



LGPS Central Limited

LGPS Central Updates

Leicestershire Local Pension Committee

3 July 2026

For Professional Investors Only

Agenda



AGENDA ITEM

PRESENTER

Market & Performance Update

- Global Equity Active MMF
- All World Equity Climate Multi Factor Fund
- Sterling & Global Active Investment Grade Credit MMF
- Global Active Multi-Asset Credit Fund MMF

Mark Davies, Head of Public Markets

Fit for Future update

- Asset class solution design

Louis-Paul Hill, Partner Fund Client Director

Investment decision update

- Gilts

Louis-Paul Hill, Partner Fund Client Director

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Market & Performance Overview

Leicestershire Local Pension Committee

3 July 2026

For Professional Investors Only

Market Performance



Asset Class	Sub Asset Class	Return	Annualised Total Returns to 31/3/26 (GBP unless stated)					Since Valuation*
		3 Months	1 Year	3 Years	5 Years	10 Years	20 Years	
Equity	Global	-1.2%	18.0%	14.6%	11.0%	12.8%	9.8%	18.0%
	US	-2.4%	15.3%	15.8%	13.1%	15.1%	12.0%	15.3%
	UK	2.4%	21.5%	13.2%	11.0%	8.6%	6.7%	21.5%
	EM (USD)	-2.3%	20.8%	13.8%	4.1%	8.0%	5.7%	20.8%
Fixed Income	US Investment Grade	1.2%	2.4%	2.1%	1.2%	3.7%	6.0%	2.4%
	US Non Investment Grade	1.3%	4.6%	6.0%	5.0%	6.5%	7.1%	4.6%
	UK Investment Grade	-1.9%	2.9%	1.2%	-3.6%	-0.1%	2.7%	2.9%
	European High Yield (EUR)	-1.7%	2.7%	7.0%	2.5%	3.8%	5.6%	2.7%
	Emerging Markets	-1.3%	10.2%	9.0%	1.7%	2.7%	4.9%	10.2%
	UK Gilts	-1.9%	2.5%	0.4%	-4.2%	-0.7%	2.4%	2.5%
	UK Index Linked Gilts	1.1%	3.9%	-3.1%	-6.8%	-0.7%	3.3%	3.9%
Cash	Cash	0.8%	4.4%	5.0%	3.4%	2.1%		4.4%
Other	Gold	10.1%	45.9%	30.3%	23.3%	15.2%	12.5%	45.9%
	Cat Bonds	3.7%	9.9%	12.5%	11.3%	8.0%	9.5%	9.9%

Private Markets	Sub Asset Class	Return	Annualised Total Returns to 31/12/25 (USD)				Since Valuation*	
		3 Months	1 Year	3 Years	5 Years	10 Years		15 Years
Private Markets	Private Equity	2.4%	8.5%	7.5%	11.5%	13.8%	13.6%	7.2%
	Private Credit	1.4%	5.7%	8.0%	9.6%	8.7%	9.0%	4.2%
	Real Estate	2.2%	4.0%	0.1%	5.7%	7.0%	8.9%	3.9%
	Infrastructure	-0.9%	5.2%	7.1%	10.2%	9.4%	9.1%	3.3%

