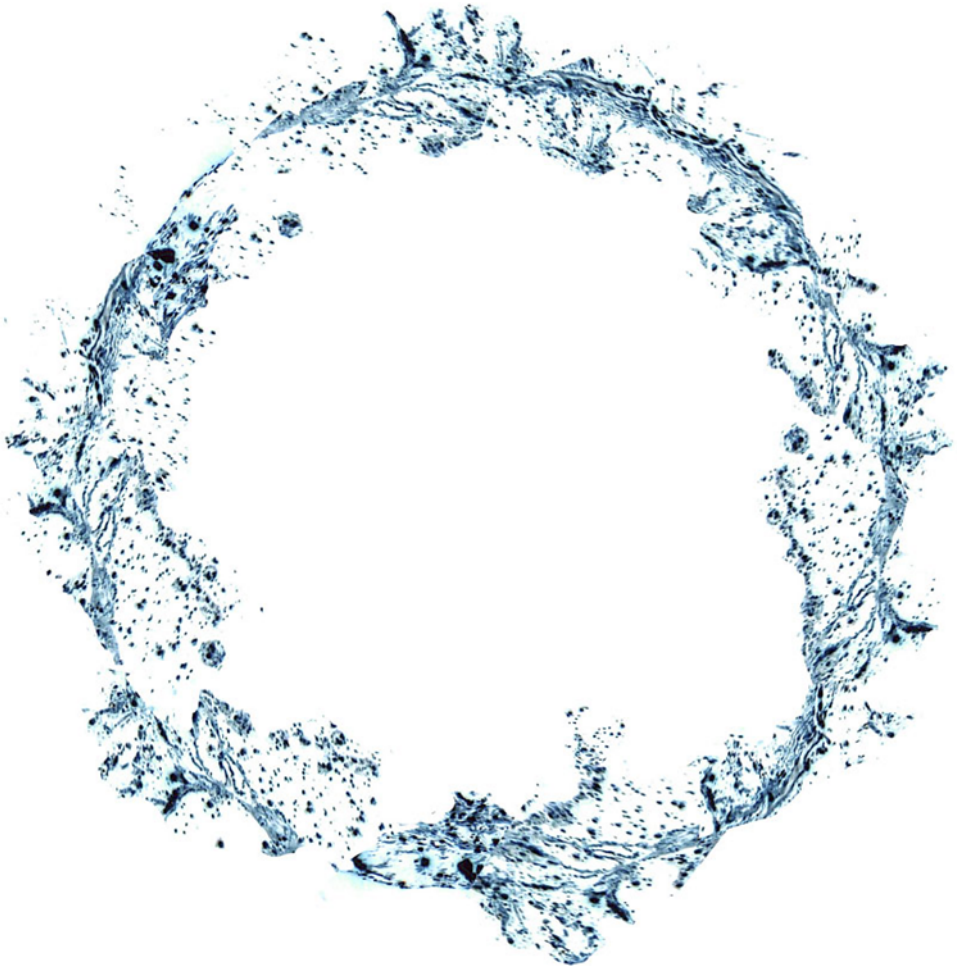
Deloitte.



City of Westminster Pension Fund

Investment Performance Report to 30 September 2021

Deloitte Total Reward and Benefits Limited
December 2021

Contents

1 Market Background

Global Equities

Performance across global developed markets was relatively flat over the third quarter of 2021, with declines in September erasing prior gains. Since 30 June 2021, investors have grown increasingly concerned with rising inflation with both Federal Reserve and Bank of England policymakers discussing rate rises and the tightening of monetary policy more generally. Natural gas and fuel shortages impacted the UK towards the end of the quarter, and businesses globally have confirmed that supply chain disruption and labour constraints are limiting output. Emerging Market equities underperformed over the quarter as concerns grew around repeated intervention by the Chinese government and the ability of Evergrande and other property companies to service its debts.

Over the third quarter of 2021, global equity markets fell slightly with the FTSE All World Index returning -0.2% in local currency terms. Sterling depreciation benefitted unhedged investors with the same index returning 1.5% in sterling terms. Performance across most global regions was fairly muted with the exception of Japan, which delivered the highest return of 5.0% (local terms), and the Asia Pacific region (excluding Japan), which was the worst performing region, returning -6.3% (local terms). The issues in China also caused Emerging Market equities to underperform.

UK equities delivered a positive return of 2.2% over the quarter, outperforming overseas markets. Positive relative performance was mainly due to sector biases in the UK market with the relatively large exposure the Oil & Gas sector benefitting from the sharp rise in gas and oil prices.

Government bonds

UK nominal gilt yields increased over the quarter across all maturities. The rise was driven by higher inflation expectations. UK consumer price inflation increased to 3.2% over the year to the end of August, its highest level since 2012. The Bank of England is forecasting a further rise in inflation with the Monetary Policy Committee suggesting a tightening of monetary policy may be imminent. The All Stocks Gilts Index therefore delivered a return of -1.8% over the quarter, whilst the Over 15-year Index delivered a return of -2.8%.

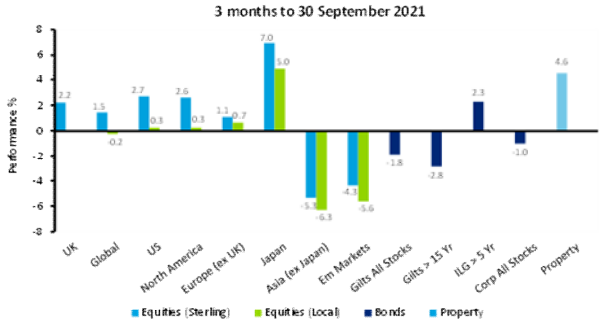
Real yields decreased by up to 50 bps for shorter maturities as inflation expectations moved sharply higher. At medium to longer maturities, the falls in real yields were more muted. The All Stocks Index-Linked Gilts Index delivered a return of 2.3% over the third quarter.

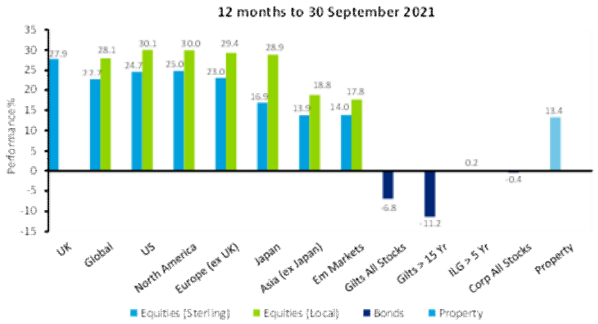
Corporate bonds

Sterling denominated corporate bond yields followed nominal gilt yields higher over the third quarter. However, robust corporate earnings contributed to a marginal fall in credit spreads. The iBoxx All Stocks Non-Gilt Index returned -1.0% over the three months to 30 September 2021.

Property

The MSCI UK All Property Index delivered a return of 4.6% over the third quarter, and a return of 13.4% over the 12 months to 30 September 2021. The industrial sector continues to lead the way, benefitting from trends including the switch to online shopping, which have accelerated as a result of the pandemic. UK monthly property transactions have certainly increased over the past 12 months and returns have been strong. However, investors should not lose sight of the continued issues around rental collections and the previous accumulation of rent arrears.





2 Total Fund

2.1 Investment Performance to 30 September 2021

The following table provides a summary of the performance of the Fund's managers.

Manager	Asset Class	Last Quarter (%)		Last Year (%)		Last 3 Years (% p.a.)		Since inception (% p.a.)	
		Fund Net of fees	B'mark	Fund Net of fees	B'mark	Fund Net of fees	B'mark	Fund Net of fees	B'mark
LGIM	Global Equity (Future World)	0.1	0.0	n/a	n/a	n/a	n/a	22.8	22.5
LCIV	Global Equity (Global Alpha Growth)	-0.6	1.4	20.9	22.2	17.3	11.3	16.8	12.8
LCIV	Global Equity (Global Equity Core)	2.4	1.4	n/a	n/a	n/a	n/a	17.3	25.3
Longview	Global Equity	3.5	2.5	27.6	23.5	8.2	11.9	12.6	13.1
Insight[1]	Buy and Maintain	-1.0	-0.6	1.3	0.3	5.2	3.6	5.8	4.8
LCIV	Multi Asset Credit	1.2	1.0	10.8	4.1	n/a	n/a	4.0	4.6
Aberdeen Standard	Property	4.2	-1.3	9.6	-4.9	6.5	5.0	8.1	5.6
Pantheon[2]	Global Infrastructure	7.3	2.0	24.2	8.1	n/a	n/a	8.4	9.3
Macquarie[3]	Global Renewable Infrastructure	-1.9	0.0	n/a	n/a	n/a	n/a	-15.2	0.1
Quinbrook[3]	UK Renewable Infrastructure	n/a	n/a	n/a	n/a	n/a	n/a	3.3	0.1
Total		**0.7**	**0.6**	**16.5**	**15.6**	**8.8**	**8.4**	**n/a**	**n/a**

Source: Northern Trust. Figures may not tie due to rounding.

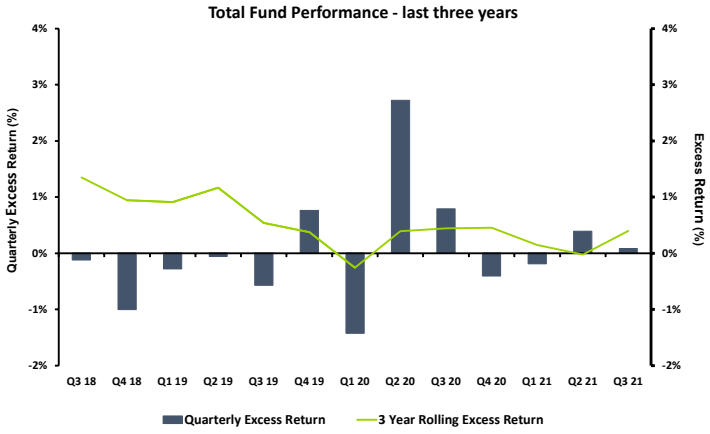
[1]Insight Buy and Maintain Fund was incepted on 9 April 2018. Since inception returns and benchmark returns reflect a combination of Insight Buy & Maintain Fund returns and benchmark returns from date of inception to 30 September 2021, and Insight IM (Core) Fund returns and benchmark returns from inception date 30 September 2011 until inception of the Buy and Maintain Fund.

[2]Pantheon Global Infrastructure Fund performance is calculated by Northern Trust with a 60 calendar day lag, based on Pantheon net asset value in USD which Northern Trust converts to GBP. As such, performance provided is to end July 2021 and includes the impact of fluctuations in the USD to GBP exchange rate.

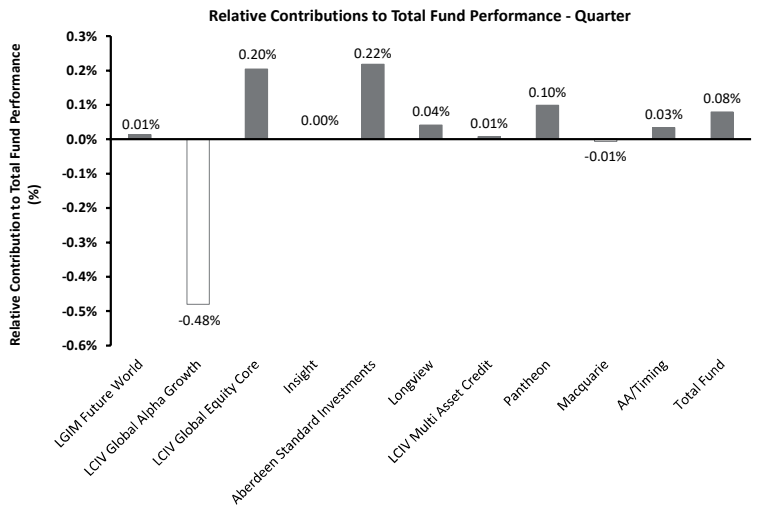
[3]Macquarie and Quinbrook performance is calculated with a one quarter lag. In addition, Macquarie net asset value and cashflows are in EUR which Northern Trust converts to GBP, therefore estimated performance includes the impact of fluctuations in the EUR to GBP exchange rate. We are querying performance figures with both Quinbrook and Northern Trust and, at the time of writing, Quinbrook quarterly performance figures are therefore not available.

