



LGPS Central Limited

Public Markets Update

Leicestershire Pensions Committee

5th December 2025

For Professional Investors Only

Agenda



AGENDA ITEM 

Market & Performance Update

Global Equity Active Fund

All World Climate Multi Factor Fund

Global Active Investment Grade Corporate Bond Fund

Global Active Multi-Asset Credit Fund

Asset class solution design

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Market & Performance Overview

Equity & fixed income markets over quarter

Market outlook & risks

Overview of equity and fixed income fund performance

Market Summary – Q3 2025



Equities:

- Strongest quarterly return since Q2 2020: Global equities, measured by the FTSE All World (in sterling), delivered a return of 9.68% for the quarter.
- Emerging Markets outperformed Developed Markets, with China and Taiwan leading gains. Chinese equities surged, driven by policy support for domestic chipmakers, record AI spending, and positive US-China trade truce headlines.
- US Market: The Federal Reserve made its first rate cut of the year and signaled further easing. Large tech stocks, small caps, and REITs rallied. The US component of the FTSE All World rose by 10.04%.

Fixed Income:

- Credit spreads tightened across developed markets, with US Treasuries rallying after the Fed's rate cut.
- UK Gilts underperformed other developed market government bonds due to persistent inflation and cautious investor sentiment ahead of the Autumn Budget.

Risks & Outlook:

- Equity markets risks: Market vulnerability and potential for volatility are elevated:.
 - AI Bubble Concerns: The main market focus was on AI, with some investors warning of a bubble reminiscent of the dot-com era. This includes not just tech companies but also infrastructure, construction, and energy sectors supporting AI growth.
 - Retail Participation & Margin Debt: Retail investors increased activity, with margin debt exceeding \$1 trillion for the first time, raising concerns about market vulnerability and potential volatility.
- Central banks are responding to signs of economic weakness, especially in labour markets.
- Outlook: Continued focus on AI, trade policies, inflation, and political developments will shape market dynamics. Fund managers remain cautious but optimistic about opportunities in credit and equities, with strong security selection and risk management emphasised.

Public Markets Investment Overview



Fund Name and Benchmark	Valuation 30/09/2025 (£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	847	March 2019	12.35	12.80	13.04	13.14	14.69	16.19	9.76	17.39
LGPS Central Limited All World Equity Climate Multi Factor Fund	976	December 2020	11.68	11.48	12.37	12.16	14.99	14.81	16.75	16.59
LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund	200	April 2020	1.21	0.65	0.01	-0.33	8.47	7.31	4.82	4.02
LGPS Central Global Multi Asset Credit Multi Manager Fund	449	April 2021	2.21	3.41	-	-	8.15	4.73	6.20	4.43
Under Pool Management (LGIM Oversight)*	Valuation as at 30 September 2025 (£m)		-	-	-	-	-	-	-	-
UK Equity Index Fund	159	-	-	-	13.06	12.99	14.50	14.47	16.19	16.17
All World Equity Index Fun	848	-	-	-	12.95	13.06	15.91	16.12	17.13	17.33
Low Carbon Transition Global Equity Index Fund	285	-	-	-	-	-	16.52	16.16	18.24	17.95
Other**	0.505	-	-	-	-	-	-	-	-	-
Total Public Markets Under Pool Management	3,764	-	-	-	-	-	-	-	-	-

*LGIM data at 30/09/2025 **other includes FTSE RAFI Funds

Global Equity Active Fund

Performance and peer comparison

LGPS Central Global Equity Active Multi Manager Fund



Performance (%)	Quarter	1 Year	3 Years	5 Years	Since Inception
Fund	5.6	9.8	14.6	13.0	12.4
Benchmark	9.7	17.4	16.2	13.1	12.8
Target	10.1	18.9	17.7	14.6	14.3
Harris	6.7	12.2	12.8	13.3	10.2
Schroders	8.2	16.6	17.1	13.8	14.5
Union	2.9	6.0	14.6	12.6	12.7
Longview*	2.6	-1.7	--	--	-0.2

Source: Northern Trust as at 30 September 2025 Returns in GBP/ Returns % post total fees

Inception Date: 12/3/19

* Longview's Inception Date: 18/07/2024

Portfolio	Q3 2025 Quartile vs Peers	1 year Quartile vs Peers	3 year Quartile vs Peers	5 year Quartile vs Peers
GEAMMF	3 (All)	3 (All)	2 (All)	2 (All)

Source: Northern Trust/eVestment, data as at 30 September 2025;
using % Returns in GBP net of total fees; returns annualised except for the second quarter.