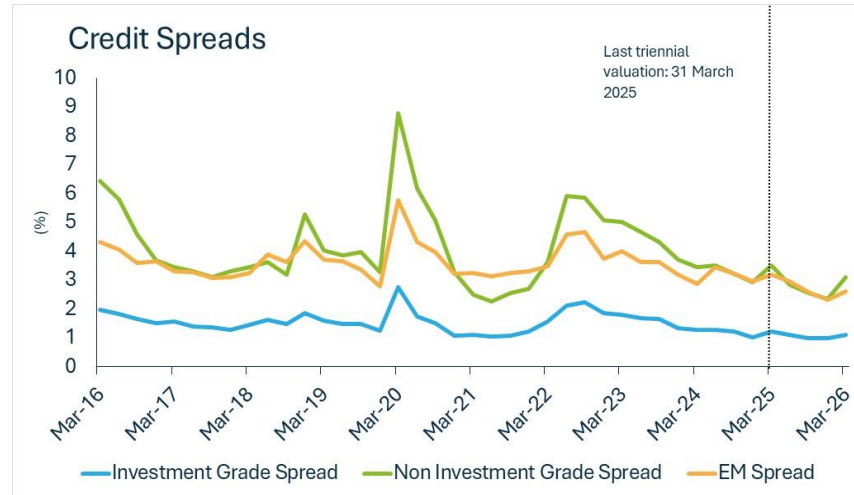
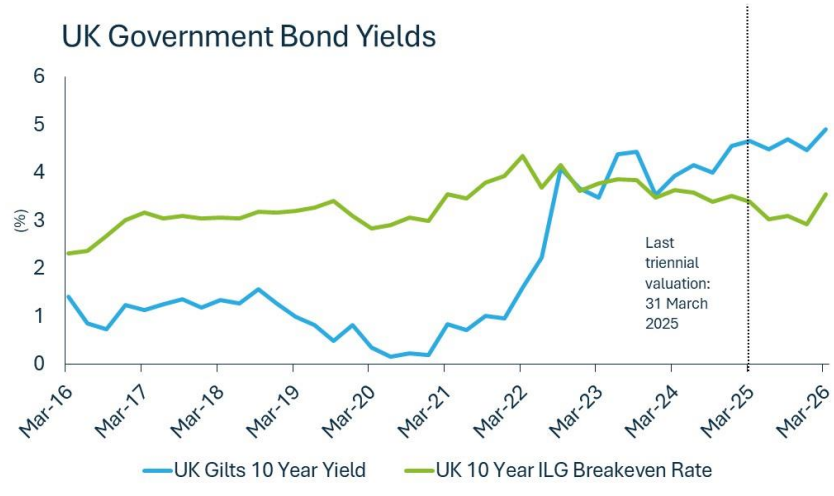
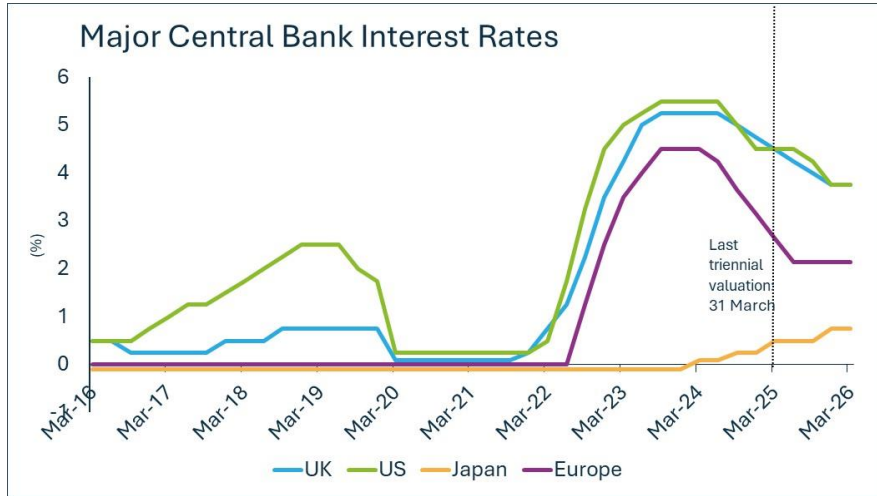
* Last triennial valuation date: 31 March 2025

Source: See Appendix. Past results are not an indicator of future performance.

Key Takeaways

- Equities were weaker on the quarter on the back of the Iran War. The UK outperformed, supported by Energy exposure.
- Fixed Income assets produced mixed returns with US outperforming other areas which were hit by inflation concerns.
- Gold produced the best returns over the quarter and has outperformed US equities over the last 20 years.
- Private markets made gains with Private Equity and Real Estate performing best.

Market Data



Key Takeaways

- Inflation is well below 2023 highs but remains sticky.
- Following the conflict in Iran, the outlook for interest rates is more uncertain. The bias is now towards higher rates, especially in the UK with three hikes expected by Q1 27.
- Long-term bond yields have increased, and credit spreads have continued to tighten.
- Equity valuations remain elevated in North America compared to other countries, although they are off recent high levels.

Source: See Appendix,. Past results are not an indicator of future performance.