The Total Fund delivered a positive absolute return of 0.7% on a net of fees basis over the three-month period to 30 September 2021, outperforming the fixed weight benchmark by 0.1%. Over the longer one year and three year periods to 30 September 2021, the Total Fund delivered positive absolute returns of 16.5% and 8.8% p.a. respectively on a net of fees basis, overperforming the fixed weight benchmark by 1.0% and 0.4% p.a. respectively (the outperformance over the year does not match the table above due to rounding). The substantial positive absolute returns over the year continue to be attributed to the sustained recovery in global equity and wider capital markets following the initial outbreak of COVID-19.

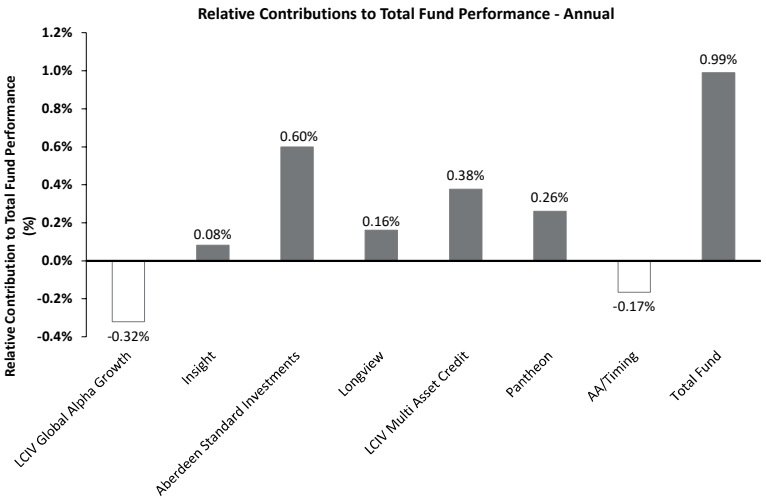
The chart below shows the relative performance of the Fund over the quarter and last three years, highlighting that the rolling three-year performance is ahead of the benchmark. Please note that performance is shown net of fees versus the benchmark.



2.2 Attribution of Performance to 30 September 2021



The Fund outperformed its fixed weight benchmark by 0.1% over the third quarter of 2021, with outperformance primarily driven by the ASI Long Lease Property Fund, having outperformed its government bond-based benchmark over the third quarter of 2021 with the wider UK property market, in general, delivering positive returns over a period of rising gilt yields; and the LCIV Global Equity Core Fund, which outperformed the wider global equity market over the quarter with the strategy's bias to high quality stocks proving beneficial over the three-month period. Outperformance was predominantly offset by the LCIV Global Alpha Growth Fund, which underperformed the MSCI-based benchmark over the quarter.



Over the year to 30 September 2021, the Fund outperformed its benchmark by 1.0% on a net of fees basis. Outperformance can largely be attributed to the ASI Long Lease Property Fund and the LCIV Multi Asset Credit Fund, having outperformed their gilts-based benchmark and cash-plus target respectively on a net of fees basis over the twelve-month period. Please note, however, that we would expect relative performance differences over shorter time horizons where strategies are measured against cash-plus benchmarks. The negative attribution represented by the "AA/Timing" bar reflects the impact of investing in the LCIV Global Equity Core Fund over the fourth quarter of 2020, which has since underperformed its benchmark since inception, and includes the allocation to the Hermes UK Property Fund, which underperformed the wider property market over the year until the point of disinvestment in January 2021.

2.3 Asset Allocation as at 30 September 2021

The table below shows the assets held by manager and asset class as at 30 September 2021.

Manager	Asset Class	End Jun 2021 (£m)	End Sept 2021 (£m)	End Jun 2021 (%)	End Sept 2021 (%)	Benchmark Allocation (%)
LGIM	Global Equity (Passive – Future World)	429.4	429.7	23.3	22.9	25.0
LCIV	Global Equity (Global Alpha Growth)	459.5	456.5	24.9	24.4	20.0
LCIV	Global Equity (Global Equity Core)	358.2	366.9	19.4	19.6	20.0
Longview	Global Equity	73.3	75.8	4.0	4.0	0.0
	Total Equity	**1,320.5**	**1,328.9**	**71.6**	**70.9**	**65.0**
Insight	Buy and Maintain	246.4	243.9	13.4	13.0	13.5
LCIV	Multi Asset Credit	100.5	101.7	5.5	5.4	5.5
	Total Bonds	**346.9**	**345.6**	**18.8**	**18.4**	**19.0**
Aberdeen Standard	Property	73.0	76.1	4.0	4.1	5.0
	Total Property	**73.0**	**76.1**	**4.0**	**4.1**	**5.0**
Pantheon[1]	Global Infrastructure	34.6	45.9	1.9	2.4	5.0
Macquarie[2]	Global Renewable Infrastructure	5.6	5.5	0.3	0.3	3.0
Quinbrook[2]	UK Renewable Infrastructure	11.0	10.1	0.6	0.5	3.0
	Total Infrastructure and Renewable Infrastructure	**51.3**	**61.5**	**2.8**	**3.3**	**11.0**
	Cash	52.2	62.0	2.8	3.3	
Total		**1,844.0**	**1874.4**	**100.0**	**100.0**	**100.0**

Source: Northern Trust
Figures may not sum due to rounding
[1]Pantheon Global Infrastructure Fund valuation is provided by Northern Trust with a 60 calendar day lag, based on Pantheon net asset value in USD which Northern Trust converts to GBP.
[2]Macquarie and Quinbrook valuations are provided by Northern Trust with a one quarter lag, updated for known cashflows over the reporting period. In addition, Macquarie net asset value and cashflows are in EUR which Northern Trust converts to GBP. Quinbrook net asset value includes an additional £3.8m which is held in a custody account following receipt of equalisation payments since inception.

As at 30 September 2021, the total value of the Fund's invested assets, including cash, stood at c. £1,874.4m, representing an increase of c. £30.4m over the third quarter of 2021.

Over the third quarter of 2021, with equity markets trading relatively flat, the Fund's equity portfolio underperformed the wider Total Fund and the overweight equity position reduced slightly. The Fund's equity allocation remains overweight as at 30 September 2021, however looking forward, the Fund's equity exposure is expected to reduce further as Pantheon continues to draw down capital, funded from the remaining Longview allocation.

Over the quarter, Pantheon issued a capital call of $11.4m for payment by 20 September 2021. This capital call was funded from the Fund's in-house cash allocation, with future drawdowns expected to be sourced from the Longview allocation. Following quarter end, Pantheon issued two further capital calls of $4.6m for payment by 7 October 2021 and $2.1m for payment by 10

November 2021, taking the Fund's total unfunded commitment to c. $28.1m. Pantheon anticipates that the Fund's commitment will be fully drawn by the end of 2022.

As noted in the table above, the value of the Fund's investment in the Quinbrook Renewables Impact Fund is estimated with a one quarter lag, i.e. the valuation as at 30 June 2021, including an additional £3.8m held in a separate custody account following an equalisation payment in respect of other investors entering the fund, and adjusted for any cashflows over the quarter. Based on the current drawdown position as at 30 November 2021, Quinbrook has drawn £14.2m for investment and the Fund's £50m commitment is c. 28% drawn.

Similarly, the value of the Fund's investment in the Macquarie Renewable Energy Fund 2 is estimated in the table above based on the valuation as at 30 June 2021. Based on the current drawdown position, the remaining unfunded commitment stands at c. €47.7m, with the Fund's total contribution at c. €7.3m and the Fund's €55m commitment c. 13% drawn.

2.4 Yield analysis as at 30 September 2021

The table below shows the yield as reported by the managers on each of the Fund's investments.

Manager	Asset Class	Yield as at 30 Sept 2021
LGIM	Global Equity (Passive – Future World)	1.74%
LCIV	Global Equity (Global Alpha Growth)	0.90%*
LCIV	Global Equity (Global Equity Core)	1.27%*
Longview	Global Equity	1.65%
Insight	Buy and Maintain	1.90%
LCIV	Multi Asset Credit	5.03%*
Aberdeen Standard Investments	Long Lease Property	3.85%
	Total	**1.62%**

**LCIV funds' yields are provided by the underlying managers (Baillie Gifford, Morgan Stanley and CQS).*

3 Summary of Manager Ratings

The table below summarises Deloitte's ratings of the managers employed by the Fund and triggers against which managers should be reviewed.

Manager	Mandate	Triggers for Review	Rating
LGIM	Global Equity (Passive – Future World)	Major deviation from benchmark returns Significant loss of assets under management	1
Baillie Gifford	LCIV Global Equity (Global Alpha Growth)	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
Morgan Stanley Investment Management	LCIV Global Equity (Global Equity Core)	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
Longview	Global Equity	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	2
Insight	Buy and Maintain	Departure of any of the senior members of the investment team	1
CQS	LCIV Multi Asset Credit	Significant changes to the investment team responsible for the fund	1
Aberdeen Standard Investments	Property	Les Ross leaving the business or ceasing to be actively involved in the fund without having gone through an appropriate hand-over A build up within the fund of holdings with remaining lease lengths around 10 years Investment in lower yielding or poorer quality assets than expected	1
Pantheon	Global Infrastructure	Significant changes to the investment team responsible for the fund	1
Macquarie	Global Renewable Infrastructure	Significant changes to the investment team responsible for the fund	1
Quinbrook	UK Renewable Infrastructure	Significant changes to the investment team responsible for the fund	1

3.1 London CIV

Business

The London CIV had assets under management of £12,575m within the 14 sub-funds (not including commitments to the London CIV Infrastructure Fund, London CIV Inflation Plus Fund, The London Fund, London CIV Renewable Infrastructure Fund and London CIV Private Debt Fund) as at 30 September 2021, an increase of £445m over the quarter primarily as a result of new London Borough investments in the LCIV Global Alpha Paris Aligned Fund, the LCIV Sustainable Equity Fund and the LCIV Emerging Market Fund.

As at 30 September 2021, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £25.9bn, a decrease of c. £0.8bn over the quarter. Cumulative additional commitments to the London CIV's private market funds totaled £387.5m over the third quarter of 2021, with total commitments raised by the private market funds standing at £1.8bn as at 30 September 2021.

LCIV Passive Equity Progressive Paris Aligned ("PEPPA") Sub Fund

Having undertaken a manager selection exercise in July 2021 the London CIV has selected an investment manager to manage the LCIV Passive Equity Progressive Paris Aligned ("PEPPA") Sub Fund, a low carbon passive equity mandate, having initially sent an RFP to nine prospective managers. The Passive Equity Progressive Paris Aligned Fund is now ready for launch, having received FCA approval and having agreed the terms of the IMA with the investment manager. The PEPPA Sub Fund has attracted two initial investors with combined contributions of £495m, which the London CIV expects to be invested in the Fund by the end of 2021. The London CIV expects demand for the passive low carbon equity strategy to total between £0.9bn and £1.1bn.