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Quarterly Commentary

- The Fund returned 5.58% over the quarter, underperforming the benchmark return of 9.68% by 410bps.
- The main cause of underperformance resulted from an underweight position within the Technology sector and poor stock selection within the sector. Adverse stock selection in Industrials also detracted from returns.

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LGPS Central Global Equity Active Multi Manager Fund

Peer comparison



Manager Relative Performance vs Peers

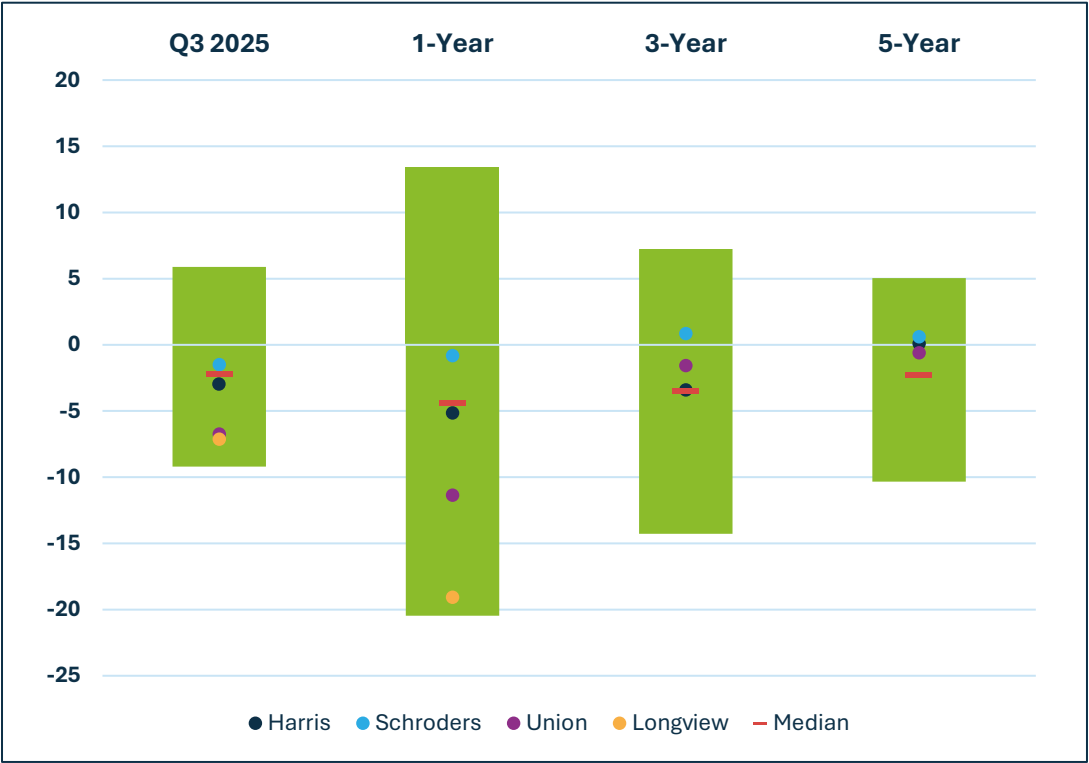
Portfolio	Q3 2025 Quartile vs Peers	1 year Quartile vs Peers	3 year Quartile vs Peers	5 year Quartile vs Peers
Harris	3 (Value)	3 (Value)	2 (Value)	2 (Value)
Schroders	2 (Growth)	2 (Growth)	1 (Growth)	1 (Growth)
Union	4 (Core)	4 (Core)	2 (Core)	2 (Core)
Longview*	4 (Core)	4 (Core)		

Source: Northern Trust/eVestment, data as at 30 September 2025;
using % Returns in GBP net of total fees; returns annualised except for third quarter.
Inception Date: 12/3/19

* Longview was introduced as the fourth manager in the Fund on 18th July 2024. It is included in the performance at the Fund level, however, not at the standalone manager level performance except the 3-month and 1-year periods as they have not completed the full subsequent periods.

The chart to the right compares our managers' performance within the eVestment All Global Equity universe.

