers	12m Quartile vs Peers	3 year Quartile vs Peers
MAC*	4	3	3

Source: Northern Trust/eVestment, data as at 31 March 2025 taken on 17 April 2025; using % Returns in GBP net of total fees; returns annualised except for first quarter.

Quarterly Commentary

- The Fund returned 1.34% over the quarter, outperforming the benchmark return of 1.11% by 23bps.
- January** - Improving macroeconomic sentiment drove credit markets with strong inflows and light issuance. High yield saw outperformance aided by a rebound in oil prices whilst emerging market debt posted solid gains amid declining US yields.
- February** - Geopolitical developments and uncertainty around Trump’s trade policies saw increased volatility across global financial markets. Defaults in high yield ticked upwards with outperformance in BB-rated bonds. Soft Chinese PMI data and stronger dollar dampened enthusiasm and weighed on China debt.
- March** - The Fed held rates steady but highlighted downside risks to growth due to uncertainty around tariffs. Wider spreads were experienced in high yielding assets as flows slowed down. Weaker China trade data pressured both hard currency and local markets causing sentiment in Asia credit markets to deteriorate.



Fit for the Future

LGPS Central Plan

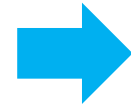
Pooling progress

The journey so far...



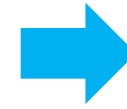
May 2013: National Association of Pension Funds' local authority conference, Local Government Minister Brandon Lewis said:

"...the clear message from me this morning is that I am not wedded to the existing number of 89 funds in England and Wales. If it takes a smaller number of funds to improve the efficiency and cost-effectiveness of the Scheme, I shall not shy away from pursuing that goal."



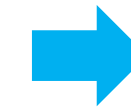
November 2015: Government produce set of principles against which authorities were invited to bring forward proposals for half a dozen "asset pools". The principles included the following objectives:

- **Attain scale** – with £25 billion set as a target size for pools
- **Make savings** – no target was set but the word "substantial" gave an insight into the expectations
- **Include good governance**
- **Do more infrastructure** – expressed as an objective to develop the capacity and capability to increase investment but without a target

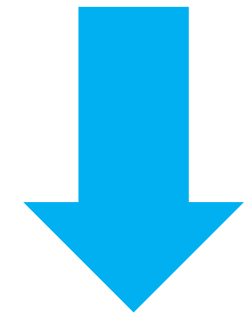


February 2016: Submissions were received by government for eight developing pools.

These groupings were a mixture of natural allies, geographical neighbours and/or the strategically like-minded.



3 April 2018:
LGPS Central Limited opens for business.



14 November 2024:
Fit for the Future Consultation Launched

29 May 2025:
Government published its response

Fit for the Future

Government requirements

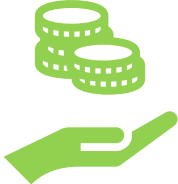



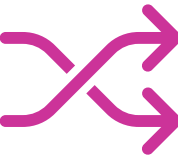


- 1 Administering Authorities would remain responsible for setting a high-level investment strategy for their fund but would be required to use the pool as the principal source of advice on their investment strategy
- 2 Authorities would be required to fully delegate the implementation of their investment strategy to the pool
- 3 Pools would be required to be established as investment management companies authorised and regulated by the FCA, with FCA permission to provide advice and with the expertise and capacity to implement investment strategies
- 4 Administering Authorities would be required to transfer all assets, including legacy assets, to the management of the pool
- 5 Pools would be required to develop the capability to carry out due diligence on local investments and to manage such investments

Working with our Partner Funds

Implementation of the LGPS Central Fit for the Future Plan



	Preservation of Value	Preservation of value in assets to be transitioned.
	Depth of Knowledge	Recognition of the value of Partner Fund knowledge and experience.
	Collaborative Solutions	Delivering the high standard of service our Partner Funds expect, working with our Partner Funds to develop solutions to meet their strategic needs.
	Robust Governance	Reviewing and enhancing pool governance to ensure it meets Partner Fund requirements for oversight as well as the Government's objectives.
	Flexible and Pragmatic Approach	The deadline for Partner Funds to transition assets is fast approaching, we need to work together to meet requirements.