Public Markets Investment Overview



Fund Name and Benchmark	Valuation 31/03/2026 (£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
Global Equity Active Multi Manager Fund	827.2	March 2019	11.05	12.20	8.97	10.96	10.30	14.60	5.60	17.97
All World Equity Climate Multi Factor Fund	1,063.7	December 2020	12.34	12.16	12.44	12.27	15.88	15.71	25.91	25.88
Sterling & Global Active Investment Grade Credit Fund	201.9	April 2020	1.23	0.70	0.24	-0.03	6.18	4.86	5.15	4.48
Global Multi-Asset Credit Multi Manager Fund	453.5	April 2021	2.20	3.45	-	-	6.30	4.72	6.43	3.97
Under Pool Management (LGIM Oversight)*	Valuation 31/03/2026 (£m)									
UK Equity Index Fund	172.7	December 2013	7.3	7.2	11.17	11.11	13.36	13.33	21.53	21.54
All World Equity Index Fund	867.9	November 2023	15.7	15.9	-	-	14.36	14.54	17.89	17.91
Low Carbon Transition Global Equity Index Fund	286.1	November 2023	15.5	15.2	-	-	14.47	14.15	17.17	16.87
Cash/Other	0.5	-	-	-	-	-	-	-	-	-
Total Public Markets Under Pool Management	3,873.5									

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Source: See Appendix. Past results are not an indicator of future performance.



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Global Equity Active Multi Manager Fund

March 2026



Market Backdrop And Performance

Summary

- Conditions have been difficult for Active Managers over the last decade which have favoured Passive strategies. The Fund delivered five consecutive years of second quartile performance since inception; but has faced headwinds over the last 12-18 months.
- Passive Investing (index tracking) has seen better returns than Active over the past decade (2016 – 2025), although in the previous 20 years (1996 – 2015), Active Managers outperformed more often.
- Passive Investing has been boosted by the Magnificent 7 phenomenon (annualised return of 39% from 2016 – 2025) and indexation effect which favours larger stocks. This has led to above average benchmark returns of 13.3% in the last decade.

Investing approach	Active Investing: Years of Outperformance	Passive Investing: Years of Outperformance
Years 1996 – 2015 (During this period of 20 years, Passive Investing (index tracking) has seen better returns than Active over the past decade (2016 – 2025), although in the previous 20 years (1996 – 2015), Active Managers outperformed more often. Benchmark returned 6.9% p.a.)	13	7
Years 2016 – 2025 (During this period of 10 years, the Benchmark returned 13.3% p.a.)	1	9

Source: See Appendix. Past results are not an indicator of future performance.

Looking Ahead

- The Fund remains well positioned to benefit from potential broadening of equity returns, with ongoing enhancements expected to strengthen resilience across varying market conditions.

Global Equity Active Multi Manager Fund Performance



Annual Commentary

Performance (%)	Quarter	1 Year	3 Years	5 Years	Since Inception (12 Mar 19)
Fund	-5.05	5.60	10.30	8.97	11.05
Benchmark	-1.16	17.97	14.60	10.96	12.20
Target	-0.79	19.47	16.10	12.46	13.70
Harris	-5.52	6.95	7.86	6.94	9.39
Schroders	-2.54	16.38	14.42	11.48	13.54
Union	-3.47	2.32	10.77	9.66	11.37
Longview	-13.45	-13.46	-	-	-8.18

Source: See Appendix. Past results are not an indicator of future performance.

Portfolio	Q1 2026 Quartile vs Peers	1 year Quartile vs Peers	3-year Quartile vs Peers	5-year Quartile vs Peers
GEAMMF	4	4	3	2

Source: See Appendix. Past results are not an indicator of future performance.

- Sub-fund returned **5.60%**, underperforming the **FTSE All World (17.97%)** by **12.37%**; all four managers lagged (Schroders -1.59%, Harris -11.02%, Union -15.65%, Longview -31.43%).
- Strong equity markets driven by **easing inflation, resilient growth and less restrictive policy**, despite early volatility from US tariff measures.
- **Soft landing expectations** strengthened through most of the period; performance broadened beyond large-cap growth, with **Europe and EM outperforming**.
- **Shift to monetary easing in 2025** (Fed, ECB, BoE cutting rates) supported risk appetite; BoJ moved in the opposite direction, normalising policy.
- **Q1 2026 sell-off** driven by Middle East conflict and oil price spike (> \$100), reigniting inflation concerns and risk-off sentiment.
- **Stock impacts:** Glencore top contributor (+0.35%) on commodities strength; **underweight Nvidia** largest detractor (-0.74%) amid strong AI-driven earnings growth.