Manager Relative Performance vs All Global Equity



- The Y-axis shows the range of % returns from the 5th percentile to the 95th percentile
Source: Northern Trust/eVestment, data as at 30 September 2025



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All World Equity Climate Multi Factor Fund

Performance

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All World Equity Climate Multi Factor Fund: Performance



Performance to 30 September 2025

Performance (%)	Quarter	One Year	Three Years	Five Years	Since Inception*
Fund	9.22	16.75	14.99	12.37	12.02
Benchmark - FTSE	9.22	16.59	14.81	12.16	11.83
Difference	0	0.16	0.18	0.21	0.19
FTSE All World (net of tax)	9.58	16.89	15.64	12.63	12

- Over the quarter, the Fund matched the benchmark and continued to perform in line with its target tracking range
- Relative to the FTSE All World Index, the Fund's benchmark underperformed by 36 basis points over the quarter. This was driven by the index's lower exposure to Technology (relative to the All World), which enjoyed strong performance over the period.
- The Fund's AUM at the quarter-end was £6.0 billion

Source: Northern Trust as at 30 September 2025. Returns in GBP, net of all fees

* Inception Date: 24/10/19. Periods in excess of one year show annualised performance



Global Active Investment Grade Corporate Bond Multi-Manager Fund

Performance & peer comparison

New global fund launch

Global Active Investment Grade Corporate Bond Fund



Benchmark:

50% Global Corporate Index (ex GBP and emerging market issues) hedged to GBP 50% Sterling Corporate Bond Index

Fund

- The Fund returned 1.76% over the third quarter, which outperformed the benchmark by 32bps and the target by 12bps. Since inception, the Fund remains ahead of benchmark and 30bps behind target.

Neuberger Berman

- Neuberger Berman's portfolio outperformed the benchmark return and performance objective by 38bps and 18bps respectively during the quarter.
- The outperformance was driven by strong security selection with primary drivers from sectors which benefit from the current interest rate environment such as banking and finance.

Fidelity

- Fidelity returned 1.71% for the quarter, which outperformed the benchmark return by 27bps but underperformed the performance target by 7bps.
- The performance of the portfolio was driven by strong security selection, particularly in non-financial senior bonds. The UK water sector outperformed over the quarter, which was a partial driver of returns along with high quality sterling names.

Performance (%)	Q3 2025	1 Year	3 Years	5 Years	Since Inception
Fund Return	1.76	4.82	8.47	0.01	2.67
Benchmark	1.44	4.02	7.31	-0.33	2.17
Target	1.64	4.82	8.1	0.47	2.97
Neuberger Berman	1.82	4.80	8.5	0.17	3.10
Neuberger Berman vs Benchmark	0.38	0.78	1.19	0.50	0.93
Neuberger Berman vs Target	0.18	-0.02	0.40	-0.30	0.13
Fidelity	1.71	4.88	8.49	-0.12	2.42
Fidelity vs Benchmark	0.27	0.86	1.18	0.21	0.25
Fidelity vs Target	0.07	0.06	0.39	-0.59	-0.55

Source: Northern Trust as at 30 September 2025. Returns in GBP, net of all fees

* Inception Date: 17/12/20.