Appendices



About LGPS Central

LGPS Central at a Glance



CORE SERVICES:

- Investment Management
- Asset Pooling
- Advisory Services
- Responsible Investment Advisory, Analytics and Reporting

OUR STORY:

- Founded in 2017 by eight Partner Funds - AUM £62bn
- ~70% of partner fund assets pooled so far
- 27 investment funds across seven asset classes
- FCA regulated
- Over £6bn committed in Private Markets

TEAM:

- A team of 90 experienced professionals including investment specialists covering all asset classes, with a strong focus on responsible investment, supported by professionals in legal, finance, risk management, technology, procurement, programmes, people and culture, and client services
- 43% from non-white ethnic backgrounds
- 50% of Board members are female

UK Investment

 **£10.8bn**
of assets
invested in the UK

 **£825m** (28.6%)
of private market
investment
is in the UK

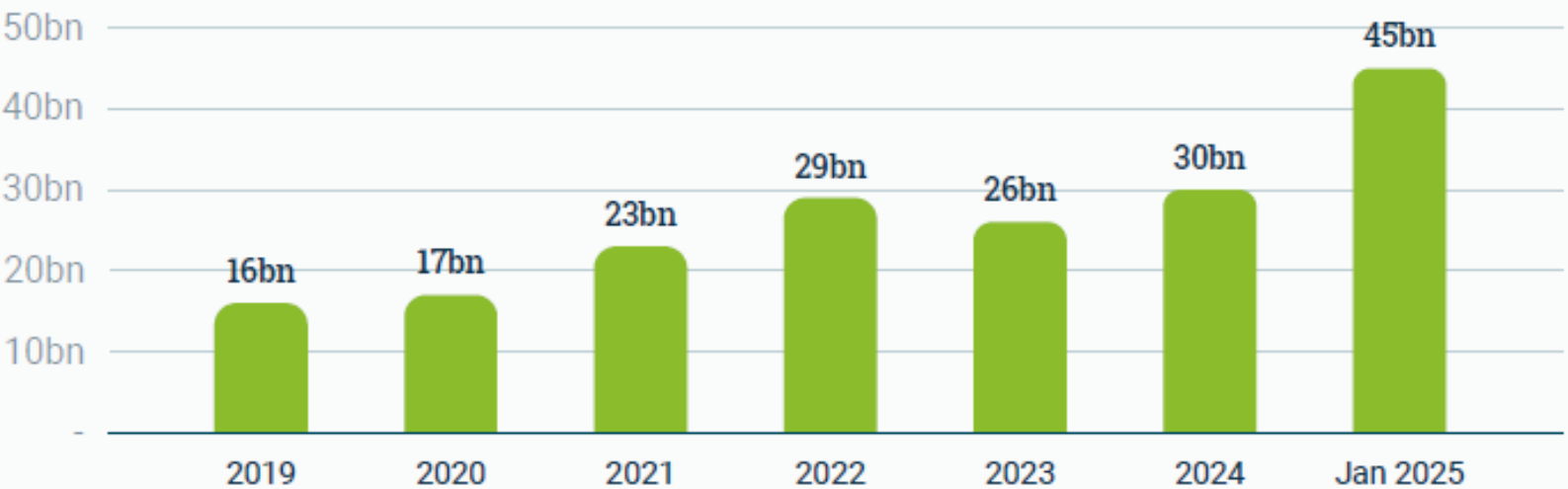
 **£2.3bn**
of committed
funds are
available to make
further investments