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All World Climate Multi Factor Fund

March 2026

All World Equity Climate Multi Factor Fund: Performance



Performance to 31 March 2026

Performance (%)	Quarter	One Year	Three Years	Five Years	Since Inception (24 Oct 19)
Fund	3.01	25.91	15.88	12.44	12.54
Benchmark - FTSE	3.03	25.88	15.71	12.27	12.36
Difference	-0.02	0.03	0.17	0.17	0.18
FTSE All World (net of tax)	-1.26	17.49	14.09	10.46	11.38

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Source: See Appendix. Past results are not an indicator of future performance.

- Over the quarter, the Fund underperformed the benchmark by two basis points but continued to perform in line with its target tracking range.
- Relative to the FTSE All World Index, the Fund's benchmark outperformed by 427 basis points over the quarter. This was driven by the index's lower exposure to Technology (relative to the All World) and overweight to a strong performing Industrials sector.
- The Fund's AUM at the quarter-end was £5.9 billion



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Sterling & Global Investment Grade Credit Multi Manager Fund

March 2026

Sterling and Global Active Investment Grade Credit



Performance (%)	Q1 2026	1 Year	3 Years	5 Years	Since Inception (17 Dec 20)
Fund Return	-1.25	5.15	6.18	0.24	2.57
Benchmark	-1.14	4.48	4.86	-0.03	2.09
Target	-0.94	5.28	5.66	0.77	2.89
Neuberger Berman	-1.30	5.29	5.91	0.46	2.95
Neuberger Berman vs Benchmark	-0.16	0.81	1.05	0.49	0.86
Neuberger Berman vs Target	-0.36	0.01	0.25	-0.31	0.06
Fidelity	-1.19	5.06	6.51	0.05	2.36
Fidelity vs Benchmark	-0.05	0.58	1.65	0.08	0.27
Fidelity vs Target	-0.25	-0.22	0.85	-0.72	-0.53

Source: See Appendix. Past results are not an indicator of future performance.

- Fidelity outperformed the market median over the first quarter, whilst outperforming over the three-year period, however, remain behind the median since inception.
- Neuberger Berman outperformed the market median over the first quarter while remaining the stronger performing manager over the longer term and since inception.



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Global Active Multi-Asset Credit Fund

March 2026

Global Active Multi-Asset Credit



Performance (%)	Q1 2026	1 Year	3 Years	Since Inception (15 Apr 21)
Fund Return	-0.38	6.43	6.30	2.20
Benchmark	0.90	3.97	4.72	3.45
Target	1.89	7.97	8.72	7.45
Western Asset	-0.37	6.22	6.06	3.45
Western Asset vs Benchmark	-1.27	2.25	1.34	0.00
Western Asset vs Target	-2.26	-1.75	-2.66	-4.00
CTI	-0.38	6.70	6.56	2.66
CTI vs Benchmark	-1.28	2.73	1.84	-0.79
CTI vs Target	-2.27	-1.27	-2.16	-4.79

Source: See Appendix. Past results are not an indicator of future performance.

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

Asset Class Design Project Update

Leicestershire Local Pension Committee

3 July 2026

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Deciding Asset Class Solutions – Process So Far