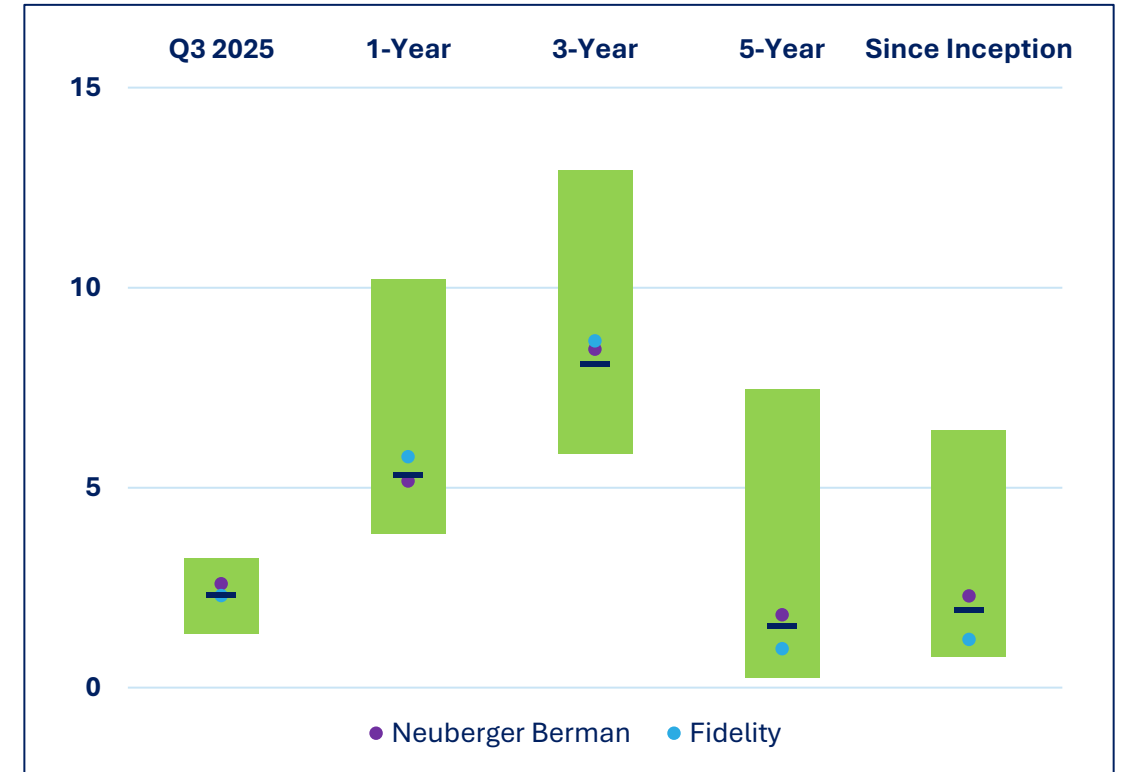
Global Active Investment Grade Corporate Bond Fund



Performance	Quarterly	1-Year	3-Year	5-Year	Since Inception
Fidelity eVestment	2.30	5.77	8.67	0.97	1.20
Neuberger Berman eVestment	2.60	5.17	8.46	1.82	2.29
25th Percentile	2.55	5.90	8.90	3.13	3.07
Median	2.32	5.31	8.09	1.55	1.94
75th Percentile	2.04	4.93	7.57	1.11	1.53
Observations	153	152	138	116	112

Source: E-vestment (GBP)

- Fidelity was flat against the market median over the quarter but had stronger performance over one and three years. They remain behind the average on the longer term.
- Neuberger Berman has had stronger performance on the longer term but has had lower performance versus the median across one year.



New Launch: 100% Global Investment Grade Credit



1. Fund Concept & Objectives

- **Structure:** A 100% Global Investment Grade Credit Multi-Manager Fund, launched alongside the existing 50/50 Corporate Bond Fund (which will remain active).
- **Rationale:** Developed in response to partner fund demand for a fully global solution, aiming to improve diversification and enhance the probability of meeting performance targets compared to the current 50/50 structure.

2. Key Features

- **Managers:** Three external managers have been selected following a full procurement process. Confirmation and onboarding are imminent.
- **Investment Approach:**
 - Global credit exposure across major developed markets.
 - Use of derivatives for risk management and efficient portfolio management.

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3. Strategic Context

- This fund is part of LGPS Central's Fit for Future initiative, which includes multiple new product launches over the next 6–8 months. The Global Credit Fund is seen as a flagship offering to meet evolving client needs for global diversification and improved risk-adjusted returns

Global Active Multi-Asset Credit Multi-Manager Fund

Performance & peer comparison

Changes to MAC fund

Global Active Multi-Asset Credit Fund



Fund

- The Fund returned 2.44% (net of all costs) over the quarter, outperforming the benchmark by 143bps and the performance target by 42bps.
- Over three years, the Fund is ahead of benchmark by 342bps but behind the target by 58bps.

CTI

- CTI returned 2.38% over the quarter and outperformed the benchmark and target return by 1.37% and 0.36% respectively.
- Positive performance was driven by higher yielding assets as spreads continued to tighten.
- CTI reduced credit exposure after the strong rally seen in credit post 'Liberation Day' and are cautious on corporate credit as tariffs become a squeeze on earnings.

Western Asset Management

- Western Asset Management's portfolio returned 2.51%, which outperformed the benchmark return by 1.50% and target by 49bps and were the slightly stronger manager over the quarter.
- The outperformance was driven by continued tightening in credit spreads, particularly the allocation to high yield credit.
- Emerging Market debt also contributed positively with US dollar denominated corporate and sovereign debt both performing well due to a weaker US dollar.