The PEPPA Sub Fund's investment objective is to track the performance of the S&P Developed Ex-Korea LargeMidCap Paris-Aligned Climate Index with a tracking error of less than 0.5% p.a. The Index has c. 800 holdings with no exposure to Korea or Emerging Markets. The Sub Fund will implement a low carbon factor-based investment approach, targeting the following factors: carbon intensity; climate alignment; green revenues; and ESG scoring, omitting coal, oil and gas, and all UN exclusions from the portfolio.

Personnel

As reported last quarter, on 12 July 2021, Yiannis Vairamis was appointed as Senior Equities Portfolio Manager. Yiannis has over 13 years of experience in the financial services industry, having previously been employed by Railpen, Russell and Hymans Robertson.

On 6 September 2021, London CIV appointed Rob Treich as Head of Public Markets. Rob joins the team having previously worked for Coal Pension Trustee, Mercer and Mellon Bank.

The London CIV is also looking to hire a Senior Portfolio Manager for Private Markets, alongside three analysts to work across the London CIV's private market funds.

Additionally, over the quarter, Vanessa Shia, Head of Private Markets returned from maternity leave, while it was announced that Jacqueline Jackson, Head of Responsible Investment will take maternity leave from November 2021. The London CIV has confirmed that plans are in place for cover during Jacqueline's period of leave.

Deloitte view – We are continuing to monitor developments on the business side as well as the new fund launches.

3.2 LGIM

Business

As at 30 June 2021, Legal & General Investment Management ("LGIM") had assets under management ("AuM") of c. £1,327bn, an increase of c. £48bn since 31 December 2020. Note, LGIM provides AuM updates biannually.

Personnel

Zahra Vinamnwala joined LGIM's Index team as an Investment Analyst over the quarter.

Deloitte View - We continue to rate Legal & General positively for its passive investment management capabilities.

3.3 Baillie Gifford

Business

Baillie Gifford held c. £346bn in assets under management as at 30 September 2021, representing a decrease of c. £6bn over the quarter primarily as a result of negative market returns. The Global Alpha strategy held assets under management of c. £57bn as at 30 September 2021, remaining relatively unchanged over the three-month period.

Personnel

There were no significant team or personnel changes over the quarter to 30 September 2021.

Deloitte view - We continue to rate Baillie Gifford positively for its equity capabilities.

3.4 Morgan Stanley Investment Management

Business

The LCIV Global Equity Core Fund held assets under management of c. £552m as at 30 September 2021, an increase of c. £13m over the quarter.

The Morgan Stanley Global Sustain Fund, which the LCIV Global Equity Core Fund is based upon, held assets under management of c. $4.5bn as at 30 June 2021, representing an increase of c. $0.2bn over the third quarter of 2021 as a result of positive market movements.

Personnel

There were no significant team or personnel changes over the third quarter of 2021.

Deloitte View - We continue to rate Morgan Stanley Investment Management positively for its active equity capabilities.

3.5 Longview

Business

As at 30 September 2021, Longview held assets under management of c. £14.7bn, a decrease of c. £1.8bn over the quarter with positive market returns partially offsetting c. £2.5bn of net outflows from the firm over the quarter.

Personnel

There were no significant team or personnel changes over the third quarter of 2021.

Deloitte view – We have removed Longview's Global Equity strategy from our rated manager list following the departure of the co-founder and CIO Ramzi Rishani. As such, going forward, we will not be recommending the Longview Global Equity strategy to clients.

3.6 Insight

Business

Insight's assets under management stood at c. £837bn, an increase of c. £95bn over the quarter primarily as a result of additional investor inflows over the three-month period.

The Insight Buy and Maintain Fund's assets under management remained relatively stable over the third quarter of 2021, standing at c. £3.2bn as at 30 September 2021.

Personnel

Insight made no changes to its Buy and Maintain Fund team over the third quarter of 2021.

At a wider firm level, over the quarter to 30 September 2021, Claire Bews joined Insight from M&G Investment as an Integrated Solutions Credit Portfolio Manager within Insight's Strategic Credit team. Claire has 20 years' experience in providing cashflow solutions and liability matching for pension schemes and insurance companies. Claire will support the build-out of integrated solutions within the Strategic Credit Team,

Deloitte view – We rate Insight positively for its Fixed Income capabilities but continue to monitor how growth is being managed across the business.

3.7 CQS

Business

As at 30 September 2021, CQS held c. $21.4bn in assets under management, a decrease of c. $0.5bn over the quarter. The CQS Credit Multi Asset Fund's assets under management decreased by c. $0.2bn to c. $11.5bn over the third quarter of 2021.

Personnel

There were no specific team or personnel changes to the Credit Multi Asset Fund team over the quarter to 30 September 2021.

Deloitte View - We continue to rate CQS positively for its multi asset credit capabilities.

3.8 Aberdeen Standard Investments

Business

As at 30 September 2021, the Aberdeen Standard Investments Long Lease Property Fund had a total fund value of c. £3.3bn, increasing by c. £0.1bn since 30 June 2021.

COVID-19 Impact:

After removing the material valuation uncertainty clause and lifting the suspension on trading during the third quarter of 2020, the Long Lease Property Fund continues to trade as normal.

ASI continues to work with its tenants to discuss deferment arrangements where necessary. As at 4 November 2021, the Long Lease Property Fund had collected 98.9% of its Q3 2021 rent with none of the Long Lease Property Fund's rental income subject to deferment arrangements.

Personnel

There were no significant team or personnel changes over the quarter to 30 September 2021.

Deloitte View – We continue to rate Aberdeen Standard Investments positively for its long lease property capabilities.

3.9 Pantheon

Business

Pantheon held c. $77bn in assets under management as at 30 June 2021, an increase of c. $6bn over the quarter since 31 March 2021.

Following the final close in March 2019, the Global Infrastructure III Fund had $2.2bn in committed assets. The Global Infrastructure III Fund had completed 38 deals as at 1 October 2021, with $2,245m in closed or committed deals as at 1 October 2021, representing a c. 102% commitment level.

Personnel

There were no significant team or personnel changes over the third quarter of 2021.

Deloitte View - We continue to rate Pantheon positively for its global infrastructure capabilities.

3.10 Macquarie

Business

Macquarie held assets under management of $A736bn as at 30 September 2021, an increase of c. $A43bn over the third quarter.

On 28 January 2021, the Macquarie Renewable Energy Fund 2 ("MGREF2") reached final close with total commitments of €1.64bn across 32 investors, exceeding the initial fundraising target of €1-1.5bn. As at the end of the third quarter of 2021, the Macquarie Renewable Energy Fund 2 has committed €217.5m across two deals, representing 13% of commitments in total.

As reported last quarter, during August 2021, Macquarie informed investors in MGREF2 of its intention to replace the current Alternative Investment Fund Manager ("AIFM"), Green Investment Group ("GIG"), with Macquarie Infrastructure and Real Assets ("MIRA"). Following quarter end, MIRA was officially appointed as the AIFM, with effect from 1 December. MIRA is a Macquarie group entity which is also authorised and regulated by the Financial Conduct Authority in the UK. This change is being proposed in order to reduce the number of regulated entities within the Macquarie group in Europe. Macquarie confirmed that following the replacement of GIG by MIRA, there shall be no change to the management fees charged to investors in the MGREF2, nor to the composition of the investment committee of the MGREF2.

Personnel

There were no significant team or personnel changes related to the MGREF2 team over the third quarter of 2021.

Following quarter end, in November 2021, Macquarie announced that Martin Bradley will become Head of Real Assets in EMEA. Martin joined Macquarie in 2013 to support the firm's presence in utilities and networks, and has successfully overseen a large number of transitions within emerging markets and supported the establishment of a number of new investment funds. Macquarie believes that Martin brings a wealth of experience to the role and offers strong continuity to the EMEA team.

Deloitte View - We continue to rate Macquarie positively for its global renewable infrastructure capabilities.

3.11 Quinbrook

Business

As at 30 September 2021, a total of £250m has been committed to the Renewables Impact Fund, accounting for 50% of the Fund's target, with no further commitments received over the third quarter of 2021. Quinbrook is confident that momentum will continue and plans to conduct rolling closes over the remainder of 2021.

The Renewables Impact Fund has deployed a total of £29.6m into the investment portfolio as at 30 September 2021, representing 12% of commitments in total.

Over the third quarter of 2021, Quinbrook reached an agreement with Silicon Valley Bank to provide a capital call financing facility to the Fund which offers additional flexibility for prospective acquisitions and to assist in the efficient management of capital call timings from underlying investors. Over the quarter, c. £50m was drawn from the facility.

Personnel

Mark Breen joined Quinbrook over the third quarter of 2021 as a Senior Director in the Houston office and will be on secondment for a period of up to two years with Quinbrook's Rowan data center. Mark will work closely with Quinbrook's Houston and Birch teams on the development of green data centers as well as leading deal diligence and asset management activities. Mark joins from I Squared Infrastructure, where he focused on portfolio company management alongside due diligence and transaction execution.

David Velasquez also joined Quinbrook over the quarter, as Vice President in Quinbrook's newly formed Capital Formation and Investor Engagement Team in New York. Prior to joining Quinbrook, David was a Vice President at Stonepeak Infrastructure Partners and, prior to that, was with I Squared where he worked across all fund-raising stages. Quinbrook believes that David will provide a specialist focus on fund-raising support, investor diligence and project management, having been integrally involved in the successful fund raisings undertaken by Stonepeak and I Squared in recent years.

Additionally, Charlie Miller-Stirling joined Quinbrook over the quarter as an Associate in London and sits in the Capital Formation and Investor Engagement team. Charlie brings 6 years of experience in energy investment banking, most recently working in M&A advisory at Lambert Energy Advisory, a London-based boutique firm, and formerly in the Oil & Gas Equities team at Perella Weinberg Partners.

Following quarter end, in October 2021, Raimund Grube joined Quinbrook's US team as an Operating Partner. Raimund is largely experienced within the IPP industry, with a background in power, renewables, private equity and water. Raimund has a working history with the Quinbrook founders and trusted relationships with members of the Quinbrook US investment team and will support origination and asset management processes across all Quinbrook portfolio companies.

In addition, Fiona Reynolds, previously CEO of PRI in London, and Kurt Akers, former Head of the Tangible Assets program with Washington State Investment Board, joined Quinbrook's Advisory Board in October 2021. Quinbrook anticipates that these appointments will strengthen the firm's collective abilities and expertise in climate policy, ESG, responsible investment, institutional investor engagement and strategic positioning.

Deloitte View - We continue to rate Quinbrook positively for its global renewable infrastructure capabilities.

4 London CIV

4.1 Investment Performance to 30 September 2021

The assets under management within the 14 sub-funds of the London CIV was £12,575m as at 30 September 2021, with a further combined £1.8m committed to the London CIV's private market funds. The total assets under oversight (which includes passive investments held outside of the CIV platform) decreased by c. £0.8bn to c. £25.9bn over the quarter. The table below provides an overview of the sub-funds currently available on the London CIV platform.