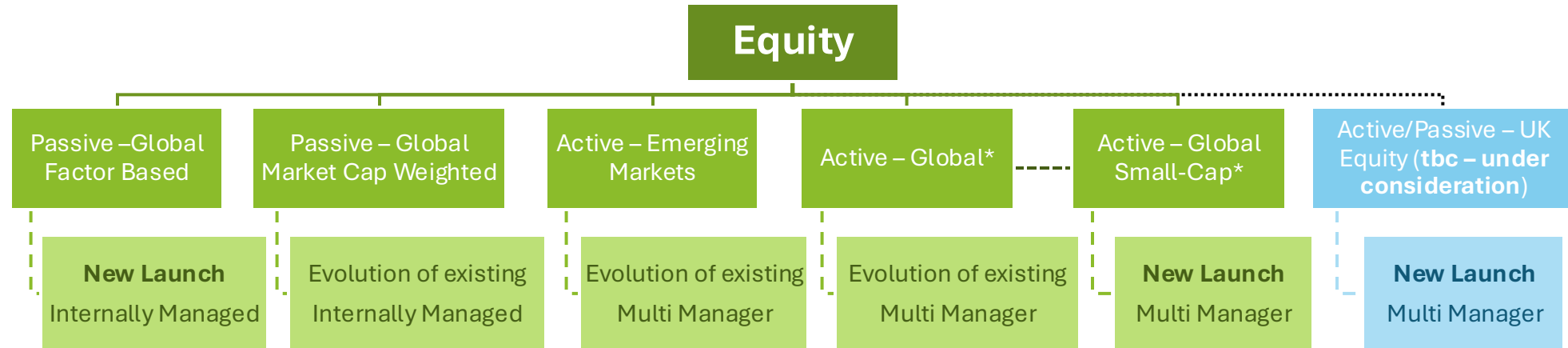


1. LCCPF and other clients shared their investment beliefs, preferences and how their current SAA maps to the government asset class categories and underlying components – *Complete October 2025*
2. LGPSC shared with clients, for feedback: asset class design principles, high-level asset class characteristics, analysis of all client investment beliefs, preferences & mapping – *Complete December 2025*
3. LGPSC researched “best idea” asset class components and combinations, including input from Mercer and clients – *Complete February 2026*
4. LGPSC proposed asset class components and “house view” combination, including rationale, to clients for client feedback – *Complete March 2026*
5. LGPSC reviewed feedback and rationale and decided asset class components – *Complete May 2026*

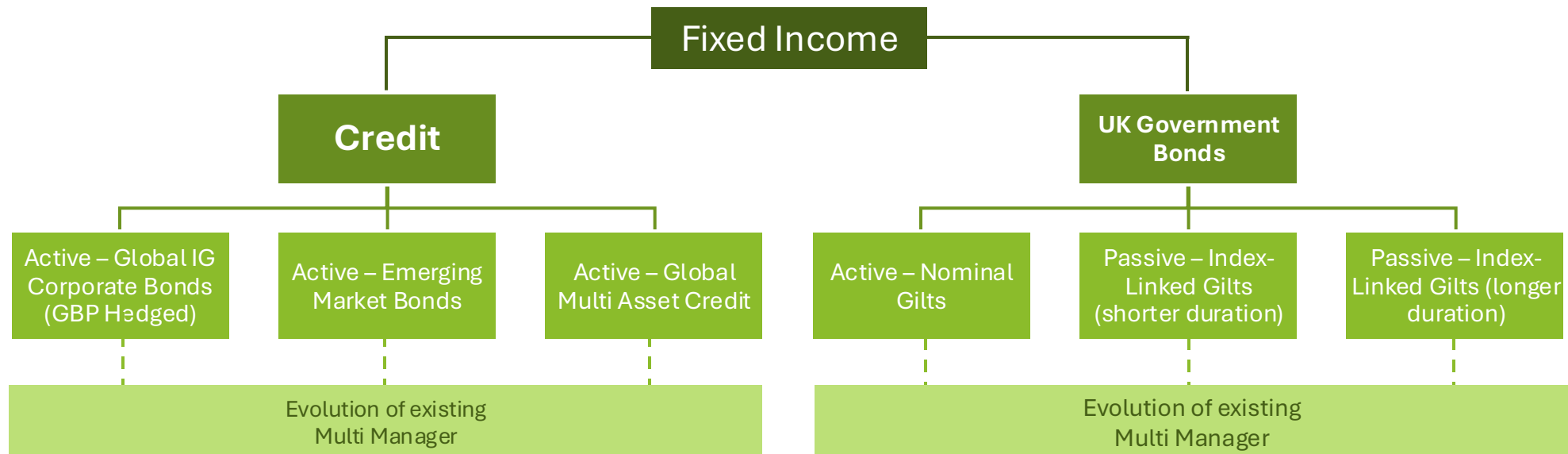
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Note: LGPSC, in collaboration with clients, continue to work on our investment solutions for: responsible investment targeted approach, other alternatives, investment cash, short-dated credit, property, including natural capital, local and risk solutions, including LDI, equity protection and currency hedging.

Public Market Components and Variations



*LGPS are considering consolidating active global and active small cap – outcome tbc



Next steps



- There will be **no big bang** – LGPSC will not transition out of legacy funds into LGPSC solutions until we have suitable solutions in place and consultation has taken place.
- The Investment team will proceed with the steps required for **implementation** (e.g. evolving existing funds, design, approval & launch of any new vehicles needed and refinement of house view).
- The Advisory team will begin the process of **communicating with clients**. LGPSC to progress research & client discussion to enable decisions on any **investment solutions still under consideration**, including “**RI targeted approach**”.
- In due course LGPSC will organise **efficient transition** of assets to asset class solutions when appropriate.
- **Ongoing review** of asset class solutions.
- **Client & Advisory team** focus on Fund strategic perspective of asset class solutions alongside **Investment teams** focuses on underlying implementation including managers and implementation of asset class solutions.