Performance (%)	Q3 2025	1 Year	3 Years	Since Inception
Fund Return	2.44	6.20	8.15	2.21
Benchmark	1.01	4.43	4.73	3.41
Target	2.02	8.43	8.73	7.41
Western Asset	2.51	6.29	8.33	1.73
Western Asset vs Benchmark	1.50	1.86	3.60	-1.68
Western Asset vs Target	0.49	-2.14	-0.40	-5.68
CTI	2.38	6.16	8.00	2.71
CTI vs Benchmark	1.37	1.73	3.27	-0.70
CTI vs Target	0.36	-2.27	-0.73	-4.70

Source: Northern Trust as at 30 September 2025. Returns in GBP, net of all fees

* Inception Date: 15/4/21.

Global Active Multi-Asset Credit Fund



Performance	Quarterly	1-Year	3-Year	Since Inception
Western Asset	2.69	6.82	9.04	3.30
CTI	2.49	6.65	8.82	3.57
25 th Percentile	2.69	6.91	10.16	4.13
Median	2.49	6.65	8.65	3.21
75 th Percentile	2.17	5.51	7.64	2.05
Observations	29	29	29	29



Source: E-vestment (GBP)

- Both managers have outperformed their market median over the longer term.
- Over the quarter, WAM has outperformed their market median whilst CTI was flat.

Key Changes to the MAC Fund



1. Investment Objective & Policy Adjustments

- Objective revised to target 1% above the combined index.
- Policy change to increase maximum allocation to loans, Asset Backed Securities, and high yield from 30% to 40%.
- Stress testing and liquidity testing required before implementation.

2. Benchmark & Guideline Updates

- Proposal to change the benchmark and make small adjustments to guideline limits.
- These changes stem from the three-year review and feedback from Partner Funds.

3. Manager Changes and Appointment

- One manager removed.
- Appointment of one replacement manager and an additional new manager, onboarding set for early 2026.



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Asset class solution design

Fit for future verbal update



Appendix



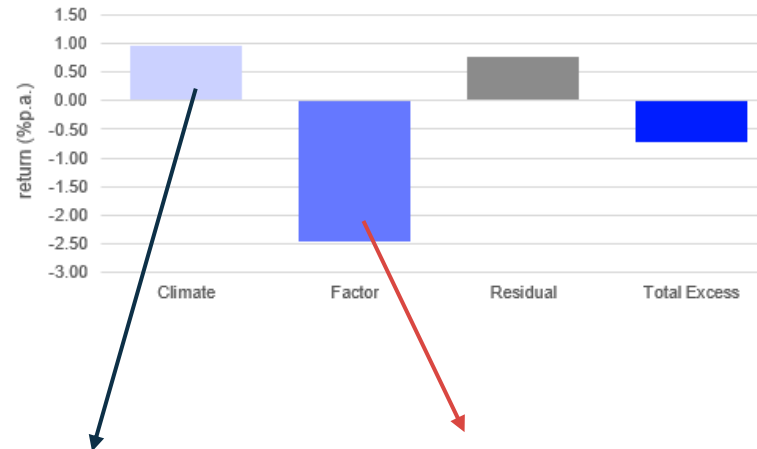
All World Equity Climate Multi Factor Fund: Attribution

FTSE Climate Multi Factor attribution – Q3 2025

- Relative to the FTSE All World Index, the Climate factor exposures in the AW Climate Index (specifically, Green Revenue) contributed to performance but were offset by the style factor exposures

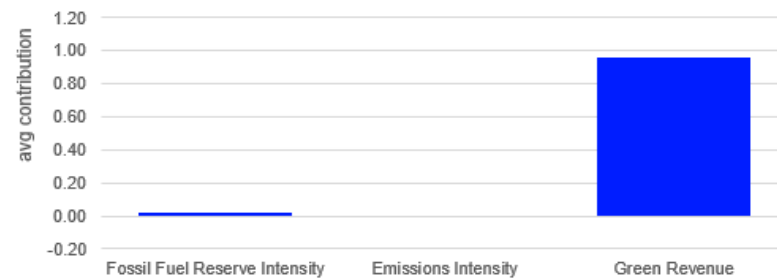
Attribution of excess return

	Climate	Factor	Residual	Total Excess
Q3 2025	0.97	-2.45	0.75	-0.73



Climate factor contribution to excess return

	Fossil Fuel Reserve Intensity	Emissions Intensity	Green Revenue	Total Climate Contribution to Excess Return
Q3 2025	0.02	-0.01	0.96	0.97