Sub-fund	Asset Class	Manager	Total AuM as at 30 June 2021 (£m)	Total AuM as at 30 Sept 2021 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	3,521	2,730	11	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	501	1,377	6	13/04/21
LCIV Global Equity	Global Equity	Newton	769	787	3	22/05/17
LCIV Global Equity Focus	Global Equity	Longview Partners	539	552	2	17/07/17
LCIV Global Equity Core Fund	Global Equity	Morgan Stanley Investment Management	930	964	5	21/08/20
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	513	582	7	11/01/18
LCIV Sustainable Equity Fund	Global Equity	RBC Global Asset Management (UK)	971	1,246	8	18/04/18
LCIV Sustainable Equity Exclusion Fund	Global Equity	RBC Global Asset Management (UK)	449	430	3	11/03/20
LCIV Global Total Return	Diversified Growth Fund	Pyrford	244	244	3	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	689	695	7	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	1,122	1,117	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	226	181	2	16/12/16
LCIV MAC	Fixed Income	CQS	1,160	1,174	12	31/05/18
LCIV Global Bond	Fixed Income	PIMCO	496	496	5	30/11/18
Total			**12,130**	**12,575**		

Over the quarter to 30 September 2021, three investors transferred a total of £578m from the LCIV Global Alpha Growth Fund to the LCIV Global Alpha Growth Paris Aligned Fund, with a further additional new investor added to the LCIV Global Alpha Growth Paris Aligned Fund over the three-month period, funded from assets held outside of the London CIV platform.

Additionally, over the quarter, two London Boroughs invested into the LCIV Sustainable Equity Sub Fund and an additional London Borough invested in the LCIV Emerging Market Equity Fund, while one London Borough disinvested from the LCIV Real Return Fund.

5 LGIM – Global Equity (Passive – Future World)

Legal and General Investment Manager ("LGIM") was appointed to manage a global equity portfolio with a passive ESG approach, with the objective of replicating the performance of the Solactive L&G ESG Global Markets Index benchmark. The manager has an annual management fee based on the value of assets.

5.1 Passive Global Equity – Investment Performance to 30 September 2021

	Last Quarter (%)	Since Inception (% p.a.)
LGIM Future World Global Equity Index Fund – GBP Currency Hedged	0.1	22.8
Solactive L&G ESG Global Markets Index	0.0	22.5
MSCI World Equity Index	2.6	n/a
Relative (to Benchmark)	0.1	0.3

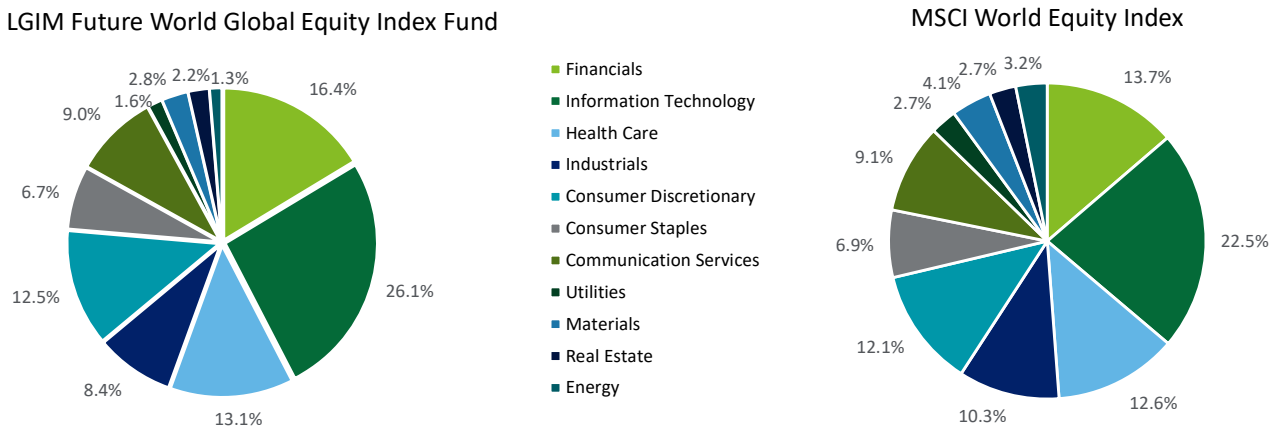
Source: Legal & General Investment Management

The Fund offers equity exposure while incorporating ESG 'tilts' through LGIM-designed indices. Note, LGIM designs the ESG indices and Solactive are used as the benchmark calculation agent. The tilting mechanism aims to reduce exposure to companies associated with 'poor' ESG practices and to provide greater exposure to those that have stronger ESG credentials. LGIM believes that integrating ESG considerations into the investment process can help to mitigate long-term risk and has the potential to improve long-term financial outcomes.

Over the quarter to 30 September 2021, the LGIM Future World Global Equity Index Fund – GBP Currency Hedged has delivered a positive absolute return of 0.1% on a net of fees basis, slightly outperforming its Solactive benchmark. The Fund underperformed the MSCI World Equity Index (GBP) by 2.5% over the three-month period, with the strategy's selective stock allocation mechanism proving detrimental over the quarter.

5.2 Portfolio Sector Breakdown at 30 September 2021

The below charts compare the relative weightings of the sectors in the LGIM Future World Global Equity Index Fund and the MSCI World Equity Index as at 30 September 2021.



The LGIM Future World Global Equity Index Fund has a larger allocation to financials and information technology than the MSCI World Equity Index, whilst the lower allocation to industrials, materials and energy represents the ESG tilt applied by the LGIM strategy.

6 LCIV – Global Alpha Growth

Baillie Gifford was appointed to manage an active Global Equity mandate from 18 March 2014, held as a sub-fund under the London CIV platform from 11 April 2016. The manager is remunerated on an asset-based fee, reflecting the total value of assets invested in the strategy across the Tri-borough. The target is to outperform the benchmark by 2-3% p.a. on a gross of fees basis over rolling 5-year periods.

6.1 Global Alpha Growth – Investment performance to 30 September 2021

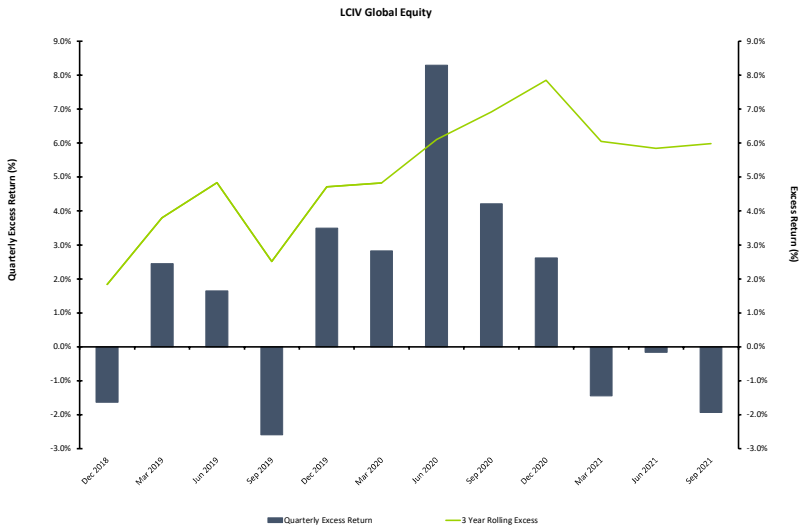
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Net of fees	-0.6	20.9	17.3	16.8
MSCI AC World Index	1.4	22.2	11.3	12.8
Relative	-1.9	-1.3	6.0	4.0

Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date taken as 18 March 2014

The LCIV Global Alpha Growth Fund, managed by Baillie Gifford, delivered a negative absolute return of -0.6% on a net of fees basis over the third quarter of 2021, underperforming its MSCI AC World Index benchmark by 1.9% over the period. Over the one-year and annualised three-year periods to 30 September 2021, the strategy delivered substantial positive returns of 20.9% and 17.3% p.a. respectively, underperforming the benchmark by -1.3% over the year and outperforming the benchmark by 6.0% p.a. over the three-year period. The Fund's large positive absolute return over the year can be attributed to the widely sustained recovery in global equity markets following the onset of the COVID-19 pandemic over the first quarter of 2020, with global equity markets delivering positive returns over each of the four separate quarters to 30 September 2021. That said, the LCIV Global Alpha Growth Fund did not fall in value to the same extent as the wider market over the first quarter of 2020, and considerably outperformed the wider market over the remainder of 2020.

While recent positive global equity market trends to the beginning of Q3 have been primarily attributed to a cyclical-led recovery, growth stocks generally outperformed cyclical markets over the third quarter of 2021. The LCIV Global Alpha Growth Fund's portfolio has an intended growth-tilt, but underperformed the wider market primarily as a result of stock selection with investors taking profits in Novocure, which researches and develops cancer treatment technologies, following news that the ongoing clinical trials have not led to any fresh approvals in the US, while Meituan Dianping, Alibaba and Ping An Insurance all faced headwinds on the back of the impact of Chinese government intervention in the companies' domestic technology sector. The manager's decision to invest in a portfolio of companies at various stages of the growth cycle has proved beneficial since the onset of the pandemic, but this positioning has detracted from performance over the third quarter of 2021. However, Baillie Gifford continues to hold conviction in those positions which have recognised short-term volatility, citing the manager's belief in the stocks' long-term potential.

The graph below shows the net quarterly returns and the rolling three-year excess returns relative to the benchmark. The fund's current three-year excess return is ahead of the target (+2% p.a.), having outperformed the benchmark by 6.0% p.a. over the three-year period to 30 September 2021.



6.2 Positioning Analysis

The top ten holdings in the portfolio account for c. 22.9% of the fund and are detailed below.

Top 10 holdings as at 30 September 2021	Proportion of Baillie Gifford Fund
SEA	2.7%
Moody's	2.6%
Alphabet	2.5%
Microsoft	2.5%
Prosus Nv	2.3%
Moderna	2.3%
Amazon	2.0%
Taiwan Semiconductor Manufacturing	2.0%
Anthem	2.0%
Prudential	2.0%
Total	**22.9%**

Source: London CIV
Figures may not sum due to rounding

6.3 Performance Analysis

The table below represents the top five contributors to performance over the quarter to 30 September 2021.

Top 5 contributors as at 30 September 2021	Contribution (%)
Moderna	+0.93
SEA	+0.43
Albemarle	+0.32
Tesla Inc	+0.25
Alphabet	+0.21

For the second quarter in succession, Moderna, the US pharmaceutical company, was the largest contributor to positive performance following the successful rollout of its COVID-19 vaccination in India as well as proving its effectiveness against different variants of the virus.

The table below represents the top 5 detractors to performance over the quarter to 30 September 2021.

Top 5 detractors as at 30 September 2021	Contribution (%)
Alibaba Group Holding	-0.55
Novocure	-0.47
Naspers	-0.44
Meituan Dianping	-0.39
Ping An Insurance Group Company of China	-0.26

After providing the strategy's largest detraction to performance over the second quarter of 2021, Naspers also delivered a noticeable detraction to performance over the quarter to 30 September 2021. The company completed a share swap deal over the quarter, which resulted in a lower index weight for the stock and therefore passive investors reduced their positions, and Naspers' large holding in Tencent was impacted by the aforementioned volatility in the Chinese technology markets.

7 LCIV – Global Equity Core

Morgan Stanley Investment Management was appointed to manage an active equity portfolio with a focus on sustainability when selecting investment opportunities, held as a sub-fund on the London CIV platform from 31 October 2020. The aim of the fund is to outperform the MSCI AC World Index.

7.1 Global Equity Core – Investment Performance to 30 September 2021

	Last Quarter (%)	Since Inception (% p.a.)
Net of fees	2.4	17.3
Benchmark (MSCI World Net Index)	1.4	25.3
Global Franchise Fund (net of fees)	3.6	n/a
Net Performance relative to Benchmark	1.0	-8.0

Source: Morgan Stanley and Northern Trust. Relative performance may not tie due to rounding.