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Investment Decision Update

Leicestershire Local Pension Committee

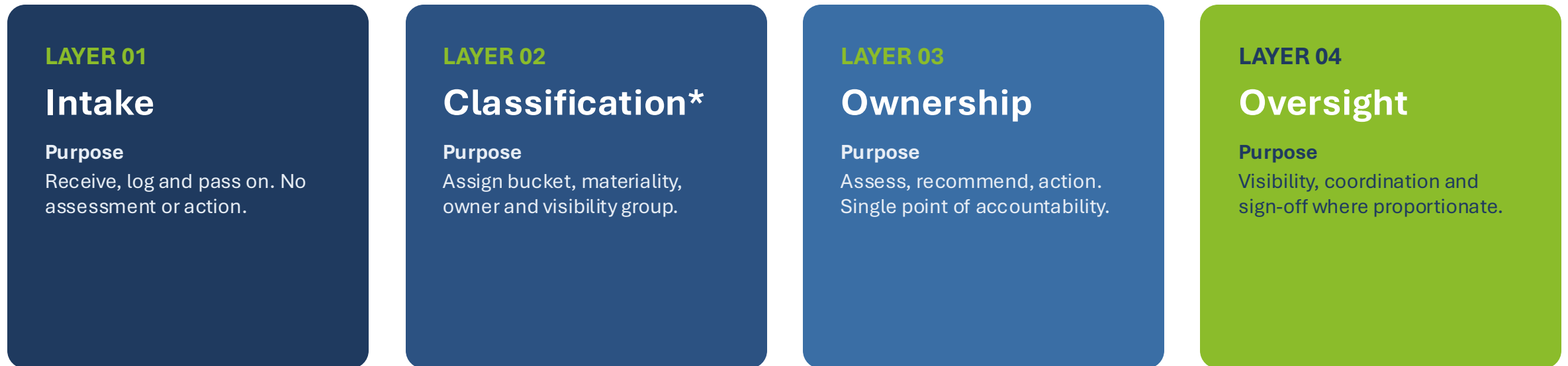
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LGPSC Four-Layer Operating Model

- Clients to direct to LGPSC in the first instance via their Client Director.
- LGPSC will then apply the four-layer operating model set out below.
- Confirmation will be sent back to Clients, either via the Client Director or directly from the relevant investment team (copying in Client Directors for confirmation)
- All decisions captured and logged
- LGPSC developing Client Dashboards which will include a summary of all decisions in progress.



Ownership is permanent for the duration of a request and in line with LGPSC delegations and internal process.
Oversight is selective, proportionate and decoupled from ownership.

**As per Classification Framework - see Appendix*



LCCPF gilts investment decision

- The Fund has previously agreed a strategy which includes a 2% move from MAC to Gilts. In practice, this will be funded from cash. LGPSC is not commenting on the original advice and decision.
- To implement this, we used **L&G All Stocks Gilts Index Fund** because:
 - It was the quickest route to implement
 - L&G are “green” rated passive manager
 - The All-Stocks index provides broad exposure to the market, including all gilts in issuance and is highly liquid. Yields are reasonably attractive without taking significant duration risk, i.e. the risk yields could increase further, and values fall is higher with longer duration benchmarks.
 - We are reviewing the LGPSC conventional gilts solution. It is highly likely to use the All-Stocks Gilt Index as a benchmark, although the solution may be internally actively managed. The solution is still in the early design phase and we expect very low to no t-costs to move across.
- Transition costs are expected to be close to zero and we can review once LGPSC solutions are developed.
- To take advantage of current yield, while reducing the impact of potential market volatility, implementation was done in 3 tranches (£45m, £45m and £50m – c.2% of total Fund) over June and early July.