 **Direct UK
Property Fund**
initially attracting
£130 million in
commitments to date

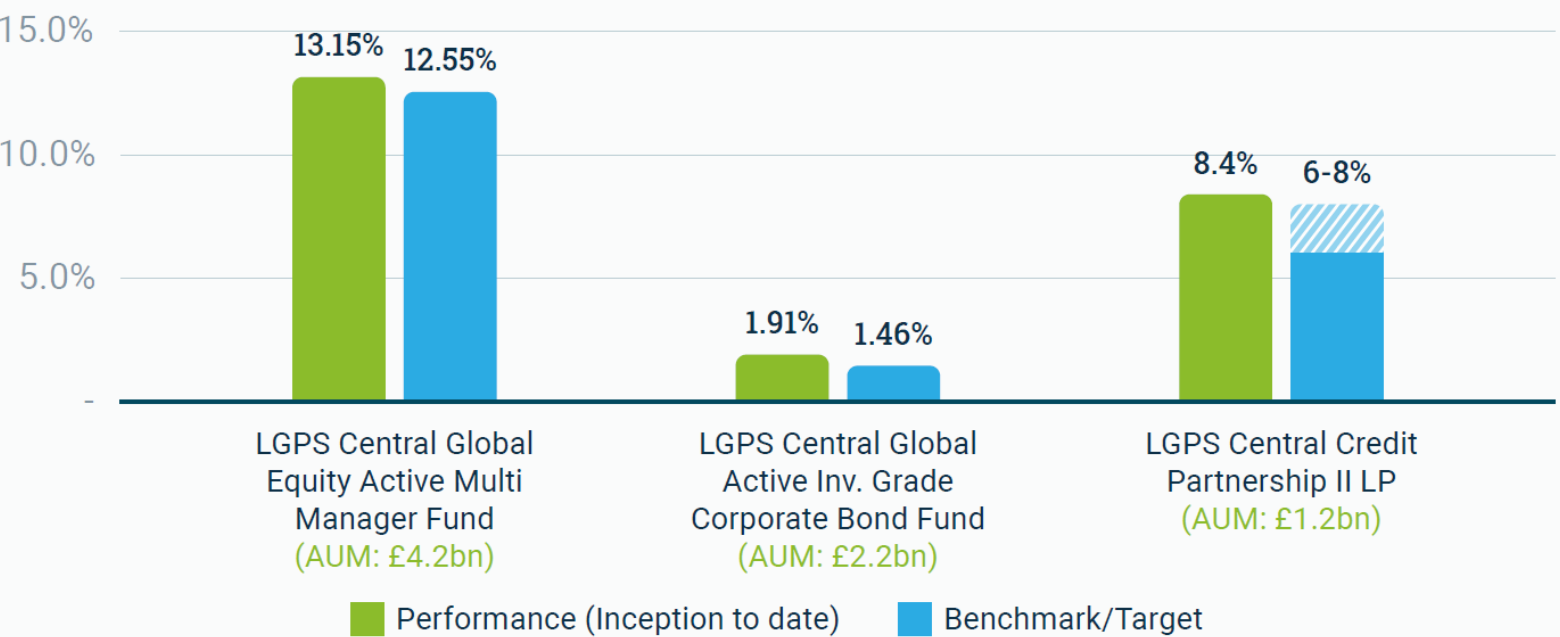
 **Residential UK
Property Fund**
focused on assets
in the social,
affordable and
private rented sector
initially attracting
commitments of
£115 million to date

 **£30m**
invested in local
NHS facilities


Assets Under Stewardship





Performance Highlights




Cost Efficiency and Value

 **£108m gross cost savings achieved since inception**

 **£361m gross cost savings forecast by 2033/34**

 **Over £12bn**
of internally managed
public market assets

Responsible Investment & Stewardship

 **Voted at 3,432 meetings**
comprising of
41,754 resolutions

 **5-star UN PRI scores**
in five out of six categories

 Signatories of the
UK Stewardship Code
since 2021

 All Partner Funds producing
**TCFD-compliant
Climate Reports**



“One central team, working in
partnership to invest with **purpose**
and deliver **superior** returns”



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Share Class and Benchmark performance displayed in GBP.

Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested where applicable.

All information is prepared as of 18 June 2025.

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