The LCIV Global Equity Core Fund delivered a positive return of 2.4% on a net of fees basis over the quarter to 30 September 2021, outperforming the MSCI World Net Index by 1.0% over the three-month period.

The LCIV Global Equity Core Fund's portfolio is predominantly comprised of quality franchises with strong recurring cash flows, and the strategy therefore has a low allocation to cyclical stocks. Underperformance relative to the MSCI-based benchmark since inception in October 2021 can therefore primarily be attributed to a cyclical-led recovery in equity markets.

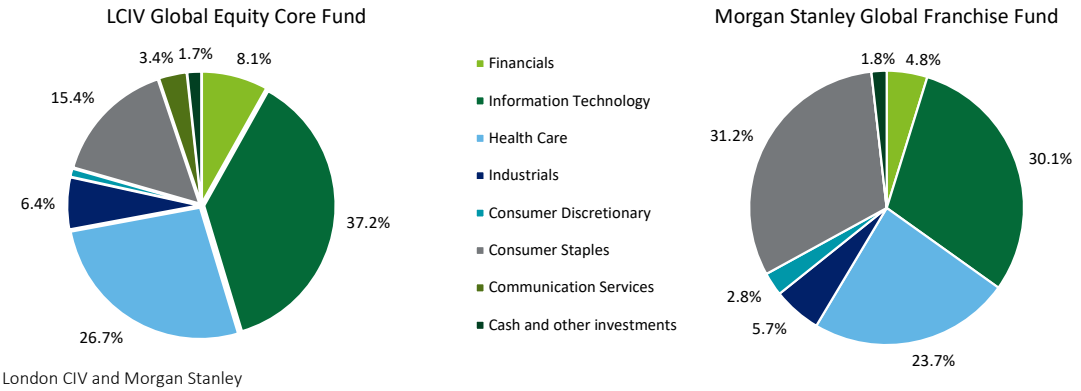
The portfolio is, however, expected to prove beneficial during volatile periods. Over the quarter to 30 September 2021, the wider global equity market delivered modest returns in comparison with recent periods with increased inflationary worries driving a reduction in earnings expectations. In this scenario, the strategy has outperformed the wider market with the stable earnings profile and high-quality characteristics of the underlying stocks proving favourable, relative to cyclical companies.

Over the quarter to 30 September 2021, the Global Equity Core Fund's healthcare and communications services exposures were the best performers. Particularly, both Danaher and Thermo Fisher have proven to be more resilient than expected, with the manager initially concerned that activity levels would reduce as the volume of COVID-related work declined.

The LCIV Global Equity Core Fund follows the same strategy and, in general, has the same investment principles as the Morgan Stanley Global Franchise Fund, but is subject to a greater number of restrictions, owing to its key focus on sustainability. As such, there exists a number of small differences in the characteristics of the two funds. Over the quarter to 30 September 2021, the LCIV Global Equity Core Fund underperformed the Global Franchise Fund by 1.2%, with underperformance largely attributed to a lower allocation to consumer staples companies, with beverage and tobacco companies benefitting from increased global social activity, having been adversely impacted by previous social distancing measures.

7.2 Portfolio Sector Breakdown at 30 September 2021

The charts below compare the relative weightings of the sectors in the LCIV Global Equity Core Fund and the Morgan Stanley Global Franchise Fund as at 30 September 2021.



Source: London CIV and Morgan Stanley

The Global Equity Core strategy has a higher allocation to information technology, healthcare and financials, and a lower allocation to consumer staples due to its intentional tilt towards sustainable investments.

As at 30 September 2021, the Global Franchise Fund portfolio held an allocation of c. 11% to tobacco stocks. The Global Equity Core Fund is restricted from investing in tobacco, and hence holds a substantially smaller allocation to consumer staples.

7.3 Performance Analysis

The table below summarises the Global Equity Core Fund portfolio's key characteristics as at 30 September 2021, compared with the Morgan Stanley Global Franchise Fund.

	LCIV Global Equity Core Fund	Global Franchise Fund
No. of Holdings	38	31
No. of Countries	7	5
No. of Sectors*	6	6
No. of Industries*	18	13

*Not including cash

Source: London CIV and Morgan Stanley

Holdings

The top 10 holdings in the Global Equity Core Fund account for c. 47.7% of the strategy and are detailed below.

Global Equity Core Fund Holding	% of NAV
Microsoft	7.5
Visa	5.3
SAP	5.1
Reckitt Benckiser	5.0
Accenture	4.7
Baxter International	4.3
Becton Dickinson	4.2
Danaher	4.0
Thermo Fisher Scientific	3.9
Abbott Laboratories	3.8
Total	47.7*

Global Franchise Fund Holding	% of NAV
Microsoft	9.5
Philip Morris	8.4
Reckitt Benckiser	6.5
Visa	5.2
Danaher	4.8
Accenture	4.8
Thermo Fisher Scientific	4.7
Procter & Gamble	4.5
SAP	4.5
Abbott Laboratories	4.3
Total	57.2*

*Note figures may not sum due to rounding

Source: London CIV and Morgan Stanley

Eight stocks are consistently accounted for in the top ten holdings of both strategies.

8 Longview – Global Equity

Longview was appointed on 15 January 2015 to manage an active global equity mandate. The manager's remuneration is based on the value of assets invested across the Tri-borough. The expectation is that the fund will outperform the benchmark by 3% p.a.

8.1 Active Global Equity – Investment Performance to 30 September 2021

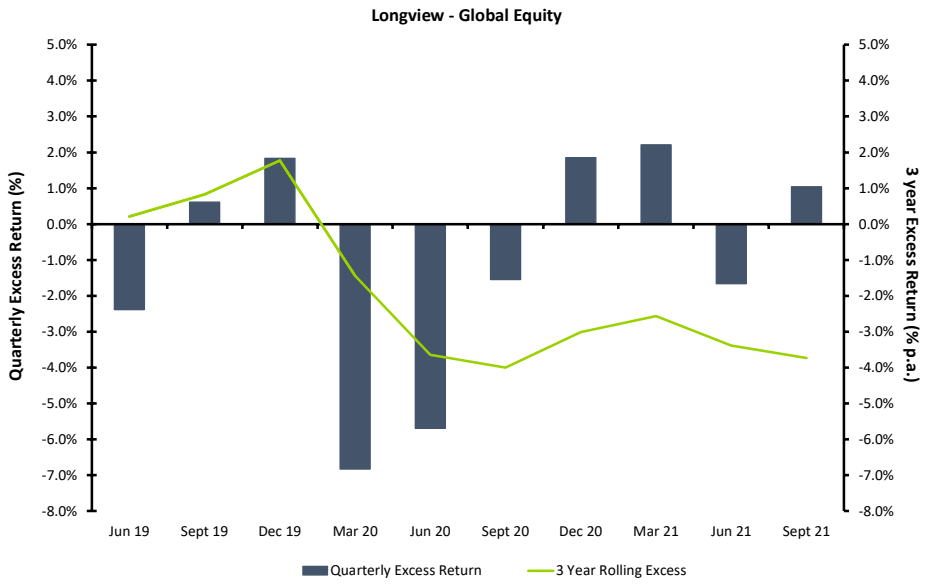
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Net of fees	3.5	27.6	8.2	12.6
MSCI World Index	2.5	23.5	11.9	13.1
Relative	1.0	4.1	-3.7	-0.5

Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date 15 January 2015

The Longview Global Equity Fund delivered a positive absolute return of 3.5% on a net of fees basis over the quarter to 30 September 2021, outperforming its MSCI World Index benchmark by 1.0%. Longview has outperformed its benchmark by 4.1% over the year to 30 September 2021, delivering a positive absolute return of 27.6% on a net of fees basis over the period, but has underperformed its benchmark by 3.7% p.a. over the longer three-year period to 30 September 2021.

The Fund's large positive absolute return over the year can be attributed to the widely sustained recovery in global equity markets following the onset of the COVID-19 pandemic over the first quarter of 2020, with global equity markets delivering positive returns over each of the four separate quarters over the year to 30 September 2021.

The fund targets an outperformance of 3% p.a. over rolling three-year periods. The chart below shows the quarter and rolling three-year returns.



Longview highlights that no single sectoral or geographic allocation provided a significant contribution to outperformance. The manager's focus on companies which exhibit low sensitivity to macro-economic factors proved beneficial over a quarter where the wider global equity market was negatively impacted by increased concern surrounding rising inflation and the potential for monetary policy tightening.

Longview continues to position the portfolio with a relative over-exposure to companies which the manager feels are sensitive to social distancing measures, and therefore likely to benefit most when such measures are lifted. Longview maintains a conviction that these holdings continue to be undervalued and feels that the portfolio is well positioned to benefit from a return

towards greater normality, but the manager retains an expectation that COVID-19 associated volatility will continue to be present in the market for some time, citing the risk of the spread of further COVID-19 variants.

The Global Equity Fund made two new portfolio acquisitions and one sale over the third quarter of 2021. Both of the acquired stocks have been assessed as high quality by Longview, with the manager looking to improve the overall quality of the portfolio. Marsh & McLennan Companies ("MMC"), whose revenue is predominantly generated from the US, comprises four business units: Marsh, insurance broking; Guy Carpenter, reinsurance broking; Mercer, pensions consulting and health insurance broking; and Oliver Wyman, management consultant. Longview added MMC to the portfolio over the quarter citing that it views the company as a long duration, predictable and high return business that is protected by significant barriers to entry. Longview also added Wolters Kluwer to the portfolio over the third quarter of 2021. Wolters Kluwer provides critical information, software and services to professional customers and Longview has assessed the investment as a low capital, high return and predictable business. Longview sold out of Willis Towers Watson over the quarter, citing risk concerns in anticipation of the closing of the all-share merger with AON.

8.2 Performance Analysis

The tables below represent the top five and bottom five contributors to performance over the third quarter of 2021.

Top Five Contributors for Q3 2021	Contribution (%)
HCA Healthcare	+0.73
AON	+0.71
Oracle	+0.52
Alphabet	+0.37
Marsh & McLennan	+0.24

HCA Healthcare delivered the strategy's largest contribution to outperformance over the quarter, on the back of strong results based on a faster than expected recovery for the parts of the business that have been negatively impacted by COVID-19, and an extended benefit for the parts of the business that have benefited from COVID-19. AON also delivered a large contribution to outperformance, with the planned merger between AON and Willis Towers Watson called off over the quarter. The uncertainty surrounding the completion of the merger had previously impacted AON's share price, however the stock performed well once these uncertainties had been removed.

Fidelity underperformed in August following the release of second quarter results, with earnings expectations reducing due to the up-front costs associated with the company's higher revenue growth. WW Grainger also detracted from performance over the quarter, despite strong revenue growth, with the company recognising lower than expected margins due to US pandemic-related inventory adjustments.

Top Five Detractors for Q3 2021	Contribution (%)
Fidelity Natl Info Services	-0.47
WW Grainger	-0.42
Henkel	-0.36
Sanofi	-0.25
US Foods	-0.20

9 Insight – Buy and Maintain

Insight was appointed to manage a buy and maintain credit portfolio. The fund aims to invest in predominantly investment grade credit which the manager believes can be held to maturity. The manager's fee is based on the value of assets.