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Appendices

July 2026

Sources



- **Market Performance, slide no. 4**
 - Bloomberg: Global: FTSE All-World TR Index, UK: FTSE All-Share Index, US: Standard & Poors 500 TR GBP, EM: FTSE All-World Emerging. Fixed Income: US IG: iShares USD Liquid Investment Grade (GBP Hedged) TR, US Non-IG: iShares USD Liquid High Yield (GBP Hedged) TR, UK IG: ICE BofA Sterling Broad Market Index, European High Yield: ICE BofA Euro High Yield Index EUR, Emerging Markets: J.P. Morgan EMBI Global Diversified Hedged GBP, UK Gilts: FTSE Actuaries UK Conventional Gilts All Stocks TR Index, UK ILG: ICE BofA All Maturity UK Gilt Inflation-Linked Government Index. Cash: Market iBoxx GBP Liquid Investment Grade Ultrashort Index. Gold: GBP Spot, Cat Bonds: Swiss Re Cat Bond TR Index.
 - Preqin: All Preqin Private Capital Indices
- **Market Data, slide no. 5**
 - Bloomberg
- **Public Markets Investment Overview, slide no. 6**
 - LGPS Central, L&G and Hymans Robertson as at 31 March 2026.
- **Market Backdrop & Performance, slide no. 8**
 - eVestment, Bloomberg, comparing median active manager in broad Global Equity Universe against FTSE All World total return in GBP.
 - Northern Trust, eVestment against All Global Equity Universe, as at 31 March 2026 in GBP.
- **Global Equity Active Multi Manager, slide no. 9**
 - Northern Trust, as at 10 June 2026, unaudited data in GBP. Inception Date: 12/3/19.
 - Northern Trust/eVestment (against eVestment All Global Equity universe), data as at 31 March 2026; using % Returns in GBP net of total fees; returns annualised except for the first quarter.
 - Northern Trust, 31 March 2026, yearly data from 31/03/2025 to 31/03/2026. LGPS Central Global Equity Active Multi Manager Fund against the FTSE All World Total Return Benchmark.
- **All World Equity Climate Multi Factor Fund, slide no. 11**
 - Northern Trust as at 31 March 2026. Returns in GBP, net of all fees. Periods in excess of one year show annualised performance.
- **Sterling and Global Active Investment Grade Credit, slide no. 13**
 - Northern Trust as at 31 March 2026. Returns in GBP, net of all fees. * Inception Date: 17/12/20.
- **Global Active Multi-Asset Credit, slide no. 15**
 - Northern Trust as at 31 March 2026. Returns in GBP, net of all fees. Periods in excess of one year show annualised performance.

Classification Framework



Bucket	Defining Test	Example Requests	LGPSC Sign-off Required
Portfolio Decisions	Does this require fresh investment judgement about exposure, allocation or risk?	Buy / sell changes due to SAA changes, rebalancing beyond tolerance, transitions with material exposure change, new commitments	Yes – LGPSC to sign-off implementation of changes, i.e. buy/sell of asset/fund, following analysis undertaken by Partner Funds
Governance Decisions	Are we exercising a formal right, consent or election on an existing investment?	Most Favoured Nation (MFN) elections, fund extensions, continuation vote requests, General Partner (GP)-led secondaries, side letter elections, Limited Partnership Advisory Committee (LPAC) matters, amendment consents	Yes – LGPSC to sign-off changes / updates forwarded on by Partner Funds or received directly from managers in due course
Operational Decisions	Is this execution of a pre-committed action, with no fresh investment judgement required?	Capital call processing, distributions, settlements, Net Asset Value (NAV) updates, routine operational notices, valuation receipts, document collection, tax forms (e.g. W8-BEN)	Blanket approvals in place for any decisions from cash accounts (or any others agreed on Partner Fund specific basis) If requirement to meet operational decision from asset portfolio, decision classed as a Portfolio decision and LGPSC sign-off required.
Exceptions & Escalations	Has the activity departed from policy, mandate, control or expected behaviour?	Mandate breaches, limit breaches, settlement failures, operational errors, late notices, regulatory escalations, counterparty events	LGPSC to be notified; any actions required to be considered on case-by-case basis.

LGPSC Governance

Oversight of all assets is governed by the process set in place for the Investments team under approval of the Investment Committee (“IC”)

The terms of reference for the IC confirm delegations in place to relevant Heads of / Investment Directors regarding certain investment decisions.

Delegations are currently being considered and reviewed in order to streamline decision-making whilst ensuring a robust process is in place.

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Thank you **for listening**

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All information is prepared as of **25 June 2026**.

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