Factor contribution to excess return

	Momentum	Value	Size	Quality	Volatility	Total Factor Contribution to Excess Return
Q3 2025	-0.26	0.78	-0.56	-0.26	-2.16	-2.45

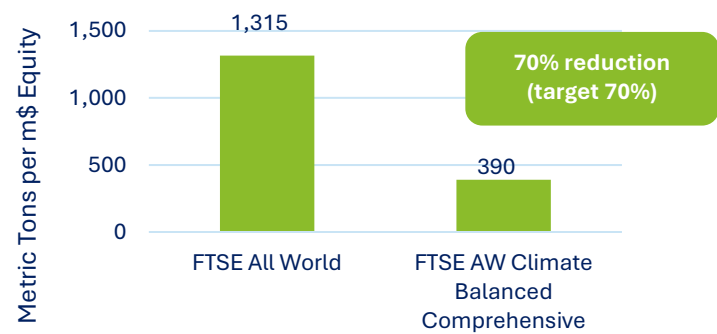


All World Climate Multi Factor Fund:

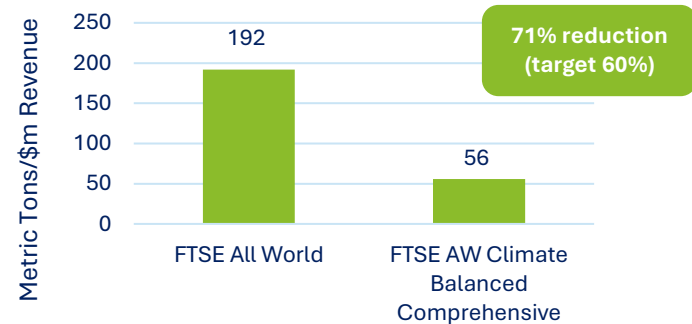


Climate characteristics as at 30 September 2025

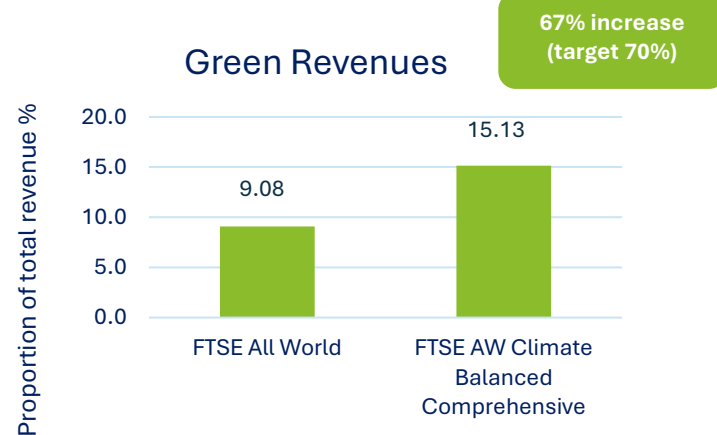
Fossil Fuel Reserves



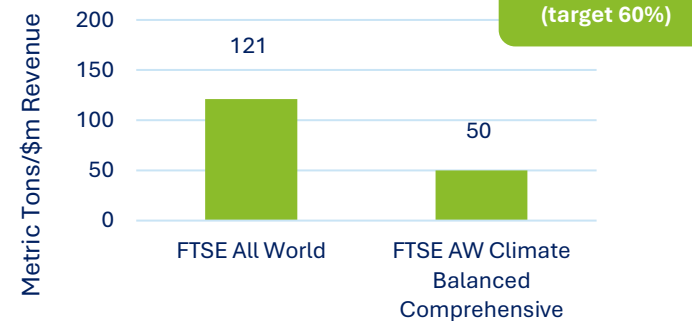
Carbon Emissions Intensity



Green Revenues



Weighted Average Carbon Emissions Intensity



Carbon Emissions Intensity

The sum of the investor's share of emissions divided by the investor's share of sales for each company in the index.

Weighted Average Carbon Emissions Intensity (WACI)

Measures a portfolio or index exposure to carbon intensive companies. It calculates the ratio of emissions to sales for each company and then takes the weighted average of these numbers.

Fossil Fuel Reserves

Shows the index exposure to levels of fossil fuel reserves for companies within the Climate Factor index vs. the cap weighted benchmark.

Green Revenues

Shows the index exposure to companies that are engaged in the transition to a green economy by assessing the revenue derived from green goods, products and services.

Thank you **for listening**

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