9.1 Buy and Maintain Fund - Investment Performance to 30 September 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Net of fees	-1.0	1.3	5.2	5.8
iBoxx £ Non-Gilt 1-15 Yrs Index	-0.6	0.3	3.6	4.8
Relative	-0.4	1.0	1.6	1.1

Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date taken as 12 April 2018

Over the third quarter of 2021, the Insight Buy and Maintain Fund delivered a negative return of -1.0% on a net of fees basis, underperforming its temporary iBoxx non-gilt benchmark by 0.4%. The Buy and Maintain Fund delivered positive absolute returns of 1.3% and 5.2% p.a. on a net of fees basis over the year and three years respectively to 30 September 2021, outperforming the benchmark by 1.0% and 1.6% p.a. over the twelve-month and three-year periods respectively.

The strategy delivered a negative return over the quarter amid rising underlying gilt yields. However, credit spreads tightened marginally as corporate earnings remained robust amid an improving economic outlook.

The Buy and Maintain Fund underperformed the iBoxx non-gilt benchmark over the three-month period owing largely to the portfolio's greater sensitivity to changes in the underlying interest rates, typified by the longer duration of the strategy, with Insight's lower credit rating relative to the index also proving detrimental.

Insight added new issues from Wellcome Trust, a UK non-profit medical organisation, a securitisation of last-mile logistics warehouses and a sustainability bond issued by the Industrial Bank of Korea. Additionally, Insight increased its allocation to use-of-proceeds bonds, buying green issuance from Transport for London, Swedbank, ING and Verizon. With Insight actively looking to reduce the strategy's exposure to climate change risks, the manager sold its positions with Royal Dutch Shell and agricultural chemical producer Nutrien over the quarter.

Insight has confirmed that there were no defaults within the Buy and Maintain portfolio over the third quarter of 2021.

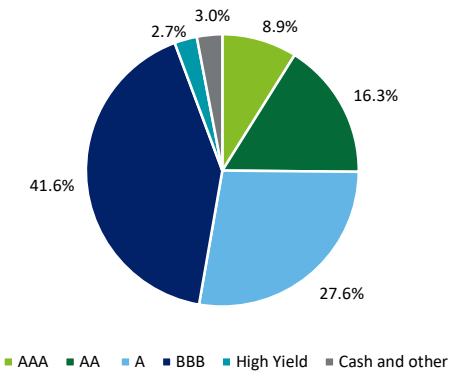
9.2 Performance Analysis

The table below summarises the Buy and Maintain portfolio's key characteristics as at 30 September 2021.

	30 Jun 2021	30 Sept 2021
Yield (%)	1.8	1.9
No. of issuers	176	173
Modified duration (years)	8.7	8.5
Spread duration (years)	8.1	7.9
Government spread (bps)	102	103
Swaps spread (bps)	96	86
Largest issuer (%)	5.4	3.2
10 largest issuers (%)	14.5	12.4

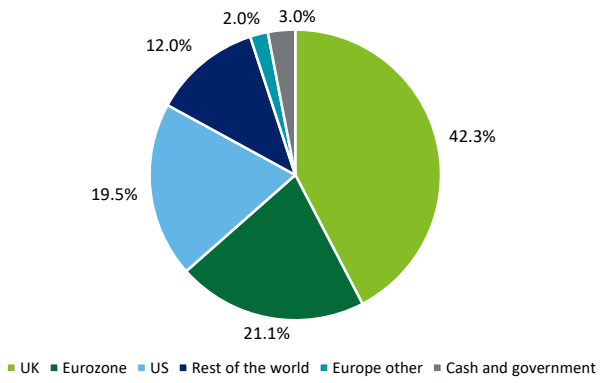
Source: Insight

The graph below shows the split of the Buy and Maintain portfolio by credit rating.

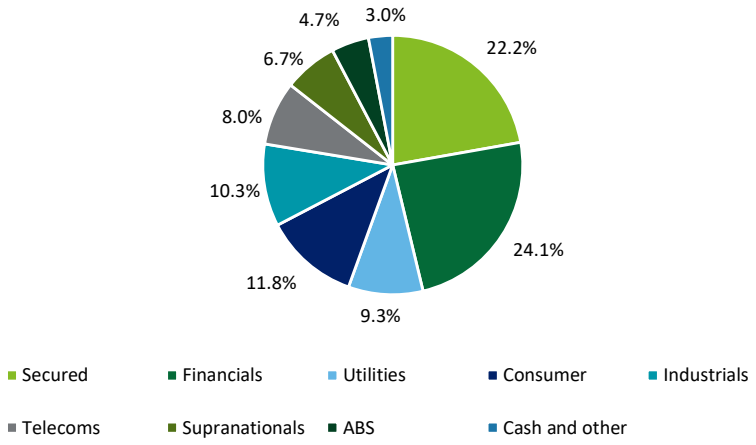


As at 30 September 2021, the fund's investment grade holdings made up c. 94.4% of the portfolio, a decrease of c. 2.7% over the quarter. The fund remains predominantly invested in BBB and A rated bonds.

The graph below shows the split of the Buy and Maintain portfolio by country as at 30 September 2021.



The graph below shows the split of the Buy and Maintain portfolio by sector as at 30 September 2021.



The table below shows the top 10 issuers by market value as at 30 September 2021.

Issuer name	Rating*	Holding (%)
UK Treasury	AA	3.2
Cellnex	BB	1.1
Wellcome Trust Ltd	AAA	1.1
Industrial Bank of Korea	AA	1.0
Aust and NZ Banking Group	BBB	1.0
Berg Finance	AAA	1.0
Nestle	AA	1.0
ING Group	A	1.0
Dbs Group	AA	1.0
Transport for London	A	1.0

**Ratings provided by Insight*

10 LCIV – Multi Asset Credit

CQS was appointed to manage a multi asset credit mandate, under the London CIV platform, in October 2018 with the aim of outperforming the 3-month Sterling LIBOR benchmark by 4% p.a. An annual fee covers the manager's and the London CIV platform management fees.

10.1 Multi Asset Credit – Investment Performance to 30 September 2021

	Last Quarter (%)	Last Year (%)	Since Inception (% p.a.)
CQS – MAC –Net of fees	1.2	10.8	4.0
3 Month Libor + 4%	1.0	4.1	4.6
Relative	0.2	6.7	-0.7

Source: Northern Trust
Inception date taken as 30 October 2018

The Multi Asset Credit Fund, managed by CQS, delivered an absolute return of 1.2% on a net of fees basis over the third quarter of 2021, outperforming its cash-based benchmark by 0.2%. Over the year to 30 September 2021, the strategy outperformed the benchmark by 6.7%, delivering a positive absolute return of 10.8% over the twelve-month period on a net of fees basis.

The Multi Asset Credit Fund's senior secured loans allocation provided the largest contribution to positive performance for the third quarter in succession, with strong performance emanating from both the US and Europe within the asset class, driven by income amid a supportive macro-economic backdrop. CQS' asset backed securities exposure also delivered a positive contribution to performance over the quarter owing to the strong underlying fundamentals of such positions, with the strategy's European CLOs and high yield allocation providing robust returns to the portfolio owing to a slight compression in spreads. The strategy's convertibles exposure detracted from performance slightly, while CQS' selective investment grade corporate bonds exposure delivered a relatively flat return over the three-month period.

As previously reported, despite the market's focus on an anticipated strong and broad economic recovery, CQS expects that some impacts from COVID-19 are yet to be fully realised, with ongoing central bank support unlikely to be sustainable in the long-term, whilst further lockdowns and travel restrictions remain possible, and recessionary pressures remain elevated. As a result, the Multi Asset Credit Fund continues to implement a cautious approach, ensuring the portfolio remains defensively positioned in terms of sector exposures, reducing exposure to COVID-19 sensitive sectors, and continuing to access positions which CQS feels are cash generative and exhibit a strong fundamental outlook. Over the third quarter of 2021, there have been no significant changes to the portfolio with the Multi Asset Credit Fund remaining tilted towards floating-rate asset classes. CQS made some marginal opportunistic changes over the three-month period, taking advantage of market volatility to slightly increase the strategy's high yield bonds exposure, whilst strategically taking profits from asset backed securities.

Over the quarter to 30 September 2021, CQS experienced 17 credit rating downgrades, representing c. 1.4% of the portfolio, with no defaults occurring over the period. The Multi Asset Credit Fund portfolio recognised 47 credit rating upgrades over the quarter, representing c. 3.9% of the portfolio.

10.2 Portfolio Analysis

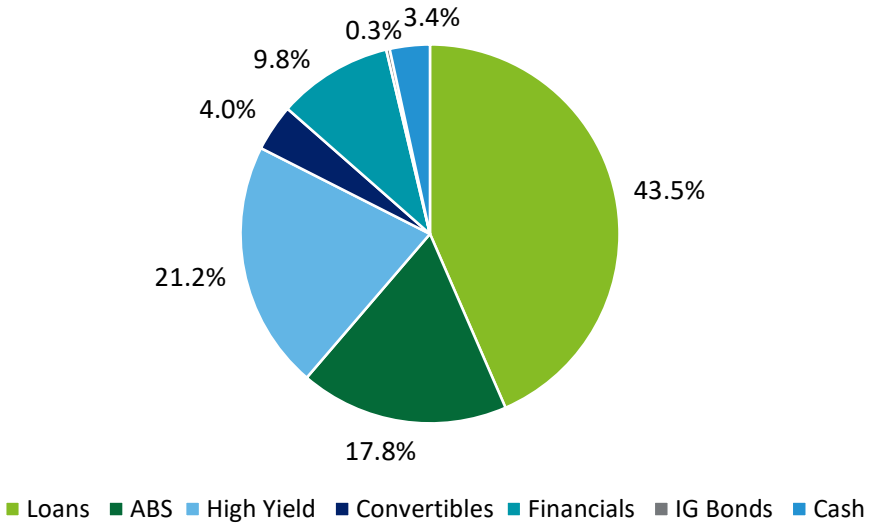
The table below summarises the Multi Asset Credit portfolio's key characteristics as at 30 September 2021.

	30 Jun 2021	30 Sept 2021
Weighted Average Bond Rating	BB-	B+
Long Bond Equivalent Exposure with Public Rating (%)	88.8	89.4
Investment with Public Rating (%)	89.0	89.0
Yield to Maturity (%)	4.9	5.0
Spread Duration	3.7	3.8
Interest Rate Duration	1.2	1.2

Source: London CIV

10.3 Asset Allocation

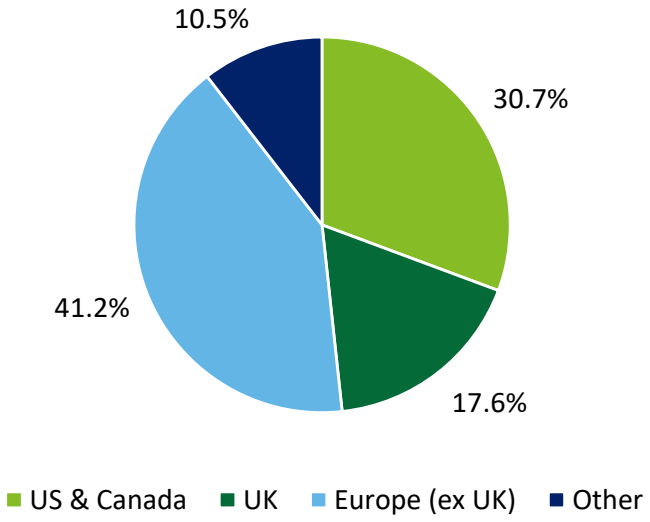
The asset allocation split of the Multi Asset Credit Fund as at 30 September 2021 is shown below.



Source: London CIV

10.4 Country Allocation

The graph below shows the regional split of the LCIV Multi Asset Credit Fund as at 30 September 2021.



Source: London CIV

11 Aberdeen Standard Investments – Long Lease Property

Aberdeen Standard Investments was appointed to manage a long lease property mandate with the aim of outperforming the FT British Government All Stocks Index benchmark by 2.0% p.a. The manager has an annual management fee.

11.1 Long Lease Property – Investment Performance to 30 September 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Aberdeen Standard - Net of fees	4.2	9.6	6.5	8.1
Benchmark	-1.3	-4.9	5.0	5.6
Relative	5.5	14.5	1.5	2.5

Source: Aberdeen Standard Investments. Relative performance may not tie due to rounding.

Since inception: 14 June 2013

Over the quarter to 30 September 2021, the ASI Long Lease Property Fund delivered an absolute return of 4.2% on a net of fees basis, outperforming the FT British Government All Stocks Index Benchmark by 5.5%. Positive performance over the quarter can be largely attributed to capital growth within the portfolio, particularly in the supermarket sector, with the major supermarket operators continuing to report strong trading. In addition, one of the strategy's hotel sector assets, the Kingsmill Hotel in Inverness, grew in value by 4.7% while three of the Fund's holiday park assets increased in value as a result of robust trading in the sector. However, having recently completed a vacant possession value exercise, some of the Fund's regional hotels saw a 5-10% reduction in value. That said, the fall in hotel valuations was more than offset by the 10-15% rise in holiday park valuations.

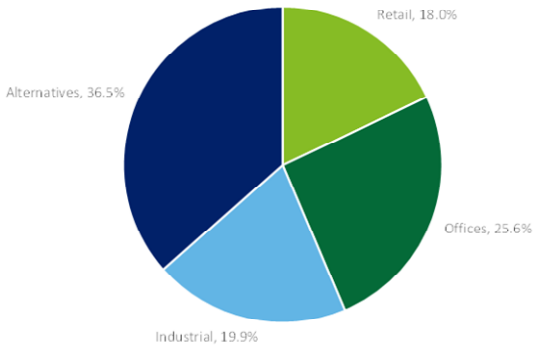
The Long Lease Property Fund has underperformed the wider property market, as measured by the MSCI (formerly IPD Monthly) UK All Property Index, by 0.4% over the third quarter of 2021, largely as a result of the strategy's underweight position to the industrial sector, relative to the wider property market, which delivered positive returns over the third quarter of 2021. The strategy has outperformed the wider property market over the longer term, with long term performance continuing to be aided by the portfolio's stronger tenant credit quality and long, inflation linked leases, and the lack of any high street or shopping centre exposure with these sectors particularly impacted by the COVID-19 outbreak.

After removing the material valuation uncertainty clause and lifting the suspension on trading during the third quarter of 2020, the Long Lease Property Fund continues to trade as normal.

Rent collection statistics improved slightly over the third quarter of 2021 as ASI realised Q3 collection rates of 98.9% (as at 4 November 2021). Over the third quarter of 2021, none of the Long Lease Property Fund's rental income was subject to deferment arrangements, with 1.1% unpaid or subject to ongoing discussions with tenants. As at 4 November 2021, ASI had collected 98.6% of its Q4 2021 rent, with no income subject to deferment arrangements and 1.4% of rent unpaid or subject to ongoing discussions with tenants.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 30 September 2021 is shown in the graph below.



Source: ASI.

The Long Lease Property Fund completed no further acquisitions over the third quarter of 2021.

ASI has confirmed that one transaction is nearing completion, which is expected to conclude during the fourth quarter of 2021. The acquisition is for a new ground lease, created over a crematorium on the outskirts of Leicester.

In addition, ASI estimates a further investment pipeline of up to £400m exists with a number of off market opportunities being actively tracked and a number of openly marketed opportunities of rarely available assets coming to the market. ASI has strong conviction in its ability to deploy capital throughout the remainder of 2021 and 2022, considering the current pipeline.

Following its tenant entering liquidation, ASI continues to work through the process of taking back its Hilton Doubletree asset in Aberdeen. The asset will primarily be marketed as a hotel opportunity, but ASI is also considering options for redevelopment into alternative uses, with student accommodation and residential the most likely outcome, subject to local council consent.

Q3 and Q4 2021 rent collection, split by sector, as at 4 November 2021 is reflected in the table below:

Sector	Proportion of Fund as at 30 September 2021 (%)	Q3 2021 collection rate (%)	Q4 2021 collection rate (%)
Alternatives	6.0	100.0	100.0
Car Parks	3.7	100.0	100.0
Car Showrooms	3.2	100.0	100.0
Hotels	7.8	90.1	90.1
Industrial	14.7	100.0	100.0
Leisure	3.3	90.0	95.0
Public Houses	5.5	100.0	100.0
Offices	29.6	100.0	100.0
Student Accommodation	8.1	100.0	94.0
Supermarkets	18.2	100.0	100.0
Total	**100.0**	**98.9**	**98.6**

As at 30 September 2021, 1.0% of the Fund's NAV is invested in ground rents via an indirect holding in the ASI Ground Rent Fund, with 17.1% of the Fund invested in income strip assets.

The hotels and leisure sectors have expressed the poorest rental collection statistics over the third and fourth quarters of 2021 as at 4 November 2021, with the student accommodation sector also expressing poor rental collection statistics over Q4 2021 as at 4 November 2021.

ASI has stated that the majority of the Long Lease Property Fund's underlying tenants have reverted to paying rent as per their lease terms, with no Q3 or Q4 2021 rental income subject to deferment arrangements as at 4 November 2021.

ASI has now collected over 99% of 2020 rents, and the majority of outstanding rent in 2021 has been reduced to a small number of tenants, including Marstons', continuing with monthly repayments for the time being with all rent expected to be collected in due course. There has been no write-off of any outstanding rent, or rent-free periods agreed.

The table below shows details of the top ten tenants in the fund measured by percentage of net rental income as at 30 September 2021:

Tenant	% Net Income	Credit Rating
Whitbread	5.6	BBB
Viapath	5.0	AA
Tesco	4.9	BBB
Sainsbury's	4.6	BB
Marston's	4.4	BB
Asda	3.7	BBB
Salford University	3.6	A
Secretary of State for Communities	3.5	AA
QVC	3.4	BB
Lloyds Bank	3.3	AA
Total	41.9*	

*Total may not equal sum of values due to rounding

As at 30 September 2021, the top 10 tenants contributed 41.9% of the total net income of the Fund. Of which 13.2% of the net income came from the supermarket sector, with Tesco, Sainsbury's and Asda continuing to make up a significant proportion of the Fund at quarter end.

The unexpired lease term increased from 25.2 years as at 30 June 2021 to 25.7 years as at 30 September 2021. The proportion of income with fixed, CPI or RPI rental increases remained relatively unchanged over the quarter at 91.1%.

12 Pantheon – Global Infrastructure Fund III

Pantheon was appointed to manage a global infrastructure mandate with the aim of outperforming the 3-month Sterling LIBOR benchmark by 8% p.a. The manager has an annual management fee and performance fee.

12.1 Global Infrastructure - Investment Performance to 30 September 2021

Capital Calls and Distributions

The Fund committed $91.5m to Pantheon in February 2019.

Over the quarter, Pantheon issued one capital call:

- A capital call of $11.4m for payment by 20 September 2021, representing c. 12.5% of the Fund's total commitment.

In addition, following quarter end, Pantheon issued two further capital calls:

- A capital call of $4.6m for payment by 7 October 2021, representing c. 5.0% of the Fund's total commitment; and
- A capital call of $2.1m for payment by 10 November 2021, representing c. 2.3% of the Fund's total commitment.

The remaining unfunded commitment as at 10 November 2021 was c. $28.1m, with the Fund's total contribution at c. $63.5m and the Fund's $91.5m commitment c. 69% drawn.

Activity

The PGIF III is in the process of closing four further investment deals:

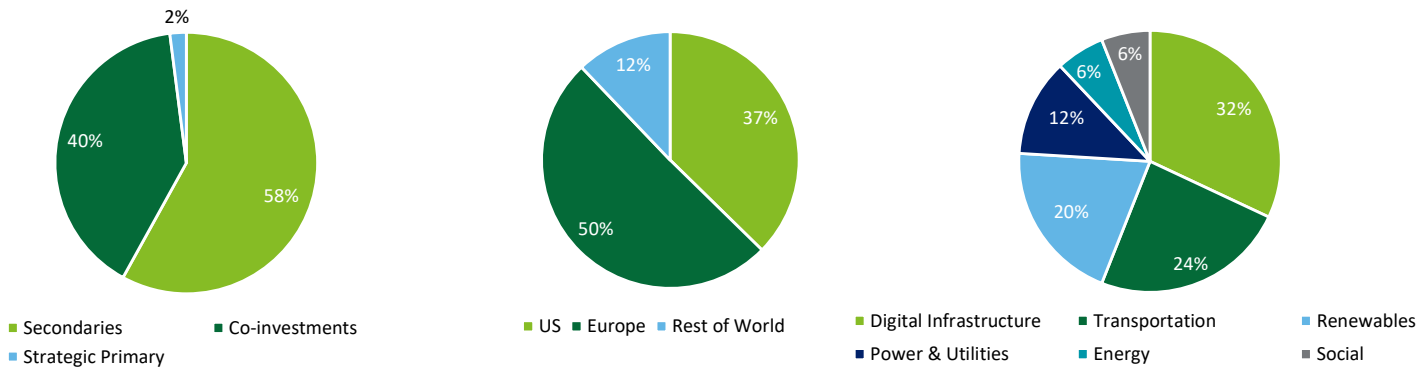
- One secondary social global project, Project Aurora, with a commitment value of c. $146.9m;
- One co-investment European transportation project, Project Ermewa, with a commitment value of c. $68.2m;
- One secondary global diversified project, Project Anthem, with a commitment value of c. $108.7m; and
- One secondary global transportation project, Project Aquarius, with a commitment value of c. $73.8m.

Pipeline

Pantheon currently has an investment pipeline of infrastructure opportunities. If Pantheon is successful across all deals, the PGIF III could be expected to be fully deployed by the second quarter of 2022. However, there is no guarantee that each of these opportunities will be completed.

12.2 Asset Allocation

The charts below show the current diversification by strategy, geography and sector in PGIF III as at 30 September 2021.



Source: Pantheon

The target geographic diversification is 30-50% North America, 40-60% Europe and 3-15% Asia and others. The PGIF III also aims to be 15-20% energy infrastructure (midstream), 20-30% energy infrastructure (power/utility), 20-30% transportation, 10-20% PPP/social infrastructure and 10-20% other.

12.3 Investments Held

The table below shows a list of the investments held by PGIF III as at 30 September 2021.

Project Name	Geography	Sector	Type	Deal Size ($m)	Commitment Date
Roger	Europe	Diversified Infrastructure	Secondary	29	Dec 17
TRAC Domestic	North America	Transportation	Co-investment	12	Dec 17
Naturgy	Europe	Energy Infrastructure	Co-investment	33	May 18
Luton Airport	Europe	Transportation	Co-investment	24	May 18
Invenergy	North America	Energy Infrastructure	Co-investment	35	Aug 18
VTG	Europe	Transportation	Co-investment	64	Sep 18
Inti	Europe	Energy Infrastructure	Secondary	23	Dec 18
Megabyte	North America	Digital Infrastructure	Secondary	76	Dec 18
Hivory	Europe	Digital Infrastructure	Co-investment	34	Dec 18
Fairway	Global	Diversified Infrastructure	Secondary	53	Dec 18
Proxiserve	Europe	Energy Infrastructure	Co-investment	32	Mar 19
Springbank	North America	Transportation	Secondary	60	May 19
ORYX Midstream	North America	Energy Infrastructure	Co-investment	65	May 19
Gatwick Airport	Europe	Transportation	Secondary	66	Jun 19
Kookaburra	APAC	Diversified Infrastructure	Secondary	61	Jul 19
Sullivan	Global	Diversified Infrastructure	Secondary	121	Jul 19
GlobalConnect	Europe	Digital Infrastructure	Secondary	67	Dec 19
McLaren	Global	Diversified Infrastructure	Secondary	53	Jan 20
IFT	Europe	Digital Infrastructure	Co-investment	67	Jan 20
Zayo	North America	Digital Infrastructure	Co-investment	66	Mar 20
Energy Assets Group	Europe	Energy Infrastructure	Co-investment	37	Apr 20
Viridor	Europe	Energy Infrastructure	Co-investment	49	July 20
Taurus	Europe	Energy Infrastructure	Co-investment	26	Oct 20
Thor	North America	Digital Infrastructure	Co-investment	52	Oct 20
Kapany	Europe	Diversified Infrastructure	Secondary	128	Nov 20
Megabyte II	North America	Digital Infrastructure	Secondary	51	Nov 20
Epsilon	Europe	Diversified Infrastructure	Co-investment	68	Dec 20
MapleCo	Europe	Energy Infrastructure	Co-investment	43	Jan 21
Emerald	North America	Energy Infrastructure	Secondary	48	March 21
Teemo	Europe	Digital Infrastructure	Co-investment	26	April 21
Kinetic	APAC	Transportation	Co-investment	45	April 21
Blue Jays	North America	Diversified	Secondary	119	May 21
Aurora	Global	Social	Secondary	147	Pending
Ermewa	Europe	Transportation	Co-investment	68	Pending
Anthem	Global	Diversified	Secondary	109	Pending
Aquarius	Global	Transportation	Secondary	74	Pending

13 Macquarie – Renewable Energy Fund 2 ("MGREF2")

Macquarie was appointed to manage a global renewable infrastructure mandate following the manager selection exercise in December 2020. The manager has an annual management fee on undrawn and invested assets, alongside a performance fee.

13.1 MGREF2 - Investment Performance to 30 September 2021

Capital Calls and Distributions

The Fund committed €55m to Macquarie in December 2020.

Macquarie issued no further capital calls over the third quarter of 2021, but issued one distribution:

- Macquarie issued a total distribution of €101k on 9 August 2021, consisting of €83k return of capital and €18k interest income.

The remaining unfunded commitment as at 30 September 2021 was c. €47.7m, with the Fund's total contribution at c. €7.3m and the Fund's €55m commitment c. 13% drawn.

Activity

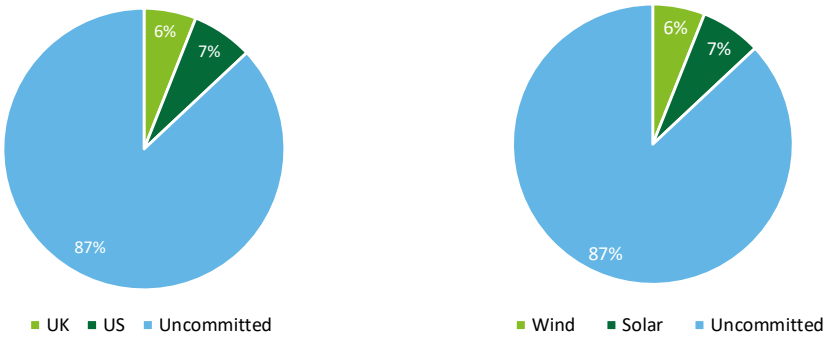
The MGREF2 did not complete any further deals over the third quarter of 2021.

Macquarie has commented that deployment has been slower than expected due to some increased challenges, such as the significant entrance of large oil & gas companies and the increased focus of large utilities into the renewable infrastructure market universe.

Macquarie has stated it is pleased with the performance of the current portfolio assets, but acknowledges that the pace of capital deployment is below where the manager would like it to be. Macquarie has confirmed that it will continue to display price discipline when considering any investment opportunities. Macquarie remains optimistic and states that it is continuing to explore opportunities for the Fund to deploy its remaining capital with several opportunities currently in the due diligence phase. The current deal pipeline includes offshore wind farms in the North Sea and several wind and solar platform opportunities.

13.2 Asset Allocation

The charts below show the current diversification by geography and sector in the MGREF2 as at 30 September 2021, following the strategy's initial investments.



Source: Macquarie

The target geographic diversification is 60-75% Western Europe (<30% UK), with the remainder invested primarily across North America and Asia (USA, Canada, Japan, Taiwan, Mexico (<15%), also Australia and New Zealand). The MGREF2 also aims to primarily consist of offshore wind assets, with Macquarie feeling it has a competitive advantage in this space given its experience and relationships already gained, with the overall portfolio also featuring onshore wind and solar PV allocations (although solar is viewed as more of an opportunistic allocation).

14 Quinbrook – Renewables Impact Fund

Quinbrook was appointed to manage a UK renewable infrastructure mandate following the manager selection exercise in December 2020. The manager has a base annual management fee and a performance fee.

14.1 Renewables Impact Fund - Investment Performance to 30 September 2021

Capital Calls and Distributions

The Fund committed £50m to Quinbrook in December 2020.

Quinbrook issued no capital calls or distributions over the third quarter of 2021. As such, as at 30 September 2021, the remaining unfunded commitment stood at c. £44.1m, with the Fund's total commitment at c. £5.9m and the Fund's £50m commitment c. 12% drawn.

Following quarter end, Quinbrook issued two capital calls:

- A capital call of £2.8m, consisting of a £2.6m capital contribution in respect of the Fund's commitment and a £0.2m contribution to cover management fees, for payment by 15 October 2021; and
- A capital call of £5.5m, consisting of a £5.4m capital contribution in respect of the Fund's commitment and a £0.1m contribution to cover management fees, for payment by 30 November 2021.

Resultantly, as at 30 November 2021, following payment of these drawdown notices the remaining unfunded commitment stands at c. £35.8m, with the Fund's total commitment at c. £14.2m and the Fund's £50m commitment c. 28% drawn.

Activity

Over the quarter, Project Rassau was progressed to the final stages of construction and commissioning. Having first invested in the synchronous condenser project in December 2020 at pre-construction stage, the Renewables Impact Fund has now acquired the remaining minority share of the project to take equity ownership to 100%, with the minority share previously owned by Quinbrook's Low Carbon Power Fund acquired at fair value. Rassau is scheduled to become operational in Q1 2022, c. 3 months behind the original schedule due to contractor delays. Quinbrook expects to recover delay damages under the supply contracts to compensate the Fund for lost revenues.

On 1 October 2021, Quinbrook completed the acquisition of Project Fortress, a consented 350MW solar and battery storage project in Kent, which is estimated to require c. £270m of capital to construct. Quinbrook expects to commence construction of the project over the first half of 2022, and expects the project to be operational in late 2023 or early 2024. Once operational, Fortress is expected to be the largest single site solar PV installation in the UK, more than three times the size of the UK's next largest consented solar PV project.

Pipeline

The Renewables Impact Fund has a pipeline of investment opportunities which Quinbrook believes represent key gaps in the market, where the manager believes core demand creates a need for greater use of such assets.

Following quarter end in October 2021, Quinbrook has executed Heads of Terms to secure exclusive rights over a portfolio of 500MW of development stage renewables and energy storage projects. Quinbrook states that the project pipeline offers demand flexibility and behind-the-meter renewable power supply opportunities for commercial and industrial customers, including several data centres.

Quinbrook remains in negotiations to provide renewable energy solutions to a major UK water supply operator.

Quinbrook's affiliate, Private Energy Partners ("PEP") has a pipeline of projects that are exclusively dedicated to the Renewables Impact Fund. PEP's pipeline totals 175.5MW of solar PV, 118.5MW of battery storage projects and 600MVAr of grid support projects with an estimated capital requirement in excess of £150m. PEP's pipeline complements the pipeline already secured by Quinbrook and those deals that are under exclusivity, providing a diverse array of opportunities from which Quinbrook can select for the Renewables Impact Fund's invested portfolio.

14.2 Projects

The table below shows a list of the investments held by the Quinbrook Renewables Impact Fund as at 30 September 2021.

Project Name	Fund Ownership	Investment Date	Technology	Location	Gross Value (£m)
Reggie – Rassau Grid Services	100%	Dec-20	Synchronous Condenser	UK	45.9
Habitat	100%	Jul-21	Trading Platform	UK	0.4
Total					**46.3**

Source: Quinbrook

Appendix 1 – Fund and Manager Benchmarks

The tables in this Appendix detail the benchmarks and outperformance targets, for the Total Fund and each individual manager.

Total Fund

Inception: 1 June 2006. Current benchmark allocation effective from 25 March 2015.

Manager	Asset Class	Long Term Strategic Benchmark Allocation	Benchmark	Outperformance Target	Inception Date
LGIM	Future World Global Equity	25.0	Solactive ESG Global Markets Index	Passive	15/10/20
Baillie Gifford	LCIV Global Alpha Growth	20.0	MSCI AC World Index	+2.0 p.a. (net of fees)	18/03/14
Morgan Stanley	LCIV Global Equity Core	20.0	MSCI AC World Index (net dividends reinvested)	Generate total returns (comprising of both capital growth and income) over a 5-10 year period	30/10/20
Longview	Global Equity	0.0	MSCI World (GBP) Index	To outperform the benchmark over a market cycle	15/01/15
Insight	Buy and Maintain	13.5	Insight Custom Benchmark	n/a	12/04/18
CQS	Multi Asset Credit	5.5	3 Month Libor	+ 4% p.a. (net of fees)	30/10/18
Aberdeen Standard Investments	Property	5.0	FTSE Gilts All Stocks Index +2% p.a.	+0.5 p.a. (net of fees)	14/06/13
Pantheon	Global Infrastructure	5.0	3 Month Libor	+ 8% p.a. (net of fees)	15/04/19
Macquarie	Global Renewable Infrastructure	3.0	3 Month Libor	TBC once fully drawn for investment	08/02/21
Quinbrook	UK Renewable Infrastructure	3.0	3 Month Libor	TBC once fully drawn for investment	25/01/21
	Total	100.0			

Appendix 2 – Manager Ratings

Based on our manager research process, we assign ratings to the investment managers for specific products or services. The ratings are based on a combination of quantitative and qualitative factors, where the inputs for the qualitative factors come from a series of focused meetings with the investment managers. The ratings reflect our expectations of the future performance of the particular product or service, based on an assessment of:

- The manager's business management;
- The sources of ideas that go to form the portfolio ("alpha generation");
- The process for including the ideas into the portfolio ("alpha harnessing"); and
- How the performance is delivered to the clients.

On the basis of the research and analysis, managers are rated from 1 (most positive) to 4 (most negative), where managers rated 1 are considered most likely to deliver outperformance, net of fees, on a reasonably consistent basis. Managers rated 1 will typically form the basis of any manager selection short-lists.

Where there are developments with an investment manager that cause an element of uncertainty we will make the rating provisional for a short period of time, while we carry out further assessment of the situation.

Appendix 3 – Risk Warnings & Disclosures

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

Our advice will be specific to your current circumstances and intentions and therefore will not be suitable for use at any other time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose.

Our advice must not be copied or recited to any other person than you and no other person is entitled to rely on our advice for any purpose. We do not owe or accept any responsibility, liability or duty towards any person other than you.

Deloitte Total Reward and Benefits Limited is authorised and regulated by the Financial Conduct Authority.

Deloitte.